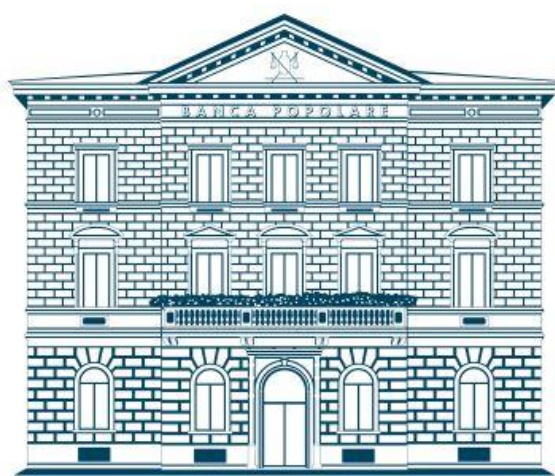




**Banca Popolare di Sondrio**



**ANNUAL REPORT 2024**

This document, prepared in PDF format to facilitate the reading of the Annual financial statements, does not constitute compliance with the obligations arising from Directive 2004/109/EC (the «Transparency Directive») and Delegated Regulation (EU) 2019/815 (the «ESEF Regulation» - European Single Electronic Format). For these purposes, a special XHTML format has been developed and is available on the institutional website of Banca Popolare di Sondrio <https://istituzionale.popso.it/>











**Banca Popolare  
di Sondrio**

FOUNDED IN 1871

# **ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING 30 APRIL 2025**

Banca Popolare di Sondrio S.p.A.

Joint-stock company

Head Office and General Management: ITALY - 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](mailto:info@popso.it) - Certified e-mail (PEC): [postacertificata@pec.popso.it](mailto:postacertificata@pec.popso.it)

Tax code and Sondrio Company Register entry no. 00053810149

Registered with the Official List of Banks under no. 842

Monetary intermediation by monetary institutions other than central banks

Parent Company of the Banca Popolare di Sondrio Group - Official List of Banking Groups no. 5696.0

Member of the Fondo Interbancario di Tutela dei Depositi and the Fondo Nazionale di Garanzia

Company belonging to the Banca Popolare di Sondrio VAT GROUP 01086930144

Share capital: 1,360,157,331 euro - Reserves: 1,740,955,502 euro

(Figures approved at the Shareholders' meeting of 30 April 2025)



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# THE BANKING GROUP IN



GERMANY

ZÜRICH

Zürich

FRANCE

Neuchâtel

Neuchâtel

Vevey

Vevey

WALLIS - VALAIS

Martigny

Verbier

Verbier

BERN

Bern

ITALY

Manno

Lugano

Chiasso

Chiasso

VERBANO CUSIO OSSOLA

VERBANO CUSIO OSSOLA

AUTONOMOUS REGION OF VALLE D'AOSTA

AUTONOMOUS REGION OF VALLE D'AOSTA

TORINO

TORINO

VERCELLI

VERCELLI

ALESSANDRIA

ALESSANDRIA

CUNEO

CUNEO

SAVONA

SAVONA

IMPERIA

IMPERIA

LA SPEZIA

LA SPEZIA

GENOVA

GENOVA

PARMA

PARMA

PIACENZA

PIACENZA

MANTOVA

MANTOVA

CREMONA

CREMONA

LODI

LODI

PAVIA

PAVIA

MILANO

MILANO

MONZA E BRIANZA

MONZA E BRIANZA

BERGAMO

BERGAMO

LECCO

LECCO

SONDRIO

SONDRIO

BRESCIA

BRESCIA

VERONA

VERONA

VICENZA

VICENZA

PADOVA

PADOVA

TREviso

TREviso

UDINE

UDINE

PORDENONE

PORDENONE

TRIESTE

TRIESTE

STELVIO PASS

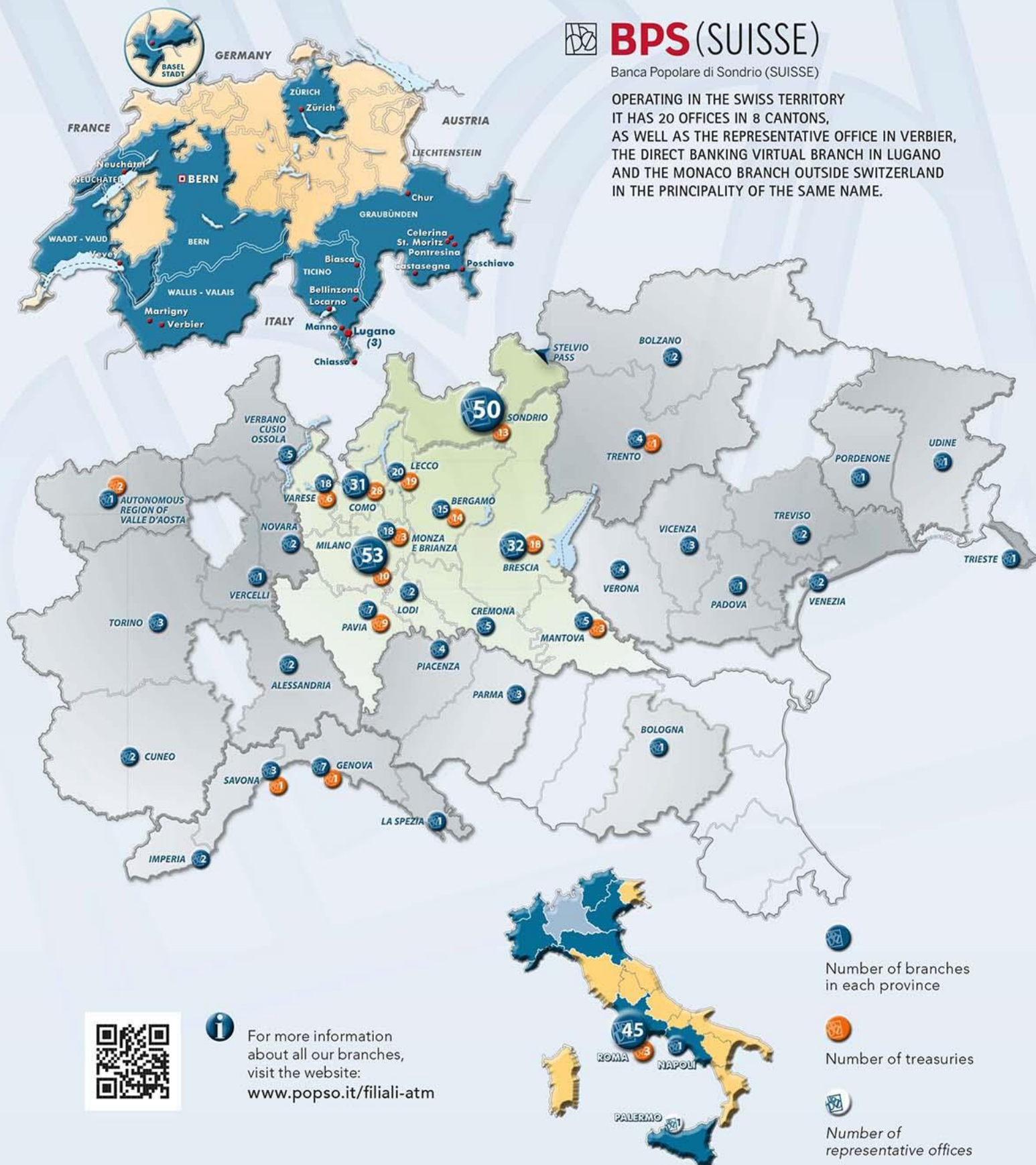
STELVIO PASS



**BPS (SUISSE)**

Banca Popolare di Sondrio (SUISSE)

OPERATING IN THE SWISS TERRITORY  
IT HAS 20 OFFICES IN 8 CANTONS,  
AS WELL AS THE REPRESENTATIVE OFFICE IN VERBIER,  
THE DIRECT BANKING VIRTUAL BRANCH IN LUGANO  
AND THE MONACO BRANCH OUTSIDE SWITZERLAND  
IN THE PRINCIPALITY OF THE SAME NAME.





# THE HEART OF THE ALPS



**Banca Popolare  
di Sondrio**

FOUNDED IN 1871

## BRANCHES by province:

- 50 SONDRIO and 13 Treasuries
- 2 ALESSANDRIA
- 15 BERGAMO and 14 Treasuries
- 2 BOLZANO
- 32 BRESCIA and 18 Treasuries
- 31 COMO and 28 Treasuries
- 5 CREMONA
- 2 CUNEO
- 7 GENOVA and 1 Treasury
- 2 IMPERIA
- 20 LECCO and 19 Treasuries
- 2 LODI
- 5 MANTOVA and 3 Treasuries
- 53 MILANO and 10 Treasuries
- 18 MONZA E BRIANZA and 3 Treasuries
- 2 NOVARA
- 3 PARMA
- 7 PAVIA and 9 Treasuries
- 4 PIACENZA
- 45 ROMA and 3 Treasuries
- 3 SAVONA and 1 Treasury
- 3 TORINO
- 4 TRENTO and 1 Treasury
- 2 TREVISO
- 18 VARESE and 6 Treasuries
- 2 VENEZIA
- 5 VERBANO CUSIO OSSOLA
- 4 VERONA
- 3 VICENZA
- 1 in BOLOGNA, LA SPEZIA, NAPOLI, PADOVA  
PORDENONE, TRIESTE, UDINE and VERCELLI
- 1 in the Autonomous Region of Valle d'Aosta and 2 Treasuries
- 1 Representative Office in PALERMO

## DESKS ABROAD C/O EXTERNAL PARTNERS:

• ARGENTINA (Buenos Aires and Mendoza) • AUSTRALIA (Perth and Sydney) • BELGIUM (Brussels) • BRAZIL (Belo Horizonte and Sao Paulo) • BULGARIA (Sofia) • CANADA (Toronto and Vancouver) • CHILE (Santiago) • CHINA (Hong Kong and Shanghai) • CZECH REPUBLIC (Prague) • DENMARK (Aarhus) • DOMINICAN REPUBLIC (Santo Domingo) • EGYPT (Cairo) • GERMANY (Frankfurt) • GREECE (Athens) • GUATEMALA (Guatemala City) • HUNGARY (Budapest) • INDIA (Mumbai) • ISRAEL (Tel Aviv) • JAPAN (Tokyo) • LUXEMBOURG (Luxembourg) • MALTA (Valletta) • MEXICO (Mexico City) • MONGOLIA (Ulaanbaatar) • NETHERLANDS (Amsterdam) • PERU (Lima) • POLAND (Warsaw) • PORTUGAL (Lisbon) • REPUBLIC OF MOLDOVA (Chisinau) • ROMANIA (Bucharest) • RUSSIA (Moscow) • SERBIA (Belgrade) • SINGAPORE (Singapore) • SOUTH AFRICA (Johannesburg) • SOUTH KOREA (Seoul) • SPAIN (Madrid) • SWEDEN (Stockholm) • THAILAND (Bangkok) • TUNISIA (Tunis) • TURKEY (Istanbul) • UNITED ARAB EMIRATES (Dubai) • UNITED KINGDOM (London) • UNITED STATES OF AMERICA (Chicago, Los Angeles and Miami) • UZBEKISTAN (Tashkent) • VIETNAM (Ho Chi Minh City)



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### Branch offices in:

- MILANO • TORINO • PADOVA
- BOLOGNA • ROMA • PALERMO

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Popolare di Sondrio's branches and at its  
partner banks' counters.

### Headquarter:

Milano, via Cino del Duca 12

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Head Office: Roma, via Baldo degli Ubaldi 267  
[www.bntbanca.it](http://www.bntbanca.it) - [infobanca@bntbanca.it](mailto:infobanca@bntbanca.it)



**Agency in Financial Activities  
of BNT Banca**

Headquarter: Roma, via Baldo degli Ubaldi 267  
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SNOWBOARD UNIVERSITY  
L'UNIVERSITÀ DELLA MONTAGNA

**Quarto Pirovano Hotel**  
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Stelvio Pass  
(m 2.760-3.450) - Bormio - SO

### Holiday Apartments

- Bormio - SO
- "Pirovano" Apartments  
(CIR: 014009-CIM-00243 - CIN: IT014009B0FBMKAJJ)
- "Chalet Felse" Apartments  
(CIR: 014009-CIM-00241 - CIN: IT014009B4V5GRV26)
- Isolaccia Valdidentro - SO
- "Pirovano Valdidentro" Apartments  
(CIR: 014071-CIM-00053/54 - CIN: IT014071B4TM9U9M94)

Registered and Administrative Office  
Information and Booking Office  
via Delle Prese 8 - Sondrio  
[www.pirovano.it](http://www.pirovano.it) - [info@pirovano.it](mailto:info@pirovano.it)

Updated to 26 February 2025

# AL CENTRO DELLE ALPI



# BRANCH NETWORK

## BANCA POPOLARE DI SONDRIO

Founded in 1871

### GENERAL MANAGEMENT AND HEAD OFFICE

Sondrio, piazza Giuseppe Garibaldi 16  
tel. +39 0342 528111 - fax +39 0342 528204  
www.popso.it - info@popso.it

### FIELD OFFICES

ORGANISATION AND IT SYSTEMS: "F. Morani" Service Centre - via Ranée 511/1 - Berbenno di Valtellina (So) - fraz. San Pietro  
INTERNATIONAL UNIT: lungo Mallero Luigi Cadorna 24, Sondrio  
COMMERCIAL UNIT - PUBLIC ENTITIES AND TREASURY OFFICES - SUPPLY OFFICE - TECHNICAL, HEALTH AND SAFETY DEPARTMENT: corso Vittorio Veneto 7, Sondrio  
PERSONNEL DEPARTMENT: corso Vittorio Veneto 36, Sondrio

### VIRTUAL UNIT

corso Vittorio Veneto 7, Sondrio

### BRANCHES AND TREASURIES

#### PROVINCE OF SONDRIO

ALBOSAGGIA via Porto 10  
APRICA corso Roma 140  
ARDENNO via Libertà  
BERBENNO DIVALTELLINA - fraz. San Pietro - via Nazionale Ovest 110  
BIANZONE piazza Ezio Vanoni 11

#### BORMIO

Head Office, via Roma 131 - ang. via don Evaristo Peccedi  
Branch no. 1, via Roma 64

BUGLIO IN MONTE piazza della Libertà 1

CAMPODOLCINO via Corti 67

CASPOGGIO piazza Milano

CEDRASCO via Vittorio Veneto 15

CEPINA VALDISOTTO via Roma 13/E

CHIAVENNA via Francesco e Giovanni Dolzino 67

CHIESA IN VALMALENCIO via Roma 138

CHIURO via Stelvio 8

CIORINA via Roma 84

COSIO VALTELLINO - fraz. Regoledo - via Roma 7

COSIO VALTELLINO - fraz. Cosio Stazione - piazza San Martino 14

DELEBIO piazza San Carpoforo 7/9

DUBINO - Nuova Olonio - via Spluga 83

GORDONA via Scogli 9

GROSIO via Roma 67

GROSIO - fraz. Raveledo - via Pizzo Dosdè

GROSOTTO via Statale 73

ISOLACCIA VALDIDENTRO via Nazionale 31

LANZADA via Palù 388

#### LIVIGNO

Head Office, via Sant'Antoni 135

Branch no. 1, via Saroch 728/730

LIVIGNO via Dala Gessa 557/A

MADESIMO via Giosuè Carducci 3

MADONNA DI TIRANO piazza Basilica 55

MAZZO DI VALTELLINA via Santo Stefano 20

MELLO piazza San Fedele 1

MONTAGNA IN VALTELLINA via Stelvio 336

MONTAGNA IN VALTELLINA via Cicci 36

#### MORBEGNO

Head Office, piazza Caduti per la Libertà 7

Branch no. 1, via V Alpini 172

NOVATE MEZZOLA via Roma 13

PASSO DELLO STELVIO località Passo dello Stelvio

PIANTEDO via Colico 43

PONTE IN VALTELLINA piazza della Vittoria 1

SAMOLACO - fraz. Era - viale Europa 1365

SAN CASSIANO VALCHIAVENNA via Spluga 108

SAN NICOLO VALFURVA via San Nicolò 82

SEMOMO VALDIDENTRO via Cima Piazzi 28

SONDALO via Dr. Ausonio Zubiani 2

#### SONDRIO

Head Office, piazza Giuseppe Garibaldi 16

Branch no. 1, via Bernina 1

Branch no. 2, via Giacinto Sertorelli 2

Branch no. 3, Ingresso Ospedale Civile - via Stelvio 25

Branch no. 4, piazzale Giovanni Bertacchi 57

Branch no. 5, Galleria Campello 2

TALAMONA via Don Giuseppe Cusini 83/A

TEGLIO piazza Santa Eufemia 2

TEGLIO - fraz. San Giacomo - via Nazionale

TIRANO piazza Cavour 20

TIRANO via Valeriana 88/A

TRESENDA DI TEGLIO via Nazionale 57

TRESIVIO piazza San Pietro e Paolo 24

VALFURVA - fraz. Madonna Dei Monti

piazza Madonna Del Carmine 6

VILLA DI CHIAVENNA via Roma 38

VILLA DI TIRANO via Foppa 12

VERCEIA via Nazionale 118/D

#### AUTONOMOUS REGION OF VALLE D'AOSTA

AOSTA corso Battaglione Aosta 79

PONT SAINT MARTIN via Emile Chanoux 45

SAINT-VINCENT via Duca D'Aosta 9

#### PROVINCE OF ALESSANDRIA

ALESSANDRIA corso Crimea 21

NOVI LIGURE corso Romualdo Marengo 59

#### PROVINCE OF BERGAMO

ALBANO SANT'ALESSANDRO via Vittorio Emanuele II 6

ALME via Campofiori 36

BARIANO via Umberto I 1

#### BERGAMO

Head Office, via Brosetta 64/B

Branch no. 1, via Vittore Ghislandi 4

Branch no. 2, via Guglielmo D'Alzano 3/E

BERGAMO - Ospedale Papa Giovanni XXIII - piazza Oms 1

BONATE SOTTO via Vittorio Veneto - ang. via Antonio Locatelli

BREMBATE via Vittore Tasca 8/10

CARVICO via Giuseppe Verdi 1

CISANO BERGAMASCO via Giuseppe Mazzini 25

COSTA VOLPINO via Nazionale 92

COLERE via Zanoli 8/A

GAZZANIGA via IV Novembre 3

GHISALBA via Roma 41/43

GRUMELLO DEL MONTE via Roma 133

MAPELLO via Giuseppe Bravi 31

MOZZANICA piazza Antonio Locatelli

NEMBRO piazza Umberto I 11

OSIO SOTTO via Monte Grappa 12

ROMANO DI LOMBARDIA via Balilla 20

SARNICO via Giuseppe Garibaldi 1/C

SCANZOROSCIATE corso Europa 9

SERIATE piazza Caduti per la Libertà 7

TRESCORE BALNEARIO piazza Cavour 6

TREVIGLIO via Cesare Battisti 8/B

TREVIGLIO - Ospedale - piazzale Ospedale 1

VERDELLINO largo Luigi Einaudi 5

VILMINORE DI SCALVE piazza Vittorio Veneto 8

#### PROVINCE OF BOLOGNA

BOLOGNA via Riva di Reno 58/B

#### PROVINCE OF BOLZANO

BOLZANO viale Amedeo Duca d'Aosta 88

/ Amedeo Duca D'Aosta Allee 88

MERANO corso della Libertà 16 / Freiheitsstrasse 16

#### PROVINCE OF BRESCIA

ANGOLO TERME piazza Caduti 3

BERZO DEMO via Nazionale 14

BIENNO via Giuseppe Fantoni 36

BORNO via Vittorio Veneto 25

BRENO piazza Generale Pietro Ronchi 4

#### BRESCIA

Head Office, via Antonio Gramsci 15

Branch no. 1, via Crocifissa di Rosa 1

Branch no. 2, via Solferino 61

Branch no. 3, viale Piave 61/A

Branch no. 4, via Fratelli Ugoni 2

CAPO DI PONTE via Aldo Moro 26/A

CEVO via Roma 15

CHIARI via Consorzio Agrario 1 - ang. viale Teosa 23/B

COCCAGLIO via Adelchi Negri 12

COLLEBEATO via San Francesco d'Assisi 12

CORTE FRANCA piazza di Franciacorta 7/C

CORTENO GOLGI via Brescia 2

#### DARFO BOARIO TERME

Branch no. 1, corso Italia 10/12

Branch no. 2, piazza Patrioti 2

DESENZANO DEL GARDA via Guglielmo Marconi 1/A

EDOLO piazza Martiri della Libertà 16

ERBUSCO via Provinciale 29

ESINE via Chiosi 79

GARDONE VAL TROMPIA via Giacomo Matteotti 300

GIANICO piazza Roma 3

ISEO via Roma 12/E

LONATO DEL GARDA corso Giuseppe Garibaldi 59

LUMEZZANE - fraz. Sant'Apollonio - via Massimo D'Azeglio 108

MALONNO via Valle Camonica - ang. via Adamello

MANERBA DEL GARDA via Valtene 43

MANERBO via Dante Alighieri 8

MARONE corso Zanardelli 3

MONTE ISOLA frazione Sivano 116

MONTICHIARI via Mantova - ang. via 3 Innocenti 74

ORZINUOVI piazza Giuseppe Garibaldi 19

OSPITALETTO via Brescia 107/109

PALAZZOLO SULL'OGLIO via Brescia 23

PIAN CAMUNO via Agostino Gemelli 21

PISOGNE via Trento 1

PONTE DI LEGNO piazzale Europa 39

PONTE DI LEGNO - loc. Passo Del Tonale - via Case Sparse 84

REZZATO via Broli 49

SALE MARASINO via Roma 33/35

SALÒ viale Alcide De Gasperi 13

SALÒ via Giuseppe Garibaldi 21

SAREZZO via della Repubblica 99

TOSCOLANO MADERNO piazza San Marco 51

TOSCOLANO MADERNO viale Guglielmo Marconi 9

VEZZA D'OGLIO via Nazionale 116

ZONE via Orti 1

#### PROVINCE OF COMO

ALBIOLO via Indipendenza 10

ALTA VALLE INTELVI piazza Lanfranchi 22

APPIANO GENTILE piazza della Libertà 9

ARREGNO piazza Conti Persini

AROSIO piazza Montello 36

BELLAGIO via Valassina 58

BINAGO via Roma 9

BREGNANO via Giuseppe Mazzini 22

BRUNATE via Alessandro Volta 28

BULGAROGROSSO via Pietro Ferloni 2

CAMPIONE D'ITALIA piazza Roma 1/G

CANTÙ via Milano 47

CANZO via Alessandro Verza 39

CAPIAGO INTIMIANO via Vittorio Emanuele II 7

CARATE URIO via Regina 85

CARIMATE - fraz. Montesolaro - piazza Lorenzo Spallino 6

CARLAZZO via V° Alpini 59/A

CARUGO via Luigi Cadorna 32

CASNATE CON BERNATE via Roma 7

CASTELMARTE via Dante 1

CENTRO VALLE INTELVI via Provinciale 79

#### COMO

Head Office, viale Innocenzo XI 71

Branch no. 1, via Giorgio Giulini 12

Branch no. 2, via Statale per Lecco 70 - fraz. Lora

Branch no. 3, via Asiago 25 - fraz. Tavernola

Branch no. 4, via Indipendenza 16

DOMASO via Statale Regina 77

DONGO piazza Virgilio Matteri 14

ERBA via Alessandro Volta 3

FINO MORNASCO via Giuseppe Garibaldi - ang. piazza Odescalchi 5

GARZENO via Roma 32

GERA LARIO via Statale Regina 18

GRAVEDONA ED UNITI piazza Giuseppe Garibaldi 11

GUANZATE via Giuseppe Garibaldi 1

LAMBRUGO piazza Papa Giovanni II 8

LURAGO D'ERBA via Roma 58

MASLIANICO via XX Settembre 47

MENAGGIO via Annetta e Celestino Lusardi 62

MERONE via San Girolamo Emiliani 5/C

MONTORFANO via Brianza 6/B

MUSSO via Statale Regina 30

OSSUCCIO via Statale 864

PARE piazza della Chiesa 5/6

PIANELLO DEL LARIO via Statale Regina 32

PLESIO via Giona 85

PORTEZZA lungolago Giacomo Matteotti 15

PUSIANO via Giuseppe Mazzini - Complesso Pusiano 2000

SALA COMACINA via Statale 14/A

SAN BARTOLOMEO VAL CAVARGNA via Fontana 6

SAN SIRO via Statale 223

SCHIGNANO via Roma 8

SORICO piazza Cesare Battisti 1/A

TREMEZZO via Statale 5115

TURATE via Vittorio Emanuele 14

UGGIATE TREVANO piazza Vittorio Emanuele 12

VALSOLDA - fraz. San Mamete - piazza Roma 7/9

VENIANO via Alessandro Manzoni 5

VERCANO via Vico 3

VILLA GUARDIA via Varesina - ang. via Monte Rosa - CenterVill

#### PROVINCE OF CREMONA

CREMA via Giuseppe Mazzini 109

#### CREMONA

Head Office, via Dante Alighieri 149/A

Branch no. 1, piazza Antonio Stradivari 9 - ang. via Lombardini

PANDINO via Umberto I 1/3

RIVOLTA D'ADDA via Cesare Battisti 8

#### PROVINCE OF CUNEO

ALBA viale Torino 4

CUNEO piazza Tancredi Duccio Galimberti 13

#### PROVINCE OF GENOVA

BUSALLA via Vittorio Veneto 23

CAMOGGI via Cuneo 9

CHIAVARI piazza Nostra Signora dell'Orto 42/B - ang. via Doria

#### GENOVA

Head Office, via XXV Aprile 7

Branch no. 1, piazza Tommaseo 7 rosso

Branch no. 2, via Sabotino 32/34 rossi

RAPALLO via Gen. A. Lamarmora 4 - ang. via San Filippo Neri

SANTA MARGHERITA LIGURE piazza Giuseppe Mazzini 40

#### PROVINCE OF IMPERIA

IMPERIA - Oneglia - Branch no. 1, via Giuseppe Berio 43

IMPERIA - Porto Maurizio - Branch no. 2, viale Giacomo Matteotti 8

#### PROVINCE OF LA SPEZIA

LA SPEZIA via XX Settembre 17

#### PROVINCE OF LECCO

AIRUNO via San Giovanni 11

ABBADIA LARIANA via Nazionale 140/A

BALLABIO via Ambrogio Confalonieri 6

BARZAGO viale Rimembranze 20

BARZIO via Martiri Patrioti Barziesi 11

BELLANO via Vittorio Veneto 9

BOSISIO PARINI via San Gaetano 4

CALOLZIOCORTE corso Europa 71/A

CASATENNO via Roma 23

CASSAGO BRIANZA via Vittorio Emanuele II 2

CASTELLO DI BRIANZA via Roma 18

COLICO via Nazionale - ang. via Sacco

COLLE BRIANZA via Cantù 1

DERVIO via Don Ambrogio Invernizzi 2

ESINO LARIO piazza Gulfi 2

IMBERSAGO via Contessa Lina Castelbarco 5



# Banca Popolare di Sondrio

Branch no. 2, Barona, viale Faenza 22  
Branch no. 3, a2a, corso di Porta Vittoria 4  
Branch no. 4, Regione Lombardia, piazza Città di Lombardia 1 - Nucleo 1  
Branch no. 5, Bovisio, via degli Imbriani 54  
Branch no. 6, Corvetto, via Marco d'Agate 11  
Branch no. 7, Caneva, via Cenisio 50  
Branch no. 8, Quarto Oggiaro, via M. Lessona - ang. via F. De Roberto  
Branch no. 9, A.L.E.R., viale Romagna 24  
Branch no. 10, Solari, via Andrea Solari 15  
Branch no. 11, Università Bocconi, via Guglielmo Röntgen  
Branch no. 12, Baggio, via delle Forze Armate 260  
Branch no. 13, Repubblica, viale Monte Santo 8  
Branch no. 14, Palazzo di Giustizia, via Colonnata 5 - ang. via C. Battisti  
Branch no. 15, Murat, via Gioacchino Murat 76  
Branch no. 16, Ortomercato, via Cesare Lombroso 54  
Branch no. 17, Monumentale, piazzale Cimitero Monumentale 23  
Branch no. 18, Fiera, viale Elio Belisario 1  
Branch no. 19, Giambellino, via Edoardo Bonardi 39  
Branch no. 20, Sempione, via Antonio Canova 39 - ang. corso Sempione  
Branch no. 21, Politecnico, via Dario Bonardi 4  
Branch no. 22, Sforza, via F. Sforza 48 - ang. corso di Porta Romana  
Branch no. 23, Certosa, viale Certosa 62  
Branch no. 24, Piave, viale Piave 1 - ang. via Pindemonte  
Branch no. 25, Zara, viale Zara 13  
Branch no. 26, Lodi, corso Lodi - ang. via S. Gerolamo Emiliani 1  
Branch no. 27, Don Gnocchi, via Alfonso Capelatro 66  
Branch no. 28, Corsica, via privata Sanremo - ang. viale Corsica 81  
Branch no. 29, Bicocca, piazza della Trivulziana 6  
Branch no. 30, De Angeli, piazza Ernesto De Angeli 9  
Branch no. 31, Isola, via Carlo Farini 47 - ang. via Dina Galli  
Branch no. 32, Venezia, viale Luigi Majno 42 - viale Piave 43  
Branch no. 33, Porta Romana, corso di Porta Romana 120  
Branch no. 34, San Babila, via Cino del Duca 12  
Branch no. 35, Loreto, piazzale Loreto 1 - ang. viale Brianza  
Branch no. 36, Monti, via Vincenzo Monti 41  
Branch no. 37, Vercelli, corso Vercelli 38  
Branch no. 38, Università Cattolica del Sacro Cuore, largo A. Gemelli 1  
Branch no. 39, Gruppo AZIMUT - Sportello Interno - corso Venezia 48  
Branch no. 40, Politecnico - Bovisio, via Raffaele Lambruschini 4

MILANO - Istituto Nazionale Tumori - via Giacomo Venezian 1  
MILANO - ASP Golgi Redelli - via Bartolomeo D'Alviano 78  
MILANO - Bicocca - piazza dell'Ateneo Nuovo 1 - Edificio U 6  
MILANO - I.U.L.M. - via Carlo Bo 1  
MILANO - Pio Albergo Trivulzio - via Antonio Tolomeo Trivulzio 15  
MILANO - Pirelli - via Fabio Filzi 22

PERO via Mario Greppi 13  
SEGRATE via Roma 96  
SEGRATE via Fratelli Cervi 13 - Residenza Botteghe

SESTO SAN GIOVANNI  
Branch no. 1, piazza IV Novembre 12  
Branch no. 2, piazza della Resistenza 52  
TREZZO SULL'ADDA via Antonio Gramsci 10  
TURBIGO via Alleanza Comunale 17  
VIZZUOLO PREDABISSI - A.S.S.T. Melegnano e della Martesana  
via Pandina 1

## PROVINCE OF MONZA E BRIANZA

ALBIATE via Trento 35  
BELLUSCO via Bergamo 5  
BERNAREGGIO via Michelangelo Buonarroti 6  
BRIOSCO piazza della Chiesa 6  
BOVISIO MASCIAGO via Guglielmo Marconi 7/A  
CARATE BRIANZA via Francesco Cusani 10  
DESIO via Porticetto - ang. via Pio XI  
GIUSSANO via Cavour 19  
LISSONE  
Head Office, via Dante Alighieri 43  
Branch no. 1, via Trieste 33  
MACHERO via Roma 17  
MEDA via Yuri Gagarin - ang. corso della Resistenza  
MONZA  
Head Office, via Felice Cavallotti 5  
Branch no. 1, via Felice Cavallotti 5  
NOVA MILANESE via Antonio Locatelli  
SEREGNO  
Head Office, via Cavour 84  
Branch no. 1, via Cesare Formenti 5  
SEVESO via San Martino 20  
VAREDO corso Vittorio Emanuele II 53  
VILLASANTA - fraz. San Fiorano - via Amatore Antonio Sciesa 7/9  
VIMERCATE piazza Papa Giovanni Paolo II 9 - ang. via Giuseppe Mazzini

PROVINCE OF NAPOLI  
NAPOLI Gruppo AZIMUT - Sportello Interno -  
via Gaetano Filangieri 36 - Palazzo Mannajuolo  
PROVINCE OF NOVARA  
ARONA via Antonio Gramsci 19  
NOVARA via Andrea Costa 7  
PROVINCE OF PADOVA  
PADOVA via Ponte Molino 4  
PROVINCE OF PALERMO  
PALERMO - Ufficio di Rappresentanza -, via della Libertà 175/177  
PROVINCE OF PARMA  
FIDENZA piazza Giuseppe Garibaldi 24  
PARMA  
Branch no. 1, via Emilia Est 3/A  
Branch no. 2, via Antonio Gramsci 28/A  
PROVINCE OF PAVIA  
BELGIOIOSO piazza Vittorio Veneto 23  
BRONI via Giuseppe Mazzini 1  
CANNETO PAVESE via Roma 15  
CASTEGGIO piazza Cavour 4  
CILAVEGNA via Giuseppe Mazzini 4  
MEDE corso Italia 2  
MORTARA via Roma 23  
PAVIA  
Head Office, piazzale Ponte Coperto Ticino 11  
Branch no. 1, corso Strada Nuova 75  
PAVIA - DEA - via Privata Campeggi 40  
PAVIA - Policlinico San Matteo - viale Camillo Golgi 19  
RIVANAZZANO TERME piazza Cornaggia 41  
ROBBIO piazza della Libertà 33  
STRADELLA via XXVI Aprile 56

VIGEVANO piazza IV Novembre 8  
VOGHERA via Emilia 49

PROVINCE OF PIACENZA  
CASTEL SAN GIOVANNI corso Giacomo Matteotti 27  
PIACENZA  
Head Office, via Raimondo Palmerio 11  
Branch no. 1, via Cristoforo Colombo 18  
Branch no. 2, piazzale Torino 16

PROVINCE OF PORDENONE  
PORDENONE viale Guglielmo Marconi 28  
PROVINCE OF ROMA  
CIAMPINO viale del Lavoro 56  
FRASCATI via Cairoli 1  
GENZANO DI ROMA viale Giacomo Matteotti 14  
GROTTAFERRATA via XXV Luglio  
MONTE COMPATRI piazza Marco Mastrofini 11

ROMA  
Head Office, Eur, viale Cesare Pavese 336  
Branch no. 1, Monte Sacro, via Val Santoro 27  
Branch no. 2, Ponte Marconi, via Silvestro Gherardi 45  
Branch no. 3, Prati Trionfale, via Trionfale 22  
Branch no. 4, Bravetta, piazza Biagio Pace 1  
Branch no. 5, Portonaccio, piazza S. Maria Consolatrice 16/B  
Branch no. 6, Appio Latino, via Cesare Baronio 12  
Branch no. 7, Aurelio, via Baldo degli Ubaldi 267  
Branch no. 8, Africano Vescovo, viale Somalia 255  
Branch no. 9, Casal Palocco, piazzale Filippo II il Macedone 70/75  
Branch no. 10, Laurentina, via Laurentina 617/619  
Branch no. 11, Esquilino, via Carlo Alberto 6/A  
Branch no. 12, Boccea, circoscrizione Cornelia 295  
Branch no. 13, Tuscolano, via Foligno 51/A  
Branch no. 14, Garbatella, largo delle Sette Chiese 6  
Branch no. 15, Farnesina, via della Farnesina 154  
Branch no. 16, Monte Sacro Alto/Talenti, via Nomentana 925/A  
Branch no. 17, San Lorenzo, piazza dei Sanetti 10/11  
Branch no. 18, Infernetto, via Ermanno Wolf Ferrari 348  
Branch no. 19, Nuovo Salario, piazza Filattiera 24  
Branch no. 20, Tuscolano/Appio Claudio, via Caio Canuleio 29  
Branch no. 21, Nomentana, via Farnesina Nardini 25  
Branch no. 22, WFP - Sportello Interno - via Cesare Giulio Viola 68/70  
Branch no. 23, Ostia, via Carlo Del Greco 1  
Branch no. 24, San Clemente/Colosseo, via di S. Giovanni in Laterano 51/A  
Branch no. 25, Parioli, viale dei Parioli 39/B  
Branch no. 26, Tritone, via del Tritone 207  
Branch no. 27, Prati, piazza Cavour 7  
Branch no. 28, Prenestino/Torpinattara, piazza della Marranella 9  
Branch no. 29, FAO - Sportello Interno - viale delle Terme di Caracalla 1  
Branch no. 30, IFAD - Sportello Interno - via Paolo Di Dono 44  
Branch no. 31, Campus Bio-Medico di Roma - Policlinico, via A. del Portillo 200  
Branch no. 32, Monteverde Vecchio, via Anton Giulio Barrili 50/H  
Branch no. 33, Trastevere, piazza Sidney Sonnino 40  
Branch no. 34, Gregorio VII, via Gregorio VII 348 - ang. piazza Pio XI 40  
Branch no. 35, Parioli, corso Vittorio Emanuele II 139  
Branch no. 36, CONSOB - Sportello Interno - via G. B. Martini 3  
Branch no. 37, Trieste/Salaria, via Tagliamento 37  
Branch no. 38, Gruppo AZIMUT - Sportello Interno - via Flaminia 133  
Branch no. 39, Policlinico Universitario Fondazione Agostino Gemelli  
IRCCS, largo Agostino Gemelli 8  
Branch no. 40, Balduina, piazzale delle Medaglie d'Oro 65  
ROMA - Biblioteca Nazionale Centrale - viale Castro Pretorio 105  
ROMA - Università Foro Italico - piazza Lauro De Bosis 15

PROVINCE OF SAVONA  
ALASSIO via Giuseppe Mazzini 55  
ALBISOLA MARINA via dei Ceramisti 29  
SAVONA via Pietro Paleocapa 58  
VARAZZE via Goffredo Mameli 19

PROVINCE OF TORINO  
TORINO  
Head Office, via XX Settembre 37  
Branch no. 1, via Luigi Cibrario 17/A bis  
Branch no. 2, corso Alcide De Gasperi 9

PROVINCE OF TRENTO  
ARCO via Santa Caterina 8/C  
CLES piazza Navarino 5  
RIVA DEL GARDA viale Dante Alighieri 11  
ROVERETO corso Antonio Rosmini 68 - ang. via Fontana  
TRENTO piazza di Centa 14

PROVINCE OF TREVISO  
TREVISO corso del Popolo 50 - angolo via Giuseppe Toniolo  
CONGELIANO via Nazario Sauro 1 - ang. via Carlo Rosselli

PROVINCE OF TRIESTE  
TRIESTE piazza San Giovanni 1

PROVINCE OF UDINE  
UDINE piazzale XXVI Luglio 62

PROVINCE OF VARESE  
AEROPORTO DI MALPENSA 2000 Terminal 1 - FERNO  
BESNATE via Libertà 2

BISUSCHIO via Giuseppe Mazzini 80  
BRUSIMPIANO piazza Battaglia 1/A

BUSTO ARSIZIO piazza Trento e Trieste 10  
CARNAGO via Guglielmo Marconi 2  
CASTELLANZA corso Giacomo Matteotti 2

CUGLIATE FABIASCO via Pagliolico 25  
GALLARATE via Torino 15

GAVIRATE via Guglielmo Marconi 13/A  
LAVENA PONTE TRESA via Carlo Morazzoni 22  
LONATE POZZOLO via Vittorio Veneto 27

LUINO via XXV Aprile 31  
MARCHIROLO via Cavalier Emilio Busetti 7/A  
PORTO CERESIO via Giacomo Matteotti 12

SARONNO via San Giuseppe 59  
SESTO CALENDE piazza Giuseppe Mazzini 10  
SOLBIATE OLONA via Vittorio Veneto 5

SOMMA LOMBARDO via Milano 13  
VARESE  
Head Office, viale Belforte 151

Branch no. 1, piazza Monte Grappa 6  
Branch no. 2, via San Giusto - ang. via Malta

VEDANO OLONA via Giacomo Matteotti - ang. via Cavour 12  
VIGGIO via Saltrio 2

PROVINCE OF VENEZIA  
SAN DONA DI PIAVE via Carlo Vizzotto 98  
VENEZIA Sestiere Santa Croce 518/A

PROVINCE OF VERBANO-CUSIO-OSSOLA  
CANNOBIO viale Vittorio Veneto 2/bis  
DOMODOSSOLA piazza Repubblica dell'Ossola 4  
GRAVELLONA TOCE corso Guglielmo Marconi 95  
VERBANIA - Intra, piazza Daniele Ranzoni 27  
VERBANIA - Pallanza, largo Vittorio Tonolli 34

PROVINCE OF VERCELLI  
VERCELLI piazza Baldo Mazzucchelli 12

PROVINCE OF VERONA  
BARDOLINO via Mirabello 15  
PESCHIERA DEL GARDA via Venezia 40/A  
VERONA corso Cavour 45  
VILLAFRANCA DI VERONA corso Vittorio Emanuele II 194

PROVINCE OF VICENZA  
THIENE via Trento 2  
VICENZA Agenzia, contrà Porti 12 - Palazzo Thiene  
VICENZA Branch no. 1, corso Santi Felice e Fortunato 88

TEMPORARY BRANCHES  
MILANOCITY FIERA - piazzale Carlo Magno - pad. 3 piano quota +7 1  
NUOVO POLO FIERISTICO - corso Italia Est  
Strada Statale del Sempione 38 - Rho/Però - tel. 02 45402082

MOBILE BRANCH Autobanca

DESKS ABROAD C/O EXTERNAL PARTNERS

ARGENTINA (Buenos Aires e Mendoza) - AUSTRALIA (Perth and Sydney)  
- BELGIUM (Brussels) - BRAZIL (Belo Horizonte and Sao Paulo) - BULGARIA (Sofia)  
- CANADA (Toronto and Vancouver) - CHILE (Santiago) - CHINA (Hong Kong and Shanghai)  
- CZECH REPUBLIC (Prague) - DENMARK (Aarhus) - DOMINICAN REPUBLIC (Santo Domingo) - EGYPT (Cairo) - GERMANY (Frankfurt)  
- GREECE (Athens) - GUATEMALA (Guatemala City) - HUNGARY (Budapest)  
- INDIA (Mumbai) - ISRAEL (Tel Aviv) - JAPAN (Tokyo) - LUXEMBOURG (Luxembourg)  
- MALTA (Valletta) - MEXICO (Mexico City) - MONGOLIA (Ulaanbaatar)  
- NETHERLANDS (Amsterdam) - PERU (Lima) - POLAND (Warsaw)  
- PORTUGAL (Lisbon) - REPUBLIC OF MOLDOVA (Chisinau)  
- ROMANIA (Bucharest) - RUSSIA (Moscow) - SERBIA (Belgrade) - SINGAPORE (Singapore)  
- SOUTH AFRICA (Johannesburg) - SOUTH KOREA (Seoul) - SPAIN (Madrid)  
- SWEDEN (Stockholm) - THAILAND (Bangkok) - TUNISIA (Tunis) - TURKEY (Istanbul) - UNITED ARAB EMIRATES (Dubai) - UNITED KINGDOM (London)  
- UNITED STATES OF AMERICA (Chicago, Los Angeles and Miami) - UZBEKISTAN (Tashkent) - VIETNAM (Ho Chi Minh City)

## BANCA POPOLARE DI SONDRIO (SUISSE)

OPERATING IN THE SWISS TERRITORY IT HAS 20 OFFICES IN 8 CANTONS, AS WELL AS THE REPRESENTATIVE OFFICE IN VERBIER, THE DIRECT BANKING VIRTUAL BRANCH IN LUGANO AND THE MONACO BRANCH OUTSIDE SWITZERLAND IN THE PRINCIPALITY OF THE SAME NAME.

General Management: Lugano, via Giacomo Luvin 2a  
tel. +41 58 855 30 00 - fax +41 58 855 30 15  
Head Office: Lugano, via Maggio 1 - tel. +41 58 855 31 00  
www.bps-suisse.ch - contact@bps-suisse.ch

## FACTORIT

Factoring - working capital solutions, credit risk protection and accounts receivable book-keeping  
Branch offices in: Milano, Torino, Padova, Bologna, Roma, Palermo and a network of foreign correspondents in over 90 countries. Operating at Banca Popolare di Sondrio's branches and at its partner banks' counters.  
Headquarter: Milano, via Cino del Duca 12  
tel. +39 02 58150.1 - fax +39 02 58150.205  
www.factorit.it - info@factorit.it

## BNT Banca

Personal loans collateralized by the assignment of up to one-fifth of salary or pension  
Offices in Milano, Palermo, Catania and Caltanissetta. Operating at Banca Popolare di Sondrio's branches and at its partner banks' counters.  
Headquarter: Roma, via Baldo degli Ubaldi 267  
Toll-free number 800-77 00 33 - www.bntbanca.it - info@bntbanca.it

## PrestiNuova

Agency in Financial Activities of BNT Banca  
Headquarter: Roma, via Baldo degli Ubaldi 267  
Toll-free number 800-73 58 00 - www.prestinuova.it - info@prestinuova.it

## PIROVANO STELVIO SPA - The Ski University

Quarto Pirovano Hotel: Stelvio Pass (m. 2.760-3.450) - Bormio (SO)  
(C.R. 014009-ALB-00027 - C.I.N. IT014009A1Y03F0N0V06)  
Holiday Apartments: Bormio (SO)  
• "Pirovano" Apartments - (C.R. 014009-CIM-00243 - C.I.N. IT014009B0F0MKAUJ)  
• "Chalet Felse" Apartments - (C.R. 014009-CIM-00241 - C.I.N. IT014009B4V5GRV26)  
Holiday Apartments: Isolaccia Valdidentro (SO)  
• "Pirovano Valdidentro" Apartments  
(C.R. 014071-CIM-00053/54 - C.I.N. IT014071B4T0M9U9M94)  
Registered and Administrative Office - Information and Booking Office:  
via Delle Prese 8 - Sondrio - tel. +39 0342 210 040  
www.pirovano.it - info@pirovano.it

## "LUIGI CREDDARO" LIBRARY

Sondrio, lungo Mallero Armando Diaz 18 - tel. +39 0342 562 270  
www.pops.bibliotecacreddaro.it - info@pops.bibliotecacreddaro.it



Banca Popolare di Sondrio

THE BANKING GROUP IN THE HEART OF THE ALPS



## CORPORATE BODIES\*

### 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 GIAI
	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

SIMONA ORIETTI

\* At the date of approval of the financial report

\*\* Members of the Executive Committee

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







## INTRODUCTION BY THE CHAIRMAN

Distinguished Shareholders,

The hope of putting an end to the conflicts that affected the Middle East and the eastern part of Europe in 2024 would appear to finally become more concrete in this start of the year. The international community will have to work to provide the basis for an effective dialogue aimed at restoring the rules of peaceful coexistence.

The world economy developed quite dynamically during the year under review, even if differentiated at the level of individual areas. International trade reflected this trend.

In a credit system that still benefited from a favourable economic situation, our bank moved along a trajectory of sustained development, in continuity with its mission to support the economies of the territories it serves. It was important reconfirmation of the ability to consistently create value in the interest of shareholders and all stakeholders. This benefited the level of capitalisation and also the market valuation of our stock.

The accounting figures offer a representation of a financial year that ended with the best profit ever: 510.517 million, an increase of 29.98% over the previous year. An absolutely satisfying result, the result of the commitment of our staff of 3,153, that increased by 120 units.

The key figures are summarised below.

Total assets came in at 50,697.726 million, -1.35%. Capital and reserves, including valuation reserves and net profit of the period, amounted to 3,464.321 million, +8.99%.

Direct deposits rose to 40,854 million +7.02%, while loans and receivables with customers amounted to 27,948 million, +3.61%.

Net interest income was 1,012.251 million, +19.53%; net fee and commission income reached 371.730 million, +7.47%. Total income amounted to 1,497.064 million, +15.37%.

The Banca Popolare di Sondrio share closed the year with a significant increase: +38.91%. The shareholder structure amounted to 136,824 shareholders.

Banca Popolare di Sondrio (SUISSE) SA, Factorit spa, Banca della Nuova Terra spa and the other companies of the Banking Group have contributed to expanding and qualifying our commercial offer, with positive economic results.

Chair

(Francesco Venosta)



Distinguished Shareholders,

Before getting down to business proper, we feel it is our duty, as in the past, to remember people who have passed away since last year's Shareholders' Meeting and who were particularly close to our bank during their lifetime.

We will start with the employee Mauro Paoli from Vione (BS), born in Breno on 29 March 1976 and who died on 10 August 2024.

Hired on 1 June 1998, he was assigned to the agency in Darfo Boario Terme and then transferred to the Edolo agency in October 2007. He was placed in the third area, fourth level.

We remember his long-standing cooperation and attachment to the company.

Antonio Rovedatti from Albosaggia, our retired employee, born on 10 January 1944, died on 17 June 2024.

Hired on 1 February 1971, he had served in a number of offices at headquarters, including Development. After experience at the Sondrio and Milan branches and the Ponte in Valtellina agency, he had been branch manager of the Albosaggia, San Pietro Berbenno and Montagna in Valtellina branches, a post that lasted from 19 April 1993 to 30 April 2003, the eve of his retirement. His qualification was that of a Level four Middle Manager.

He performed diversified and challenging work.

We should now move onto another retired employee, accountant Pietro Luigi Tosco from Milan, born on 4 October 1940, deceased on 7 July 2024.

He joined the staff of this bank on 1 December 1986, after having gained extensive experience at another credit institution. Assigned to the Milan office as an official, he remained there until 31 December 1999, retiring after reaching the age limit.

Mr Tosco continued to work with us as a consultant, with undiminished diligence and business acumen.

Sondrio-born accountant Marisa Zarucchi, born on 1 June 1930, passed away on 15 July 2024.

Recruited by this bank on 1 June 1957, she was assigned to the head office's accounting department before moving to the portfolio department in August of that year. In 1969, she was placed in the Special Credits Bureau, remaining there until 31 July 1992 and then retiring. She was ranked as civil servant.

Ms Zarucchi had continued to work as a consultant for this bank's Health Insurance Fund, applying her characteristic precision and scrupulousness on a daily basis.

Slightly old-fashioned in her approach, she was always courteous, a tireless worker and extremely demanding on herself, with these being just some of the virtues to which her great attachment to the company must be added. We remember her with special gratitude.

Giulio Fognini of Sondrio, our retired employee, born in Tartano (SO) on 22 September 1941, passed away on 13 August 2024.

He had joined the bank on 5 June 1970, assigned to the Technical, Prevention and Safety Service at headquarters, where he worked continuously until 30 June 1999, retiring on 1 July of that year. His qualification was that of a Level 2 Middle Manager.

He was a knowledgeable, serious, helpful co-worker.

We now come to accountant Carlo Miro from San Giacomo di Teglio (SO), who was born on 12 March 1953 and passed away on 23 August 2024.

He had joined our bank on 1 July 1976 and was assigned to the Tirano branch. Transferred a year later to Sondrio at head office, he first came to the Accounting Office and then, from July 1982, to the Securities Administration of the Finance Service. His employment ended on 31 December 2016, the day before his retirement. He was placed in the third area, third level.

A calm, patient person. We must emphasise his utmost professionalism.

Paolo Bevilacqua of Bollate, a retired employee of this Popolare, born on 7 January 1954 in Castelluccio (MN), died on 20 September 2024.

Recruited on 2 November 1988 by direct transfer from another institution, he had taken up service at the Milan office and, after a four-year interlude at Agency 2 in the same city, had returned to headquarters, remaining there until 31 December 2018, the day before his retirement. He belonged to the third area, fourth level.

His long-standing collaboration is appreciated.

On 1 January 2025, Count Nicolò Melzi di Cusano, born in Milan in 1938, who had been linked to Valtellina for generations, passed away.

A well-prepared person and true master of life, he was gifted with great human and professional qualities. He had first held the office of General Manager of Italease spa before taking over as chairman from 2002 to 2005.

Other prestigious positions include those of Deputy Chairman of Assilea, an association grouping Italian leasing companies, and, from 2016 to 2022, board member of Factorit spa.

As far as our bank is concerned, we recall his position as a board member, which he assumed on 6 October 1992 and which lasted until 23 April 2016, i.e. more than 23 years. Nicolò Melzi di Cusano was a wise, polite person, prodigal of enlightened ideas that he transferred to the Council of our institution with enthusiasm and passion.

On 1 October 2024, Pio Bersani of Milan, born on 28 February 1935 in Carmagnola (TO), passed away.

A graduate in business and economics, he was a valuable professional in the fields of auditing and administrative consulting, skills he exercised for a long time at the international firm Arthur Andersen & Co. From 1974 to 1976, he was director of IFI Spa and from 1977 to 1979, administrative director of Fiat Spa.

In 1979, together with Professor Marco Vitale, he founded Studio Bersani-Vitale Srl in Milan, an important operation in the field of strategic-economic and organisational consulting.

From 4 June 2003 to 17 March 2015, he held the office of statutory auditor of our bank with scrupulous dedication.

Professor and lawyer Franco Anelli of Milan, born in Piacenza on 26 June 1963, died on 23 May 2024.

At the age of 23, he graduated in law at the Catholic University of the Sacred Heart in Milan with 110 *cum laude*. He held the position of Associate Professor of Institutions of Private Law in the Faculty of Economics and Business at that university, of which he was then Full Professor of Private Law in Piacenza first, and Milan later (2011/2012). He has also served as a lecturer at other universities.

In 1998, he became a cashier's lawyer, thus qualified to practise before the Court of Cassation.

For the Catholic University of the Sacred Heart in Milan, he was magnificent rector, now in his third consecutive term, which is now coming to an end.

Professor Franco Anelli used to foster dialogue with the younger generation and promote Christian values in the university environment.

Invited by this bank, he came to Sondrio on 13 October 2017 and gave an unforgettable lecture in our Fabio Besta hall on 'The future of the university: innovation, international competition and social responsibility'. The event was well received. The text of the public conversation was hosted in the December 2017 issue of our Newsletter.

On 6 July 2024, Paolo Pirruccio di Delebio died. He had been born in Palazzolo Acreide, province of





Syracuse, a Baroque town with Greek roots. He was 81 years old.

A person of many interests, he was of the highest morals, sociable and mild-mannered. As time went by, his passion for culture and writing became increasingly intense, so much so that he contributed to several newspapers. He has also authored books on Delebio and a few Valtellina personalities.

Paolo Pirruccio also had great admiration for the cultural activities related to our bank, which is why he also wrote something for our Newsletter.

Professor Eugenio Borgna of Borgomanero (NO), psychiatrist and essayist, passed away in December 2024. He was 94 years old.

He graduated in medicine and surgery in 1954 from the University of Turin and in 1957 specialised in nervous and mental illnesses at the State University of Milan, where he also practised as a freelance lecturer.

After having been head of the psychiatric department of the Pavia Hospital, in 1963 he took on the office of director of the Psychiatric Service of Maggiore Hospital in Novara, where he became chief *emeritus*.

A reflective, caring psychiatrist, he adopted hitherto unusual methods of treatment, placing the patient and dialogue at the centre and above all else.

Professor Borgna was a cultured person, a lover of knowledge. He has left us with numerous essays and publications of rare interest.

I am pleased to be able to say that he also contributed to our bank's Newsletter for over a decade: a collaboration of quality and depth.

On 27 December 2024, the columnist, writer and television personality Gian Paolo Ormezzano of Turin died at the age of 89.

After his studies, he successfully turned to journalism, writing for Tuttosport, the Guerin Sportivo, La Stampa di Torino and La Famiglia Cristiana.

In 1962, he made his way to the small screen as a commentator on television programmes and pundit.

His passion for sport can also be seen in his various successful books, which he has produced with care and dedication.

Mr Ormezzano also set aside time for the cultural initiatives promoted by our bank, including the Newsletter, in which he wrote interesting articles on his congenial subject of sport. We must also emphasise his passionate contribution entitled 'Ferdie e Hugo all'italiana', which is part of the extensive monograph on the two-wheel champions of the past, Kübler and Koblet, published in the cultural cross-section of the 2006 Annual Report of our subsidiary Banca Popolare di Sondrio 'SUISSE' SA in Lugano.

On 14 January 2025, Professor Furio Colombo, born in Châtillon (Valle d'Aosta) on 1 January 1931, died in Rome.

He graduated from law school at a very young age, but his real passion was as a journalist and writer. He made documentaries, wrote successful essays and books, and contributed to film productions. His journalistic vocation was evident, among other things, as an attentive and capable correspondent from the United States of America for the daily newspapers La Stampa and La Repubblica. He has published, amongst others, in the New York Times and the New York Review of Books. He edited L'Unità from 2001 to 2005 and was co-founder and columnist of Il Fatto Quotidiano.

He also spent a fair amount of time in politics, holding various offices with diligence and honouring the duties of deputy and senator in several legislatures.

We recall his attention and consideration for this bank too, culminating with his visit to our headquarters in Sondrio on 23 May 1994, when he gave an unforgettable lecture on the subject: "The

others, what to do with them. An intervention on solidarity". The event proved very popular indeed.

Environmentalist and architect Fulco Pratesi of Rome, born on 6 September 1934, died on 1 March 2025.

After graduating in architecture in 1960, he only practised his profession for a short time to devote himself to journalism and environmental and wildlife conservation, which led him to found the Italian Association for the World Wildlife Fund, now known as WWF Italia, in 1966, of which he took on the office of president for years and years, later becoming honorary president.

Also passionate about politics, he served as a Member of the Republic from April '92 to March '94.

As a journalist, he wrote for *Corriere della Sera*, *L'Espresso* and many other magazines. He also authored several important books.

A sensitive person, of noble sentiments, brilliant in ideas and with an easy-going nature. Our bank had the opportunity to closely appreciate his value in the cultural field, as he was a long-time contributor to our Newsletter with valuable and highly topical articles.

Endless considerations can be made on the subject of 'life-death'. For example, the Portuguese poet Fernando Pessoa put it this way in a poem: "When the grass grows on top of my grave, make that the sign for me to be totally forgotten. Nature never remembers, that's why she's beautiful. If they have the sick need to "interpret" the green grass on my grave, let them say I keep growing green and being natural.". Director and writer Mario Soldati in his book 'L'avventura in Valtellina' writes, touching on the subject: "Thinking about the death of others, who have gone before us, enriches our lives, broadens the horizon of our need to love".

## BANCA POPOLARE DI SONDRIO

Joint-stock company - Founded in 1871 - Registered in the Bank Register under No. 842,  
in the Official List of Banking Groups No. 5696.0  
in the Sondrio Companies Register under No. 00053810149 - Share capital 1,360,157,331 euro  
consisting of 453,385,777 ordinary shares - Reserves 1,564,088,615 euro

## CALLING OF THE MEETING

The Shareholders' Meeting of Banca Popolare di Sondrio spa (the "Bank") is convened in an ordinary and extraordinary session at the registered office in Sondrio, Piazza Garibaldi 16, for 16.00 on 30 April 2025 in a single call, to resolve on the following

### AGENDA ORDINARY PART

- 1) Financial Statements at 31 December 2024:
  - a) Presentation of the financial statements at 31 December 2024: Directors' report on operations; report of the Board of Statutory Auditors; related and consequent resolutions; presentation of the consolidated financial statements at 31 December 2024 and the related directors' report on operations;
  - b) Allocation of the profit for FY 2024 and distribution of the dividend; related and consequent resolutions;
- 2) Resolutions on remuneration matters:
  - a) Annual report on remuneration policy and compensation paid:
    - a1) approval of the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group;
    - a2) approval by non-binding resolution of the remuneration paid in FY 2024;
  - b) Approval of the 2025 Share-based Remuneration Plan, pursuant to art. 114-*bis* of Legislative Decree 58/98 (Consolidated Finance Act);
  - c) Approval of the 2025-2027 Long-Term Share-Based Remuneration Plan, pursuant to art. 114-*bis* of Legislative Decree 58/98 (Consolidated Finance Act);
  - d) Authorisation for the use of treasury shares already held in service of the 2025 Share-based Remuneration Plan, pursuant to article 114-*bis* of Legislative Decree 58/98, Consolidated Finance Act, and/or to service the 2025-2027 Long-term Remuneration Plan based on financial instruments, pursuant to art. 114-*bis* of Legislative Decree 58/98 (Consolidated Finance Act);
- 3) Appointment of five Directors for the three-year period 2025-2027;
- 4) Determination of directors' emoluments.

### EXTRAORDINARY PART

- 1) Proposal to amend Article 49 of the Articles of Association; related and consequent resolutions.



## Share capital

The share capital, fully subscribed and paid up, amounts to 1,360,157,331 euro and comprises 453,385,777 ordinary shares. Each share confers the right to one vote. The Bank holds 3,597,215 treasury shares.

## Attendance at the Meeting

Pursuant to art. 83-*sexies* of Legislative Decree 58/98 ( Consolidated Finance Act), the persons entitled to participate in the Meeting, exclusively through the Designated Representative according to the procedures described below, are those who will hold the right to vote at the end of the accounting day of the seventh trading day prior to the date of the Meeting (17 April 2025 - "record date"), and for whom the Bank has received the relevant communication made by the authorised intermediary.

Therefore, those who will be holders of the Bank's shares only after that date will not be entitled to attend and vote at the Meeting.

The notice from the intermediary must be received by the Bank by the end of the third trading day preceding the date set for the Meeting (i.e. by 25 April 2025). In any case, art. 83-*sexies*, paragraph 4, of Legislative Decree 58/98, Consolidated Finance Act applies, and therefore the legitimacy to intervene and vote remains in case the communications are received by the Bank after the deadline of 25 April 2025 indicated above, provided that they are received before the start of the works.

It should be noted that Shareholders whose shares are deposited with the Bank or with Banca Popolare di Sondrio (SUISSE) SA must also request, pursuant to article 42 of the Bank of Italy-Consob Provision of 13 August 2018, the issuance of the notice attesting to the entitlement to exercise voting rights.

Pursuant to the provisions of article 106, paragraph 4 and 7 Decree-Law 17 March 2020 No. 18, as subsequently amended and supplemented (most recently by Decree-Law No. 202 of 27 December 2024, converted with amendments by Law No. 15 of 21 February 2025), participation in the Meeting of the entitled parties will take place, without access to the meeting rooms, **exclusively through the Designated Representative pursuant to art. 135-*undecies* of Legislative Decree 58/98 (Consolidated Finance Act)**, in the manner described below.

Remote or postal voting procedures will not be used.

The Directors, the Statutory Auditors, the Meeting Secretary, the Representative of the Independent Auditors and the Designated Representative will participate, including if necessary by the use of remote conferencing systems in compliance with the current instructions in force.

## Participation through the Designated Representative

In accordance with art. 106, paragraph 4, Decree Law No. 18 of 17 March 2020, as subsequently amended and supplemented, participation in the Shareholders' Meeting of those who have the right to vote is permitted exclusively through the Designated Representative pursuant to art. 135-*undecies* of Legislative Decree 58/98, Consolidated Finance Act (the "Designated Representative"), by means of conferment, at no cost for the delegating party (except for any postage costs), of a specific proxy containing voting instructions on all or some of the proposals for resolutions on the items on the agenda.

The Designated Representative identified by the Bank is Computershare S.p.A., based in Milan and with offices at via Nizza 262/73, Turin.

The proxy must be granted to the Designated Representative, with voting instructions, by the end of the second trading day prior to the date of the Meeting (i.e. by 28 April 2025), using the specific form available from the Bank's website at the link, <https://istituzionale.popso.it/en/investor->

relations/shareholders-meeting, also stating how those entitled can grant the proxy and also revoke, by the same deadline, the proxy granted and the voting instructions given. Alternatively, the proxy can be sent, within the same deadline, using the specific web application available on the Bank's website at <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting>, prepared and managed directly by Computershare S.p.A., through which it will be possible to proceed with the guided filling in of the proxy form and of the voting instructions.

The Designated Representative may also be granted delegations or sub-delegations in accordance with art. 135-*novies* of Legislative Decree 58/98, Consolidated Finance Act, as an exception to art. 135-*undecies* of the same Decree, with voting instructions on all or some of the resolution proposals regarding the items on the agenda, by using the same form specified above, to be sent to Computershare S.p.A. according to the terms and methods indicated in the form. Proxies and sub-proxies may also be granted by means of an electronic document signed in electronic form pursuant to art. 21, paragraph 2, of Legislative Decree No. 82 of 7 March 2005 and notified to Computershare S.p.A. via e-mail at [popso@pecserviziotitoli.it](mailto:popso@pecserviziotitoli.it).

The proxies and sub-proxies will only be effective in relation to the proposed resolutions for which voting instructions were given.

### **Additional agenda items and presentation of new proposed resolutions**

In accordance with article 13 of the Articles of Association, shareholders who, also jointly, represent a total of not less than 2.5% of the share capital, can request additional topics to be added to the agenda, or present proposed resolutions on matters already on the agenda, within 10 days of publication of the Notice of Meeting, on the basis and with the timing established in art. 126-*bis* of Legislative Decree 58/98, Consolidated Finance Act.

Requests must indicate the additional topics proposed, or the proposed resolutions on matters already on the agenda and must be presented in writing, or sent by registered letter with proof of receipt to the head office of Banca Popolare di Sondrio spa, at piazza Garibaldi 16, Sondrio, or sent by certified e-mail to [segreteria@postacertificata.popso.it](mailto:segreteria@postacertificata.popso.it), indicating in the subject line the wording "2025 Meeting - additional agenda items/proposed resolutions".

Requesting parties must send to the Bank - through their intermediary - the communications certifying their entitlement to exercise the right pursuant to article 43 of the Bank of Italy-Consob Provision of 13 August 2018.

Within the same term and in the same manner, shareholders requesting the integration must prepare and send to the Board of Directors of the Bank a report outlining the reasons for the new topics that they would like to propose for discussion, or the reasons for additional motions that they would like to propose on matters already on the agenda.

Any additions to the agenda or the presentation of proposals for resolutions on items already on the agenda shall be notified, by the same means of publication of this notice, at least fifteen days before the date set for the Meeting (i.e. by 15 April 2025). At the same time, the reports prepared by the parties requesting the additions and/or the new proposed resolutions will be made available to the public, together with any considerations made by the Board of Directors, in the same ways as those envisaged for the Meeting documentation.

It is not permitted to add items to the agenda for those topics on which the Shareholders' Meeting has to vote, in accordance with the law, on the proposal of the Board of Directors or on the basis of a project or a report prepared by the Board, other than those mentioned in art. 125-*ter*, paragraph 1, of Legislative Decree 58/98, Consolidated Finance Act.



Even if persons entitled to vote represent less than one-fortieth of the share capital, they may still present proposed resolutions individually and/or make voting declarations on items on the agenda. Given that participation at the Meeting is only allowed via the Designated Representative, these proposals must be presented in the manner described above by the fifteenth day before the date set for the Meeting (i.e. by 15 April 2025). After checking their relevance with respect to the items on the agenda, as well as their proper and complete nature with respect to the applicable regulations, the proposals will be published within two days following the expiry of the relevant submission deadline (i.e. by 17 April 2025) on the website of the Bank so that those entitled to vote can express themselves in an informed manner, taking account of the new proposals, and therefore allow the Designated Representative to collect any voting instructions in their regard as well.

The legitimacy to formulate proposals shall be certified by the notice provided for by art. 83-sexies of the Consolidated Finance Act issued by the intermediary for the purpose of attending the Meeting and exercising the voting right.

### **Right to ask questions on agenda items before the Meeting**

Those who have the right to vote may propose questions on the items on the agenda but only before the Shareholders' Meeting by submitting them in writing no later than the record date, i.e. by 17 April 2025, or by sending them by registered mail with return receipt to the registered office of Banca Popolare di Sondrio spa in Sondrio, Piazza Garibaldi 16, or by sending them by certified e-mail to [segreteria@postacertificata.popso.it](mailto:segreteria@postacertificata.popso.it), indicating in the subject line of the e-mail "Shareholders' Meeting 2025 - questions on agenda items".

Requesting parties must send to the Bank - through their intermediary - the communications certifying their entitlement to exercise the right pursuant to article 43 of the Bank of Italy-Consob Provision of 13 August 2018 or the communication for intervention in the shareholders' meeting pursuant to article 83-sexies of Legislative Decree 58/98 (Consolidated Finance Act), even after the submission of applications, provided that it is no later than the third day following the record date (i.e. by 20 April 2025).

In view of the fact that participation in the Shareholders' Meeting is permitted exclusively through the Designated Representative, questions received in a timely manner and that are relevant to agenda items will be answered by 27 April 2025 in a specific section of the Bank's website. The Bank may provide a single response to questions with the same content.

The Bank will not answer questions that do not comply with the above terms, conditions and procedures.

### **Appointment of five directors for the three-year period 2025-2027**

With reference to item 3) on the agenda of the ordinary Shareholders' Meeting - Appointment of five directors for the three-year period 2025-2027 - it is recalled that the Board of Directors is renewed for one-third each year on the basis of seniority.

Only shareholders who, on the date of submission of the list, own - alone or together with others - voting shares representing a total of at least 1% of the share capital are entitled to submit a list. No shareholder may submit, or participate in submitting, or vote for more than one list, not even through a third party or trust company. Shareholders belonging to the same group - i.e. the parent company, the subsidiaries and the companies subject to joint control - and shareholders who signed a shareholders' agreement pursuant to art. 122 of Legislative Decree 58/98, Consolidated Finance Act, relating to the issuer's shares, may not submit more than one list, not even through a third party or trust company. A candidate may appear on only one list under penalty of ineligibility.

It is recalled that the lists of candidates for the office of director must be filed at the registered office by the twenty-fifth day prior to the date of the Meeting, i.e. by 5 April 2025.

Submitting shareholders have to prove the ownership of the required number of shares by means of specific communication pursuant to article 43 of Bank of Italy-Consob Provision of 13 August 2018 issued by an authorised intermediary in compliance with current legislation, with regard to the shares registered in their favour on the day on which the lists are filed with the Bank; if not available at the time of filing the lists, such communication shall be received by the Bank by the twenty-first day before the date set for the Shareholders' Meeting, i.e. by 9 April 2025.

Lists for the election of the Board of Directors can also be submitted by certified e-mail to [segreteria@postacertificata.popso.it](mailto:segreteria@postacertificata.popso.it)

For any matters not specified above concerning the list voting mechanism, reference should be made to the Directors' report and to Article 23 of the Articles of Association, which is reproduced below.

""""

### **Article 23**

#### **Presentation of lists of candidates**

1. *The directors are appointed on the basis of lists containing up to the maximum number of Directors to be elected, in which the candidates are listed with progressive numbering.*
2. *The lists containing a number of candidates equal to or higher than three must be composed so as to ensure the minimum number of independent directors and gender balance required by the law in force from time to time in the composition of the Board of Directors resulting from the vote, taking into account - in the assignment of the sequential number to the candidates - the election mechanism set out in article 24 below.*
3. *Each candidate may appear on only one list under penalty of ineligibility.*
4. *The Board of Directors and shareholders who, alone or jointly, represent at least 1% of the share capital may submit a list, unless the law and regulations in force from time to time establish a lower percentage, to be indicated in the notice of call of the Meeting.*
5. *Each shareholder may take part in the submission of a list by signing at the bottom of it. A shareholder may not submit for more than one list, even through a third party or through trust companies. Shareholders belonging to the same group - i.e. the parent company, the subsidiaries and the companies subject to joint control - and shareholders who signed a shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998 concerning the issuer's shares, may not submit more than one list, even through a third party or trust company. In case of non-compliance, the stipulation will not be counted for any list.*
6. *The lists shall be filed at the registered office - also by means of distance communication - according to the methods notified in the notice of call, which allow to identify the persons who filed them, by the twenty-fifth day prior to the date set for the Meeting, or within any other term set out by the law in force from time to time.*
7. *The lists shall be accompanied by the information related to the identity of the shareholders who have submitted them, with an indication of the number of shares and of the corresponding total percentage held by the submitting shareholders and - within the terms set out by the law in force from time to time - by a notice proving the ownership of the equity investment, as well as by any other information required by said law. Shareholders who submit a list and who are different from shareholders holding a controlling stake or a relative majority shall also submit a statement certifying the absence of any relationship with said shareholders, which can be qualified as significant according to the law in force from time to time.*





8. *The ownership of the number of shares necessary to submit the lists is determined by taking into account the shares that are registered in favour of the individual legitimated person or group of legitimated persons submitting the list, on the day when the lists are filed at the registered office. In order to prove the ownership of the number of shares suitable for the submission of lists, the persons entitled to do so shall file - together with the list - the notice issued by an intermediary authorised by law, showing the ownership of the related number of shares. The communication required in order to prove the ownership of shares may be made even after the filing of the list, provided that it is made at least twenty-one days before the date of the Meeting and according to the methods set out by the law in force from time to time.*
9. *Together with each list, detailed information on the personal and professional characteristics of the candidates and the list of offices held in other companies shall be filed at the registered office, as well as the declarations in which the candidates accept the candidature and, under their own responsibility, state that they are suitable for the office, by certifying, in particular, the non-existence of any reasons for ineligibility and incompatibility and the possession of the requirements set out by current legislation and by these Articles of Association for holding the office of director. Candidates shall state whether they comply with the specific independence requirements set out in the legislation in force from time to time for the position of independent director, and this quality shall be indicated in the lists.*
10. *Lists for which the above requirements are not observed shall be considered as not submitted. However, any irregularities in lists concerning single candidates shall not automatically imply the exclusion of the whole list, but only of the candidates to whom the irregularities refer.*

""""

Reference should be made to the recommendations made by Consob in Notice No. DEM/9017893 of 26 February 2009 with regard to the relations between lists pursuant to art. 147-ter, paragraph 3 of Legislative Decree 58/98 ( Consolidated Finance Act), and Article 144-quinquies of Regulation No. 11971 approved by Consob resolution of 14 May 1999, to which reference should be made.

It is also recalled that article 20, paragraph 2, of the Articles of Association states that:

"The composition of the Board of Directors shall ensure collegial adequacy, as well as the presence of the minimum number of independent directors and gender balance in accordance with the legislation in force from time to time."

For the presentation of lists, the shareholders are required to take into account the document "Optimal qualitative and quantitative composition of the Board of Directors of Banca Popolare di Sondrio spa" of 06 February 2025, published on the Company's website at the link <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting>.

In this document the Board of Directors has identified the ideal composition of the board in terms of quality and quantity and the profile that candidates need to have for the office of director. This document has been made known to the Bank's shareholders, so that the choice of candidates to be submitted for the renewal of the Board of Directors can take into account the professional skills required to perform the tasks entrusted to the Board.

The lists will be made available to the public at the Company's registered office, on the authorised storage mechanism "eMarket STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company's website at <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting> by the twenty-first day prior to the date of the Shareholders' Meeting, i.e. by 9 April 2025.



## Proposal to amend Article 49 of the Articles of Association. Related and consequent resolutions.

With reference to item 1) on the agenda of the Extraordinary Shareholders' Meeting, it should be noted that the introduction of a new paragraph 3 to Article 49, aimed at allowing the payment of interim dividends, will be submitted to the Shareholders' Meeting.

The amendment to the Articles of Association in question - which the ECB, pursuant to Articles 56 and 61 of the Consolidated Banking Act (CBA), in its decision of 27 February 2025, assessed as not in conflict with sound and prudent management - if approved, will allow the possibility of distributing interim dividends to be considered.

More information on this can be found in the document 'Reports on Proposals on Agenda Items' published on the company website at <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting>.

## Documentation

The explanatory reports of the Board of Directors containing the proposed resolutions and documents that will be submitted to the Shareholders' Meeting will be made available at head office, on the "eMarket STORAGE" authorised storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company's website at the link <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting> by the current legal deadline. Shareholders have a right to look at this documentation and to obtain a copy of it at their own expense.

FOR THE BOARD OF DIRECTORS  
Chair  
(Francesco Venosta)

Sondrio, 20 March 2025

The notice of calling was published, as required by law, on the Company's website at the link <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting> and, as an extract, in the daily newspaper «Il Sole 24 Ore» on 22 March 2025.

*Note. The figures in this report are in euro. 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.*



## ORDINARY PART



## **DIRECTORS' REPORT ON OPERATIONS**



## SUMMARY OF ECONOMIC AND FINANCIAL RESULTS

(in millions of euro)	31/12/2024	31/12/2023	Change %
<b>Balance sheet figures</b>			
Loans and receivables with customers*	27,948	26,973	3.61
Loans and receivables with customers measured at amortised cost	27,713	26,652	3.98
Loans and receivables with customers measured at fair value through profit or loss	235	321	-26.73
Loans and receivables with banks	4,363	4,180	4.38
Financial assets that do not constitute loans	12,724	13,926	-8.63
Equity investments	744	756	-1.48
Total assets	50,698	51,391	-1.35
Direct funding from customers	40,854	38,174	7.02
Indirect funding from customers	49,513	43,919	12.74
Direct funding from insurance premiums	2,190	2,067	5.99
Customer assets under administration	92,557	84,160	9.98
Other direct and indirect funding	14,953	18,273	-18.17
Equity	3,464	3,179	8.99
<b>Income statement</b>			
Net interest income	1,012	847	19.53
Total income**	1,490	1,293	15.18
Profit from continuing operations	750	568	32.12
Profit (Loss) for the year	511	393	29.98
<b>Capital ratios</b>			
CET1 Capital ratio	16.54%	16.74%	
Total Capital ratio	20.15%	19.84%	
Free capital	2,254	2,072	
<b>Other information</b>			
Number of employees	3,153	3,033	
Number of branches	360	356	

\* It includes loans and advances to customers (item 40b), excluding securities not arising from securitisation transactions, and loans and advances at fair value included in item 20 c).

\*\* Total income is represented as per the reclassification made in the table commenting on the income statement



## KEY RATIOS % \*

	31/12/2024	31/12/2023
Cost/Income	35.22	36.85
Net interest income/Total assets	2.00	1.65
Net financial income/Total assets	2.58	2.11
Net interest income/Total income	67.95	65.47
Administrative expenses/Total income	34.91	36.37
Profit for the year/Total assets	1.01	0.76
Net bad loans/Loans to customers	0.14	0.21
Loans to customers/Direct funding from customers	68.41	70.66

\* The ratios indicated were calculated using the figures shown in the table commenting on the reclassified income statement.

## REFERENCE MACROECONOMIC CONTEXT

### INTERNATIONAL ASPECTS

The truce that would appear to be consolidating in the Middle East and the recent diplomatic initiatives to end the conflict between Russia and Ukraine give hope that 2025 could be a year of peace. There is no shortage of unknown factors, as there are many other wars around the globe, but the hope of ending at least the two aforementioned conflicts seems destined to prevail.

According to many observers, the world order is nevertheless destined for major upheavals. The hope is that the interests of the main international players can find an appropriate composition, also in the increasingly important field of economic and technological competition.

Despite a less than favourable general scenario, the world economy expanded more than moderately in the year under review, with GDP growth at international level estimated at around 3.2%. However, trends differed significantly in the various areas. US growth was supported, in particular, by consumption, while in other advanced countries the persistent weakness of the manufacturing sector and the first signs of a slowdown in the services sector weighed heavily. In China, the long-standing crisis in the property market has been accompanied by weakness in consumption.

World trade continued to grow, broadly in line with output expansion. In the short term, dynamics will undoubtedly be impacted not only by the onset of the crises mentioned at the beginning, but also by the trade policies dictated by the new US Administration.

The dynamics of inflation, which generally tended towards a contraction, albeit with important differentiations between the various economic areas, allowed the central banks to cut rates significantly.

The international stock exchanges experienced a record year, marked by largely double-digit performances, strengthening corporate buyback activity and a new record in dividend distributions.

For the euro area, 2024 ended with only weakly positive momentum, influenced by the declining performance of the manufacturing sector, which suffered in particular from the significant difficulties of the German industry. Towards the latter part of the year, the impetus provided by the service sector also faded. The main causes of the weakening of consumption include the pessimism generated by the economic situation and the expected deterioration of the labour market. Growth estimates for the coming years have also been progressively revised downwards.

Inflation at the end of the year was 2.4%, influenced by the dynamics of the energy component. Expectations are for a further slight decline, which could allow the monetary easing policy to continue.

The Swiss economy recorded growth of approximately 1% in 2024, which, although below the usual pace, should be viewed positively in the difficult general context. GDP growth benefited in particular from the services and construction sectors, as well as private and public consumption trends, while foreign trade suffered a decline.

Inflation stabilised at around 1%.

The Swiss National Bank lowered the SNB rate to 0.5%, also to support an economy that could be affected by the strength of the Swiss franc and international developments.

### Euro

In a framework in which currencies are a fully-fledged part of the great game of international geopolitics, interest and exchange rate developments have exposed the following.

In the wake of the gradual return of inflation, all major central banks reversed their previous policies and eased their key interest rates, but in different ways. This naturally affected the performance of the



respective currencies.

The euro depreciated against both the pound sterling (-4.59%) and above all, falling from 1.1050 to 1.0389, against the US currency (-5.98%), recovering however, at least partially (+1.64%), the slide (almost 6%) of 2023 against the Swiss franc.

Opposite trends were recorded by the European currency against the Japanese yen (+4.30%) on the one hand and the Chinese renminbi (-3.41%) on the other.

## ITALY'S ECONOMIC SITUATION

According to the latest surveys, Italian GDP growth stood at 0.5%.

The 'zero-point' curse was confirmed on private consumption (+0.4%), changing to good on public consumption (+1.1%) and to bad on investments (0%) and exports (-0.3%).

The foreign channel made a positive contribution only because of the greater import shrinkage (-1.5%), which helped to improve the trade surplus from 34 billion in 2023 to 55 billion in 2024.

On the other hand, publishing the November industrial production figure (-1.5%), Istat commented: "in trend terms, the long phase of contraction of the index adjusted for calendar effects continues for the 22nd consecutive month". This state worsened (-7.1%) in the last month, setting the annual total at -3.5%.

Nevertheless, the unemployment rate, also due to the increase in the inactive, fell significantly, from 7.7% in the first quarter to a record 5.6% in the third quarter, finally rising to 6.7%.

Inflation, moving from a low of 0.5% at the end of 2023, rose to 1.6% in July and then to 1.4% at the end of the year.

In order to contain the financial balances, in compliance with the renewed European rules, the '2025-29 Medium-Term Structural Plan' was drawn up, hinging on a multi-year, binding 'reference trajectory' of net expenditure, with a time horizon, ordinarily of four years, extended to seven against the commitment to carry out reforms in continuity with those required by the PNRR (National Recovery and Resilience Plan).

According to this document, however, the aforementioned debt, which rose from 134.8% of GDP to 135.8% in the year under review, is projected to rise to 136.9% in the current year and to rise further in 2026, postponing the start of a downward path to the following year.

Instead, the annual deficit would have already shrunk from 7.2% in 2023 to 3.8%, thanks to the drastic reduction of the effects of the Superbonus.

## THE ITALIAN BANKING MARKET

The change in monetary policy reverberated in a narrowing of the banking spread.

If the yield on interest-bearing assets - from 4.07 to 3.79% - fell much less than the official ECB rates, more reluctance was shown by the cost of funding (from households and non-financial companies), which was only limited from 1.17 to 1.14%, resulting in a significantly narrowing differential, from 2.90 to 2.65%.

The reduced opportunity cost for savers of the most liquid investments did indeed support their recovery in volumetric terms, but it did not stop the repositioning from overall deposits (+1.6%) towards bonds (+7.2%). The result was a positive return (+2.2%) of the dynamics of direct deposits of Italian banks.

Turning to the indirect side, securities held in custody with them increased by 11.5% but, more importantly, their assets under management rose by 16.5% in the third quarter, above and beyond the figure (+11.8%) including stock brokerage companies and asset management companies.

Similarly to a year earlier, the assets of mutual funds (open-end, Italian- and foreign-law) increased - specifically from 1,149 billion to 1,210 billion in December 2024 - mainly due to capital gains. Indeed, subscriptions, once again limited to the bond segment, were almost offset by outflows on the other lines.



The easing of rates was not enough, in the context of weak economic demand, to bring the annual change in lending (-1.7%) back into positive territory, precisely because of lending to non-financial companies (-3.1%), while households (-0.4%) continued to use consumer credit (+4.2%) and timidly started to borrow again for house purchases (+0.4%).

The extemporaneous recovery on maturities within the year (+2%) was subverted by the persistent recession of longer-term maturities (-2.3%).

As for credit quality, our sources now tend to disregard the traditional ratio of non-performing loans to loans and focus, given the declining importance of that component, on total non-performing loans (NPLs), the incidence of which, reversing a long downward trend, rose in the first nine months from 1.41 to 1.54%, a value that is expected to rise further in 2025 but not beyond a probable peak of 2%.

Considering that the crushing of rates and spreads actually influenced the second half of the year, the annual interest margin should have progressed again in the income statement. So too, but to a lesser degree, were other revenues; even less so were operating costs, despite the necessary investments in IT and ESG. This certainly resulted in a good progress in the operating result, which would not be adversely affected by some tightening of value adjustments.

The 2023 profit, the highest in many years even when adjusted for high extraordinary income, should therefore - net of the often differing forecasts on this last item - at least have been approached. And the ROE thus comfortably returned to double figures.

## THE PROVINCE OF SONDRIO'S ECONOMY

As in the past, we feel obliged to participate in a few considerations on the economy of the province of Sondrio, the land where this bank, founded on 4 March 1871, took its first steps.

Let us start with the primary sector and, more specifically, with wine-growing, which in the province of Sondrio is of non-negligible importance, with excellent grape qualities that yield fine wines, the main ones of which are Sforzato di Valtellina DOCG, Valtellina Superiore DOCG, Rosso di Valtellina DOC and Alpi Retiche IGT. The vintage was negatively characterised by adverse weather conditions: cold spring weather, excessive rain resulting in downy mildew and powdery mildew infections, and therefore a reduced product load in several vineyards. High quality as always. In any case, the winegrowers are to be applauded for having best preserved the terraced vineyards, built with dry-stone walls, a fascinating ornament of the Rhaetian hill country to be handed down intact, regardless of the economic outcome of the vintages.

Of the apple varieties grown, the most valuable include Red Delicious, Golden Delicious, Gala, Rockit and Fuji. Excessive rainfall and summer humidity put a strain on the workers in the sector, who, thanks to their proven experience and the effective measures taken, contained the damage. The quantity harvested of this important PGI product (labelled Melavì and given to the Melavì di Ponte in Valtellina cooperative company by the majority of companies in the sector) was somewhat lower than in recent years, but satisfactory in terms of quality. On the other hand, the cultivation of "small" fruits, primarily the bilberry, which has now taken hold to all effects even in the province of Sondrio, has not given any satisfaction.

The agricultural year was a peculiar one, with heavy rainfall that demanded a surplus of effort from the farms, thanks to which the balance sheet, all things considered, was positive. If the excessively adverse spring weather delayed the start of the season in the high mountains, the summer heat made up for it, with more than positive consequences. While the production of Bitto, a renowned, high-quality cheese made from whole milk in the summer on the alpine pastures, was about the same as in 2023, the production of Valtellina Casera, a semi-fat cheese made on the valley floor all year round, increased by about 8%. These are the two PDO cheeses from the province of Sondrio that know no crisis and enjoy extensive consumption and marketing success year after year.



Climate change, now undeniable, has caused a sharp drop in honey production. On the other hand, quality remained as high as ever: intensely flavoured, clear and fragrant honeys.

As far as the secondary sector is concerned, it must first be remembered that the companies in Valtellina and Valchiavenna, totalling 13,120, are small and very small in size for the vast majority, renowned for their seriousness, vivacity and industriousness. While the industrial sector grew strongly with manufacturing in the first quarter, registering a +3.1% increase, in the second quarter production and turnover declined by 1.9%, only to return to growth in the remaining part of the year. A typical product of our province is Bresaola, a tasty, easily digestible, widely consumed and marketed cured meat that bears the PGI mark. Production of the same, after a somewhat complicated 2023, has returned to clear growth.

Less positive notes for handicrafts, which declined in the first half of the year, but recovered somewhat in the second half, without, however, levelling out its fortunes.

We now come to the private tertiary sector. With regard to retail trade, the positive trend in the first quarter (+0.3%) took a negative turn in the second (-2.6%) before gaining some ground in the third (+0.5%). Although we do not have the final figures, it can reasonably be said that retailers, thanks to the satisfactory sales during the Christmas and year-end festivities, were able to partially make up for previous lost earnings. Services recorded +0.8% at the start of 2024, -1.5% in the second quarter, and went into positive territory thereafter.

The province of Sondrio is a notoriously popular destination for both Italian and foreign (especially British, Polish, Swiss) tourists, so much so that 'sold out' occurs several times each year; and this was the case in 2024 as well. The lion's share fell, as usual, to Bormio and Livigno. The year was more than satisfactory, also benefiting from the not insignificant number of ancillary companies.

With regard to the road system, excellent news came in, the most important of which was the completion of the Tirano bypass by December 2025. The eagerly awaited work will make it possible to reach the Upper Valley in a reasonable time, where, as is well known, a number of Olympic competitions will be held in 2026, resulting in good numbers of ski champions, their families and sympathisers, athletes in various disciplines and the general public.

## TERRITORIAL EXPANSION

2024 once again saw the expansion of our branch network: four new branches that confirm our role as a territorial bank, attentive to constantly strengthening the constructive dialogue with local communities and the production units that make up their economic fabric.

It is primarily the branches that define our identity in the eyes of our customers, who perceive us as a close and reliable partner and as an important factor in the development of the realities served. At a time when we are witnessing the progressive rarefaction of banking services in the territory, we are going against the tide and are receiving appreciation and support for this.

Friuli Venezia Giulia was our favourite destination in 2024: two new branches were opened, Trieste and Pordenone. Also during the year, the Conegliano and Turin agency 2 units started up. The total number of branches rose to 360, in addition to the 131 branches specialising mainly in the provision of treasury services to corporations and institutions.

**Trieste**, with around 200,000 inhabitants, is a lively, cosmopolitan and multicultural centre thanks to the confluence of Mediterranean, Central European and Balkan influences. It represents an important crossroads between Western and Eastern Europe.

The city is home to the university of the same name, which has been active since 1924 and is ranked among the best internationally.

First and foremost, Trieste is a centre with a port vocation. The city's port of call is among the main Italian ports for cargo traffic and remains to this day a crossroads for land-sea trade flows mainly to the Asian market. Home to a leading insurance company, the Julian capital also holds a leading position in the industrial sector, thanks to the presence of the Fincantieri group, one of the world's leading cruise ship builders.

Our branch is strategically located in the city's nerve centre, not far from the famous Piazza dell'Unità d'Italia, in a favourable position for profitable development.

**Pordenone**, with around 50,000 inhabitants, is located in the low Friulia plain, on the foothills of the Carnic Pre-Alps and not far from Veneto.

The city plays a leading role - with its small and medium-sized enterprises - in the production and economic fabric of the north-east of our country, particularly in the engineering and furniture industries.

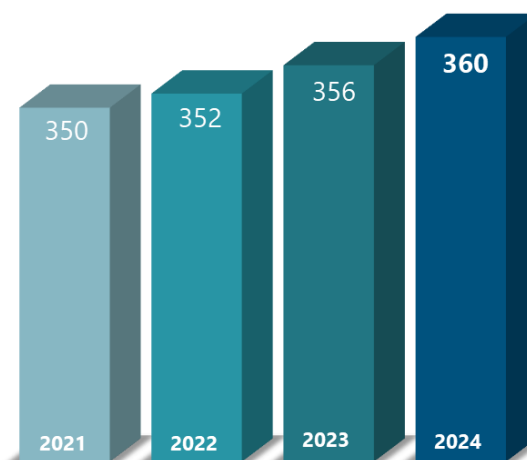
The city is home to the 'Andrea Galvani' Upper Adriatic Technological Pole, which houses numerous companies engaged in innovation and development projects.

Our branch overlooks the main, bustling thoroughfare near the city centre.

In the neighbouring Veneto region, we settled in **Conegliano**, a city that with its 35,000 inhabitants is second in population only to the provincial capital, Treviso, where we have been present since 2016. From a geographical point of view, Conegliano enjoys a strategic position, representing a fundamental junction from Veneto to Friuli Venezia Giulia.

An important industrial centre, the town is located in one of the major Prosecco production areas, with nearby Valdobbiadene.

TOTAL BRANCHES





In **Turin**, we opened agency no. 2.

Turin, a city of more than 800,000 inhabitants, enjoys the presence of numerous companies and industrial enterprises and is also an important university and research centre, attracting young professionals and students.

Increasingly important for the city is the role of tourism: with the Residenze Sabaude, the Mole Antonelliana and the renowned Egyptian Museum.

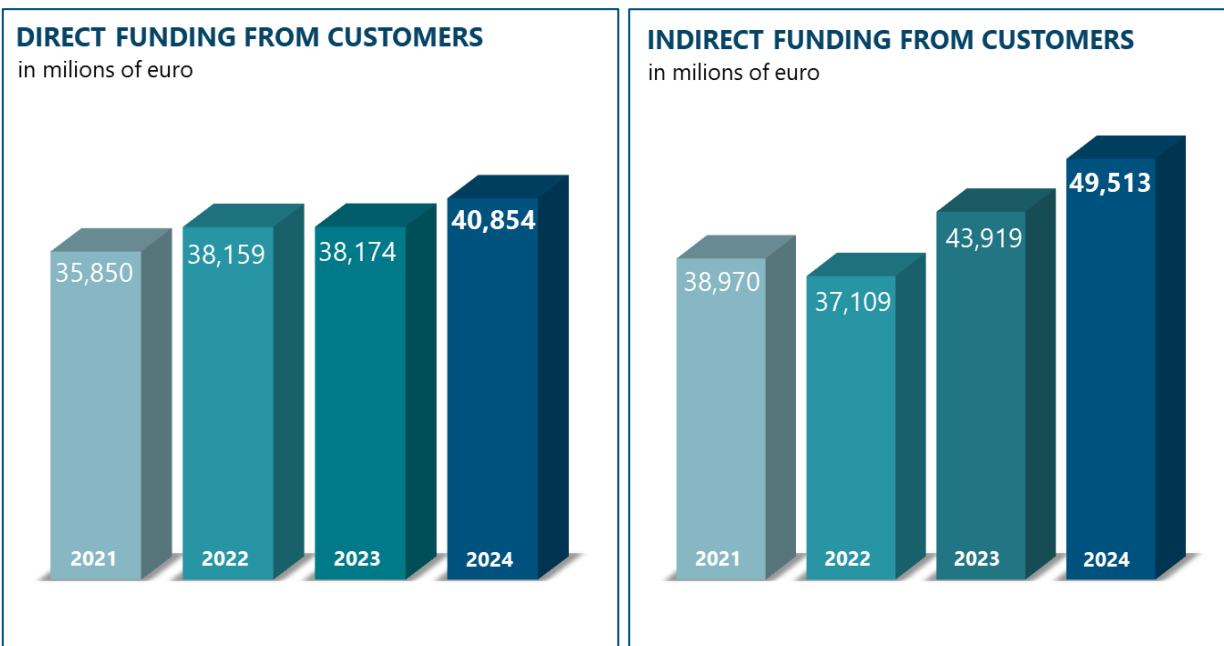
Agency no. 2 is located in the central Crocetta district, one of Turin's most interesting areas due to the excellent economic and social potential of its residents, the high-level commercial vitality complemented by the presence of the historic Market and numerous shops with a strong Turin tradition, and the proximity of important cultural complexes, such as the Polytechnic University of Turin, and healthcare facilities, such as the Mauriziano Umberto I Hospital.

Lastly, 554 ATMs contribute to our local presence, 1 more than the previous year.

## BALANCE SHEET

### FUNDING

Amidst the macroeconomic context outlined above, our bank has constantly worked to respond to market demands, promptly adapting its commercial offerings. This, together with the solidity reconfirmed by the various balance sheet ratios, made it possible to enhance the value of existing relationships and to acquire new ones, thus improving, despite a very competitive scenario, the previous year's figure.



### DIRECT FUNDING FROM CUSTOMERS

(thousands of euro)	31/12/2024	Compos. %	31/12/2023	Compos. %	Change %
Current accounts and sight deposits	29,501,681	72.21	27,881,787	73.04	5.81
Fixed-term deposits	4,634,709	11.34	3,423,275	8.97	35.39
Time deposits	1,471,044	3.60	2,241,059	5.87	-34.36
Repurchase agreements	156,263	0.38	170,754	0.45	-8.49
Bonds	4,990,921	12.22	4,317,386	11.31	15.60
Bank drafts and similar	65,559	0.16	92,927	0.24	-29.45
Other payables	33,509	0.08	46,967	0.12	-28.65
<b>Total</b>	<b>40,853,686</b>	<b>100.00</b>	<b>38,174,155</b>	<b>100.00</b>	<b>7.02</b>

Direct customer funding, comprising balance sheet liability items 10b «customer deposits» and 10c «securities issued», grew to 40,854 million, +7.02%.

Indirect customer funding, at market values, totalled 49,513 million, +12.74%, in a context favoured by the positive performance of financial markets.

Insurance premiums amounted to 2,190 million compared to 2,067 million as at 31 December 2023 (+6%), with positive net flows of more than 70 million.



## TOTAL FUNDING

(thousands of euro)	31/12/2024	Compos. %	31/12/2023	Compos. %	Change %
Total direct funding from customers	40,853,686	38.00	38,174,155	37.27	7.02
Total direct funding from insurance premiums	2,190,375	2.04	2,066,571	2.02	5.99
Total indirect funding from customers	49,512,581	46.05	43,919,440	42.87	12.74
- <i>Asset management</i>	7,571,572	15.29	6,511,271	14.83	16.28
- <i>Assets under administration</i>	41,941,009	84.71	37,408,169	85.17	12.12
<b>Total</b>	<b>92,556,642</b>	<b>86.09</b>	<b>84,160,166</b>	<b>82.16</b>	<b>9.98</b>
Due to banks	4,837,060	4.50	8,645,912	8.44	-44.05
Indirect funding from banks	10,116,411	9.41	9,626,913	9.40	5.08
<b>Grand total</b>	<b>107,510,113</b>	<b>100.00</b>	<b>102,432,991</b>	<b>100.00</b>	<b>4.96</b>

Total funding from customers stood at 92,557 million, +9.98%.

Deposits from banks amounted to 4,837 million, compared to 8,646 million last year, - 44.05%, a decrease partly related to the repayment of the TLTRO loans of 806 million maturing in March 2024 and 3,700 million in September 2024, with the exposure of the outstanding longer-term refinancing operations with the European Central Bank reduced to zero.

Securities under administration of banks increased from 9,627 million to 10,116 million, +5.08%.

Total funding from customers and banks therefore amounts to 107,510 million, +4.96%.

As for the individual components, current accounts and sight deposits, up 5.81% to 29,502 million, accounted for 72.21% of all direct funding. Bonds showed an increase, +15.60% to 4,991 million, thanks in part to a new covered bond issue for a benchmark amount of 500-million as part of the five-billion covered bond programme, the issuance of a 300-million fixed-rate subordinated bond and a 500-million Senior Preferred Green bond. Fixed-term deposits amounted to 4,635 million, +35.39%. Repurchase agreements amounted to 1,471 million, compared to 2,241 million as at 31 December 2023.

Bank drafts amounted to 66 million, -29.45%. Lease liabilities, determined in accordance with IFRS 16, amounted to 156.3 million, -8.49%, while other funding fell from 47 million to 34 million, -28.65%.

## Asset management

After a first half of 2024 marked by rather weak activity, the second half of the year saw a gradual recovery for the Italian asset management industry. As regards the type of product, the positive trend in bond funds stands out, favoured by the presence of relatively attractive yields to maturity resulting from the restrictive monetary policies of previous years; conversely, balanced and flexible equity sub-funds showed a negative balance, reflecting a more cautious inclination of investors. Against this backdrop, our institution is reporting flattering numbers, attributable in large part to the launch of the placement of JPMorgan AM and Pictet AM products in November 2023, which are seeing a significant increase in interest from our customers. The wide range of the offer, the presence of specialised products and the proven know-how of the managers are the factors behind the success of these new placements.

The assets managed in various forms by the Bank total 7,572 million, +16.28%, of which 5,968 million, +17.98%, relates to mutual funds and SICAVs, including Popso (SUISSE) Investment Fund Sicav and assets managed by the Bank for 1,604 million, +10.39%.



## LOANS TO CUSTOMERS

Loans to customers, as shown in the table below, 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". Thus, impaired loans classified under item 110 'Non-current assets and disposal groups classified as held for sale' are excluded. Loans to customers total 27,948 million.



## LOANS TO CUSTOMERS

(thousands of euro)	31/12/2024	Compos. %	31/12/2023	Compos. %	Change %
Current accounts	3,125,717	11.18	3,337,639	12.37	-6.35
Mortgage loans	15,560,958	55.68	15,519,761	57.54	0.27
Personal loans and assignments of one-fifth of salary or pension	291,448	1.04	261,582	0.97	11.42
Other loans	8,404,389	30.08	7,101,011	26.33	18.35
Debt securities	565,205	2.02	753,245	2.79	-24.96
<b>Total</b>	<b>27,947,717</b>	<b>100.00</b>	<b>26,973,238</b>	<b>100.00</b>	<b>3.61</b>

The principal item consisted of mortgages that, following an increase of 0.27% to 15,561 million, now represent 55.68% of total lending. This item also includes the assets sold and not derecognised in relation to the issue of covered bonds and the self-securitisation transaction for which the derecognition was not carried out as the required requirements of IFRS 9 for accounting derecognition were not met. In turn, other loans added up to 8,404 million, +18.35%. Current accounts decreased, which stood at 3,126 million, -6.35%. Personal loans increased to 291 million, +11.42%. Debt securities amount to 565 million, -24.96%, and relate to customer loan securitisations carried out by Banca della Nuova Terra spa, a subsidiary, and by Alba Leasing spa, an affiliate, also including the securities issued, as part of the sales of NPLs from the SPV Diana, POP NPLs 2020, POP NPLs 2021, POP NPLs 2022, POP NPLs 2023 and POP NPLs 2024 held by the Bank. The ratio of loans to customers/direct funding from customers stood at 68.41%, compared to 70.66% in the previous year.

The aggregate of non-performing loans decreased to 317 million, compared to 492 million in 2023, a reduction of 35.52%. The aggregate is 1.14% (1.82%) of loans to customers. The contraction is largely due to the sale of NPL receivables completed during the year, but also reflects the positive effects of the policy of strengthening the company structures responsible for disbursing, managing and monitoring credit.



## NON-PERFORMING AND PERFORMING LOANS TO CUSTOMERS

(thousands of euro)		31/12/2024	31/12/2023	Absolute changes	Changes %
Non-performing loans	Gross exposure	929,928	1,203,181	-273,252	- 22.71
	Value adjustments	612,609	711,094	-98,485	- 13.85
	<b>Net exposure</b>	<b>317,319</b>	<b>492,087</b>	<b>-174,768</b>	<b>- 35.52</b>
Bad loans	Gross exposure	279,956	322,088	-42,132	- 13.08
	Value adjustments	240,558	264,776	-24,218	- 9.15
	<b>Net exposure</b>	<b>39,398</b>	<b>57,312</b>	<b>-17,914</b>	<b>- 31.26</b>
Unlikely-to-pay loans	Gross exposure	582,766	839,938	-257,172	- 30.62
	Value adjustments	354,340	437,897	-83,557	- 19.08
	<b>Net exposure</b>	<b>228,427</b>	<b>402,041</b>	<b>-173,614</b>	<b>- 43.18</b>
Non-performing past due exposures	Gross exposure	67,206	41,155	26,051	63.30
	Value adjustments	17,712	8,421	9,289	110.32
	<b>Net exposure</b>	<b>49,494</b>	<b>32,734</b>	<b>16,761</b>	<b>51.20</b>
Performing loans	Gross exposure	27,908,825	26,713,033	1,195,792	4.48
	Value adjustments	278,427	231,882	46,545	20.07
	<b>Net exposure</b>	<b>27,630,398</b>	<b>26,481,151</b>	<b>1,149,247</b>	<b>4.34</b>
Loans and receivables with customers	Gross exposure	28,838,752	27,916,214	922,538	3.30
	Value adjustments	891,037	942,976	-51,939	- 5.51
	<b>Net exposure</b>	<b>27,947,717</b>	<b>26,973,238</b>	<b>974,479</b>	<b>3.61</b>
Impaired loans classified as assets held for sale	Gross exposure	211,546	-	n.a.	n.a.
	Value adjustments	102,953	-	n.a.	n.a.
	<b>Net exposure</b>	<b>108,593</b>	<b>-</b>	<b>n.a.</b>	<b>n.a.</b>

The total adjustments recorded for non-performing loans amounted to 613 million, -13.85%, representing 65.88% of the gross amount compared with 59.10% last year. Gross non-performing loans fell from 1,203 million to 930 million, -22.71%. The Gross NPL Ratio went from 4.31 to 3.22%. The table provides an overview of non-performing and performing loans, with the comparison to amounts at 31 December 2023.

Net bad loans, adjusted for write-downs, amounted to 39 million, -31.26% (-51.35% in the comparison period), corresponding to 0.14% of total loans to customers, compared to 0.21% at 31 December 2023. The declining result consolidates a trend that has already been underway for a number of years and which is largely the result of the massive divestment transactions carried out or in progress. The adjustments to cover estimated losses on bad loans went to 241 million, -9.15%, representing 85.93% of the gross amount of such loans. This coverage remains among the highest in the banking system.

Considering the amounts written off against bad loans that are still tracked by the Bank, in view of possible future recoveries, the coverage of such loans amounts to 96.84%.

"Unlikely to pay" fell, net of write-downs, to 228 million, -43.18%, corresponding to 0.82% of total loans to customers, compared to 1.49% in the previous year.

Non-performing past due loans, determined in accordance with supervisory regulations, amounted to 49 million, +51.20%, and represented 0.18% of total loans to customers, compared to 0.12% in the previous year. Provisions for performing loans totalled 278 million, up 47 million (+20.07%) on the previous year's figure, and amounted to 1% of the same, compared to 0.87% of the previous year.

## TREASURY AND TRADING OPERATIONS

In the period under review, Treasury operations, on the lending side, still favoured the use of the Deposit Facility at the ECB, remunerated at 3% at 31 December 2024 (4% until 11 June, 3.75% until 17 September, 3.50% until 22 October and 3.25% until 17 December) and risk-free. On the funding side, after repayment of the last TLTRO tranche, which fell due on 25 September 2024, operations increased on the electronic repurchase agreement market with institutional counterparties through the MMF Money Market Facility, guaranteed by Euronext Clearing with underlying Italian government securities, and on the OTC market, through bilateral transactions with leading financial counterparties with underlying foreign government securities in euro, corporate securities, securities from securitisation transactions and the self-securitisation Centro delle Alpi Sme. The funding activity described above was of a significant amount and at advantageous rates, thanks to the excellent quality collateral present in the portfolio. The activity relating to interbank deposits is also significant, including deposits made with the MEF (Ministry of Economy and Finance) as part of money market operations with the Treasury in which we participate as an authorised counterparty.

The net interbank position was 474 million negative at 31 December 2024, compared with 4,466 million negative at the end of 2023. Cash and cash equivalents amounted to 2,763 million, compared with 3,700 million.

The exposure to liquidity risk is monitored both in the short term, taking a three-month view every day, and over the long term with a monthly check. The short-term liquidity indicator (the Liquidity Coverage Ratio) and the structural Net Stable Funding Ratio are also calculated. Both are higher than the established minimums. The stock of assets refinable at the ECB, including Abaco, net of the haircuts applied, amounts to 14.9 billion as at 31 December 2024, of which 9.8 billion free and 5.1 billion committed.

The portfolio of financial assets represented by securities, excluding securities deriving from securitisation transactions of loans to customers, amounted to a total of 12,724 million, a decrease of 8.63% compared to 31 December 2023. This decrease was mainly due to the non-renewal of maturing securities with the use of liquidity to partially repay the third and final TLTRO tranche.

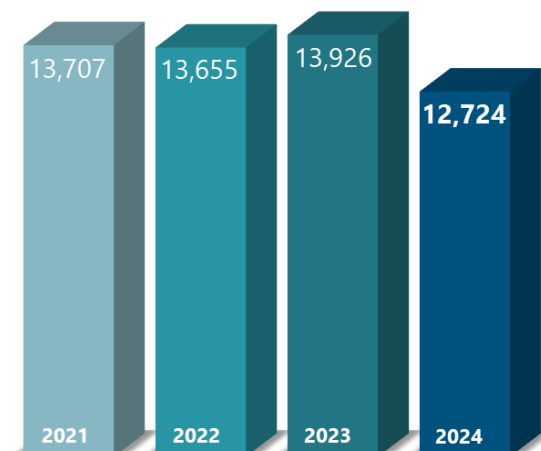
**Financial assets held for trading** increased by 3.83% compared to 31 December 2023 and amounted to 156 million. Operations mainly focused on equities and mutual funds. Mutual funds, which include both ETFs and funds and SICAVs, were used as an alternative to direct equity exposure with a view to geographical, currency and sector diversification. Trading in US dollar-denominated government bonds took place during the year.

**Financial assets mandatorily measured at fair value** amounted to 335 million, up from 31 December 2023 (+42.17%). The portfolio remains mainly focused on euro-denominated mutual funds that refer to closed-end funds or open-ended funds with specific themes (PIR).

**Financial assets measured at fair value through other comprehensive income** has recorded a 17.41% decrease compared to the end of 2023, to 2,647 million. In greater detail, the exposure to Italian

### PORTFOLIO OF FINANCIAL ASSETS

in millions of euro





government securities was lightened, which now stands at 198 million. Investments in bank bonds amounted to 406 million, a slight decrease.

## FINANCIAL ASSETS (DEBT SECURITIES, EQUITY SECURITIES, MUTUAL FUNDS AND DERIVATIVES) BY PORTFOLIO

(thousands of euro)	31/12/2024	31/12/2023	Change %
<b>Financial assets held for trading</b>	<b>155,553</b>	<b>149,817</b>	<b>3.83</b>
- Equity securities	34,540	28,831	19.80
- Mutual funds	103,594	98,525	5.14
- Derivatives	17,419	22,461	-22.45
<b>Other financial assets mandatorily measured at fair value</b>	<b>334,533</b>	<b>235,305</b>	<b>42.17</b>
- Bank bonds	17,977	6,479	177.47
- Mutual funds	316,556	228,826	38.34
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>2,646,625</b>	<b>3,204,667</b>	<b>-17.41</b>
- Italian government securities	197,550	1,479,931	-86.65
- Foreign government securities	1,705,880	1,028,400	65.88
- Equity securities	83,855	83,892	-0.04
- Bank bonds	406,437	419,910	-3.21
- Other bonds	252,903	192,534	31.35
<b>Financial assets measured at amortised cost</b>	<b>9,587,105</b>	<b>10,335,836</b>	<b>-7.24</b>
- Italian government securities	5,576,815	5,436,119	2.59
- Foreign government securities	1,939,769	2,795,577	-30.61
- Bank bonds	1,076,127	1,106,533	-2.75
- Other bonds	994,394	997,607	-0.32
<b>Total</b>	<b>12,723,816</b>	<b>13,925,625</b>	<b>-8.63</b>

**Financial assets measured at amortised cost** amount to 9,587 million, down 7.24% compared to 31 December 2023.

Total government securities amounted to around 7.5 billion, down from 8.2 billion at the end of 2023 as a result of the partial reduction in investments in the Treasury Credit Certificates (CCT) segment. With regard to portfolio composition, there was a slight increase in Italian government securities and a decrease of over 30% in foreign bonds. Investments in bank bonds and other corporate bonds remain significant. The contribution from coupon flows remained strong over the period, despite the downward trend in interest rates. ESG securities, mostly green and social bonds, amount to more than 1.9 billion.

The time to maturity of the government bond portfolio stands at 4 years and 7 months, while the modified duration is 2.28%, both up from 31 December 2023. Overall, including bonds (net of securitisations), the modified duration is 2.40%, an increase compared with the end of 2023.

## EQUITY INVESTMENTS

The investment portfolio has not changed significantly compared to the previous year. In addition to the members of the banking Group, these investments principally relate to the suppliers of products and services that functionally support the commercial activities of the Bank. The following comments relate to our subsidiaries.

At 31 December 2024, investments totalled 744 million (-1.48%).

**Banca Popolare di Sondrio (SUISSE) SA (100%).** This is a Swiss bank based in Lugano, set up in 1995. Operating activities showed positive operating results, despite the challenges, difficulties and uncertainties that characterised the economy and the financial system as a whole. Our Swiss subsidiary recorded a net profit of CHF 29.349 million (+4.2% compared to the previous year), the best result historically achieved. The aggregates showed a significant increase, exceeding the targets in several areas.

In terms of total deposits, an increase to CHF 5.90 billion (+5%) was recorded. Direct deposits amounted to CHF 3.42 billion, while indirect deposits increased to CHF 2.48 billion (+12%). The inflow of new funds from customers (the "net new money") was significant, the effect of the markets on portfolios was positive, thanks to the advance in prices, while the Swiss franc exchange rate had a largely neutral impact. Lending increased to CHF 5.64 billion (+2%) due to the development of residential mortgage loans, the rise in which related almost exclusively to housing constructions.

Attached to the financial statements are the balance sheet and income statement.

**Factorit spa (100%).** The company operates in the factoring sector; it finances and manages commercial, domestic and international receivables, also with collateral. In a dynamic and controversial macro-economic scenario characterised by numerous uncertainties due to the geopolitical instability, in line with the objectives set and the approved development plan, the subsidiary's activity has focused on increasing lending and profitability, always paying attention to the quality of loans. On the commercial side, the development actions started in previous years continued, with a particular interest in supply chain credit, especially with regard to the agri-food sector, and in exploiting the opportunities offered by the PNRR. All this, taking into account the territorial presence of the Parent Company's banking network and the Affiliated Banks and intensifying its action on the most economically relevant areas already overseen (Lombardy, Northern Italy, Emilia Romagna, Lazio and Apulia). The commercial activity also continued to benefit from the investments made in distribution capacity, specialisation of the offer and technology, with particular regard to the WebFactoring® portal and the related platforms for the management of "Reverse Factoring" and "Confirming" operations, intended for Corporate customers. Factorit ranks among the leading companies in the sector, being the 4th Italian operator (1st among its direct competitors, being the factors that belong to medium-sized banking groups), with a 6.94% share of turnover. The year, its forty-sixth, closed with a profit of 35.6 million, an increase compared with 2023 thanks to the increase in loans and the ability to deal effectively with the complexity of the macroeconomic context.

Attached to the financial statements are the balance sheet and income statement.

**Banca della Nuova Terra spa - BNT spa (100%).** It constitutes the Group's «product factory» for the granting of loans secured by salary-backed loans (CQS), pension-backed loans (CQP) and delegation of payment (DEL). BNT closed the year with a profit of 2.4 million.

Attached to the financial statements are the balance sheet and income statement.

**Sinergia Seconda srl (100%).** Real estate company. The company mainly performs instrumental functions related to the Group's real estate needs also through its subsidiaries Immobiliare Borgo Palazzo srl and Immobiliare San Paolo srl. The company's core business turned in a positive result in 2024. Nevertheless, the economic results of the financial statements are negative due to the write-down of the



book value of some properties, including through the reduction in the value of the equity investments held in Immobiliare Borgo Palazzo srl and Immobiliare San Paolo srl.

Attached to the financial statements are the balance sheet and income statement.

**Pirovano Stelvio spa (100%).** It operates in the hotel sector at the Stelvio Pass and in Bormio and Valdidentro where it manages holiday homes. Compared to the 2023 season, there was an increase, albeit modest, of 2.13% in attendance and an increase in revenue from sales and services of around 11%. The net result for the year showed a loss of 625 thousand, up from December 2023. The negative result was also influenced by the write-down of a shareholding.

**Rent2Go srl (100%).** The company operates in the medium- and long-term vehicle rental sector. It has tangible assets (mainly cars with active contracts) of about 66.3 million and cars in inventory valued at 12.6 million. The financial year closed with a loss of 3.3 million, which was affected by the results of used vehicle sales, which, in this particular market moment, recorded losses.

**Popso Covered Bond srl (60%).** This company was formed in relation to the issue of covered bonds. Its results should close around break even.

**Rajna Immobiliare srl (100%).** Fully owned real estate company following the purchase of the remaining 50% during 2024. It owns a condominium in Sondrio, the economic results are positive and amount to 32 thousand.

## EQUITY

Shareholders' equity at 31 December 2024, inclusive of valuation reserves and the profit for the year, amounts to 3,464.321 million. Compared with the total at 31 December 2023 of 3,178.642 million, this represents an increase of 285.679 million, +8.99%. The change essentially derives positively from the accounting of the profit for the year under review and from the increase of the valuation reserves and negatively from the distribution of part of the profit for FY 2023. 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, paid from 22 May 2024, of 0.56 euro for each of the 453,385,777 shares outstanding as at 31 December 2023.

The share capital, which consists of 453,385,777 ordinary shares without par value, amounts to 1,360.157 million, unchanged with respect to the comparative period.

The share premiums, equal to 78.934 million, decreased slightly compared to 31 December 2023 for an amount equal to 15 thousand euro, due to negative differences between the discharge price and the corresponding book value of the shares sold.

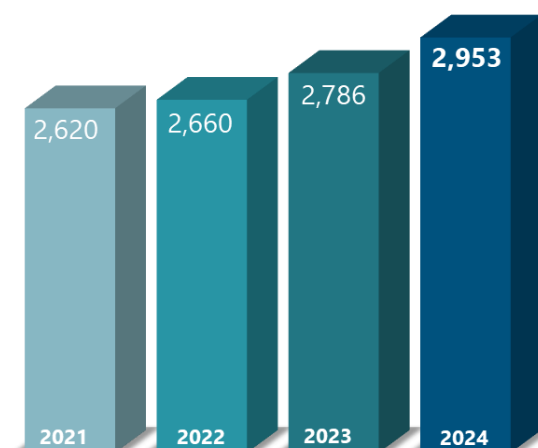
The item reserves rose to 1,505.638 million (+10.37%); the increase of 141.464 million resulted mainly from the allocation of part of the profit for FY 2023.

The item valuation reserves, 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 positive balance

### SHAREHOLDERS' EQUITY

(excluding profit)

in millions of euro





of 34.031 million, an increase compared to the end of 2023, when it was positive for 7.797 million. It is worth noting the positive effect, to be attributed to the performance of the financial markets, on the valuation reserve of debt securities measured at fair value with an impact on overall profitability, which decreased from negative 30.018 million at the end of 2023 to a still negative value of 9.364 million. Treasury shares in portfolio, amounting to 24.955 million, decreased from 25.201 million in FY 2023.

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 bank 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%.

On 26 April 2024, the Bank of Italy, in application of the option granted by Article 133 of EU Directive/2019/878 (CRD V), decided to apply a systemic risk capital buffer (SyRB) equal to 1% of credit and counterparty risk-weighted exposures to Italian residents to all banks authorised in Italy. The target rate of 1% will be achieved gradually by building up a reserve of 0.5% of material exposures by 31 December 2024 and the remaining 0.5% by 30 June 2025.

On 11 December 2024, at the conclusion of the SREP 2024 process, the notification of the new decision on prudential requirements to be respected on a consolidated basis was received from the European Central Bank, effective from 1 January 2025. The additional Pillar 2 Requirement (or "P2R2") is 2.75% (previously 2.79%). This requirement must be held in the form of at least 56.25% primary tier 1 capital (CET1) and at least 75% Tier 1 capital. Accordingly, in view of the capital buffer values as of 31 December 2024 - namely, capital conservation buffer 2.5%, countercyclical buffer 0.05% and systemic risk buffer 0.34% -, the minimum required Common Equity Tier1 Ratio is 8.95%, the minimum required Tier1 Capital Ratio is 10.96%, and the minimum required Total Capital Ratio is 13.65%.

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, including a portion of the profit as at



31 December 2024, amounted to 4,348.985 million (Phased-in) and 4,316.078 million (Fully Phased), while consolidated risk-weighted assets amounted to 23,925.017 million.

For completeness of information, it is noted that the Parent Company has decided to make use of the transitional regime provided for by Regulation (EU) 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 December 2024 are reported below:

Group's capital ratios	Phased-in	Fully phased
CET1 Ratio	15.39%	15.25%
Tier1 Capital Ratio	15.39%	15.25%
Total Capital Ratio	18.18%	18.04%

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

- equity/direct funding from customers: 8.48% compared to 8.33%;
- equity/loans and receivables with customers: 12.40% compared to 11.78%;
- equity/financial assets: 27.23% compared to 22.83%;
- equity/total assets: 6.83% compared to 6.18%;
- net bad loans/equity: 1.14% compared to 1.80%.

## INCOME STATEMENT FIGURES

2024 closed with a profit of 510.517 million, an increase of 29.98% compared to 392.766 million the previous year. The result continues to show growth, deriving from the good performance of all revenue components, primarily the dynamics of the net interest income.

The comments on the various items refer to the data shown in the "Summary 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.

**Net interest income** increased by 19.53% to 1,012.251 million, compared to 846.889 million in 2023, reflecting the higher income from money broking with customers, including the tax credit component, as well as the coupon flow related to the proprietary portfolio.

Net fee and commission income showed a significant increase, amounting to 371.730 million, +7.47%. This increase was generated by the growth in commissions for the placement of insurance and securities products, guarantees issued, payment services, and securities custody and administration, while there was a contraction in commissions related to financing transactions.

Dividends received amounted to 63.706 million compared to 44.070 million, +44.56%; dividends were mainly distributed by Factorit SpA, Banca Popolare di Sondrio (SUISSE) SA, Arca Holding spa and Arca Vita spa.

The result of the financial business was positive for 52.656 million, compared to 50.999 million, +3.25%.

The portfolio of assets held for trading (item 80) generated a positive result of 45.385 million, down 6.70% compared to 48.646 million. Against profits from trading in securities of 16.299 million in the previous year, there were profits of 10.407 million. The net imbalance between capital gains and losses on securities was positive for 2.855 million, compared to a positive balance of 1.317 million in the previous year. Foreign exchange profit rose from 28.563 million to 32.082 million. Exchange rate differences rose considerably from 0.087 million to 2.981 million. The result of the derivatives business was negative for 2.100 million, compared to a positive figure of 2.380 million.

The net result of hedging activities was a negative 3 thousand euro and relates to fixed-rate hedging transactions on loans to customers.

The profit/loss on sale/repurchase, reclassified, was positive for 7.272 million compared with 2.408 million. In its breakdown, it is made up as follows: result from financial assets valued at amortised cost 3.385 million; financial assets measured at fair value with an impact on comprehensive income 3.210 million; financial liabilities 0.677 million.

The net loss on other assets measured at fair value through profit or loss (item 110) amounted to 10.574 million compared to a gain of 5.621 million. The amount includes the negative fair value valuation of loans to customers of 9.485 million.

**Net banking income** amounted to 1,489.769 million, +15.18%. Within this aggregate, the weighting of net interest income was 67.95% compared with 65.47%.

Net value adjustments came to 180.664 million, compared to 209.814 million, -13.89%. Managerial overlays, in particular related to the future update of AIRB models and so-called novel risks, amounted to 50.2 million, down from the previous year also in view of the revision of the methodological framework.



## KEY FIGURES OF THE INCOME STATEMENT

(thousands of euro)	31/12/2024	31/12/2023	Absolute changes	Changes %
Net interest income	1,012,251	846,889	165,362	19.53
Dividends	63,706	44,070	19,636	44.56
Net fee and commission income	371,730	345,880	25,850	7.47
Result of financial activities [a]	52,656	50,999	1,657	3.25
Result of other financial assets and liabilities measured at FVTPL [b]	-10,574	5,621	-16,195	n.s.
of which LOANS	-9,485	-682	-8,803	n.s.
of which OTHER	-1,089	6,303	-7,392	n.s.
<b>Total income</b>	<b>1,489,769</b>	<b>1,293,459</b>	<b>196,310</b>	<b>15.18</b>
Net adjustments [c]	-180,664	-209,814	29,150	-13.89
<b>Net financial income</b>	<b>1,309,105</b>	<b>1,083,645</b>	<b>225,460</b>	<b>20.81</b>
Personnel expenses [d]	-239,866	-221,315	-18,551	8.38
Other administrative expenses [e]	-280,237	-249,148	-31,089	12.48
Other operating income/expense [d]	75,718	69,180	6,538	9.45
Net accruals to provisions for risks and charges [f]	-28,419	-22,542	-5,877	26.07
Adjustments to property, equipment and investment property and intangible assets	-51,932	-52,836	904	-1.71
<b>Operating costs</b>	<b>-524,736</b>	<b>-476,661</b>	<b>-48,075</b>	<b>10.09</b>
<b>Operating profit (loss)</b>	<b>784,369</b>	<b>606,984</b>	<b>177,385</b>	<b>29.22</b>
Charges for stabilising the banking system [e]	-21,293	-38,854	17,561	-45.20
Net gains (losses) on equity investments and other investments [g]	-13,148	-513	-12,635	n.s.
<b>Profit (loss) before tax</b>	<b>749,928</b>	<b>567,617</b>	<b>182,311</b>	<b>32.12</b>
Current income taxes	-239,411	-174,851	-64,560	36.92
<b>Profit (loss)</b>	<b>510,517</b>	<b>392,766</b>	<b>117,751</b>	<b>29.98</b>

### Notes:

- [a] The result of financial activities is made up of the sum of items 80 - 90 - 100 in the income statement net of gains from the sale of receivables in the amount of 7.295 million euro;
- [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 - 170 a) in the income statement including the gains on disposals of 7.295 million euro;
- [d] Personnel expenses and other operating income have been stated net of the income generated by the post-employment benefits fund of 7.108 million euro;
- [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 170 b);
- [g] gains (losses) on equity investments and other investments is made up of the sum of items 220-230-250 in the income statement.

For an easier reading of the amount of net value adjustments, the following is noted:

- item 130 of the income statement, which refers to exposures to customers and banks in the form of both loans and securities, amounted to 182.984 million and consisted almost entirely of adjustments relating to financial assets measured at amortised cost net of gains on the sale of loans in the amount of 7.295 million;
- item 140, which records the profits/losses from contractual changes without cancellations deriving from the changes made to the contractual cash flows, and which in the reference period was negative for 3.997 million.

Net valuation adjustments also include a write-back on commitments and guarantees of 6.171 million, compared to provisions of 33.226 million in the comparative period.

The ratio of net adjustments to customer loans/total customer loans, which is defined as the cost of credit, has fallen from 0.78 to 0.65%.

Financial income has therefore increased from 1,083.645 million to 1,309.105 million, +20.81%.

Dividends rose to 524.736 million, compared with 476.661 million, +10.09%. The ratio of operating costs to income from banking activities, otherwise known as the cost/income ratio, has, however, further fallen from 36.85 to 35.22%, while the ratio of operating costs to total assets eased to 1.04% from 0.93%. With regard to the individual components, administrative expenses amounted to 520.103 million, +10.55%; of this, personnel expenses rose from 221.315 million to 239.866 million, +8.38%, mainly due to contractual adjustments and the increase of personnel due to new hires in the period, while other administrative expenses rose from 249.148 million to 280.237 million, +12.48%. The main components of this item include increases in expenses for IT outsourcing, consultancy, hardware and software rental and maintenance, advertising and representation, maintenance of tangible assets, taxes and duties, information and searches; decreases in expenses for electricity, water and heating, legal expenses, and services rendered by third parties.

The item "net provisions for risks and charges" reflect releases of 28.419 million compared with an allocation of 22.542 million noted in 2023.

Adjustments to property, equipment and investment property and intangible assets came to 51.932 million compared to 52.836 million recorded in 2023.

Other income, stated after the above mentioned reclassification and net of other operating expenses, amounted to 75.718 million, +9.45%.

Charges for stabilising the banking system, shown separately, amounted to 21.293 million, compared to 38.854 million, -45.20%.

The aggregate profits/losses on equity and other investments shows a negative balance of 13.148 million, compared with 0.513 million, again negative. This negative balance was mainly the result of the write-down made on the investment in Rent2Go s.r.l. for 13.665 million.

Profit before income taxes therefore totalled 749.928 million, +32.12%. After deducting income taxes of 239.411 million, the profit for the year was 510.517 million, +29.98%.

The tax rate, understood as the simple ratio between income taxes and pre-tax result, stood at 31.92%.



## HUMAN RESOURCES

In today's highly interconnected and volatile world, characterised by cultural, economic and technological changes, the role of human resources within banking institutions has become even more important and crucial for gaining competitive advantage. People are increasingly becoming an integral part of corporate strategy and the success, growth and identity of the organisation itself depend on them.

Therefore, the human resources management department has evolved and extended its scope in several directions. On the one hand, the focus on enhancing a more inclusive culture, to promote a transparent and respectful approach, aimed at engaging and involving people to create a welcoming work environment, centred on trust. On the other hand, the creation of conditions that facilitate professional growth, balancing the needs of the individual with the objectives of the organisation. In this context, identifying key competencies and activating development actions to meet professional needs, consistent with corporate strategy, becomes increasingly significant and rewarding.

In addition, the topic of talent management and attraction grows in importance. The younger generation values companies for the working conditions they can offer, real career opportunities, corporate welfare and the protection of aspects that were once less considered, such as gender equality, support for parenthood and impact on the environment. Knowing how to effectively communicate these elements, as well as being able to promote the bank's values and image also through social media and dedicated platforms, demanded an evolution of the selection process, which cannot be separated from integration with targeted marketing actions.

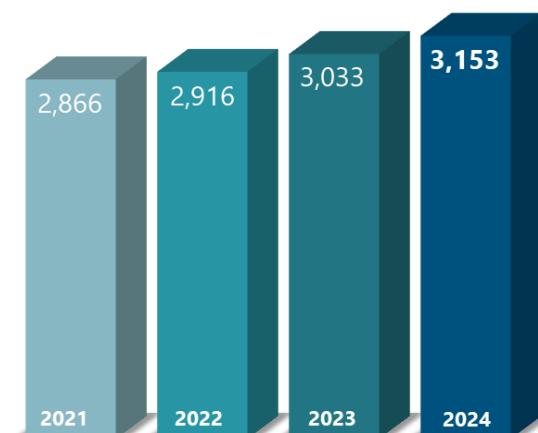
At the end of 2024, the Bank employed 3,153 persons, up by 120, +3.96%; 72% of them work in the branch network and 28% at the central offices. The average age of employees, 42 years, and the average length of service, 17 years and 3 months, decreased by 1 month and 4 months, respectively.

As far as staff training is concerned, a total of 2,348 staff members were involved during the year - through participation in "virtual" classrooms or in presence - for a total of 62,847 man-hours. Training through multimedia tools instead covered 3,041 employees, totalling 103,791 man-hours.

As for the issues to which particular attention was paid, the courses relating to sector regulations, such as anti-money laundering, MiFID II and IVASS, should be highlighted, as well as training relating to consultancy on financial investments and insurance intermediation, NPE credit sector, business crisis, sustainability and ESG factors, data governance and quality, risk culture, operational continuity and the provision of treasury services.

Multimedia courses mainly covered regulatory aspects such as banking transparency, privacy, anti-money laundering, unfair commercial practices, administrative liability of banks (Legislative Decree 231/2001), whistleblowing, occupational health and safety, as well as cybersecurity, ESG, digital wellness, revolving credit, IVASS and MiFID. 507 new hires followed a dedicated training course, which dealt with diversified topics such as the discipline of the employment relationship, branch operations, corporate security, banking regulations and techniques, the commercial offer, introduction to the credit sector,

### PERSONNEL





securities markets, financial consulting and foreign transactions.

In 2024, the organisation of training and orientation traineeships at central offices and peripheral network reserved for students from technical institutes and universities in the provinces where the bank operates involved 125 young people.

Relations with the Trade Unions continue to be based on reciprocal respect.

## **Report on remuneration policy and compensation paid**

The Banca Popolare di Sondrio Group prepares the Report on Remuneration Policy and Remuneration Paid Pursuant to Article 123-*ter*, Legislative Decree 58/1998, as amended, and Article 84-*quater* of the Issuers' Regulation (Consob Resolution No. 11971/1999, as amended).

The Report is published on the Bank's website at <https://istituzionale.popso.it/en/governance/corporate-documents>.



## RISK MANAGEMENT

The challenges of the energy and digital transitions, repeated systemic shocks and the unexpected dynamics of the geo-political chessboard put banks under constant strain. The world scenario is abandoning the paradigms of globalisation and multilateralism and is evolving towards a multipolar and fragmented system, traversed by waves of political nationalism and trade protectionism. At the same time, the authorities, markets, and stakeholders require financial institutions to keep their capital and liquidity safeguards in place in order not to loosen their loss-absorbing capacity and weaken the stability prospects built up so far.

The effectiveness of risk management activities therefore remains in the limelight as a natural antidote to the shocks caused by the prevailing transformations and uncertainties. Prudent appreciation of risk, capitalisation and containment of leverage, attention to balance in maturity transformation, and strict control over funding are all elements that must contribute to strengthening banking fundamentals at a difficult economic juncture.

The new year will also see the launch of reforms to the European prudential rules implementing the new standards on capital requirements better known to the market as 'Basel 4'. Major impacts are also expected from this development front in order to adapt risk measurement systems and manage any capital needs generated by the more stringent regulation.

There is no progress without risk, goes the old adage. Continuously reviewing processes, methodologies, and organisational structures is therefore a fundamental prerequisite for governing the current areas of change with a keen eye and a steady hand.

### Credit and counterparty risk

Fears of a resumption of the deterioration of loan quality, accentuated by a pessimistic macroeconomic outlook, keep the focus on the adoption of policies to grant credit to deserving borrowers, the active management of watchlist files and the hedging of the portfolio with adequate provisions.

Crucial in this regard are the repeated actions to strengthen monitoring techniques on the emergence of counterparties' financial difficulties, aimed at increasing performance in the timely recognition of positions that are not yet unable to be demanded, but which nonetheless present an increased risk, with a consequent and consistent need for accounting reclassification.

The ambition of the portfolio derisking targets set by the Board of Directors as part of the medium-term strategies is confirmed. The diligent monitoring of developments in the riskiness of disbursements continued, contributing, together with the sale of loan packages to third parties and the specialised work carried out by internal management units, to a further reduction in the stock of impaired loans. There has been a more systematic use of guardian mechanisms to recognise the cases of financial distress that our borrowers might fall into in order to determine the existence of conditions of increased risk and assess the possibility of activating debt relief measures. On the new credit positions, dialogue with counterparties was encouraged in order to analyse, using more sophisticated forecasting instruments, the prospective sustainability of the initiatives to be financed by means of the examination of cash flows generated and able to be generated.

With regard to the collective calculation of expected losses and related write-downs in the balance sheet, several methodological developments were introduced, including a revision of the modelling logic adopted in the estimation of risk parameters and refinements to the stage allocation and override processes for classifying positions. The changes also resulted in a significant decrease in the incidence of management overlays within the composition of the overall credit cost.

The Bank, in order to strengthen the credit chain, also in compliance with Supervisory Authority recommendations, planned and launched several project sites to strengthen its systems of governance, management and control over the conduct of lending activities. The work plans mainly focus on the robustness of the lending and monitoring processes, on the credit risk management framework, on the structure of second- and third-tier internal controls, and on the methodologies for the classification and valuation of performing exposures based on IFRS 9. Programme activities continued to be carried out regularly, with substantial progress being made in line with targets and timelines.

## Market risk

Market risk exposure is monitored through daily monitoring of portfolios of financial assets held in employment, based on a comprehensive metrics framework.

Despite the persistence of uncertain conditions, primarily related to ongoing conflicts and evolving geo-political scenarios, no major turmoil was observed in the financial market arena; on the whole, they showed a good intonation. This favourable market environment contributed to the containment of the riskiness of the Bank's financial lending instruments, which always remained within the tolerance ceilings defined by the Administration; even at a more granular level, there were no tensions in the system of daily early warning limits during the year.

## Interest rate and credit spread risks

Having left the peaks reached in 2023 and 2024 of risk-free interest rates on all short-, medium- and long-term maturities behind us, constant monitoring of the economic and equity consequences linked to potential fluctuations in market rate levels continued, implemented through monthly sensitivity analyses of the company's economic value to fluctuations in rates and sensitivity of comprehensive profits and only interest income generated by the volumes of asset and liability transactions, integrated where necessary by targeted impact studies.

Internal activities related to the refinement of the so-called "behavioural models" in use for determining risk exposure continued during the period to account for changing trends in relation to changing macroeconomic and financial conditions. In particular, the statistical parameters on which the so-called models of "sight items" are based - models that quantify the persistence of asset and liability inventories with no maturity and their elasticity of adaptation to the movements of the market curves - whose recalibration started in the second half of the year, providing for the inclusion of more extensive samples of historical data.

All models of a behavioural nature - including the so-called "pre-payment" model, re-estimated during the year, designed to simulate the repayment profile of medium/long-term instalment loans, taking into account the phenomena of early closure of relations, partial pre-payment and changes to contractual conditions (nominal rate, spread on the base rate and optionality) - are incorporated into the managerial risk measurement systems and their adequacy and effectiveness is tested through regular retrospective verification processes (referred to as "backtesting").

During the year, the activities necessary to comply, by 30 September 2024, with the new reporting obligations to the Supervisory Authorities regulated in specific Implementing Technical Standards (ITS) published by the EBA in July 2023 were also completed. Further internal control framework development initiatives concerned the analysis of the credit spread risk in the banking book (CSRBB), affected by an extension of the scope for estimating risk exposure to all operations falling within the 'banking book', with a consequent adjustment of the existing monthly monitoring indicators.



## Liquidity risk

Against a backdrop of progressively tighter monetary policy measures, despite the full repayment during the year of all Targeted Longer-Term Refinancing Operations (TLTROs) provided by the European Central Bank to alleviate the financial and pandemic crises, all of the Bank's main liquidity risk parameters remained above the internal and regulatory thresholds in 2024, thanks to the results of the favourable funding initiatives and the preservation of a significant available liquidity reserve potential, consisting of the masses of debt securities - especially sovereigns - readily marketable or collateralisable in Eurosystem credit operations. The constant monitoring, ensured by the risk management in the short and medium to long term, has also made it possible to moderate any warnings of a worsening of risk magnitudes in a timely manner, activating management actions at an early stage.

The regulatory ratios - the Liquidity Coverage Ratio (LCR), quantified on a monthly basis, and the Net Stable Funding Ratio (NSFR), measured on a quarterly basis - showed no signs of particular strain in the last year, with values that were significantly above the expected lows as well as in line (NSFR) or even rising (LCR) compared to the previous year's average values.

## Operational and IT risk

We experience day by day the enormous possibilities for transforming the way we do business offered by the run-up to digitisation and service innovation. The adoption of new forms of technology such as Artificial Intelligence - in internal processes, control systems and customer relations - has not only become a strategic and competitive necessity, but also a prudent assessment of the impact on all business risks. The proliferation of cyber attacks against banks and customers requires a deployment of law enforcement means to keep up with increasingly sophisticated fraud tools and techniques.

In this highly challenging and not-uncertain context, the Bank and the other components of the Group have continued on the path of strengthening the operational management and supervision of IT-related risks, also in compliance with the innovative national supervisory instructions and the stringent requirements defined by the EU legislator on digital operational resilience for the financial sector (DORA Regulation - Digital Operational Resilience Act).

The refinements and developments made during the period take into account the indications received from the Banking Supervision, both in the context of a dedicated stress test exercise conducted early 2024 aimed at assessing at systemic level the ability of European banks to protect data and systems and quickly restore operations in the event of a malicious episode, and in the context of specific supervisory actions on our Banking Group.

In addition to the usual initiatives to train and raise the awareness of the customer base and company personnel on the cyber risks to which they are exposed when using internet banking services, during the financial year, measures were taken to strengthen business continuity and disaster recovery devices with the aim of increasing digital resilience in the event of a risk event. The dashboard of indicators for monitoring the various areas of emerging cyber risks and the methodologies for assessing risks related to the use of third-party technology service providers are also being enhanced and revised.

With regard to the more general supervision of operational risks, there are fine-tuning projects and alignment with industry best practices, as well as the transposition of management, organisational and procedural requirements related to the use, starting in 2025, of the new standardised approach for calculating capital absorption to cover risk, in accordance with the European prudential rules soon to be applied (CRR3 Regulation and CRD6 Directive).

## Reputational and money laundering risk

Given the fiercely competitive environment and the bank's more intense presence in the mass media and, above all, on social channels, ongoing monitoring of the perception of the corporate image among the different categories of stakeholders is, now more than ever, a key component of the bank's risk management processes. This oversight translates into the timely identification and assessment of events - current and prospective - potentially detrimental to the company's reputation, through the use of analytical assessment techniques and tools, supported by quantitative metrics.

During the last financial year, the system for identifying and managing reputational risks was further strengthened thanks to the development of specific management monitoring indicators (Key Risk Indicators) concerning the number of complaints, out-of-court appeals and lawsuits attributable to contested lack of, or only apparent (termed "greenwashing"), sensitivity to ESG topics, indicating possible negative repercussions on the reputational profile.

On the subject of combating money laundering and the financing of terrorism, the monitoring conducted during the year by the specific control function included the screening of the many regulatory developments both in relation to international sanctions packages and in relation to new significant legislative measures issued at domestic and EU level. The Anti-Money Laundering Unit also successfully tested the introduction of a new and additional artificial intelligence model (Machine Learning) for the verification of cash transactions. The implementation of this innovation was completed during the early part of 2024.

At an organisational level, we note the appointment of the new figures of the Bank's anti-money laundering officer and the Group's anti-money laundering officer following the latest amendments to the "Provisions on the organisation, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing" issued by the Bank of Italy on 26 March 2019.

## Compliance risk

The mission of the Compliance Department is to promote and enhance an ethical and responsible corporate culture, based on the basic principles of honesty, fairness, transparency and scrupulous compliance with the rules: necessary objectives, however complex to guarantee on an ongoing basis, especially in the face of a very fragmented and constantly changing regulatory framework.

The year under review was marked by a systematic strengthening of activities to identify, classify, assess and manage the risk profiles to which regulatory non-compliance can expose, as well as the tools to monitor and report on them. This improvement process has resulted in an increase in the number of opportunities to analyse the level of adherence to hetero- and self-regulation standards in the main operational, organisational and business areas.

This entails the Department's proactive determination to identify and assess the potential risks associated with regulatory innovations and their impact on the company's organisational procedures, in order to facilitate their correct internal implementation. This commitment takes the form of the achievement of constant progress, measurable in quantitative and/or qualitative terms, in the performance of careful consultancy and specialist assistance to the corporate bodies and units involved in all those matters in which regulatory compliance is relevant, with a view to defining in the best possible way all organisational and operational profiles impacted by regulatory changes.

*Ex-post* control activities were diligently performed to ensure that the planned organisational measures were not only in place, but also adequate and functional to effectively mitigate the risks of not



fully complying with the universe of applicable internal and external regulations. During 2024, all major issues were the subject of dedicated analysis, with a particular focus on those regulatory areas that pertain to the greater protection of customers and consumers: these include the provision of investment services, insurance mediation, transparency conduct in the execution of banking and financial transactions, personal data management, usury regulations and market abuse regulations.

## **ESG risks (Environmental, Social & Governance)**

Environmental, social and good governance sustainability matters are now an integral part of the Institute's core processes and activities, increasingly influencing the strategic decisions and directions of day-to-day operations. Witness to this commitment is the Bank's strong membership in the United Nations Environmental Programme for Financial Institutions (UNEP FI) and the international initiatives Principles for Responsible Banking (PRB) and Net-Zero Banking Alliance (NZBA). Regarding the latter, our Institute has declared its readiness to contribute to the orderly transition to a low-fossil fuel economy by imposing first targets for the containment of the level of financed emissions of pollutant gases with respect to some of the most carbon-intensive sectors of the economy, which were communicated to the market last December.

Participation in these global alliances has further accelerated the integration of ESG elements into key lending processes and procedures. A primary reinforcement was brought about by the issuance of a renewed ESG Credit Policy, more articulated in its general framework of rules and application criteria compared to its first adoption; for more details on the document, please refer to Part E of the Notes to the Financial Statements. The adjustment follows the preparation of a homologous ESG Investment Policy, in which objectives are defined to incorporate ESG factors in the selection of its own and third-party financial investments, in line with "sustainable finance" regulations and market trends.

Also a pillar of the new ESG Credit Policy is the proprietary ESG scoring tool, which underwent significant methodological advances in the last financial year and the inclusion in the calculation algorithm of exposure indexes to the Social and Governance risk dimensions; the model's coverage was also extended to the entire perimeter of non-financial companies, as well as to the segment of private individuals whose loans are secured by mortgages on real estate. In addition to the assessment and classification of the individual ESG profile of counterparties when making lending decisions, the scoring system was introduced into the credit policy-making system, not only in addition to the determinants of the attractiveness of an entire portfolio sector, but also to better calibrate the preliminary lending orientation on the individual borrower. Accompanying the ESG metrics are an ESG Due Diligence conducted on specific counterparty perimeters and a reinforced control system for those sectors considered 'climate' and 'socially sensitive'.

## **Other relevant risks**

The main controls include those relating to strategic and business risks, as well as the risks of conflicts of interest that could arise from transactions with so-called "related parties" and to risks connected with investments in corporate equity investments, implemented by verifying aggregate exposure levels in relation to current internal and regulatory limits.

These controls are implemented by checking the aggregate exposures in relation to the internal and regulatory limits. With regard to the former and in application of the provisions of the 9th update to Circular 263 dated 27 December 2006 "New prudential supervisory instructions for banks", published by the Bank of Italy on 12 December 2011, which updated Title V – Chapter 5 on "Risk activities and conflicts



of interest with related parties", now in Part Three – Chapter 11 of Circular No. 285 of 17 December 2013 "Prudential supervisory instructions for banks", the checks carried out are covered by the "General regulation of the risks deriving from related-party transactions", which describes policies and processes that mitigate the risks accepted at Banking Group level in relation to related parties. In accordance with the regulatory requirements, the policy is reviewed when necessary, every three years, and is made available for inspection by the Authorities upon request.

The updated Regulation is made available to the Shareholders' Meeting and is published on the company website at the address <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting>.

## **The system of internal controls**

The 'third line of defence', represented by the Internal Audit Department, is called upon to take an extended scope of action in order to ascertain the effectiveness, efficiency and functionality of business processes, including information systems. It is confirmed as an autonomous and independent structure, reporting directly to the Board of Directors and taking on no operational tasks.

Every year, Internal Audit is required to submit to the Board of Directors an updated multi-year audit plan, defined according to risk-based logics that systematically take into account the priority supervisory issues, the recommendations issued by the competent Authorities and the results of the audit activities previously carried out; with regard to the latter, the constant monitoring of the status of the findings formulated constitutes a pivotal phase of the entire audit cycle, which may also take the form of dedicated follow-up actions to ascertain more closely the state of the art of corrective activities.

The significant factors of change, both endogenous and exogenous in nature, that have marked the last few years have brought to light new risk areas or risk profiles that are more impacted by the changed environment. An increasingly articulated remit for the Department has therefore emerged, which over time has included aspects of an innovative nature with the consequent need to maintain and, where necessary, update supporting skills and methodologies. In this sense, in 2024, the Internal Audit units, in continuity and extension with what had been developed in recent years, revised their methodological framework, also assessing the impact on their control actions of the new international industry standards; they also ensured an intensive training plan for their resources.

The audits of the period were conducted in adherence to the policy lines of the current Multi-Year Audit Plan. The following are highlighted as priority spheres of action: the entire credit process, risk management controls, business plan monitoring, risk data management and the increasingly cross-cutting impacts of ESG factors. Dedicated audits were then carried out on the processes related to Information Technology, also on behalf of the other entities that make up the Banking Group, with particular regard to the management of IT security, cyber-attack threats and third-party ICT service providers.

No less important is the support provided by the Department to the Supervisory Body set up pursuant to Legislative Decree No. 231/2001, of which the Head is also a permanent member.

Furthermore, discussions with representatives of the Supervisory and Control Authorities continue.

Lastly, the checks on the operations of the sales network, primarily aimed at ascertaining their operational regularity and compliance with company directives, should be added to the above.



## OTHER INFORMATION

### BANCA POPOLARE DI SONDRIO SHARE

The share of Banca Popolare di Sondrio, traded on the Euronext Milan market of Borsa Italiana, part of the FTSE MIB index starting from 18 March 2024, closed 2024 with a positive performance of 38.91%, marking a reference price on 30 December 2024 of 8.14 euro, compared to 5.86 euro at the end of 2023. The FTSE MIB in the same period recorded an increase equal to 12.63%, while the sectoral index FTSE Italia All-Share Banks had an increase of 52.69%.

The average daily volume of securities traded on the Euronext Milan market of Borsa Italiana in 2024 was equal to 1.84 million, an increase compared to 1.263 million in 2023.

### BANCA POPOLARE DI SONDRIO share - Euronext Milan Market of Borsa Italiana



### Treasury shares of the Banca Popolare di Sondrio

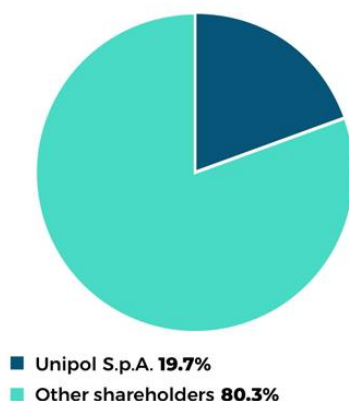
With regards to the treasury shares held in ownership, the balance as at 31 December 2024 was equal to 3,597,215 shares, down by 35,418 shares compared to the end of 2023 as a result of the assignments carried out in implementation of the Remuneration policies of the Banca Popolare di Sondrio Banking Group. The book value is 24.955 million.

The shareholder structure as at 31 December 2024 consisted of 136,824 shareholders.

## SHAREHOLDERS

The share capital of Banca Popolare di Sondrio amounts to 1,360,157,331 euro and is made up of 453,385,777 ordinary shares with no par value.

### Shareholders



## RATING

The solvency of the Banca Popolare di Sondrio Banking Group, detailed in the table below, has been assessed by the rating agencies S&P Global Ratings, 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 24 April 2024, 23 October 2024 and 17 April 2024, respectively.

<b>S&amp;P GLOBAL RATINGS – issued on 26/02/2024</b>	<b>RATING</b>
STAND ALONE CREDIT PROFILE	<b>BBB-</b>
LONG-TERM ISSUER CREDIT RATING	<b>BBB-</b>
SHORT-TERM ISSUER CREDIT RATING	<b>A-3</b>
LONG-TERM RESOLUTION COUNTERPARTY RATING	<b>BBB</b>
SHORT-TERM RESOLUTION COUNTERPARTY RATING	<b>A-2</b>
SENIOR PREFERRED DEBT	<b>BBB-</b>
TIER 2 SUBORDINATED DEBT	<b>BB</b>
OUTLOOK	<b>Stable</b>



<b>FITCH RATINGS – issued on 24/04/2024</b>	<b>RATING</b>
LONG-TERM ISSUER DEFAULT RATING	<b>BBB-</b>
SHORT-TERM ISSUER DEFAULT RATING	<b>F3</b>
VIABILITY RATING	<b>BBB-</b>
GOVERNMENT SUPPORT	<b>No Support</b>
LONG-TERM DEPOSIT RATING	<b>BBB</b>
SHORT-TERM DEPOSIT RATING	<b>F3</b>
SENIOR PREFERRED DEBT	<b>BBB-</b>
TIER 2 SUBORDINATED DEBT	<b>BB</b>
OUTLOOK	<b>Stable</b>

<b>Morningstar DBRS - released on 23/10/2024</b>	<b>RATING</b>
LONG-TERM ISSUER RATING	<b>BBB</b>
SHORT-TERM ISSUER RATING	<b>R-2 (high)</b>
LONG-TERM SENIOR DEBT	<b>BBB</b>
SHORT-TERM DEBT	<b>R-2 (high)</b>
LONG-TERM DEPOSITS	<b>BBB (high)</b>
SHORT-TERM DEPOSITS	<b>R-1 (low)</b>
SUBORDINATED DEBT	<b>BB (high)</b>
TREND	<b>Stable</b>

<b>Scope Ratings - issued on 17/4/2024</b>	<b>RATING</b>
ISSUER RATING	<b>BBB</b>
OUTLOOK	<b>Stable</b>

## ESG rating

The level of compliance achieved by the Banca Popolare di Sondrio Group with the international sustainability guidelines set by some of the main international institutions (European Union, United Nations, OECD) is assigned by the independent agency Standard Ethics.

<b>Standard Ethics - issued on 04/04/2024</b>	<b>RATING</b>
CORPORATE RATING	<b>EE+</b>
OUTLOOK	<b>Stable</b>

## AUDITS AND INSPECTIONS

### ECB supervisory activities

Below are the main supervisory checks carried out by the European Central Bank on Banca Popolare di Sondrio.

- a) As part of the process undertaken by the Issuer in order to obtain the recognition of its internal rating system in the determination of the capital requirement for credit risk according to the Advanced Internal Rating Based Approach (AIRB) provided for by the supervisory regulations, between June and August 2018, the ECB carried out, at the request of the Bank, with the support of an inspection team from the Bank of Italy, a site inspection aimed at verifying the robustness and compliance of the rating system with regulatory requirements and best market practices. At the same time as recognising the AIRB approach at the end of May 2019, the Authority, also taking into account the outcome of the 2018 site inspection, formalised a number of findings, including analyses and recommendations aimed at further improving the quality and effectiveness of the internal rating system, against which the Bank developed a dedicated Action Plan, which has now been finalised. The rating system was audited starting October 2021, also to verify the impacts of changes brought about by the entry into force from the beginning of 2022 of the ABE provisions on internal models that can be used within the framework of regulatory IRB approaches for measuring minimum capital requirements on credit risk. The Exit meeting held on 14 June 2022 was followed by the receipt of the Final Report on 4 August 2022. On 18 September 2023, the Authority sent the Draft IMI Decision, a document summarising the corrective actions required by the inspection investigation and the relevant deadlines for compliance. Following the receipt of the Final IMI Decision on 12 October 2023, the Bank prepared a new Action Plan whose remedial action programme ended in October 2024.
- b) As already specified in the Report to the financial statements at 31 December 2023 (in the "risk management" section), the ECB conducted an inspection visit on the Group 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. The assessment falls within the scope of the ordinary processes that European Supervision implements with the aim of carrying out a survey of the quality of the assets on selected portfolios and evaluating the internal credit risk management processes and procedures and the control and governance systems, including the implementation of the IFRS 9 accounting standard and any other ancillary aspect. On 23 January 2024, the Final Report was submitted followed, on 7 March 2025, by the ECB's draft decision, in respect of which the Bank will be able to comment, with a view to the final decision.

In response to the recommendations made by the inspection team, upheld in the draft decision, and also in the context of the annual SREP assessments by the ECB, several project sites were planned and launched to strengthen governance, management and control systems. The work plans mainly focus on the following aspects: credit management processes, risk management, second- and third-level controls, and implementation methods for IFRS 9. This schedule will be reviewed and possibly modified upon receipt of the final decision by the Authority. In particular, on the basis of the observations received from the supervisory authority, in 2023, the Bank increased the credit risk related to the positions under review and monitored the exposures in connection with the possible transition to non-performing, as required by paragraphs 5.5.9 and 5.5.17 of IFRS 9. With reference to profiles of potential reclassification for the purposes of prudential reporting, which involve only a portion of the sample examined by the Supervisory Authority (for a net cash equivalent value as at 31 December 2024 of approximately 116 million euro), the Bank, also in relation to the events following the start of the



inspection and the methodologies updated as a result of the inspection activity, will present its assessments as part of the ongoing discussions with the ECB.

In any case, the set of ongoing and planned actions will not result in any significant economic effects in addition to those already recorded, with reference to the positions selected by the ECB.

- c) Between October 2023 and January 2024, the Bank was subject to an ECB inspection on the topic of business model and profitability with the aim of assessing its digital transformation strategy, business plan and budget as part of a broader business model analysis. It should be noted that the Bank received the Final Report from the inspection team on 21 May 2024. Following the Closing meeting held on 18 September 2024 and the receipt of the Final follow-up letter with the findings on 30 October 2024, the Bank will proceed with the drafting of the remediation plan of the findings. Remedial actions are expected to be completed during 2025.

As part of the ECB's regular supervisory activities, the Bank is also subject to thematic reviews promoted by the Authority, which normally focus on specific areas of operations, including on system-wide groups of banking institutions from various jurisdictions (e.g. "deep dive", "assessment", "thematic review", "targeted review").

### Consob supervisory activities

With reference to the supervisory activity carried out by Consob, the Bank was subject to an inspection, which began on 20 March 2019 and ended on 2 October 2019, aimed at verifying on site the state of compliance of internal procedures with the new provisions transposing EU Directive 2014/65 ("MiFID II"), with particular regard to product governance processes and procedures for assessing the adequacy of client financial transactions. On 5 August 2020, Consob sent a specific communication, summoning the Bank's corporate officers to a meeting, held on 9 October 2020, during which the profiles of attention that had emerged from the available supervisory evidence as a whole were addressed and the planned corrective initiatives were discussed. As a result of this meeting, Consob asked the Bank to take corrective action on internal processes and policies in the area of product governance, with particular regard to aspects of commercial planning and how to determine the reference market, and on issues relating to the profiling of customers and financial products, in relation to the procedures for assessing the adequacy of customer transactions, as required by MiFID II regulations. The Bank has taken the necessary steps to implement and adapt processes as required by the Supervisory Authority. On 11 September 2023, by its own communication, Consob requested the Bank to provide a general update on the progress of the relevant activities. The Bank sent a detailed response to Consob on 25 October 2023. In this regard, in order to ascertain the effectiveness of the new procedural arrangements on site, on 19 February 2024, Consob initiated a new inspection, again in the area of product governance and suitability assessment. The investigation activities by Consob were concluded on 14 October 2024. At present, the results of this investigation have not yet been received.

### TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are governed by the "Regulation for transactions with related parties" issued by Consob resolution No. 17221 dated 12 March 2010 and subsequent amendments. The information required by this Regulation is provided below. Also by the Supervisory Provisions for Banks, issued with Circular No. 285/2013 and subsequent amendments, third part, chapter 11, *Risk activities and conflicts of interest towards related parties*.

Among other things, both regulations provide for the approval and publication of internal

Regulations, available on the company's website at <https://istituzionale.popso.it/en/governance/corporate-governance-reports>.

Transactions with related parties, identified in accordance with the provisions of IAS 24 and the aforementioned Consob Regulation, are part of the bank's normal operations and are normally carried out at market conditions and in any case on the basis of assessments of mutual economic benefit. These transactions amount to 18.36% of total loans to customers and banks and financial assets, traceable to the treasury activities carried out by the Bank in favour of its subsidiaries, and 0.34% of direct deposits from customers and banks and financial liabilities.

In compliance with disclosure obligations prescribed in article 5 of the Consob Regulation, during the period 1 January to 31 December 2024, the Bank's corporate bodies decided the following transactions of greatest significance:

- Banca Popolare di Sondrio (SUISSE) SA, subsidiary; granting of revolving facility for guarantees in favour of residents ord. non-residents of € 1,000,000 revocable; resolution of 29/03/2024;
- Factorit spa, subsidiary; granting of revolving facility financial advances € 300,000,000 revocable; resolution of 03/04/2024;
- Factorit spa, subsidiary; granting of revolving facility for guarantees in favour of euro residents 150,000,000 euro revocable; resolution of 24/05/2024.
- Popso Covered Bond srl, subsidiary; renewal of credit facilities totalling 1,928,421,224 euro maturing 22/07/2029; resolution of 06/08/2024;
- Banca Popolare di Sondrio (SUISSE) SA, subsidiary company; grant of unsecured loan in foreign currency of 896,500,000 euro with maturity date 22/06/2025 and revolving facility in favour of residents ord. non-residents of 3,150,000 euro with revocation and renewal of credit facilities totalling 1,271,922,000 euro with revocation, 188,500,000 euro with maturity 01/07/2028, 40,000,000 euro with maturity 01/06/2028, 25,000,000 euro with maturity 01/11/2026 and 896,500,000 euro with maturity 01/02/2025; resolutions of 06/08/2024;
- Popso Covered Bond srl, a subsidiary company; grant of covered bond of 1,000,000,000 euro maturing 22/07/2029; resolution dated 10/10/2024;
- Banca Popolare di Sondrio (SUISSE) SA, subsidiary; granting of revolving facility for guarantees in favour of residents ord. non-residents of 10,000,000 euro revocable; resolution of 10/10/2024;
- Banca della Nuova Terra spa, subsidiary; renewal of credit lines totalling 440,014,500 euro revocable; resolution of 05/11/2024;
- Factorit spa, subsidiary; granting of revolving facility in favour of euro residents 120,000 euro with maturity 20/03/2026; resolution of 05/11/2024;
- Alba Leasing spa, associated company; renewal of credit lines totalling 411,810,500 euro revocable; resolution of 05/11/2024;
- Factorit spa, a subsidiary; granting of revolving facility for financial advances of 1,200,000,000 euro revocable and revolving facility for guarantees in favour of euro residents of 400,000,000 euro revocable and renewal of credit facilities totalling 4,800,101,500 euro revocable, 120,000 euro with maturity 20/03/2026; resolutions of 12/12/2024.

Finally, it should be noted that, in the fourth quarter of the year, Banca Popolare di Sondrio signed, for an amount of 400,000,000, euro the extension of the Agreement for the financial support of Alba Leasing spa, in force between Banco BPM spa, BPER Banca spa and BPS itself. The transaction is classified as a significant transaction with an associated company.

No transactions with related parties in the period under review, whether of greater or lesser significance, have had a significant impact on the financial position or results of the Bank. We would also





point out that there have not been any developments or modifications that had or could have a significant effect on the Bank's 2024 balance sheet or results with regard to the related-party transactions carried out during 2023; in any case none were atypical, unusual or not on market terms.

In relation with the Consob Communication DEM/6064293 of 28 July 2006, note that transactions or balances with related parties, as defined by IAS 24 and the Consob Regulation, have a limited incidence on the balance sheet and financial position, as well as on the Bank's economic results and cash flows. The notes to the financial statements (Part H, "Transactions with related parties") a summary table also shows the credit facilities granted to and guarantees given on behalf of Directors, Statutory Auditors and members of the General Management, as required by article 136 of Legislative Decree No. 385 of 1 September 1993.

During 2024 and in the current year, no positions or transactions deriving from atypical or unusual operations have arisen. According to Consob Circular DEM/1025564 of 6 April 2001, atypical and/or unusual transactions are those – not arising in the ordinary course of business – that may raise doubts about the completeness of the disclosures in the financial statements, conflicts of interests, the protection of the corporate assets or the safeguarding of the shareholders, by virtue of their magnitude, the nature of the counterparties, the methods for determining the transfer price or the timing of the transaction.

With regard to the remuneration paid by the Bank and its subsidiaries and associates to Directors, Statutory Auditors, the General Manager and Key Managers, and to their investments in the Bank and its subsidiaries, reference is made to the compensation report prepared pursuant to art. 84-*quater* of the Consob Regulation issued in Decision 11971 dated 14 May 1999 and subsequent amendments.

## REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

The "Report on Corporate Governance and Ownership Structure" required by art. 123-*bis* of Decree 58/98 (Consolidated Finance Act) is available (in Italian) on the Bank's website at the link <https://istituzionale.popso.it/en/governance/corporate-governance-reports>. This document states, among other things, that this Bank, with a board resolution dated 30 June 2023, has adhered to the Corporate Governance Code promoted by the Corporate Governance Committee of Borsa Italiana spa.

## ESTABLISHMENT OF A VAT GROUP

Law No. 232/2016 (the '2017 Budget Law') introduced Title V-*bis* into Presidential Decree No. 633/1972, Articles 70-*bis* to 70-*duodecies*, relating to the VAT Group institute. With the establishment of the 'Banca Popolare di Sondrio VAT Group', as of 1 January 2025, a single VAT taxable entity was created in which subsidiaries established in the territory of the State that meet certain legal requirements participate. A 'Group Representative' is identified who is responsible for fulfilling the VAT obligations arising from the exercise of the option. The role of VAT Group representative is held by Banca Popolare di Sondrio spa.

As a result of the constitution of the VAT Group, supplies of goods and services made by a participating party to another participating party in the same VAT Group are not considered to be supplies of goods or services for the purposes of the application of Value Added Tax. The consideration for the aforementioned supplies and services is therefore not increased by VAT, which is normally not deductible for banks as it is to all intents and purposes a component of the cost of the goods or services.

Participating entities maintain their individuality in relation to other taxes under tax law. The entities that meet the legal requirements and participate in the Banca Popolare di Sondrio VAT Group with effect from 1 January 2025 are:

- Banca Popolare di Sondrio spa (Group representative);
- Factorit spa;
- Rent2Go srl;
- Banca della Nuova Terra spa;
- PrestiNuova srl - Agenzia in Attività Finanziaria;
- Popso Covered Bond srl;
- Servizi Internazionali e Strutture Integrate 2000 srl;
- Sinergia Seconda srl;
- Immobiliare San Paolo srl;
- Immobiliare Borgo Palazzo srl.

## PROMOTIONAL AND CULTURAL ACTIVITIES

The year's efforts were aimed at best combining the desire to communicate the work done and the results achieved with the intention of enhancing and promoting the identity, values, beauty and traditions of the places where we are present. These two aspects are interconnected; we are in fact the bank of the territories, and from the incisiveness and strength of our economic operations also depends the extent of the support we are able to offer the territories served.

We have dedicated perseverance and commitment to cultural activities, starting with the corporate magazine *Notiziario*, which, as always, has earned the approval of its many readers, attracted by the many interesting topics covered, including those of great topical interest in the "Changing Planet" window.

The cultural section of the 2023 Annual Report of the subsidiary BPS (SUISSE) SA of Lugano was taken up by a comprehensive monograph on Audrey Hepburn, a famous actress of the second half of the last century and a tenacious, sensitive worker on behalf of Unicef in various developing countries.

In February 2024, a conference was held in our conference hall in Sondrio on "Development and the Banking System. Guidelines for a new progress", which we organised with the collaboration of the 'Società Vitale Zane & Co' of Milan. Among other things, the event highlighted the commendable work of the medium, small and very small banks, which in the territories they cover experience the problems of entrepreneurs and communities at first hand, working constructively.

There were interesting meetings with Carlo Cottarelli, promoted together with Arca SGR, to present his book 'Dentro il Palazzo', and the lecture in our Sala Besta in Sondrio by the Honourable Giancarlo Giorgetti, Minister for the Economy and Finance, on 'The bank is not an algorithm'.

On 6 December, we solemnised the centenary of World Savings Day with the presence in Sondrio of Professor Andrea Kerbaker, lecturer at the Catholic University of Milan, and the restorer of antique books and documents Luciano Sassi, who discussed "Tipi all'antica. Viaggio attraverso il libro di altri tempi". This is also the title of the exhibition, which opened the same day at the Luigi Credaro Property Library. The interesting event was organised with the collaboration of the Polo Liceale Città di Sondrio, taking as its starting point the restoration, which we supported, of its 12 valuable antique books.

The library, which, among other things, includes the Vilfredo Pareto Fund, consisting of 20 original letter-books of the economist and sociologist of the past, plus other correspondence, for a total of about nine thousand documents, almost all of which are unpublished, has been enriched by an antique cabinet with a letterpress and a letter-book from 1961, material donated by the company Gerli of Milan.

We have contributed to the success of artistic and cultural initiatives in the areas where we have a presence, often even contributing as sponsors alongside various organisations and bodies. We participated with keen interest in the 7th edition of the Treccani Festival of the Italian Language, held in Lecco at the end of September. Special attention was paid to Elisabetta Sgarbi's *La Milanese* in the



province of Sondrio, culminating with a *lectio magistralis* by Vittorio Sgarbi. The event, similar to past editions, was a great success. In July, it made a stop in Livigno and in Bormio, the latter being the city where, among other things, the exhibition "Alice in Wonderland" by the painter and illustrator Romano Rizzato, better known as Sergio, was set up at our branch No. 1.

The partnership with Sondrio Festival, an international exhibition dedicated to nature documentaries, has been confirmed.

I should like to mention the role we played in certain events that recalled the values of sport: Valtellina Wine Trail, a successful sporting event amidst the characteristic terraced vineyards of the province of Sondrio; VUT-Valmalenco Ultra Distance Trail and Trofeo Kima in Val Masino, exciting high mountain running competitions; not forgetting the K2 expedition by Marco Majori and Federico Secchi, celebrating the 70th anniversary of the Italian conquest - 31 July 1954 - of the imposing Asian peak.

## **SUSTAINABILITY REPORTING PURSUANT TO LEGISLATIVE DECREE 125/2024**

The Sustainability Report (or Consolidated Sustainability Report) for FY 2024, pursuant to Legislative Decree no. 125/2024, is prepared on a consolidated basis and is available in a separate section of the Directors' Report on Group Operations.

## **INFORMATION ON ESSENTIAL INTANGIBLE RESOURCES**

Banca Popolare di Sondrio, in compliance with the requirements of Article 15 of Legislative Decree no. 125/2024, provides information on essential intangible resources within this Report on Operations, as well as within the Sustainability Report.

## SIGNIFICANT SUBSEQUENT EVENTS

The following information on significant events that have taken place subsequent to year end is provided in accordance with regulatory requirements.

On 6 February 2025, BPER Banca spa announced, pursuant to Art. 102 of the Consolidated Finance Act, the launch of a voluntary totalitarian Public Exchange Offer on the shares of Banca Popolare di Sondrio. The Bank, in press releases given on 7 and 11 February, announced that the Offer was in no way solicited, nor previously discussed or agreed upon.

On 13 February 2025, the rating agency S&P Global Ratings upgraded the outlook of Banca Popolare di Sondrio from 'stable' to 'positive', while confirming its existing ratings.

On 11 March 2025, the Board of Directors approved the new Business Plan for the period 2025-2027.

In the period between 31 December 2024 and the date of approval of this report, no significant events have taken place that might have a material impact on the figures presented here.



## OUTLOOK FOR OPERATIONS

Italian economic growth has weakened in recent quarters and the outlook for 2025 is for a moderate expansion of gross domestic product. The elements of greatest uncertainty continue to be related to international geo-political tensions to which, more recently, have been added the concerns stemming from the new US Administration's introduction of significant trade tariffs. On the monetary policy front, the gradual easing of reference rates decided by the European Central Bank since June last year is set to continue, with an end target that most macroeconomic research centres - also in line with market expectations - of around 2 percent by mid-2025.

In this context, for Banca Popolare di Sondrio, the interest margin, although down from the peak reached last year, will continue to contribute significantly to the profitability of its core banking business. For its part, the continuation of the growth trend in the commission component will be able to adequately support the overall retention of revenues. Management efficiency is set to remain particularly high, not only due to the adoption of measures to contain operating costs, but also due to the elimination of contributions to the deposit guarantee fund, whose capacity has been reached. As far as asset quality is concerned, the limited stock of impaired loans, proactive management of the loan book, and the expectation that decay rates will remain low suggest that the impact of the cost of risk on the income statement remains largely under control. All in all, for the current financial year, the Bank will continue to show high capital strength and profitability levels that are expected to substantially replicate what was achieved in 2024.

\* \* \*

## PROPOSED ALLOCATION OF PERIOD PROFIT

Shareholders,

The 2024 financial statements, comprising the balance sheet, the income statement and the attachments forming an integral part of these documents, are presented for your examination and approval. These financial statements, which show a profit for the year of 510,516,920, euro have been audited by EY spa.

### BALANCE SHEET

Total assets	€ 50,697,725,755
Liabilities	€ 47,233,404,301
Valuation reserves	€ 34,031,038
Share capital	€ 1,360,157,331
Share premiums	€ 78,933,564
Treasury shares	€ -24,955,358
Reserves	€ 1,505,637,959
Total liabilities and shareholders' equity excluding net profit for the year	€ 50,187,208,835
Profit for the year	€ 510,516,920

### ALLOCATION OF PROFIT FOR THE YEAR

In line with legal requirements and the articles of association, we propose the following allocation of profit for the year:

- to shareholders 0.80 euro per share	€ 362,708,621.60
- to the reserve for donations	€ 500,000.00
- to the unavailable reserve under Legislative Decree 38/2005 (Art. 6(1)(a))	€ 12,561,267.69
- to the extraordinary reserve	€ 134,747,030.94
<b>Total</b>	<b>€ 510,516,920.23</b>

Any treasury shares held by the Bank on the ex-dividend date will not be entitled to receive dividends, and the relevant amounts will be transferred to the Extraordinary Reserve.

It should also be noted that, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree No. 38/2005 currently in force, a portion of the year's profits corresponding to the capital gains recognised in the income statement, net of the related tax charge and other than those relating to trading and hedging financial instruments, which derive from the application of the fair value criterion, must be recognised in a non-distributable reserve. This amount, in 2024, was 12,561,267.69 euro. Also as a result of the application of the aforementioned article, the restricted reserves recognised in past years are reduced, by transfer to the available reserve, by the amount of the capital gains realised, including through depreciation, or which have become non-existent as a result of the write-down. As at 31 December 2024, the transfer to the available reserve amounted to 15,452,058.09 euro.



## EQUITY

If you concur with our proposals, equity will be made up as follows:

- Valuation reserves	€	34,031,038
- Capital – 453,385,777 shares	€	1,360,157,331
- Share premium accounts	€	78,933,564
- Treasury shares	€	-24,955,358
- Reserves	€	1,652,946,258
<b>Total</b>	€	<b>3,101,112,833</b>





Shareholders,

The achievement of an extraordinary year's profit, the highest ever, which was that of 2024, is the combined result of having made appropriate choices, commitment, ability and closeness to Popolare di Sondrio by many subjects, to whom we would like to address a special thanks, starting with Customers, who have confidently availed themselves of our structure for banking and financial transactions. For our part, we assure them of all due care and attention in their existing business relations with us.

We are also grateful to the members, especially those who have shown and continue to show that they are close to the life of our institution. Theirs was and is the noble intent of those who, knowing us well, care about the fate and specificity of our bank, historically with a territorial vocation. Their opinions and advice are always much appreciated.

We would like to thank the members of the Board of Statutory Auditors for their prudence and wisdom in carrying out their delicate tasks.

We are grateful to the corporate bodies and staff of our subsidiaries, in particular Banca Popolare di Sondrio (SUISSE) SA, Factorit spa and BNT-Banca della Nuova Terra spa, who have worked well, actively contributing to the excellent results of the Group.

We extend our thanks to the corporate bodies and staff at the Italian Banking Association (ABI), the National Association of Cooperative Banks, and our correspondent banks in Italy and abroad.

We express our esteem and gratitude to the exponents of the European Central Bank, led by its authoritative chair, Christine Lagarde.

Special thanks also to the management of the Bank of Italy, from the Governor, Fabio Panetta, to the Members of the Directorate, to the Chief of Supervision and his staff, to the general officers and the managers of the main branches and of offices located in the provinces where we are based.

We address similar thanks, for the appreciated attention received, to the Managers and Personnel of Consob and Borsa Italiana, who oversee Euronext Milan where our stock is traded, which is part of the FTSE MIB index.

We would like to thank the FINMA-Swiss Financial Market Supervisory Authority in Berne, which supervised the work of our subsidiary BPS (SUISSE) SA, and the supervisory body of the Bank of France, to whose control the foreign branch of SUISSE in Monaco is subject, located in the Principality of the same name.

We would express our deep gratitude to our employees for their commitment and corporate attachment.

On the subject of employees, we address a special "thank you" to those who left us during the period under review to retire. They are Alfonso Bagiolo, Antonello Barbera, Maurizio Bertoletti, Massimo Bordoni, Carlo Brigatti, Alberto Bronzieri, Marco Bruni, Sandro Cao, Luciano Giovanni Celai, Maurizio D'Aschieri, Massimo Della Bella, Romano Forlin-Lisignoli, Armando Geronimi, Giovanni Maffia, Remo Martinoli, Giovanantonio Mazza, Raffaele Milano, Vittorio Mitta, Mauro Molta, Bruno Pasini, Sergio Giovanni Piero, Stefano Pola, Renato Pozzi, Pietro Scala, Fabrizio Tarantola, Luciano Tempera, Marco Tempra, Vanni Lorenzo Viviani, Marco Zagheni, Manlio Zambonini and Oscar Antonio Zoppi.

Best wishes to all for a peaceful, long and fulfilling retirement. Moreover, we trust that each of them will always have good memories of Banca Popolare di Sondrio.

If we have omitted, even if unintentionally, to mention someone who, in the reference period, has been close to us with ideas, proposals or other, we apologise. Naturally, our heartfelt gratitude also goes to them.

*Sondrio, 11 March 2025*

THE BOARD OF DIRECTORS

## REPORTS ON PROPOSALS CONCERNING ITEMS ON THE AGENDA

Shareholders,

In submitting the financial statements for the year 2024 to your judgement - referred to in point 1) of the agenda of today's Ordinary Shareholders' Meeting - the directors invite the Shareholders' Meeting to assume - having read the report of the Board of Statutory Auditors and that of the review - the following resolutions:

**Point 1) on the agenda:** Financial Statements at 31 December 2024:

**letter a)** Presentation of the financial statements at 31 December 2024: Directors' report on operations; report of the Board of Statutory Auditors; related and consequent resolutions; presentation of the consolidated financial statements at 31 December 2024 and the related directors' report on operations.

"The Ordinary Shareholders' Meeting of Banca Popolare di Sondrio, held today, having heard the directors' report on operations during 2024; having noted the report of the Board of Statutory Auditors and that of the Independent Auditors; having taken as read the balance sheet, the income statement, the explanatory notes and, in addition, the financial statements of the subsidiary and associated companies,

approves:

- the directors' report on operations;
- the financial statements at 31 December 2024 in the results shown in the balance sheet and income statement and the related notes; financial statements that show a profit for the year of 510,516,920 euro;

acknowledges:

- the consolidated financial statements as at 31 December 2024 and the directors' report thereon".

**letter b)** Allocation of the profit for FY 2024 and distribution of the dividend; related and consequent resolutions.

Shareholders,

In submitting the allocation of profit for FY 2024 and the distribution of the dividend for your consideration, we hereby state that the Bank has earned, on an individual basis, a net profit of 510,516,920.23 euro for FY 2024, which we propose to allocate as follows:

- a) to Shareholders a dividend per share of 0.80 euro for each of the shares outstanding as of 31/12/2024 and with dividend rights as of 01/01/2024, for a total amount of 362,708,621.60 euro;
- b) to allocate the residual profit:
  - to the charity fund 500,000.00 euro;
  - to the unavailable reserve under Legislative Decree 38/2005 (Art. 6, paragraph 1, letter a)



12,561,267.69 euro;

- to the extraordinary reserve 134,747,030.94 euro

In this regard, it should be noted that the Bank, pursuant to Article 2430 of the Italian Civil Code, has not deemed it necessary to make allocations to the legal reserve, as the latter has reached a consistency of more than one-fifth of the share capital.

The administration therefore invites the Shareholders' Meeting to adopt the following resolutions - having read the report of the Board of Statutory Auditors and that of the Independent Auditors:

"The Ordinary Shareholders' Meeting of Banca Popolare di Sondrio, convened today, having recalled the resolutions taken at the time of approval of the financial statements at 31 December 2024, having heard the report on the proposed allocation of the profit for the year; having acknowledged the report of the Board of Statutory Auditors and that of the Independent Auditors,

approves:

the allocation of the profit for the year of 510,516,920.23, euro as proposed by the Board of Directors in accordance with the provisions of the Law and the Articles of Association, and more specifically resolves:

- a) to determine as 0.80 euro the dividend to be assigned to each of the 453,385,777 shares in circulation as of 31/12/2024 and with dividend rights as of 1/1/2024, with transfer to the extraordinary reserve of the amount of dividends from treasury shares possibly in existence on the working day before the ex-dividend date, for a total amount of 362,708,621.60 euro;
- b) to allocate the residual profit:
  - to the charity fund 500,000.00 euro;
  - to the unavailable reserve under Legislative Decree 38/2005 (Art. 6, paragraph 1, letter a) 12,561,267.69 euro;
  - to the extraordinary reserve 134,747,030.94. euro"

In accordance with the Stock Exchange calendar, the dividend will be paid from 21 May 2025, going ex-coupon no. 47 on 19 May 2025.

**Point 2) on the agenda:** Resolutions on remuneration matters:

- a) Annual report on remuneration policy and compensation paid:
  - a1) approval of the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group;
  - a2) approval by non-binding resolution of the remuneration paid in FY 2024;
- b) Approval of the 2025 Share-based Remuneration Plan, pursuant to art. 114-*bis* of Legislative Decree 58/98 (Consolidated Finance Act);
- c) Approval of the 2025-2027 Long-Term Share-Based Remuneration Plan, pursuant to art. 114-*bis* of Legislative Decree 58/98 (Consolidated Finance Act);
- d) Authorisation for the use of treasury shares already held in service of the 2025 Share-based Remuneration Plan, pursuant to article 114-*bis* of Legislative Decree 58/98, Consolidated Finance Act, and/or to service the 2025-2027 Long-term Remuneration Plan based on financial instruments, pursuant to art. 114-*bis* of Legislative Decree 58/98 (Consolidated Finance Act);

**letter a)** Annual report on remuneration policy and compensation paid:

- a1) approval of the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group;
- a2) approval by non-binding resolution of the remuneration paid in FY 2024;

Shareholders,

The Board of Directors, in compliance with the provisions of Bank of Italy Circular No. 285 of 17 December 2013 on "Remuneration and Incentive Policies and Practices" (Part One, Title IV, Chapter 2), Article 123-ter of Legislative Decree No. 58 of 24 February 1998 (Consolidated Finance Act), and article 16 of the Articles of Association, submits for your approval the "Annual report on the remuneration policy and compensation paid", which has been made available in accordance with the law, in particular by means of publication on the corporate website at the address <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting> and is annexed to the file containing the draft of the Annual Financial Report.

The Annual report on remuneration policy and compensation paid is composed as follows:

- the first section contains an illustration of the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group and the procedures used for the adoption and implementation of such policies. The first section is submitted to the Meeting for approval with a binding vote;
- the second section illustrates with charts and tables, in the form required and with reference to the positions involved by the regulations, the compensation paid during the year concerned. This second section is submitted to the Meeting for approval by a non-binding vote.

In the context of this agenda item, the Shareholders' Meeting will therefore proceed to two separate votes on items a1) and a2), the first of a binding nature and the second of a non-binding nature.

Without prejudice to the reference to the "Annual report on remuneration policy and compensation paid", it should be noted that the Remuneration Policies of the Banca Popolare di Sondrio Banking Group, insisting in the wake of the meritocratic and strongly collaborative culture that has always been present in the Group, contribute to incentivising behaviour consistent with the guidelines defined in the Business Plan, strengthening the existing mechanisms of management accountability and transparency towards investors and the markets.

The novelties introduced in the Policies are also aimed at ensuring full consistency with the evolving regulatory context, with the expectations of the Supervisory Authorities and shareholders.

The main innovations for 2025 concern:

1. the identification of short-term economic-financial and ESG indicators, in accordance with the new Business Plan and Group strategies;
2. the definition of a 2025-2027 LTI Plan related to the new Business Plan;
3. the continuous sophistication of the set of KPIs - quantitative and objective metrics - considered in the determination of variable remuneration through the introduction of new areas of analysis;
4. the selection of short-term performance metrics for 2025, consistent with the objectives set out in the new Business Plan (expected results and timing);
5. the confirmation of the risk adjustments - in addition to the entry gates and regulatory *malus* and claw-back clauses already envisaged - aimed at discouraging an increase in performance achieved through excessive risk-taking, by aligning them with the metrics set out in the Group's most recent Risk Appetite Framework and with the Group's objectives, from time to time, of strengthening its capital, liquidity and governance structure. In addition, the Board of Directors could consider the inclusion of additional risk-specific correctives at the parametrisation stage.

The interventions described were carried out in such a way as not to add to the Group's current



overall cost structure, even in order to preserve one of the main competitive advantages, namely the high levels of staff productivity, referred to in the Business Plan.

Shareholders,

The supervisory instructions on compensation policies and practices require the information provided to the Shareholders' Meeting about the compensation and incentive systems and practices adopted to be consistent with that supplied to the public on the website.

This Disclosure is attached to the Annual report on remuneration policy and compensation paid and contains the information and data required by the current Supervisory Provisions for Banks, Title IV, Chapter 2, Section VI.

Shareholders,

On its part, the Remuneration Committee has fulfilled the tasks entrusted to it by legislation and the specific Regulations approved by the Board of Directors. In carrying out its work the Committee met 4 times in 2024 and has, in particular, served in an advisory role, making proposals to the Board of Directors. It has monitored correct application of the rules relating to the remuneration of those in charge of internal control functions.

The Remuneration Committee has implemented the following main activities:

- explained its activities to the Board of Directors and the Shareholders' Meeting in the report approved at the meeting held on 12 March 2024;
- after having carried out, with the aid of the competent corporate functions, an in-depth analysis of the Remuneration Policies of the Banca Popolare di Sondrio Banking Group aimed at making improvements to ensure complete consistency with the evolving regulatory context and with the expectations of the Supervisory Authorities and shareholders, it acted as a proposing function for the adoption by the Board of Directors of both the Report on Remuneration Policy and Compensation Paid pursuant to Article 123-ter of Legislative Decree 58/98 ( Consolidated Finance Act), which was then approved by the Shareholders' Meeting and the 2024 Remuneration Plan based on financial instruments, also approved by the Meeting;
- assisted the Board of Directors in preparing the shareholders' resolution on the annual remuneration of the Board of Directors;
- assisted the Board of Directors regarding the formulation to the Shareholders' Meeting of the proposals relating to the annual remuneration, valid for the three-year period 2024-2026, of the Board of Statutory Auditors;
- examined and explored the analysis prepared by the competent corporate functions on the gender neutrality of the remuneration Policies and audited the gender pay gap and its evolution over time. This analysis was then submitted to the Board of Directors;
- subsequent to approval of the Remuneration Policies by the Shareholders' Meeting, the Remuneration Committee also presented proposals for the remuneration of directors with specific responsibilities;
- proposed to the Board of Directors the criteria and parameters for the allocation of variable remuneration to the most relevant employees;
- formulated proposals to the Board of Directors in relation to the remuneration of the most relevant staff and, moreover, of the heads of the main business lines and corporate functions, of the most senior staff in control functions, of those who report directly to the Board of Directors and the Board of Statutory Auditors and assessed the achievement of the objectives to which the payment of the

- variable part of the remuneration is linked;
- made a proposal to the Board of Directors concerning the remuneration of the Director responsible for anti-money laundering at company and Group level;
- defined and submitted to the Board of Directors the evolutionary guidelines for the 2025 Remuneration Policy;
- defined and submitted to the Board of Directors proposals to amend the Regulation of the Banca Popolare di Sondrio Banking Group's Remuneration Policy Definition Process.

The Remuneration Committee has found no anomalies in the application of the Remuneration Policies during the exercise of its functions.

Shareholders,

Having regard for the above, the Board of Directors invites the Shareholders' Meeting to adopt the following resolutions:

**on point 2 a1) on the agenda:**

"The Ordinary Shareholders' Meeting of Banca Popolare di Sondrio, convened today, having examined the "Annual report on remuneration policy and compensation paid" and, in particular, the first section on the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group:

hereby resolves

to approve, with a binding vote, the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group contained in the first section of the Annual report on remuneration policy and compensation paid

and takes note

of the Report to the public required by the supervisory regulations on remuneration and incentive Policies and practices contained in the annex to the Annual report on remuneration policy and compensation paid, as well as the information received on the activity carried out by the Remuneration Committee".

**on point 2 a2) on the agenda:**

"The Ordinary Shareholders' Meeting of Banca Popolare di Sondrio, met today and examined the "Annual report on remuneration policy and compensation paid" and, in particular, the second section on compensation paid in the year 2024:

hereby resolves

to approve, by non-binding vote, the second section of the Annual report on remuneration policy and compensation paid for 2024".

**letter b)** Approval of the 2025 Remuneration Plan based on financial instruments, pursuant to article 114-bis of Legislative Decree No. 58/98, Consolidated Finance Act.

Shareholders,

We submit for your approval the 2025 Share-based Remuneration Plan, pursuant to article 114-bis of Legislative Decree No. 58/98, Consolidated Finance Act.



Said Plan is set out in the Information Document relating to the 2025 Share-based Remuneration Plan, which has been made available in the manner required by law, in particular by publication on the Company's website at <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting> and is annexed to the file containing the draft Annual Financial Report.

As indicated in the Information Document, the Plan identifies as beneficiaries the Chief Executive Officer and General Manager, the Key Managers of Banca Popolare di Sondrio, as well as other employees of the Banca Popolare di Sondrio Banking Group identified as "key personnel".

The implementation period of the Plan is between 2025 and 2031 (period of the last deferred remuneration payment).

Shareholders,

Having regard for the above, the Board of Directors invites the Shareholders' Meeting to adopt the following resolution:

"The Ordinary Shareholders' Meeting of Banca Popolare di Sondrio, met today, having examined the explanatory report and the Information Document relating to the 2025 Share-based Remuneration Plan:

hereby resolves

- to approve the 2025 Share-based Remuneration Plan, pursuant to art. 114-*bis* of Legislative Decree 58/98, Consolidated Finance Act, as described in the aforementioned Information Document on the 2025 Share-based Remuneration Plan;
- to attribute to the Board of Directors, with the right to sub-delegate, all the powers necessary for the concrete implementation of the aforesaid Plan, to be exercised in compliance with the relevant Information Document".

**letter c)** Approval of the 2025-2027 Long-Term Share-Based Remuneration Plan, pursuant to art. 114-bis of Legislative Decree no. 58/98, Consolidated Finance Act.

Shareholders,

We hereby submit for your approval the 2025-2027 Long-term Share-based Remuneration Plan, pursuant to article 114-bis of Legislative Decree No. 58/98, Consolidated Finance Act.

Said Plan is set out in the Information Document relating to the 2025-2027 Long-term Share-based Remuneration Plan, which has been made available in the manner required by law, in particular by publication on the Company's website at <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting> and is annexed to the file containing the draft Annual Financial Report.

As indicated in the Information Document, the Plan identifies as beneficiaries the Chief Executive Officer and General Manager, the Key Managers of Banca Popolare di Sondrio, with the exception of those responsible for control departments.

The implementation period of the Plan is between 2027 and 2033 (period of the last deferred remuneration payment).

Shareholders,

Having regard for the above, the Board of Directors invites the Shareholders' Meeting to adopt the following resolution:

"The Ordinary Shareholders' Meeting of Banca Popolare di Sondrio, met today, having examined



the explanatory report and the Information Document relating to the 2025-2027 Long-term Share-based Remuneration Plan:

hereby resolves

- to approve the 2025-2027 Long-Term Share-Based Remuneration Plan, pursuant to art. 114-bis of Legislative Decree 58/98, Consolidated Finance Act, as described in the aforementioned Information Document on the 2025-2027 Long-term Share-based Remuneration Plan;
- to attribute to the Board of Directors, with the right to sub-delegate, all the powers necessary for the concrete implementation of the aforesaid Plan, to be exercised in compliance with the relevant Information Document".

**letter d)** Authorisation for the use of treasury shares already held in service of the 2025 Share-based Remuneration Plan, pursuant to article 114-*bis* of Legislative Decree 58/98, Consolidated Finance Act, and/or to service the 2025-2027 Long-term Remuneration Plan based on financial instruments, pursuant to art. 114-*bis* of Legislative Decree 58/98 (Consolidated Finance Act);

Shareholders,

the Bank has updated the remuneration policies for 2025 which are submitted to the approval of the Meeting, to which the 2025 Share-based Remuneration Plan is also submitted, pursuant to article 114-*bis* of Legislative Decree 58/98, Consolidated Finance Act, and the 2025-2027 Long-term Remuneration Plan based on financial instruments, pursuant to art. 114-*bis* of Legislative Decree 58/98, Consolidated Finance Act.

Said Plans are respectively set out in the Information Document relating to the 2025 Share-based Remuneration Plan and in the Information Document relating to the 2025-2027 Long-term Share-based Remuneration Plan, which have been made available in the manner required by law, in particular by publication on the Company's website at <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting> and are annexed to the file containing the draft Annual Financial Report.

Said Plans provide for the recognition of all or part of the variable remuneration to the persons identified in them through Banca Popolare di Sondrio shares.

In consideration of the theoretical estimates of the needs of said Plans to cover the variable portion of remuneration to be paid through Banca Popolare di Sondrio shares, equal to a maximum of 1,550,000 euro, the granting of an authorisation is submitted to today's Shareholders' Meeting for approval to the Board of Directors to use Banca Popolare di Sondrio ordinary shares already held at the date of this resolution up to a maximum total value of 1,550,000 euro to service the 2025 Share-based Remuneration Plan and/or to service the 2025-2027 Long-term Share-based Remuneration Plan. The number of shares used to service the above Plans shall be determined with reference to the closing price struck on the date on which the Board of Directors resolves to assign the variable remuneration.

In this regard, we note that at 31 December 2024 and at today's date, the Bank holds 3,597,215 treasury shares with a book value of 24.955 million euro.

Given the above and in compliance with the relevant laws and provisions of the articles of association, the Shareholders' Meeting is invited to adopt the following resolution:

«The Ordinary Meeting of the Shareholders of Banca Popolare di Sondrio, met today, having heard the proposal made by the Board of Directors:

hereby resolves



to authorise the Board of Directors to use, up to a maximum total amount of 1,550,000 euro, the ordinary shares in Banca Popolare di Sondrio already held by the Bank to service the 2025 Shared-Based Remuneration Plan and/or to service the 2025-2027 Long-Term Share-Based Remuneration Plan during the life of those plans. The number of shares used to service the above Plans shall be determined with reference to the closing price struck on the date on which the Board of Directors resolves to assign the variable remuneration.

The Board of Directors, and the Managing Director, on its behalf, is also granted all powers needed to implement this resolution, as well as to make any changes to it that might be needed or suggested by the Supervisory Authorities or those that manage the market".

**Point 3) on the agenda:** Appointment of five directors for the three-year period 2025-2027;

Shareholders,

In accordance with the articles of association, the Shareholders' Meeting is called upon to renew the appointment of members whose office is expiring. The following expire from office directors Nicola Cordone, Anna Doro, Federico Falck, Prof. Serenella Rossi, Prof. Francesco Venosta.

The provision of art. 20, paragraph 2 of the Articles of Association applies, pursuant to which:

"The composition of the Board of Directors shall ensure collegial adequacy, as well as the presence of the minimum number of independent directors and gender balance in accordance with the legislation in force from time to time."

The requirements of the directors and the causes of ineligibility are governed by Article 21 of the Articles of Association, as follows:

«

## **Article 21**

### **Requisites – Reasons for ineligibility**

1. Members of the Board of Directors shall be eligible to serve, in accordance with the provisions of the laws in force from time to time and these Articles of Association. In particular, they must meet the requirements of professionalism and integrity and comply with the criteria of competence, fairness and dedication of time and the specific limits on the accumulation of offices prescribed by law for the performance of the office of director of a bank issuing shares listed on regulated markets.
2. Without prejudice to the fact that the activities of all Directors must be characterised by independence of judgement, with regard to the minimum number of Directors required by the legislation in force from time to time, the specific requirements for the qualification of independent director set out in art. 147-ter, fourth paragraph, of Legislative Decree No. 58/1998 and in the implementing legislation of art. 26 of Legislative Decree No. 385/1993 must be met. If an independent director no longer meets the specific independence requirements, the term of office does not expire if the remaining number of independent directors is sufficient to ensure compliance with the minimum number required by the legislation in force from time to time. However, the loss of the specific independence requirements determines the termination of the director's appointment to those positions for which the status of independent director is required by the Articles of Association or the legislation in force from time to time.
3. Without prejudice to compliance with the limits and prohibitions prescribed by the legislation in force from time to time, including, in any case, those provided for by the European Directive No. 36 of 26 June 2013, by means of specific regulations approved by the Board of Directors, the limits to the accumulation of offices in other companies by the Directors may be established.

\*\*\*\*\*

Still on the subject of directors' requisites, mention should also be made of the regulations dictated

by Decree No. 169 of 23 November 2020 of the Ministry for the Economy and Finance on the subject of requisites and eligibility criteria for the performance of the offices of corporate officers of banks, as well as the criteria published by the European Central Bank for the performance of the suitability assessment to be carried out as part of the fit and proper procedure to which the directors who are elected will be subject (Guide to the verification of the suitability requirements - December 2021). It is also noted that for the purposes of assessing the existence of the independence requirement, the provisions of the Corporate Governance Code to which the Bank adheres are also relevant.

The presentation of the lists of candidates is governed by article 23 of the Articles of Association, as follows:

«

### **Article 23**

#### **Presentation of lists of candidates**

1. The directors are appointed on the basis of lists containing up to the maximum number of Directors to be elected, in which the candidates are listed with progressive numbering.
2. The lists containing a number of candidates equal to or higher than three must be composed so as to ensure the minimum number of independent directors and gender balance required by the law in force from time to time in the composition of the Board of Directors resulting from the vote, taking into account - in the assignment of the sequential number to the candidates - the election mechanism set out in article 24 below.
3. Each candidate may appear on only one list under penalty of ineligibility.
4. The Board of Directors and shareholders who, alone or jointly, represent at least 1% of the share capital may submit a list, unless the law and regulations in force from time to time establish a lower percentage, to be indicated in the notice of call of the Meeting.
5. Each shareholder may take part in the submission of a list by signing at the bottom of it. A shareholder may not submit for more than one list, even through a third party or through trust companies. Shareholders belonging to the same group - i.e. the parent company, the subsidiaries and the companies subject to joint control - and shareholders who signed a shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998 concerning the issuer's shares, may not submit more than one list, even through a third party or trust company. In case of non-compliance, the stipulation will not be counted for any list.
6. The lists shall be filed at the registered office - also by means of distance communication - according to the methods notified in the notice of call, which allow to identify the persons who filed them, by the twenty-fifth day prior to the date set for the Meeting, or within any other term set out by the law in force from time to time.
7. The lists shall be accompanied by the information related to the identity of the shareholders who have submitted them, with an indication of the number of shares and of the corresponding total percentage held by the submitting shareholders and - within the terms set out by the law in force from time to time - by a notice proving the ownership of the equity investment, as well as by any other information required by said law. Shareholders who submit a list and who are different from shareholders holding a controlling stake or a relative majority shall also submit a statement certifying the absence of any relationship with said shareholders, which can be qualified as significant according to the law in force from time to time.
8. The ownership of the number of shares necessary to submit the lists is determined by taking into account the shares that are registered in favour of the individual legitimated person or group of legitimated persons submitting the list, on the day when the lists are filed at the registered office. In order to prove the ownership of the number of shares suitable for the submission of lists, the persons entitled to do so shall file - together with the list - the notice issued by an intermediary authorised by law, showing the ownership of the related number of shares. The communication required in order to prove the ownership of shares may be made even after the filing of the list, provided that it is made at least twenty-one days before the date of the Meeting and according to



the methods set out by the law in force from time to time.

9. Together with each list, detailed information on the personal and professional characteristics of the candidates and the list of offices held in other companies shall be filed at the registered office, as well as the declarations in which the candidates accept the candidature and, under their own responsibility, state that they are suitable for the office, by certifying, in particular, the non-existence of any reasons for ineligibility and incompatibility and the possession of the requirements set out by current legislation and by these Articles of Association for holding the office of director. Candidates shall state whether they comply with the specific independence requirements set out in the legislation in force from time to time for the position of independent director, and this quality shall be indicated in the lists.
10. Lists for which the above requirements are not observed shall be considered as not submitted. However, any irregularities in lists concerning single candidates shall not automatically imply the exclusion of the whole list, but only of the candidates to whom the irregularities refer.

\*\*\*\*\*

Only shareholders who, on the date of submission of the list, own - alone or together with others - voting shares representing a total of at least 1% of the share capital are entitled to submit a list.

Lists of candidates for the office of director must be filed at the registered office by the twenty-fifth day prior to the date of the Meeting, i.e. by 5 April 2025.

Submitting shareholders have to prove the ownership of the required number of shares by means of specific documents issued by an authorised intermediary in compliance with current legislation, with regard to the shares registered in their favour on the day on which the lists are filed with the Bank; if not available at the time of filing the lists, such documents shall be received by the Bank by the twenty-first day before the date set for the Shareholders' Meeting, i.e. by 9 April 2025.

Lists for the election of the Board of Directors can also be filed electronically by certified e-mail to [segreteria@postacertificata.popso.it](mailto:segreteria@postacertificata.popso.it).

Pursuant to the current "Supervisory Regulations for Banks", Circular No. 285 of 17 December 2013, the Board of Directors carried out a preliminary analysis to determine the optimal quali-quantitative composition of the Board and the profile of suitable candidate directors.

The results of this analysis are reported in the document entitled «Optimal qualitative and quantitative composition of the Board of Directors of Banca Popolare di Sondrio», published on the Bank's website <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting>.

This document has been made known to the Bank's shareholders, so that the choice of candidates to be submitted for the renewal of the Board of Directors can take into account the professional skills required to perform the tasks entrusted to the Board.

The election of directors is governed by art. 24 of the Articles of Association, as follows:

«

#### **Article 24** **Election of directors**

1. A shareholder may not vote for more than one list, even if through an intermediary or trust company. Shareholders belonging to the same group - i.e. the parent company, the subsidiaries and the companies subject to joint control - and shareholders who signed a shareholders' agreement pursuant to art. 122 of Legislative Decree No. 58/1998 concerning the issuer's shares, may not vote for more than one list, even through a third party or trust company.
2. The election of directors is conducted as follows:
  - a) from the list that obtained the highest number of votes are taken, in the progressive order in which they are listed in the list, all of the Directors to be elected, except the last one;
  - b) the candidate in first place is taken from the list that obtained the second highest number of votes and that was not submitted or voted by shareholders connected with the shareholders who submitted or voted the list that obtained the highest number of votes, according to the

legislation in force from time to time.

3. If it is not possible to complete the Board's composition, due to a possible lack of candidates on the list that obtained the highest number of votes, this shall be carried out by taking from the list that obtained the second highest number of votes - in the order in which they are listed - any candidate that was not yet elected, so as to comply with the provisions in force from time to time concerning the minimum number of independent directors and gender balance.
4. Lists that have not obtained at the Shareholders' Meeting a number of votes equal to at least half of the percentage of capital necessary for the submission of the lists will not be taken into consideration.
5. If only one list exceeds this limit, and the same applies to the submission of a single list, all the Directors shall be taken from that list, subject to compliance with the legislation in force from time to time concerning the minimum number of independent Directors and gender balance.
6. If two or more lists among those from which the candidates are to be drawn have obtained the same number of votes, the same shall be subject to a second ballot until the number of votes obtained ceases to be equal.
7. If the composition of the Board of Directors resulting from the vote does not ensure the appointment of the minimum number of independent directors required by the law in force from time to time, the non-independent candidate elected in the list that obtained the highest number of votes and that is marked by the highest sequential number is replaced by the next candidate of the same list who complies with the specific independence requirements set out by the law in force from time to time for the position of independent director. If this does not identify suitable substitutes, the director appointed from the list that obtained the second highest number of votes also gets substituted. If no suitable replacements can be found, or if it is impossible to apply the mechanism, the Meeting shall resolve by relative majority among single candidates who comply with the specific independence requirements set out by the law in force from time to time for the position of independent director, upon proposal of the persons who have the right to vote, and replacements shall be carried out in the above-mentioned order.
8. Furthermore, in the event that the composition of the Board of Directors resulting from the outcome of the vote does not comply with the principle of gender balance, the director, without the requisite required, is elected from the list that obtained the highest number of votes and characterised by the highest progressive number, it is replaced by the next candidate on the same list belonging to the less represented gender. If this does not identify suitable substitutes, the director appointed from the list that obtained the second highest number of votes also gets substituted. Even if suitable substitutes are not identified, or if the mechanism cannot be applied, the Shareholders' Meeting resolves on the spot by a relative majority between individual candidates belonging to the less represented gender, on the proposal of the persons present who have the right to vote, proceeding with replacement in the order indicated above.
9. If no list is validly submitted, the election shall be carried out by means of a relative majority of the candidates submitted to the meeting together with the filing of the required documentation, provided that the independence requirements are met in the number required by these Articles of Association and that the rules on gender balance in force from time to time are complied with.

\*\*\*\*\*

Lastly, reference should be made to the recommendations made by Consob in Notice No. DEM/9017893 of 26 February 2009 with regard to the relations between lists pursuant to art. 147-ter, paragraph 3 of Legislative Decree 58/98, Consolidated Finance Act, and Article 144-quinquies of Regulation no. 11971 approved by Consob resolution of 14 May 1999, to which reference should be made.

The Board of Directors therefore invites you to appoint five directors through the voting list to replace the ones whose mandate has expired.

**Point 4) on the agenda:** Determination of directors' emoluments;



Shareholders,

Pursuant to art. 30 of the Articles of Association, it is up to the Shareholders' Meeting to set the annual remuneration of the Board of Directors. Pursuant to the Remuneration Policies of the Banca Popolare di Sondrio Banking Group, this remuneration is always set as a fixed amount without impact on the financial statements, given that the amount involved is small. Forms of incentive pay based on financial instruments or linked to the company's performance are not foreseen for directors.

At its meeting of 20 March, the Board of Directors approved the proposal made by the Remuneration Committee for the annual remuneration of the directors. It is now submitted to the General Meeting. Considering the commitment required of the administrative body for the fulfilment of its important and delicate functions and the workload on the Board Committees, it is deemed appropriate to submit to the the Shareholders' Meeting the following proposal, with no changes compared to last year. This is also in light of the general economic and social context and the bank's balance sheet and economic situation, and in line with the prudential approach contained in the Remuneration Policies.

Shareholders,

Having regard for the above, the Board of Directors invites the Shareholders' Meeting to adopt the following resolution:

"The Ordinary Shareholders' Meeting of Banca Popolare di Sondrio, held today, having examined the Board of Directors' report on setting the annual compensation of the directors:

hereby resolves

- directors' emoluments: 65,000 euro for each director, giving a total of 975,000 euro;
- remuneration to the members of the Board Committees:
  - for each of the members of the Remuneration Committee, the Appointments Committee, Sustainability Committee and the Related Party and Affiliated Party Transactions Committee:
    - 10,000 euro; for the Chairpersons of the Remuneration Committee, the Appointments Committee, the Sustainability Committee and the Related Party and Affiliated Party Transactions Committee: additional 10,000 euro;
  - for each of the members of the Control and Risks Committee 20,000 euro; for the chair of the Control and Risks Committee an additional 10,000 euro;
  - for the members of the Executive Committee appointed pursuant to Article 34(3) of the Articles of Associations in addition to the Deputy Chair, the Managing Director and the Director referred to in Article 26(3) of the Articles of Association: 10,000 euro;
- individual attendance fees:  
600 euro for attending meetings of the Board of Directors and for attending meetings of the Executive Committee and other committees established within the Board of Directors;
- personal flat-rate reimbursements for the travel expenses incurred in order to attend meetings of the Board of Directors, the Executive Committee, the other Board committees:
  - for residents in the province: 100 euro;
  - for residents in the region: 250 euro;
  - for residents outside the region: 400 euro."

*Sondrio, 20 March 2025*

THE BOARD OF DIRECTORS

**FINANCIAL STATEMENTS OF THE COMPANY**  
**AS AT 31 DECEMBER 2024**





## BALANCE SHEET

(in euro)

ASSET ITEMS		31/12/2024	31/12/2023
10.	Cash and cash equivalents	2,762,940,627	3,699,902,541
20.	Financial assets measured at fair value through profit or loss	725,154,139	705,967,786
	a) financial assets held for trading	155,552,780	149,816,849
	c) other financial assets mandatorily measured at fair value	569,601,359	556,150,937
30.	Financial assets measured at fair value through other comprehensive income	2,646,624,665	3,204,667,497
40.	Financial assets measured at amortised cost	40,586,507,987	40,061,556,130
	a) Loans and receivables with banks	4,362,880,258	4,179,860,730
	b) Loans and receivables with customers	36,223,627,729	35,881,695,400
50.	Hedging derivatives	-	1,483
60.	Change in value of macro-hedged financial assets (+/-)	2,139,437	1,775,301
70.	Equity investments	744,484,391	755,645,487
80.	Property, equipment and investment property	381,185,443	387,177,632
90.	Intangible assets	17,805,997	15,381,899
100.	Tax assets	160,722,326	227,731,802
	a) current	-	-
	b) prepaid	160,722,326	227,731,802
110.	Non-current assets and groups of assets held for sale	108,592,679	-
120.	Other assets	2,561,568,064	2,331,473,052
TOTAL ASSETS		50,697,725,755	51,391,280,610



LIABILITIES AND EQUITY		31/12/2024	31/12/2023
10.	<b>Financial liabilities measured at amortised cost</b>	<b>45,690,745,755</b>	<b>46,820,066,615</b>
	a) Due to banks	4,837,060,015	8,645,911,852
	b) Customer deposits	35,797,205,286	33,763,841,588
	c) Securities issued	5,056,480,454	4,410,313,175
20.	<b>Financial liabilities held for trading</b>	<b>15,832,393</b>	<b>20,423,256</b>
40.	<b>Hedging derivatives</b>	<b>2,220,214</b>	<b>1,803,139</b>
60.	<b>Tax liabilities</b>	<b>57,504,836</b>	<b>57,269,555</b>
	a) current	37,896,729	38,574,912
	b) deferred	19,608,107	18,694,643
70.	<b>Liabilities included in disposal groups classified as held for sale</b>	<b>2,871</b>	<b>-</b>
80.	<b>Other liabilities</b>	<b>1,074,340,080</b>	<b>943,011,782</b>
90.	<b>Provision for employee severance pay</b>	<b>30,189,152</b>	<b>31,146,638</b>
100.	<b>Provisions for risks and charges</b>	<b>362,569,000</b>	<b>338,917,644</b>
	a) commitments and guarantees given	89,826,554	95,997,953
	b) pension and similar obligations	164,175,315	159,186,862
	c) other provisions for risks and charges	108,567,131	83,732,829
110.	<b>Valuation reserves</b>	<b>34,031,038</b>	<b>7,796,519</b>
140.	<b>Reserves</b>	<b>1,505,637,959</b>	<b>1,364,174,287</b>
150.	<b>Share premiums</b>	<b>78,933,564</b>	<b>78,949,045</b>
160.	<b>Share capital</b>	<b>1,360,157,331</b>	<b>1,360,157,331</b>
170.	<b>Treasury shares (-)</b>	<b>(24,955,358)</b>	<b>(25,201,067)</b>
180.	<b>Profit (Loss) for the year (+/-)</b>	<b>510,516,920</b>	<b>392,765,866</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>50,697,725,755</b>	<b>51,391,280,610</b>



## INCOME STATEMENT

(in euro)

ITEMS	31/12/2024	31/12/2023
10. INTEREST AND SIMILAR INCOME	1,971,841,540	1,675,703,819
<i>of which: interest income calculated using the effective interest method</i>	<i>1,919,390,793</i>	<i>1,659,632,343</i>
20. INTEREST AND SIMILAR EXPENSES	(959,590,845)	(828,815,187)
30. <b>NET INTEREST INCOME</b>	<b>1,012,250,695</b>	<b>846,888,632</b>
40. FEE AND COMMISSION INCOME	387,911,949	362,344,794
50. FEE AND COMMISSION EXPENSE	(16,181,666)	(16,464,122)
60. <b>NET FEE AND COMMISSION INCOME</b>	<b>371,730,283</b>	<b>345,880,672</b>
70. DIVIDENDS AND SIMILAR INCOME	63,706,068	44,069,930
80. NET TRADING INCOME	45,385,384	48,645,867
90. NET HEDGING GAIN (LOSS)	(2,899)	(54,572)
100. GAINS (LOSSES) FROM SALES OR REPURCHASES OF:	14,567,753	6,565,353
<i>a) financial assets measured at amortised cost</i>	<i>10,680,367</i>	<i>7,643,604</i>
<i>b) financial assets measured at fair value through other comprehensive income</i>	<i>3,209,992</i>	<i>(1,165,555)</i>
<i>c) financial liabilities</i>	<i>677,394</i>	<i>87,304</i>
110. NET GAINS/LOSSES ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	(10,573,676)	5,620,661
<i>b) other financial assets mandatorily measured at fair value</i>	<i>(10,573,676)</i>	<i>5,620,661</i>
120. <b>TOTAL INCOME</b>	<b>1,497,063,608</b>	<b>1,297,616,543</b>
130. NET ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATED TO:	(190,132,797)	(187,295,128)
<i>a) financial assets measured at amortised cost</i>	<i>(190,278,930)</i>	<i>(187,642,307)</i>
<i>b) financial assets measured at fair value through other comprehensive income</i>	<i>146,133</i>	<i>347,179</i>
140. GAINS/LOSSES FROM CONTRACTUAL AMENDMENTS NOT RESULTING IN DERECOGNITION	(3,997,448)	6,549,655
150. <b>NET FINANCIAL INCOME</b>	<b>1,302,933,363</b>	<b>1,116,871,070</b>
160. ADMINISTRATIVE EXPENSES:	(548,503,534)	(516,543,537)
<i>a) personnel expenses</i>	<i>(246,973,559)</i>	<i>(228,541,248)</i>
<i>b) other administrative expenses</i>	<i>(301,529,975)</i>	<i>(288,002,289)</i>
170. NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	(22,247,160)	(55,767,944)
<i>a) commitments for guarantees given</i>	<i>6,171,398</i>	<i>(33,225,977)</i>
<i>b) other net provisions</i>	<i>(28,418,558)</i>	<i>(22,541,967)</i>
180. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(35,637,953)	(37,003,767)
190. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(16,294,142)	(15,832,143)
200. OTHER OPERATING INCOME/EXPENSE	82,825,869	76,406,680
210. <b>OPERATING COSTS</b>	<b>(539,856,920)</b>	<b>(548,740,711)</b>
220. GAINS (LOSSES) ON EQUITY INVESTMENTS	(13,203,087)	(501,991)
230. NET RESULT OF FAIR VALUE MEASUREMENT OF PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS	-	(38,103)
250. GAINS (LOSSES) ON SALES OF INVESTMENTS	55,023	26,786
260. <b>PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>749,928,379</b>	<b>567,617,051</b>
270. INCOME TAXES FOR THE YEAR FROM CURRENT OPERATIONS	(239,411,459)	(174,851,185)
280. <b>POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>510,516,920</b>	<b>392,765,866</b>
300. <b>PROFIT (LOSS) FOR THE YEAR</b>	<b>510,516,920</b>	<b>392,765,866</b>



## STATEMENT OF OTHER COMPREHENSIVE INCOME

(in euro)

ITEMS	2024	2023
10. Profit (loss) for the year	510,516,920	392,765,866
<b>Other income items net of income taxes that will not be reclassified to profit or loss</b>		
20. Equity securities measured at fair value through other comprehensive income	(310,329)	(4,778,758)
50. Property, equipment and investment property	89,550	-
70. Defined-benefit plans	(772,767)	4,195,948
<b>Other income items net of income taxes that may be reclassified subsequently to profit or loss</b>		
140. Financial assets (other than equity securities) measured at fair value through other comprehensive income	27,228,065	38,465,571
170. Total other income items net of income taxes	26,234,519	37,882,761
180. Other comprehensive income (Item 10+170)	536,751,439	430,648,627



## STATEMENT OF CHANGES IN EQUITY

(in euro)

	Balance at 31.12.2023	Changes in opening balances	Balance at 1.1.2024	Allocation of prior year result		Changes during the year								Equity at 31.12.2024
				Reserves	Dividends and other allocations	Equity transactions								
						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	Other comprehensive income at 31.12.2024	
Share capital														
a) ordinary shares	1,360,157,331	-	1,360,157,331	-	-	-	-	-	-	-	-	-	1,360,157,331	
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share premiums	78,949,045	-	78,949,045	-	-	-	(15,481)	-	-	-	-	-	78,933,564	
Reserves														
a) from earnings	1,364,174,287	-	1,364,174,287	140,404,105	-	1,059,567	-	-	-	-	-	-	1,505,637,959	
b) other	-	-	-	-	-	-	-	-	-	-	-	-	-	
Valuation reserves	7,796,519	-	7,796,519	-	-	-	-	-	-	-	-	26,234,519	34,031,038	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	(25,201,067)	-	(25,201,067)	-	-	-	245,709	-	-	-	-	-	(24,955,358)	
Profit (loss) for the year	392,765,866	-	392,765,866	(140,404,105)	(252,361,761)	-	-	-	-	-	-	510,516,920	510,516,920	
Equity	3,178,641,981	-	3,178,641,981	-	(252,361,761)	1,059,567	230,228	-	-	-	-	536,751,439	3,464,321,454	

On 22 May 2024, a dividend of 0.56 euro per share was paid to shareholders for a total of 253.896 million euro for FY 2023. For 2024, the directors have proposed the payment of a dividend of 0.80 euro. This dividend is subject to shareholder approval and therefore has not been included as a liability in these financial statements. The proposed dividend is payable from 21 May. The payout envisaged totals 362.709 million euro.



## STATEMENT OF CHANGES IN EQUITY

(in euro)

	Balance at 31.12.2022		Changes in opening balances		Balance at 1.1.2023		Allocation of prior year result		Changes during the year							Equity at 31.12.2023	
									Equity transactions								
									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	Other comprehensive income at 31.12.2023	
<b>Share capital</b>																	
a) ordinary shares	1,360,157,331	-	1,360,157,331	-	-	-	-	-	-	-	-	-	-	-	-	-	1,360,157,331
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Share premiums</b>	<b>78,977,670</b>	<b>-</b>	<b>78,977,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,625)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,949,045</b>
<b>Reserves</b>																	
a) from earnings	1,276,171,128	-	1,276,171,128	86,675,651	-	1,327,508	-	-	-	-	-	-	-	-	-	-	1,364,174,287
b) other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Valuation reserves</b>	<b>(30,086,242)</b>	<b>-</b>	<b>(30,086,242)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,882,761</b>	<b>7,796,519</b>
<b>Equity instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Treasury shares</b>	<b>(25,264,093)</b>	<b>-</b>	<b>(25,264,093)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,026</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,201,067)</b>
<b>Profit (loss) for the year</b>	<b>212,901,668</b>	<b>-</b>	<b>212,901,668</b>	<b>(86,675,651)</b>	<b>(126,226,017)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>392,765,866</b>	<b>392,765,866</b>
<b>Equity</b>	<b>2,872,857,462</b>	<b>-</b>	<b>2,872,857,462</b>	<b>-</b>	<b>(126,226,017)</b>	<b>1,327,508</b>	<b>34,401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,648,627</b>	<b>3,178,641,981</b>

## CASH FLOW STATEMENT (indirect method)

(in euro)

	31/12/2024	31/12/2023
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations</b>	<b>1,069,810,493</b>	<b>894,233,262</b>
- result of the year (+/-)	510,516,920	392,765,866
- gains/losses on financial assets held for trading and financial assets/liabilities measured at fair value through profit or loss (-/+)	1,910,919	2,920,274
- gains (losses) on hedging (-/+)	2,899	54,572
- net adjustments/write-backs for credit risk (+/-)	201,579,670	202,098,683
- net adjustments/write-backs for property, equipment and investment property and intangible assets (+/-)	51,932,095	52,874,013
- provisions for risks and charges and other costs/revenues (+/-)	55,443,485	88,413,551
- unpaid taxes, duties and tax credits (+)	239,411,459	174,851,185
- net impairment adjustments to disposal groups, net of tax effect (+/-)	-	-
- other adjustments (+/-)	9,013,046	(19,744,882)
<b>2. Cash generated/absorbed by financial assets</b>	<b>(710,929,219)</b>	<b>(1,389,537,623)</b>
- financial assets held for trading	7,416,296	28,911,628
- financial assets designated at fair value	-	-
- financial assets mandatorily measured at fair value	(25,304,902)	538,769,388
- financial assets measured at fair value through other comprehensive income	571,617,320	(604,047,905)
- financial assets measured at amortised cost	(750,569,236)	(672,956,806)
- other assets	(514,088,697)	(680,213,928)
<b>3. Cash generated/absorbed by financial liabilities</b>	<b>(1,062,298,905)</b>	<b>(1,606,779,684)</b>
- financial liabilities measured at amortised cost	(1,137,857,944)	(1,763,758,301)
- financial liabilities held for trading	(8,186,192)	(37,437,670)
- financial liabilities measured at fair value	-	-
- other liabilities	83,745,231	194,416,287
<b>Net cash generated/absorbed by operating activities</b>	<b>(703,417,631)</b>	<b>(2,102,084,045)</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash generated by</b>	<b>57,380,987</b>	<b>36,522,027</b>
- sales of equity investments	-	3,221
- dividends collected from equity investments	57,380,987	36,491,965
- sales of property, equipment and investment property	-	26,841
- sales of intangible assets	-	-
- sales of subsidiaries and business units	-	-
<b>2. Cash absorbed by</b>	<b>(43,925,309)</b>	<b>(96,067,746)</b>
- purchases of equity investments	(2,041,991)	(60,382,629)
- purchases of property, equipment and investment property	(23,165,077)	(19,712,864)
- purchases of intangible assets	(18,718,241)	(15,972,253)
- purchase of subsidiaries and business units	-	-
<b>Net cash generated/absorbed by investing activities</b>	<b>13,455,678</b>	<b>(59,545,719)</b>
<b>C. FUNDING ACTIVITIES</b>		
- issues/purchases of treasury shares	(245,709)	(63,026)
- issues/purchases of equity instruments	-	-
- distribution of dividends and other uses	(251,861,761)	(126,948,018)
<b>Net cash generated/absorbed by financing activities</b>	<b>(252,107,470)</b>	<b>(127,011,044)</b>
<b>NET CASH GENERATED/ABSORBED IN THE YEAR</b>	<b>(942,069,423)</b>	<b>(2,288,640,808)</b>

Key:

(+) generated (-) absorbed





## RECONCILIATION

(in euro)

Items	31/12/2024	31/12/2023
Cash and cash equivalents at the beginning of the year	3,699,902,541	5,988,587,809
Total net liquidity generated/absorbed during the year	(942,069,423)	(2,288,640,808)
Cash and cash equivalents: effect of exchange rate fluctuations	5,107,509	(44,460)
<b>Cash and cash equivalents at the end of the year</b>	<b>2,762,940,627</b>	<b>3,699,902,541</b>

## NOTES

### PART A - Accounting policies

#### A.1 General information

##### Section 1 - Declaration of compliance with international accounting standards

Banca Popolare di Sondrio, a joint-stock company, declares that these annual financial statements have been prepared in accordance with the International Accounting Standards (IAS/IFRS) adopted by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee, in force at 31 December 2024 and endorsed by the European Commission according to the procedure established by EU Regulation 1606/2002.

The adoption of these international accounting standards has taken advantage of the provisions of art. 4, paragraphs 1 and 2, of Legislative Decree 38 dated 28 February 2005 «Making the elections envisaged by art. 5 of the EC Regulation 1606/2002 concerning international accounting standards».

The format of the financial statements complies with the Bank of Italy's provision no. 262, dated 22 December 2005, issued within the powers defined by Legislative Decree 38/2005 and subsequent updates and additions.

The financial statements of the Bank at 31 December 2024 were approved by the Board of Directors on 11 March 2025.

##### Section 2 - General preparation principles

The financial statements have been prepared in accordance with the following general criteria described in IAS 1:

1) Going concern. The financial statements have been prepared on a going concern basis: assets, liabilities and off-balance sheet transactions have therefore been valued according to their operating values. In this regard, it should be noted that the boards of directors and the board of the statutory auditors have carefully assessed the prospect of the company's continuation as a going concern and have not detected any symptoms in the balance sheet and financial structure or in the operating performance that could lead to uncertainties on the point of business continuity, even taking into account the current macroeconomic context. In this regard, it is believed that the Bank, despite possible negative repercussions regarding the trend of some types of revenues and the cost of credit, and the presence of the risk and risk elements referred to in the paragraph "Risk management" can continue to operate as a going concern in the foreseeable future in accordance with the provisions of the new 2025-2027 Business Plan.

2) Accruals basis. Costs and revenues are matched in the accounting periods to which they relate, regardless of when the transactions are settled.

3) Consistency of presentation. Items are presented and classified in the same way from one year to the next, in order to ensure the comparability of information, unless changes are required by an international accounting standard or related interpretation, or if a different presentation or classification would be more appropriate for the meaningful and reliable disclosure of information.

If the presentation or classification of items is changed, the comparative amounts are also reclassified, if feasible, and the nature of the reclassification is explained together with the reasons for it.

4) Significance and grouping. Each significant group of similar items is shown separately in the financial statements. Items with a dissimilar nature or use are reported separately, unless they are insignificant.

5) No offsetting of balances. Assets, liabilities, costs and revenues are not offset against each other unless required or allowed by an international accounting standard or related interpretation.

6) Comparative information. Prior period comparative information is provided for all the data reported in the financial statements, except if a different approach is allowed by an international accounting



standard or its interpretation. Explanatory and descriptive information is included when this helps to provide a better understanding of the financial statements.

The financial statements incorporate the requirements of Legislative Decree 136/2015, the articles of the Italian Civil Code and the corresponding provisions of the Consolidated Finance Act ("TUF"). The figures in the tables are expressed in euros and in thousands of euros in the notes to the financial statements unless otherwise stated.

### Section 3 - Significant events subsequent to financial statement date

No events have taken place between the reference date for these financial statements and the date of their approval by the Board of Directors on 11 March 2025, nothing of significance has occurred that would require changes in the figures of the financial statements.

As already mentioned in the directors' report on operations, on 6 February 2025 BPER Banca spa announced, pursuant to Art. 102 of the Consolidated Finance Act, the launch of a voluntary totalitarian Public Exchange Offer on the shares of Banca Popolare di Sondrio. The Bank, in press releases given on 7 and 11 February, announced that the Offer was in no way solicited, nor previously discussed or agreed upon.

Furthermore, it should be noted that on 11 March 2025, the Board of Directors approved the new Business Plan for the period 2025-2027.

### Section 4 - Other aspects

#### 1. New international accounting standards endorsed and applied in the preparation of the financial statements at 31 December 2024

Below is an illustration of the new accounting standards or amendments to existing standards published by the IASB, as well as the new interpretations or amendments to existing ones published by the IFRIC, with separate indication of those applicable in FY 2024 and those applicable in subsequent financial years.

*New documents issued by the IASB and endorsed by the EU to be mandatorily adopted for the preparation of the 2024 financial statements*

- *Regulation (EU) 2023/2579 of 20 November 2023* amending Regulation (EU) No. 2023/1803 as regards IFRS 16. The amendments to IFRS 16 specify how the selling lessee subsequently evaluates sale and leaseback transactions. The implementation of the amendments under review had no impact on the Bank.
- *Regulation (EU) No. 2822 of 19 December 2023* - Amendments to IAS 1 "Classification of liabilities as current or non-current and Non-current liabilities with clauses". On 23 January 2020, the IASB published an amendment to IAS 1, which seeks to clarify one of the IAS 1 criteria for the classification of a liability as non-current, namely the requirement that the entity must have the right to defer settlement of the liability for at least 12 months after the end of the reporting period. The amendment includes:
  - clarification that the right to defer settlement must exist at the end of the reporting period;
  - clarification that classification is unaffected by management intentions or expectations about possible exercise of the deferral right;
  - clarification about how loan conditions influence classification;
  - clarification of the requirements for classifying a liability that the entity intends to settle or might settle by the transfer of its own equity instruments.

The amendments to IAS 1 are not relevant for the Bank.

- *Regulation (EU) 2024/1317 of 15 May 2024* amending Regulation (EU) No. 2023/1803 as regards IAS 7 and IFRS 7. The amendments introduced disclosure requirements on financing agreements for a company's supplies. The implementation of the amendments under review had no impact on the Bank.

*New accounting standards, amendments and interpretations, whose application will become mandatory after 31 December 2024.*

- *Regulation (EU) 2024/2862 of 12 November 2024* amending Regulation (EU) No. 2023/1803 as regards IAS 21. The amendments specify when a currency is exchangeable for another currency and, if it is not, how the enterprise determines the exchange rate to be applied, along with the supplementary information that the enterprise is called to provide when the currency cannot be exchanged. The amendments are applicable from 1 January 2025.

*IAS/IFRS and SIC/IFRIC interpretations issued by the IASB/IFRIC, pending endorsement*

- In April 2024, the International Accounting Standards Board (IASB) issued a new accounting standard IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve financial performance reporting. IFRS 18 will come into force on 1 January 2027, but earlier application is permitted. In view of the content of the amendment and given the obligation to apply the Bank of Italy's layouts, application will be subject to any updates to Bank of Italy Circular Letter No. 262/2005.
- In May 2024, the International Accounting Standards Board (IASB) issued a new accounting standard IFRS 19 Subsidiaries without Public Accountability: *Disclosures*. The new standard allows eligible subsidiaries to use IFRS accounting standards with reduced disclosure. The new standard will enter into force on 1 January 2027.
- IFRS 14 Regulatory deferral accounts. IFRS 14 allows only those adopting IFRS for the first time to continue to book amounts relating to rate regulation according to the previous accounting standards adopted. The endorsement process is suspended pending new accounting standard on "rate-regulated activities". Since the Group is not a first-time adopter, this standard is not applicable.
- On 30 May 2024, the IASB published "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7". The paper clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). The amendments shall apply as of the financial statements for financial years beginning on or after 1 January 2026. Early application is permitted.
- On 18 December 2024, the IASB published "Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity". The document aims to help companies better account for the financial effects of contracts structured as Power Purchase Agreements (PPAs), and in particular:
  - it provides clarification on the application of the 'own-use requirement';
  - it allows these contracts to be used as hedging instruments in the context of a hedge accounting transaction;
  - it introduces new disclosure requirements for these types of instruments.The amendment shall apply as of the financial statements for financial years beginning on or after 1 January 2026. Early application is permitted.
- Amendments to IAS 28 and IFRS 10. These amendments are intended to address the inconsistency between the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in



Associates and Joint Ventures (2011), in dealing with the loss of control of a subsidiary that is contributed to an associate or joint venture. The endorsement process is suspended pending conclusion of IASB project on the equity method

## 2. TLTRO III

The TLTRO III refinancing operation consists of a programme of ten refinancing operations, each with a three-year maturity, starting in September 2019 with a quarterly frequency, at an interest rate set at a level equal to the average interbank refinancing cost. In 2020, with the aim of further supporting lending to households and businesses, some of the parameters of existing operations were revised, with particular reference to the maximum amount that can be financed and the related remuneration. TLTRO III operations are indexed to the average interest rate on the main refinancing operations (MRO – Main Refinancing Operation rate), or alternatively, depending on the achievement of certain benchmarks, at the average interest rate on deposits at the central bank's Deposit Facility (DF). In 2022, the ECB also intervened by changing the way the final rate applicable to transactions is counted. In detail, the previous rate calculation methodology was applied for the period until 22 November 2022, and from 23 November 2022 the applicable interest rate was indexed to the average interbank rates applicable from that date onwards (essentially raising the applicable rate over the entire life).

As at 31 December 2024, the Bank no longer had any outstanding TLTRO transactions with the ECB, following the repayment of the 27 March 2024 tranche of 806 million on 24 March 2021 and the repayment of the 25 September 2024 tranche of 3,700 million on 29 September 2021.

Ordinary interest is recorded taking into account the refinancing conditions defined by the ECB as floating market rates defined within the framework of monetary policy measures, which the Governing Council may change prospectively at any time. As of 23 November 2022, interest is then recognised time-by-time on the basis of the interest rate of the instrument defined as the average of the rate on outstanding deposits in each of the reference periods. This interest expense component in December 2024 amounted to 102 million.

## 3. Contributions to Resolution and Guarantee funds

The European legislator with Directives 2014/49/EU of 16 April 2014 and 2014/59/EU of 15 May 2014, respectively known as the Deposit Guarantee Schemes Directive (DGS) and the Bank Recovery and Resolution Directive (BRRD), and with the establishment of the Single Resolution Mechanism (EU Regulation No. 806/2014 of 15 July 2014) introduced significant changes to the regulation of banking crises with the aim of strengthening the single market and systemic stability. Directive 2014/49/EU (DGS) harmonises the levels of protection offered by the National Deposit Protection Funds and introduced a mixed contribution system that provides for an upfront contribution until a minimum target of 0.8% of guaranteed deposits is reached in ten years. It is foreseen that the contribution can be made through the instrument of payment commitments, up to a maximum of 30%. For 2024, the Bank was asked for an ordinary contribution of 21.293 million, which was expensed in the income statement.

Directive 2014/59/EU(BRRD) defined the resolution rules to be applied to all banks in the Union in the presence of a state of failure. These rules provide that, under certain conditions, the financing of the resolution is to be provided by the National Resolution Fund, which each Member State is required to have. The directive envisages a mandatory contribution mechanism to collect the target level of resources of at least 1% of the amount of protected deposits of all authorised institutions in all EU states by 31 December 2023.

In a press release dated 15 February 2024, the Single Resolution Board confirmed that the target level of the Fund had been reached. Therefore, no contribution was requested from the Bank during 2024. The off-balance sheet commitment is evaluated at each reporting date and/or whenever there is evidence that it is likely to be enforced. In this regard, it is considered that, as at 31 December 2024, the risk of the irrevocable payment commitments being called upon is remote.

#### 4. Interbank Deposit Protection Fund - Voluntary Scheme

In December 2015, the Bank joined the Voluntary Scheme established as part of the Interbank Deposit Protection Fund to support measures in favour of member banks in receivership or distress or in danger of collapse. This is an additional tool to resolve banking crises intended for interventions when there is a reasonable chance of turning round the Bank or when the intervention is likely to cost less than liquidating it. The Fund intervened in support of Banca Carige in 2018, resulting in a payment by the Bank of 5.257 million matched by the recognition of a financial asset represented by securities measured at fair value through profit and loss. The financial asset was fully impaired in the 2018 financial statements. No charges for other operations were recorded in subsequent years or in the year under review.

#### 5. Self-securitisation - Centro delle Alpi SME s.r.l.

On 16 June 2023, a securitisation transaction was finalised by the Bank as part of the management of medium- and long-term interbank funding. The transaction consisted in the non-recourse assignment of a granular portfolio of performing loans granted to SMEs, guaranteed or unsecured, pursuant to Law 130/1999, to the vehicle company, named Centro delle Alpi SME S.r.l., which was set up for this purpose.

On 2 May 2024, a further credit transfer to the vehicle was made. The sale concerned a granular portfolio of unsecured performing loans granted to SMEs amounting to 1,528 million.

As at 31 December 2024, the value of outstanding securities subscribed by the Group was unchanged at 1,529 million for senior securities, 252 million for mezzanine securities and 545 million for junior securities.

For further details, please refer to as indicated in these consolidated notes PART E - Information on risks and related hedging policies, subsection 1.4 "Liquidity risk".

#### 6. Luzzatti Pop Npls 2024 securitisation

As part of a broader programme of interventions on non-performing loans and in line with the derisking and asset quality improvement strategy, on 19 December 2024, the Bank concluded - together with 9 other participating entities - the multi-originator securitisation of bad loans called "LUZZATTI POP NPLS 2024", for a total gross book value of 28.6 million.

For further details, please refer to Part E - Information on risks and related hedging policies, subsection C. "Securitisation Transactions".

#### 7. Risks and uncertainties related to estimates

The preparation of the annual financial statements requires the use of estimates and valuations that may have a significant impact on the values recorded in the balance sheet and income statement concerning in particular:

- quantification of impairment losses on loans and financial assets in general;
- use of valuation models for recording the fair value of financial instruments not listed in active markets;
- assessment of the fairness of the value of goodwill and other intangible assets;
- quantification of the fair value of investment properties;
- quantification of personnel provisions and provisions for risks and charges;
- estimates of the recoverability of deferred tax assets.

The Bank defined the estimation processes to support of the carrying amount of the more significant items requiring valuation in the annual financial statements at 31 December 2024, as required by prevailing accounting standards and relevant regulation.

These processes are largely based on estimating the future recoverability of amounts reported in the financial statements in accordance with rules dictated by current regulation and have been performed on a going concern basis, i.e. valuations are not based on the assumption of a forced sale. Specifically, with reference to the estimates that could potentially be most impacted by the current geopolitical and macroeconomic context, please refer to paragraph 16 of Section A.2 of these notes.

The parameters and information used to verify the above figures have been heavily affected by the



macroeconomic and market environment which could experience rapid changes that are currently unforeseeable, with effects - even significant effects - on the amounts reported in the financial statements at 31 December 2024.

## 8. Inspections - ECB

As already specified in the Report to the financial statements at 31 December 2023 (in the "risk management" section), the ECB conducted an inspection visit on the Group 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. The assessment falls within the scope of the ordinary processes that European Supervision implements with the aim of carrying out a survey of the quality of the assets on selected portfolios and evaluating the internal credit risk management processes and procedures and the control and governance systems, including the implementation of the IFRS 9 accounting standard and any other ancillary aspect. On 23 January 2024, the Final Report was submitted followed, on 7 March 2025, by the ECB's draft decision, in respect of which the Bank will be able to comment, with a view to the final decision.

In response to the recommendations made by the inspection team, upheld in the draft decision, and also in the context of the annual SREP assessments by the ECB, several project sites were planned and launched to strengthen governance, management and control systems. The work plans mainly focus on the following aspects: credit management processes, risk management, second- and third-level controls, and implementation methods for IFRS 9. This schedule will be reviewed and possibly modified upon receipt of the final decision by the Authority. In particular, on the basis of the observations received from the supervisory authority, in 2023, the Bank increased the credit risk related to the positions under review and monitored the exposures in connection with the possible transition to non-performing, as required by paragraphs 5.5.9 and 5.5.17 of IFRS 9. With reference to profiles of potential reclassification for the purposes of prudential reporting, which involve only a portion of the sample examined by the Supervisory Authority (for a net cash equivalent value as at 31 December 2024 of approximately 116 million euro), the Bank, also in relation to the events following the start of the inspection and the methodologies updated as a result of the inspection activity, will present its assessments as part of the ongoing discussions with the ECB.

In any case, the set of ongoing and planned actions will not result in any significant economic effects in addition to those already recorded, with reference to the positions selected by the ECB.

## 9. Terms for the approval and publication of financial statements

Article 154-ter of Legislative Decree 58/98 (Consolidated Finance Act) provides that, within one hundred and twenty days from the end of the financial year, the annual financial statements must be approved and the annual financial report including the draft financial statements, the consolidated financial statements, the report on operations, and the certification of the Manager responsible for preparing the Company's accounting documents referred to in Article 154-bis, paragraph 5, must be published. The draft financial statements of Banca Popolare di Sondrio were approved by the Board of Directors at its meeting of 11 March 2025 and will be submitted for approval to the Shareholders' Meeting called for 30 April 2025.

The annual financial report includes, in a specific section of the consolidated management report, the sustainability reporting drawn up on the basis of this provision by Legislative Decree 125/2024.

## 10. Pillar Two - Global Minimum Tax

With effect from 1 January 2024, the Banca Popolare di Sondrio Group, as a Multinational Group exceeding the revenue threshold of 750 million euro, for two out of the four preceding financial years falls within the scope of second-pillar income taxes (so-called Pillar II) provided for in Directive 2022/2523, adopted in Italy by Legislative Decree No. 209/2023, aimed at ensuring a global minimum level of taxation for multinational groups of companies and large-scale domestic groups in the Union. Based on the



analyses carried out, Banca Popolare di Sondrio Group has no exposure to second-pillar income taxes in the three jurisdictions in which it is present (Italy, Switzerland and the Principality of Monaco) as in the same jurisdictions the CbCR Safe harbour Test (applied taking into account the OECD clarifications available to date) is passed.

**11. Information pursuant to art. 1, paragraphs 125-129 of Law 124/17 dated 4 August 2017 "Annual law for the market and competition - Measures on the transparency of public payments" as amended by Decree Law 30/4/2019 No. 34 (so-called «Growth Decree») art. 35**

With regard to the above legislation, the contributions or aid received by the Bank in cash or kind, that were not generally available and did not represent consideration, remuneration or reimbursements, have been published on the National Register of State Aid, to which reference is made pursuant to art. 125-*quinquies* of that law.

**12. Statutory audit**

The annual financial statements at 31 December 2024 are audited by EY S.p.A., which was assigned the task of auditing for the nine-year period 2017/2025 with a resolution of the shareholders' meeting of 29 April 2017, pursuant to Legislative Decree No. 39 of 27 January 2010.



## A.2 Main financial statement items

Below are the accounting policies, broken down by item, that have been adopted for the preparation of the annual financial statements at 31 December 2024, with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as the methods for recognising revenues and costs introduced by certain general elements inherent to the classification of financial assets.

### Classification of financial assets

The classification of financial assets is guided by the contractual characteristics of the instrument's own cash flows related to the generation of cash flows represented solely by payments of principal and interest on the principal to be repaid (i.e., passing the so-called "SPPI test" - "Solely Payment of Principal and Interest test") and the company's business model adopted, which determines whether cash flows will arise from the collection of contractual cash flows, from the sale of financial assets, or from both.

### Business models

#### Held to Collect (HTC)

The objective of this business model is to hold financial assets to collect the contractual cash flows during the instrument's life. Sales are only deemed to be eligible if they are frequent but not significant, or significant but not frequent, if due to an increase in credit risk, and if close to the maturity date of the financial asset. Frequency is measured based on the number of sales made in the period, while significance is measured on the total amount of sales compared to the portfolio at the beginning of the period.

Banca Popolare di Sondrio holds the following within an HTC business model:

- Almost the entire portfolio of loans to customers and banks, given that the Bank mainly undertakes traditional banking activities and holds a loan portfolio that originates from finance granted to households, individuals and businesses;
- Debt securities that may be subjected to this business model's management logic.

#### Held to Collect & Sell (HTC&S)

The objective of this business model is to collect contractual cash flows and to sell the financial assets. The Bank uses the HTC&S business model for securities.

#### Others (FVTPL)

This business model is adopted when the Bank takes decisions based on the fair value of financial assets and it manages them for realisation or when the business model does not fall within that of the previous two (HTC and HTC&S). The Bank holds the following within an «Others» business model:

- Financial instruments held within a trading business model
- Financial instruments held with management on a fair value basis.

For the securities area, ex-post monitoring is provided to verify the consistency of the portfolio with the HTC and associated HTC&S business model.

### SPPI Test - Solely Payment Principal Interest Test

By means of an SPPI test, it is possible to check whether a financial asset may be considered to be a «basic lending arrangement», whereby the contractual cash flows consist solely of payments of principal and interest accrued on the principal amount outstanding. If the test of the characteristics of the contractual cash flows shows compliance with the requirements of IFRS 9 (SPPI test has been passed), the asset may be measured at amortised cost, provided that it is held within a business model the objective of which is to collect the contractual cash flows during the instrument's life (HTC business model), or at fair value through other comprehensive income (FVOCI), provided that the asset is held within a business

model the objective of which is to collect contractual cash flows over the entire life of the asset and to sell the asset (HTC&S business model).

If the test of the characteristics of the contractual cash flows from a financial asset does not show compliance with the requirements of IFRS 9 (SPPI test has not been passed), the asset is measured at fair value through profit or loss (FVTPL). In accordance with guidelines, the Test is performed before a loan is disbursed or a security purchased (origination).

For credit and loans, the approach for the execution of the SPPI test differs based on whether they consist of:

- Standard products (e.g. current accounts or loans), the test is performed at product level. Upon granting a loan, account is taken of the outcome of the SPPI test at product level, updated following verification of the remuneration of credit risk and the passing of the benchmark test, when necessary.
- Non-standard contracts are tested individually for each amount. It is specified that this category also includes products with "contingent features" linked to ESG KPIs that are not directly correlated to changes in the risks and costs of the so-called basic lending arrangements (such as the time value of money or credit risk), such as the Sustainability-Linked Loans (SLLs) which provide for the adjustment of the contractual spread according to the achievement of certain Sustainability Performance Targets (SPTs).

For the securities portfolio, the results of the SPPI test and benchmark test are acquired for each ISIN from an external info provider. For amounts for which the results of the SPPI test and/or benchmark test obtained from an external info provider are not available and/or complete, the tests are performed within the Bank. This includes securities with 'contingent features' related to ESG KPIs that are not directly related to changes in the basic risks and costs of lending (such as the time value of money or credit risk); e.g. Sustainability-Linked Bonds (SLBs) that provide for the interest rate to be adjusted according to whether or not certain Sustainable Performance Targets (SPTs) are reached by a contractually agreed date.

## **1. Financial assets measured at fair value through profit or loss**

### **Classification**

Financial assets held for trading (debt securities, equity securities, loans, mutual funds) have been allocated to this item. It also includes the derivative contracts with a positive fair value, except those offset pursuant to IAS 32. A derivative contract is a financial instrument whose value is linked to movements in an interest rate, the prices struck for a financial instrument, the price of a commodity, a currency exchange rate, a price index, a rate index or other type of index, is settled on maturity and requires a limited initial net investment. If the derivative qualifies as a hedging derivative, it is recognised in the item "hedging derivatives". If a financial asset contains an embedded derivative, it is measured by measuring the entire asset at fair value. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

This item also includes financial assets designated at fair value (debt securities and loans) as the result of the exercise of the fair value option. For the time being, the Bank does not apply the fair value option.

Lastly, it includes other financial assets mandatorily measured at fair value (debt securities, equity securities, mutual funds and loans) or financial assets that do not meet the requirements for classification at amortised cost or at fair value through other comprehensive income, since they do not pass the contractual cash flow characteristics test (SPPI test), as well as equity securities and mutual funds (that are not held for trading) and debt instruments held within a business model.

### **Recognition**

Assets measured at fair value through profit or loss are recognised at the settlement date at fair value, which normally corresponds to the consideration paid, with the exception of transaction costs and revenues that are recognised directly in profit or loss. Trading derivatives are recognised at the "contract" date and are stated at their current value at the time of acquisition.



## Accounting policies

Subsequent to initial recognition, financial assets measured at fair value through profit or loss are measured at fair value at the reporting date. With regard to instruments listed on official markets, fair value is calculated with reference to their official bid price at the close of trading, while the fair value of instruments not listed on official markets is determined by reference to prices supplied by information providers such as Bloomberg and Reuters. If this is not possible, estimates and valuation models that take account of market data are used, where available; these methods are based on the valuation of listed instruments with similar characteristics, discounting of the cash flows, models for the determination of option prices, taking into account the credit risk profile of the issuer.

If data is not available for measurement under the above models, measurement is performed using unobservable inputs (e.g. adjusted equity).

As regards loans and receivables (due from banks and customers), the models used differ based on the nature and the characteristics of the instruments being measured. Currently, three main base models are applied:

- Discounted Cash Flow Model (DCF)
- Reverse Mortgage Model (RMM);
- ABS model

In the case of sight loans or loans maturing in the short term, the carrying amount is considered a good approximation of fair value.

## Recognition of components affecting the income statement

Income statement components generated by changes in fair value are recognised in the income statement in the period they arise under "Net trading income" and "Net gains/losses on other financial assets and liabilities measured at fair value through profit or loss" split between the sub-items: «financial assets and liabilities designated at fair value» and «other financial assets mandatorily measured at fair value».

Interest income and dividends are reported in the income statement under «interest and similar income» and «dividends and similar income» respectively.

## Derecognition criteria

Financial assets measured at fair value through profit or loss are derecognised when the contractual rights over the cash flows deriving from them expire or are closed out, or when they are sold with the transfer of substantially all the related risks and benefits, or when no control is retained over them even though substantially all the related risks and benefits are neither transferred nor retained.

## 2. Financial assets measured at fair value through other comprehensive income

### Classification

This item includes all financial assets (debt securities, equity securities and loans) classified in the portfolio measured at fair value through other comprehensive income, distinguishing between those that will subsequently be reclassified to the income statement (debt securities and loans) and that will not (equity securities). The following are classified in the portfolio measured at fair value through other comprehensive income:

- Debt securities and loans held within an HTC&S business model and that pass the SPPI test;
- for equity securities, the irrevocable exercise of the option envisaged by the standard that permits equity instruments to be designated at fair value through other comprehensive income upon initial recognition.

### Recognition

Assets included in this item are recognised at the settlement date at fair value, which normally

corresponds to the consideration paid to acquire them.

With regard to debt securities and loans, the Bank requires any changes in business model due to inconsistency between the management of the portfolio and the model chosen, or to significant changes in the strategic choices made, to be decided by the Board of Directors, which will determine if, in rare circumstances, reclassification is needed.

No possibility exists for the reclassification of equity securities. The exercise of the FVOCI option, being the option envisaged by the standard that permits equity instruments to be designated at fair value through other comprehensive income upon initial recognition, is in fact irrevocable.

### Accounting policies

Subsequent to initial recognition, financial assets measured at fair value through other comprehensive income are measured at fair value, determined in the same manner as financial assets measured at fair value through profit or loss.

The line "Financial assets measured at fair value through other comprehensive income" comprises equities held by way of support for the core business and to encourage the development of initiatives in the territories where the Bank operates. These instruments represent the majority in this portfolio.

At each year-end or interim reporting date, debt securities classified in this item are subject to adjustments and write-backs connected to changes in credit risk calculated on the basis of a methodological framework similar to the one used for financial instruments measured at "amortised cost". Any subsequent writebacks cannot exceed the impairment losses recorded previously.

Changes in the value of equity securities classified as 'Financial assets measured at fair value through other comprehensive income' are recognised in a specific equity reserve.

### Recognition of components affecting the income statement

The interest calculated using the effective interest method, which takes account of the difference between cost, including transaction costs, and redemption value, is recorded in the income statement.

Changes in fair value of assets, net of the related deferred tax effect, are recorded in specific equity reserve, the "Valuation reserve", consisting of "Valuation reserves: Equity securities measured at fair value through other comprehensive income" and «Valuation reserves: Financial assets (other than equity securities) measured at fair value through other comprehensive income». An exception is made for debt securities, value adjustments and write-backs related to changes in credit risk, which are recognised in the income statement under item 130(b) "Net adjustments/write-backs for credit risk". If the reasons for impairment cease to apply following events subsequent to the reduction in the value of the financial asset, the write-backs relating to debt securities are reflected in the income statement, while those relating to equity securities are recorded in a specific "Valuation reserve" within equity.

Upon derecognition, the cumulative gain or loss on debt securities are recorded in the income statement while on equity securities, they are recorded in the equity reserve (item 140).

Dividends are shown under "dividends and similar income".

### Derecognition criteria

Financial assets measured at fair value through other comprehensive income are derecognised when the contractual rights over the cash flows deriving from them expire or are closed out, or when they are sold with the transfer of substantially all the related risks and benefits, or when no control is retained over them even though substantially all the related risks and benefits are neither transferred nor retained.



### 3. Financial assets measured at amortised cost

#### Classification

This item includes financial assets, debt securities and loans, managed through an HTC business model that have passed the SPPI Test. The following are recognised in this item:

a) amounts due from banks (current accounts, guarantee deposits, debt securities, etc.), other than those "on demand" included under "Cash and cash equivalents". These include operating loans linked to the provision of financial services and activities as defined by the Consolidated Banking Act (TUB) and the Consolidated Finance Act (TUF) (e.g., distribution of financial products) and receivables due from Central Banks (e.g. compulsory reserve), other than current accounts and "on demand" deposits included under "Cash and cash equivalents", are also included;

b) loans and receivables with customers (mortgage loans, finance leases, factoring, debt securities, etc.). These also include deposits with post offices and Cassa Depositi e Prestiti, variation margins with clearing houses arising from derivative transactions and operating loans linked to the provision of financial services and activities as defined by the Consolidated Banking Act and the Consolidated Finance Act (for example, servicing activities).

Also included are:

- advances in respect of the assignment of receivables with recourse or without recourse without the substantial transfer of risks and rewards, and receivables acquired by the company recognised against the assigned debtor for which the substantial transfer of risks and rewards to the assignee has been recognised;
- finance leases relating to assets under construction and assets about to be leased under "transfer of risks" contracts, whereby the risks are transferred to the lessee prior to delivery of the asset and the start of lease instalments;
- loans granted through government or other public entity funding in connection with particular lending transactions provided for and governed by specific laws ("loans through third-party funds under administration"), provided that the loans and funds bear interest due and payable to the lender;
- trade notes and documents that the banks receive subject to collection or subsequent to collection and for which the banks handle the collection service on behalf of assignors (recognised only upon settlement of the related amounts).

#### Recognition

Financial assets measured at amortised cost are recognised on the settlement date at fair value, which normally coincides with the amount paid, including transaction costs.

Repurchase agreements are recorded in the financial statements as funding or lending transactions. In particular, spot sales with forward repurchases are recorded as a payable for the spot amount collected, while spot purchases with forward resales are recorded as a receivable for the spot amount paid.

Any changes in the business model attributable to the inconsistency between portfolio management and the chosen business model, or due to significant changes in strategic choices, are limited to rare circumstances and defined by the Board of Directors, which then determines any reclassification.

#### Accounting policies

After initial recognition, these financial assets are measured at amortised cost, using the effective interest method. Amortised cost is represented by initial carrying amount, including transaction costs, less principal repayments, plus or minus adjustments and the cumulative amortisation of the difference between the amount paid and the amount at maturity. The effective interest rate is the rate using which the present value of future cash flows equals the amount of the loan granted, as adjusted by directly-related costs and revenues. Short-term loans (less than 12 months) without a specific repayment date and sight loans are recognised at cost, as the calculation of the amortised cost does not produce significant differences. The effective interest rate identified initially, or when the indexing parameter for the loan is modified, is used subsequently to discount expected cash flows, even if there has been a credit change

associated with the loan followed by loan forbearance measures that have led to a change in the contractual rate.

At each reporting date, financial assets measured at amortised cost are subject to adjustments and write-backs connected to changes in credit risk; the value adjustments made are recognised in the income statement under item "130. Net adjustments/write-backs for credit risk: a) financial assets measured at amortised cost". For the definition of value adjustments, financial assets measured at amortised cost are classified into different Stages:

- Stage 1: includes performing positions for which there has been no significant increase in credit risk since the date of initial recognition; Value adjustments/write-backs are determined collectively on the basis of the expected loss at 12 months;
- Stage 2: includes performing positions for which there has been a significant increase in credit risk since the date of initial recognition; Value adjustments/write-backs are determined collectively on the basis of the expected loss over the remaining life of the instrument;
- Stage 3: non-performing positions (non-performing past-due positions, unlikely to pay, bad loans) are included. Value adjustments/write-backs are determined analytically or collectively on the basis of the expected loss over the remaining life of the instrument.

The determination of a significant increase in credit risk (SICR) and the subsequent estimation of impairment, which may either be annual (for positions classified in stage 1) or multi-annual based on the residual life of the exposure (for positions classified in stage 2), is performed via the use of specific methodologies, which combine the use of absolute criteria – specifically, information relating to the number of continuous days past due/overdrawn, any forbearance measures, loans purchased or originated credit-impaired and use of the low credit risk exemption for limited and particular types of counterparties and technical forms – and relative criteria. More precisely, the latter enable the measurement, via the analysis of an appropriate PD-based metric («Probability of Default»), of the change in the riskiness of the position over a time-scale equating to the residual life thereof that has elapsed since the origination date up to the analysis/reporting date. For the construction thereof, use is made of probability of default term structures (lifetime PD curves, which differ according to appropriate granularity), which are constructed starting with an internal rating system, where available, or that assigned by an external rating agency, and by also taking into consideration elements of a predictive-evolutionary nature and specific to the macroeconomic scenario deemed to be most plausible at the analysis/reporting date in compliance with the underlying rationale of the new accounting standard.

In the event of a significant change in credit risk, there will be a transfer between stages. In the case of positions subject to forbearance measures, classified as stage 2, it should be noted that in accordance with prudential principles, an observation period of at least two years is envisaged before the position is returned to stage 1.

As regards performing positions (Stages 1 and 2), the measurement is performed on a collective basis, taking account of the risk parameters consisting of probability of default (PD) and loss given default (LGD), as well as exposure at default (EAD). Value adjustments for expected losses are quantified as the product of the parameters previously reported, for the estimation of which similar parameters used for regulatory purposes are used, suitably modified and adapted in relation to the different requirements between accounting regulations and prudential regulations with particular reference to (I) the logic of calibration of the aforementioned risk parameters according to the point in time approach, (II) the prospective nature of the estimates (namely, modelling of the so-called FLI-forward-looking information) and (III) their explicit conditioning on the realisation of a plurality of appropriately weighted macroeconomic scenarios (so-called scenario-dependency aspects).

Classification in one of the non performing state complies with the definition of "Non-performing exposures" provided by the Implementing Technical Standards (ITS) of the EBA and adopted by the European Commission. Non performing exposures are represented by bad loans, unlikely to pay and past due.

Specifically:

Bad Loans are exposures to borrowers in a state of insolvency or in essentially equivalent situations, regardless of any loss forecasts made by the Group. Accordingly, no account is taken of any guarantees





received in support of such exposures.

Exposures classified as unlikely to pay are exposures, other than those classified as bad loans, for which - according to the bank, full repayment is deemed unlikely in terms of capital or interest, without considering recourse to actions such as enforcement of guarantees.

Non-performing past due exposures are exposures other than those classified as bad loans or unlikely to pay, which, at the reference date, are past due and/or overdrawn continuously for more than 90 days and which exceed set absolute materiality thresholds (100 euro for retail exposures or 500 euro for non-retail exposures) and relative materiality (set at one percent (1%) for both retail and non-retail exposures). Non-performing past due exposures are determined by reference to the individual debtor.

As regards non performing positions, measurement may be performed on a collective or analytical basis.

In the case of analytical analysis, recoverable value is defined as the present value of expected cash flows, determined with reference to the following elements:

- value of contractual cash flows net of any expected losses, estimated with reference to both the ability of the borrower to meet its obligations and the value of any collaterals or personal guarantees assisting the loan;
- expected timing of recoveries, considering the progress made by recovery procedures;
- internal rate of return.

The specific analysis of non-performing financial assets takes the following parameters into account:

- recoveries forecast by the account managers;
- expected timing of recoveries based on historical-statistical data;
- original discounting rates or the actual contractual rates applying at the time of classifying as bad loans.

The analytical analysis of unlikely to pay takes the following parameters into account:

- recoveries forecast by the offices concerned;
- expected timing of recoveries based on historical-statistical data;
- original discounting rates represented by the actual contractual rates applying at the time the loans were classified as unlikely-to-pay or, with specific reference to loans subject to restructuring agreements, in force before signing the agreement with the debtor.

Collective assessments are made of positions with limited total exposures that do not exceed given "threshold values". These thresholds are determined from time to time, using processes that mainly involve the automatic application of specific coefficients defined internally with reference to detailed quantitative analyses.

Non performing past due and/or overdrawn exposures are detected by automated procedures that extrapolate positions subject to anomalies on the basis of certain parameters identified by the regulation in force. Value adjustments are determined with reference to the historical experience of losses on loans with that type of anomaly.

It should be noted that the impairment model relating to non-performing loans (Stage 3) envisaged by IFRS 9 is based on an estimate of the difference between the original contractual flows and expected cash flows. So, in determining the expected flows, it is necessary to include estimates at the reporting date of the various expected scenarios, including any loan disposal programmes and/or settlement agreements. If the entity expects to recover a portion of the cash flow of the exposures through sales procedures or settlement agreements, these can be included in the calculation of the Expected Credit Losses verified under certain conditions.

The Bank incorporates the various recovery strategies considering the different probability of occurrence.

The expected loss on each impaired position is therefore determined using the following formula:

Expected loss	Expected Loss - Disposal Scenario/settlement agreement*	Expected Loss - Internal Management
Single Position	= Probability of occurrence of Disposal/settlement agreement*	+ Internal* Internal Management Probability of Occurrence

## Recognition of components affecting the income statement

Interest income on financial assets measured at amortised cost is classified in the item «interest and similar income».

As regards financial assets classified in stage 3 and loans purchased or originated credit-impaired (POCI), interest is calculated using the net interest method and is recognised in the item «interest and similar income».

Adjustments and write-backs for changes in credit risk, calculated as specified above, are recognised in the income statement. Any write-backs do not exceed the (specific and general or "portfolio") impairment adjustments recorded previously.

## Derecognition criteria

Financial assets measured at amortised cost are derecognised when the contractual rights over the cash flows deriving from them expire or are closed out, or when they are sold with the transfer of substantially all the related risks and benefits, or when no control is retained over them even though substantially all the related risks and benefits are neither transferred nor retained.

IFRS 9 also includes the following provisions on:

- Write-off of financial assets: when an entity does not reasonably expect to fully or partly recover contractual cash flows from a financial asset, it must directly reduce the gross carrying amount of the financial asset. This write-down constitutes partial or total derecognition of the asset.
- Change in contractual cash flows: when a change in contractual cash flows occurs, the entity must assess whether the original asset should continue to be recognised in the financial statements or whether the original instrument should be derecognised and a new financial instrument recognised. When the modification of contractual cash flows of a financial asset is substantial, the Entity should derecognise the existing financial asset and subsequently recognise the modified financial asset: the modified financial asset is deemed to be a "new" financial asset for the purpose of this standard (IFRS 9 B5.5.25). When the modification of contractual cash flows from a financial asset is not substantial, an entity should redetermine whether there has been a significant increase in credit risk and/or whether the financial asset should be reclassified to stage 3. At the time of a modification that does not lead to derecognition, the Bank adjusts their carrying amount to the present value of the modified cash flows determined using the original effective interest rate, with a matching entry to the income statement.

## 3.1 Commitments and guarantees given

### Classification

These comprise all the collaterals and personal guarantees given for third-party obligations and commitments to grant loans.

### Recognition and measurement

Endorsement loans are valued on the basis of the riskiness of this particular form of loan, taking into account the creditworthiness of the borrower. The impairment model envisaged for this category of financial assets is the same as that for financial assets measured at amortised cost (see paragraph 3 above).

## Recognition of components affecting the income statement

The commissions accrued are shown in the income statement under "fee and commission income". Impairment losses, and subsequent writebacks, are booked to the income statement under «net provisions for risks and charges» with a contra-entry to «Provisions for risks and charges - a) Commitments and guarantees given».



## 4. Hedging transactions

### Classification and recognition

Financial and credit derivatives held for hedging purposes with a positive or negative fair value are recognised in the corresponding balance sheet items. The IASB is still developing new macro-hedging requirements to complete the hedge accounting requirements already included in IFRS 9, which will replace the rules set out in IAS 39 and, accordingly, until the completion and publication of the new standard, the Bank has decided to continue to apply the hedge accounting requirements set out in IAS 39, as this option is allowed under IFRS 9.

The portfolio of hedging derivatives comprises the derivative instruments used by the Bank to neutralise or minimise the losses arising in relation to hedged assets and liabilities.

The hedging of market risks can take two different forms:

- fair value hedges, to hedge the exposure to changes in the fair value of a balance sheet item attributable to a particular risk; this also includes generic fair value hedges ("macro hedges") whose objective is to reduce fair value fluctuations, attributable to interest rate risk, of a monetary amount, arising from a portfolio of financial assets and liabilities;
- cash flow hedges of the exposure to changes in future cash flows attributable to specific risks associated with balance sheet items.

If the test reveals that the hedge is not sufficiently effective, the instrument is reclassified to the trading portfolio. Hedging instruments are recorded using the "contract date" method.

For a transaction to be accounted for as a «hedging transaction», the following conditions must be met: a) the hedging must be formally documented, b) the hedge must be effective at the time it starts and prospectively throughout its life. Effectiveness is tested using specific techniques and exists when the changes in the fair value (or cash flows) of the hedging instrument almost entirely offset the related changes in the hedged instrument (the results of the test fall into the 80% - 125% interval). The effectiveness of the hedge is assessed at each interim reporting date and at year end.

Derivative hedging instruments are initially recorded at fair value on the date the contract is entered into and are classified, depending on their positive or negative value, respectively, in assets under item "50. Hedging derivatives" or on the liabilities side of the balance sheet under item "40. Hedging derivatives».

### Measurement and recognition of components affecting the income statement

Fair value hedges are measured on the following basis:

- hedging instruments are stated at their fair value; the fair value of instruments listed on active (efficient) markets is represented by their closing market price, while the fair value of instruments not listed on active markets corresponds to the present value of expected cash flows, which are determined having regard for the different risk profiles of the instruments subject to measurement. The resulting gains and losses are recorded in the income statement item «90. Net hedging gain (loss)»;
- hedged positions are measured by including changes in the value attributable to the hedged risk. These changes in value are also recognised in the income statement under item "90. Net hedging gain (loss)" as balancing entry against the change in book value of the hedged item.

With regard to interest-earning financial instruments, if the hedge transaction ceases to satisfy the recognition criteria of the standard, the difference between the carrying value of the hedged item at the time the hedge ceases and its carrying value had the hedge never existed is amortised to the income statement; if the financial instruments concerned do not earn interest, this difference is recorded in the income statement immediately.

In the case of generic fair value hedges ("macro hedges"), changes in fair value with reference to the hedged risk of the hedged assets and liabilities are recognised in the balance sheet respectively, under item "60. Change in value of macro-hedged financial assets" or "50. Change in value of macro-hedged financial liabilities". The offsetting entry for changes in value referring to both the hedged item and the

hedging instrument, like specific fair value hedges, is item "90. Net hedging gain (loss)" in the income statement. In the event of the discontinuation of a generic fair value hedging relationship, the cumulative revaluations/write-downs recognised in the balance sheet items above are recognised in the income statement under interest income or expense over the remaining term of the original hedging relationships, subject to verification that the underlying conditions are met.

Cash flow hedges are measured and recorded on the following basis:

- derivative instruments are stated at their fair value. The gains and losses deriving from the effective part of the hedge, net of the related deferred tax effect, are recorded among the "Valuation reserves" within equity and only released to income when the hedged change in cash flows takes place or if the hedge is ineffective;
- the hedged item continues to be valued on the basis applicable to the category concerned;
- the amounts recognised among the components of other comprehensive income are reclassified to the income statement for the year in which the hedged transaction affects the income statement, for example when charges or income are recognised in relation to the hedged instrument.

If the hedging instrument expires or is sold, cancelled or exercised without replacement (as part of the hedging strategy), or if it ceases to be designated as a hedging instrument, or if the hedge no longer satisfies the criteria envisaged, any gains or losses previously recognised as components of other comprehensive income remain classified separately within equity until the expected transaction takes place or the commitment made in relation to foreign currency is called upon.

### **Derecognition criteria**

Risk hedges cease to generate accounting effects when they expire, when they are closed out or terminated early, or when they cease to satisfy the recognition criteria provided.

## **5. Equity investments**

### **Classification**

The equity investment portfolio includes equity interests for which a situation of control, joint control or association exists. Control is presumed to exist when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is therefore deemed to exist in the following circumstances:

- a) availability of actual and potential voting rights at a shareholders' meeting and/or other contractual rights, relations or other elements that guarantee influence over the relevant activities of the investment;
- b) exposure to the variability of results, for example in terms of an overall economic interest in the investment;
- c) with regard to the above points, existence of an ability to influence the economic results of the investment by the power exercised over it.

A company is an associated company if the Bank exercises significant influence over its activities or, in any case, if it holds 20% or more of the voting rights or, if it has a lesser interest, it has the power to take part in the determination of the investee's financial and managerial policies by virtue of specific legal bonds or if one or more of the following circumstances apply:

- a) representation on the board of directors, or equivalent body, of the investee company;
- b) the Bank takes part in the decision-making process, including decisions regarding dividends;
- c) there are significant transactions between the parent company and the affiliate;
- d) there is an exchange of managers;
- e) essential technical information is being provided.

Joint control exists when control over the investment is shared equally with others, is agreed contractually and only exists if the decisions about relevant activities require the unanimous consent of the parties sharing control.



## Recognition

Equity investments are initially recognised at cost on the acquisition date, whereby cost normally coincides with the amount paid, including transaction costs.

## Accounting policies

Equity investments are subsequently measured at cost. If the solvency of an equity investment appears to have deteriorated, it is subjected to impairment testing to check if there has been any loss in value. The impairment loss is the difference between the lower new value and the previous carrying value. Any subsequent writebacks cannot exceed the impairment losses recorded previously.

## Measurement and recognition of components affecting the income statement

Dividends are accounted for in the year they are collected and shown under "dividends and similar income". Impairment losses, as well as profit/losses on disposal, are booked to the income statement under "net gains (losses) on equity investments".

## Derecognition criteria

Equity investments are derecognised when the financial asset is sold together with the transfer of all the risks and benefits of ownership.

## 6. Property, equipment and investment property

### Classification

This item includes buildings, land, installations, furniture, equipment, furnishings and machinery. The rights of use acquired with the lease relating to the use of a tangible asset (for lessees) are also included.

This includes investment property held for the purpose of earning rental income or for capital appreciation, and tangible assets classified according to IAS 2 Inventories, mainly relating to assets acquired with a view to enhancing the value of the investment, including through renovation or upgrading, with the intention of resale.

### Recognition

Property, equipment and investment property are initially recorded at cost, including all expenses directly related to the asset's installation prior to being brought into service. Expenditure on improvements that will generate future economic benefits is added to the value of the assets concerned, while routine maintenance costs are charged to the income statement.

Investment properties, at the time of purchase, are recorded under assets in the balance sheet at cost. In the presence of a change of use of the property from property for business use to investment property, the initial book value is equal to the fair value, deduced from a specific appraisal. The difference between the fair value and the book value of the property at the date of change in use is treated on the basis of IAS 16, i.e. if there is a negative difference between fair value and book value, the decrease is recognised in the income statement, whereas if there is a positive difference between fair value and book value, the increase in value is recognised in the income statement as income for the amount that adjusts any previously recognised decrease in value; any excess must be credited to a revaluation reserve included in equity.

With reference to leases, the IFRS 16 establishes that at the initial date, leases are accounted for on the basis of the right of use model which states that the lessee has a financial obligation to make payments due to the lessor to compensate for his right to use the underlying asset for the duration of the lease.

The start of the lease term is the date from which the lessee is authorised to exercise his right to use the leased asset, it corresponds to the date of initial recognition of the lease and also includes the so-called rent-free period, or those contractual periods in which the lessee makes use of the asset free of

charge. When the asset is made available to the lessee for its use, the lessee recognises:

- an asset consisting of the right to use the asset underlying the lease contract. The asset is recognised at cost, determined by the sum of:
  - the financial liability for the lease;
  - payments for the lease paid before or on the date on which the lease takes effect (net of the lease incentives already received);
  - initial direct costs;
  - any (estimated) costs for the dismantling or restoration of the underlying leased asset.
- a financial liability deriving from the lease agreement corresponding to the present value of the payments due for the lease. The discount rate used is the implicit interest rate, if determinable; otherwise the lessee's incremental borrowing rate is used. If a lease contract contains "non-lease components" (for example services, such as routine maintenance, to be recorded according to the provisions of IFRS 15) the lessee has to account for "lease components" and "non-lease components" separately and split the contract consideration between the various components based on the relative prices.

The lease term is determined by taking into account:

  - periods covered by a lease extension option, if it is reasonably certain to be exercised;
  - periods covered by a lease termination option, if it is reasonably certain to be exercised.

## Accounting policies

Subsequent to initial recognition, property, equipment and investment property used for business purposes are stated at cost, net of depreciation and any impairment in value.

Depreciation is provided on a systematic basis over the useful lives of the various categories of asset. The total carrying amount of property has been split, based on specific appraisals, between the value of buildings and that of the related land, which is not depreciated since it has an indefinite life. Property, equipment and investment property are subjected to impairment testing at year end, or at interim reporting dates if there is evidence of a possible loss of value, and any impairment of their carrying amount with respect to their recoverable amount is charged to the income statement. Recoverable amount is defined as the asset's fair value, less any selling costs, or, if greater, its value in use as represented by the present value of future cash flows generated by the asset; subsequent writebacks do not exceed the impairment losses recorded previously.

Property, equipment and investment property (inventories) to which IAS 2 applies are valued at the lower of cost and net realisable value. This case is not subject to periodic depreciation.

For investment properties, falling within the scope of IAS 40, the Bank adopts the fair value measurement method, whereby, following initial recognition, all investment properties are measured at fair value. Consequently, the above real estate is not subject to depreciation.

With regard to lease contracts, the lessee must:

- assess the right of use at cost, net of accumulated depreciation and accumulated value adjustments determined and accounted for on the basis of the provisions of IAS 36 "Impairment of assets", adjusted to take into account any restatements of the lease liability;
- increase the liability deriving from the lease transaction following the accrual of interest expense calculated at the implicit interest rate of the lease, or, alternatively, at the incremental borrowing rate and reduce it for payments of principal and interest. In the event of changes in payments due for leases, the liability must be restated; the impact of the recalculation of the liability is recognised as a contra-entry to the asset consisting of the right of use.

## Recognition of components affecting the income statement

Periodic depreciation, impairment losses and writebacks are recorded in the «depreciation and net impairment losses on property, equipment and investment property» item of the income statement.

The fair value model for investment properties requires changes in value deriving from the periodic recalculation of fair value to be recognised in the income statement as income or expenses under "Net



result of fair value measurement of property, equipment and investment property and intangible assets". For the methods used to determine the fair value and the periodicity of restatement, reference should be made to the criteria illustrated in "Part A.4 - Information on fair value" below.

With regard to leasing contracts, the amortisation of the Right of Use of the asset is recognised under the item «Depreciation and net impairment losses on property, equipment and investment property», while the interest expense recognised on the financial liability related to the contract is included under the item «Interest and similar expense».

### **Derecognition criteria**

Property, equipment and investment property are derecognised on disposal or when their economic lives are over and they are not expected to generate any further economic benefits.

On disposal of an investment property, the difference between the sale consideration and the carrying amount must be recognised in the income statement, as «Gains (losses) on sale of investments».

The right of use deriving from lease contracts is eliminated from the financial statements at the end of the lease term.

## **7. Intangible assets**

### **Classification**

This item comprises identifiable, intangible, non-monetary assets that will benefit future years. Existing intangible assets consist of software, goodwill and other intangible assets recognised in the case of business combinations as part of the acquisition cost allocation process.

### **Recognition**

Intangible assets are recorded at purchase cost plus any related charges, only if it is probable that the future economic benefits attributable to such assets will be realised and their cost can be measured reliably. In the absence of these conditions, the cost of the intangible asset is recorded in the income statement in the year incurred; any costs incurred subsequently are only capitalised if they increase the value of or the economic benefits expected from the assets concerned. Goodwill is recorded to assets when it derives from a business combination according to the criteria laid down in IFRS 3 as the residual surplus between the overall cost incurred for the operation and the net fair value of the acquired assets and liabilities that constitute businesses or business units.

### **Accounting policies**

Subsequent to initial recognition, intangible assets except for goodwill are stated at cost, net of accumulated amortisation and any impairment. Amortisation is provided on a systematic, straight-line basis over the expected useful lives of the intangible assets concerned. At the end of each annual or interim reporting period, if there is evidence of impairment, the recoverable value of the asset is estimated: the amount of the loss is equal to the difference between the book value and the recoverable value and it is recorded in the income statement.

Once recorded, goodwill is not amortised but tested periodically to ensure that the book value is holding up. This test is carried out once a year or more frequently if there are signs of impairment. For this reason, cash generating units (CGUs) to which the individual amounts of goodwill can be allocated are identified. The amount of any reduction in value is determined on the basis of the difference between the carrying amount of the goodwill and its recoverable amount, if this is lower. This recoverable amount is equal to the higher of the fair value of the CGU, net of any costs to sell, and the related value in use, represented by the present value of the estimated cash flows for the years that the CGU is expected to operate, including those deriving from its disposal at the end of its useful life.



## Recognition of components affecting the income statement

Periodic amortisation, impairment losses and write-backs are recorded in the "Amortisation and net impairment losses on intangible assets" or "Goodwill adjustments" item of the income statement. For goodwill, it is not permitted to book any subsequent write-backs.

## Derecognition criteria

Intangible assets are derecognised when they are not expected to generate any further economic benefits.

## 8. Non-current assets held for sale

The Bank classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally from sale rather than from continuous use. Classification under this item is only made when the disposal is deemed highly probable, is expected to be completed within one year from the date of classification, and the asset or disposal group is available for immediate sale in its current condition. They are measured at the lower of book value and fair value less transaction costs, except in the case of certain types of assets (e.g., financial assets within the scope of IFRS 9) for which IFRS 5 specifically provides that the valuation criteria of the relevant accounting standard must be applied.

The results of the valuation are posted in the relevant items of the income statement or in the item "Post-tax profit (loss) from continuing operations" if these are discontinued operations.

## 9. Current and deferred taxation

Tax receivables and payables are reported in the balance sheet as "Tax assets" and "Tax liabilities". Current taxes include advance payments (current assets) and amounts due (current liabilities) in relation to income taxes for the year to be recovered from or paid to the tax authorities. Tax liabilities are determined by applying the current tax rates and regulations.

The estimate of tax assets and liabilities takes into account any charges deriving from disputes notified by the Tax Authorities and not yet settled or whose outcome is uncertain, as well as any doubts about the tax treatment adopted by the Bank, given the complexity of tax legislation.

If there are deductible or taxable temporary differences between the value of assets and liabilities for tax purposes and the related book values, the corresponding deferred tax assets and liabilities are recognised using the liability method. Deferred tax liabilities are recognised on all related temporary differences, with the following exceptions:

- deferred tax liabilities deriving from the initial recognition of goodwill, or an asset or liability, in a transaction that does not represent a business combination and that, at the transaction's time, does not influence the results reported for statutory and tax purposes;
- the reversal of taxable temporary differences associated with equity investments in subsidiary companies, associates and joint ventures can be controlled, and it is probable that such reversal will not occur in the foreseeable future.

Deferred tax assets are recognised in relation to all deductible temporary differences, tax credits and unused tax losses available to be carried forward, to the extent it is probable that sufficient taxable income will be available in future to absorb them, with the following exceptions:

- the deferred tax assets associated with deductible temporary differences derive from the initial recognition of an asset or liability in a transaction that does not represent a business combination and that, at the time, does not influence the results reported for statutory and tax purposes;
- in the case of deductible temporary differences associated with equity investments in subsidiary companies, associates and joint ventures, deferred tax assets are only recognised if it is probable that they will reverse in the foreseeable future and that sufficient taxable income will be available to absorb them.

Law No. 214/2011 allows, under certain situations, certain types of deferred tax assets recognised in the financial statements to be transformed into tax credits, such as those related to adjustments/reversals



of impairment losses on receivables.

No deferred taxes are provided for in relation to the higher values of tax-suspension assets and tax-suspension reserves as it's considered that, at the present, there are no basis for their future taxation..

Deferred tax assets determined on the basis of deductible temporary differences are recognised in the financial statements to the extent that there is a probability of their recovery; this probability is assessed, through the performance of the so-called "Probability test", based on the ability to continuously generate positive taxable income for the Bank or, as a result of the "Tax Consolidation" option, for the group of participating companies. Any unrecognised deferred tax assets are reviewed at each reporting date and recognised to the extent that it has become probable that future taxable income will be sufficient to absorb them upon reversal.

Deferred tax assets/liabilities are calculated using the tax rates expected to be in force when they reverse or expire, being the rates currently in force or those already communicated or substantially in force at the reporting date.

Tax assets and liabilities are usually recorded with matching entries to the income statement, except when they derive from transactions whose effects are attributed directly to equity; in those cases, they are recognised respectively in the statement of comprehensive income or in equity, consistent with the element to which they relate.

## 10. Provisions for risks and charges

This item comprises the following provisions:

- the sub-item "commitments and guarantees given" includes provisions for credit risk in connection with commitments to grant loans and financial guarantees given which are subject to the rules for determining impairment losses due to credit risk provided for by IFRS 9 and provisions for other commitments and other guarantees that are not subject to these rules.
- Sub-item "Pensions and similar obligations" only includes the supplementary defined benefit and defined contributions pension plans classified as internal funds pursuant to current pension legislation, as well as the other "external" supplementary pension funds, if the return of the principal and/or the yield to the beneficiaries has been guaranteed. This item includes the Bank's retirement fund, which is classified as an 'internal' pension fund and falls under the category of defined benefit provisions. The Bank is responsible for any shortfall of the provision's assets with respect to the related obligations.
- the sub-item "Other provisions for risks and charges" includes the provision for the long-service bonuses paid to employees with 30 years of service, as well as provisions for liabilities whose timing and amount are uncertain, including legal disputes, which are recognised in the financial statements when the following conditions are met:
  - the company has a present obligation (legal or constructive) as a result of a past event at the reporting date;
  - it is likely that settlement of the obligation will involve the use of economic resources;
  - a reliable estimate can be made of the amount necessary to settle the obligation.

These provisions are stated at their present value if recognition of the time value of money has a significant effect (settlements to be made more than 12 months after the date of recognition).

## 11. Financial liabilities measured at amortised cost

### Classification

This item includes amounts due to banks and due to customers, regardless of their technical form (deposits, current accounts, loans, securities), other than those recognised in items 20. "Financial liabilities held for trading" and 30. "Financial liabilities designated at fair value". It also includes operating payables linked to the financial services and activities defined in the Consolidated Banking Act and the Consolidated Finance Act, variation margins with clearing houses arising from derivative transactions and other operating payables associated with the provision of financial services. Amounts due to customers and banks and securities issued comprise the financial instruments (other than trading instruments) that

represent the normal funding of the Bank's activities by customers and other banks, or by the issue of securities. They also include payables recorded by the company as a lessee in the context of lease transactions.

## Recognition

These financial liabilities are recorded at the settlement date. They are initially recognised at their fair value, which is usually represented by the amount collected. The initial recognition value includes transaction costs, while all charges that are recovered from the creditor counterparty or that are attributable to internal administrative costs are not included. The elements of structured funding, comprising a host instrument and one or more embedded derivatives, are split and recorded separately from the related implicit derivatives, on condition that the economic characteristics and risks of the embedded derivatives are substantially different to those of the host instrument and that the derivatives can be configured as autonomous derivative contracts.

## Accounting policies

Subsequent to initial recognition, financial liabilities are measured at amortised cost, using the effective interest method. Amortised cost is calculated after identifying the acquisition discount or premium and the fees or costs that are an integral part of the effective interest rate. Amortised cost is not calculated in the case of short-term transactions where the effect of the calculation is considered immaterial.

Liabilities covered by effective hedges are measured in accordance with the regulations applying to such transactions.

Lease payables are revalued when there is a lease modification (e.g. a change in the scope of the contract), which is not accounted for/considered as a separate contract.

## Recognition of components affecting the income statement

Interest expense linked to funding instruments, calculated with the internal rate of return method, are booked to the income statement under «interest and similar expense».

Gains and losses on the repurchase of liabilities are recorded in the income statement under «gains (losses) from sale or repurchase of financial liabilities».

Interest expense on lease payables are recorded in "Interest and similar expense".

## Derecognition criteria

Financial liabilities are derecognised when the underlying obligations expire or are settled, cancelled or satisfied. Funding liabilities that are subsequently repurchased are derecognised from the financial statements.

## 12. Financial liabilities held for trading

This item comprises derivative instruments with a negative fair value, except for hedging derivatives. The total also includes the negative value of derivatives separated from their underlying structured financial instruments, when the conditions for such separation apply. The criteria for classification, derecognition, measurement and recognition of components affecting the income statement are the same as those described in relation to assets held for trading.

## 13. Financial liabilities designated at fair value

This item includes financial liabilities measured at fair value, as defined at the time of initial recognition and if the conditions provided for by IFRS 9 are met. In particular, reference is made to liabilities whose designation at fair value through profit or loss eliminates or significantly reduces a measurement inconsistency (sometimes referred to as 'accounting asymmetry'). Currently, the Bank does not classify financial liabilities as measured at fair value.



## 14. Currency transactions

They include all assets and liabilities denominated in currencies other than the Euro.

### Recognition

Assets and liabilities denominated in currencies other than the Euro are recognised initially using the spot exchange rates applying on the transaction dates.

### Accounting policies

On the reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rates at that time. Non-current financial assets denominated in foreign currencies are translated using the exchange rates ruling at the time of purchase.

### Recognition of components affecting the income statement

Exchange differences deriving from the settlement of monetary items or from the translation of monetary items using rates other than the initial translation rate, or the closing rate at the end of prior periods, are recorded in the income statement for the period in which they arise. Exchange differences on assets, excluding monetary items, that are classified as financial assets measured at fair value through other comprehensive income, are recognised among the valuation reserves.

### Derecognition criteria

The policies applied are those indicated for the corresponding items. The exchange rate used is the one ruling on the date of payment.

## 15. Termination indemnities

Termination indemnities are considered a defined benefit plan, i.e. a defined benefit obligation, and therefore, as required by IAS 19, the value of the obligation is determined using the projected unit credit method.

Under this method, each year of service originates an additional unit of indemnity that is used to calculate the final obligation. This calculation is performed by forecasting future payments with reference to historical-statistical analyses of the demographic curve, and discounting them using a market interest rate. The actuarial analysis is carried out every six months by an independent actuary.

As a result of the reform of supplementary pensions by Legislative Decree No. 252 of 5 December 2005, for group companies based in Italy and with a workforce of more than 50 units, the termination indemnities accrued up to 31/12/2006 remain in the company, whereas those accruing after that either have to be assigned to some form of supplementary pension fund or kept in the company and subsequently transferred to INPS, depending on the preference of the individual employee. This has entailed changes in the underlying assumptions used for the actuarial calculation: in particular, account no longer has to be taken of the average annual rate of increase in salaries.

The termination indemnities earned after 31 December 2006 are part of defined contributions plans. The Bank recognises the contributions payable to these plans as a liability on an accruals basis, after deducting any contributions already paid to supplementary pension funds and to the INPS treasury fund in relation to the work performed by employees, with a matching entry to the income statement.

It is also noted that, in compliance with Law 335/95, employees hired since 28 April 1993 may allocate part of their termination indemnities to a supplementary pension fund established pursuant to current in-house agreements.

Gains and losses arising from changes in actuarial assumptions are booked to equity as shown in the statement of comprehensive income.

## 16. Other information

### 16.1 Share-based payments – Transactions settled using equity instruments

The Bank has a share-based Remuneration Plan for key personnel, in the context of which any variable remuneration exceeding the threshold of significance determined by the Board of Directors is subject to rules regarding its deferral and payment with financial instruments that are considered suitable for ensuring compliance with the Bank's long-term business objectives. In accordance with IFRS 2, share-based remuneration plans are recognised as an expense in the income statement (item "160. a) personnel expenses") with a corresponding increase in equity (item "140. Reserves").

The cost of transactions settled with capital instruments is determined by the fair value on the grant date based on the work performance received. In view of the difficulty of reliably measuring the fair value of the benefits received, the principle allows benefits to be valued, indirectly, with reference to the fair value of the equity instruments at the date of their grant (so-called "grant date"; this date corresponds to the time when the parties agreed on the terms and conditions of the agreement, however, if the agreement is subject to approval by the Board of Directors, the date of agreement coincides with the date of approval). This cost is to be spread over the period in which the conditions relating to the achievement of objectives and/or the provision of the service are fulfilled (so-called "vesting period").

The transaction costs already accumulated at each reporting date prior to the vesting date are projected forward to the vesting date, together with the best estimate of the number of equity instruments that will actually vest. The cost or income recognised in the income statement represents the change in accumulated cost between the start and the end of the year. The service or performance conditions are ignored when the fair value of the plan is determined at the grant date. However, the probability that these conditions will be satisfied is considered when estimating the number of equity instruments that will actually vest.

### 16.2 Revenue Recognition

In compliance with the provisions of IFRS 15, revenue arises from the transfer of goods or services to the customer and it's recognised at an amount that reflects the consideration that the Group deems it is entitled to in exchange for the above goods or services using a five-step model (identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations; recognise revenue when the entity satisfies a performance obligation).

Revenue from contracts with customers is recognised in the income statement when it is probable that an entity will receive the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer. The consideration is allocated to individual performance obligations in the contract and is recognised in profit or loss based on the timing of the satisfaction of performance obligations. More specifically, revenue is recognised in profit or loss either at a point in time or over time as and when the entity satisfies its performance obligations. The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both. The contractual consideration may vary as a result of price concessions, discounts, rebates, incentives or other similar items and may be contingent on the occurrence or non-occurrence of a future event. In the presence of variable consideration, revenue is recognised in the income statement if it is possible to reliably estimate the revenue and only if it is highly probable that the entire consideration, or a significant part thereof, will not be subsequently reversed from profit or loss. If an entity receives from the customer consideration that envisages the reimbursement to the customer of all or part of the revenue obtained, a liability should be recognised for expected future reimbursements. The estimate of this liability is updated at each year end or interim reporting date based on the portion of the consideration that an entity does not expect to be entitled to. The amount of commission recognised on the placement of products is adjusted to take account of any variable revenues that might have to be returned in future. The revenues earned on current accounts are recognised after allocation to the individual products or services comprising the stand-alone package.



### 16.3 Cost Recognition

Costs are recognised in the income statement in the period in which they are incurred on an accrual basis. Costs related to obtaining and fulfilling contracts with customers are recognised in the Income Statement in the periods in which the relevant revenues are recognised. If costs cannot be associated with revenues, they are immediately recognised in the income statement.

### 16.4 Revenues and costs relating to financial instruments

With reference to income and expenses related to financial assets/liabilities, it should be noted that:

- interest is recognised *pro rata temporis* based on the contractual interest rate or the effective interest rate if amortised cost is applied. Interest income and interest expense also include differentials or margins, positive or negative, accrued up to the reporting date, relating to:
  - financial derivative contracts to hedge interest-bearing assets and liabilities;
  - derivative contracts classified in the balance sheet as trading instruments, but managerially linked to financial assets and/or liabilities designated at fair value, in accordance with IFRS 9;
  - derivative contracts operationally related to financial assets and liabilities classified in the balance sheet as trading instruments or operationally related to "other financial assets mandatorily measured at fair value" and which provide for the settlement of differentials or margins at multiple maturities;
- default interest on bad loans is recognised in the income statement at the time of actual collection;
- fees for revenues from services are recognised, based on the existence of contractual agreements, in the period in which the services were rendered, with the exception of fees considered in amortised cost for the purpose of determining the effective interest rate;
- dividends are recognised in the Income Statement when paid;
- gains and losses arising from the trading of financial instruments are recognised in the Income Statement, or in equity in the case of equity instruments for which designation at fair value through comprehensive income has been made, when the sale is completed, based on the difference between the consideration paid or received and the carrying amount of the instruments.

### 16.5 Accounting treatment of tax credits connected with the "*Cura Italia*" and "*Relaunch*" Decrees.

Decree-Laws No. 18/2020 (so-called «Cura Italia Decree») and No. 34/2020 (so-called «Relaunch Decree») have provided for a series of measures aimed at supporting Italian individuals and businesses in their relaunch following the Covid-19 emergency, including tax incentives related to expenses incurred for specific interventions that can be used in the form of tax deductions or tax credits. These tax incentives are applied to households or businesses, they are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%) and they are disbursed in the form of tax credits or tax deductions (with an option to convert them into tax credits). With a view to helping to support families and businesses, the Bank launched a specific project aimed at acquiring these tax credits in the second half of 2020.

The main features of these tax credits are:

- the possibility of offsetting taxes and contributions with the limitations provided for in the regulations;
- transferability to third-party purchasers;
- non-refundability by the Treasury in the event of non-use within the prescribed time-frame.

The accounting was done in accordance with international accounting standards and in line with the provisions of Bank of Italy/Consob/Ivass Document No. 9 ("Accounting treatment of tax credits related to the "*Cura Italia*" and "*Relaunch*" Law Decrees acquired following disposal by direct beneficiaries or previous purchasers") issued on 5 January 2021.

As represented in the above-mentioned document, the tax receivables purchased do not represent tax assets, government grants, intangible assets or financial assets. The most appropriate classification is therefore the residual classification of 'other assets' in the balance sheet.



At the time of initial recognition, the tax credit is recognised at the price of the transaction (value corresponding to its fair value). For subsequent valuations, the provisions of IFRS 9 are expected to be applied.

In view of the trend in the volume of loans acquired, the future prospects and the note from the Bank of Italy regarding the prudential treatment of these loans, the Bank decided to combine the HTC business model with the HTCS business model and the Trading one.

The HTC business model envisages that the measurement subsequent to initial recognition of the credit takes place at amortised cost using the effective interest rate determined at the time of initial recognition, while the HTCS business model envisages that the measurement subsequent to initial recognition of the credit takes place at fair value with a balancing entry in comprehensive income. The HFT business model, on the other hand, envisages that the measurement following the initial recognition of the loan takes place at fair value through the income statement. It is specified that such trading does not generate day one profit/loss.

No expected loss is calculated on these credits because there is no counterparty credit risk considering that the realisation of the credit takes place by offsetting or in cash in the case of assignment.

In order to reflect in the financial statements the risks arising from possible fraud perpetrated against the bank and, therefore, to determine the accounting impacts related to the potential risk on tax credits, it was deemed appropriate to refer to the provisions of IAS 37 - Provisions, Contingent Assets and Contingent Liabilities, with regard to the measurement and recognition of these risks. Specific provisions have therefore been made under the liability item "Provisions for risks and charges".

On 10 May 2024, the Government introduced measures for the rationalisation and coordination of tax benefits in the construction sector through the introduction of Article 4-bis to Law Decree 39/2024. In particular:

1. paragraphs 1, 2 and 3 define, as of 1 January 2025, the prohibition of offsetting tax credits from building bonuses against social security/assistance contributions and insurance premiums owed by banks;
2. paragraphs 4 and 5 impose the 10-year deduction for expenses incurred on or after 1 January 2024. This allocation will not be applicable in the case of an invoice discount/credit transfer option;
3. it is further stipulated that for banks and financial intermediaries that have purchased instalments of tax credits arising from Superbonus, Sismabonus and Architectural Barrier Bonus subsidised expenses at a price of less than 75% of the amount of the corresponding deductions, the annual instalments usable from 2025 of the credits to which the unique identification code (traceable credits) has been attributed are to be divided into 6 equal annual instalments instead of the original instalment arrangement provided for such credits. The instalments of tax credits resulting from the new apportionment may not be assigned to other parties, or further apportioned. Persons who do not fall into this category sent appropriate documentation to the Revenue Agency by 31 December 2024;
4. paragraph 7 prohibits recipients of deductions from exercising the option to assign the remaining instalments of tax credits.

The changes referred to in points 1) and 3) above do not entail any significant effects for the Group as the reduction in tax capacity is covered by sale agreements already entered into, while there are no cases falling under the categories highlighted in point 3. The other changes do not affect the tax credits in the portfolio.

## 16.6 Accounting treatment of financial instruments with ESG clauses

With reference to 31 December 2024, we note the presence in the Bank's portfolio of:

- subscription of debt securities issued by leading national companies operating mainly in the energy sector, within which step-up clauses were included linked to the achievement of certain ESG objectives (Sustainability-Linked Bonds - SLBs);
- signing of loan agreements (both bilateral and pooled) to companies of national importance within which step-up or step-down clauses linked to the achievement of certain ESG objectives (Sustainability-Linked Loans - SLLs) were included;





- other NEXT campaign loans from the bank, instruments that are characterised by the fact that they are linked to the support of sustainability projects but do not contain specific clauses that generate issues for the purposes of IFRS 9 accounting classification.

The step-up and step-down clauses associated with these subscriptions do not present a high degree of complexity; specifically, the most common clauses concern the improvement of direct GHG (Greenhouse gases) emissions and the installed capacity of renewable energy sources by a certain date. From an accounting point of view, during the financial year being reported, at the time of the subscription of debt securities and/or disbursement of loans, the bank verified whether or not such instruments could be compliant with a so-called basic lending arrangement according to the requirements set out in IFRS 9 and its amendments (SPPI test with a "passed" outcome). Specifically, it was considered that such instruments could pass the test if it was verified, by means of qualitative/quantitative tests, that the contractual cash flows would not be significantly different from the contractual cash flows relating to a financial instrument with identical contractual terms, but without this contingent feature. The nature of any contingent event that would change the timing or amount of contractual cash flows was also assessed, without regard to the likelihood of the event occurring.

With regard to financing, the nature of the contingent event is associated with the achievement of the following ESG objectives:

- Reduction of emissions, reduction of energy consumption, level of water loss, improvement of the percentage of waste going to recycling/composting/recovery, use of recycled materials;
- Female quotas, employee training programmes, customer satisfaction levels, occupational safety;
- Governance, ESG plan drafting, sustainability rating improvement.

With regard to debt securities, contractual step-up clauses are mainly related to emission reductions and installed capacity of renewable energy sources.

Contractual clauses according to which cash flows may change are included in the contract of the instrument as an incentive to achieve contractually specified ESG objectives and not as remuneration for risks and costs other than those of 'basic lending arrangements'. Therefore, the nature of the contingent event is not attributable to a change in the costs and risks typical of a 'basic lending arrangement'.

## 16.7 Treasury shares

Any treasury shares held are deducted from equity. Any gains or losses from transactions in treasury shares are also reflected in equity.

## 16.8 Cash and cash equivalents

The item Cash and cash equivalents includes cash and all "on demand" receivables, in the technical forms of current accounts and deposits, from banks and Central Banks (with the exception of the reserve requirement). In the income statement, net credit risk adjustments/write-backs related to the above-mentioned "on demand" loans to banks and central banks are recognised under item 130. "Net adjustments/write-backs for credit risk".

## 16.9 Repurchase agreements, securities lending and repo

Repurchase agreements or repo, whereby the Bank sells securities to third parties with the obligation to repurchase them at the maturity date of the transactions at a predetermined price, are recorded under liabilities to banks or to customers depending on the counterparty. Similarly, repurchase agreements or repo, whereby the Bank purchases securities from third parties with the obligation to resell them at the maturity date of the transactions at a predetermined price, are accounted for as loans to banks or customers (accounting category of "Financial assets measured at amortised cost"), depending on the counterparty. The difference between the spot and forward prices of these transactions is accounted for as interest and recorded on an accrual basis over the life of the transaction. Securities lending transactions in which the collateral is cash that is fully available to the lender are recognised in the financial statements in the same way as the aforementioned repurchase agreements. In the case of securities lending

transactions with collateral in the form of other securities, or without collateral, the lender and borrower continue to recognise in the assets side of the balance sheet, respectively, the security lent and the security given as collateral. The remuneration for such operations is recognised by the lender under item "40. Fee and commission income" and by the borrower under item "50. Fee and commission expense".

### **16.10 Financial instruments (measurement of financial assets, equity investments and models for determining the fair value of instruments not listed in active markets)**

Financial instruments not listed in active markets and illiquid and complex instruments are measured using models and/or parameters not observable in the market. These measurements are highlighted by their classification in the fair value hierarchy. See Part A.4 – "Information on fair value" in these notes to the financial statements for qualitative and quantitative information on the methods adopted to determine the carrying amounts of instruments measured at fair value and those measured at amortised cost.

With regard to equity investments, the draft financial statements and updated business plans of the companies concerned might not be available, which would increase the uncertainties involved in measuring their value. In such cases, the carrying amounts assigned to the equity investments concerned, based on the available information, might differ from subsequent measurements made on the basis of different information that becomes available.

### **16.11 Deferred tax assets and valuation of liabilities associated with employee benefits**

The assets shown in the Bank's balance sheet include deferred tax assets, which principally derive from temporary differences between the date of recognition of costs in the income statement and the date on which they become tax deductible and, to a residual extent, from tax losses carried forward. Section 10 – "Tax assets and tax liabilities", contained in Part B – Assets of these notes to the financial statements, provides information about the nature of deferred tax assets and the checks carried out on their recoverability, as well as about the results of the sensitivity analysis carried out on the time horizon for their recoverability, considering reasonable changes in the expected cash flows. The measurement of the liability for employee benefits involves a certain degree of complexity, especially with regard to defined benefit plans and other long-term benefits, given that this involves making actuarial assumptions of a demographic (e.g. mortality rate, employee turnover) and financial (e.g. discount rates and inflation rates) nature. In Part B of these Notes, a sensitivity analysis was carried out for defined-benefit company pension funds on changes in the main actuarial assumptions included in the calculation model.

### **16.12 Significant accounting standards and uncertainties in the use of estimates in the preparation of consolidated financial statements (pursuant to IAS 1 and the recommendations in Bank of Italy/Consob/Isvap Document No. 2 of 6 February 2009 and No. 4 of 3 March 2010)**

As stated previously, the adoption of certain accounting policies necessarily requires use of estimates and assumptions that influence the value of the assets and liabilities recognised in the financial statements and the disclosures made about any contingent assets and liabilities. When accounting estimates are made, the Bank considers all available information at the reporting date, as well as any reasonable assumptions based on external evidence and past experience. However reasonable, it cannot be excluded that these estimates might not be confirmed in the future operating scenarios that unfold for the Bank. The results reported in future might, in fact, also differ from the estimates made when preparing the interim financial statements and, consequently, adjustments to the book value of reported assets and liabilities might become necessary that are currently unforeseeable and cannot be estimated.

The principal uncertainties at this time, with a potential impact on the future operating scenarios that unfold for the Bank, include the direct or indirect adverse consequences for the Italian and global economies linked to the evolution of the geopolitical and macroeconomic context.

Starting from the Russian invasion of Ukraine, which took place at the end of February 2022, it should



be noted, however, that it led to a drastic worsening of the macroeconomic context and recovery forecasts. In particular, the conflict had a negative impact on the global economy through rising commodity and energy prices. This added inflationary pressures, imposing a difficult balancing act on central banks in their attempt to keep inflation under control without triggering a recession. In addition, further geopolitical tensions in 2023, in particular the conflict in the Middle East, further contributed to uncertainty.

In this context, characterised by growing uncertainty over the macroeconomic outlook, the Bank maintained the controls already in place in previous quarters.

There were no regulatory changes in 2024, so classifications and assessments were made in continuity with the 2023 financial statements, to which reference should be made.

### **ECL – Expected credit losses**

With reference to the methodological framework used by the Bank for the quantification of expected losses on performing loans ("ECL") during the 2024, the usual activities of updating the parametrisations of the macroeconomic scenarios and the associated weighting factors based on the latest available forecast including the changed macroeconomic context were carried out.

With specific reference to the explicit modelling of the prospective and scenario-dependency components, it is specified that a plurality of macroeconomic scenarios were adopted for the calculation of the write-downs of June 2024:

- a baseline scenario, corresponding to the equivalent scenario released by the official supplier at the time of the last available forecast report at the time of the impairment calculation (i.e. Q3 2024);
- a (slightly) adverse scenario, corresponding to the same scenario released by the official supplier on the occasion of the last forecast report available at the time of calculation of the write-downs (i.e. Q3 2024);
- a scenario of an extreme nature, corresponding to the equivalent scenario issued by the official supplier at the time of the last forecast report available at the time of calculation of the write-downs (i.e. Q3 2024);

When weighting the scenario-dependency ECL, the baseline scenario is assigned, by reason of its nature, the prevailing weight factor (equal to 70%), while the alternative scenarios are assigned weight factors respectively equal to 25% and 5%.

With reference to the management overlays applied in the calculation of impairment losses on performing loans, methodological evolutions were introduced in the various components of the so-called ECL core (construction of Lifetime PD curves, modelling of the LGD parameter and its components, extended maturity for on-demand items, ESG layer, impairment model for what are termed 'female positions') and the subsequent removal of the add-ons associated with them. In 2024, the bank introduced a scenario-related add-on and a A-IRB related add-on.

The stage allocation framework has also been revised, which now includes a new absolute staging criterion linked to annualised lifetime PD and a change in the treatment of positions subject to staging overrides.

In any case, it cannot be excluded that the introduction of different methodologies, parameters and assumptions in determining the recoverable value of the Bank's performing credit exposures – also influenced by the evolution of the economic-financial and regulatory context of reference – could lead to valuations that are different from those carried out for the purpose of the drafting of the financial statements at 31 December 2024.

For further details on the effects of said interventions on the calculation of value adjustments on loans and on the sensitivity analysis, please refer to paragraph "2.3 Methods for measuring expected losses" contained in the section on credit risk of "Part E – Information on risks and related hedging policies" of the notes to the separate financial statements.

## A.3 Report on transfers between portfolios of financial assets

In thr 2024, as in previous years, there was no change to the Banca Popolare di Sondrio "business model", i.e. the way in which the Bank manages financial instruments. Thus, there were no reclassifications of financial assets due to the change in business model.

## A.4 Information on fair value

### Qualitative information

Information on fair value as required by IFRS 13 is provided below. This standard defines fair value as the price that would be received from the sale of an assets or that would be paid for the transfer of a liability in an orderly transaction between market operators on the measurement date. Fair value is a criterion based on market value; however, while transactional or observable market information may be available for certain assets and liabilities, such information may not be available for other assets and liabilities. When the price of an identical asset or liability cannot be found, it is necessary to use measurement techniques that maximise the use of significant observable inputs and minimise the use of unobservable inputs.

IFRS 13 requires the measurement of default risk in determining the fair value of OTC derivatives. This risk relates to changes in the credit rating of both the counterparty and the issuer. Accordingly, a model for the measurement of this component of risk has been devised and is used to adjust the value of the instrument.

With regard to derivatives with positive mark-to-market adjustments, the risk component is known as the Credit Value Adjustment (CVA) and represents the potential loss associated with the counterparty credit risk, while the Debit Value Adjustment (DVA) quantifies the issuer risk in relation to instruments with negative mark-to-market adjustments.

These price adjustments are obtained according to a model-based approach derived from the possibility of default by both the counterparties and the bank itself, as well as additional representative cost/convenience components associated with the transaction. The Credit Valuation Adjustment represents the fair value adjustment due to the risk that the counterparty will default at a time when the Bank has positive exposure to it. It therefore takes on a negative sign and represents a valuation component that therefore decreases the positive fair value of the instrument. The Debt Valuation Adjustment represents the fair value adjustment that considers the consequences on counterparties of possible bankruptcy of the Bank. In contrast to the CVA, it represents a positive adjustment that therefore decreases the negative fair value of the instrument. If a specific CSA (Credit Support Annex) agreement has been concluded with the counterparty and a cash deposit has therefore been given or taken as security, the value of the instrument is not adjusted for the CVA/DVA component. The CVA/DVA book value for derivative instruments is then calculated as the product of the fair value of the position, the cumulative probability of default and the complement at 1 of the recovery rate (RR). These adjustments are calculated daily directly in the applications that manage the derivative positions held by the Bank.



### A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

Input values for the determination of level 2 fair value include: prices for similar assets or liabilities listed in active markets, prices for identical or similar assets or liabilities listed in inactive markets, and information other than observable listed prices, such as routinely listed interest rates and yield curves observable at intervals, implicit volatility, credit spreads and inputs corroborated by the market. This information is usually supplied by providers or determined with reference to prices calculated with reference to the market parameters of similar financial assets.

Input values for the determination of level 3 fair value are unobservable market values for the asset or liability and must be used to measure fair value to the extent that relevant observable inputs are not available. They must reflect the assumptions that market operators would use to determine the price of the asset or liability, including those regarding the related risk. The inputs not observable on the market derive from internal estimates and valuations based on pricing models that privilege the examination of expected cash flows and pricing and spread information, as well as of historical data and series of data concerning the risk factors, and relevant specialist reports.

### Derivatives

OTC derivative instruments, for which there are no publicly formulated quotations by independent third parties and which are typically contracts signed bilaterally between the Bank and another financial counterparty, are valued by means of appropriate pricing models and classified in Level 2 or Level 3 (if significant assumptions and/or unobservable market parameters are to be used) of the fair value hierarchy. In particular, all derivative instruments can be reduced to two categories:

- Derivative instruments with a symmetric profile, which have as their underlying a transaction that is certain to occur on a specified maturity date (or dates) and which provide for simultaneous actions and identical positions (in terms of value and risk) for both counterparties. This category includes plain vanilla futures, forwards and swaps on all types of traded underlyings. Such instruments are typically valued using a Discounted Cash Flow model, which discounts, at a risk-free rate, the cash flows implicit in the contract.
- Derivative instruments with an asymmetric profile, which have as their underlying a transaction that may occur (or not occur) at the discretion of one of the counterparties. Specifically, there is one counterparty, which buys the right and which will have the discretion to activate the underlying transaction on the specified maturity date(s), while the other counterparty, which sells the right, will be subject to the buyer's decision. This category of derivative instruments, to which all types of options belong, requires calculation models based on the volatility of the underlying, with the possible use of models based on numerical methods in the case of the presence of path-dependent elements with respect to the expected evolution of the value of the underlying or exotic elements in the determination of the payoff.

### Loans and receivables

The method of measuring loans and receivables at fair value, where parameters relating to credit risk that can be inferred from market prices cannot be used, results in the instrument being classified in Level 3 of the fair value hierarchy. In general, the calculation of the fair value for these loans is carried out by means of a DCF (Discounted Cash Flow) model, whereby the individual cash flows associated with the individual maturities, deducted of the unrecoverable component related to the counterparty's credit risk, are discounted at a risk-free rate plus a premium for the illiquidity of the instrument itself. The cash flows at the individual payment date are determined from the contractual flows and take into account, where relevant, both anticipatory early redemption dynamics and the modelling of any optional components linked to the indexation of the flows. For on sight loans or without contractual maturity, the net book value is considered the best approximation of fair value. Due to their particular contractual structure and risk profile, Mortgage Life Loans (PIV) have a specific valuation model that is more focused on the value of the property being financed.

With regard to tax receivables classified under Other Assets in the balance sheet, the fair value estimate is calculated using a "basic" method, which replicates the DCF model previously set out. Possible refinements of the valuation model may depend on the observation of comparable transactions in the market, e.g. size, activity levels, time proximity to the assets being valued.

## Mutual funds

Undertakings for Collective Investment in Savings (UCI) are financial intermediaries that collect private savings and invest them on the basis of specific management rules, structured with reference to specific limits in terms of risk, asset allocation, concentration and exposure.

Mutual funds generally have segregated assets that are usually managed dynamically. The Management Entity shall publish an estimate of the overall net value of the assets of the UCI (denominated Net Asset Value or NAV) with a frequency established by the internal regulations of the UCI, from which the theoretical value of each unit is calculated.

The risk and return profile of an investment in UCI is highly variable, depending on the characteristics and form of the UCI itself, the type of legislation to which it is subject, the type of investments it makes, and the possibilities for disposing of the units held. Most of the factors related to the risk and return profile of the units of a UCI are reflected in the valuation of the assets and, consequently, in the NAV value produced and disclosed by the Management Entity, which is the basis for determining the fair value of the units themselves. However, there may be elements of risk that are not perfectly or fully reflected in the NAV and therefore, require appropriate adjustments to be made to the NAV to identify fair value. This is particularly the case for UCI with the following characteristics:

- Closed-ended UCI - unlike open-ended UCI, do not allow investors to obtain (at any time) the immediate disposal of their units. Therefore, such disinvestment is only possible by reselling own units to a third party, which normally entails long lead times and high transaction costs.
- UCI whose NAV does not represent the fair value of the underlying assets - certain types of UCI, based on the relevant legislation, may adopt NAV valuation criteria that do not correspond to the valuation criteria that would be used to determine the fair value of the underlying investments. This category includes, for example, funds investing in private equity (whose investments are often valued at the lower of cost or market), those investing in private debt (normally valued at cost subject to impairment), and funds of NPEs, which sometimes value the underlying loans by discounting expected recoveries against rates that are far from market rates. In all these situations, it may be appropriate to make an adjustment to the NAV to realign it to the potential fair value.
- UCIs with infrequent NAV publication - some types of UCIs, especially closed-end UCIs and UCIs with illiquid underlying assets provide NAV calculation with limited frequency. Consequently, the value expressed by the latest available NAV could also be significantly different (as it is not up-to-date) from the actual value at current prices of the assets of the UCI itself. Similarly, adjustments to the NAV may be required to align it with the fair value.

## Investments and other equity securities

If Level 1 and Level 2 price sources are not available, fair value is determined using an ad-hoc valuation model, specifically defined with respect to the characteristics of the instrument in question and the financial information available at the time of valuation. In said case, the instrument will be classified as Level 3 in the fair value hierarchy. In such circumstances, specific valuation approaches and methodologies are used, developed ad-hoc by the Pricing and Valuation Models Office in accordance with best practices and industry literature in the field of valuation and financial modelling, which can be categorised into the following two macro-typologies of analytical and empirical valuation methods. The so-called analytical methods are usually used as the main valuation approach, if no direct transactions on the company being valued can be detected, referring to the transfer of a significant portion of the share capital between independent market counterparties in a reasonably close time span. These methodologies estimate the value of a company by analysing its fundamentals to determine the inputs (such as cash flows, income, assets, etc.) on which the valuation is based. Analytical methods differ from empirical methods (described





below), which estimate the value of a company by relying on the prices of comparable companies on the market.

For unlisted equities with observable inputs, but for which the most recent information available to measure their fair value is insufficient, the best estimate was made considering their adjusted equity value.

### **Non-financial assets measured at fair value on a recurring basis:**

For Banca Popolare di Sondrio, non-financial assets measured at fair value on a recurring basis are represented by real estate assets held for investment purposes measured at fair value on the basis of the provisions of IAS 40.

The fair value of properties held for investment purposes is determined annually through the use of special appraisals prepared by independent companies, professionally qualified and operating in the specific sector, capable of providing property valuations based on RICS Valuation standards.

These standards ensure that:

- the fair value is determined in accordance with the indications of the international accounting standard IFRS 13, i.e. it represents the estimated amount for which an asset would be sold and purchased, at the date of valuation, by a seller and a buyer with no special ties, both interested in the purchase and sale, at competitive conditions, after adequate marketing in which the parties have both acted in an informed, conscious and non-coerced manner;
- experts have professional, ethical and independence requirements in line with international and European standards.

For properties of a significant amount, i.e. properties with a value of more than 5 million, a «full» appraisal is envisaged, i.e. conducted by means of an inspection of the property, as well as a detailed analysis of the available documentation. For the remaining properties, however, it is possible to have recourse to a «drive-by» type appraisal, that is, based on the examination of the documentation as well as through an external inspection of the unit being appraised.

### **A.4.2 Processes and sensitivity of the measurements**

The Bank determines the fair value of assets and liabilities using various methodologies defined in the corporate policies. Based on the inputs that can be used, financial instruments are classified as Level 1, Level 2, Level 3. Financial instruments that are quoted in active markets for which the fair value is assumed based on official market quotations are classified in Level 1. If there is more than one active market, reference is made to the principal market; failing this, the most advantageous market is used. Level 1 inputs cannot be adjusted in normal circumstances. The concept of active market does not coincide with that of official market; rather, it refers strictly to the financial instrument concerned. It follows that a listing in an official market is not sufficient to be considered as listed in an active market. Listed prices are obtained from price boards, dealers, brokers etc. and reflect transactions carried out on an orderly basis. Level 2 financial instruments are those whose inputs are different from the listed prices included in Level 1 that are directly or indirectly observable for the asset or liability concerned. In this case, the measurement techniques used include the market value method, the income method which, in turn, is based on present value techniques and models for measuring the price of options. The use of present value techniques involves determining:

- a) an estimate of future cash flows deriving from the asset or liability to be measured;
- b) the uncertainty inherent in the cash flows, given possible changes in their amount and timing;
- c) the rate applicable to risk-free monetary assets of similar duration;
- d) the risk premium;
- e) for liabilities, the related non-performance risk, including the credit risk associated with the debtor.

Level 3 financial instruments are those whose inputs are not observable. In this case, the best information available in the specific circumstances is used, including all reasonably available information about the assumptions adopted by market operators.

If a financial instrument is measured by recourse to inputs from various levels, it is allocated to the level of the input considered least meaningful. With regard to Level 3 financial assets, IFRS 13 requires the



disclosure of information about the sensitivity of the reported results to changes in one or more of the unobservable parameters used to measure their fair value.

Given the limited weighting of such instruments within the Bank's portfolio of financial assets and considering that the Level 3 instruments contained in the portfolio of financial assets largely comprise securities carried according to models whose inputs are specific to the entity being valued (for example, the assets of the company) or through prices of previous transactions, without further adjustments (for which no quantitative information is required about the sensitivity of their valuation), any changes in unobservable inputs would not have a significant economic impact.

As regards the Asset Backed Securities (ABS) present in portfolio, deriving from securitisations of bad loan portfolios, the analyses and assessments were carried out on the basis of the most recent information available and following the so-called waterfall structure for modelling the cash flows of the securitisations. From our analyses, no elements emerged that would justify a change in the fair value of the tranches with respect to the values currently recorded in the financial statements.

There are also in portfolio units of funds deriving from corporate loan restructuring, whose measurement at fair value is carried out on the basis of the NAV, corrected if necessary to take into account the investment's poor liquidity.

The instruments classified at level 3, for which non-observable quantitative inputs are used in the determination of the fair value, are largely attributable to financial instruments that did not pass the SPPI test envisaged for the classification of financial assets by IFRS 9. The fair value of most of these financial instruments is determined through a Discounted Cash Flow model or, for revocable products, set equal to the gross exposure adjusted for the credit risk loss component. The economic results do not fluctuate significantly on changes in the unobservable risk parameters. In particular, the following analyses were carried out:

- a) analysis of the sensitivity to changes in the PD (Probability of default) parameter under various scenarios: adverse and extreme. In both cases, the changes in fair value were very limited (total fair value lower by 0.06% under the adverse scenario and lower by 0.17% under the extreme scenario). The changes were very limited because the credit risk associated with most of these instruments is low.
- b) analysis of the sensitivity to changes in the LGD (Loss Given default) parameter under various scenarios: adverse and extreme. In both cases, the changes in fair value were very limited (fair value lower by 0.23% under the adverse scenario and lower by 0.42% under the extreme scenario). Here too, the changes were very limited because the credit risk associated with most of these instruments is low.
- c) analysis of the sensitivity to changes in the rate used to discount cash flows, applying a parallel shock to the rate curves of +/-200 basis points. In these cases, fair value decreased by -1.81% following an increase in the rate curves and, conversely, increased by +2.70% following a decrease in them. In particular, for fixed-rate instruments, the capitalisation rate was not affected by the shock which, however, did affect the discounting of cash flows; conversely, with regard to variable-rate instruments, the spread component of the capitalisation rate was not affected by the shock which, however, did affect determination of the variable component of coupons and the discounting cash flows. The fair value, with and without the application of the shock, may be affected by discounting using a negative rate; this is consistent with recent calculations for other purposes and with market practice. The capitalisation phase has a natural limit of zero and no rates are generated with a negative interest rate. The changes in fair value are greater than found with the other two sensitivity analyses, but nevertheless remain low.
- d) sensitivity analysis to quantify the effect of modelling explicitly the illiquidity and funding spread component. If this component is not modelled explicitly, the change in fair value is +1.12%; conversely, if a parallel shock to the rate curves of +/-50 basis points is applied, the change in fair value is -2.30% if the rate curves are shifted up, and +2.41% if they are shifted down.



### A.4.3 Fair value hierarchy

The following levels of the fair value hierarchy are distinguished:

- a) prices (without adjustments) on active markets for the assets and liabilities being measured (level 1);
- b) inputs other than the listed prices mentioned above; these can be seen directly (prices) or indirectly (derived from prices) on the market (level 2);
- c) inputs not based on market observable data (level 3). In this case, the fair value is determined using measurement techniques based on estimates and assumptions by the relevant offices of the Bank.

Allocation to the levels is not optional and is carried out in hierarchical order, giving priority to the official prices in active markets; in the absence of such inputs, reference is made to other methods that rely on observable parameters, and then to measurement techniques that use unobservable inputs.

An asset or liability is transferred between different levels of the fair value hierarchy when, following changes, its previous classification is no longer consistent with the inputs used.

### Fair value hierarchy of real estate assets

The fair value of real estate held for investment purposes is classified at level 3 in the fair value hierarchy under IFRS 13, as it is determined using valuation techniques for which one of the significant inputs is not based on observable market data.

### A.4.4 Other information

The information provided above together with that contained in the following tables is consistent with the disclosure required by paragraphs 91 and 92 of IFRS 13. The disclosures envisaged in paragraphs 51, 93 letter (i) and 96 of that standard are not required.

## QUANTITATIVE INFORMATION

### A.4.5 Fair value hierarchy

#### A.4.5.1 Assets and liabilities designated at fair value on a recurring basis: breakdown by fair value levels

	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets/liabilities measured at fair value						
1. Financial assets measured at fair value through profit or loss	87,644	118,529	518,981	64,214	124,985	516,770
a) financial assets held for trading	69,667	85,886	-	57,735	91,502	580
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	17,977	32,643	518,981	6,479	33,483	516,190
2. Financial assets measured at fair value through other comprehensive income	2,564,808	-	81,817	3,105,102	-	99,566
3. Hedging derivatives	-	-	-	-	1	-
4. Property, equipment and investment property	-	-	21,365	-	-	21,397
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>2,652,452</b>	<b>118,529</b>	<b>622,163</b>	<b>3,169,316</b>	<b>124,986</b>	<b>637,733</b>
1. Financial liabilities held for trading	168	15,664	-	68	20,355	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	2,220	-	-	1,803	-
<b>Total</b>	<b>168</b>	<b>17,884</b>	<b>-</b>	<b>68</b>	<b>22,158</b>	<b>-</b>

There were no significant transfers of financial instruments between the three fair value levels during the year. The impact of the CVA (Credit value adjustment) and DVA (Debit value adjustment) on the determination of the fair value of derivatives is not significant, not least because most of the exposures are covered by credit support annexes (CSA).



#### A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

Financial assets measured at fair value through profit or loss								
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value	Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, equipment and investment property	Intangible assets
<b>1. Opening balance</b>	<b>516,770</b>	<b>580</b>	-	<b>516,190</b>	<b>99,566</b>	-	<b>21,397</b>	-
<b>2. Increases</b>	<b>140,962</b>	<b>19,002</b>	-	<b>121,960</b>	<b>3,070</b>	-	<b>2,214</b>	-
2.1. Purchases	118,325	19,002	-	99,323	297	-	-	-
2.2. Profits recognised in:	9,622	-	-	9,622	2,765	-	134	-
2.2.1. Income Statement	9,622	-	-	9,622	39	-	134	-
- of which gains	8,659	-	-	8,659	-	-	134	-
2.2.2. Equity	-	-	-	-	2,726	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	13,015	-	-	13,015	8	-	2,080	-
<b>3. Decreases</b>	<b>138,751</b>	<b>19,582</b>	-	<b>119,169</b>	<b>20,819</b>	-	<b>2,246</b>	-
3.1. Sales	21,278	19,482	-	1,796	49	-	-	-
3.2. Reimbursements	48,223	-	-	48,223	103	-	-	-
3.3. Losses recognised in:	15,040	100	-	14,940	3,002	-	-	-
3.3.1. Income Statement	15,040	100	-	14,940	-	-	-	-
- of which losses	14,902	-	-	14,902	-	-	-	-
3.3.2. Equity	-	-	-	-	3,002	-	-	-
3.4. Transfers from other levels	-	-	-	-	17,610	-	-	-
3.5. Other decreases	54,210	-	-	54,210	55	-	2,246	-
<b>4. Closing balance</b>	<b>518,981</b>	-	-	<b>518,981</b>	<b>81,817</b>	-	<b>21,365</b>	-

The change during the year in financial assets mandatorily measured at fair value was largely attributable to the reimbursement of the financial instruments (loans in particular) that did not pass the SPPI test and that, accordingly, were classified in this line item. By contrast, in this item, units in UCI, which are not held for trading purposes, increased.

### A.4.5.3 Annual changes in financial liabilities measured at fair value (level 3)

There are no financial liabilities measured at fair value on a recurring basis of level 3.

### 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 levels

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2024				31/12/2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	40,586,508	9,121,676	-	32,411,716	40,061,556	9,917,304	-	30,910,801
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets and groups of assets held for sale	108,593	-	-	108,593	-	-	-	-
<b>Total</b>	<b>40,695,101</b>	<b>9,121,676</b>	<b>-</b>	<b>32,520,309</b>	<b>40,061,556</b>	<b>9,917,304</b>	<b>-</b>	<b>30,910,801</b>
1. Financial liabilities measured at amortised cost	45,690,745	4,902,669	263,908	40,634,265	46,820,068	4,097,785	315,598	42,409,753
2. Liabilities associated with assets held for sale	3	-	-	3	-	-	-	-
<b>Total</b>	<b>45,690,748</b>	<b>4,902,669</b>	<b>263,908</b>	<b>40,634,268</b>	<b>46,820,068</b>	<b>4,097,785</b>	<b>315,598</b>	<b>42,409,753</b>

## A.5 Information on the "day one profit/loss"

The «day one profit/loss» provided for in IFRS 7 and IFRS 9 para. B5.1.2A derives from the difference at the time of initial recognition between the transaction price of the financial instrument and its fair value. This difference can generally be found for those financial instruments that do not have an active market. This difference is charged to the income statement over the useful life of the financial instrument concerned. The Bank does not have any transactions outstanding which could generate significant income that could be defined as "day one profit/loss".



## PART B - Information on the balance sheet

### Assets

#### Section 1 - Cash and cash equivalents - Item 10

##### 1.1 Cash and cash equivalents: breakdown

	31/12/2024	31/12/2023
a) Cash	165,948	164,243
b) Current accounts and on demand deposits with central banks	2,415,000	3,440,765
c) Current accounts and on demand deposits with banks	181,993	94,895
<b>Total</b>	<b>2,762,941</b>	<b>3,699,903</b>

#### Section 2 - Financial assets measured at fair value through profit or loss - Item 20

##### 2.1 Financial assets held for trading: breakdown

Items/Values	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>A. Cash assets</b>						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	34,540	-	-	28,251	-	580
3. Mutual funds	34,398	69,196	-	28,823	69,702	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total (A)</b>	<b>68,938</b>	<b>69,196</b>	<b>-</b>	<b>57,074</b>	<b>69,702</b>	<b>580</b>
<b>B. Derivative instruments</b>						
1. Financial derivatives	729	16,690	-	661	21,800	-
1.1 for trading	729	16,690	-	661	21,800	-
1.2 associated with the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 for trading	-	-	-	-	-	-
2.2 associated with the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
<b>Total (B)</b>	<b>729</b>	<b>16,690</b>	<b>-</b>	<b>661</b>	<b>21,800</b>	<b>-</b>
<b>Total (A+B)</b>	<b>69,667</b>	<b>85,886</b>	<b>-</b>	<b>57,735</b>	<b>91,502</b>	<b>580</b>

## 2.2 Financial assets held for trading: breakdown by debtor/issuer/counterparty

Items/Values	31/12/2024	31/12/2023
<b>A. Cash assets</b>		
<b>1. Debt securities</b>	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
<b>2. Equity securities</b>	<b>34,540</b>	<b>28,831</b>
a) Banks	7,592	3,313
b) Other financial companies	2,036	2,306
of which: insurance companies	-	96
c) Non-financial companies	24,912	23,212
d) Other issuers	-	-
<b>3. Mutual funds</b>	<b>103,594</b>	<b>98,525</b>
<b>4. Loans</b>	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total (A)</b>	<b>138,134</b>	<b>127,356</b>
<b>B. Derivative instruments</b>		
a) Central Counterparties	-	-
b) Others	17,419	22,461
<b>Total (B)</b>	<b>17,419</b>	<b>22,461</b>
<b>Total (A+B)</b>	<b>155,553</b>	<b>149,817</b>

## 2.5 Other financial assets mandatorily measured at fair value: breakdown by category

Items/Values	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Debt securities</b>	<b>17,977</b>	-	<b>14,409</b>	<b>6,479</b>	-	<b>17,139</b>
1.1 Structured securities	17,977	-	14,409	6,479	-	17,139
1.2 Other debt securities	-	-	-	-	-	-
<b>2. Equity securities</b>	-	-	-	-	-	-
<b>3. Mutual funds</b>	-	<b>32,643</b>	<b>283,913</b>	-	<b>33,482</b>	<b>195,344</b>
<b>4. Loans</b>	-	-	<b>220,659</b>	-	-	<b>303,707</b>
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	220,659	-	-	303,707
<b>Total</b>	<b>17,977</b>	<b>32,643</b>	<b>518,981</b>	<b>6,479</b>	<b>33,482</b>	<b>516,190</b>

Loans classified under this item are financial instruments that have not passed the SPPI test. The debt securities classified under this item are instruments that are part of a business model of financial instruments managed at fair value and not held for trading.

The item "Debt securities" includes the Asset Backed Securities (ABS) mezzanine and junior for 1.107 million euro deriving from the sales of Diana, Luzzatti, Luzzatti II, Luzzatti III, Luzzatti IV and Luzzatti V and





the note linked with the securitisation by BNT Portfolio SPV Srl. These securities are classified in Level 3. See paragraph "C. Securitisation transactions" in Part E of these Notes to the financial statements for further details.

## 2.6 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

	31/12/2024	31/12/2023
<b>1. Equity securities</b>	-	-
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
<b>2. Debt securities</b>	<b>32,386</b>	<b>23,618</b>
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	17,977	6,479
d) Other financial companies	14,409	17,139
of which: insurance companies	-	-
e) Non-financial companies	-	-
<b>3. Mutual funds</b>	<b>316,556</b>	<b>228,826</b>
<b>4. Loans</b>	<b>220,659</b>	<b>303,707</b>
a) Central banks	-	-
b) Public administrations	19	35
c) Banks	-	-
d) Other financial companies	1,226	6,676
of which: insurance companies	-	-
e) Non-financial companies	130,819	189,293
f) Households	88,595	107,703
<b>Total</b>	<b>569,601</b>	<b>556,151</b>

Mutual funds are made up of: equity funds and SICAV for 45.334 million euro, bond funds for 169.610 million euro, balanced and flexible funds for 17.854 million euro and real estate funds for 83.759 million euro.

With regard to mutual funds acquired as part of transactions for the sale of receivables included among bond funds, please refer to the specific paragraph reported in Part E of these Explanatory Notes (Subsection E «Disposals» point «C. Financial assets sold and fully derecognised»).

## Section 3 - Financial assets at fair value through comprehensive income - Item 30

### 3.1. Financial assets measured at fair value through comprehensive income: breakdown by sector

Items/Values	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Debt securities</b>	<b>2,562,616</b>	-	<b>154</b>	<b>3,102,919</b>	-	<b>17,857</b>
1.1 Structured securities	341,456	-	-	334,190	-	2,906
1.2 Other debt securities	2,221,160	-	154	2,768,729	-	14,951
<b>2. Equity securities</b>	<b>2,192</b>	-	<b>81,663</b>	<b>2,182</b>	-	<b>81,709</b>
<b>3. Loans</b>	-	-	-	-	-	-
<b>Total</b>	<b>2,564,808</b>	-	<b>81,817</b>	<b>3,105,101</b>	-	<b>99,566</b>

The portfolio of debt securities consists mostly of government bonds.

### 3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Values	31/12/2024	31/12/2023
<b>1. Debt securities</b>	<b>2,562,770</b>	<b>3,120,776</b>
a) Central banks	-	-
b) Public administrations	2,060,467	2,567,770
c) Banks	406,437	419,910
d) Other financial companies	52,863	71,809
of which: insurance companies	-	-
e) Non-financial companies	43,003	61,287
<b>2. Equity securities</b>	<b>83,855</b>	<b>83,891</b>
a) Banks	84	51
b) Other issuers:	83,771	83,840
- other financial companies	72,739	74,081
of which: insurance companies	-	-
- non-financial companies	10,504	9,278
- other	528	481
<b>3. Loans</b>	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>2,646,625</b>	<b>3,204,667</b>



### 3.3 Financial assets measured at fair value through comprehensive income: gross value and total value adjustments

	Gross value					Total value adjustments				
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	Partial total write-off
Debt securities	2,509,340	1,236,966	54,255	-	-	754	71	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
<b>Total 31/12/2024</b>	<b>2,509,340</b>	<b>1,236,966</b>	<b>54,255</b>	<b>-</b>	<b>-</b>	<b>754</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 31/12/2023</b>	<b>3,103,788</b>	<b>-</b>	<b>17,959</b>	<b>-</b>	<b>-</b>	<b>931</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Section 4 - Financial assets measured at amortised cost - Item 40

### 4.1 Financial assets measured at amortised cost: breakdown of loans to banks

Type of transaction/Values	31/12/2024						31/12/2023					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3
<b>A. Due from Central Banks</b>	<b>331,185</b>	-	-	-	-	<b>331,185</b>	<b>322,403</b>	-	-	-	-	<b>322,403</b>
1. Fixed-term deposits	-	-	-	-	-	-	-	-	-	-	-	-
2. Compulsory reserve	331,185	-	-	-	-	-	322,403	-	-	-	-	-
3. Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>B. Loans and receivables with banks</b>	<b>4,031,695</b>	-	-	<b>1,066,502</b>	-	<b>2,970,371</b>	<b>3,857,458</b>	-	-	<b>1,052,148</b>	-	<b>2,771,286</b>
1. Loans	2,955,568	-	-	-	-	2,961,013	2,750,926	-	-	-	-	2,743,003
1.1 Current accounts	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Fixed-term deposits	1,634,072	-	-	-	-	-	1,496,278	-	-	-	-	-
1.3. Other loans:	1,321,496	-	-	-	-	-	1,254,648	-	-	-	-	-
- Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Financing for leases	-	-	-	-	-	-	-	-	-	-	-	-
- Others	1,321,496	-	-	-	-	-	1,254,648	-	-	-	-	-
2. Debt securities	1,076,127	-	-	1,066,502	-	9,358	1,106,532	-	-	1,052,148	-	28,283
2.1 Structured securities	676,566	-	-	685,203	-	7,290	683,752	-	-	675,721	-	8,406
2.2 Other debt securities	399,561	-	-	381,299	-	2,068	422,780	-	-	376,427	-	19,877
<b>Total</b>	<b>4,362,880</b>	<b>-</b>	<b>-</b>	<b>1,066,502</b>	<b>-</b>	<b>3,301,556</b>	<b>4,179,861</b>	<b>-</b>	<b>-</b>	<b>1,052,148</b>	<b>-</b>	<b>3,093,689</b>

The above receivables are not specifically hedged.

The fair value of short-term loans or loans that are repayable on demand is assumed to be the same as their book value.

## 4.2 Financial assets measured at amortised cost: breakdown of loans to customers

Type of transaction/Amounts	31/12/2024					
	Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3
<b>1. Loans</b>	<b>26,783,700</b>	<b>283,539</b>	<b>94,614</b>	-	-	<b>28,294,509</b>
1.1. Current accounts	3,026,601	67,945	19,558	-	-	-
1.2. Reverse repurchase agreements	-	-	-	-	-	-
1.3. Mortgage loans	15,121,386	178,843	71,331	-	-	-
1.4. Credit cards, personal loans and salary-backed loans	286,743	2,232	357	-	-	-
1.5. Financing for leases	-	-	-	-	-	-
1.6. Factoring	-	-	-	-	-	-
1.7. Other loans	8,348,970	34,519	3,368	-	-	-
<b>2. Debt securities</b>	<b>9,061,775</b>	-	-	<b>8,055,174</b>	-	<b>815,651</b>
1. Structured securities	1,293,626	-	-	463,345	-	815,651
2. Other debt securities	7,768,149	-	-	7,591,829	-	-
<b>Total</b>	<b>35,845,475</b>	<b>283,539</b>	<b>94,614</b>	<b>8,055,174</b>	-	<b>29,110,160</b>

Type of transaction/Values	31/12/2023					
	Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3
<b>1. Loans</b>	<b>25,382,813</b>	<b>439,307</b>	<b>94,165</b>	-	-	<b>27,030,839</b>
1.1. Current accounts	3,167,315	123,455	19,137	-	-	-
1.2. Reverse repurchase agreements	-	-	-	-	-	-
1.3. Mortgage loans	14,925,157	269,594	70,952	-	-	-
1.4. Credit cards, personal loans and salary-backed loans	257,053	2,176	490	-	-	-
1.5. Financing for leases	-	-	-	-	-	-
1.6. Factoring	-	-	-	-	-	-
1.7. Other loans	7,033,288	44,082	3,586	-	-	-
<b>2. Debt securities</b>	<b>9,965,409</b>	-	-	<b>8,865,156</b>	-	<b>786,273</b>
1. Structured securities	1,586,329	-	-	799,215	-	765,875
2. Other debt securities	8,379,080	-	-	8,065,941	-	20,398
<b>Total</b>	<b>35,348,222</b>	<b>439,307</b>	<b>94,165</b>	<b>8,865,156</b>	-	<b>27,817,112</b>

In 2024, the Bank implemented four macrohedging transactions from interest rate risk on an amount of loans classified in the amortised cost portfolio.

Loans include 2,523 million euro of residential mortgages, which were the subject of covered bond transactions by the Bank. The covered bond transaction involved the sale to the SPV "POPSO Covered Bond s.r.l." of the first portfolio of performing residential mortgage loans as part of the issue of covered bonds reserved to institutional customers.

In addition, mortgages include 2,139 million euro of loans granted to SMEs, secured or unsecured, which were the subject of the self-securitisation transaction put in place by the Bank. Similar to the covered bond transaction, the Bank retained all risks and rewards of the securitised loans, so they were not derecognised.

As a result of the derisking operations that took place during the year or are currently being completed, bad loans (third stage) are down on the previous year.

Item 2. Debt securities, include for 197.335 million euro senior securities issued by the vehicle Diana



S.p.V., POP NPLs 2020 S.p.V., Luzzatti POP NPLs 2021 S.p.V., Luzzatti POP NPLs 2022 S.p.V., Luzzatti POP NPLs 2023 and Luzzatti POP NPLs 2024; the latter was issued as part of the sale transaction defined in the last quarter of 2024. See Part E, Section 1, "C. Securitisation transactions" of these notes for further information.

#### 4.3 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans to customers

Type of transaction/Values	31/12/2024			31/12/2023		
	First and second stage	Third stage	Assets impaired purchased or originated	First and second stage	Third stage	Assets impaired purchased or originated
<b>1. Debt securities</b>	<b>9,061,775</b>	-	-	<b>9,965,409</b>	-	-
a) Public administrations	7,679,935	-	-	8,485,699	-	-
b) Other financial companies	1,030,375	-	-	1,136,091	-	-
of which: insurance companies	43,161	-	-	3,039	-	-
c) Non-financial companies	351,465	-	-	343,619	-	-
<b>2. Loans to:</b>	<b>26,783,700</b>	<b>283,539</b>	<b>94,614</b>	<b>25,382,813</b>	<b>439,307</b>	<b>94,165</b>
a) Public administrations	29,193	-	-	95,615	21	-
b) Other financial companies	6,633,917	1,420	-	5,241,864	1,980	2
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	13,484,658	203,425	60,278	13,209,361	337,094	54,052
d) Households	6,635,932	78,694	34,336	6,835,973	100,212	40,111
<b>Total</b>	<b>35,845,475</b>	<b>283,539</b>	<b>94,614</b>	<b>35,348,222</b>	<b>439,307</b>	<b>94,165</b>

#### 4.4 Financial assets measured at amortised cost: gross value and total value adjustments

Gross value						Total value adjustments				
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	Partial or total write-off
Debt securities	10,128,252	53,038	13,544	-	-	3,784	109	-	-	-
Loans	27,068,350	-	3,270,688	833,330	158,982	58,384	210,202	549,790	64,368	98,363
<b>Total 31/12/2024</b>	<b>37,196,602</b>	<b>53,038</b>	<b>3,284,232</b>	<b>833,330</b>	<b>158,982</b>	<b>62,168</b>	<b>210,311</b>	<b>549,790</b>	<b>64,368</b>	<b>98,363</b>
<b>Total 31/12/2023</b>	<b>35,669,001</b>	<b>49,913</b>	<b>4,094,905</b>	<b>1,073,406</b>	<b>158,585</b>	<b>49,802</b>	<b>186,019</b>	<b>634,099</b>	<b>64,419</b>	<b>75,412</b>

## Section 5 - Hedging derivatives - Item 50

### 5.1 Hedge derivatives: breakdown by hedge type and levels

	Fair Value 31/12/2024			Nominal value 31/12/2024	Fair Value 31/12/2023			Nominal value 31/12/2023
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>A. Financial derivatives</b>								
1) Fair value	-	-	-	-	-	1	-	208
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	1	-	208

## Section 6 - Value adjustment of financial assets with macro hedge - Item 60

### 6.1 Value adjustment of hedged assets: breakdown by hedged portfolio

Value adjustment of hedged assets/Values	31/12/2024	31/12/2023
<b>1. Positive adjustment</b>	<b>2,139</b>	<b>1,776</b>
1.1 of specific portfolios:	2,139	1,776
a) financial assets measured at amortised cost	2,139	1,776
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 overall	-	-
<b>2. Negative adjustment</b>	<b>-</b>	<b>(1)</b>
2.1 of specific portfolios:	-	(1)
a) financial assets measured at amortised cost	-	(1)
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 overall	-	-
<b>Total</b>	<b>2,139</b>	<b>1,775</b>

The balance of changes in the value of assets subject to macro-hedging against interest rate risk is recognised in this item, for which the Bank avails itself of the option, provided for by IFRS 9, to continue to apply the provisions permitted by IAS 39 in the "Carve-out" version.



## Section 7 - Equity investments - Item 70

### 7.1 Investments: disclosures on holdings

Company Name	Registered Office	Operative Office	% holding	% of votes
<b>A. Wholly-controlled companies</b>				
1. BANCA POPOLARE DI SONDRIO (SUISSE) SA	Lugano	Lugano	100.000	100.000
2. FACTORIT S.p.A.	Milan	Milan	100.000	100.000
3. SINERGIA SECONDA S.r.l.	Milan	Milan	100.000	100.000
4. PIROVANO STELVIO S.p.A.	Sondrio	Sondrio	100.000	100.000
5. POPSO COVERED BOND S.r.l.	Conegliano	Conegliano	60.000	60.000
6. BANCA DELLA NUOVA TERRA S.p.A.	Sondrio	Sondrio	100.000	100.000
7. SERVIZI INTERNAZIONALI E STRUTTURE INTEGRATE 2000 S.r.l.	Milan	Milan	100.000	100.000
8. RENT2GO S.r.l.	Monza	Monza	100.000	100.000
9. RAJNA IMMOBILIARE S.r.l.	Sondrio	Sondrio	100.000	100.000
<b>B. Companies subject to significant influence</b>				
1. ALBA LEASING S.p.A.	Milan	Milan	19.264	19.264
2. ARCA VITA S.p.A.	Verona	Verona	14.837	14.837
3. UNIONE FIDUCIARIA S.p.A.	Milan	Milan	24.000	24.000
4. POLIS SGR S.p.A.	Milan	Milan	19.600	19.600
5. ARCA HOLDING S.p.A.	Milan	Milan	34.715	34.715
6. LIQUID FACTORY S.b.r.l.	Sondrio	Sondrio	4.559	8.720
7. BORMIO GOLF S.p.A.	Bormio	Bormio	25.237	25.237
8. LAGO DI COMO GAL S.c.r.l.	Canzo	Canzo	14.606	14.606



## 7.5 Investments: changes in the year

	31/12/2024	31/12/2023
<b>A. Opening balance</b>	<b>755,645</b>	<b>695,768</b>
<b>B. Increases</b>	<b>2,504</b>	<b>60,383</b>
B.1 Purchases	2,002	-
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other changes	502	60,383
<b>C. Decreases</b>	<b>13,665</b>	<b>506</b>
C.1 Disposals	-	-
C.2 Impairment	13,665	502
C.3 Write-downs	-	-
C.4 Other changes	-	4
<b>D. Closing balance</b>	<b>744,484</b>	<b>755,645</b>
<b>E. Total revaluations</b>		-
<b>F. Total impairment</b>	<b>(53,655)</b>	<b>(39,990)</b>

This item passes from 755.645 million euro to 744.484 million euro.

The increases refer to:

- 1.062 million euro for the purchase of 50% of the capital of Rajna Immobiliare srl;
- 0.940 million euro for the purchase of the shareholding in the company Liquid Factory srl;
- 0.502 euro to cover the 2023 losses of the company Pirovano Stelvio spa.

The decreases refer to:

- value adjustments of 0.625 million euro at Pirovano Stelvio spa;
- value adjustments of 13.040 million euro of Rent2Go srl.

## 7.6 Commitments relating to investments in joint ventures

For the above information, reference should be made to the same section of the consolidated notes.

## 7.7 Commitments relating to investments in companies subject to significant influence

For the above information, reference should be made to the same section of the consolidated notes.

## 7.8 Significant restrictions

For the above information, reference should be made to the same section of the consolidated notes.

## 7.9 Other information

For the above information, reference should be made to the same section of the consolidated notes.



## Section 8 - Property, equipment and investment property - Item 80

### 8.1 Property, equipment and investment property used for business purposes: breakdown of assets measured at cost

Assets/Amounts	31/12/2024	31/12/2023
<b>1. Owned assets</b>	<b>208,956</b>	<b>199,876</b>
a) land	56,212	56,912
b) buildings	131,444	124,972
c) furniture	5,399	5,250
d) electronic equipment	2,158	1,782
e) other	13,743	10,960
<b>2. Rights of use acquired through leases</b>	<b>150,865</b>	<b>165,905</b>
a) land	-	-
b) buildings	150,401	165,661
c) furniture	-	-
d) electronic equipment	176	161
e) other	288	83
<b>Total</b>	<b>359,821</b>	<b>365,781</b>
of which: obtained through enforcement of guarantees received	-	-

Property, equipment and investment property used for business purposes are measured at cost less accumulated depreciation and any accumulated impairment losses. Buildings have a fair value of 361.314 million euro, as determined by an internal appraisal. The carrying amount of land and buildings totals 187.656 million euro.

Property, equipment and investment property are free from restrictions and commitments guaranteeing liabilities.

### 8.4 Property, plant and equipment held for investment purposes: breakdown of assets measured at fair value

Assets/Amounts	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Owned assets</b>	-	-	<b>21,364</b>	-	-	<b>21,397</b>
a) land	-	-	-	-	-	-
b) buildings	-	-	21,364	-	-	21,397
<b>2. Rights of use acquired through leases</b>	-	-	-	-	-	-
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
<b>Total</b>	-	-	<b>21,364</b>	-	-	<b>21,397</b>
of which: obtained through enforcement of guarantees received	-	-	-	-	-	-

## 8.6 Property, equipment and investment property used for business purposes: changes in the year

	Land	Buildings	Furniture	Electronic equipment	Other	Total
<b>A. Gross opening balance</b>	<b>56,912</b>	<b>498,678</b>	<b>34,492</b>	<b>21,376</b>	<b>91,537</b>	<b>702,995</b>
A.1 Total net impairment	-	(208,045)	(29,242)	(19,433)	(80,494)	(337,214)
A.2 Net opening balances	56,912	290,633	5,250	1,943	11,043	365,781
<b>B. Increases:</b>	<b>-</b>	<b>23,239</b>	<b>1,495</b>	<b>1,551</b>	<b>8,868</b>	<b>35,153</b>
B.1 Purchases	-	8,001	1,495	1,459	8,594	19,549
- of which business combinations	-	-	-	-	-	-
B.2 Capitalised improvement expenses	-	3,617	-	-	-	3,617
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Reclassified from property held for investment	-	2,246	-	-	-	2,246
B.7 Other changes	-	9,375	-	92	274	9,741
<b>C. Decreases:</b>	<b>700</b>	<b>32,027</b>	<b>1,346</b>	<b>1,160</b>	<b>5,880</b>	<b>41,113</b>
C.1 Disposals	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	27,252	1,346	1,160	5,880	35,638
C.3 Impairment recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Reclassified to:	700	1,380	-	-	-	2,080
a) property, plant and equipment held for investment purposes	700	1,380	-	-	-	2,080
b) non-current assets and groups of assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	3,395	-	-	-	3,395
<b>D. Net closing balance</b>	<b>56,212</b>	<b>281,845</b>	<b>5,399</b>	<b>2,334</b>	<b>14,031</b>	<b>359,821</b>
D.1 Total net impairment	-	(225,560)	(30,588)	(20,514)	(85,902)	(362,564)
D.2 Closing gross amount	56,212	507,405	35,987	22,848	99,933	722,385
<b>E. Valuation at cost</b>	<b>56,212</b>	<b>281,845</b>	<b>5,399</b>	<b>2,334</b>	<b>14,031</b>	<b>359,821</b>

Property, equipment and investment property used for business purposes amount to 359.821 million euro, a decrease of 5.960 million euro.

The principal changes relate to:

- for owned properties: purchase in Pordenone, Rome, Rapallo, Luino, Chiuro, Gradone Val Trompia and works in Sondrio, Conegliano, Thiene, San Pietro Berbenno, Monza;
- for furniture, plants and other: increases relate to head office and branch IT equipment, furniture and fittings and miscellaneous equipment for newly-opened branches.
- As regards the "Other changes", the impact is mainly linked to remeasurement of the right-of-use assets mainly due to the ISTAT adjustments and to the renegotiation of some lease contracts.



## 8.7 Investment property: changes in the year

	Total	
	Land	Buildings
<b>A. Opening balance</b>	-	<b>21,397</b>
<b>B. Increases</b>	-	<b>2,214</b>
B.1 Purchases	-	-
- of which business combinations	-	-
B.2 Capitalised improvement expenses	-	-
B.3 Positive changes in fair value	-	134
B.4 Write-backs	-	-
B.5 Exchange gains	-	-
B.6 Reclassified from buildings for business purposes	-	2,080
B.7 Other changes	-	-
<b>C. Decreases</b>	-	<b>2,246</b>
C.1 Disposals	-	-
- of which business combinations	-	-
C.2 Depreciation	-	-
C.3 Negative changes in fair value	-	-
C.4 Impairment	-	-
C.5 Exchange losses	-	-
C.6 Reclassified to:	-	2,246
a) assets held for use	-	2,246
b) non-current assets and groups of assets held for sale	-	-
C.7 Other changes	-	-
<b>D. Closing balance</b>	-	<b>21,365</b>
<b>E. Valuation at fair value</b>	-	-

Property, plant and equipment held for investment purposes are measured at fair value.

Information on the methods of determining the fair value of properties not used for business purposes is provided in Part A.4 of the Notes to the financial statements in the chapter entitled "Methods of determining fair value".

In this regard, it is noted that the Bank does not hold investment assets represented by rights of use acquired through leasing. Depreciation is provided over the estimated useful lives of the fixed assets concerned, as summarised below:

Property, equipment and investment property	Depreciation period (years)
buildings	33
furniture and fittings	7
electronic equipment	3
miscellaneous machinery and equipment	5
vehicles	3
security counters	3
photovoltaic plants	12
safes	8

In accordance with article 10 of Law No. 72 of 19 March 1983, information on the properties still owned, for which monetary revaluations were carried out in the past, is annexed hereto.

## 8.9 Commitments for the purchase of property, equipment and investment property

Contractual commitments for the purchase of property, equipment and investment property amount to 0.943 million euro, compared with 2.263 million euro the previous year and mainly refer to furniture and fittings and electronic systems.

## Section 9 - Intangible assets - Item 90

### 9.1 Intangible assets: breakdown by type of asset

Assets/Amounts	31/12/2024		31/12/2023	
	Finite life	Indefinite life	Finite life	Indefinite life
<b>A.1 Goodwill</b>	-	-	-	-
<b>A.2 Other intangible assets</b>	<b>17,806</b>	-	<b>15,382</b>	-
of which: software	17,806	-	15,382	-
A.2.1 Assets measured at cost:	17,806	-	15,382	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	17,806	-	15,382	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>17,806</b>	-	<b>15,382</b>	-

Intangible assets comprise the cost of purchasing software with a finite life that is amortised over that period, which is normally 3 years.

These intangible assets are listed below by year of acquisition:

	31/12/2024	31/12/2023
Recorded in 2022	1	4,821
Recorded in 2023	5,326	10,561
Recorded in 2024	12,479	-
<b>Total</b>	<b>17,806</b>	<b>15,382</b>



## 9.2 Intangible assets: changes in the year

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		DEF	INDEF	DEF	INDEF	
<b>A. Opening balance</b>	-	-	-	<b>227,483</b>	-	<b>227,483</b>
A.1 Total net impairment	-	-	-	(212,101)	-	(212,201)
A.2 Net opening balances	-	-	-	15,382	-	15,382
<b>B. Increases</b>	-	-	-	<b>18,718</b>	-	<b>18,718</b>
B.1 Purchases	-	-	-	18,718	-	18,718
- of which business combinations	-	-	-	-	-	-
B.2 Increases in internally generated intangible assets	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value	-	-	-	-	-	-
- equity	-	-	-	-	-	-
- booked to income statement	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
<b>C. Decreases</b>	-	-	-	<b>16,294</b>	-	<b>16,294</b>
C.1 Disposals	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Impairment	-	-	-	16,294	-	16,294
- Depreciation	-	-	-	16,294	-	16,294
- Impairment	-	-	-	-	-	-
+ shareholders' equity	-	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Negative changes in fair value:	-	-	-	-	-	-
- equity	-	-	-	-	-	-
- booked to income statement	-	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
<b>D. Net closing balance</b>	-	-	-	<b>17,806</b>	-	<b>17,806</b>
D.1 Total net value adjustments	-	-	-	(228,395)	-	(228,395)
<b>E. Gross closing balance</b>	-	-	-	<b>246,201</b>	-	<b>246,201</b>
<b>F. Valuation at cost</b>	-	-	-	<b>17,806</b>	-	<b>17,806</b>

Key:

DEF: definite life

INDEF: indefinite life

## 9.3 Other information

Contractual commitments to purchase software user rights amount to 8.953 million euro, compared with 5.198 million euro in the prior year.

## Section 10 - Tax assets and tax liabilities - Item 100 of assets and item 60 of liabilities

### 10.1 Deferred tax assets: breakdown

	31/12/2024	31/12/2023
- Value adjustments on loans	83,316	144,907
- Allocations to provisions for risks and charges	54,891	49,494
- Allocations to personnel provisions	11,467	11,174
- Securities and equity investments	7,213	18,469
- Administrative expenses	1,929	1,917
- Depreciation	1,906	1,771
<b>Total</b>	<b>160,722</b>	<b>227,732</b>

The deferred tax assets recorded in relation to the provisions for risks and charges concern the provision for legal disputes, the provision for guarantees given and the provision for personnel charges. Where applicable, deferred tax assets have been recognised in relation to all liabilities generating temporary differences.

The Bank recognised Deferred Tax Assets (DTA) of 160.722 million euro, with a balancing entry in equity of 18.680 million euro and a balancing entry in the income statement of 142.042 million euro. Of these, 69.936 million euro comply with the requirements of Law 214 dated 22 December 2011 and may be transformed into tax credits in the event of a "reported loss", a "tax loss" for IRES purposes or a "negative net value of production" for IRAP purposes; their recovery is therefore certain, as unrelated to the ability to generate future taxable income. Tax assets not transformable into tax credits have been recognised after checking their recoverability by performing the so-called probability test.

This opinion was expressed after analysing the likelihood that sufficient taxable income will be generated in future. In particular, the estimate of future profitability underling the recoverability opinion was based on reasonable and realistic hypotheses and assumptions, after weighting the degrees of uncertainty. The verification of the capacity of future taxable income was conducted based on the economic projections for the years 2024-2026, which were reviewed by the Board of Directors that approved the 2024 annual budget, plus the economic projections for the years 2027-2030 (prepared solely for the purpose of the full verification of the bookability of DTAs for the year 2024), which are maintained equal to those contained in the approved plan and forecast for the year 2026. The results were subsequently verified also in light of the new 2025-2027 strategic plan approved by the Board of Directors on 11 March 2025.

The verification was the calculation of the impact of permanent IRES and IRAP variations on pre-tax profit and net interest and other banking income was carried out by considering a historical data base referring to the years 2015-2024 and applying rules for the normalisation of tax recoveries from previous years with the aim of achieving a re-expression of taxable income consistent with current tax legislation, eliminating from the taxable income of previous years the variations relating to non-recurring or extraordinary components no longer considered repeatable.

Decree Law 59/2016, converted by Law No. 119 of 30/06/2016, introduced the possibility by paying a fee, subject to certain conditions, of transforming D.T.A. (Deferred Tax Assets) into tax credits. In 2016, the Bank applied to retain this right also in the future; no fee has been paid as the conditions for payment did not presently apply.





## 10.2 Deferred tax liabilities: breakdown

	31/12/2024	31/12/2023
- Owned and leased buildings	8,102	8,193
- Revaluation of property at fair value	5,183	5,138
- Revaluation of securities and gains	4,018	4,734
- Other administrative expenses	720	630
- Loans	1,585	-
<b>Total</b>	<b>19,608</b>	<b>18,695</b>

The amount concerning owned real estate includes deferred taxes calculated on the first-time application of IAS/IFRS.

## 10.3 Changes in deferred tax assets (balancing item in income statement)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>196,354</b>	<b>244,715</b>
<b>2. Increases</b>	<b>25,312</b>	<b>27,709</b>
2.1 Deferred tax assets recognised in the year	25,312	27,709
a) relating to previous years		-
b) due to changes in accounting policies		-
c) write-backs		-
d) others	25,312	27,709
2.2 New taxes or increases in tax rates		-
2.3 Other increases		-
- of which business combinations		-
<b>3. Decreases</b>	<b>79,624</b>	<b>76,070</b>
3.1 Deferred tax assets derecognised in the year	79,624	76,070
a) reversals	79,624	76,070
b) written down as no longer recoverable		-
c) change in accounting policies		-
d) others		-
3.2 Reduction in tax rates		-
3.3 Other decreases:		-
a) transformation into tax credits as per Law 214/2011		-
b) other		-
- of which business combinations		-
<b>4. Closing balance</b>	<b>142,042</b>	<b>196,354</b>

### 10.3 bis Changes in deferred tax assets as per Law 214/2011

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>130,286</b>	<b>194,187</b>
<b>2. Increases</b>	-	-
- of which business combinations	-	-
<b>3. Decreases</b>	<b>60,350</b>	<b>63,901</b>
3.1 Reversals	60,350	63,901
3.2 Transformation into tax credits	-	-
a) resulting from operating losses	-	-
b) resulting from tax losses	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>69,936</b>	<b>130,286</b>

### 10.4 Changes in deferred tax liabilities (balancing entry in income statement)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>14,105</b>	<b>14,515</b>
<b>2. Increases</b>	<b>135</b>	<b>48</b>
2.1 Deferred tax liabilities recognised in the year	135	48
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	135	48
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
- of which business combinations	-	-
<b>3. Decreases</b>	<b>91</b>	<b>458</b>
3.1 Deferred tax liabilities derecognised in the year	91	458
a) reversals	91	458
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
- of which business combinations	-	-
<b>4. Closing balance</b>	<b>14,149</b>	<b>14,105</b>



### 10.5 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>31,379</b>	<b>47,675</b>
<b>2. Increases</b>	<b>642</b>	<b>2,194</b>
2.1 Deferred tax assets recognised in the year	642	2,194
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	642	2,194
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
- of which business combinations	-	-
<b>3. Decreases</b>	<b>13,341</b>	<b>18,490</b>
3.1 Deferred tax assets derecognised in the year	13,341	18,490
a) reversals	13,341	18,490
b) written down as no longer recoverable	-	-
c) due to changes in accounting policies	-	-
d) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
- of which business combinations	-	-
<b>4. Closing balance</b>	<b>18,680</b>	<b>31,379</b>

This amount mainly refers for 7.213 million euro to the unrealised losses recognised in equity on securities assigned to the portfolio of financial assets measured at fair value through other comprehensive income, and for 11.467 million euro to actuarial losses recognised in relation to long-term employee benefits, consisting of the pension fund and termination indemnities recognised in the valuation reserve.

## 10.6 Changes in deferred tax liabilities (balancing item in shareholders' equity)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>4,589</b>	<b>5,434</b>
<b>2. Increases</b>	<b>3,965</b>	<b>4,589</b>
2.1 Deferred tax liabilities recognised in the year	3,965	4,589
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	3,965	4,589
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
- of which business combinations	-	-
<b>3. Decreases</b>	<b>3,095</b>	<b>5,434</b>
3.1 Deferred tax liabilities derecognised in the year	3,095	5,434
a) reversals	3,095	5,434
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
- of which business combinations	-	-
<b>4. Closing balance</b>	<b>5,459</b>	<b>4,589</b>

The amount refers for 3.873 million euro to the taxation related to the capital gains recorded in shareholders' equity relating to the securities allocated to the portfolio of financial assets at fair value with impact on comprehensive income.



## Section 11 - Non-current assets and disposal groups classified as held for sale and associated liabilities - Item 110 of Assets and Item 70 of Liabilities

### 11.1 - Non-current assets and disposal groups classified as held for sale: breakdown by asset type

	31/12/2024	31/12/2023
<b>A. Assets held for sale</b>		
A.1 Financial assets	108,593	-
A.2 Equity investments	-	-
A.3 Property, equipment and investment property	-	-
of which: obtained through enforcement of guarantees received	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
<b>Total (A)</b>	<b>108,593</b>	<b>-</b>
of which valued at cost	103,208	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	5,385	-
<b>B. Discontinued operations</b>		
B.1 Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, equipment and investment property	-	-
of which: obtained through enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>
of which valued at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
<b>C. Liabilities associated with assets held for sale</b>		
C.1 Payables	3	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
<b>Total (C)</b>	<b>3</b>	<b>-</b>
of which valued at cost	3	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
<b>D. Liabilities associated with discontinued operations</b>		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
<b>Total (D)</b>	<b>-</b>	<b>-</b>
of which valued at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

At 31 December 2024, assets held for sale include financial assets attributable to loans classified as bad loans and unlikely to pay for which the sale has been decided, shown under item A.1. "Financial assets". For the assets shown under the sub-items 'fair value level 1, level 2, level 3' refer to 'Part A.4 - Fair Value Disclosures' of these notes.

## Section 12 - Other assets - Item 120

### 12.1 Other assets: breakdown

	31/12/2024	31/12/2023
Advances paid to tax authorities	77,471	53,875
Tax credits and related interest	443	215
Tax credits " <i>Cura Italia</i> " and "Relaunch" Law Decrees	2,137,106	1,964,684
Current account cheques drawn on third parties	16,318	16,897
Current account cheques drawn on Group banks	545	604
Transactions in customers' securities	23,738	24,821
Advances to suppliers	316	498
Advances to customers awaiting collections	24,718	31,945
Miscellaneous debits in transit	32,228	31,777
Liquid assets serving pension and similar obligations	24,965	18,553
Accrued income not allocated	60,652	54,014
Prepayments not allocated	16,346	10,634
Residual items	146,722	122,956
<b>Total</b>	<b>2,561,568</b>	<b>2,331,473</b>

The item mainly refers to tax credits related to the "*Cura Italia*" and "Relaunch" Decree-Laws acquired as a result of transfers by direct beneficiaries or previous purchasers.

Accrued income and prepayments mainly relate to commission income and costs that cannot be allocated to specific asset accounts.



## Liabilities

### Section 1 - Financial liabilities measured at amortised cost - Item 10

#### 1.1 Financial liabilities measured at amortised cost: breakdown of due to banks

Type of transaction/Values	31/12/2024				31/12/2023			
	Book value	Fair Value			Book value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>1. Due to central banks</b>	<b>18,561</b>	-	-	-	<b>4,653,679</b>	-	-	-
<b>2. Due to banks</b>	<b>4,818,499</b>	-	-	-	<b>3,992,233</b>	-	-	-
2.1 Current accounts and sight deposits	629,980	-	-	-	401,873	-	-	-
2.2 Fixed-term deposits	149,362	-	-	-	245,765	-	-	-
2.3 Loans	4,019,974	-	-	-	3,319,045	-	-	-
2.3.1 Repurchase agreements	3,953,993	-	-	-	3,239,952	-	-	-
2.3.2 Others	65,981	-	-	-	79,093	-	-	-
2.4 Payables for commitments to repurchase own equity instruments	-	-	-	-	-	-	-	-
2.5 Lease payables	-	-	-	-	-	-	-	-
2.6 Other payables	19,183	-	-	-	25,550	-	-	-
<b>Total</b>	<b>4,837,060</b>	-	-	<b>4,837,060</b>	<b>8,645,912</b>	-	-	<b>8,645,912</b>

As at 31 December 2024, the Bank no longer had any outstanding TLTRO transactions with the ECB, with a consequent reduction in the amounts payable to central banks, following the repayment of the 27 March 2024 tranche of 806 million on 24 March 2021 and the repayment of the 25 September 2024 tranche of 3,700 million on 29 September 2021.

«Other loans» are made up principally of funding set up by EIB in connection with loans granted by this institution on the basis of the convention stipulated with it.

Since these payables are predominantly sight or short-term payables, the book value is considered a good approximation of fair value.

## 1.2 Financial liabilities measured at amortised cost: breakdown of due to customers

Type of transaction/Values	31/12/2024				31/12/2023			
	Book value	Fair Value			Book value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and sight deposits	29,501,680	-	-	-	27,881,788	-	-	-
2. Fixed-term deposits	4,634,709	-	-	-	3,423,275	-	-	-
3. Loans	1,471,044	-	-	-	2,241,059	-	-	-
3.1 Repurchase agreements	1,471,044	-	-	-	2,241,059	-	-	-
3.2 Other	-	-	-	-	-	-	-	-
4. Payables for commitments to repurchase own equity instruments	-	-	-	-	-	-	-	-
5. Payables for leases	156,263	-	-	-	170,754	-	-	-
6. Other payables	33,509	-	-	-	46,967	-	-	-
<b>Total</b>	<b>35,797,205</b>	<b>-</b>	<b>-</b>	<b>35,797,205</b>	<b>33,763,843</b>	<b>-</b>	<b>-</b>	<b>33,763,842</b>

These payables are not specifically hedged.

Their fair value corresponds to their book value as they are amounts due on demand or with short-term restrictions.

## 1.3 Financial liabilities measured at amortised cost: breakdown of issued securities by category

Type of securities/Amounts	31/12/2024				31/12/2023			
	Book value	Fair Value			Book value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>A. Securities</b>								
1. bonds	4,990,921	4,902,669	198,349	-	4,317,386	4,097,785	222,671	-
1.1 structured	2,330,231	2,195,826	198,349	-	2,239,535	2,014,669	212,679	-
1.2 others	2,660,690	2,706,843	-	-	2,077,851	2,083,116	9,992	-
2. other securities	65,559	-	65,559	-	92,927	-	92,927	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	65,559	-	65,559	-	92,927	-	92,927	-
<b>Total</b>	<b>5,056,480</b>	<b>4,902,669</b>	<b>263,908</b>	<b>-</b>	<b>4,410,313</b>	<b>4,097,785</b>	<b>315,598</b>	<b>-</b>

The fair value of the sub-item other securities is equal to the book value as this item includes short-term bankers' drafts and similar documents.

The level 1 securities mostly relate to bonds listed on the HI-MTF market (Multilateral Trading Facility).

## 1.4 Detail of subordinated payables/securities

Subordinated securities amount to 621.293 million euro and are made up of the loans indicated below:

- loan of 309.239 million euro from 25/11/2021 and maturity on 25/02/2032 with repayment in full on maturity. It bears a fixed interest rate of 3.875%.
- loan of 312.054 million euro from 30/07/2019 and maturity on 30/07/2029 with repayment in full on maturity. It bears a fixed interest rate of 6.25%.





## 1.6 Payables for leases

### *Financial outflows for leasing*

	31/12/2024				31/12/2023
	Buildings	Cars	Other	Total	Total
Initial Lease Liability	170,511	83	160	170,754	174,170
Cash flows	(23,188)	(71)	(77)	(23,337)	(23,042)
Interest	3,215	5	4	3,224	3,316
Other changes	5,258	273	90	5,622	16,310
<b>Closing carrying amount</b>	<b>155,796</b>	<b>290</b>	<b>177</b>	<b>156,263</b>	<b>170,754</b>

As regards the Other changes during the year, the impact is mainly due to recalculation of the Lease Liability following the ISTAT index changes and the opening and closing of contracts.

At 31.12.2024, the lessee's weighted average marginal borrowing rate of the rates used to discount the lease liabilities is 2.02%.

### *Analysis of lease liability maturities*

	up to 1 year	1 to 5 years	5 to 10 years	over 10 years
Buildings	22,163	78,035	51,681	19,775
Cars	97	206	-	-
Other types	81	103	-	-
<b>Total</b>	<b>22,341</b>	<b>78,344</b>	<b>51,681</b>	<b>19,775</b>

The amounts shown refer to non-discounted cash flows.



## Section 2 - Financial liabilities held for trading - Item 20

### 2.1 Financial liabilities held for trading: breakdown

Type of transaction/Values	31/12/2024					31/12/2023				
	Fair Value					Fair Value				
	NV	Level 1	Level 2	Level 3	FV*	NV	Level 1	Level 2	Level 3	FV*
<b>A. Cash liabilities</b>										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	-	-	-	-	-	-
3.1.2 Other bonds	-	-	-	-	-	-	-	-	-	-
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	-	-	-	-	-	-
3.2.2 Others	-	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>	-	-	-	-	-	-	-	-	-	-
<b>B. Derivative instruments</b>										
1. Financial derivatives	-	168	15,664	-	-	-	68	20,355	-	-
1.1 For trading	-	168	15,664	-	-	-	68	20,355	-	-
1.2 Associated with the fair value option	-	-	-	-	-	-	-	-	-	-
1.3 Other	-	-	-	-	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 For trading	-	-	-	-	-	-	-	-	-	-
2.2 Associated with the fair value option	-	-	-	-	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	-	168	15,664	-	-	-	68	20,355	-	-
<b>Total (A+B)</b>	-	168	15,664	-	-	-	68	20,355	-	-

Fair Value\* = Fair Value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date

NV = Nominal or notional value



## Section 4 - Hedging derivatives - Item 40

### 4.1 Hedging derivatives: breakdown by hedge type and hierarchical levels

	Fair value 31/12/2024			NV 31/12/2024	Fair value 31/12/2023			NV 31/12/2023
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>A. Financial derivatives</b>	-	<b>2,220</b>	-	<b>55,418</b>	-	<b>1,803</b>	-	<b>59,906</b>
1) Fair value	-	2,220	-	55,418	-	1,803	-	59,906
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>2,220</b>	-	<b>55,418</b>	-	<b>1,803</b>	-	<b>59,906</b>

NV = Nominal Value

### 4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair Value							Cash flows		Foreign Investments
	Micro									
	debt securities and interest rates	equity securities and stock indices	currency and gold	receivable	commodities	others	Macro	Micro	Macro	
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2. Financial assets measured at amortised cost	-	-	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	2,220	-	-	-
4. Other transactions	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	-	-	-	-	-	-	<b>2,220</b>	-	-	-
1. Financial liabilities	-	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	-	-	-	-	-	-	-
1. Expected transactions	-	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-	-

## Section 6 - Tax Liabilities - Item 60

This item shows a balance of 57.505 million euro, of which 37.897 million euro refers to current taxes, net of payments on account, and 19.608 million euro refers to deferred tax liabilities. As regards the breakdown and amount of deferred taxes, please read "Assets - Section 10" of these Notes. With regard to the Bank's tax position, it should be noted that the Bank's taxable income through the year ended 31 December 2017 is fiscally defined.

The Bank exercised the option for tax consolidation involving the subsidiaries Factorit S.p.a., Banca della Nuova Terra S.p.a., Pirovano Stelvio S.p.a., Sinergia Seconda S.r.l., Immobiliare San Paolo S.r.l., Immobiliare Borgo Palazzo S.r.l. and Rent2Go S.r.l..

## Section 7 - Liabilities associated with assets held for sale - Item 70

The information in this section is presented in Section 11 of the Statement of Assets and Liabilities in Part B - Information on the Balance Sheet of these Notes to the Financial Statements.

## Section 8 - Other liabilities - Item 80

### 8.1 Other liabilities: breakdown

	31/12/2024	31/12/2023
Amounts at the disposal of third parties	406,253	549,623
Taxes to be paid on behalf of third parties	154,082	153,574
Taxes to be paid	8,626	6,721
Employee salaries and contributions	21,960	19,261
Suppliers	35,844	20,578
Transit accounts for sundry entities	17,004	4,862
Invoices to be received	19,874	22,206
Value date differentials on portfolio transactions	240,257	18,156
Loans granted to customers to be finalised	3,519	4,947
Miscellaneous credit items being settled	43,954	39,497
Accrued expenses not allocated	1,825	1,898
Deferred income not allocated	17,492	15,500
Residual items	103,650	86,189
<b>Total</b>	<b>1,074,340</b>	<b>943,012</b>

The "value date differentials on portfolio transactions" relate to the notes received and sent for collection with recourse or for crediting after collection, which are only recognised in the balance sheet on settlement.



## Section 9 - Termination indemnities (TFR) - Item 90

### 9.1 Termination indemnities: changes in the year

	31/12/2024	31/12/2023
<b>A. Opening balance</b>	<b>31,147</b>	<b>33,239</b>
<b>B. Increases</b>	<b>11,746</b>	<b>10,733</b>
B.1 Provisions for the year	10,757	10,733
B.2 Other changes	989	-
- of which business combinations	-	-
<b>C. Decreases</b>	<b>12,704</b>	<b>12,825</b>
C.1 Payments made	2,225	1,907
C.2 Other changes	10,479	10,918
- of which business combinations	-	-
<b>D. Closing balance</b>	<b>30,189</b>	<b>31,147</b>
<b>Total</b>	<b>30,189</b>	<b>31,147</b>

### 9.2 Other information

Other decreases relate to payments to the Arca Previdenza Fund for a total of 8.581 million euro, compared with 7.219 million euro the previous year, payments to INPS of 1.899 million euro, compared with 1.805 million euro. For the determination of the technical discount rate of the fund, account was taken of the ESMA recommendation set out in document No. 725/2012 of 12 November 2012. High-quality corporate securities with an AA rating were used as reference. A rate curve was then used that takes into account the expected average term of the obligation to be paid by the Bank.

The provision for termination indemnities required under Italian regulations amounts to 30.573 million euro. The actuarial measurement of the provision for termination indemnities was carried out on a closed group. The actuarial simulations were carried out according to the Projected Unit Credit Method.

The Projected Unit Credit Method lays down that the costs to be incurred during the year to build up the termination indemnity are determined according to the proportion of services rendered during the same period. According to the accrued benefits method, the company's obligation to the individual employee is based on the services already rendered at the measurement date.

The actuarial calculations were made on the following assumptions:

	31/12/2024	31/12/2023
Discount rate	2.93%	3.19%
Annual inflation rate:		2.00%
- 2025-2027	1.80%	
- 2028	1.90%	
Annual rate of increase in termination indemnities	Equalisation	Equalisation

The discount rate was calculated according to the I-Boxx Corporates Financial EUR AA 7-10 on 13 December 2024.

## Section 10 - Provisions for risk and charges - Item 100

### 10.1 Provisions for risks and charges: breakdown

Items/Values	31/12/2024	31/12/2023
1. Provisions for credit risk related to commitments and financial guarantees given	50,167	47,063
2. Provisions on other commitments and other guarantees given	39,660	48,935
3. Pension and similar obligations	164,175	159,187
4. Other provisions for risks and charges	108,567	83,733
4.1 legal and tax disputes	82,617	61,584
4.2 personnel expenses	24,684	21,191
4.3 others	1,266	958
<b>Total</b>	<b>362,569</b>	<b>338,918</b>

### 10.2 Provisions for risks and charges: changes in the year

	Provisions on other commitments and other guarantees given	Pension and similar obligations	Other provisions for risks and charges	Total
<b>A. Opening balance</b>	<b>48,935</b>	<b>159,187</b>	<b>83,733</b>	<b>291,855</b>
<b>B. Increases</b>	<b>10,503</b>	<b>9,781</b>	<b>52,072</b>	<b>72,356</b>
B.1 Provision for the year	10,503	1,971	51,221	63,695
B.2 Changes due to the passage of time	-	-	766	766
B.3 Changes due to variations in the discount rate	-	1,996	85	2,081
B.4 Other changes	-	5,814	-	5,814
- of which business combinations	-	-	-	-
<b>C. Decreases</b>	<b>19,778</b>	<b>4,793</b>	<b>27,238</b>	<b>51,809</b>
C.1 Used in the year	-	4,788	24,901	29,689
C.2 Changes due to variations in the discount rate	-	-	274	274
C.3 Other changes	19,778	5	2,063	21,846
- of which business combinations	-	-	-	-
<b>D. Closing balance</b>	<b>39,660</b>	<b>164,175</b>	<b>108,567</b>	<b>312,402</b>

### 10.3 Provisions for credit risk related to commitments and financial guarantees given

Provisions for credit risk related to commitments and financial guarantees given					
	First stage	Second stage	Third stage	Impaired purchased or originated	Total
Commitments to grant loans	23,540	11,346	1,112	151	36,149
Financial guarantees given	2,051	1,624	10,343	-	14,018
<b>Total</b>	<b>25,591</b>	<b>12,970</b>	<b>11,455</b>	<b>151</b>	<b>50,167</b>

### 10.4 Provisions on other commitments and other guarantees given

The item does not have any materiality requirements.



## 10.5 Defined-benefit company pension funds

### 10.5.1. Characteristics of the plans and related risks

The Bank's pension plan for employees is an internal defined-benefit plan intended to supplement the pension paid to retired employees by the State. The plan is funded by contributions from the Bank and from employees which are determined on a percentage of income basis and credited each month. This plan is also a separate fund pursuant to art. 2117 of the Italian Civil Code.

The amount of the fund is adjusted taking into account the closed group of members referred to 28/04/1993. This closed group consists of 273 employees and 342 pensioners.

The adequacy of the fund with respect to the present value of the obligation at the reference date was verified periodically using calculations prepared by an independent actuary, making demographic assumptions that distinguish between age and gender, as well as technical-economic assumptions that reflect the theoretical changes in earnings and payments. The technical assessments made reference to dynamic economic and financial assumptions. The discounting rate reflects the yield on prime bonds.

### 10.5.2 Changes in net (assets) liabilities and redemption rights

	31/12/2024	31/12/2023
<b>Opening balance</b>	<b>159,187</b>	<b>158,508</b>
Service cost	2,200	1,784
Interest cost	4,214	4,042
Actuarial gains/losses	1,996	(2,668)
Payments	(4,788)	(4,744)
Other allocations	1,366	2,265
<b>Closing balance</b>	<b>164,175</b>	<b>159,187</b>

### 10.5.3 Other information on the fair value of plan assets

Details of the assets of the pension plan are summarised in the following table:

	31/12/2024	31/12/2023
Debt securities	102,149	101,052
Equity securities	1,676	281
Mutual funds invested in bonds	8,400	10,161
Mutual funds invested in shares	10,019	12,175
Mutual funds invested in property	16,966	16,966
Other assets	24,965	18,552
<b>Total</b>	<b>164,175</b>	<b>159,187</b>

The amount of the fund increases by 4.988 million euro, 3.13%.

Payments of benefits amount to 4.788 million euro compared with 4.744 million euro in 2023. The contributions paid by the employees amount to 0.219 million euro, an increase on the previous year (0.199 million euro).

### 10.5.4 Description of the principal actuarial assumptions

The actuarial calculations were made on the following assumptions:

	31/12/2024	31/12/2023
discount rate	3.11%	3.19%
expected increase in salaries	0.25%	0.25%
annual inflation rate:		2.00%
- 2025-2027	1.80%	
- 2028	1.90%	

The average discount rate was determined with reference to the value of the I-Boxx Corporates Financial EUR AA 10+ index at 11 December 2024.

### 10.5.5 Information on the amount, timing and uncertainties of cash flows

As required by the relevant IAS/IFRS, a sensitivity analysis has been carried out to determine the effect of changes in the principal actuarial assumptions used for the calculations. For this purpose, the one used for the evaluation was used as the base scenario and from that were modified the two parameters considered to be most significant ones, namely the average annual discount rate and the inflation rate. Below are the results obtained.

#### Sensitivity Analysis

- +0.25% change in the discount rate, the liability decreased by 3.526 million euro;
- -0.25% change in the discount rate, the liability increased by 3.703 million euro;
- +0.25% change in the inflation rate, the liability increased by 2.240 million euro;
- -0.25% change in the inflation rate, the liability decreased by 2.181 million euro.

A breakdown of the liability has been carried out over the next few years; the estimated disbursements for the next five years were then determined, as shown in the following table:

#### Future payments (millions of euro)

year	0-1	1-2	2-3	3-4	4-5
Cash flow	4.690	4.599	4.490	4.382	4.255

### 10.6 Provisions for risks and charges – other provisions

Items/Values	31/12/2024	31/12/2023
Provision for legal disputes	82,617	61,584
Provision for personnel expenses	24,684	21,191
Other provisions	1,266	958
<b>Total</b>	<b>108,567</b>	<b>83,733</b>

The provision for legal disputes includes provisions made for ongoing disputes, of which 2.631 million euro for clawback actions initiated by bankruptcy trustees on non-performing or already expensed losses and 79.986 million euro for other disputes arising in the performance of ordinary activities. The duration of such disputes is difficult to assess, given the extended time required in order to obtain justice. In addition, the item also includes a specific provision for risks related to tax credits acquired.

The expected payments have been stated at their present value, considering the average time taken to





complete bankruptcy claims, civil judgements and using market rates at 31 December 2024.

The provision for legal disputes increased by 21.033 million euro due to the difference between the provisions for the period for 30.755 million euro and the release of provisions made in previous years for 9.722 million euro.

At 31 December 2024, for the Bank alone, about 125 disputes, other than tax-related ones, were pending, with a total *petitum* of about 477 million euro. This amount includes all existing disputes (*petitum*) regardless of the estimate of the risk of disbursement of economic resources deriving from the potential loss. It therefore also includes disputes with a remote risk.

The following paragraphs provide brief information on the disputes considered significant - mainly those with higher claims and cases considered significant.

***Claims for "indemnification" relating to loans sold as part of the securitisation transactions called "Diana", "Pop NPLs 2020", "Pop NPLs 2021", "Pop NPLs 2022", "Pop NPLs 2023" and "Pop NPLs 2024".***

The assignee companies have the contractual right to make claims for compensation for alleged breaches of the guarantees given by the Bank on the portfolio of assigned receivables. As regards the "Diana" transaction, 143 requests for a potential amount of 44.06 million euro are pending, for which a provision of 9.510 million euro has been made. On the other hand, with regard to the "Pop NPLs 2020" transaction, 42 requests are pending for a potential amount of 5.45 million euro, for which a provision of 3.021 million euro has been set aside, for the "Pop NPLs 2021" transaction, 145 requests are pending for a potential amount of 9.00 million euro, for which a provision of 3.851 million euro has been set aside. Lastly, as regards the "Pop NPLs 2022" transaction, 27 requests for a potential amount of 3.99 million euro are pending, for which a provision of 0.766 million euro has been made. For the 'POP NPLs 2023' and 'POP NPLs 2024' transactions, no claims have been received to date.

***Disputes relating to compound interest and usury***

For disputes relating to compound interest, the *petitum* is equal to approximately 3.92 million euro, with provisions for 0.37 million euro, while for those relating to usury, the *petitum* is equal to 3.60 million euro, with provisions for 2.38 million euro.

***Clawback actions in insolvency proceedings***

10 disputes were pending for a *petitum* of 6.499 million euro, with a provision of 2.631 million euro. None with a request for a refund of a particularly significant amount.

***AMA - Azienda Municipale Ambiente s.p.a.***

In December 2020, the Bank was notified of the summons before the Court of Rome, concerning the requests for assessment and declaration of the nullity or cancellation of the transaction in financial instruments called "Interest Rate Swap" stipulated on 30 September 2010 and the repayment of amounts unduly received by the Bank for 20.67 million euro. The Court of Rome rejected AMA s.p.a.'s request in a judgement delivered on 23 February 2025. Six months begin to run from the publication of the judgement within which AMA s.p.a. may decide to appeal the decision. The risk of losing appears "possible".

***Bankruptcy of Interservice s.r.l. in liquidation***

In February 2015, the bankruptcy procedure sued the Bank before the Court of Milan with a request for compensation for the damage caused to the company by the illegal conduct of its director, quantified at 14.65 million euro. With a sentence published on 26 May 2020, the Court rejected the plaintiff's request, but the plaintiff has filed an appeal. The Court of Appeal of Milan ordered the bank to repay more than 7 million euro. An appeal has been filed with the Court of Cassation and a hearing for discussion is pending. The risk of losing the case appears 'probable', although negotiations are pending for the settlement of all pending claims with the assignee, which has taken over the entire mass of claims from the judicial liquidation procedure.

***Ginevra s.r.l.***

In January 2019, the company and the shareholders Giuliana Piovan and Gianpiero De Luca sued the Bank before the Court of Genoa with a request for compensation, quantified at 11.40 million euro, for contractual liability for failure to grant credit, compound interest and usury. At the hearing on 13 June 2023, deadlines were set for the filing of final pleadings. The Court of Genoa ruled in favour of the Bank. The unsuccessful parties appealed the decision and the Bank entered an appearance requesting the dismissal of the appeal. The case will be called for decision at the next hearing scheduled for 4 June 2025. The risk of losing appears "possible".

***Società Italiana per le Condotte d'Acqua s.p.a.***

In December 2022, a summons was notified concerning the alleged damage caused, together with other parties and financial intermediaries, to the company by the Bank for having granted credit despite the alleged state of crisis and the lack of concrete prospects of overcoming the crisis. The amount of the application, requested jointly with other credit institutions, is 389 million euro. The Bank filed an appearance to reject the charge as unfounded and lacking evidentiary support. It should be noted that the first hearing was set for 24 February 2025, at which the judge ordered a further postponement until 1 July 2025. The risk of losing appears "possible".

The provision for personnel expenses essentially relates to the cost of untaken holidays and the potential cost of employee long-service bonuses. It increases by 3.493 million euro, +16.48%.

The charitable fund amounted to 1.265 million euro and consisted of net profits following a resolution of the shareholders' meeting.



## Section 12 - Company equity - items 110, 130, 140, 150, 160, 170 and 180

### 12.1 «Share capital» and «Treasury shares»: breakdown

The share capital, unchanged from the previous year, is fully subscribed and paid up, amounts to 1,360.157 million euro and consists of 453,385,777 no-par value shares. Outstanding shares have dividend and voting rights from 1 January 2024.

At the year-end, the Bank held treasury shares with a carrying value of 24.955 million euro.

### 12.2 Share capital – Number of shares: changes in the year

Items/Types	Ordinary	Other
<b>A. Shares at the beginning of the year</b>	<b>453,385,777</b>	-
- fully paid-up	453,385,777	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	(3,632,633)	-
<b>A.2 Shares outstanding: opening balance</b>	<b>449,753,144</b>	-
<b>B. Increases</b>	<b>35,418</b>	-
B.1 New issues	-	-
- for payment:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- warrants exercised	-	-
- others	-	-
- free:	-	-
- to employees	-	-
- to directors	-	-
- others	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	35,418	-
<b>C. Decreases</b>	-	-
C.1 Derecognition	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of businesses	-	-
C.4 Other changes	-	-
<b>D. Shares outstanding: closing balance</b>	<b>449,788,562</b>	-
D.1 Treasury shares (+)	3,597,215	-
D.2 Shares at the end of the year	453,385,777	-
- fully paid-up	453,385,777	-
- not fully paid-up	-	-

### 12.3 Share capital: other information

#### Share premiums

Amounts to 78.934 million euro, slightly down due to the recognition of negative differences between the discharge price and the corresponding book value of the shares sold.

## 12.4 Profit reserves: other information

The Schedule of distributable and available shareholders' equity pursuant to article 2427, paragraph 1, No. 7-bis of the Italian Civil Code is presented below.

Items	31/12/2024	Possibility of use*	Portion available	Uses in the last 3 financial years	
				Loss coverage	Other uses
<b>Share capital</b>	<b>1,360,157</b>		-	-	-
<b>Share premiums</b>	<b>78,934</b>	A,B,C <sup>(3)</sup>	78,934	-	-
<b>Treasury shares</b>	<b>(24,955)</b>	-	-	-	-
<b>Equity instruments</b>	<b>-</b>	-	-	-	-
<b>Reserves:</b>	<b>1,505,637</b>				
Legal Reserve	573,659	B	573,659	-	-
Pre-transformation Statutory Reserve S.p.A.	590,411	A,B,C	590,411	-	-
Extraordinary Reserve	95,404	A,B,C	95,404	-	-
Treasury shares reserve	30,000	-	-	-	-
Available reserve pursuant to Art. 6 of Legislative Decree 38/2005	20,554	A,B,C	20,554	-	-
Unavailable reserve pursuant to Art. 6 of Legislative Decree 38/2005	68,217	B <sup>(1)</sup>	68,217	-	-
IAS/IFRS First-Time Adoption Reserves	(63,530)	-	-	-	-
Reserve pursuant to Art. 13 Legislative Decree No. 124/93	142	A,B	142	-	-
Reserve for Extra Profits Tax Banks L. no. 136 of 9/10/2023	107,060	<sup>(4)</sup>	-	-	-
Other reserves	83,720	A,B,C	83,720	-	-
<b>Valuation reserves:</b>	<b>34,031</b>				
Financial assets measured at fair value through other comprehensive income	58,627	<sup>(2)</sup>	-	-	-
Actuarial losses related to defined benefit plans	(35,134)	-	-	-	-
Revaluation reserves due to adoption of FV on real estate IAS 40	10,538	<sup>(2)</sup>	-	-	-
<b>TOTAL</b>	<b>2,953,804</b>	-	-	-	-
Profit (loss) for the year	510,517	-	-	-	-
<b>Total Equity</b>	<b>3,464,321</b>	-	-	-	-

Notes:

(\*) A: for capital increase; B: for coverage of losses; C: for distribution to Shareholders.

(1) The reserve may be used to cover losses for the year only after utilising the available profit reserves and the legal reserve as set forth in Art. 6 Legislative Decree No. 38/05. In that case, it is replenished by setting aside the profits of subsequent years.

(2) The reserves are subject to a non-availability restriction pursuant to article 6, paragraph 1, letters b) of Legislative Decree No. 38/2005

(3) The "share premium accounts" may only be distributed in full if the legal reserve has reached one-fifth of the share capital (Art. 2431 of the Italian Civil Code).

(4) Tax suspension reserve set aside as an alternative to the payment of extraordinary tax 2023 following the introduction of Article 26 of Decree-Law No. 104 of 10 August 2023, converted, with amendments, by Law No. 136 of 9 October 2023. The reserve is tied up in a tax-suspension arrangement pursuant to Decree-Law no. 104/2023 converted with amendments by Law 136/2023. If the reserve is distributed (even partially) to shareholders, the entire tax must be paid.

Profit reserves contribute to the capital adequacy of the Bank, considering both current and future operations. They amount to 1,505.637 million euro, + 10.37% on the prior year figure.

## 12.5 Capital instruments: breakdown and changes in the year

No equity instruments other than capital and reserves as defined by IAS 32 were issued.



## Other information

### 1. Commitments and financial guarantees given (excluding those designated at fair value)

	Nominal value on commitments and financial guarantees given				Total	Total
	First stage	Second stage	Third stage	Impaired purchased or originated	31/12/2024	31/12/2023
<b>1. Commitments to grant loans</b>	<b>16,691,296</b>	<b>1,830,352</b>	<b>109,139</b>	<b>8,397</b>	<b>18,639,184</b>	<b>17,673,841</b>
a) Central banks	-	-	-	-	-	-
b) Public administrations	863,181	46,250	-	-	909,431	627,169
c) Banks	358,842	5,000	-	-	363,842	1,413,602
d) Other financial companies	2,492,307	41	102	-	2,492,450	1,833,520
e) Non-financial companies	10,757,811	1,663,707	102,436	8,164	12,532,118	11,496,251
f) Households	2,219,155	115,354	6,601	233	2,341,343	2,303,299
<b>2. Financial guarantees given</b>	<b>2,330,419</b>	<b>62,164</b>	<b>13,807</b>	<b>-</b>	<b>2,406,390</b>	<b>1,762,326</b>
a) Central banks	-	-	-	-	-	-
b) Public administrations	10,523	2	-	-	10,525	2,240
c) Banks	304,863	436	-	-	305,299	302,721
d) Other financial companies	1,446,291	31	121	-	1,446,443	892,003
e) Non-financial companies	527,811	54,692	13,251	-	595,754	513,335
f) Households	40,931	7,003	435	-	48,369	52,027

### 2. Other commitments and other guarantees given

	Nominal value	
	Total	Total
	31/12/2024	31/12/2023
<b>Other guarantees given</b>	<b>4,542,188</b>	<b>4,344,820</b>
of which: non-performing	94,699	73,392
a) Central banks	-	-
b) Public administrations	132,608	94,411
c) Banks	279,317	215,542
d) Other financial companies	19,200	43,183
e) Non-financial companies	3,922,494	3,788,967
f) Households	188,569	202,717
<b>Other commitments</b>	<b>4,804,903</b>	<b>4,180,199</b>
of which: non-performing	26,918	27,662
a) Central banks	-	50,000
b) Public administrations	32,724	70,858
c) Banks	450,040	423,900
d) Other financial companies	59,355	53,591
e) Non-financial companies	4,167,483	3,493,058
f) Households	95,301	88,792

### 3. Assets lodged to guarantee the bank's liabilities and commitments

Portfolios	31/12/2024	31/12/2023
1. Financial assets measured at fair value through profit or loss	42,864	103,070
2. Financial assets measured at fair value through other comprehensive income	1,277,801	1,268,168
3. Financial assets measured at amortised cost	5,805,572	12,332,150
4. Property, equipment and investment property	-	-
of which: property, plant and equipment held as inventories	-	-

The assets measured at fair value through other comprehensive income and those measured at amortised include securities assigned to customers under repurchase agreements, to guarantee the operations of the Swiss subsidiary.

The assets measured at amortised cost also include loans that guarantee the funding provided by the Central Bank (ABACO loans).

### 4. Management and intermediation for third parties

Type of service	Amount
<b>1. Execution of orders on behalf of customers</b>	<b>72,668</b>
a) purchases	30,794
1. settled	30,794
2. not settled	-
b) sales	41,874
1. settled	41,874
2. not settled	-
<b>2. Individual portfolio management</b>	<b>1,600,705</b>
<b>3. Custody and administration of securities</b>	<b>79,464,671</b>
a) third-party securities on deposit: associated with activities as a custodian bank (excluding portfolio management)	5,259,446
1. securities issued by the reporting bank	-
2. other securities	5,259,446
b) third-party securities on deposit (excluding portfolio management): other	27,618,780
1. securities issued by the reporting bank	1,983,540
2. other securities	25,635,240
c) third-party securities on deposit with third parties	30,879,659
d) own securities held by other custodians	15,706,786
<b>4. Other transactions</b>	<b>12,089,600</b>



## 5. Financial assets subject to offsetting in the financial statements, or subject to compensation framework agreements or similar agreements

		Gross amount of financial assets (a)	liabilities offset in the financial statements (b)	Net amount of financial assets reported in the financial statements (c=a-b)	Correlated amounts not netted in the balance sheet		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
					Financial instruments (d)	Cash deposits received in guarantee (e)		
Technical forms								
1. Derivatives		9,293	-	9,293	5,358	3,658	277	107
2. Repurchase agreements		-	-	-	-	-	-	-
3. Securities lending		-	-	-	-	-	-	-
4. Others		-	-	-	-	-	-	-
Total	31/12/2024	9,293	-	9,293	5,358	3,658	277	-
Total	31/12/2023	10,289	-	10,289	5,005	5,177	-	107

IFRS 7 requires specific disclosures about the financial instruments that are cleared or offset in the balance sheet pursuant to IAS 32, as they are governed by master netting agreements or similar agreements.

At 31 December 2024, there are no netting agreements whereby balances must be netted in the balance sheet pursuant to IAS 32.

With regard to potentially nettable instruments, the following tables indicate those derivative financial instruments governed by "ISDA Master Agreements". In particular, Credit Support Annex (CSA) agreements have been signed with certain counterparties, under which the parties agree to give and accept assets in guarantee (in the Bank's case, amounts of cash denominated in euro), which are redetermined periodically depending on changes in the fair value of the underlying derivatives.

The derivatives subject to agreements of this type and reported herein are measured at fair value.

## 6. Financial liabilities subject to offsetting in the financial statements, or subject to compensation framework agreements or similar agreements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets netted in the balance sheet (b)	Net amount of financial liabilities reported in the financial statements (c=a-b)	Correlated amounts not netted in the balance sheet		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023	
				Financial instruments (d)	Cash deposits placed as collateral (e)			
1. Derivatives	8,295	-	8,295	5,358	1,010	1,927	149	
2. Repurchase agreements	4,042,255	-	4,042,255	4,042,255	-	-	-	
3. Securities lending	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
<b>Total</b>	<b>31/12/2024</b>	<b>4,050,550</b>	<b>-</b>	<b>4,050,550</b>	<b>4,047,613</b>	<b>1,010</b>	<b>1,927</b>	<b>-</b>
<b>Total</b>	<b>31/12/2023</b>	<b>3,492,206</b>	<b>-</b>	<b>3,492,206</b>	<b>3,486,922</b>	<b>5,135</b>	<b>-</b>	<b>149</b>

Repurchase agreements indicated are subject to netting agreements governed by Global Master Repurchase Agreements (GMRA). The gross amounts (a) shown in the table relating to repurchase transactions are recorded in items 10 a) "Due to Banks" and 10 b) "Due to Customers"; the related financial instruments (d) are represented by the value of the securities involved in the transactions.

## PART C – Information on the Income Statement

### Section 1 – Interest – Items 10 and 20

#### 1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2024	31/12/2023
<b>1. Financial assets measured at fair value through profit or loss:</b>	<b>6,208</b>	<b>10,895</b>	<b>-</b>	<b>17,103</b>	<b>15,798</b>
1.1 Financial assets held for trading	2,862	-	-	2,862	109
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	3,346	10,895	-	14,241	15,689
<b>2. Financial assets measured at fair value through other comprehensive income</b>	<b>90,982</b>	<b>-</b>	<b>-</b>	<b>90,982</b>	<b>74,100</b>
<b>3. Financial assets measured at amortised cost:</b>	<b>278,779</b>	<b>1,468,812</b>	<b>-</b>	<b>1,747,591</b>	<b>1,510,761</b>
3.1 Loans and receivables with banks	31,725	220,805	-	252,530	232,653
3.2 Loans and receivables with customers	247,054	1,248,007	-	1,495,061	1,278,108
<b>4. Hedging derivatives</b>	<b>-</b>	<b>-</b>	<b>431</b>	<b>431</b>	<b>274</b>
<b>5. Other assets</b>	<b>-</b>	<b>-</b>	<b>115,725</b>	<b>115,725</b>	<b>74,711</b>
<b>6. Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>60</b>
<b>Total</b>	<b>375,969</b>	<b>1,479,707</b>	<b>116,156</b>	<b>1,971,842</b>	<b>1,675,704</b>
of which: interest income on impaired financial assets	-	48,151	-	48,151	46,387
of which: interest income on financial lease	-	-	-	-	-

#### 1.2 Interest and similar income: other information

Interest income showed an increase, +17.67 %, going from 1,675.704 million euro to 1,971.842 million euro. The increase was mainly due to the rise in interest rates, which affected both loans and income from the securities portfolio. Income on purchased tax credits amounted to 115.725 million euro compared to 74.711 million euro in 2023.

##### 1.2.1 Interest income on financial assets in foreign currency

Items	31/12/2024	31/12/2023
Interest and similar income on foreign currency assets	49,095	50,483





### 1.3 Interest and similar expense: breakdown

Items/Technical forms	Payables	Securities	Other transactions	31/12/2024	31/12/2023
<b>1. Financial liabilities measured at amortised cost</b>	<b>(768,414)</b>	<b>(191,099)</b>	<b>-</b>	<b>(959,513)</b>	<b>(828,528)</b>
1.1 Due to central banks	(102,384)	-	-	(102,384)	(220,351)
1.2 Due to banks	(128,841)	-	-	(128,841)	(114,126)
1.3 Due to customers	(537,189)	-	-	(537,189)	(373,570)
1.4 Securities issued	-	(191,099)	-	(191,099)	(120,481)
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Financial liabilities designated at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4. Other liabilities and provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5. Hedging derivatives</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>	<b>(131)</b>
<b>6. Financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(74)</b>	<b>(156)</b>
<b>Total</b>	<b>(768,414)</b>	<b>(191,099)</b>	<b>(4)</b>	<b>(959,591)</b>	<b>(828,815)</b>
of which: interest expense on lease payables	(3,224)	-	-	(3,224)	(3,316)

### 1.4 Interest and similar expense: other information

Interest expense went from 828.815 million euro to 959.591 million euro +15.78% with an increase of 130.776 million euro. The increase is a consequence of the increase in rates and affected both the cost of funding from customers in the various forms of short-term funding and bond issues. Interest accrued on T-LTRO refinancing operations decreased (approximately 102 million euro as at 31 December 2024 compared to 220 million euro as at December 2023) as a result of the repayments made during the year.

#### 1.4.1 Interest and similar expense on foreign currency liabilities

Items	31/12/2024	31/12/2023
Interest expense on financial liabilities in foreign currency	(25,776)	(21,499)

### 1.5 Differentials relating to hedging transactions

Items	31/12/2024	31/12/2023
A. Positive differentials relating to hedging transactions	431	274
B. Negative differentials relating to hedging transactions	(4)	(131)
<b>C. Balance (A-B)</b>	<b>427</b>	<b>143</b>

## Section 2 – Fees and commissions – Items 40 and 50

### 2.1 Fee and commission income: breakdown

Type of service/Amounts	31/12/2024	31/12/2023
<b>a) Financial instruments</b>	<b>76,653</b>	<b>66,818</b>
1. Placement of securities	48,012	39,917
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	48,012	39,917
2. Receiving and sending orders and execution of orders on behalf of customers	16,021	15,450
2.1 Receiving and sending orders for one or more financial instruments	16,021	15,450
2.2 Execution of orders on behalf of customers	-	-
3. Other commissions related to activities linked to financial instruments	12,620	11,451
of which: trading on own account	107	191
of which: individual portfolio management	12,513	11,260
<b>b) Corporate Finance</b>	<b>-</b>	<b>-</b>
1. Mergers and acquisitions advisory services	-	-
2. Treasury services	-	-
3. Other commissions related to corporate finance services	-	-
<b>c) Investment advisory activities</b>	<b>-</b>	<b>-</b>
<b>d) Compensation and settlement</b>	<b>-</b>	<b>-</b>
<b>e) Custody and administration</b>	<b>9,037</b>	<b>8,649</b>
1. Custodian bank	6,314	6,146
2. Other commissions related to custody and administration activities	2,723	2,503
<b>f) Central administrative services for collective portfolio management</b>	<b>-</b>	<b>-</b>
<b>g) Fiduciary business</b>	<b>-</b>	<b>-</b>
<b>h) Payment services</b>	<b>150,555</b>	<b>141,068</b>
1. Current accounts	44,914	42,866
2. Credit cards	18,470	16,081
3. Debit cards and other payment cards	17,484	19,047
4. Bank transfers and other payment orders	57,295	51,038
5. Other fees related to payment services	12,392	12,036
<b>i) Distribution of third-party services</b>	<b>38,111</b>	<b>32,047</b>
1. Collective portfolio management	-	-
2. Insurance products	32,013	26,824
3. Other products	6,098	5,223
of which: individual portfolio management	-	-
<b>j) Structured finance</b>	<b>-</b>	<b>-</b>
<b>k) Servicing activities for securitisation transactions</b>	<b>-</b>	<b>-</b>
<b>l) Commitments to grant loans</b>	<b>-</b>	<b>-</b>
<b>m) Financial guarantees given</b>	<b>40,546</b>	<b>37,166</b>
of which: credit derivatives	-	-
<b>n) Financing transactions</b>	<b>49,902</b>	<b>54,042</b>
of which: for factoring transactions	-	-
<b>o) Trading in foreign currencies</b>	<b>-</b>	<b>-</b>
<b>p) Commodities</b>	<b>-</b>	<b>-</b>
<b>q) Other commission income</b>	<b>23,108</b>	<b>22,555</b>
of which: for management of multilateral trading systems	-	-
of which: for management of organised trading systems	-	-
<b>Total</b>	<b>387,912</b>	<b>362,345</b>



## 2.2 Fee and commission income: distribution channels of products and services

Channels/Amounts	31/12/2024	31/12/2023
<b>a) at own branches:</b>	<b>98,636</b>	<b>83,224</b>
1. portfolio management	12,513	11,260
2. placement of securities	48,012	39,917
3. third-party services and products	38,111	32,047
<b>b) door-to-door sales:</b>	-	-
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party services and products	-	-
<b>c) other distribution channels:</b>	-	-
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party services and products	-	-

## 2.3 Fee and commission expense: breakdown

Type of service/amounts	31/12/2024	31/12/2023
<b>a) Financial instruments</b>	<b>(1,462)</b>	<b>(1,447)</b>
of which: trading of financial instruments	(1,462)	(1,447)
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
– Own	-	-
– Delegated to third parties	-	-
<b>b) Compensation and settlement</b>	-	-
<b>c) Custody and administration</b>	<b>(3,635)</b>	<b>(3,115)</b>
<b>d) Collection and payment services</b>	<b>(4,602)</b>	<b>(4,855)</b>
of which: credit cards, debit cards and other payment cards	(2,276)	(2,455)
<b>e) Servicing activities for securitisation transactions</b>	-	-
<b>f) Commitments to receive funds</b>	-	-
<b>g) Financial guarantees received</b>	<b>(4,637)</b>	<b>(5,188)</b>
of which: credit derivatives	-	-
<b>h) Off-premises offer of financial instruments, products and services</b>	-	-
<b>i) Currency trading</b>	-	-
<b>j) Other commission expenses</b>	<b>(1,846)</b>	<b>(1,859)</b>
<b>Total</b>	<b>(16,182)</b>	<b>(16,464)</b>

## Section 3 – Dividends and similar income – Item 70

### 3.1 Dividends and similar income: breakdown

Items/Income	31/12/2024		31/12/2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	1,017	224	1,296	209
B. Other financial assets mandatorily measured at fair value	-	3,335	-	3,286
C. Financial assets measured at fair value through other comprehensive income	3,689	-	3,824	-
D. Equity investments	55,441	-	35,455	-
<b>Total</b>	<b>60,147</b>	<b>3,559</b>	<b>40,575</b>	<b>3,495</b>

Dividends on equity investments were paid for 22.100 million euro by Factorit Spa, for 4.211 million euro by BPS (SUISSE) SA, for 8.910 million euro by Arca Vita spa, for 18.746 million euro by Arca Holding spa, for 1.423 million euro by Unione Fiduciaria spa, for 0.050 million euro by Rajna Immobiliare srl.

## Section 4 – Net trading income – Item 80

### 4.1 Net trading income: breakdown

Transactions/Income items	Gains (A)	Trading profits (B)	Losses (C)	Trading losses (D)	Profit (loss) [(A+B)-(C+D)]
<b>1. Financial assets held for trading</b>	<b>12,283</b>	<b>42,722</b>	<b>(4,559)</b>	<b>(5,943)</b>	<b>44,503</b>
1.1 Debt securities	-	1,136	-	-	1,136
1.2 Equity securities	1,017	3,370	(3,797)	(285)	305
1.3 Mutual funds	6,257	6,200	(622)	(14)	11,821
1.4 Loans	-	-	-	-	-
1.5 Others	5,009	32,016	(140)	(5,644)	31,241
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Financial assets and liabilities: exchange differences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,982</b>
<b>4. Derivatives</b>	<b>2,201</b>	<b>11,283</b>	<b>(3,595)</b>	<b>(12,234)</b>	<b>(2,100)</b>
4.1 Financial derivatives:	2,201	11,283	(3,595)	(12,234)	(2,100)
- On debt securities and interest rates	1,798	5,091	(3,076)	(4,639)	(826)
- On equity securities and stock indices	68	-	(183)	(1,506)	(1,621)
- On currency and gold	-	-	-	-	245
- Others	335	6,192	(336)	(6,089)	102
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	-	-	-	-	-
<b>Total</b>	<b>14,484</b>	<b>54,005</b>	<b>(8,154)</b>	<b>(18,177)</b>	<b>45,385</b>

The net income from trading activities was positive for 45.385 million euro compared to a positive result for 48.646 million euro in the previous year. It recorded total profits from trading of 10.407 million euro compared to 16.299 million euro; the net result on other financial assets of 31.241 million euro is mainly made up of exchange gains. The difference between capital gains and losses on securities and mutual fund is positive for 2.855 million euro. The net result of derivative trading is positive for 2.100 million euro. Exchange rate differences, amounting to 2.982 million euro, are positive, and increasing, compared to 0.087 million euro in 2023.



## Section 5 – Net hedging gain (loss) – Item 90

### 5.1 Net hedging gain (loss): breakdown

Income components/Amounts	31/12/2024	31/12/2023
<b>A. Income related to:</b>		
A.1 Fair value hedging derivatives	-	-
A.2 Hedged financial assets (fair value)	364	1,973
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Financial derivatives - Cash-flow hedges	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
<b>Total hedging income (A)</b>	<b>364</b>	<b>1,973</b>
<b>B. Charges relating to:</b>		
B.1 Fair value hedging derivatives	(367)	(2,028)
B.2 Hedged financial assets (fair value)	-	-
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives - Cash-flow hedges	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
<b>Total hedging expense (B)</b>	<b>(367)</b>	<b>(2,028)</b>
<b>C. Net hedging gain (loss) (A – B)</b>	<b>(3)</b>	<b>(55)</b>
of which: result of hedging on net positions	-	-

## Section 6 - Gains (losses) from sales/repurchases - Item 100

### 6.1 Gains (losses) from sales/repurchases: breakdown

Items/Income items	31/12/2024			31/12/2023		
	Gains	Losses	Profit (loss)	Gains	Losses	Profit (loss)
<b>A. Financial assets</b>						
1. Financial assets measured at amortised cost	17,094	(6,415)	10,679	8,596	(953)	7,643
1.1 Loans and receivables with banks	-	-	-	167	-	167
1.2 Loans and receivables with customers	17,094	(6,415)	10,679	8,429	(953)	7,476
2. Financial assets measured at fair value through other comprehensive income	9,057	(5,845)	3,212	2,479	(3,644)	(1,165)
2.1 Debt securities	9,057	(873)	8,184	2,479	-	2,479
2.2 Loans	-	(4,972)	(4,972)	-	(3,644)	(3,644)
<b>Total assets (A)</b>	<b>26,151</b>	<b>(12,260)</b>	<b>13,891</b>	<b>11,075</b>	<b>(4,597)</b>	<b>6,478</b>
<b>B. Financial liabilities measured at amortised cost</b>						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	678	(1)	677	106	(19)	87
<b>Total liabilities (B)</b>	<b>678</b>	<b>(1)</b>	<b>677</b>	<b>106</b>	<b>(19)</b>	<b>87</b>

The losses shown in line "1.2 Loans to customers", totalling 6.415 million euro, refer to the effects of the derisking actions carried out during FY 2024, and to the sale of Italian government securities. The profits shown under line "1.2 Loans and advances to customers" refer for about 11 million euro to derisking actions carried out in the course of FY 2024, including those relating to the sale of loans to investment funds, with the simultaneous subscription of shares of the same, which resulted in the recognition of profits from the sale of about 7 million euro. For further details reference should be made to part E of these Notes, section "E. Securitisation transactions" sub-paragraph "C. Financial assets sold and fully derecognised".

## Section 7 – Net gains (losses) on financial assets and liabilities measured at fair value through profit or loss – Item 110

### 7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income items	Gains (A)	Gains on disposals (B)	Losses (C)	Losses on disposals (D)	Profit (loss) [(A+B)-(C+D)]
<b>1. Financial assets</b>	<b>13,965</b>	<b>963</b>	<b>(25,433)</b>	<b>(69)</b>	<b>(10,574)</b>
1.1 Debt securities	855	742	(2,265)	-	(668)
1.2 Equity securities	-	-	-	-	-
1.3 Mutual funds	3,930	221	(4,503)	(69)	(421)
1.4 Loans	9,180	-	(18,665)	-	(9,485)
<b>2. Financial assets in currency: exchange differences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>13,965</b>	<b>963</b>	<b>(25,433)</b>	<b>(69)</b>	<b>(10,574)</b>

Gains, losses, proceeds from disposals concern mutual fund units and Italian Government securities. This item also includes the change in fair value of loans which did not pass the SPPI test.

## Section 8 – Net adjustments/write-backs for credit risk – Item 130

### 8.1 Net adjustments for credit risk related to financial assets measured at amortised cost: breakdown

Transactions/Income components	Adjustments (1)					
	Third stage				Impaired purchased or originated	
	First stage	Second stage	Write-off	Other	Write-off	Other
<b>A. Loans and receivables with banks</b>	<b>(1,823)</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Loans	(1,442)	(52)	-	-	-	-
- Debt securities	(381)	(8)	-	-	-	-
<b>B. Loans and receivables with customers</b>	<b>(39,853)</b>	<b>(143,958)</b>	<b>(19,744)</b>	<b>(257,934)</b>	<b>(2,350)</b>	<b>(24,173)</b>
- Loans	(38,798)	(143,912)	(19,744)	(257,934)	(2,350)	(24,173)
- Debt securities	(1,055)	(46)	-	-	-	-
<b>Total</b>	<b>(41,676)</b>	<b>(144,018)</b>	<b>(19,744)</b>	<b>(257,934)</b>	<b>(2,350)</b>	<b>(24,173)</b>

Transactions/Income items	Write-backs (2)				31/12/2024	31/12/2023
	First stage	Second stage	Third stage	Impaired purchased or originated		
<b>A. Loans and receivables with banks</b>	<b>3,331</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>1,510</b>	<b>(2,101)</b>
- Loans	1,876	62	-	-	444	(796)
- Debt securities	1,455	-	-	-	1,066	(1,305)
<b>B. Loans and receivables with customers</b>	<b>100,212</b>	<b>41,968</b>	<b>138,661</b>	<b>15,382</b>	<b>(191,789)</b>	<b>(185,541)</b>
- Loans	96,259	41,968	138,661	15,382	(194,641)	(188,506)
- Debt securities	3,953	-	-	-	2,852	2,965
<b>Total</b>	<b>103,543</b>	<b>42,030</b>	<b>138,661</b>	<b>15,382</b>	<b>(190,279)</b>	<b>(187,642)</b>



## 8.2 Net adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Income items	Adjustments (1)					
	Third stage				Impaired purchased or originated	
	First stage	Second stage	Write-off	Other	Write-off	Other
A. Debt securities	(454)	(17)	-	-	-	-
B. Loans	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
<b>Total</b>	<b>(454)</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Transactions/Income items	Write-backs (2)				31/12/2024	31/12/2023
	Third stage			Impaired purchased or originated		
	First stage	Second stage	Third stage	Impaired purchased or originated		
A. Debt securities	613	4	-	-	146	347
B. Loans	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
<b>Total</b>	<b>613</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>347</b>

## Section 9 – Gains/(losses) from contractual amendments without derecognition – Item 140

The losses on contractual changes without derecognition amounted to 3.997 million euro, compared to a profit of 6.550 million euro in the previous year.

This line item includes the economic impact of contractual changes that do not qualify for the derecognition of financial assets and, therefore, that result in a change in the related amortised cost to reflect the discounting to present value of the new contractual cash flows using the original internal rate of return.

The total reflects losses from changes of 8.123 million euro, and profits from changes of 4.126 million euro.

## Section 10 – Administrative expenses – Item 160

### 10.1 Personnel expenses: breakdown

Type of expense/Amounts	31/12/2024	31/12/2023
<b>1) Employees</b>	<b>(242,150)</b>	<b>(224,826)</b>
a) wages and salaries	(146,179)	(136,189)
b) social security contributions	(40,630)	(38,189)
c) termination indemnities	-	-
d) pension expenses	-	-
e) provision for employee termination indemnities	(10,759)	(10,726)
f) provision for pension and similar obligations:	(9,923)	(9,671)
- defined contribution	-	-
- defined benefits	(9,923)	(9,671)
g) payments to external supplementary pension funds:	(4,344)	(3,801)
- defined contribution	(4,344)	(3,801)
- defined benefits	-	-
h) costs deriving from payment agreements based on own capital instruments	(1,330)	(1,205)
i) other personnel benefits	(28,985)	(25,045)
<b>2) Other personnel in activity</b>	<b>(719)</b>	<b>(552)</b>
<b>3) Directors and Statutory Auditors</b>	<b>(3,460)</b>	<b>(2,902)</b>
<b>4) Retired personnel</b>	<b>-</b>	<b>-</b>
<b>5) Recovery of expenses for employees seconded to other companies</b>	<b>967</b>	<b>926</b>
<b>6) Reimbursement of expenses for personnel on secondment to the company</b>	<b>(1,612)</b>	<b>(1,188)</b>
<b>Total</b>	<b>(246,974)</b>	<b>(228,541)</b>

### 10.2 Average number of employees by category

	31/12/2024	31/12/2023
<b>1) Employees</b>	<b>3,080</b>	<b>2,956</b>
a) managers	29	28
b) officials	697	643
c) other employees	2,354	2,285
<b>2) Other personnel</b>	<b>10</b>	<b>9</b>
<b>Total</b>	<b>3,090</b>	<b>2,965</b>
	<b>31/12/2024</b>	<b>31/12/2023</b>
- Number of employees at year-end	3,153	3,033
- Other personnel	11	10

### 10.3 Company pension plans with defined benefits: total costs

Income components/Amounts	31/12/2024	31/12/2023
Service cost	2,200	1,784
Interest cost	4,214	4,042
Contributions from employees	(220)	(199)
Reductions and payments	3,729	4,044
Total charge to income statement (A)	9,923	9,671
Yield from assets servicing the fund (B)	7,108	7,226
<b>Total charge (A-B)</b>	<b>2,815</b>	<b>2,445</b>





The costs have been recorded as personnel expenses.

Information regarding the outstanding obligations and related changes during the year, the assets servicing the fund and principal actuarial assumptions made is provided in the tables reported in Part B Section 10.5 of the notes to the financial statements. The cost for the Bank consists of the contributions that it has to pay into the fund. An additional provision of 7.108 million euro has been recorded, representing the return on the assets servicing the fund, which is recognised as "other operating income". A positive change of 1.996 million euro corresponding to the actuarial profit was recognised in compliance with the provisions of the IAS 19 accounting standard, as balancing entry in equity as shown in the statement of comprehensive income.

#### 10.4 Other employee benefits

The item essentially comprises the cost of expenses and salaries of personnel allocated to a specific fund, and related to meal vouchers, scholarships, insurance costs, the reimbursement of expenses, training costs and other benefits.

#### 10.5 Other administrative expenses: breakdown

Type of service/Amounts	31/12/2024	31/12/2023
Telephone, post and data transmission	(11,996)	(12,045)
Maintenance of property, equipment and investment property	(9,629)	(8,765)
Rent of buildings	(150)	(192)
Security	(5,584)	(4,582)
Transportation	(1,853)	(1,628)
Professional fees	(51,738)	(47,703)
Office materials	(1,746)	(1,690)
Electricity, heating and water	(7,262)	(10,808)
Advertising and entertainment	(3,085)	(2,518)
Legal	(8,960)	(9,317)
Insurance	(1,616)	(1,579)
Company searches and information	(10,614)	(9,626)
Indirect taxes and dues	(70,623)	(63,169)
Software and hardware rental and maintenance	(29,634)	(23,803)
Data entry by third parties	(2,587)	(2,504)
Cleaning	(6,025)	(6,015)
Membership fees	(2,024)	(1,973)
Services received from third parties	(5,593)	(5,892)
Outsourced activities	(39,540)	(25,724)
Deferred charges	(916)	(828)
Goods and services for employees	(1,291)	(1,105)
Contributions to resolution and guarantee funds	(21,293)	(38,854)
Other	(7,771)	(7,682)
<b>Total</b>	<b>(301,530)</b>	<b>(288,002)</b>

## Section 11 – Net allocations to provisions for risks and charges – Item 170

### 11.1 Net provisions for credit risk related to commitments to grant loans and financial guarantees given: breakdown

The line item is negative for 3.104 million euro made up of the difference between provisions for the year and reallocations.

### 11.2 Net provisions related to other commitments and other financial guarantees given: breakdown

The line item is positive for 9.275 million euro made up of the difference between provisions for the year and reallocations.

### 11.3 Net provisions for other risks and charges: breakdown

The balance of 28.419 million euro is made up of the difference between provisions for the year for 30.755 million euro to the provision for legal disputes and reallocations for 2.336 million euro.

## Section 12 – Depreciation and net impairment losses on property, equipment and investment property – Item 180

### 12.1 Depreciation and net impairment losses on property, equipment and investment property: breakdown

Assets/Income component	Depreciation (a)	Impairment adjustments (b)	Writebacks (c)	Net result (a+b-c)
<b>A. Property, equipment and investment property</b>				
1. For business purposes	(35,638)	-	-	(35,638)
- Owned	(14,251)	-	-	(14,251)
- Rights of use acquired through leasing	(21,387)	-	-	(21,387)
2. Held for investment purposes	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leasing	-	-	-	-
3. Inventories	-	-	-	-
<b>Total</b>	<b>(35,638)</b>	-	-	<b>(35,638)</b>



## Section 13 – Amortisation and net impairment losses on intangible assets – Item 190

### 13.1 Amortisation and net impairment losses on intangible assets: breakdown

Assets/Income component	Impairment adjustments		Writebacks (c)	Net result (a+b-c)
	Depreciation (a)	(b)		
<b>A. Intangible assets</b>				
of which: software	(16,294)	-	-	(16,294)
A.1 Owned	(16,294)	-	-	(16,294)
- Internally generated	-	-	-	-
- Others	(16,294)	-	-	(16,294)
A.2 Rights of use acquired through leases	-	-	-	-
B. Assets held for sale	-	-	-	-
<b>Total</b>	<b>(16,294)</b>	<b>-</b>	<b>-</b>	<b>(16,294)</b>

The adjustments relate to intangible assets with a finite life consisting of rights to use computer software. There were no significant impairment losses relating to intangible assets during the year. Accordingly the information provided pursuant to para. 130 letters a) c) d) f) g) and para. 131 of IAS 36 is not provided.

## Section 14 – Other operating income and expenses – Item 200

The item amounts to 82.826 million euro and comprises the difference between other operating income of 86.596 million euro, net of other operating expenses of 3.770 million euro.

### 14.1 Other operating expenses: breakdown

	31/12/2024	31/12/2023
Contingent liabilities	(3,337)	(2,867)
Other	(433)	(459)
<b>Total</b>	<b>(3,770)</b>	<b>(3,326)</b>

### 14.2 Other operating income: breakdown

	31/12/2024	31/12/2023
Recovery of charges on deposits and overdrafts	852	1,003
Rental income from buildings	1,465	1,329
Recovery of taxes	65,197	56,978
Financial income of pension and similar obligations plan	7,108	7,226
Contingent assets - other	1,336	2,615
Other	10,638	10,582
<b>Total</b>	<b>86,596</b>	<b>79,733</b>

The sub-item "other" includes 1.374 million euro for the rapid appraisal fee, which has been allocated to this item in accordance with its nature as recovery of the costs incurred.

Rental income from buildings includes 0.698 million euro from the sub-lease of right-to-use assets.

## Section 15 – Net gains (losses) on equity investments – Item 220

### 15.1 Net gains (losses) on equity investments: breakdown

Income item/Amounts	31/12/2024	31/12/2023
<b>A. Income</b>	<b>462</b>	<b>-</b>
1. Revaluations	462	-
2. Gains on disposal	-	-
3. Writebacks	-	-
4. Other income	-	-
<b>B. Charges</b>	<b>(13,665)</b>	<b>(502)</b>
1. Write-downs	-	-
2. Impairment write-downs	(13,665)	(502)
3. Losses on disposal	-	-
4. Other charges	-	-
<b>Profit (loss)</b>	<b>(13,203)</b>	<b>(502)</b>

Impairment write-downs refer to the 0.625 million euro write-down of the subsidiary Pirovano Stelvio spa and 13.040 million euro for the subsidiary Rent2Go srl.

## Section 16 – Net result of fair value measurement of property, equipment and investment property and intangible assets – Item 230

### 16.1 Net result of the valuation at fair value (or revalued amount) or at the estimated realisable value of property, equipment and investment property and intangible assets: breakdown

During FY 2024, there were no changes as a result of the fair value valuation of 'tangible assets held for investment purposes' (0.038 million euro was the negative balance last year).

## Section 18 – Gains (losses) on sales of investments – Item 250

### 18.1 Net gains on sales of investments: breakdown

Income item/Amounts	31/12/2024	31/12/2023
<b>A. Property</b>	<b>-</b>	<b>-</b>
- Gains on disposal	-	-
- Losses on disposal	-	-
<b>B. Other assets</b>	<b>55</b>	<b>27</b>
- Gains on disposal	55	27
- Losses on disposal	-	-
<b>Profit (loss)</b>	<b>55</b>	<b>27</b>



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

### 19.1 Income taxes: breakdown

Income components/Amounts	31/12/2024	31/12/2023
1. Current taxes (-)	(185,100)	(126,900)
2. Changes in current taxes of previous years (+/-)	-	-
3. Decrease in current taxes for the year (+)	-	-
3.bis Decrease in current taxes for the year for tax credits pursuant to Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(54,311)	(48,361)
5. Change in deferred tax liabilities (+/-)	-	410
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(239,411)	(174,851)

The tax rate, i.e. the ratio of income taxes recognised to the profit on current operations before tax, is 31.92%.

### 19.2 Reconciliation of theoretical tax expense and actual tax expense in the financial statements

<b>Profit before tax</b>	<b>749,928</b>
<b>IRES (corporate income taxes)</b>	
<b>Theoretical rate and theoretical tax</b>	<b>206,230</b>
Dividends (-)	(15,448)
Gains/losses on sale of equity investments (PEX) (+/-)	(127)
Valuation losses on investments	3,758
Irap deductibility 10 % and labour costs (-)	(427)
Maxi depreciation	(70)
Other changes (+/-)	888
<b>TOTAL IRES</b>	<b>194,804</b>
<b>IRAP (Regional business tax)</b>	
<b>Theoretical rate and theoretical tax</b>	<b>41,771</b>
Dividends	(1,675)
Net value adjustments	(91)
Personnel expenses	1,629
Administrative expenses	1,789
Depreciation and amortisation	289
Other operating income/expense	3,650
Gains (losses) on equity investments	735
Other items	(3,490)
<b>TOTAL IRAP</b>	<b>44,607</b>
<b>TOTAL TAXES</b>	<b>239,411</b>

Income taxes are calculated at 27.50% for IRES and 5.57% for IRAP.

## Section 22 – Earnings per share

Reference should be made to the information contained in the same section of the Consolidated Notes.

## PART D – Comprehensive Income

### Statement of comprehensive income

Items	31/12/2024	31/12/2023
<b>10. Profit (Loss) for the year</b>	<b>510,517</b>	<b>392,766</b>
<b>Other income items without reversal to the income statement</b>	<b>(993)</b>	<b>(583)</b>
<b>20. Equity securities measured at fair value through other comprehensive income:</b>	<b>(315)</b>	<b>(8,980)</b>
a) change in fair value	(263)	(8,603)
b) reclassified to other components of equity	(52)	(377)
<b>30. Financial liabilities measured at fair value through profit or loss (changes in own creditworthiness):</b>	<b>-</b>	<b>-</b>
a) change in fair value	-	-
b) reclassified to other components of equity	-	-
<b>40. Hedges of equity securities measured at fair value through other comprehensive income:</b>	<b>-</b>	<b>-</b>
a) change in fair value (hedged instrument)	-	-
b) change in fair value (hedging instrument)	-	-
<b>50. Property, equipment and investment property</b>	<b>90</b>	<b>-</b>
<b>60. Intangible assets</b>	<b>-</b>	<b>-</b>
<b>70. Defined-benefit plans</b>	<b>(1,066)</b>	<b>4,672</b>
<b>80. Non-current assets and groups of assets held for sale</b>	<b>-</b>	<b>-</b>
<b>90. Share of valuation reserves of equity investments measured at equity</b>	<b>-</b>	<b>-</b>
<b>100. Income tax relating to other income components without reversal to the income statement</b>	<b>298</b>	<b>3,725</b>
<b>Other income components with reversal to the income statement</b>	<b>27,228</b>	<b>38,466</b>
<b>110. Hedges of foreign investments:</b>	<b>-</b>	<b>-</b>
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
<b>120. Exchange differences:</b>	<b>-</b>	<b>-</b>
a) changes in value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
<b>130. Cash flow hedging:</b>	<b>-</b>	<b>-</b>
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
of which: result of net positions	-	-
<b>140. Hedging instruments (non-designated items):</b>	<b>-</b>	<b>-</b>
a) changes in value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
<b>150. Financial assets (other than equity securities) measured at fair value through other comprehensive income:</b>	<b>41,092</b>	<b>57,644</b>
a) changes in fair value	39,347	57,903
b) reversal to income statement	1,745	(259)
- credit risk adjustments	(146)	(347)
- gains/losses on disposals	1,891	88
c) other changes	-	-
<b>160. Non-current assets and disposal groups held for sale:</b>	<b>-</b>	<b>-</b>
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
<b>170. Share of valuation reserves on investments accounted for by the equity method:</b>	<b>-</b>	<b>-</b>
a) changes in fair value	-	-
b) reversal to income statement	-	-
- impairment	-	-
- gains/losses on disposals	-	-
c) other changes	-	-
<b>180. Income tax relating to other income components with reversal to the income statement</b>	<b>(13,864)</b>	<b>(19,178)</b>
<b>190. Total other income components</b>	<b>26,235</b>	<b>37,883</b>
<b>200. Comprehensive income (Items 10 + 190)</b>	<b>536,752</b>	<b>430,649</b>



## PART E - Information on risks and related hedging policies

The information contained in this section is based on internal data prepared for management purposes, which means that it may differ from those reported in sections B and C of these notes, except where the book value specifically has to be shown.

The information to be disclosed to the public under Sections Eight and Ten, Title I, Chapter 3 of the Regulation (EU) 575/2013 is provided by the required deadlines in the "Investor relations" section of the Bank's website (<https://istituzionale.popso.it/en/investor-relations/>).

### Introduction

The purpose of managing and controlling risks is to ensure the reliable and sustainable generation of value, safeguard the financial solidity and reputation of the Bank, and provide transparent disclosure about the risks accepted. In particular, this activity seeks to verify compliance with the limits placed on the acceptance of risk, to identify criteria and methodologies for the measurement/assessment of risk, to check the consistency of the work performed in each operational area with the risk objectives assigned, if any, and to monitor current and future capital adequacy.

The Board of Directors is responsible for establishing guidelines, the strategic direction and policies for the governance of business risks, in order to ensure that the principal risks to which the Bank is exposed are correctly identified and managed. Consistent with this, the Board establishes the propensity to accept risk and obtains information about the actual exposures recorded, checking that the risk profiles are monitored appropriately by the units made responsible for internal control. In addition, with support from senior management, the Board promotes the development and spread at all levels of a "risk culture", capable of recognising the importance of healthy and prudent business management and facilitating a consistent, integrated and complete understanding of the types of risk that are important for the Bank.

Based on their specific responsibilities, the managing director and the members of general management supervise implementation of the guidance, direction and instructions provided by the Board, translating them into a system of exposure limits, procedures and operations designed to ensure the moderate acceptance of risk; the practical application of significant risk policies is delegated to the central services, offices and branches, depending on how they are organised.

The Board of Statutory Auditors monitors the adequacy of the risk management processes and their consistency with regulatory requirements.

The measurement and control of risks are performed by separate functions that are organisationally independent of the units authorised to accept them. The Risk Control Department plays a primary role by constantly supervising operations via the Risk Control Offices, making use of systems, instruments, procedures and methodologies for the identification, assessment and monitoring of risk. The department manager reports to senior management on the outcome of these control activities.

The high-level information describing the risks accepted, prepared by the above department, is organised so that senior management – having regard for the duties and responsibilities of each person – can make an informed, complete and documented assessment of the various types of risk and the related management, control and mitigation mechanisms, as well as of the adequacy of the capital held to cover such risks. The changes in the risk profiles are also communicated to the operational areas, via operational reports designed to make personnel aware of the need to intensify efforts to prevent and attenuate risk.

## ESG (Environmental, Social and Governance) risks

For some years now, ESG (Environmental, Social and Governance) topics, especially those pertaining to environmental and climate change risks, have been assumed by the Bank as important drivers potentially influencing its strategies and the prospective resilience of its medium-to-long-term business model: sustainability commitments define an important axis of development and opportunities for new corporate value, but at the same time pose new and unpredictable challenges for future financial and capital stability. In this sense, the Bank, after having prepared and submitted to the European Central Bank in December 2023 a comprehensive programme of activities aimed at generally strengthening the integration of Climate and Environmental (C&E) risk assessments in the main business processes, has carried out continuous monitoring activities of the intervention sites with the intention of ensuring a timely update of the implementation status of the initiatives to the Board of Directors, the competent internal committees and the ECB itself.

In particular, in order to enhance the capacity to identify and analyse the possible impact of C&E risk factors on the extent of exposure to traditional banking risk categories, to increase the incisiveness of controls and to define consistent mitigation actions, the commitment of all the structures involved across the board in the programme of activities was intensified, with an increasing focus on these particular sources of emerging risk.

Firstly, with regard to the framework for evaluating and classifying credit customers, we report on the continuation of ESG due diligence activities with regard to financed companies that are particularly subject to ESG risk factors, including those preliminarily identified for analyses aimed at defining sectoral decarbonisation targets formulated by the Bank following its membership of the Net Zero Banking Alliance (NZBA). The assessment, conducted through the completion of a questionnaire, allows for an in-depth discussion with the counterpart on the management strategies and policies adopted in the environmental, social and governance spheres. Effective contacting and examining information gathered in a timely manner from the counterparty contributes to improving the level of knowledge of client strengths and weaknesses and can significantly refine the classification of companies' ESG profiles derived from the proprietary ESG scoring model, which has recently evolved in its overall methodological framework. By means of a special ESG scoring attribution procedure developed in recent months, the results of the ESG due diligence questionnaire are in fact translated into a dedicated summary score which, suitably integrated with the ESG score updated monthly using a statistical method, determines the overall ESG risk rating assigned to the individual client, providing an even more complete and reliable assessment of the company's profile and its sustainability characteristics.

Another milestone in the strengthening programme was the adoption by the Board of Directors of an updated 'ESG Credit Policy', a draft that dictates specific guidelines at the general, sector and transaction level that must be observed in the day-to-day integration of C&E risks and, in a broader sense, ESG factors in ordinary credit granting and monitoring procedures. The new Policy reflects the general evolution of the Bank's ESG framework, taking into account the latest regulatory developments, current market practices and specific commitments made through participation in the NZBA initiative. It sets out a series of evaluation criteria to be applied in the processes of credit allocation to activities or projects considered to be climatically and socially 'sensitive' and promoted in execution of these guidelines:

- the integration of ESG scoring into credit policy schemes and the development of sector attractiveness guidelines influenced by ESG risk assessments with potential effects on the prospective composition of the loan portfolio;
- the integration of ESG scoring into lending practices and pricing decisions concerning individual counterparties, including the drafting for loans of more significant amounts of a specific in-depth report on the sustainability profile of the applicant to be assessed as part of the overall creditworthiness scrutiny of the company to be financed;
- the activation of dedicated screening and control systems on sectors classified as environmentally and socially sensitive, according to a logic of gradualness and proportionality, both prior to the granting of new credit and with a view to monitoring the portfolio;
- the direct engagement of customers for the achievement of the Bank's declared NZBA targets and





the development of tailor-made credit strategies, also thanks to the offer of financing products to support investments with a positive environmental impact, energy requalification and efficiency processes, the pursuit of ecological transition paths and objectives to reduce the carbon footprint of the business conducted.

As a further important element, it should be noted that, in order to implement the indications provided by the constantly evolving regulatory framework, during the year a dedicated project was carried out aimed at implementing the new EU Directive 2022/2464 concerning corporate sustainability reporting (also known as CSRD, Corporate Sustainability Reporting Directive) with obligations to make specific disclosures on the different ESG topics identified by each company as relevant as a result of a specific 'dual materiality' analysis, aimed at detecting impacts, risks and opportunities related to these along the entire corporate value chain.

The 'financial materiality' analyses - and in particular those relating to risk profiles - required by the CSRD framework for each of the ESG topics identified have necessitated the development of a variety of assessment techniques, based on a combination of 'top-down' and 'bottom-up' approaches to cover the full range of possible areas of risk identification and the related transmission channels of effects on the Bank's financial situation. With regard to climate change issues, the analyses were conducted using the methodologies, tools and metrics already adopted in the ordinary activities of identifying, mapping and determining the significance of climate and environmental risk factors (C&E Risk Assessment), renewed on an annual basis in accordance with the Regulator's expectations.

With regard to the latter, there are methodological evolutions linked:

- the further expansion of the perimeters in which C&E risk analyses are conducted (e.g. greater coverage and depth of the business clusters/portfolios investigated);
- the adoption of an alternative transition scenario ('Delayed Transition') compared to the only climate scenario previously used (ordered transition 'NetZero2050');
- a harmonisation of the nomenclatures of the sectoral clusters of analysis with a view to greater alignment with the internal sectoral definitions used in the Bank's main ESG strategic and management activities.

Also as part of the annual Capital Adequacy Assessment Exercise (ICAAP) as of 31 December 2024 and prospectively, for Pillar 1 risks, methodological advances are being made in scenario analyses that simulate in quantitative terms the potential impacts of transitional and physical risks on the Bank's overall risk profile, as well as the introduction of initial measurements of the possible manifestations of economic and capital effects of climate change caused by assumptions of increased reputational, strategic and business risks.

On the other hand, with regard to the consideration of effects related to ESG risks in the estimation of expected credit losses underlying accounting impairments, a more direct and precise incorporation of these factors in the IFRS 9 parameters of the collective impairment model was recorded in the year-end financial reporting, with the corresponding removal of the ESG overlay adjustment component previously applied for the purpose of quantifying credit cost.

Lastly, the risk appetite framework represented by the Risk Appetite Framework (RAF) was also enriched through the integration of an additional range of indicators to monitor exposures to climatic, environmental, social and governance factors deemed to impact the main categories of 'traditional' banking risks (credit, market and operational/reputational risks), in line with the adaptation plans for the year under review.

## Section 1 - Credit risk

### QUALITATIVE INFORMATION

#### 1. General aspects

The Bank's lending policy aims to provide support to local economies in the areas that we serve, by granting financial resources to applicants that are pursuing admirable objectives and who meet suitable parameters of credit-worthiness.

The size and composition of the loan portfolio reflect the financial needs of two specific customer segments: small and medium-sized businesses, mainly located in the areas where the bank operates, and households. The Bank prefers to lend to SMEs since they do not move in broader financial circles and, consequently, need a point of reference that can understand their requirements and meet them with skill, efficiency and speed, following the evolution of the business over time. However, the needs of bigger counterparties, such as large enterprises and public entities, are not overlooked, providing their credit rating following a rigorous preliminary investigation shows that they are solid and reliable.

In this context, the lending activity is based on principles of healthy and prudent management, fair remuneration of risk and professional, efficient operational conduct, with a view to establishing two-way communications with borrowers based on reciprocal trust and transparency; this in order to enhance the Bank's particular aptitude for building long-term customised relationships with local business owners.

In consideration of the Bank's strategic objectives and approach to operations, its lending strategy is based on a low propensity for risk and full awareness of the risks that are taken on; this involves:

- measurement of the current and prospective risk of the credit portfolio, both as a whole and/or at various levels of disaggregation;
- diversifying the exposure, so as to reduce concentration;
- refusing to get involved in operations that could jeopardise the Bank's profitability and solidity.



## 2. Credit risk management policies

### 2.1 Organisational aspects

The Bank's approach to credit risk management is based on maximum involvement at all levels of the organisation to ensure timely processing of customers' applications, combined with an analytical assessment of this risk. The various stages that make up the lending process include the planning of credit policies, the preliminary investigation, granting of the loan, periodic review, monitoring and management of non-performing loans.

Implementing the strategic guidelines established by the Corporate Bodies during the planning process and in compliance with the risk limits set, the lending policy defines the size and composition of the loan book, in order to guarantee an adequate balance between the risk profile accepted and the return earned. The guidelines cover the products, segments, sectors and categories of counterparties that maximise forecast profitability while, at the same time, governing the quality of the portfolio and ensuring capital adequacy on a prospective basis. For planning purposes, the guidelines establish objectives for the operational offices, covering the quality of the portfolio, as well as its growth and profitability. These objectives must be achieved while respecting the capital adequacy requirements and risk limits.

The procedures and organisational structure in place have been formalised clearly specifying activities, roles and responsibilities.

In order to avoid potential conflicts of interest, the separation between operating functions and control functions is ensured.

The system of decision-making powers approved by the Board of Directors is based on the principle of "cascade delegation", which means assigning limited powers to the branches, giving preference to control by specialist central units.

The following is an explanation of the bodies and the main corporate functions that are involved in supervising the lending process, also specifying their principal duties.

- *Board of Directors.* The Board of Directors supervises and oversees the proper allocation of financial resources and, in particular:
  - establishes the strategic direction and lending policies;
  - establishes criteria for the detection, management and evaluation of risks;
  - approves the decision-making and signature powers attributable to the other corporate bodies and organisational units for the granting and revision of lines of credit;
  - checks that the structure of the control functions is defined in line with the strategic guidelines;
  - makes sure that they have an appropriate degree of independent judgement and are equipped with qualitatively and quantitatively adequate resources;
  - gains a general knowledge of rating systems, proposes their application during the various stages of the process and assesses how effective they are with the help of the internal control and internal Audit Departments.
- *Managing Director.* The Managing Director supervises implementation of the decisions taken by the Board of Directors with regard to the management of lending and the related risks. In addition, exercises the powers to grant loans granted under the Bank's regulations.
- *General Management.* General Management implements the strategies and policies established by the Board of Directors and, in particular:
  - prepares regulations, activities, procedures and organisational structures for the adoption and application of an efficient lending process, of an adequate rating system and of a solid system for the control of the related risks;
  - verifies the adequacy and functional capacity of these various elements, also in light of the internal and external changes that are affecting the Bank;
  - takes the necessary action to eliminate any weaknesses and inefficiencies that are identified.

In addition, it adopts resolutions to the extent of the autonomy granted.

- *Branches.* The branches are assigned the fundamental task of handling the relationship with the customer who is borrowing or who would like to borrow money from the Bank. They acquire the documentation, make an initial selection of the applications and directly approve those within the

scope of their powers, and monitor the credit report on a day-to-day basis, checking for potentially anomalous situations.

- *Coordination functions.* They give the branches fundamental support in handling more complex loan positions and/or those that are looking critical. They examine requests for loans to be presented to the central functions and express an opinion, while approving directly those within the scope of their powers.
- *Loans Department.* The Credit Appraisal office supports the work of the central committees by receiving applications from branches, checking their completeness and accuracy, and completing the assessment. The Medium-term and Special Loans Office assesses mortgages, leases, factoring arrangements, artisan and agricultural loans, loans under framework agreements and personal loans from a technical and legal point of view. Through the Risk Office, it finalises the guarantees and then activates the loan.
- *Corporate Finance Department.* The Corporate Finance Department analyses, structures and coordinates corporate finance operations and identifies the best types of financing for complex investment projects. It makes a preliminary evaluation of project financing transactions, directly structuring the intervention or proposing the Bank's participation in a lending syndicate.
- *The NPE Unit.* This Unit oversees the performance of credit quality and verifies the effectiveness of the actions taken to settle credit anomalies and recover the debt. In particular, the current structure involves the following organisational units:
  - *Problem Loans Management.* Oversees the performance of credit quality and verifies the effectiveness of the actions implemented to settle credit anomalies and recover the debt. Monitors, in particular, critical performing, non-performing and past due positions classified as unlikely-to-pay and implements, either directly or via the network, the appropriate actions to minimise the risks and prepare appropriate initiatives to protect the Bank's credit. It also supports the network in managing positions subject to restructuring and bankruptcy proceedings, searching for negotiated solutions to business crises
  - *In-court and out-of-court debt collection and bad debt.* For credit positions classified as bad loans, it takes legal action, in and out of court, to recover them, organising the necessary interventions directly and/or through external lawyers.
  - *NPE performance monitoring and support.* Monitors the NPE portfolio for management and early warning purposes, and monitors the operational and management performance of impaired credit recovery activities. Manages the status changes and provisions, appraisal of the NPE chain, regulations and relevant processes. This organisational unit is also responsible for managing and coordinating the various processes involved in outsourcing non-performing loans.
- *Risk Control Department.* Designs, develops and manages measurement systems of a regulatory and managerial nature, ensures full implementation of risk taking, management and monitoring policies. With particular reference to credit risk, the activities carried out by the following organisational units are of note:
  - *Credit Risk Office.* By monitoring exposure to credit risk through the use of methodologies and tools suitable for identifying the critical issues of the underlying processes and the interventions aimed at overcoming them, it contributes to: evaluate the consistency of the NPL portfolio management strategies with the RAF parameters, estimate the impacts on the profitability and capital profiles in ordinary and stressed conditions, take care of the reporting to the corporate bodies, conduct analyses on the performing and non-performing loan portfolio.
  - *Credit Models Development Office.* In charge of designing, developing and maintaining the quantitative models and metrics adopted to measure credit risk for both regulatory and management purposes, as well as defining and updating the credit risk parameters used to determine writedowns/writebacks of the loans portfolio ("IFRS 9 impairment"). The Office is also responsible for coordinating activities related to the development of AIRB models.
  - *Pricing and valuation models.* Responsible for developing and monitoring quantitative methodologies and models for risk (i.e. IFRS 9 stage allocation and impairment, measurement of operational and counterparty risk, analysis of macroeconomic scenarios) and for valuation (i.e.



pricing models, credit portfolio models, independent price verification methodologies, calculation of fair value and related adjustments).

- *Office of Risk Data Management.* Oversees the governance of risk data and the related data quality controls, guaranteeing integration with the company's data governance processes, as well as overseeing the IT architecture supporting the internal rating system.
- *Integrated Risk Office.* Oversees the definition and monitoring of the risk objectives established by the RAF, fulfils the obligations of the Second (ICAAP) and Third Pillar (Public Disclosure) and those relating to the Recovery Plan, governs the execution of the stress exercises to verify the resilience of the Group's capital and financial conditions in adverse scenarios, contributes to the Resolution Plan and the monitoring of risks not covered by other specialist units.

In addition, the following organisational units report to the Chief Risk Officer:

- *Large Exposures Office and Rating Desk.* Responsible for assessing the riskiness of major credit exposures, for validating the internal rating judgements assigned to customers belonging to the "major customers" management segment and for carrying out verification and validation activities for exceptions to rating judgements requested by the competent operational structures.
  - *Validation Office.* Responsible for overseeing the validation processes of the internal models for measuring and managing Pillar I and II risks, the main risk management and monitoring systems, the assessment of corporate activities and other risk measurement methods used for management and accounting purposes.
  - *Level II Credit Control Office.* This oversees the Bank's second-level controls by assessing the consistency of the classifications of performing and impaired loan items, the adequacy of provisions, the proper performance of the performance monitoring process of the loan portfolio, the adequacy and effectiveness of the credit recovery process, having regard to the risk profile of the positions and the reference regulations.
- *Internal Audit Department.* It checks the proper functioning of controls and compliance with rules and procedures. In particular, this department checks that the criteria for the proper classification of loans are correctly applied.

## 2.2 Management, measurement and control systems

Control over credit risk has the support of rating models that have been specifically developed by the Bank. The Bank has models for the following segments: Private Customers (resident and non-resident consumer households), Small Economic Operators (family businesses, personal businesses and practising professionals), Small Businesses (non-financial partnerships and companies with sales unknown or less than 1.5 million euro and total credit lines at Group level of less than 1 million euro), SMEs (non-financial partnerships and companies with sales between 1.5 million euro and 100 million euro, or sales unknown or less than 1.5 million euro and total credit lines at Group level of 1 million euro or more), Corporate non-profit institutions (non-profit entities and associations with sales of 1.5 million euro or more or, if less or unknown, with total credit lines of 1 million euro or more), Retail non-profit institutions, Large Enterprises (non-financial partnerships and companies with sales in excess of 100 million euro), Public Enterprises and Non-resident, non-financial companies.

These models are designed to create a counterparty rating and an associated probability of default (PD), representing the possibility that the borrower will become insolvent within one year. The rating depends solely on the characteristics of the counterparty and is not influenced by any guarantees that the Bank has acquired. The rating assessments are produced by qualitative statistical models and are split into 14 categories for "performing" counterparties and one for those that are insolvent. They are then summarised in eight risk ratings: "Excellent", "Good", "Medium", "Uncertain", "Bad", "Very bad", "Insolvent" and "Not classified".

Ratings are used in the credit process all the way from policy planning through to performance control. For monitoring purposes, the rating is calculated monthly with reference to the entire population of interest, whereas it is determined on an *ad hoc* basis when considering new loans or reviewing existing

loans.

In addition to the rating and PD, the Bank estimates and adopts two other important risk factors: the loss given default (LGD) rate and the estimated exposure at default (EAD). These estimates for counterparties also derive from internal models, and they are heavily influenced by the presence and type of guarantees acquired by the Bank and by the technical form by which the loan is granted.

Lastly, the PD, LGD and EAD results make it possible to determine the Expected Loss, which is an estimate of the potential loss associated with a particular loan exposure; and as an element of cost, it also provides useful input for determining prudent loan loss provisions.

Having input on such risk factors, updated on a monthly basis, contributes towards a complete assessment of the risk profile, helping to improve the amount of information available to support the lending process.

Together with the valuations obtained through internal models, the ratings granted by leading international agencies are gathered automatically. These are used in determining the capital requirements for credit and counterparty risk, for which the Bank adopts, for segments not covered by internal models, the so-called "standardised approach"; this involves weighting the exposures on the basis of ratings, where available, assigned to each counterparty by a specialist firm (rating agencies such as Standard & Poor's, Moody's, Fitch Ratings, DBRS and Cerved Group).

As regards counterparty risk, in addition to continuously monitoring the main banking groups with credit lines, we periodically carry out a specific analysis of each position that has been taken on. This is performed by taking various indicators into consideration, such as their rating, accounting information and market data.

The internal rating system represents a fundamental element of the bank's credit processes and procedures. It is fully integrated with them in accordance with regulatory requirements. Specifically, IRB risk metrics are used in the following areas: lending and decision-making, credit monitoring, credit quality, management and branch network reporting, risk-adjusted pricing, credit policies and determination of impairment ("IFRS 9 impairment").

The preliminary appraisal, which aims to establish whether applicants satisfy certain conditions for credit-worthiness, includes consideration of whether the characteristics of the loan are consistent with its purpose, a check on whether any guarantees being provided are suitable to cover the risk of non-repayment, and a review of the economic aspects of the loan. In this context, the opinion expressed by the internal rating system, if available, and the associated estimates of default are taken into due consideration as essential elements for an overall evaluation of the customer.

The decision whether to grant a loan or not is taken by the competent decision-making bodies prior to disbursement, carefully assessing all of the information that emerged during the preliminary investigation, as well as any other element that might be available. In order to ensure greater control of credit risk, the mechanism for defining the autonomy limits for the decision-making bodies at the base of the hierarchical scale combines the use of the nominal value of the transaction to be resolved with the risk profile of the same, of the counterpart applicant, any related counterparties and related exposures. In addition, the Loss Given Default (LGD) parameter is integrated into the resolution body determination model.

Credit lines are then made operative and the funds made available to the borrower, but only after all matters foreseen in the approval have been dealt with, particular emphasis being put on the acquisition of guarantees and their verification and assessment in terms of being suitable to lower the credit risk.

After disbursement, loans of whatever amount are reviewed periodically to check whether all of the conditions established during the preliminary appraisal and taken into consideration when granting the loan still exist. Particular attention is paid to reviewing the reasons that led to changes in ratings.

Lines of credit can also be reviewed automatically in the case of positions with low levels of risk, verified through a rigorous examination of suitable indicators that are established in advance, where the rating takes on a great deal of importance. The risk parameters are also assessed upon the renewal/revision of outstanding loans, allowing for automatic revision in the presence of specific solvency criteria, including maximum thresholds for the counterparty's probability of default, differentiated by risk segment.

Outstanding loans and guarantees are constantly monitored to ensure that the borrower and any





guarantors remain solvent and that the general and specific requisites still apply and that the guarantees are still valid, to ensure that they can be fully and effectively enforced in the event of the debtor's insolvency. This monitoring, which is carried out in accordance with formal company procedures, is designed to spot any negative symptoms as early as possible and to take rapid and effective action to avoid any further deterioration. In this regard, the home branches of the loans concerned play an important role since, by maintaining direct customer relations, they are able to identify any signs of impairment immediately. Operating units are supported in these activities by a series of reports produced internally or by external contributors; with regard to the Bank, particular importance is attached to the report on changes in the risk factors at counterparty level calculated by the rating system. Specific head office units are dedicated to analysing the different information available, in order to assess continuously the merit class of each exposure and identify those potentially subject to excessive risk. The depth of this analysis is linked to the needs expressed.

The Bank uses risk-adjusted value creation (EVA) indicators when determining the spread and margin on loans. Using a specific application already integrated within the electronic credit line system, it is in fact possible to determine a measure of profitability that is adjusted for credit risk (expected loss based on the customer's rating) and for the opportunity cost of the regulatory capital absorbed. This is applied to the individual lending relationship, thus resulting in an estimate of the value added by current or potential exposures. By consolidating the controls applied to contain risk in the selection, management and monitoring phases, this tool makes it possible to identify poorly performing accounts more precisely and, therefore, take action to restore profitability.

The Bank also has a process of identification, resolution and monitoring of forborne exposures (i.e. credit exposures for which changes in contractual conditions or refinancing have been granted due to financial difficulties on the part of the debtor); forborne as an attribute is transversal to all loans, whatever their administrative status.

In addition, a range of management information is generated periodically in order to monitor better, via meaningful analysis, the changes in portfolio risk.

With regard to the monitoring of loans that appear anomalous, all overdrawn situations are analysed carefully with a view to taking timely action in relation to problem positions. The Problem Loans Management Department makes use of performance measurement and control methodologies that take into consideration internal and industry data, together with the opinion given by the rating system, if available, to build up the identification of potentially problematic counterparties and promotes actions to mitigate credit risk. These positions are appropriately analysed and, where there are clear signs of difficulty, they are classified as "non-performing", depending on how serious the situation is.

The task of monitoring and managing anomalous loans is given to specific central offices, which make use of "corporate managers" located throughout the territory and who carry on their activity with a view to returning the position to "performing", if this is possible; otherwise, with a view to recovering the loan in the event of insolvency, operating in close collaboration with the home branches of the problem loans concerned.

With reference to the controls in place to mitigate concentration risk, it should be noted that, in the appraisal, disbursement, review and monitoring phases, in-depth controls are carried out relating to the concentration of risks for significant exposures to individual counterparties or groups of counterparties between which there are connections of a legal and/or economic nature. In particular, in accordance with the above regulations, specific procedures are followed for loan applications deemed to be of major relevance (OMR), based on the size of the exposure and the amount of the request for new lines of credit. In particular, these applications and the related investigation report prepared by the Loan Investigation Office are sent to the Large exposures office and rating desk, which assesses the consistency of the operation, at both the individual and consolidated levels, with the system of risk objectives identified in the RAF (Risk Appetite Framework). In addition to the normal analysis by the loan investigation office, large exposures are also examined by the Large exposures office and rating desk in order to provide additional support for the approval process.

## 2.3 Methods for measuring expected losses

The purpose of this section is to describe the methodological framework implemented by the Bank to calculate the Expected Credit Loss (ECL) of its loan portfolio, in accordance with the requirements of the IFRS 9.

The Bank has defined a specific methodological framework. Building on the models already used in other business areas and processes, this activity involved developing various methodologies and aspects relevant to the calculation of IFRS 9 impairment, such as stage allocation methodologies, as well as the micro-modelling of scenario-dependency and the calculation of a multi-period ECL that takes account of the key aspects mentioned.

These methodologies are considered optimal with regard to the rationale underlying the standard, the current and prospective taxonomy and complexity of the portfolio, the materiality of the impact of specific modelling decisions and the following drivers of analysis considered important:

- Disclosure and consistency, with particular reference to the ease with which the approach can be explained to the various types of stakeholder, and consistency with the methodological framework currently used for stress testing.
- Conformity with current regulations, with particular reference to integration of the forward-looking element and the move from a "Through-the-Cycle" to a "Point-in-Time" approach.
- Maintenance effort, particularly in relation to the frequency with which the model is recalibrated under the point-in-time approach.
- Representativeness of the composition of the portfolio, considering the level of specialisation with respect to the clusters within the portfolio and its essential duration.
- Adequacy with respect to the depth and frequency of the available data, specifically considering aspects of data availability and methodological requirements, as well as the stability of the estimates and the number of parameters to be estimated.

Finally, it is important to remember that, for the purposes of determining the Expected Credit Loss, the current models include the effects of the new definition of default (new DoD), and at the same time include prudential overlays aimed at ensuring that the overall level of collective provisions is fully aligned with the current and prospective risk profile of the counterparties and the macroeconomic, geopolitical and business context in which the Bank operates.

### Scope of calculation

The scope of application of these methodological approaches includes portfolios classified according to Business Held To Collect models (these portfolios are valued at Amortised Cost, in the event that they pass the "Solely Payment of Principal and Interest" (SPPI) test (attributable to the balance sheet items "Loans and receivables with customers" and "Loans and receivables with banks") and Held To Collect and Sell (attributable to the item financial assets measured at fair value with impact on overall profitability), to determine the portion of the change in fair value attributable to risk of credit.

In addition to the above, applicable to the "on-balance sheet" component, IFRS 9 also applies to the financial instruments associated with "off-balance sheet" categories, such as revocable margins, non-revocable margins and financial guarantees.

### Credit risk parameters

The process of modelling credit risk parameters started with the internal models developed for regulatory purposes. Based on these, the Bank defined a set of refined methodologies and adjustments to model in a specific and appropriate manner the point-in-time and forward-looking components, in order to ensure maximum consistency between the overall methodology adopted and the rationale underlying the standard. The probability of default (PD) was modelled on adaptation of the default rates, applying a variable scale approach.





On this basis, the Bank defined a series of specific methodological approaches, essentially covering the aspects described below, in order to develop a precise model that embodies as closely as possible the rationale and requirements of the standard:

- Transition matrices, used to model the PD dynamics needed to calculate the IFRS 9-compliant ECLs over essentially long-term time horizons;
- Econometric models, defined for various customer segments and sectors of business activity, that make it possible to differentiate the above forward-looking dynamics by examining different macroeconomic scenarios over a long time horizon;
- Convergence dynamics towards long-term equilibrium that make it possible to extend the above-mentioned forward-looking and scenario - dependency dynamics over longer time horizons than those covered by the econometric models;
- Methodologies for estimating the long-term PD by adopting a suitable methodological framework;
- Methodologies for defining appropriate PDs for segments not covered by ratings, including the corporate and retail segments for which no models are available, as well as the exposures to those types of counterparty (e.g. banks, public administrations) that do not fall within the regulatory scope. The approach in these cases uses the ECAI transition matrices and the internal default rates.
- Methodologies to develop a model for the LGD component compliant with the requirements of the new standard, the Bank sought to make methodological choices and/or adopt definitions that differed from those developed in the regulatory context, as well as to develop specific methodologies that model changes in the metric more precisely over long-term time horizons under different macroeconomic conditions.

More precisely, the LGD parameter used under this area differs from those considered by the internal models in the following ways:

- Definition of LGD by state of impairment (LGS). Although the starting point for the definition of LGD by state of impairment (LGS) uses the same concept as that used in the regulatory context, in order to maximise internal consistency among the models adopted, the Bank defined a different set of underlying methodologies for the calculation of that metric, in order to ensure consistency with the rationale underlying the standard.
- Development of econometric models for LGD by state of impairment. The Bank has developed a specific methodological module that renders LGD by state of impairment (LGS) dependent on the macroeconomic scenario selected.
- Definition of the danger rate parameter. The Bank has defined an alternative version of the danger rate parameter, which is estimated over a shorter time horizon than that considered in the regulatory context, achieving greater alignment with the point-in-time calibration logic touched on in the standard.
- Parameters for segments other than Corporate and Retail not covered by the regulatory model. The Bank has defined specific methodologies for estimating the LGD for those portfolio segments that, while falling within the scope of the simulation, are not currently covered by the internal LGD models.

The Exposure at Default component is modelled using different methodological approaches depending on the segment to which the counterparties belong; in particular:

- for counterparties in the Retail segment, the EAD model developed by the Bank within the regulatory framework and already validated is used;
- for counterparties in the Corporate segment, the EAD model developed by the Bank within the regulatory framework is used;
- for counterparties not covered by the internal model, a standard CCF value is used.

In addition, specific in-model adjustments and model-related add-ons were introduced to ensure that the new values were fully aligned with the current and prospective risk profile of the counterparties in the portfolio.

## Stage allocation

The standard requires the classification of all financial instruments subject to impairment into three different stages, considering the level of impairment of the exposure at the analysis date with respect to an initial recognition date:

- Stage 1: performing positions for which no significant increase in credit risk is found at the analysis date with respect to that at the date of initial recognition;
- Stage 2: performing positions for which a significant increase in credit risk is found with respect to that at the date of initial recognition;
- Stage 3: positions in default.

For instruments classified in stage 2, the expected loss is calculated throughout the residual life of a financial instrument on the basis of the increased risk of default compared to the "initial recognition" date; in accordance with the requirements of the principle, the assessment of the change in credit risk must be based on qualitative and quantitative information.

For this purpose, the Bank has developed a series of methodologies for classifying the exposures to be analysed into the above stages that use both qualitative and quantitative information and approaches, as well as both absolute and relative staging criteria.

The main absolute criteria considered for staging purposes are:

- *Low Credit Risk Exemption*. Consistent with the standard, which accepts the presumption that credit risk has not increased significantly since initial recognition if the risk level of the exposure is deemed to be "low", the Bank has identified the following types of transaction for which, given their nature, it is appropriate to make this election by classifying them automatically in stage 1: transactions with the Bank of Italy and central banks, repurchase agreements expiring within one month and sovereign securities whose issuers have an investment grade rating.
- Past due by 30 days. The Bank, in compliance with the principle that contains an explicit reference to the case in which a relationship shows a delay in the fulfilment of contractual obligations, as an example of a possible indicator of classification in stage 2, includes such positions in stage 2.
- State of forbearance. Forborne exposures comprise loans that have benefited from special concessions, marked by changes in the contractual conditions or refinancing arrangements, following the financial difficulties of the debtor. The methodology defined by the Bank for determining stage allocation only considers that condition appropriate for classification in stage 2 in the case of Performing exposures.
- Purchased or originated credit-impaired (POCI) loans. These comprise all those positions defined as non-performing loans at the time of initial recognition, which are subject to specific regulations regarding the measurement of the credit risk. The methodology defined by the Bank for determining stage allocation only considers that condition appropriate for classification in stage 2 in the case of Performing exposures.
- Positions originated in the month prior to the reporting date. These are all those positions that originated or entered the portfolio in the month prior to the reporting date for which none of the absolute criteria entailing classification in Stage 2 exist, and which are therefore classified in Stage 1.
- Intra-group positions. In view of their peculiar risk profile, they are classified as Stage 1.
- Watchlist. This includes criteria to identify additional positions and/or counterparties which, as a result of various quantitative and qualitative considerations and analyses, are characterised at the reporting date by a high or significantly increased risk profile with respect to the date of origination, or which, more generally, it is deemed appropriate to make subject to particular attention and monitoring, and for which, therefore, classification in Stage 2 is deemed appropriate.
- Backstop PD criterion. In order to have a holistic assessment of the evolution of the counterparties' actual credit risk, it is deemed appropriate to classify in Stage 2 the positions in which the "absolute" increase between the annualised PD lifetime level at the date of origination and the equivalent level at the date of reporting is greater than an assigned criticality threshold (so-called backstop).
- Discounted lifetime PD criterion. Positions for which the annualised lifetime PD value is above an assigned criticality threshold at the reporting date are classified as Stage 2.



On the other hand, with regard to the use of relative staging criteria, and thus the determination of the significant increase in credit risk (SICR) that leads to the classification of positions in stage 2, the Bank opted for a metric based on lifetime PD. In fact, assessment of the change in creditworthiness of a generic position by comparing a suitable metric based on the lifetime PD – relating to the residual life of the relationship – determined at the reporting date, with the lifetime forward PD – relating to the same point in time – estimated with reference to the curve at the origination date of the position.

The above methodology therefore requires the availability of a series of information and suitable methodologies for constructing lifetime cumulative PD curves, at both the reporting date and the origination date, for all counterparties included in the loan portfolio subject to the impairment calculations.

The lifetime PD curves to be used at the reporting date are calculated by applying non-homogeneous Markovian methodologies to transition matrices estimated using a frequency approach for different portfolio segments/clusters and subsequently rendered point in time and scenario dependent by applying econometric models based on a Merton-type methodological framework.

The lifetime PD curves at the origination date, if the latter precedes the date of first adoption of the accounting standard, on the other hand, are obtained using a simple Markovian methodology applied to transition matrices estimated over a long-term time horizon if it is prior to first-time adoption of the accounting standard, while for subsequent dates the lifetime PD curves calculated on that date are used.

The lifetime PD curves at the reporting and origination dates for positions associated with counterparties for which no internal rating is available, or that belong to segments not covered by internal models, are constructed using transition matrices estimated by external rating agencies (the so-called ECAI) appropriately elaborated for those bank counterparties for which an ECAI rating is available. Said rating is applied a homogeneous Markovian methodology to obtain lifetime curves, and/or using internal new default rates analysed by portfolio cluster and macroclasses of creditworthiness in all other situations. More precisely, the internal new default rates are used to reconstruct a simplified transition dynamic that, together with the econometric models and the long-term convergence mechanisms described earlier, is used to obtain lifetime cumulated PD curves.

At the same time as selecting the stage allocation approach to use and defining an appropriate metric, the Bank also devised and applied a series of analytical methodologies in order to first identify appropriate levels of detail for segmenting the loan portfolio and, subsequently, to calibrate the corresponding threshold levels for assigning a given position to either Stage 1 or Stage 2.

In general terms, the definition of different levels of granularity, through which to segment the different partitions of the loan portfolio and the calibration of respective threshold levels considered, involved the use of statistical, or more generally data-driven techniques, as well as specific sensitivity and benchmarking analyses.

Based on the information obtained following the initial analyses carried out using the above methodologies, the Bank decided to calculate the write-downs using different thresholds for the following levels of detail:

- the portfolio covered by an internal model is segmented by operational macro-segment and rating class. In order to consider appropriately the usual evolutionary dynamics of the lifetime PD curve and their effect on the values of the metric, the above criteria were used to identify the segments in which that phenomenon is significant, for which the threshold levels were further differentiated with reference to the residual lives of the positions segmented into appropriate buckets.
- for portfolios not covered by an internal model, a distinction is made between banking counterparties, whose PD-based metric is estimated using lifetime PD curves generated by the ECAI transition matrices, applying the methodology described earlier, and other types of customer, whose PD-based metric is calculated with reference to the lifetime PD curves obtained via appropriate processing, in the manner described earlier, of the corresponding new default rates estimated internally, which are further segmented into appropriate macro-segments.

The threshold values for the various portfolio segments indicated above are, in the most general case, calibrated at the level of macro-segment, rating class and residual life of the position, taking as the threshold value that corresponding to the assigned percentile, taken from the metric, of the empirical observed distribution of the underlying estimation pool. This value is determined with reference to the

percentage of positions in the segment analysed that, considering their trends over the observable period, have transitioned to lower classes of creditworthiness under a notching-down approach with variable scale; at this level it is possible to apply adjustments and corrections due to rounding, the application of prudential add-ons or consideration of the impact of the threshold values concerned on the final write-down calculations.

It should also be noted that, in those cases in which staging is determined on the basis of the so-called relative criteria (namely, comparison between the PD-based metric value and the corresponding SICR threshold value) outlined above, a further mechanism is envisaged to maximise the correspondence between the evolutionary dynamics of the regulatory rating and staging; in other words, it is required that positions that experience a deterioration in creditworthiness cannot experience transitions from Stage 2 to Stage 1, and vice versa.

## Modelling of the scenario-dependency component

One of the key points of the IFRS 9 standard relates to the use of forecasts that contain forward-looking and, in particular, scenario-dependency elements.

In order to guarantee maximum alignment with these requirements, the Bank has explicitly and specifically included that component in many aspects of the methodological framework; more precisely, modelling of the scenario-dependency component by the Bank involved the selection and definition of macroeconomic scenarios, their parametrisation in a suitable manner and the interpretation of their dynamics in order to identify scenario-dependency risk parameters and methods for calculating the ECL.

In general, the Bank uses for the adoption of three different macro-scenarios that make it possible to develop, in accordance with the requirements of the standard, a sufficiently detailed and precise forecast estimate, and at the same time adequate to the size, structure and complexity of the Bank and its business:

- a baseline scenario, based on "central" trends in the macroeconomic variables with respect to the value observed when making the initial forecast that, generally, should therefore represent the outcome considered most likely;
- a moderately adverse scenario that, while undeniably representing an unfavourable but plausible development of the macroeconomic situation, should not normally result in conditions that are particularly stressed;
- a moderately favourable scenario that should represent a positive but completely plausible development of the macroeconomic situation, based on the conditions observed at the time of the forecast.

With reference to the choice of macro-scenarios used, it is important to clarify how, in view of the continuing uncertainties that characterised the macroeconomic, geopolitical and business context during the current financial year, the Bank confirmed the replacement of the moderately favourable scenario with an extreme adverse scenario also this year, in order to better guarantee the alignment between the quantification of adjustments and the actual current and prospective risk profile of the portfolio.

For this purpose, an external supplier with recognised specific experience in the field of forecasting scenarios and a consolidated reputation at a national level is used, by providing forecasts of macroeconomic, financial and banking variables, in the activities which assume, in a forecasting or simulation perspective, the anticipation of future events, both for strategic purposes and for sound and prudent management.

With regard to the frequency of these macro-economic forecasts, it should be noted that they are updated by the external provider on a quarterly basis under market conditions considered to be standard; however, these estimates are updated more frequently if the provider identifies elements of atypicality and/or particular turbulence in the general macro-economic context.

The parametrisation of the above scenarios results in the supply, for each scenario considered, of forecasts of numerous variables of different types. These include quarterly forecasts covering strictly macroeconomic factors – such as Italian and EU GDP, the inflation rate, the unemployment rate, the level of Italian public debt – as well as strictly financial variables – mainly stock indices, money market and swap rates, the yields on government securities, the yield spreads on securities with different credit ratings, the



prices of such commodities as gold and oil, the exchange rates between the Euro and other major currencies over a three-year time horizon.

In order to be considered properly within the multi-period ECL, the dynamics of the macro-economic scenarios described above must be translated appropriately into scenario-dependency credit risk parameters, specifically PD and LGS, using the econometric models also mentioned above. The statistical relations on which these are based are differentiated at the level, respectively, of portfolio cluster and type of guarantee, making use of meaningful variables that statistical tests and economic intuition have identified as significant, plausible and representative.

The dynamics generated initially cover a three-year time horizon that, in order to cover the residual contractual lives of all positions in the portfolio, is then extended on a lifetime basis by developing geometric convergence dynamics driven by suitably calibrated parameters, considering the nature and severity of the scenarios modelled.

However, it is important to note that, given the inherently uncertain nature of these forecasts, the Bank has set up a dedicated "Scenarios Committee" of a managerial nature, during which it ensures to:

- examine the results of the analyses carried out internally, in order to confirm – applying economic, financial, statistical and/or data-driven logic – the plausibility, quality and consistency of the scenarios and related "weighting factors", having regard for the benchmarking exercises carried out with alternative, reputable and independent providers;
- arrange for the communication and critical discussion of the forecasts within the organisation, in order to determine how well the wealth of information received fits with the sentiment of participants regarding the macroeconomic situation and the specific business conditions faced by the Bank, as well as to consider whether or not to include these expert-based elements in the macro-economic data used in the calculations.

### **Calculation of the multi-period, scenario-dependency ECL**

The impairment for each position under a given scenario is calculated as the sum, discounted to present value at the measurement date, of the ECL determined by multiplying together the PD (scenario-dependency) and LGD (scenario-dependency) and the EAD associated with each contractual cash flow generated by the instrument over a time horizon that depends on the staging (i.e. positions classified in stage 1 are written down over a maximum of one year, while those classified in stage 2 are written down considering the entire residual duration of the contract).

Subsequently, these estimates are aggregated appropriately to obtain the best estimate of a final value that gives due weight to the likelihood of the various macro-economic scenarios considered. The aggregation mechanism used by the Bank in fact determines the weighted average of the various ECL, applying weighting factors linked to the probability of occurrence of each scenario.

The Bank uses a methodology to estimate these factors, balancing the results of a purely macro-economic and/or data-driven approach with considerations of a more qualitative and expert-based nature. This approach involves obtaining the estimated probability of occurrence of the scenarios presented by the provider, analysing their plausibility and using them as a starting point for formal discussion within the Bank (Scenarios Committee). This process, which also involves other persons drawn from different business functions, considers the results of the internal analyses carried out, reviews them critically and determines, if deemed appropriate, any adjustments or corrections to be made on the basis of expert-based, decision-making components.

### **Methodology for other portfolios**

The write-downs required in accordance with the logic indicated in the new IFRS 9 are also calculated in relation to the securities portfolio, although it is less material than the loans portfolio discussed above.

The scope of the calculation in this case includes securities classified as Held to Collect and those classified as Held to Collect & Sell. The ECL must be calculated on the exposures classified in one of the above categories that have passed the solely payment of principal and interest (SPPI) test. Debt securities classified at amortised cost and fair value with impact on comprehensive income are also included in the

scope of application.

The calculation framework is developed using methodological logic consistent with that described above, with a number of differences (e.g. estimation of the term structures of risk parameters and their segmentation, statistical and econometric models and micro-factors used as predictors) made necessary by the different type and risk profile of the positions included in the portfolio.

## Changes due to the current geopolitical and macroeconomic environment and latest methodological developments

In order to adequately incorporate in the quantification of its provisions the effects of the crisis induced by the outbreak of the Russian-Ukrainian and Israeli-Palestinian conflicts and their geopolitical and economic consequences (with particular reference to the energy crisis and the inflationary dynamics), the Bank has introduced a series of evolutionary specifications within its methodological framework.

More precisely, during the year, steps were taken for the following:

- the fine-tuning and evolution of the methodological tools, which have been configured as necessary in light of the continuing macro-economic and geopolitical context characterised by considerable uncertainty, aimed at guaranteeing adequate levels of credit provisioning; worth mentioning, by way of indication, are the fine-tuning of so-called in-model adjustments for the suite of statistical-econometric models, developed according to a data-driven methodology, aimed at modelling in an explicitly prospective manner the evolutionary dynamics of risk parameters for all macroeconomic scenarios that contribute to the calculation of collective impairment losses, and the updating of lists of customers considered to be "high risk positions" due, *inter alia*, to their particular exposure to the geopolitical context and the current energy and inflationary crisis, for which a reclassification to Stage 2 was assessed;
- the maintenance and evolution of the methodological apparatus developed in previous years during the installation phase and physiologically subjected to adjustments or refinements, in light of, *inter alia*, both changes in the regulatory context and the need to provide a punctual and exhaustive addressing of the findings formulated by the Supervisory Authority following the site inspection concerning the Non-Financial Corporate segment of the credit portfolio<sup>1</sup>;
- the periodic conduct of a set of quantitative and qualitative analyses, aimed at certifying the goodness, plausibility and accuracy of the macroeconomic forecasts periodically provided to the Bank by the appointed provider, prior to their use in the procedures for determining the accounting adjustments with the aim of "conditioning" the factors for estimating collective impairment based on the performance of alternative macroeconomic scenarios; also of note, in this context, is the constant extension of the analysis and reporting structure - subject to enrichments and improvements during the financial year - aimed at reporting the results of the analyses carried out during the periodic meetings of the dedicated managerial committee (Scenarios Committee), which was accompanied by periodic and systematic monitoring, analysis and reporting activity (so-called third party data analysis) of the publications of the most authoritative national and international research bodies and institutions;
- the continuous review, extension and strengthening of periodic analyses for the examination and asseveration of the observed dynamics of a series of key metrics derived from the collective

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<sup>1</sup> With specific reference to this last area, the completion of all the remedial actions implemented in the implementation of the action plan prepared by the Bank is certainly worthy of mention and in-depth analysis, (ii) the fine-tuning that affected some stage allocation criteria (PD backstop, introduction of an additional absolute staging criterion), (iii) the re-establishment of the grids of the Danger Rate parameter, (iv) the new modelling of the effect of state guarantees and counter-guarantees, (v) the transposition of the new grid values of the LGS parameter (vi) the holistic revision of the stage allocation framework, which entailed, *inter alia*, the introduction of a new absolute staging criterion and a significant revision to the scope of the staging overrides that affected both methodological and procedural aspects and also entailed the extension of the corporate functions actively involved in this area (vi) the revision of the modelling of the prospective and scenario-dependency components of the latter (vii) evolutions introduced in the modelling of the residual life of positions with reference to certain particular types of technical forms without contractual maturity (viii) as well as, last but not least, (ix) the development of a dedicated framework (the so-called watchlist model) for the write-down of positions that the credit processes (e.g. early warning management system, second-level controls, etc.) configure as particularly risky.





calculation of loss forecasts on the portfolio of performing exposures, also with the objective of verifying their plausibility and robustness (so-called "model monitoring" and performance analyses of IFRS 9 models for collective provisioning);

- the explicit introduction into the estimates of the climate-environmental component of the so-called ESG risks, at first through an add-on estimated according to top-down logic, and subsequently made the subject of specific modelling, with reference both to the types of risk being modelled (i.e. physical and transitional risk and the components - namely, probability of default (PD) and loss given default (LGD) parameters - affected by them, and having an impact on individual positions in terms of both staging and determination of value adjustments;
  - a substantial revision of the management overlay framework, corrective elements applied to the model-based estimates aimed at ensuring that the overall level of collective provisions is fully aligned with the current and prospective risk profile in light of the macroeconomic, geopolitical and business context in which the Bank operates, which has resulted in a non-negligible reduction in their relevance in calculating the final level of collective impairment losses, as a direct consequence of the completion of numerous and significant evolutions and fine-tuning in the core components of the ECL and staging models mentioned above.
- d. core components of the previously mentioned ECL and staging models. Specifically, the residual overlay/add-on components considered in the calculation of write-downs, for a total of 50.2 million euro, refer to (i) estimates of the effects on regulatory models resulting from the entry into force of the new prudential regulatory framework and/or the future adoption of new modules in order, *inter alia*, to address certain findings formulated during the previous site inspection conducted on internal models, (ii) emerging risks (so-called novel risks) - for example, inflation risk, geopolitical risk, supply chain risk, energy risk, high level of interest rate risk - which, starting from the pandemic and post-pandemic context and the onset of recent conflicts, have assumed increasing importance and which are consequently considered in the calculation of collective impairment losses; and (iii) a prudential component linked to uncertainties regarding the current and prospective global macroeconomic and geopolitical context. As regard the overlay component aimed at addressing aspects of improvement that have been identified in the credit management and monitoring processes (so-called process deficiency-related add-on), amounting to 67.8 million euro at the end of 2023, an appropriate methodological framework (so-called "watchlist model") was defined during the 2024 applied to a perimeter, updated monthly, consisting of counterparties with which a pink management indicator is associated at the reporting date;
- reports and/or counterparties reported on the basis of analyses by internal or external control departments.

As at 31 December 2024, the application of this criterion resulted in an ECL component of approximately 87 million euro.

In addition, fine-tuning was made to the procedural and governance aspects connected, *inter alia*, to the management and quantification of these components, which were reflected in a further extension and greater level of formalisation of the analyses performed and made the subject of specific examination and discussion during the regular monthly meetings with senior management, as well as a further extension of the number of senior stakeholders (e.g. CLO area) directly involved in the process of defining the level of the collective impairment provision and in the examination and calibration of the components by which it is made up (the ECL layer).

## ECL sensitivity analyses

Generally speaking, the scenarios adopted for the calculation of collective devaluations contain forecasts for the evolutionary dynamics of dozens of macro-economic variables, developed over multi-year time horizons and updated on a generally quarterly basis in market conditions considered standard<sup>2</sup> and are made the subjects of specific analysis, discussion and approval in dedicated managerial

<sup>2</sup> These estimates are, however, subject to *ad-hoc* updates should the provider identify elements of atypicality and/or particular turbulence in the general macroeconomic context.

committees. The scenarios examined address different degrees of adverse/favourable conditions affecting the overall macroeconomic situation.

For the purposes of estimating impairment, a basic scenario has historically been considered, defined according to the "central" evolutionary trend of the macro-economic variables with respect to their value observed at the initial moment of the estimate and that should therefore be configured as the one whose realisation is generally considered to be more probable and futuristic, and two scenarios so-called – "adverse" and "favourable" – that address outcomes deemed somewhat plausible and not extreme in the macroeconomic context identified. The importance of the above scenarios in the final determination of the write-downs is defined using an appropriate set of weighting coefficients that, in general, reflect the estimated severity assigned to each scenario by the external provider, as adjusted after specific internal analysis and processing.

However, the cautious approach, adopted since the deflagration of the Russian-Ukrainian conflict, of replacing the "favourable" scenario with the "extreme adverse" one, in light of the general geopolitical and macroeconomic context, was maintained in 2024.

In order to guarantee optimal monitoring of these aspects in view of the particular importance acquired by the same, the Bank has continued to carry out periodic *ad-hoc* analyses of both a qualitative and quantitative nature in this area, also by conducting regular benchmarking analyses with other available information sources, namely both alternative providers and publications of the main domestic and foreign bodies and institutions of established reputation (so-called third party data).

In this regard, it should be noted that, when calculating write-downs at 31 December 2024, the Bank adopted the following three different macro-scenarios and their respective weightings:

- a **baseline scenario**, being the same as the one issued by the official supplier on the occasion of the last forecast report available at the date of calculating collective write-downs, to which a probability of 70% is attributed;
- a **(slightly) adverse scenario**, being the same as the one issued by the official supplier on the occasion of the last forecast report available at the date of calculating collective write-downs, to which a probability of 25% is attributed;
- an **extreme adverse scenario**, being the same as the one issued by the official supplier on the occasion of the last forecast report available at the date of calculating collective write-downs, to which a probability of 5% is attributed;

Finally, with regard to the weighting with which the above-mentioned scenarios contribute to the final calculation of the write-downs, the baseline scenario - which, in accordance with its name, represents the evolution of the macro-economic context considered most plausible and likely at the time of formulating the forecasts - is assigned the highest probability coefficient, while the alternative scenarios, due to their "residual" nature, are assigned lower weighting factors.





**Table 1** shows the evolutionary dynamics of the main macro-economic variables for each of the above scenarios with reference to a three-year forecast horizon.

**Table 1 – Annual forecasts for the main macro-economic variables**

Macro-economic variable	Scenario Base Dec. 2024			Scenario Adv. Dec. 2024			Scenario Extr. Dec. 2024		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Italy's GDP (% on an annual basis)	0.8%	0.7%	0.4%	0.1%	0.4%	0.3%	-1.3%	0.2%	0.0%
Italy's unemployment	7.0%	6.8%	6.6%	7.3%	7.5%	7.5%	8.0%	8.8%	9.3%
Italy's inflation (% on an annual basis)	1.9%	2.0%	2.0%	2.3%	2.1%	2.0%	3.1%	2.3%	2.0%
Italy's equity index (% on an annual basis)	9.3%	5.5%	2.9%	-2.7%	1.5%	-1.1%	-11.3%	-2.9%	1.6%
BTP interest rate 10 years (%)	4.0%	4.2%	4.6%	4.2%	4.6%	5.0%	4.5%	4.5%	4.8%
Italian residential property price index (% on annual basis)	1.6%	1.8%	2.0%	-0.8%	0.0%	1.0%	-3.2%	-1.1%	-0.6%
Euro/dollar exchange rate	1.11	1.11	1.12	1.11	1.11	1.12	1.11	1.11	1.12
Brent oil: \$ per barrel	79	84	85	85	90	90	95	100	100
Euribor 3 months	2.7%	2.5%	2.5%	2.9%	2.6%	2.5%	2.2%	2.0%	2.0%

For further information on the inclusion of the so-called forward-looking information (FLI) in the impairment model, reference should be made to the preceding paragraphs.

In order to quantify the variability to which the final write-downs are subject, given all the scenario-dependency factors considered explicitly in its methodological framework, the Bank has also carried out specific sensitivity analyses in accordance with sector best practices and the recommendations of the Supervisory Authorities<sup>3</sup> regarding the level of impairment of its performing exposures. The results of these analyses are presented in the following tables.

<sup>3</sup> See for example the paper ESMA32 -63 - 791 of 22 October 2019.

In particular, **Table 2** analyses by operational macro-segment and stage the different levels of write-down corresponding to the three scenarios identified – baseline, adverse and extreme – used to calculate the official amount, as well as the weighted outcome determined after applying the probabilities indicated above.

**Table 2 – Write-downs [in €/million] at 31 December 2024 of the performing loans of the Parent Company associated with different macroeconomic scenarios**

Management macro-segment	Stage	Base scen.	Adv. scen.	Extr. scen.	Weight. scen.
<b>Corporate &amp; Large Corporate</b>	Stage 01	58.0	59.3	61.6	58.5
	Stage 02	170.0	171.3	173.9	170.5
	<b>Total</b>	<b>228.0</b>	<b>230.6</b>	<b>235.5</b>	<b>229.0</b>
<b>Small Business</b>	Stage 01	6.8	6.9	7.0	6.8
	Stage 02	27.1	27.5	28.2	27.3
	<b>Total</b>	<b>33.9</b>	<b>34.4</b>	<b>35.2</b>	<b>34.1</b>
<b>Small Economic Operators</b>	Stage 01	4.6	4.8	5.1	4.6
	Stage 02	14.3	14.8	15.7	14.5
	<b>Total</b>	<b>18.9</b>	<b>19.6</b>	<b>20.8</b>	<b>19.1</b>
<b>Individuals</b>	Stage 01	7.1	7.5	8.3	7.3
	Stage 02	25.6	27.1	29.3	26.1
	<b>Total</b>	<b>32.7</b>	<b>34.6</b>	<b>37.6</b>	<b>33.4</b>
<b>Other</b>	Stage 01	3.6	4.0	4.7	3.8
	Stage 02	0.2	0.2	0.3	0.2
	<b>Total</b>	<b>3.8</b>	<b>4.2</b>	<b>5.0</b>	<b>4.0</b>
<b>Total</b>	Stage 01	80.1	82.5	86.8	81.0
	Stage 02	237.2	240.9	247.3	238.6
	<b>Total</b>	<b>317.3</b>	<b>323.4</b>	<b>334.1</b>	<b>319.6</b>



Dually, **Table 3** provides a representation of the value of devaluations that would be obtained in correspondence of four different parameters of probabilistic coefficients<sup>4</sup> regarding the official one adopted.

**Table 3 – Write-downs [in €/million] at 31 December 2024 of the performing positions of the Parent Company's loan portfolio associated with different weightings of the macro-economic scenarios**

Management macro-segment	Stage	Weight. scen. 1	Weight. scen. 2	Weight. scen. 3	Weight. scen. 4
<b>Corporate &amp; Large Corporate</b>	Stage 01	58.4	58.7	58.7	58.8
	Stage 02	170.4	170.7	170.6	170.8
	<b>Total</b>	<b>228.8</b>	<b>229.4</b>	<b>229.3</b>	<b>229.6</b>
<b>Small Business</b>	Stage 01	6.8	6.8	6.8	6.8
	Stage 02	27.3	27.3	27.3	27.4
	<b>Total</b>	<b>34.1</b>	<b>34.1</b>	<b>34.1</b>	<b>34.2</b>
<b>Small Economic Operators</b>	Stage 01	4.6	4.7	4.7	4.7
	Stage 02	14.4	14.5	14.5	14.6
	<b>Total</b>	<b>19.0</b>	<b>19.2</b>	<b>19.2</b>	<b>19.3</b>
<b>Individuals</b>	Stage 01	7.2	7.3	7.3	7.4
	Stage 02	26.1	26.4	26.3	26.5
	<b>Total</b>	<b>33.3</b>	<b>33.7</b>	<b>33.6</b>	<b>33.9</b>
<b>Other</b>	Stage 01	3.7	3.8	3.8	3.9
	Stage 02	0.2	0.2	0.2	0.2
	<b>Total</b>	<b>3.9</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>
<b>Total</b>	Stage 01	80.8	81.3	81.2	81.6
	Stage 02	238.3	239.1	238.9	239.5
	<b>Total</b>	<b>319.1</b>	<b>320.4</b>	<b>320.1</b>	<b>321.1</b>

Lastly, **Table 4**, **Table 5** and **Table 6** show the different levels of collective write-downs corresponding to the baseline, adverse and favourable scenarios respectively, in the event that their parameters were used on a stand-alone basis to calculate both the ECL and stage allocation.

<sup>4</sup> The values of the weighting factors for the baseline, adverse, and extreme scenarios are 70%-30%-0% (alternative weighted scenario 1), 65%-25%-10% (alternative weighted scenario 2), 70%-20%-10% (alternative weighted scenario 3), and 65%-20%-15% (alternative weighted scenario 4), respectively

**Table 4 – Write-downs [in €/million] at 31 December 2024 for the performing positions of the Parent Company's loan portfolio if the parameters of the baseline scenario were used both to calculate the ECL and for the stage allocation**

Management macro-segment	Stage_base	Nr. Pos	EAD	Nr. Pos%	EAD%	Baseline ECL
<b>Corporate &amp; Large Corporate</b>	Stage 01	43,616	15,755.8	82.3%	84.2%	58.3
	Stage 02	9,393	2,959.9	17.7%	15.8%	169.7
	<b>Total</b>	<b>53,009</b>	<b>18,715.7</b>	<b>21.2%</b>	<b>58.7%</b>	<b>228.0</b>
<b>Small Business</b>	Stage 01	41,630	1,776.0	84.1%	77.1%	6.9
	Stage 02	7,847	526.8	15.9%	22.9%	26.9
	<b>Total</b>	<b>49,477</b>	<b>2,302.8</b>	<b>19.8%</b>	<b>7.2%</b>	<b>33.8</b>
<b>Small Economic Operators</b>	Stage 01	53,699	1,921.9	90.8%	89.5%	5.0
	Stage 02	5,472	226.4	9.2%	10.5%	13.6
	<b>Total</b>	<b>59,171</b>	<b>2,148.3</b>	<b>23.6%</b>	<b>6.7%</b>	<b>18.5</b>
<b>Individuals</b>	Stage 01	78,999	4,295.5	91.7%	91.9%	7.6
	Stage 02	7,129	377.2	8.3%	8.1%	24.6
	<b>Total</b>	<b>86,128</b>	<b>4,672.7</b>	<b>34.4%</b>	<b>14.7%</b>	<b>32.2</b>
<b>Other</b>	Stage 01	2,235	3,970.5	90.2%	97.9%	3.6
	Stage 02	243	84.0	9.8%	2.1%	0.2
	<b>Total</b>	<b>2,478</b>	<b>4,054.5</b>	<b>1.0%</b>	<b>12.7%</b>	<b>3.9</b>
<b>Total</b>	Stage 01	220,179	27,719.8	88.0%	86.9%	81.4
	Stage 02	30,084	4,174.2	12.0%	13.1%	235.0
	<b>Total</b>	<b>250,263</b>	<b>31,894.0</b>	<b>100.0%</b>	<b>100.0%</b>	<b>316.4</b>

**Table 5 – Write-downs [in €/million] at 31 December 2024 for the performing positions of the Parent Company's loan portfolio if the parameters of the adverse scenario were used both to calculate the ECL and for the stage allocation**

Management macro-segment	Stage_adv	Nr. Pos	EAD	Nr. Pos%	EAD%	ECL adv.
<b>Corporate &amp; Large Corporate</b>	Stage 01	43,368	15,698.3	81.8%	83.9%	59.3
	Stage 02	9,641	3,017.4	18.2%	16.1%	171.5
	<b>Total</b>	<b>53,009</b>	<b>18,715.7</b>	<b>21.2%</b>	<b>58.7%</b>	<b>230.8</b>
<b>Small Business</b>	Stage 01	41,183	1,760.4	83.2%	76.4%	6.8
	Stage 02	8,294	542.4	16.8%	23.6%	27.6
	<b>Total</b>	<b>49,477</b>	<b>2,302.8</b>	<b>19.8%</b>	<b>7.2%</b>	<b>34.4</b>
<b>Small Economic Operators</b>	Stage 01	52,941	1,888.8	89.5%	87.9%	4.7
	Stage 02	6,230	259.5	10.5%	12.1%	15.0
	<b>Total</b>	<b>59,171</b>	<b>2,148.3</b>	<b>23.6%</b>	<b>6.7%</b>	<b>19.7</b>
<b>Individuals</b>	Stage 01	77,608	4,165.5	90.1%	89.1%	7.3
	Stage 02	8,520	507.2	9.9%	10.9%	29.0
	<b>Total</b>	<b>86,128</b>	<b>4,672.7</b>	<b>34.4%</b>	<b>14.7%</b>	<b>36.3</b>
<b>Other</b>	Stage 01	2,234	3,970.0	90.2%	97.9%	4.0
	Stage 02	244	84.5	9.8%	2.1%	0.2
	<b>Total</b>	<b>2,478</b>	<b>4,054.5</b>	<b>1.0%</b>	<b>12.7%</b>	<b>4.2</b>
<b>Total</b>	Stage 01	217,334	27,483.1	86.8%	86.2%	82.1
	Stage 02	32,929	4,410.9	13.2%	13.8%	243.4
	<b>Total</b>	<b>250,263</b>	<b>31,894.0</b>	<b>100.0%</b>	<b>100.0%</b>	<b>325.4</b>



**Table 6 – Write-downs [in €/million] at 31 December 2024 for the performing positions of the Parent Company's loan portfolio if the parameters of the extreme scenario were used both to calculate the ECL and for the stage allocation**

Management macro-segment	Stage_fav	Nr. Pos	EAD	Nr. Pos%	EAD%	ECL fav.
<b>Corporate &amp; Large Corporate</b>	Stage 01	42,846	15,534.7	80.8%	83.0%	60.1
	Stage 02	10,163	3,181.0	19.2%	17.0%	176.4
	<b>Total</b>	<b>53,009</b>	<b>18,715.7</b>	<b>21.2%</b>	<b>58.7%</b>	<b>236.5</b>
<b>Small Business</b>	Stage 01	39,301	1,713.5	79.4%	74.4%	6.9
	Stage 02	10,176	589.3	20.6%	25.6%	28.9
	<b>Total</b>	<b>49,477</b>	<b>2,302.8</b>	<b>19.8%</b>	<b>7.2%</b>	<b>35.8</b>
<b>Small Economic Operators</b>	Stage 01	50,151	1,780.6	84.8%	82.9%	4.6
	Stage 02	9,020	367.7	15.2%	17.1%	18.0
	<b>Total</b>	<b>59,171</b>	<b>2,148.3</b>	<b>23.6%</b>	<b>6.7%</b>	<b>22.6</b>
<b>Individuals</b>	Stage 01	57,373	3,252.2	66.6%	69.6%	6.2
	Stage 02	28,755	1,420.5	33.4%	30.4%	50.5
	<b>Total</b>	<b>86,128</b>	<b>4,672.7</b>	<b>34.4%</b>	<b>14.7%</b>	<b>56.7</b>
<b>Other</b>	Stage 01	2,215	3,951.0	89.4%	97.4%	4.7
	Stage 02	263	103.5	10.6%	2.6%	0.3
	<b>Total</b>	<b>2,478</b>	<b>4,054.5</b>	<b>1.0%</b>	<b>12.7%</b>	<b>5.0</b>
<b>Total</b>	Stage 01	191,886	26,232.0	76.7%	82.2%	82.5
	Stage 02	58,377	5,662.0	23.3%	17.8%	274.1
	<b>Total</b>	<b>250,263</b>	<b>31,894.0</b>	<b>100.0%</b>	<b>100.0%</b>	<b>356.6</b>

See "Part A – Accounting policies" for information about the determination of expected losses on stage 3 exposures i.e. non-performing loans. More specifically, the expected losses on non-performing loans at 31 December 2024 are determined analytically with reference to expected recoveries, which are discounted using the original effective interest rates over the collection period. Given that the expected recoveries are determined with reference to the specific circumstances of each debtor, it is not considered meaningful to analyse the sensitivity of the ECL identified.

## 2.4 Credit risk mitigation techniques

In order to mitigate credit risk, the guarantees typical of banking activities are acquired: mainly of a real nature, on real estate and financial instruments, and of a personal nature. The latter, represented above all by limited generic sureties, are almost entirely issued by private individuals and manufacturing companies whose creditworthiness, subject to specific assessment, is considered adequate. Clearly it is fundamental with regard to unsecured guarantees to check the quality of the guarantor's assets. This analysis is not limited to the initial phase of the relationship but is repeated over the life of the relationship. If the guarantor is found to be economically unsuitable, the Bank reviews the relationship in order to verify the continued reliability of the borrowing counterparty.

The presence of guarantees is taken into consideration when weighting the overall credit lines to be granted to a customer or to the legal or economic group to which it might belong. In particular, there are formal policies and procedures relating to their use, the existence of the eligibility requirements - general and specific - required by regulatory provisions and the constant monitoring to ensure that the amount is appropriate.

Collateral is revalued on the basis of events connected to the status of the loan and/or the protection and also according to methods and periodicity consistent with the nature of the assets (real estate or other) and financial instruments in place and in line with current regulatory standards. The information systems and operating procedures in fact allow the acquisition, storage and management of all data useful for the correct identification and revaluation of the guarantees received. Suitable arrangements are made when obtaining, assessing and verifying guarantees to ensure that they will prevail over third parties, both at the time and in the future, and can be fully enforced in the event of default on the part of the borrower.

With regard to mortgage guarantees, the Bank adopts reliable principles and standards for the valuation of properties in order to obtain realistic and detailed estimates of the value of the assets as collateral.

The Bank implements a series of processes able to ensure efficient management and timely assessment of properties that are subject to real encumbrances, by taking a census of the assets and filing the expert appraisals in a specific IT application.

Moreover, residential and commercial/instrumental buildings are assessed at least once a year, partly with a view to complying with the supervisory instructions. The value of the real estate is estimated using external appraisal companies (so-called providers), with suitable requirements of professionalism and independence from the processes of proposal, deliberation and disbursement of credit, in line with national (A.B.I. Guidelines) and international (EVS European Valuation Standards and IVS International Valuation Standards) standards of valuations.

The Bank has supplemented its procedures for collecting appraisal data with a system for checking appraisal values provided by providers, subjecting appraisals to an automatic, computerised check to compare appraisals with quotations from the main databases (OMI - Revenue Agency and Nomisma Spa). Based on the deviations recorded, follow-up actions are carried out in accordance with the Mortgage Collateral Manual.

In addition, the Bank has introduced the "Real Estate Appraisals and Service Providers Control Commission", a collegial body that meets periodically to examine a sample of the appraisals extracted from the above-mentioned computerised controls to verify the processes, methodologies used and the results of the appraisals entrusted to external providers pertaining to the real estate acquired as collateral for the credit lines, checking their full compliance with ABI Guidelines, international standards and compliance with the Guidelines for banks on impaired loans issued by the European Central Bank.

Property must meet specific requirements in order to mitigate lending risk (value of the property independent of the creditworthiness of the counterparty, loan repayments independent of cash flows deriving from the asset, and residential property used directly or rented). These requirements are checked by the branches and the electronic credit application is processed for subsequent checks by the investigation office and the approval committees.

The value of collaterals given in the form of financial instruments listed on regulated markets is automatically revised each day with reference to the quoted prices, in order to check that the cover remains



within the agreed line of credit or, otherwise, the position is examined by the managers on a timely basis.

The Bank is not party to settlement agreements regarding on- and "off-balance sheet" transactions.

At this time, there are no contractual restrictions threatening the legal validity of guarantees received.

The central functions that perform the above checks are different to the functions that grant and review lending; the Internal Audit Department carries out periodic checks to ensure that these activities are performed properly and on a prudent basis.

### 3 Impaired credit exposures

#### 3.1 Management strategies and policies

Credit risk management is carried out during all stages of lending by means of effective surveillance and monitoring, so that timely assessments can be made as soon as any anomalies arise.

The notion of "impaired financial assets" for supervisory reporting purposes includes loans that, as a result of events occurring after their disbursement, show objective evidence of possible impairment.

On the basis of the regulatory framework in force, supplemented by the internal implementing provisions, the Bank classifies non-performing exposures, depending on the type and severity of the impairment, into three categories, corresponding to the same number of administrative statuses of the loan:

- Past due and/or overdrawn non-performing exposures
- Unlikely to pay;
- Bad loans.

Loans are classified as past due and/or overdrawn non-performing exposures when the following conditions are met:

- at the reporting date the customer has a past due and/or overdrawn portion of the entire exposure at group level that exceeds both of the following materiality thresholds:
  - Relative materiality threshold: the relative component is represented by a percentage calculated as the ratio between the amount of the credit obligation in arrears and the total amount of all exposures to the same debtor recorded on the institution's financial statements; this threshold is set at one percent (1%) for both retail and non-retail exposures;
  - Absolute Materiality Threshold: the absolute component is the maximum amount that the sum of all overdue amounts owed by a debtor to the institution can reach; the maximum amount does not exceed 100 euro for retail exposures or 500 euro for non-retail exposures.
- Customer evidences past due or overdrawn amounts of credit as per previous point for 90 days continuously.

Unlikely to pay (UTP) include credit exposures for which the Bank considers it unlikely that the debtor will fulfil its obligations in full, in terms of principal and/or interest, without actions being taken to preserve the credit reasons such as, for example, the enforcement of accessory guarantees.

According to the dictates of the supervisory regulations, loans to counterparties in a state of insolvency - even if not verified in court - or in essentially similar situations, regardless of any loss forecasts made by the Bank, are classified as "Non-performing loans". The mere non-performance of the customer is not sufficient, in itself, to determine its classification as "non-performing": there must in fact be objective situations indicating the customer's inability to meet its obligations regularly, regardless, for classification purposes, of the existence and consistency of any collateral and/or personal guarantees protecting the credit. In any case, the following must be assessed for classification as 'non-performing':

- counterparties against whom the Bank has taken legal action to recover the debt;
- claims against customers in serious and non-transitory financial difficulties, even if not supported by a 'public' state of insolvency.

The loans not allocated to the above categories are deemed to be performing exposures.

Loans are classified as non-performing exposures, depending on the case, either automatically or on the basis of expert proposals and assessments.

More specifically, the classification of impaired past-due and/or overdue exposures takes place automatically when the conditions provided for by the regulations occur. The classification as unlikely to

pay (UTP), on the other hand, is based on a system of triggers which may, depending on the case, generate an automatic classification or an assessment by the reference manager. Finally, the classification as non-performing takes place on the proposal of the manager, as part of the continuous monitoring of the counterparty.

The return to performing status of non-performing exposures, governed by the Supervisory Authority as well as by specific internal regulations, takes place after verification that the critical conditions and the state of insolvency have ceased to exist and a suitable period of time has passed.

The management of "impaired" loans involves taking action, based on the gravity of the situation, to restore normality or, otherwise, to commence appropriate recovery procedures.

More precisely, in the event of positions that are:

- bad loans, suitable procedures are implemented to recover the loans; if circumstances permit, recovery plans are drawn up and/or settlements are proposed on an amicable basis in order to terminate the relationship;
- unlikely to pay loans, an assessment is made of the probability that the debtor will meet its contractual obligations in full, in order to re-establish the original conditions of reliability and profitability of the relationship, or, if this is impossible, steps are taken to transfer the position to the bad loan category. For unlikely to pay loans subject to restructuring agreements, checks are made continuously to ensure that the agreed conditions are met;
- non-performing past due and/or overdrawn exposures are monitored and timely attempts are made to get the situation back to normal; if it is seen that the borrower really is in financial difficulty, the necessary steps are taken to transfer the loan to unlikely-to-pay or non-performing, depending on the circumstances.

Adjustments are made in strict compliance with both the primary and secondary regulations and on a highly prudent basis. In particular, having regard for bad loans and unlikely-to-pay loans, the Bank carries out an analysis of each position, which also takes into account the discounting effects of expected recovery.

Overall assessments are made solely with regard to smaller individual loans, being not more than 350,000 euro for unlikely-to-pay and impaired loans. The objective is to adopt a prudent approach to the control of these non-performing assets that, given their intrinsic characteristics (large number of not significant amounts), can be processed rapidly and at low cost on primarily an automated basis, thus ensuring the uniformity of the assessments made.

With reference to non-performing past due and/or overdrawn exposures, the adjustment is determined with reference to the historical experience of losses on loans with that type of anomaly.

For the purposes of managing non-performing loans and the possible impacts arising from the application of the "Addendum to the ECB Guidelines for Banks on Impaired Loans (NPL): supervisory expectations regarding prudential provisions for non-performing exposures", the Bank carried out an update of the NPL strategy over the 2024-2026 horizon envisaging the combined use of ordinary and extraordinary initiatives.

See section 2.2 above for information about the operating policies adopted with regard to non-performing loans.

### 3.2 Write-offs

A "write-off" is defined as an event that gives rise to a cancellation from the accounting records, when there are no longer reasonable expectations of recovering the cash flows deriving from the asset - in whole or in part - also in cases of a waiver of the receivable, therefore having to reduce directly the gross carrying amount of the asset concerned. This form of write-down constitutes a case of partial or total cancellation of a credit position.

The gross carrying amount of a financial asset is written off if the amount is confirmed to be unrecoverable or there are no realistic prospects of recovery. The timely assessment of non-recoverability is based on certain criteria, such as the inability to enforce mortgage or personal guarantees, the unsuccessful completion of enforcement/court-supervised proceedings, the start of bankruptcy procedures, removal from the register of the business name of the debtor legal entity, the lack of





traceability or advanced age of the customer.

The procedure to identify the absence of any reasonable prospects of recovery is focused on the counterparties within the portfolios of non-performing loans and differs depending on the existence or otherwise of mortgage guarantees, the ageing of the position and the progress made with recovery actions and the economic convenience associated with it, the inclusion of a position within a portfolio being sold and the risk of forfeiture of credit rights. During the year, write-offs were made for a total amount of 92 million euro.

### 3.3 Financial assets impaired purchased or originated

The category of financial assets impaired purchased or originated (POCI) includes all purchased or originated financial instruments that, already on initial recognition, are found to be credit-impaired.

The accounting rules for POCI apply to financial instruments recorded under balance sheet assets items 30 "Financial assets measured at fair value through other comprehensive income" or item 40 "Financial assets measured at amortised cost". The "POCI" attribute remains assigned for the entire duration of the relationship and the assets concerned are written down to reflect any losses expected over their residual lifetime.

There are two categories of product associated with POCI financial instruments arising from the granting of new finance:

- standard products with instalment repayment plans: in this case, the procedure recognises the creation of the new relationship, but with an impaired counterparty and automatically assigns the "POCI" attribute for approval by the competent decision-making body;
- standard products managed in the "Current Accounts" and "Foreign" compartments and non-standard contracts originating from Corporate Finance: for these relationships, the unit responsible for monitoring and managing anomalous credit manually proposes the assignment of the "POCI" attribute, which will be subject to approval by the competent body.

Regardless of how assigned (manual or automatic), the "POCI" attribute must always be confirmed by the competent decision-making body and, once approved, remains valid for the entire duration of the relationship.

## 4. Financial assets subject to trade renegotiation and exposures subject to forbearance

### Financial assets subject to commercial renegotiation

This category includes those renegotiations that envisage changes for commercial reasons to the original contractual conditions governing credit exposures to counterparties that are not in financial difficulty. These changes therefore differ from forbearance and are made to align interest levels with current market conditions.

In addition, commercial renegotiations include changes to the economic conditions applied to newly-arranged credit relationships, being those established for not more than six months.

Commercial renegotiations are principally agreed in order to maintain the commercial relationship with the customer (retention of loans).

Unlike forbearance measures, renegotiations for commercial reasons relate to debtors without financial difficulties and include all operations designed to align their cost of borrowing with market conditions. Commercial renegotiations involve changing the original contractual conditions at the request of the debtor, considering the cost of borrowing or the duration of the loan, with a resulting benefit for the customer. In general, whenever the Bank agrees to renegotiate in order to avoid losing the customer, the transaction is considered substantial because, in its absence, the customer would obtain funding from other sources and the Bank would the expected future revenue streams. These transactions are comparable with early repayment of the original debt and opening a new contract.

## Exposures with forbearance measures

The Group defines forbearance measures in relation to any exposure – loans, debt securities, revocable and irrevocable commitments to grant loans (excluding the exposures held for trading) – towards debtors that are, or are about to be, in difficulty with regard to their financial commitments (financial difficulties).

A forbearance is made when the amended contractual conditions are more favourable to the debtor than those applied previously. Consistent with the relevant current regulations, the Bank identifies a series of standardised forbearance measures, distinguishing between short and medium/long-term measures, and periodically monitors their effectiveness in terms of bringing the exposures back into line.

For a relationship to be classified as «forborne», the concession must be agreed in relation to a customer that is experiencing financial difficulties. This situation is objectively verified in the case of counterparties classified as "non-performing", while it is presumed, and must therefore be assessed following in-depth analysis, in the case of customers in "performing" status who have a counterparty rating that identifies a high risk. Presumptive situations of financial distress were divided into 'hard' and 'soft' according to their level of severity. In the presence of 'hard' indicators of financial distress, the resolution is subjected to an enhanced procedure with an increase in the minimum deliberative body.

In order to guarantee the quality of credit exposures and monitor their trends effectively, the Group applies "industrialised" internal processes designed to identify the most suitable forbearance measures for debtors experiencing financial difficulties, as well as to manage the forborne classification of the related exposures.

Following a request for concession, the Operating Unit in charge of the credit relationship carries out the subject analysis of the counterparty, be it private or corporate customers, identifying the type of difficulty and the most appropriate and sustainable measure for the customer, also with the aid of specific decision trees.

Subsequently, the economic sustainability of the measure is analysed with respect to the financial situation of the customer; in particular, the adequacy of the assets of the customer is analysed on a current and prospective basis, considering the need for credibility and prudence.

On arrangement of the concession, dedicated IT procedures check if the conditions exist for classifying the relationship as «forborne» and, if they do, propose the assignment of this attribute to the competent Operating Unit. The proposed classification can only be deviated from if supported by adequate justification, and in the case of strong triggers, provides for the raising of the decision-making body. In the presence of a negative result on the adequacy of the customer's assets and the presence of forborne, a questionnaire, carried out by the NPL manager responsible for the area and segment, must be carried out to assess the correct classification of the customer and, if necessary, proceed, after approval by the Head of the NPE Unit, to the most correct classification to UTP regardless of the outcome of the resolution in concession.

Following approval of the forbearance and the proposed "forborne" classification by the competent decision-making body, specific objectives and deadlines are added to the loan contract, with which the customer must comply when repaying the debt.

These supplementary conditions are determined using prudent criteria and checked as part of the more general monitoring of the position.

The gross exposure associated with "forborne" positions at 31 December 2024 totals 781 million euro, as analysed in the following table:

	Retail Secured	Retail Unsecured	Corporate Secured	Corporate Unsecured	Large Corporate	Other	Total
Gross balances at 31/12/2024 €/000							
Performing "forborne" – First year of probation period	118,096	20,545	43,185	59,497	7,016	5	248,344
Performing "forborne" – Second year of probation period	9,615	895	10,428	686	100	0	21,724
Non-performing "forborne"	149,197	69,292	181,682	93,774	17,759	1	511,705
<b>Total</b>	<b>276,908</b>	<b>90,732</b>	<b>235,295</b>	<b>153,957</b>	<b>24,875</b>	<b>6</b>	<b>781,773</b>

Of this, about 111 million euro relates to forbearance granted during 2024: 56% "performing" and 44%



"non-performing" relationships. During the year, 7% of the exposures classified as 'forborne non-performing' were cured, while 25% of the exposures classified as 'forborne performing' returned to 'fully performing', i.e. lost the 'forborne' attribute.

The stock of forbearance measures associated with customers classified as performing at the beginning of 2024 which was classified among credit-impaired assets during the year comes to approximately 17% of the gross exposure.

In the event of non-substantial changes to a position, IFRS 9 requires the resulting gain or loss to be determined. A change is deemed non-substantial when it does not result in closure of the pre-existing relationship and/or involve the addition of clauses that might cause the relationship to fail the SPPI test.

The profit or loss recorded on the income statement on non-substantial changes to forborne relationships is calculated as the difference between the present value of the new contractual cash flows following renegotiation or amendment, discounted using the original effective interest rate (rate before the renegotiation or amendment of the loan contract), and the present value of the original contractual cash flows, also discounted using the original effective interest rate.

All performing "forborne" positions are classified in stage 2 and the related adjustments are stated at least for an amount equal to the lifetime losses expected on the loan. The reduction in credit risk and the allocation of the relationship to stage 1 reflects loss of the «forborne» attribute.

Furthermore, in compliance with the "Guidelines on the application of the definition of default pursuant to article 178 of Regulation (EU) No. 575/2013", this calculation (Delta Net Present Value) is performed in the presence of a position that is the subject of a grant measure. In accordance with regulatory requirements, where the NPV delta is greater than 1%, the company is identified as being in financial difficulty and classified as being in default.

## 5. Information on financing under public guarantee

As a result of the changed pandemic scenario, balance sheet information on moratorium loans has been removed. Already at the end of 2023, there are no more Covid-19-related moratoria still in place. On the positions that had been granted a Covid-19 moratorium, regular payments were observed.

The volume of loans subject to public guarantees originated by the Bank as at 31 December 2024 remained significant, for which detailed information is provided in the table below:

	Gross carrying amount (millions of €)	Net carrying amount (millions of €)
Loans subject to government guarantees	1,534	1,496

## QUANTITATIVE INFORMATION

### A. Loan quality

#### A.1 Performing and non-performing exposures: balance, impairment, developments, business and geographical distribution

##### A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

Portfolio/quality	Bad loans	Non- unlikely- to-pay loans	Non- performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	39,398	222,263	47,951	460,041	39,816,855	40,586,508
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	2,562,770	2,562,770
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	6,163	1,543	2,424	242,915	253,045
5. Financial assets held for sale	7,123	101,469	-	-	-	108,592
<b>31/12/2024</b>	<b>46,521</b>	<b>329,895</b>	<b>49,494</b>	<b>462,465</b>	<b>42,622,540</b>	<b>43,510,915</b>
<b>31/12/2023</b>	<b>57,312</b>	<b>402,041</b>	<b>32,734</b>	<b>506,924</b>	<b>42,510,646</b>	<b>43,509,657</b>

The word exposures is understood as excluding equity securities and units of mutual funds.

##### A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net values)

Portfolio/quality	Non-performing				Performing			
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total value adjustments	Net exposure	Total (net exposure)
1. Financial assets measured at amortised cost	913,104	(603,492)	309,612	98,363	40,560,040	(283,144)	40,276,896	40,586,508
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	2,563,595	(825)	2,562,770	2,562,770
3. Financial assets designated at fair value	-	-	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	16,824	(9,118)	7,706	-	-	-	245,339	253,045
5. Financial assets held for sale	211,546	(102,953)	108,593	-	-	-	-	108,593
<b>31/12/2024</b>	<b>1,141,474</b>	<b>(715,563)</b>	<b>425,911</b>	<b>98,363</b>	<b>43,123,635</b>	<b>(283,969)</b>	<b>43,085,005</b>	<b>43,510,916</b>
<b>31/12/2023</b>	<b>1,203,183</b>	<b>(711,096)</b>	<b>492,087</b>	<b>75,412</b>	<b>42,953,845</b>	<b>(242,151)</b>	<b>43,017,570</b>	<b>43,509,657</b>

\*value to be reported for information purposes

The gross carrying amount of financial assets measured at fair value at year end includes the credit risk component.

Partial write-offs recorded over the years in relation to the above portfolios total 98.4 million euro, reflecting the bad loans still held on the books.

The following analysis for "Financial assets held for trading and hedging derivatives" shows the accumulated unrealised losses and the net exposures that are obviously of poor quality, as well as the net exposures of the remaining financial assets.



Portfolio/Quality	Assets with evident poor credit quality		Other assets
	Accumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	17,419
2. Hedging derivatives	-	-	-
<b>Total 31/12/2024</b>	<b>-</b>	<b>-</b>	<b>17,419</b>
<b>Total 31/12/2023</b>	<b>-</b>	<b>-</b>	<b>22,462</b>

### A.1.3 Distribution of financial assets by past due categories (book values)

Portfolios/risk stages	First stage			Second stage			Third stage			Impaired purchased or originated		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost	292,320	-	-	94,921	67,125	2,944	17,345	15,861	117,997	3,299	431	2,391
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	9,485	2,920	49,838	-	53	496
<b>Total 31/12/2024</b>	<b>292,320</b>	<b>-</b>	<b>-</b>	<b>94,921</b>	<b>67,125</b>	<b>2,944</b>	<b>26,830</b>	<b>18,781</b>	<b>167,835</b>	<b>3,299</b>	<b>484</b>	<b>2,887</b>
<b>Total 31/12/2023</b>	<b>355,708</b>	<b>-</b>	<b>-</b>	<b>97,243</b>	<b>47,347</b>	<b>1,362</b>	<b>37,794</b>	<b>33,604</b>	<b>155,873</b>	<b>2,715</b>	<b>1,183</b>	<b>9,265</b>

### A.1.4 Financial assets, commitments to grant loans and financial guarantees given: analysis of total value adjustments and total provisions (part 1)

Reasons/risk stages	Total value adjustments											
	First stage assets						Second stage assets					
	Loans with banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Loans with banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs
<b>Total opening adjustments</b>	<b>509</b>	<b>49,802</b>	<b>931</b>	-	-	<b>51,242</b>	<b>105</b>	<b>186,019</b>	<b>40</b>	-	-	<b>186,165</b>
Increases in financial assets purchased or originated	21	22,723	523	-	-	23,269	-	41,503	42	-	-	41,545
Derecognition other than write-offs	(1,452)	(13,362)	(715)	-	-	(15,530)	(11)	(32,583)	(10)	-	-	(32,604)
Net adjustments/write-backs for credit risk (+/-)	976	3,609	15	-	-	4,601	(67)	15,649	(2)	-	-	15,581
Contractual amendments without derecognition	-	4	-	-	-	4	-	187	-	-	-	187
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	2	(605)	-	-	-	(603)	-	(465)	-	-	-	(465)
<b>Total closing adjustments</b>	<b>56</b>	<b>62,171</b>	<b>754</b>	-	-	<b>62,983</b>	<b>27</b>	<b>210,310</b>	<b>70</b>	-	-	<b>210,409</b>
Recoveries from collection on financial assets subject to write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-

Reasons/risk stages	Total value adjustments										
	Third stage assets						Financial assets impaired acquired or originated				
	Loans with banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs
<b>Total opening adjustments</b>	-	<b>634,099</b>	-	-	<b>634,099</b>	-	<b>64,419</b>	-	-	<b>59,061</b>	<b>5,358</b>
Increases in financial assets purchased or originated	-	45,033	-	3,063	48,096	-	-	-	-	-	-
Derecognition other than write-offs	-	(86,623)	-	(601)	(87,224)	-	(9,895)	-	(6)	(9,653)	(246)
Net adjustments/write-backs for credit risk (+/-)	-	34,980	-	15,342	50,322	-	17,725	-	424	19,387	(1,239)
Contractual amendments without derecognition	-	842	-	309	1,151	-	418	-	16	399	35
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	(64,710)	-	-	(64,710)	-	(5,100)	-	-	(5,100)	-
Other changes	-	(13,831)	-	75,337	61,506	-	(3,199)	-	2,043	(1,156)	-
<b>Total closing adjustments</b>	-	<b>549,790</b>	-	<b>93,450</b>	<b>643,240</b>	-	<b>64,368</b>	0	2,477	<b>62,938</b>	<b>3,908</b>
Recoveries from collection on financial assets subject to write-offs	-	17,995	-	-	17,995	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	(19,744)	-	-	(19,744)	-	(2,350)	-	-	(2,350)	-



### A.1.4 Financial assets, commitments to grant loans and financial guarantees given: analysis of total value adjustments and total provisions (part 2)

Reasons/risk stages	Total provisions for commitments to grant loans and financial guarantees given				Total
	First stage	Second stage	Third stage	Commitments to grant funds and fin. guarantees given impaired acquired or originated	
<b>Total opening adjustments</b>	<b>11,129</b>	<b>23,186</b>	<b>12,410</b>	<b>338</b>	<b>982,987</b>
Increases in financial assets purchased or originated	16,676	7,014	979	-	137,577
Derecognition other than write-offs	-	-	-	-	(145,258)
Net adjustments/write-backs for credit risk (+/-)	(2,240)	(17,207)	(1,932)	(184)	67,088
Contractual amendments without derecognition	-	-	-	-	1,776
Changes in estimation methodology	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	(69,810)
Other changes	-	-	-	-	59,282
<b>Total closing adjustments</b>	<b>25,565</b>	<b>12,993</b>	<b>11,457</b>	<b>154</b>	<b>1,033,642</b>
Recoveries from collection on financial assets subject to write-offs	-	-	-	-	17,995
Write-offs recognised directly in the income statement	-	-	-	-	(22,094)

### A.1.5 Financial assets, commitments to grant loans and financial guarantees given: transfers between the various stages of credit risk (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
	First stage to second stage	Second stage to first stage	Second stage to third stage	Third stage to second stage	First stage to third stage	Third stage to first stage
1. Financial assets measured at amortised cost	1,423,176	1,555,871	121,645	33,275	135,226	3,847
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to grant loans and financial guarantees given	258,494	284,201	5,564	772	5,861	229
<b>Total 31/12/2024</b>	<b>1,681,670</b>	<b>1,840,072</b>	<b>127,209</b>	<b>34,047</b>	<b>141,087</b>	<b>4,076</b>
<b>Total 31/12/2023</b>	<b>3,103,531</b>	<b>1,137,576</b>	<b>140,770</b>	<b>34,254</b>	<b>145,584</b>	<b>8,082</b>

### A.1.6 Prudential consolidation - Cash credit facilities and off-balance-sheet exposures to banks: gross and net values

Type of exposure/amounts	Gross exposure				Impaired purchased or originated
		First stage	Second stage	Third stage	
<b>A. Cash exposure</b>					
<b>A.1 Sight</b>	<b>2,597,078</b>	<b>2,586,967</b>	<b>10,111</b>	-	-
a) Non-performing	-	-	-	-	-
b) Performing	2,597,078	2,586,967	10,111	-	-
<b>A.2 Other</b>	<b>4,789,781</b>	<b>4,708,407</b>	<b>63,397</b>	-	-
a) Bad loans	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
b) Unlikely-to-pay	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
c) Past due exposures	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
d) Performing past due exposures	47	-	47	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
e) Other performing exposures	4,789,734	4,708,407	63,350	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
<b>Total (A)</b>	<b>7,386,859</b>	<b>7,295,374</b>	<b>73,508</b>	-	-
<b>B. Off-balance sheet credit exposures</b>					
a) Non-performing	-	-	-	-	-
b) Performing	1,567,232	587,636	5,436	-	-
<b>Total (B)</b>	<b>1,567,232</b>	<b>587,636</b>	<b>5,436</b>	-	-
<b>Total (A+B)</b>	<b>8,954,091</b>	<b>7,883,010</b>	<b>78,944</b>	-	-

Type of exposure/amounts	Total adjustments and provisions					Total partial write-offs*
	First stage	Second stage	Third stage	Impaired purchased or originated	Net exposure	
<b>A. Cash exposure</b>						
<b>A.1 Sight</b>	<b>85</b>	<b>57</b>	<b>28</b>	-	<b>2,596,993</b>	-
a) Non-performing	-	-	-	-	-	-
b) Performing	85	57	28	-	2,596,993	-
<b>A.2 Other</b>	<b>2,487</b>	<b>2,356</b>	<b>131</b>	-	<b>4,787,294</b>	-
a) Bad loans	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
b) Unlikely-to-pay	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
c) Past due exposures	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
d) Performing past due exposures	-	-	-	-	47	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
e) Other performing exposures	2,487	2,356	131	-	4,787,247	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
<b>Total (A)</b>	<b>2,572</b>	<b>2,413</b>	<b>159</b>	-	<b>7,384,287</b>	-
<b>B. Off-balance sheet credit exposures</b>	-	-	-	-	-	-
a) Non-performing	-	-	-	-	-	-
b) Performing	387	312	-	-	1,566,845	-
<b>Total (B)</b>	<b>387</b>	<b>312</b>	-	-	<b>1,566,845</b>	-
<b>Total (A+B)</b>	<b>2,959</b>	<b>2,725</b>	<b>159</b>	-	<b>8,951,132</b>	-

\* Value to be reported for information purposes

Cash exposures include loans and receivables with banks shown in item 40 a) and in item 10 as well as other financial assets represented by bank securities included in items 20 c) and 30 of the assets side of the balance sheet, excluding equity securities and mutual funds. Off-balance sheet exposure is represented





by guarantees given, commitments and derivatives (except those relating to equity securities and mutual funds). The total values also take into account exposures not within the scope of IFRS 9 impairment.

### A.1.7 Cash credit facilities and off-balance-sheet exposures to customers: gross and net values

Type of exposure/amounts	Gross exposure				
	First stage	Second stage	Third stage	Impaired purchased or originated	
<b>A. Cash exposure</b>					
a) Bad loans	302,800	-	-	296,756	6,043
- of which: exposures subject to forbearance	113,512	-	-	109,282	4,229
b) Unlikely-to-pay	771,469	-	-	666,569	77,477
- of which: exposures subject to forbearance	392,981	-	-	339,102	37,983
c) Past due exposures	67,206	-	-	65,258	135
- of which: exposures subject to forbearance	5,212	-	-	4,220	-
d) Performing past due exposures	485,104	294,313	185,526	-	2,842
- of which: exposures subject to forbearance	21,582	-	19,120	-	1,874
e) Other performing exposures	38,094,089	34,703,222	3,089,563	-	76,366
- of which: exposures subject to forbearance	248,446	-	204,984	-	35,260
<b>Total (A)</b>	<b>39,720,668</b>	<b>34,997,535</b>	<b>3,275,089</b>	<b>1,028,583</b>	<b>162,863</b>
<b>B. Off-balance sheet credit exposures</b>					
a) Non-performing	245,456	-	-	122,946	893
b) Performing	28,831,285	18,270,405	1,887,081	-	7,504
<b>Total (B)</b>	<b>29,076,741</b>	<b>18,270,405</b>	<b>1,887,081</b>	<b>122,946</b>	<b>8,397</b>
<b>Total (A+B)</b>	<b>68,797,409</b>	<b>53,267,940</b>	<b>5,162,170</b>	<b>1,151,529</b>	<b>171,260</b>

Type of exposure/amounts	Total adjustments and provisions					Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Impaired purchased or originated			
<b>A. Cash exposure</b>							
a) Bad loans	256,278	-	-	250,723	5,555	46,522	98,363
- of which: exposures subject to forbearance	96,726	-	-	92,775	3,952	16,786	38,296
b) Unlikely-to-pay	441,573	-	-	375,123	50,575	329,896	-
- of which: exposures subject to forbearance	231,939	-	-	195,958	27,342	161,042	-
c) Past due exposures	17,712	-	-	17,393	50	49,494	-
- of which: exposures subject to forbearance	1,019	-	-	848	-	4,193	-
d) Performing past due exposures	22,686	1,993	20,583	-	110	462,418	-
- of which: exposures subject to forbearance	4,182	-	4,106	-	76	17,400	-
e) Other performing exposures	258,797	58,574	189,667	-	10,556	37,835,292	-
- of which: exposures subject to forbearance	23,314	-	17,581	-	5,733	225,132	-
<b>Total (A)</b>	997,046	60,567	210,250	643,239	66,846	38,723,622	98,363
<b>B. Off-balance sheet credit exposures</b>							
a) Non-performing	44,100	-	-	-	-	-	-
b) Performing	45,338	25,277	12,970	-	151	28,785,947	-
<b>Total (B)</b>	89,438	25,277	12,970	11,456	151	28,987,303	-
<b>Total (A + B)</b>	1,086,484	85,844	223,220	654,695	66,997	67,710,925	98,363

\*value to be reported for information purposes

Cash exposures include the customer loans shown in item 40b and 110 as well as other financial assets represented by non-bank securities included in items 20c, 30 and 40 of the assets side of the balance sheet, excluding equity securities and mutual funds. Off-balance sheet exposure is represented by guarantees given, commitments and derivatives (except those relating to equity securities and units of mutual funds). The total values also take into account exposures not within the scope of IFRS 9 impairment.

**A.1.9 Cash credit facilities to customers: analysis of gross non-performing exposures**

Reasons/Categories	Bad loans	Unlikely-to-pay loans	Non-performing past due exposures
<b>A. Opening gross exposure</b>	<b>322,088</b>	<b>839,938</b>	<b>41,157</b>
- of which: exposures sold not derecognised	-	27,598	6,368
<b>B. Increases</b>	<b>233,147</b>	<b>390,734</b>	<b>72,877</b>
B.1 reclassified from performing loans	43,161	221,662	63,645
B.2 reclassified from impaired purchased or originated financial assets	346	28,016	27
B.3 reclassified from other categories of non-performing exposures	91,970	15,999	-
B.4 contractual amendments without derecognition	-	2,973	60
B.5 other increases	97,670	122,084	9,145
<b>C. Decreases</b>	<b>252,435</b>	<b>459,203</b>	<b>46,828</b>
C.1 transfers to performing loans	-	50,621	2,097
C.2 write-offs	68,545	23,358	-
C.3 collections	123,937	202,129	17,353
C.4 proceeds from disposals	11,860	56,388	28
C.5 losses on disposal	3,045	13,094	142
C.6 transfers to other categories of non-performing exposures	15,998	91,970	-
C.7 contractual amendments without derecognition	-	116	1
C.8 other decreases	29,050	21,527	27,207
<b>D. Closing gross exposure</b>	<b>302,800</b>	<b>771,469</b>	<b>67,206</b>
- of which: exposures sold not derecognised	-	20,113	13,027



### A.1.9bis Cash credit facilities to customers: analysis of gross exposures subject to forbearance by credit quality

Reasons/Quality	Exposures subject to forbearance: non- performing	Exposures subject to forbearance: performing
<b>A. Opening gross exposure</b>	<b>580,785</b>	<b>297,168</b>
- of which: exposures sold not derecognised	18,693	48,174
<b>B. Increases</b>	<b>191,832</b>	<b>142,331</b>
B.1 reclassified from non-impaired exposures not subject to forbearance	12,741	80,578
B.2 reclassified from non-impaired exposures subject to forbearance	35,849	-
B.3 reclassified from impaired exposures subject to forbearance	-	29,844
B.4 reclassified from impaired exposures not subject to forbearance	64,971	41
B.5 other increases	78,271	31,868
<b>C. Decreases</b>	<b>260,912</b>	<b>169,471</b>
C.1 reclassified to non-impaired exposures not subject to forbearance	-	57,989
C.2 reclassified to non-impaired exposures subject to forbearance	29,844	-
C.3 reclassified to impaired exposures subject to forbearance	-	35,849
C.4 write-offs	42,199	-
C.5 collections	135,498	74,371
C.6 proceeds from disposals	28,194	-
C.7 losses on disposal	3,123	-
C.8 other decreases	22,054	1,262
<b>D. Closing gross exposure</b>	<b>511,705</b>	<b>270,028</b>
- of which: exposures sold not derecognised	7,634	55,657

### A.1.11 Non-performing cash credit facilities to customers: analysis of total impairment

Reasons/Categories	Bad loans		Unlikely-to-pay loans		Non-performing past due exposures	
	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance
<b>A. Total opening adjustments</b>	<b>264,776</b>	<b>101,714</b>	<b>437,897</b>	<b>239,534</b>	<b>8,424</b>	<b>539</b>
- of which: exposures sold not derecognised	-	-	11,243	6,929	770	30
<b>B. Increases</b>	<b>128,665</b>	<b>43,574</b>	<b>228,684</b>	<b>101,780</b>	<b>16,922</b>	<b>1,078</b>
B.1 value adjustments from financial assets impaired acquired or originated	802	-	20,595	-	41	-
B.2 other adjustments	80,451	24,025	176,589	95,633	12,001	420
B.3 losses on disposal	3,045	610	13,094	1,299	142	1
B.4 reclassified from other categories of non-performing exposures	42,836	18,812	3,702	135	-	-
B.5 contractual amendments without derecognition	-	-	1,631	-	11	-
B.6 other increases	1,531	127	13,073	4,713	4,727	657
<b>C. Decreases</b>	<b>137,163</b>	<b>48,562</b>	<b>225,011</b>	<b>109,375</b>	<b>7,634</b>	<b>598</b>
C.1 write-backs on valuation	2,350	2,071	24,418	30,933	336	258
C.2 write-backs due to collections	29,317	8,486	60,752	23,243	1,335	-
C.3 gains on disposal	4,799	799	13,685	5,654	9	-
C.4 write-offs	68,545	30,141	23,358	7,906	-	-
C.5 transfers to other categories of non-performing exposures	57	4	41,334	18,610	5,147	333
C.6 contractual amendments without derecognition	-	-	92	-	-	-
C.7 other decreases	32,095	7,061	61,372	23,029	807	7
<b>D. Total closing adjustments</b>	<b>256,278</b>	<b>96,726</b>	<b>441,570</b>	<b>231,939</b>	<b>17,712</b>	<b>1,019</b>
- of which: exposures sold not derecognised	-	-	10,827	4,013	4,086	39



## A.2 Classification of exposures based on external and internal ratings

### A.2.1 Distribution of financial assets, commitments to grant loans and financial guarantees given by external rating classes (gross amounts)

Exposures	External rating classes						Unrated	Total
	Class 1	class 2	class 3	class 4	class 5	class 6		
<b>A. Financial assets measured at amortised cost</b>	<b>6,893,765</b>	<b>1,230,496</b>	<b>1,868,197</b>	<b>260,152</b>	<b>11,656</b>	<b>-</b>	<b>31,208,880</b>	<b>41,473,146</b>
- First stage	6,893,765	1,230,496	1,863,099	251,706	11,609	-	26,945,927	37,196,602
- Second stage	-	-	5,098	8,446	47	-	3,270,641	3,284,232
- Third stage	-	-	-	-	-	-	833,330	833,330
- Impaired acquired or originated	-	-	-	-	-	-	158,982	158,982
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>1,424,058</b>	<b>724,175</b>	<b>325,239</b>	<b>65,751</b>	<b>-</b>	<b>-</b>	<b>24,372</b>	<b>2,563,595</b>
- First stage	1,424,058	724,175	278,434	58,302	-	-	24,372	2,509,341
- Second stage	-	-	46,805	7,449	-	-	-	54,254
- Third stage	-	-	-	-	-	-	-	-
- Impaired acquired or originated	-	-	-	-	-	-	-	-
<b>C. Financial assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,134</b>	<b>199,134</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	195,253	195,253
- Impaired acquired or originated	-	-	-	-	-	-	3,881	3,881
<b>Total (A+B+C)</b>	<b>8,317,823</b>	<b>1,954,671</b>	<b>2,193,436</b>	<b>325,903</b>	<b>11,656</b>	<b>-</b>	<b>31,432,386</b>	<b>44,235,875</b>
<b>D. Commitments to grant loans and financial guarantees given</b>	<b>170,726</b>	<b>91,426</b>	<b>158,386</b>	<b>11,118</b>	<b>4,614</b>	<b>-</b>	<b>20,609,305</b>	<b>21,045,575</b>
- First stage	170,726	91,410	124,886	10,848	4,614	-	18,619,231	19,021,715
- Second stage	-	16	33,500	270	-	-	1,858,731	1,892,517
- Third stage	-	-	-	-	-	-	122,946	122,946
- Impaired acquired or originated	-	-	-	-	-	-	8,397	8,397
<b>Total (D)</b>	<b>170,726</b>	<b>91,426</b>	<b>158,386</b>	<b>11,118</b>	<b>4,614</b>	<b>-</b>	<b>20,609,305</b>	<b>21,045,575</b>
<b>Total (A+B+C+D)</b>	<b>8,488,549</b>	<b>2,046,097</b>	<b>2,351,822</b>	<b>337,021</b>	<b>16,270</b>	<b>-</b>	<b>52,041,691</b>	<b>65,281,450</b>

The distribution of exposures other than those in equity securities is reported by classes that reflect the long-term rating awarded to them by leading international agencies, as held in the Bank's database.

The risk classes for external ratings indicated in this table refer to the classes of debtor credit-worthiness mentioned in the prudent supervisory regulations. The following is a reconciliation of these rating classes and the ratings issued by the agencies appointed by the Bank. Specifically, the ratings issued by DBRS are used for exposures to governments and central banks, while those of Standard & Poor's and Fitch ratings are used for other exposures.

	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
DBRS Limited	from AAA to AAL	from AH to AL	from BBBH to BBBL	from BBH to BBL	from BH to BL	CCC
Standard & Poor's Rating Services	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB	from B+ to B-	from CCC+ down
Fitch Ratings	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	from CCC+ down

## A.2.2 Distribution of financial assets, commitments to grant loans and financial guarantees given by internal rating classes (gross values)

### INDIVIDUALS

Exposures	Internal rating classes (1)							
	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5	Rating 6	Rating 7	Rating 8
<b>A. Financial assets measured at amortised cost</b>	<b>21,317</b>	<b>33,921</b>	<b>112,354</b>	<b>417,948</b>	<b>1,131,981</b>	<b>874,666</b>	<b>739,756</b>	<b>411,661</b>
- First stage	21,315	33,875	111,080	410,612	1,109,014	849,719	704,109	362,482
- Second stage	2	46	1,274	7,336	22,967	24,947	35,647	49,179
- Third stage	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>21,317</b>	<b>33,921</b>	<b>112,354</b>	<b>417,948</b>	<b>1,131,981</b>	<b>874,666</b>	<b>739,756</b>	<b>411,661</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>35,354</b>	<b>42,887</b>	<b>56,396</b>	<b>95,919</b>	<b>99,787</b>	<b>54,491</b>	<b>89,071</b>	<b>39,543</b>
- First stage	35,326	42,682	55,064	94,104	99,096	53,275	86,462	34,754
- Second stage	28	205	1,332	1,815	691	1,216	2,609	4,789
- Third stage	-	-	-	-	-	-	-	-
<b>Total (C)</b>	<b>35,354</b>	<b>42,887</b>	<b>56,396</b>	<b>95,919</b>	<b>99,787</b>	<b>54,491</b>	<b>89,071</b>	<b>39,543</b>
<b>Total (A+B+C)</b>	<b>56,671</b>	<b>76,808</b>	<b>168,750</b>	<b>513,867</b>	<b>1,231,768</b>	<b>929,157</b>	<b>828,827</b>	<b>451,204</b>

Exposures	Internal rating classes (2)						Unrated and insolvent	Total (A+B+C)
	Rating 9	Rating 10	Rating 11	Rating 12	Rating 13			
<b>A. Financial assets measured at amortised cost</b>	<b>297,285</b>	<b>99,142</b>	<b>98,688</b>	<b>87,601</b>	<b>41,832</b>		<b>137,209</b>	<b>4,505,361</b>
- First stage	230,388	70,061	51,847	21,401	3,437		272	3,979,612
- Second stage	66,897	29,081	46,841	66,200	38,395		2	388,814
- Third stage	-	-	-	-	-		136,935	136,935
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-		-	-
- Second stage	-	-	-	-	-		-	-
- Third stage	-	-	-	-	-		-	-
<b>Total (A+B)</b>	<b>297,285</b>	<b>99,142</b>	<b>98,688</b>	<b>87,601</b>	<b>41,832</b>		<b>137,209</b>	<b>4,505,361</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>19,199</b>	<b>3,974</b>	<b>4,843</b>	<b>2,129</b>	<b>2,614</b>		<b>3,940</b>	<b>550,147</b>
- First stage	12,842	2,904	2,972	776	348		1,495	522,100
- Second stage	6,357	1,070	1,871	1,353	2,266		465	26,067
- Third stage	-	-	-	-	-		1,980	1,980
<b>Total (C)</b>	<b>19,199</b>	<b>3,974</b>	<b>4,843</b>	<b>2,129</b>	<b>2,614</b>		<b>3,940</b>	<b>550,147</b>
<b>Total (A+B+C)</b>	<b>316,484</b>	<b>103,116</b>	<b>103,531</b>	<b>89,730</b>	<b>44,446</b>		<b>141,149</b>	<b>5,055,508</b>



## SMEs

Exposures	Internal rating classes (1)							
	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5	Rating 6	Rating 7	Rating 8
<b>A. Financial assets measured at amortised cost</b>	<b>190,744</b>	<b>651,186</b>	<b>991,021</b>	<b>1,382,520</b>	<b>1,569,697</b>	<b>1,287,812</b>	<b>1,254,165</b>	<b>586,902</b>
- First stage	160,480	553,286	889,919	1,160,760	1,345,614	996,499	1,039,496	418,651
- Second stage	30,264	97,900	101,102	221,760	224,083	291,313	214,669	168,251
- Third stage	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>190,744</b>	<b>651,186</b>	<b>991,021</b>	<b>1,382,520</b>	<b>1,569,697</b>	<b>1,287,812</b>	<b>1,254,165</b>	<b>586,902</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>690,677</b>	<b>1,671,203</b>	<b>1,475,601</b>	<b>1,241,232</b>	<b>1,000,739</b>	<b>547,120</b>	<b>531,087</b>	<b>212,659</b>
- First stage	478,174	1,329,125	1,323,636	1,101,740	853,286	454,632	449,178	161,122
- Second stage	212,503	342,078	151,965	139,492	147,453	92,488	81,909	51,537
- Third stage	-	-	-	-	-	-	-	-
<b>Total (C)</b>	<b>690,677</b>	<b>1,671,203</b>	<b>1,475,601</b>	<b>1,241,232</b>	<b>1,000,739</b>	<b>547,120</b>	<b>531,087</b>	<b>212,659</b>
<b>Total (A+B+C)</b>	<b>881,421</b>	<b>2,322,389</b>	<b>2,466,622</b>	<b>2,623,752</b>	<b>2,570,436</b>	<b>1,834,932</b>	<b>1,785,252</b>	<b>799,561</b>

Exposures	Internal rating classes (2)						Unrated and insolvent	Total (A+B+C)
	Rating 9	Rating 10	Rating 11	Rating 12	Rating 13			
<b>A. Financial assets measured at amortised cost</b>	<b>343,855</b>	<b>111,305</b>	<b>65,728</b>	<b>21,714</b>	<b>8,417</b>	<b>465,024</b>		<b>8,930,090</b>
- First stage	155,655	66,939	14,155	4,992	183	9,711		6,816,340
- Second stage	188,200	44,366	51,573	16,722	8,234	8,453		1,666,890
- Third stage	-	-	-	-	-	446,860		446,860
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
- First stage	-	-	-	-	-	-		-
- Second stage	-	-	-	-	-	-		-
- Third stage	-	-	-	-	-	-		-
<b>Total (A+B)</b>	<b>343,855</b>	<b>111,305</b>	<b>65,728</b>	<b>21,714</b>	<b>8,417</b>	<b>465,024</b>		<b>8,930,090</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>189,908</b>	<b>135,840</b>	<b>40,312</b>	<b>17,144</b>	<b>9,275</b>	<b>159,158</b>		<b>7,921,955</b>
- First stage	153,323	102,213	21,237	80	2,175	39,099		6,469,020
- Second stage	36,585	33,627	19,075	17,064	7,100	10,931		1,343,807
- Third stage	-	-	-	-	-	109,128		109,128
<b>Total (C)</b>	<b>189,908</b>	<b>135,840</b>	<b>40,312</b>	<b>17,144</b>	<b>9,275</b>	<b>159,158</b>		<b>7,921,955</b>
<b>Total (A+B+C)</b>	<b>533,763</b>	<b>247,145</b>	<b>106,040</b>	<b>38,858</b>	<b>17,692</b>	<b>624,182</b>		<b>16,852,045</b>



## SMALL BUSINESS

Exposures	Internal rating classes (1)							
	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5	Rating 6	Rating 7	Rating 8
<b>A. Financial assets measured at amortised cost</b>	<b>64,270</b>	<b>67,293</b>	<b>166,547</b>	<b>278,872</b>	<b>322,302</b>	<b>324,694</b>	<b>238,578</b>	<b>125,392</b>
- First stage	60,265	61,551	150,256	224,618	232,338	256,152	163,344	81,603
- Second stage	4,005	5,742	16,291	54,254	89,964	68,542	75,234	43,789
- Third stage	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>64,270</b>	<b>67,293</b>	<b>166,547</b>	<b>278,872</b>	<b>322,302</b>	<b>324,694</b>	<b>238,578</b>	<b>125,392</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>252,848</b>	<b>118,347</b>	<b>137,723</b>	<b>141,330</b>	<b>123,751</b>	<b>92,378</b>	<b>59,930</b>	<b>39,212</b>
- First stage	245,311	112,795	128,503	121,478	103,840	76,125	43,300	29,543
- Second stage	7,537	5,552	9,220	19,852	19,911	16,253	16,630	9,669
- Third stage	-	-	-	-	-	-	-	-
<b>Total (C)</b>	<b>252,848</b>	<b>118,347</b>	<b>137,723</b>	<b>141,330</b>	<b>123,751</b>	<b>92,378</b>	<b>59,930</b>	<b>39,212</b>
<b>Total (A+B+C)</b>	<b>317,118</b>	<b>185,640</b>	<b>304,270</b>	<b>420,202</b>	<b>446,053</b>	<b>417,072</b>	<b>298,508</b>	<b>164,604</b>

Exposures	Internal rating classes (2)						Unrated and insolvent	Total (A+B+C)
	Rating 9	Rating 10	Rating 11	Rating 12	Rating 13			
<b>A. Financial assets measured at amortised cost</b>	<b>70,984</b>	<b>56,482</b>	<b>28,188</b>	<b>14,237</b>	<b>6,506</b>		<b>175,576</b>	<b>1,939,921</b>
- First stage	39,206	25,224	7,050	2,218	244		-	1,304,069
- Second stage	31,778	31,258	21,138	12,019	6,262		-	460,276
- Third stage	-	-	-	-	-		175,576	175,576
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-		-	-
- Second stage	-	-	-	-	-		-	-
- Third stage	-	-	-	-	-		-	-
<b>Total (A+B)</b>	<b>70,984</b>	<b>56,482</b>	<b>28,188</b>	<b>14,237</b>	<b>6,506</b>		<b>175,576</b>	<b>1,939,921</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>19,496</b>	<b>11,314</b>	<b>8,043</b>	<b>2,631</b>	<b>1,137</b>		<b>34,093</b>	<b>1,042,233</b>
- First stage	8,026	6,629	1,063	66	9		1,792	878,480
- Second stage	11,470	4,685	6,980	2,565	1,128		926	132,378
- Third stage	-	-	-	-	-		31,375	31,375
<b>Total (C)</b>	<b>19,496</b>	<b>11,314</b>	<b>8,043</b>	<b>2,631</b>	<b>1,137</b>		<b>34,093</b>	<b>1,042,233</b>
<b>Total (A+B+C)</b>	<b>90,480</b>	<b>67,796</b>	<b>36,231</b>	<b>16,868</b>	<b>7,643</b>		<b>209,669</b>	<b>2,982,154</b>





## MICRO-ENTERPRISES

Exposures	Internal rating classes (1)							
	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5	Rating 6	Rating 7	Rating 8
<b>A. Financial assets measured at amortised cost</b>	<b>75,561</b>	<b>124,373</b>	<b>424,986</b>	<b>386,081</b>	<b>99,618</b>	<b>252,409</b>	<b>161,364</b>	<b>197,043</b>
- First stage	75,333	122,474	415,686	370,030	95,006	227,222	133,070	171,359
- Second stage	228	1,899	9,300	16,051	4,612	25,187	28,294	25,684
- Third stage	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>75,561</b>	<b>124,373</b>	<b>424,986</b>	<b>386,081</b>	<b>99,618</b>	<b>252,409</b>	<b>161,364</b>	<b>197,043</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>69,178</b>	<b>73,426</b>	<b>104,850</b>	<b>65,364</b>	<b>10,525</b>	<b>47,360</b>	<b>34,564</b>	<b>29,844</b>
- First stage	68,819	72,413	99,322	57,036	8,260	42,576	30,533	25,225
- Second stage	359	1,013	5,528	8,328	2,265	4,784	4,031	4,619
- Third stage	-	-	-	-	-	-	-	-
<b>Total (C)</b>	<b>69,178</b>	<b>73,426</b>	<b>104,850</b>	<b>65,364</b>	<b>10,525</b>	<b>47,360</b>	<b>34,564</b>	<b>29,843</b>
<b>Total (A+B+C)</b>	<b>144,739</b>	<b>197,799</b>	<b>529,836</b>	<b>451,445</b>	<b>110,142</b>	<b>299,769</b>	<b>195,928</b>	<b>226,887</b>

Exposures	Internal rating classes (2)						Unrated and insolvent	Total (A+B+C)
	Rating 9	Rating 10	Rating 11	Rating 12	Rating 13			
<b>A. Financial assets measured at amortised cost</b>	<b>94,183</b>	<b>51,374</b>	<b>55,461</b>	<b>36,351</b>	<b>16,407</b>		<b>96,306</b>	<b>2,071,517</b>
- First stage	74,354	28,265	20,672	10,656	1,245		41	1,745,413
- Second stage	19,829	23,109	34,789	25,695	15,162		-	229,839
- Third stage	-	-	-	-	-		96,265	96,265
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-		-	-
- Second stage	-	-	-	-	-		-	-
- Third stage	-	-	-	-	-		-	-
<b>Total (A+B)</b>	<b>94,183</b>	<b>51,374</b>	<b>55,461</b>	<b>36,351</b>	<b>16,407</b>		<b>96,306</b>	<b>2,071,517</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>11,393</b>	<b>7,409</b>	<b>4,369</b>	<b>2,265</b>	<b>1,234</b>		<b>8,676</b>	<b>470,457</b>
- First stage	6,771	3,665	2,014	694	444		1,986	419,759
- Second stage	4,622	3,744	2,355	1,571	790		482	44,490
- Third stage	-	-	-	-	-		6,208	6,208
<b>Total (C)</b>	<b>11,393</b>	<b>7,409</b>	<b>4,369</b>	<b>2,265</b>	<b>1,234</b>		<b>8,676</b>	<b>470,457</b>
<b>Total (A+B+C)</b>	<b>105,576</b>	<b>58,784</b>	<b>59,830</b>	<b>38,616</b>	<b>17,641</b>		<b>104,982</b>	<b>2,541,974</b>

## LARGE ENTERPRISES; PUBLIC ENTERPRISES

Exposures	Internal rating classes (1)							
	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5	Rating 6	Rating 7	Rating 8
<b>A. Financial assets measured at amortised cost</b>	<b>42,210</b>	<b>214,521</b>	<b>1,263,655</b>	<b>633,183</b>	<b>610,084</b>	<b>594,888</b>	<b>422,506</b>	<b>126,309</b>
- First stage	39,470	201,069	1,218,121	566,398	534,707	465,297	354,375	48,282
- Second stage	2,740	13,452	45,534	66,785	75,377	129,591	68,131	78,027
- Third stage	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>11,240</b>	<b>18,780</b>	<b>10,602</b>	<b>25,016</b>	<b>1,616</b>	<b>-</b>
- First stage	-	-	11,240	18,780	10,602	25,016	1,616	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>42,210</b>	<b>214,521</b>	<b>1,274,895</b>	<b>651,963</b>	<b>620,686</b>	<b>619,904</b>	<b>424,122</b>	<b>126,309</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>59,049</b>	<b>210,174</b>	<b>101,830</b>	<b>663,534</b>	<b>189,887</b>	<b>149,260</b>	<b>730,906</b>	<b>116,863</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	59,049	210,174	101,830	663,534	189,887	149,260	730,906	116,863
- Third stage	-	-	-	-	-	-	-	-
<b>Total (C)</b>	<b>59,049</b>	<b>210,174</b>	<b>101,830</b>	<b>663,534</b>	<b>189,887</b>	<b>149,260</b>	<b>730,906</b>	<b>116,863</b>
<b>Total (A+B+C)</b>	<b>101,259</b>	<b>424,695</b>	<b>1,376,725</b>	<b>1,315,497</b>	<b>810,573</b>	<b>769,164</b>	<b>1,155,028</b>	<b>243,172</b>

Exposures	Internal rating classes (2)						Unrated and insolvent	Total (A+B+C)
	Rating 9	Rating 10	Rating 11	Rating 12	Rating 13			
<b>A. Financial assets measured at amortised cost</b>	<b>12,301</b>	<b>6,705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,036</b>	<b>3,976,398</b>
- First stage	-	-	-	-	-	-	-	3,427,719
- Second stage	12,301	6,705	-	-	-	-	-	498,643
- Third stage	-	-	-	-	-	-	50,036	50,036
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>7,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,835</b>
- First stage	7,581	-	-	-	-	-	-	74,835
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>19,882</b>	<b>6,705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,036</b>	<b>4,051,233</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>40,501</b>	<b>32,115</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,117</b>	<b>2,475,472</b>
- First stage	-	-	-	-	-	-	85,212	85,212
- Second stage	40,501	32,115	236	-	-	-	33,595	2,327,950
- Third stage	-	-	-	-	-	-	62,310	62,310
<b>Total (C)</b>	<b>40,501</b>	<b>32,115</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,117</b>	<b>2,475,472</b>
<b>Total (A+B+C)</b>	<b>60,383</b>	<b>38,820</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231,153</b>	<b>6,526,705</b>



## OTHER

Exposures	Internal rating classes (1)							
	Rating 1	Rating 2	Rating 3	Rating 4	Rating 5	Rating 6	Rating 7	Rating 8
<b>A. Financial assets measured at amortised cost</b>	<b>10,448</b>	<b>34,205</b>	<b>16,732</b>	<b>93,457</b>	<b>188,058</b>	<b>45,854</b>	<b>91,506</b>	<b>17,420</b>
- First stage	5,945	34,005	16,732	90,971	187,093	31,890	75,963	8,508
- Second stage	4,503	200	-	2,486	965	13,964	15,543	8,912
- Third stage	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>10,448</b>	<b>34,205</b>	<b>16,732</b>	<b>93,457</b>	<b>188,058</b>	<b>45,854</b>	<b>91,506</b>	<b>17,420</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>72,414</b>	<b>38,280</b>	<b>70,772</b>	<b>240,464</b>	<b>293,701</b>	<b>29,969</b>	<b>152,298</b>	<b>1,521</b>
- First stage	36,696	37,753	67,873	232,687	278,061	21,796	126,300	1,091
- Second stage	35,718	527	2,899	7,777	15,640	8,173	25,998	430
- Third stage	-	-	-	-	-	-	-	-
<b>Total (C)</b>	<b>72,414</b>	<b>38,280</b>	<b>70,772</b>	<b>240,464</b>	<b>293,701</b>	<b>29,969</b>	<b>152,298</b>	<b>1,521</b>
<b>Total (A+B+C)</b>	<b>82,862</b>	<b>72,485</b>	<b>87,504</b>	<b>333,921</b>	<b>481,759</b>	<b>75,823</b>	<b>243,804</b>	<b>18,941</b>

Exposures	Internal rating classes (2)						Unrated and insolvent	Total (A+B+C)
	Rating 9	Rating 10	Rating 11	Rating 12	Rating 13			
<b>A. Financial assets measured at amortised cost</b>	<b>11,208</b>	<b>5</b>	<b>20,671</b>	<b>2</b>	<b>2</b>	<b>19,520,288</b>		<b>20,049,856</b>
- First stage	1,069	3	1	2	1	19,471,264		19,923,448
- Second stage	10,139	2	20,670	-	1	41,561		118,975
- Third stage	-	-	-	-	-	7,433		7,433
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,509,000</b>		<b>2,509,000</b>
- First stage	-	-	-	-	-	2,454,816		2,454,816
- Second stage	-	-	-	-	-	54,184		54,184
- Third stage	-	-	-	-	-	-		-
<b>Total (A+B)</b>	<b>11,208</b>	<b>5</b>	<b>20,671</b>	<b>2</b>	<b>2</b>	<b>22,029,288</b>		<b>22,558,856</b>
of which: financial assets impaired purchased or originated								
<b>C. Commitments to grant loans and financial guarantees given</b>	<b>16,060</b>	<b>303</b>	<b>3,550</b>	<b>-</b>	<b>-</b>	<b>7,666,180</b>		<b>8,585,312</b>
- First stage	496	16	-	-	-	7,477,657		8,280,426
- Second stage	15,564	287	3,350	-	-	187,497		303,859
- Third stage	-	-	-	-	-	1,026		1,026
<b>Total (C)</b>	<b>16,060</b>	<b>303</b>	<b>3,350</b>	<b>-</b>	<b>-</b>	<b>7,666,180</b>		<b>8,585,312</b>
<b>Total (A+B+C)</b>	<b>27,268</b>	<b>308</b>	<b>24,021</b>	<b>2</b>	<b>2</b>	<b>29,695,468</b>		<b>31,144,168</b>

The table shows, in rising order of risk, the distribution by rating class of exposures in the Customers portfolio for which the internal rating models are operative.

As regards "Customers", the ratings are split into thirteen classes for performing counterparties and one for those that are insolvent. The first class identifies customers with the lowest risk, while the thirteenth class indicates the maximum risk; situations of insolvency go into another category;

The Bank uses internal ratings to calculate the capital requirements in relation to its corporate and retail portfolios, for which the related IRB models have been validated.

### A.3 Distribution of secured exposures by type of guarantee

Cash loans shown in the "Net exposure" column are stated net of specific and portfolio adjustments. Exposures are classified between "fully guaranteed" and "partially guaranteed" by comparing the gross exposure with the value of the contractual guarantee. The amounts shown in the «guarantees» columns refer to the actual value of the guarantee («fair value»), with an upper limit represented by the book value of the guaranteed exposure: this means that the actual value of the guarantee may be higher than that shown in the table.

#### A.3.1 Guaranteed cash and off-balance sheet exposures to banks

	Collaterals (1)					Personal guarantees (2)		
	Gross exposure	Net exposure	Properties - Mortgages	Properties - Lease financing	Securities	Other collaterals	Derivatives on loans	
							Other derivatives	Central counterparties
<b>1. Guaranteed cash credit facilities:</b>	<b>236,468</b>	<b>236,332</b>	-	-	<b>10,002</b>	-	-	-
1.1. fully guaranteed	134,202	134,113	-	-	10,002	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2. partially guaranteed	102,266	102,219	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
<b>2. Guaranteed off-balance sheet exposures:</b>	<b>66,512</b>	<b>66,452</b>	-	-	<b>3,841</b>	<b>6,822</b>	-	-
2.1. fully guaranteed	27,180	27,123	-	-	3,841	6,421	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	39,332	39,329	-	-	-	401	-	-
- of which non-performing	-	-	-	-	-	-	-	-

	Personal guarantees (2)							Total (1) + (2)
	Derivatives on loans				Endorsement loans			
	Other derivatives							
	Banks	Other financial corporations	Other parties	General governments	Banks	Other financial corporations	Other parties	
1. Guaranteed cash credit facilities:	-	-	-	190	221,312	-	-	231,504
1.1. fully guaranteed	-	-	-	190	123,921	-	-	134,113
- of which non-performing	-	-	-	-	-	-	-	-
1.2. partially guaranteed	-	-	-	-	97,391	-	-	97,391
- of which non-performing	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet exposures:	-	-	-	38,462	9,083	-	-	58,208
2.1. fully guaranteed	-	-	-	11,473	5,388	-	-	27,123
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	26,989	3,695	-	-	31,085
- of which non-performing	-	-	-	-	-	-	-	-



### A.3.2 Guaranteed cash credit facilities and off-balance sheet exposures to customers

	Collaterals (1)						Personal guarantees (2)	
	Gross exposure	Net exposure	Properties - Mortgages	Properties - Lease financing	Securities	Other collaterals	Derivatives on loans	
							Other derivatives	Central counterparties
<b>1. Guaranteed cash credit facilities:</b>	<b>15,844,049</b>	<b>15,109,090</b>	<b>9,210,096</b>	<b>-</b>	<b>443,376</b>	<b>265,841</b>	<b>-</b>	<b>-</b>
1.1. fully guaranteed	13,154,452	12,519,864	9,208,328	-	310,883	196,070	-	-
- of which non-performing	788,744	329,065	279,632	-	2,826	1,355	-	-
1.2. partially guaranteed	2,689,597	2,589,226	1,768	-	132,493	69,771	-	-
- of which non-performing	120,298	48,476	88	-	2,806	27	-	-
<b>2. Guaranteed off-balance sheet exposures:</b>	<b>4,141,424</b>	<b>4,115,570</b>	<b>423,178</b>	<b>-</b>	<b>227,288</b>	<b>183,423</b>	<b>-</b>	<b>-</b>
2.1. fully guaranteed	3,025,973	3,004,112	423,178	-	142,479	84,235	-	-
- of which non-performing	48,200	34,299	5,565	-	502	349	-	-
2.2. partially guaranteed	1,115,451	1,111,458	-	-	84,809	99,188	-	-
- of which non-performing	10,791	9,013	-	-	627	574	-	-

	Personal guarantees (2)							
	Derivatives on loans				Endorsement loans			
	Other derivatives							
	Banks	Other financial corporations	Other parties	General governments	Banks	Other financial corporations	Other parties	Total (1) + (2)
<b>1. Guaranteed cash credit facilities:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,050,394</b>	<b>11,918</b>	<b>294,678</b>	<b>2,198,949</b>	<b>14,475,252</b>
1.1. fully guaranteed	-	-	-	692,604	9,081	231,058	1,863,318	12,511,342
- of which non-performing	-	-	-	23,890	-	4,850	16,408	328,961
1.2. partially guaranteed	-	-	-	1,357,790	2,837	63,620	335,631	1,963,910
- of which non-performing	-	-	-	36,750	-	2,757	5,029	47,457
<b>2. Guaranteed off-balance sheet exposures:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,597</b>	<b>12,826</b>	<b>109,107</b>	<b>2,670,573</b>	<b>3,666,992</b>
2.1. fully guaranteed	-	-	-	4,970	7,389	79,448	2,223,671	2,965,370
- of which non-performing	-	-	-	41	-	3,959	23,822	34,238
2.2. partially guaranteed	-	-	-	35,627	5,437	29,659	446,902	701,622
- of which non-performing	-	-	-	320	-	387	5,150	7,058

**A.4 Financial and non-financial assets obtained by enforcing guarantees received**

	Credit exposure cancelled	Gross value	Total value adjustments	Book value	
					of which obtained during the year
<b>A. Property, equipment and investment property</b>	-	-	-	-	-
A.1. For business purposes	-	-	-	-	-
A.2. For investment purposes	-	-	-	-	-
A.3. Inventories	-	-	-	-	-
<b>B. Equity securities and debt securities</b>	-	-	-	-	-
<b>C. Other assets</b>	<b>71,823</b>	<b>53,243</b>	-	<b>53,243</b>	<b>53,243</b>
<b>D. Non-current assets and groups of assets held for sale</b>	-	-	-	-	-
D.1. Property, equipment and investment property	-	-	-	-	-
D.2. Other assets	-	-	-	-	-
<b>Total 31/12/2024</b>	<b>71,823</b>	<b>53,243</b>	-	<b>53,243</b>	<b>53,243</b>
<b>Total 31/12/2023</b>	<b>83,908</b>	<b>54,495</b>	-	<b>54,495</b>	<b>54,495</b>

**B. Distribution and concentration of exposures**

Preparation of this section has excluded in the exposures reported in tables A.1.6. and A.1.7., exposures to counterparty risk relating to loans of securities or goods, granted or received.



## B.1 Distribution by sector of cash credit facilities and off-balance sheet exposures to customers (book value)

Exposures/Counterparties	General governments		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
<b>A. Cash exposure</b>						
A.1 Bad loans	-	-	-	35	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
A.2 Unlikely-to-pay loans	-	-	1,420	16,812	-	-
- of which: exposures subject to forbearance	-	-	71	14,775	-	-
A.3 Past due exposures	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
A.4 Performing exposures	9,769,613	1,947	7,732,790	5,722	43,161	22
- of which: exposures subject to forbearance	-	-	85	5	-	-
<b>Total (A)</b>	<b>9,769,613</b>	<b>1,947</b>	<b>7,734,210</b>	<b>22,569</b>	<b>43,161</b>	<b>22</b>
<b>B. Off-balance sheet credit exposures</b>						
B.1 Non-performing exposures	490	10	102	121	-	-
B.2 Performing exposures	1,248,001	462	3,926,903	2,719	4,110	-
<b>Total (B)</b>	<b>1,248,491</b>	<b>472</b>	<b>3,927,005</b>	<b>2,840</b>	<b>4,110</b>	<b>-</b>
<b>Total (A+B) 31/12/2024</b>	<b>11,018,104</b>	<b>2,419</b>	<b>11,661,215</b>	<b>25,409</b>	<b>47,271</b>	<b>22</b>
<b>Total (A+B) 31/12/2023</b>	<b>12,144,676</b>	<b>2,849</b>	<b>9,292,557</b>	<b>35,998</b>	<b>7,105</b>	<b>2</b>

Exposures/Counterparties	Non-financial corporations		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments
<b>A. Cash exposure</b>				
A.1 Bad loans	38,663	193,488	7,858	62,754
- of which: exposures subject to forbearance	13,195	61,751	3,590	34,976
A.2 Unlikely-to-pay loans	253,386	315,496	75,090	109,266
- of which: exposures subject to forbearance	119,318	150,941	41,652	66,224
A.3 Non-performing past due exposure	23,481	9,106	26,013	8,605
- of which: exposures subject to forbearance	323	73	3,869	946
A.4 Performing exposures	14,043,215	214,330	6,752,092	59,484
- of which: exposures subject to forbearance	121,938	15,446	120,509	12,045
<b>Total (A)</b>	<b>14,358,745</b>	<b>732,420</b>	<b>6,861,053</b>	<b>240,109</b>
<b>B. Off-balance sheet credit exposures</b>				
B.1 Non-performing exposures	193,006	42,743	7,758	1,226
B.2 Performing exposures	20,949,269	38,887	2,661,330	3,270
<b>Total (B)</b>	<b>21,142,275</b>	<b>81,630</b>	<b>2,669,088</b>	<b>4,496</b>
<b>Total (A+B) 31/12/2024</b>	<b>35,501,020</b>	<b>814,050</b>	<b>9,530,141</b>	<b>244,605</b>
<b>Total (A+B) 31/12/2023</b>	<b>33,409,795</b>	<b>789,956</b>	<b>9,726,844</b>	<b>216,697</b>

## B.2 Distribution by territory of cash credit facilities and off-balance sheet exposures to customers

Exposures/Geographical areas	Italy		Other European countries		America
	Net exposures	Total value adjustments	Net exposures	Total value adjustments	Net exposures
<b>A. Cash exposure</b>					
A.1 Bad loans	45,916	255,674	605	583	-
A.2 Unlikely-to-pay loans	326,539	438,547	3,193	2,813	89
A.3 Past due exposures	48,138	17,328	1,005	290	109
A.4 Performing exposures	34,085,709	277,774	4,019,543	3,098	38,993
<b>Total (A)</b>	<b>34,506,302</b>	<b>989,323</b>	<b>4,024,346</b>	<b>6,784</b>	<b>39,191</b>
<b>B. Off-balance sheet credit exposures</b>					
B.1 Non-performing exposures	201,341	44,100	15	-	-
B.2 Performing exposures	28,085,208	41,350	638,761	2,865	6,070
<b>Total (B)</b>	<b>28,286,549</b>	<b>85,450</b>	<b>638,776</b>	<b>2,865</b>	<b>6,070</b>
<b>Total (A+B) 31/12/2024</b>	<b>62,792,851</b>	<b>1,074,773</b>	<b>4,663,122</b>	<b>9,649</b>	<b>45,261</b>
<b>Total (A+B) 31/12/2023</b>	<b>59,444,496</b>	<b>1,039,683</b>	<b>4,807,478</b>	<b>5,302</b>	<b>76,639</b>

Exposures/Geographical areas	America		Asia		Rest of the world
	Total value adjustments	Net exposures	Total value adjustments	Net exposures	Total value adjustments
<b>A. Cash exposure</b>					
A.1 Bad loans	20	-	-	-	-
A.2 Unlikely-to-pay loans	161	75	53	-	-
A.3 Past due exposures	29	242	64	-	-
A.4 Performing exposures	418	13,870	144	139,595	49
<b>Total (A)</b>	<b>628</b>	<b>14,187</b>	<b>261</b>	<b>139,595</b>	<b>49</b>
<b>B. Off-balance sheet credit exposures</b>					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	29	49,520	1,094	5,944	-
<b>Total (B)</b>	<b>29</b>	<b>49,520</b>	<b>1,094</b>	<b>5,944</b>	<b>-</b>
<b>Total (A+B) 31/12/2024</b>	<b>657</b>	<b>63,707</b>	<b>1,355</b>	<b>145,539</b>	<b>49</b>
<b>Total (A+B) 31/12/2023</b>	<b>302</b>	<b>52,092</b>	<b>189</b>	<b>193,167</b>	<b>24</b>

As regards the geographical distribution of exposures to customers resident in Italy, note that assets included under "Loans and receivables with customers" are mainly concentrated in the traditional areas served by the Bank, namely the North West, 66% and Centre, 22%. This is followed by North East, 10%, and South and Islands, 2%.





### B.3 Distribution by territory of cash credit facilities and off-balance sheet exposures to banks

Exposures/Geographical areas	Italy		Other European countries		America
	Net exposures	Total value adjustments	Net exposures	Total value adjustments	Net exposures
<b>A. Cash exposure</b>					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely-to-pay loans	-	-	-	-	-
A.3 Past due exposures	-	-	-	-	-
A.4 Performing exposures	4,549,016	1,589	2,443,948	821	26,908
<b>Total (A)</b>	<b>4,549,016</b>	<b>1,589</b>	<b>2,443,948</b>	<b>821</b>	<b>26,908</b>
<b>B. Off-balance sheet credit exposures</b>					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	404,395	78	615,863	305	60,837
<b>Total (B)</b>	<b>404,395</b>	<b>78</b>	<b>615,863</b>	<b>305</b>	<b>60,837</b>
<b>Total (A+B) 31/12/2024</b>	<b>4,953,411</b>	<b>1,667</b>	<b>3,059,811</b>	<b>1,126</b>	<b>87,745</b>
<b>Total (A+B) 31/12/2023</b>	<b>5,967,761</b>	<b>3,071</b>	<b>3,716,617</b>	<b>852</b>	<b>92,791</b>

Exposures/Geographical areas	America		Asia		Rest of the world
	Total value adjustments	Net exposures	Total value adjustments	Net exposures	Total value adjustments
<b>A. Cash exposure</b>					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely-to-pay loans	-	-	-	-	-
A.3 Past due exposures	-	-	-	-	-
A.4 Performing exposures	17	233,014	119	131,400	26
<b>Total (A)</b>	<b>17</b>	<b>233,014</b>	<b>119</b>	<b>131,400</b>	<b>26</b>
<b>B. Off-balance sheet credit exposures</b>					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	1	173,036	1	79,268	2
<b>Total (B)</b>	<b>1</b>	<b>173,036</b>	<b>1</b>	<b>79,268</b>	<b>2</b>
<b>Total (A+B) 31/12/2024</b>	<b>18</b>	<b>406,050</b>	<b>120</b>	<b>210,668</b>	<b>28</b>
<b>Total (A+B) 31/12/2023</b>	<b>114</b>	<b>397,895</b>	<b>278</b>	<b>179,117</b>	<b>44</b>

## B.4 Large exposures

	31/12/2024	31/12/2023
Number of positions	33	35
Exposure	33,827,663	35,189,628
Risk position	10,554,990	9,788,631

The exposure limit of 10% of Tier 1 capital – the threshold for inclusion of a counterparty in the category of "Large exposure" – has to be measured in terms of the "nominal amount" of the exposure, i.e. the sum of cash risk assets and off-balance sheet transactions with a customer or a group of related customers. On the other hand, the "risk position", on which the maximum limits are defined for the assumption of each individual significant risk, is given by the same aggregate weighted according to a system that takes account of the nature of the debtor and any guarantees that have been obtained.

It should be noted that the positions shown above include the Italian Republic (nominal exposure, 10,562 million euro; risk position, 14.7 million euro), purely on the basis of sovereign securities held in proprietary portfolios, and the Bank of Italy (nominal exposure, 2,746 million euro; risk position, nil), mainly for term deposits.

In accordance with the provisions of Article 4 (39) of Regulation (EU) No. 575/2013, as amended and supplemented, the prudential supervisory reporting of large exposures provides for the conventional method of representing groups of connected customers by repeating, for each group of connected customers directly controlled by or economically dependent on a central government, the exposure amounts and the resulting risk position vis-à-vis the corresponding central government.

It should be noted that the information presented in the table under review does not follow the signalling approach described above because the amounts of exposure and risk position towards central governments are not repeated in relation to the groups of related customers with economic and/or legal ties to the aforementioned central governments.



## C. Securitisations

### Traditional securitisations

#### QUALITATIVE INFORMATION

During FY 2024, the Bank continued to finalise securitisation transactions through the bulk sale of bad loans in line with the corporate objectives of derisking and improving asset quality. As explained in the report on operations, in the last quarter of 2024, the Bank completed a securitisation transaction through the sale of bad loans called Luzzatti V.

Note that the book value of the securitisations originated by third party companies, shown in the following table C.2, at 31 December 2024 amounts to 367 million euro.

### New transactions during the year

#### Luzzatti V securitisation

In December 2024, the Bank carried out the fifth securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 8 banks and a financial institute, for a total value of approximately 205 million euro in terms of gross book value, of which 28.6 million euro attributable to Banca Popolare di Sondrio.

The payment of the purchase price by the Vehicle Company, specifically established pursuant to Law 130 of 30 April 1999, called "Luzzatti POP NPLs 2024 Srl" (SPV) was financed by issuing asset-backed securities for a total nominal value of 56.35 million euro, split as follows:

- a Senior tranche (Class A) for 47.85 million euro, with investment grade rating (BBB (high) assigned by Morningstar DBRS and BBB+ assigned by Arc Ratings). The tranche in question, retained by Banca Popolare di Sondrio S.p.A., presents structural characteristics of eligibility for the GACS and, should this state guarantee be reintroduced, the participating banks will assess whether to avail themselves of it. These securities carry a fixed yield of 3.5%;
- a Mezzanine tranche (Class B) for 7.0 million euro, unrated, with a yield equal to the sum of an annual spread of 10% and the 6-month Euribor;
- a Junior tranche (Class J) for 1.5 million euro, unrated, with a yield equal to the 6-month Euribor plus an annual spread of 15% and any variable yield based on the performance of the securitisation.

On 19 December 2024, the issue date of the securities, the originating banks subscribed 100% of the Senior notes and in application of the retention rule provided for by Article 405 of the CRR, each of the originating banks maintained a stake of not less than 5% of the Mezzanine and Junior tranches. The rest of the Mezzanine and Junior securities were subscribed by third-party investors.

Consistently with the provisions of IFRS 9, the conditions for the derecognition from the financial statements of the bad loans sold have been met, as the rights and benefits relating to them have been substantially transferred.

The following table shows the securitisation positions held by the Bank at the reporting date.

Seniority	Maturity	Nominal amount (in euro)	Morningstar DBRS	Arc Ratings
Senior	May 2045	5,974,000	BBB (high)	BBB+
Mezzanine	May 2045	43,696	N/A	N/A
Junior	May 2045	9,364	N/A	N/A
<b>TOTAL</b>		<b>6,027,060</b>		

All of the senior securities are classified as "Financial assets measured at amortised cost" for an amount net of expected losses on the basis of the IFRS 9 impairment model of 5.976 million euro; conversely, the portions owned of the mezzanine (fair value 1 thousand euro) and junior securities have been classified as "Financial assets mandatorily measured at fair value through profit or loss".

The loss on disposal, equal to 0.2 million euro, is included in "Gains (losses) from the sale or repurchase of financial assets measured at amortised cost".

The credit management and recovery activity was entrusted by the Vehicle Company to Special Gardant S.p.A., servicer appointed in accordance with article 2, paragraphs 3 and 6-*bis* of Law 130/1999.

For the sake of completeness of information, it should be noted that as part of the transaction, the selling banks granted the vehicle Luzzatti POP NPLs 2024 S.r.l. a "Limited Recourse Loan" (MRL), intended, on the date of issue of the securities, as a cash reserve available to the SPV to cover any misalignments between the recovery plan of the Portfolio Sold and the payments to be made to the security holders. The "Limited Recourse Loan" made by Banca Popolare di Sondrio is equal to 0.282 million euro and is recorded under "Financial assets measured at amortised cost"; it will be repaid based on the available liquidity of the SPV in the order of priority of payments and, in any case, prior to the repayment of the principal of the senior securities, so it does not represent any form of credit support for the securitisation.

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	10 December 2024
Vehicle Company	Luzzatti POP NPLs 2024 S.r.l.
Servicers	Zenith Global S.p.A.
Securities issue date	19 December 2024
Type of transaction	Traditional multi-originator sale
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	0.282 million
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 28.6 million euro.
Sale price of the securitised assets	The sale price is 6 million euro
Organisational structure	Zenith Global S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.



## Securitisation transactions already in place

Securitisation transactions completed from 2020 to 2023 included:

- subscription of the Senior securities issued by the vehicle company and sale of the Mezzanine and Junior tranches to third parties, in compliance with the requirements of prudential regulations. As a result of this holding, the receivables sold have been derecognised, as the Group has substantially transferred the rights and benefits of the financial assets sold;
- obtaining the State guarantee on the Senior securities (so-called Guarantee for Securitisation of Bad Loans - GACS pursuant to Decree 18 of 14 February 2016 converted into Law No. 49 of 8 April 2016 and subsequent MEF decree of 3 August 2016), excluding the Luzzatti III and IV sale.

The following is a summary of transactions completed in previous years.

### Diana securitisation

Portfolio sale date	01 June 2020
Vehicle Company	Diana S.P.V. S.r.l.
Servicers	Prelios Credit Servicing S.p.A.
Securities issue date	17 June 2020
Type of transaction	Traditional with GACS guarantee from the Economic and Finance Ministry.
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	10.925 million original, 3.532 million residual as at 31.12.2024
Guarantees and credit lines issued by third parties	IRC contract for hedging cash flows of notes issued
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 872 million euro.
Sale price of the securitised assets	The sale price is 274 million euro.
Organisational structure	Prelios Credit Servicing S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

### The vehicle company has issued the following securities:

Seniority	Maturity	Nominal amount (in euro)	Rating DBRS Morningstar	Rating Moody's	Rating Scope Ratings
Senior	December 2038	235,000,000	BBB	Baa2	BBB
Mezzanine	December 2038	35,000,000	N/A	N/A	N/A
Junior	December 2038	3,651,000	N/A	N/A	N/A
<b>TOTAL</b>		<b>273,651,000</b>			

All senior securities are classified in the portfolio of "Financial assets valued at amortised cost", based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net carrying amount at the end of the year, amounts to 41.823 million euro. The units of mezzanine (fair value 667 thousand euro) and junior (fair value 528 euro) securities owned by the Company have instead been recorded as "Financial assets mandatorily measured at fair value through profit or loss".

## Luzzatti I securitisation

In December 2020, Banca Popolare di Sondrio carried out the second securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 15 banks, for a total value of 919.9 million euro in terms of gross book value, of which 371.8 million euro attributable to Banca Popolare di Sondrio.

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	03 December 2020
Vehicle Company	POP NPLs 2020 S.r.l.
Servicers	Credito Fondiario S.p.A. and Fire S.p.A.
Securities issue date	23 December 2020
Type of transaction	Traditional multi-originator sale with GACS guarantee from the Economic and Finance Ministry.
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	The portfolio being sold is made up principally of corporate debtors.
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	4.505 million original, 1.744 million residual as at 31.12.2024
Guarantees and credit lines issued by third parties	IRC contract for hedging cash flows of notes issued
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 345 million euro.
Sale price of the securitised assets	The sale price is 112 million euro
Organisational structure	Credito Fondiario S.p.a. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio:

Seniority	Maturity	Nominal amount (in euro)	Rating DBRS Morningstar	Rating Scope Ratings
Senior	November 2045	109,783,000	BBB	BBB
Mezzanine	November 2045	568,250	CCC	CC
Junior	November 2045	227,400	N/A	N/A
<b>TOTAL</b>		<b>110,578,650</b>		

All senior securities are classified in the portfolio of "Financial assets valued at amortised cost", based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net carrying amount at the end of the year, amounts to 37.907 million euro. The units of mezzanine (fair value 101 thousand euro) and junior (fair value 227 euro) securities owned by the Company have been recorded as "Financial assets mandatorily measured at fair value through profit or loss".



## Luzzatti II securitisation

In December 2021, the Bank carried out the third securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 11 banks, for a total value of 789.2 million euro in terms of gross book value, of which 420.9 million euro attributable to Banca Popolare di Sondrio (made up 57% of secured loans).

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	13 December 2021
Vehicle Company	POP NPLs 2021 S.r.l.
Servicers	Zenith Service S.p.A. and doValue S.p.A.
Securities issue date	23 December 2021
Type of transaction	Traditional multi-originator sale with GACS guarantee from the Economic and Finance Ministry.
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	4.113 million original, 2.299 million residual as at 31.12.2024
Guarantees and credit lines issued by third parties	IRC contract for hedging cash flows of notes issued
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 374 million euro.
Sale price of the securitised assets	The sale price is 99.250 million euro
Organisational structure	Zenith Service S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio at the reporting date.

Seniority	Maturity	Nominal amount (in euro)	Rating DBRS Morningstar	Arc Ratings
Senior	October 2045	97,715,000	BBB	BBB
Mezzanine	October 2045	665,614	N/A	N/A
Junior	October 2045	266,246	N/A	N/A
<b>TOTAL</b>		<b>98,646,860</b>		

All senior securities are classified in the portfolio of "Financial assets valued at amortised cost", based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net carrying amount at the end of the year, amounts to 49.125 million euro. The units of mezzanine (fair value 93 thousand euro) and junior (fair value 266 euro) securities owned by the Company have been recorded as "Financial assets mandatorily measured at fair value through profit or loss".

## Luzzatti III securitisation

In December 2022, the Bank carried out the third securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 15 banks, for a total value of 545.2 million euro in terms of gross book value, of which 242.5 million euro attributable to Banca Popolare di Sondrio (made up 57% of secured loans).

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	15 December 2022
Vehicle Company	Luzzatti POP NPLs 2022 S.r.l.
Servicers	Prelios Credit Solutions S.p.A. and Fire S.p.A
Securities issue date	29 December 2022
Type of transaction	Traditional multi-originator sale
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	2.520 million, 1.561 million residual as at 31.12.2024
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 242.5 million euro.
Sale price of the securitised assets	The sale price is 58.2 million euro
Organisational structure	Prelios Credit Solutions S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio at the reporting date.

Seniority	Maturity	Nominal amount (in euro)	Moody's	Arc Ratings
Senior	January 2042	56,005,000	Baa1	BBB+
Mezzanine	January 2042	414,406	N/A	N/A
Junior	January 2042	71,042	N/A	N/A
<b>TOTAL</b>		<b>56,490,448</b>		

All senior securities are classified in the portfolio of "Financial assets measured at amortised cost", based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net book amount at the end of the year, amounts to 34.289 million euro. The units of mezzanine (fair value 127 thousand euro) and junior (fair value 249 euro) securities owned by the Company have been recorded as "Financial assets mandatorily measured at fair value through profit or loss".





## Luzzatti IV securitisation

In December 2023, the Bank carried out the fourth securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 12 banks, for a total value of 313 million euro in terms of gross book value, of which 173.7 million euro attributable to Banca Popolare di Sondrio.

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	15 December 2023
Vehicle Company	Luzzatti POP NPLs 2023 S.r.l.
Servicers	doNext S.p.A. and doValue S.p.A
Securities issue date	28 December 2023
Type of transaction	Traditional multi-originator sale
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	2.196 million, 1.949 million residual as at 31.12.2024
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 173.7 million euro.
Sale price of the securitised assets	The sale price is 50.7 million euro
Organisational structure	The company doNext S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio at the reporting date.

Seniority	Maturity	Nominal amount (in euro)	Morningstar DBRS	Arc Ratings
Senior	June 2043	48,392,000	BBB (high)	BBB+
Mezzanine	June 2043	343,430	N/A	N/A
Junior	June 2043	93,663	N/A	N/A
<b>TOTAL</b>		<b>48,829,093</b>		

All of the senior securities are classified as "Financial assets measured at amortised cost" for an amount net of expected losses on the basis of the IFRS 9 impairment model of 28.215 million euro; conversely, the portions owned of the mezzanine (fair value 115 thousand euro) and junior (fair value 33 euro) securities have been classified as "Financial assets mandatorily measured at fair value through profit or loss".

## Synthetic securitisations

On 14 June 2022, the Bank signed a synthetic securitisation transaction with the EIB Group for a countervalue of 958 million euro against a portfolio of loans granted to 'corporate' counterparties. A net economic interest (retention) of at least 5% was maintained on the financing of the portfolio subject to the transaction.

Synthetic securitisations provide for the purchase of credit risk protection underlying a portfolio of loans, of which the Originator retains full ownership, by entering into collateral agreements. Such transactions are therefore designed to transfer credit risk from the Originator to an external Counterparty, without derecognition of the assets, which are therefore retained on the Bank's financial statements.

By means of synthetic securitisation, the bank acquires, in synthetic and thus aggregate form, a hedge against «first losses» that may occur in an identified portfolio of loans. The financial structure mitigates the credit risks present in the loans subject to the transaction and consequently frees up financial resources, which can also be allocated to the development of new loans.

The structure of the transaction envisages the portfolio being virtually divided into 2 tranches according to the degree of risk: Senior and Junior. The initial portfolio subjected to the transaction was broken down as follows:

- Senior: 910.43 million euro;
- Junior: 47.92 million euro.

In particular, the Senior tranche does not benefit from any guarantee, while the Junior tranche is covered by a guarantee from the European Investment Fund (EIF) and counter-guaranteed by the European Investment Bank (EIB), using funds from the European Guarantee Fund (EGF), the EU recovery aid instrument launched in 2020 in response to the Covid-19 crisis.

As at 31 December 2024, the Bank's net exposure to the securitisation was 433.8 million, of which 18.9 million was represented by the Junior component.



## QUANTITATIVE INFORMATION

### C.1 Analysis of exposures arising from major own securitisations by type of securitised asset and by type of exposure

Type of underlying assets/Exposures	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs
<b>A. Fully derecognised from the financial statements</b>	–	–	–	–	–	–
Non-performing loans	197,335	(2)	1,106	–	1	–
<b>B. Partially derecognised from the financial statements</b>	–	–	–	–	–	–
<b>C. Not derecognised from the financial statements</b>	<b>414,897</b>	<b>(32)</b>	<b>–</b>	<b>–</b>	<b>18,908</b>	<b>280</b>
C.1 Corporate loans (*)	414,897	(32)	–	–	18,908	280

\* The sub-item "Loans to companies" relates to the synthetic securitisation transaction.

The table shows the cash exposures taken on by Banca Popolare di Sondrio in relation to its own securitisation transactions Diana, Luzzatti I, II, III, IV, V. The parts of the table relating to guarantees issued and credit lines are not reported as they do not exist.

### C.2 Exposures deriving from the main "third-party" securitisations broken down by type of securitised assets and by type of exposure

Type of underlying assets/Exposures	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs
Bnt Portfolio Spv Srl 15.05.2014/08.02.2042						
Mortgage loans	13,302	–	–	–	–	–
Alba 6 SPV 27.06.2014/25.10.2045						
Lease contracts	353,461	(29)	–	–	–	–

The note linked with the securitisation by Bnt Portfolio Spv Srl is classified among the financial assets mandatorily measured at fair value through profit or loss. That fair value is indicated in the "Book value" column. The parts of the table relating to guarantees issued and credit lines are not shown as these situations do not apply in this case.

### C.3 SPV for securitisation

Company Name	Registered office	Consolidation	Assets			Liabilities		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
Alba 6 Spv Srl	Conegliano (TV)	NO	581,766	-	36,819	353,738	-	143,432
Bnt Portfolio Spv Srl	Conegliano (TV)	NO	69,047	-	14,290	81,258	-	-
Diana SPV	Conegliano (TV)	NO	68,300	-	27,560	41,831	35,045	4,346
Pop Npls 2020 Srl*	Rome (RM)	NO	110,583	-	42,190	121,208	25,000	10,000
Pop Npls 2021 Srl	Milan (MI)	NO	105,454	-	16,510	96,046	25,517	10,258
Pop Npls 2022 Srl	Conegliano (TV)	NO	59,637	-	40,552	72,461	18,571	3,239
Pop Npls 2023 Srl	Conegliano (TV)	NO	46,882	-	5,106	45,228	11,004	3,001
Pop Npls 2024 Srl	Conegliano (TV)	NO	56,350	-	2,255	47,850	7,000	1,500

\* Figures at 31 December 2023

### C.4 Non-consolidated special purpose vehicle for securitisation

Pursuant to Circular 262 of the Bank of Italy, the information referred to in this section does not have to be provided by banks that prepare consolidated financial statements.

### C.5 Servicer activities – own securitisations: collection of securitised loans and redemption of securities issued by the SPV for securitisation

At 31 December 2024, the Bank does not perform any servicer activity for its own securitisations in which the assets sold have been derecognised in accordance with IFRS 9

### D. Disclosure of structured entities not consolidated for accounting purposes (other than SPV for securitisation)

Pursuant to circular 262 of the Bank of Italy, the qualitative and quantitative information referred to in this section does not have to be provided by banks prepare the consolidated financial statements.

Please refer to the corresponding part of the consolidated explanatory notes.

### E. Sale transactions

#### A. Financial assets sold and not fully derecognised

#### QUANTITATIVE INFORMATION

Pursuant to IFRS 7, paragraph 42D, letters a), b) and c), the following table shows the book value of repurchase agreements on securities owned (mainly classified in the portfolio of "Financial assets measured at amortised cost") which did not lead to derecognition of the underlying financial assets from the financial statements.

The non-derecognition of the securities, with reference to repurchase agreements, is linked to the Bank retaining all the risks and benefits associated with the security, since there is an obligation to repurchase it forward at a contractually established price. Depending on the type of counterparty, the consideration for the sale is recognised under payables to banks or to customers, while the securities involved in the transaction remain recorded in their portfolios.



## E.1 Financial assets sold recognised for their full amount and associated financial liabilities: book value

	Financial assets sold and recognised in full				Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: contracts with repurchase agreement	of which: non-performing	Book value	of which: subject to securitisation transactions	of which: contracts with repurchase agreement
<b>A. Financial assets held for trading</b>	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-
4. Derivatives	-	-	-	-	-	-	-
<b>B. Other financial assets mandatorily measured at fair value</b>	<b>2,243</b>	-	<b>2,243</b>	-	<b>2,045</b>	-	<b>2,045</b>
1. Debt securities	2,243	-	2,243	-	2,045	-	2,045
2. Equity securities	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
<b>D. Financial assets measured at fair value through other comprehensive income</b>	<b>1,277,801</b>	-	<b>1,277,801</b>	-	<b>1,234,460</b>	-	<b>1,234,460</b>
1. Debt securities	1,277,801	-	1,277,801	-	1,234,460	-	1,234,460
2. Equity securities	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>E. Financial assets measured at amortised cost</b>	<b>4,514,662</b>	-	<b>4,514,662</b>	-	<b>4,188,532</b>	-	<b>4,188,532</b>
1. Debt securities	4,514,662	-	4,514,662	-	4,188,532	-	4,188,532
2. Loans	-	-	-	-	-	-	-
<b>Total 31/12/2024</b>	<b>5,794,706</b>	-	<b>5,794,706</b>	-	<b>5,425,037</b>	-	<b>5,425,037</b>
<b>Total 31/12/2023</b>	<b>5,927,753</b>	-	<b>5,927,753</b>	-	<b>5,481,011</b>	-	<b>5,481,011</b>

## E.2 Financial assets sold recognised partially and associated financial liabilities: book values

In both the current and the previous year, the Bank has no financial assets sold but still partially recognised and associated financial liabilities.

### E.3 Sale transactions with liabilities having recourse only to the assets sold and not derecognised in full: fair value

	Recognised in full	Recognised in part	Total	
			31/12/2024	31/12/2023
<b>A. Financial assets held for trading</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
<b>B. Other financial assets mandatorily measured at fair value</b>	<b>2,242</b>	-	<b>2,242</b>	-
1. Debt securities	2,242	-	2,242	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
<b>D. Financial assets measured at fair value through other comprehensive income</b>	<b>1,277,801</b>	-	<b>1,277,801</b>	<b>1,263,058</b>
1. Debt securities	1,277,801	-	1,277,801	1,263,058
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
<b>E. Financial assets measured at amortised cost (fair value)</b>	<b>4,511,860</b>	-	<b>4,511,860</b>	<b>4,446,783</b>
1. Debt securities	4,511,860	-	4,511,860	4,446,783
2. Loans	-	-	-	-
<b>Total financial assets</b>	<b>5,791,903</b>	-	<b>5,791,903</b>	<b>5,709,841</b>
<b>Total associated financial liabilities</b>	<b>5,425,037</b>	-	<b>5,425,037</b>	<b>5,481,012</b>
<b>Net value 31/12/2024</b>	<b>366,866</b>	-	<b>366,866</b>	-
<b>Net value 31/12/2023</b>	<b>228,829</b>	-	-	<b>228,829</b>

### B. Financial assets sold and fully derecognised with recognition of continued involvement

At 31 December 2024, there are no financial assets sold and fully derecognised with recognition of continued involvement.

### C. Financial assets sold and not fully derecognised

Pursuant to the provisions of the Bank of Italy Communication of 23 December 2019, transposed in the 8th update of Circular 262, the following section provides qualitative and quantitative information on the multi-originator disposal transactions of loan portfolios carried out by the Bank, during FY 2024 and in previous years, which can be traced back to the scheme of disposal to a mutual fund with attribution of the relative shares to the Group itself.

### QUALITATIVE INFORMATION

The assignment of loans to mutual funds pursues the industrial and strategic objective of entrusting the management of exposures classified as high-risk to specialised and independent professional operators (represented by asset management companies, hereinafter also referred to as 'AMCs'), which, through managerial discontinuity actions, should allow for a more effective corporate turnaround than that pursued by the creditor bank through its own management of its exposure.

The strategies pursued by the AMC, in fact, focus on management levers that would be difficult for



individual banks to activate, such as, by way of example, the conversion of loans into equity, entry into the management bodies of companies to achieve an effective operational turnaround the development of distressed M&A transactions aimed at safeguarding the value of companies through industrial partnerships the direct repurchase of real estate in the case of real estate operators and, lastly, the injection of new finance by third-party investors aimed at relaunching companies through instruments that allow a higher priority in repayment than the financial debt already in place (Debtor-in-Possession Financing).

The transactions outlined below resulted in the derecognition of the loans sold as the Bank transferred substantially all the risks and rewards of owning the assets being sold and, in addition, did not retain any power over the management of the fund itself, which was instead assumed by the fund management company. In particular, the risks and benefits that the Bank may achieve, based on the shares held in exchange for the contribution of the loans, depend on the general performance of the fund managed by the AMC.

With regard to the need to consolidate mutual funds subscribed to the requirements of IFRS 10 for holding control over an entity - it is noted that no funds have been identified that need to be consolidated. In particular, on the basis of the powers attributed to the fund's constituent bodies (Board of Directors, Investors' Committee, Fund Shareholders' Meeting - in which all the unitholders of the Fund's Sub-Funds participate) and the majorities required to pass the relevant resolutions, no fund has been identified for which the Bank is deemed to have the power to direct the relevant activities.

In lieu of the derecognised assets, the fund units, obtained as an exchange for the sale, have been recognised in item 20 c) "Financial assets at fair value through profit or loss - other financial assets designated at fair value" of the Balance sheet assets. For further details on the determination of the fair value of the units, please refer to part A.4 of these notes.

During 2024, the following sale transactions took place:

- Illimity Credit & Corporate Turnaround Fund
- Illimity Real Estate Credit Fund (hereinafter "IREC Fund")
- Keystone
- Kleos
- IDeA CCR II
- Re-City (City Regeneration)

### **Illimity Credit & Corporate Turnaround Fund Transaction**

On 28 June 2024 and 18 December 2024, two illimity transactions were completed involving the sale of loans, qualified with the status of "unlikely to pay" by the Bank. These deals were carried out through the contribution of non-performing loans at the price of 21.147 million euro, with the consequent issue in the Bank's favour of 23,671,542 class A units, of the "Illimity Credit & Corporate Turnaround Fund".

Taking into account the carrying amount of the sales, they resulted in the recognition of a positive economic effect of approximately 6.5 million euro.

The "Illimity Credit & Corporate Turnaround Fund" is an Italian alternative investment fund (AIF) of a closed-end, single-sub-fund type reserved for qualified investors, established and managed by Illimity SGR S.p.A.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 38 million euro.

### **illimity Real Estate Credit Fund Transaction**

On 19 December 2024, the transaction was completed involving the sale of loans, qualified with the status of "unlikely to pay" by the Bank. This deal was carried out through the contribution of non-performing loans at the price of 22.974 million euro, offsetting the sale price with the subscription price, for the same amount, of 22,951,049 class A units, of the "Illimity Real Estate Credit Fund".

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a positive economic effect of 3.2 million euro.

The "Illimity Real Estate Credit Fund" is an Italian closed-end alternative investment fund (AIF) falling within the category of AIF (Alternative Investment Funds), reserved and single-sub-fund, set up and managed by Illimity SGR S.p.A.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 40 million euro.

### **Keystone Transaction**

On 23 December 2024, the transaction was completed involving the sale of loans, qualified with the status of "unlikely to pay" and "bad loans" by the Bank. This deal was carried out through the contribution of non-performing loans at the price of 13.873 million euro, offsetting the sale price with the subscription price of 16,634,460 class A units, of the "Keystone Fund".

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a positive economic effect of 1.3 million euro.

The "Keystone" Fund is a closed-end mutual fund under Italian law, falling within the category of AIFs (Alternative Investment Funds), reserved for professional investors established and managed by Kryalos SGR S.p.A.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 26 million euro.

### **Kleos Transaction**

On 16 December 2024, the transaction was completed involving the sale of loans, qualified with the status of "unlikely to pay" by the Bank. This deal was carried out through the contribution of non-performing loans at the price of 1.698 million euro, offsetting the sale price with the subscription price of 1,697,888 class B units, of the "Kleos Fund".

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a negative economic effect of 0.2 million euro.

The "Kleos" Fund is a closed-end mutual equity fund under Italian law, falling within the category of AIFs (Alternative Investment Funds), reserved and single-sub-fund, established and managed by Polis SGR S.p.A..

The fund units have been booked to the portfolio of "Financial assets mandatorily measured at fair value through profit or loss", with a fair value of 1.6 million euro at 31 December 2024.

### **IDeA CCR II Transaction**

On 30 October 2024, a transaction was completed involving the sale of loans, qualified with the status of "performing" and "past due" by Banca Popolare di Sondrio. This deal was carried out through the contribution of loans at the price of 19.156 million euro, offsetting the sale price with the subscription price of 1,058,950 class A1 units, of the "IDeA CCR II Fund".

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a negative economic effect of 1.7 million euro.

The "IDeA CCR II" Fund is a multi-sub-fund closed-end Italian alternative investment fund (AIF) for qualified investors managed by DeA Capital Alternative Funds SGR.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 24 million euro.





## City Regeneration Transaction

The holding of the fund in question represents the contribution made by the Bank against the sale, on 10 June 2024, of performing credit exposures to the Euromilano Fund at a price of 12.847 million euro, with the sale price offset against the subscription price, of class C units equal to the notional amount.

The above-mentioned units were subject to a further and subsequent contribution to the Re-City Fund through payment by offsetting with the subscription price of units of a new category referred to as "C Re-City Units". The purpose of the overall transaction is to integrate REDO SGR and Euromilano S.p.A., since both companies operate in the field of real estate investment development and management, in order to enhance the operational capabilities of the two companies, develop important synergies, and optimise redevelopment opportunities in urban areas.

Both funds (i.e. EuroMilano and Re-City) are managed and represented by REDO SGR S.p.A..

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a negative economic effect of 1.7 million euro.

The "City Regeneration" Fund, established by REDO SGR S.p.A. on 09 November 2020, is a closed-end mutual fund under Italian law, falling within the category of AIFs (Alternative Investment Funds), reserved for professional investors. The Fund's purpose consists of sustainable investments in accordance with the European Regulation 2019/2088 (the "SFDR Article 9 Fund"), to be realised through the investment of its assets in real estate initiatives aimed at urban regeneration and having a social impact, with a focus on Social Housing, Senior Living and Student Housing, with particular attention to the affordable sector and the living sector in general.

The fund units have been booked to the portfolio of "Financial assets mandatorily measured at fair value through profit or loss", with a fair value of 10.4 million euro at 31 December 2024.

## Details of mutual investment fund units outstanding as at 31 December 2024

As at 31 December 2024, the balance sheet value of the mutual funds resulting from the transactions under review totalled 140 million.

The following table provides details of the funds held, showing the fund management company, the date of the first closing and subsequent contributions, and the quality of the assets sold.

Fund name	Financial statements value as at 31/12/2024 (in millions of euro)*	Asset management company	First closing date/subsequent transfers	Quality of the assets transferred
<b>iCCT Fund</b> (Illimity Credit and Corporate Turnaround Fund)	38.047	Illimity SGR S.p.A.	31 March 2021 / 21 October 2021 / 23 June 2023 / 28 June 2024 / 18 December 2024	Bad loans / Unlikely-to-pay
<b>iREC Fund</b> (Illimity Real Estate Credit Fund)	39.808	Illimity SGR S.p.A.	03 August 2022 / 22 December 2023 / 19 December 2024	Bad loans / Unlikely-to-pay
<b>Keystone Fund</b>	26.141	Kryalos SGR S.p.A.	28 December 2022 / 22 December 2023 / 23 December 2024	Bad loans / Unlikely-to-pay
<b>IDeA Corporate Credit Recovery II</b>	23.948	DeA Capital Alternative Funds SGR	07 October 2020 / 30 October 2024	Performing / Past due / Unlikely-to-pay
<b>Kleos Fund</b>	1.577	Polis SGR S.p.A.	16 December 2024	Bad loans
<b>City Regeneration Fund</b>	10.410	REDO SGR S.p.A.	10 June 2024	Performing

(\*) Assets included in balance sheet item "20c. Financial assets and liabilities measured at fair value through profit or loss - other financial assets mandatorily measured at fair value".

## D. Covered bond transactions

On 6 November 2013, the Board of Directors of the Bank authorised a covered bond programme for a maximum amount of 5 euro billion, based on the assignment to a vehicle company of residential mortgages and construction loans arranged by the Bank.

On 30 June 2023, the Board of Directors also approved the update of the Programme in narrative by incorporating the changes introduced by the implementing provisions of Title I-*bis* of Law 30 April 1999, No. 130 of Law 30 April 1999, on covered bonds (OBG), amending Circular No. 285 of 17 December 2013.

As regards the sale of assets, on 1 June 2014, pursuant and consequent to the combined provisions of arts. 4 and 7-*bis* of law 130 of 30 April 1999, a portfolio of performing loans totalling 802 million euro was sold without recourse to "POPSO Covered Bond s.r.l.", the vehicle company, in relation to the issue on 5 August 2014 of the first series of 5-year covered bonds for 500 million euro.

A second sale of performing loans totalling 202 million euro took place on 5 December 2015, under the same contract.

An additional 2 disposals were made during 2016. The first, on 1 February 2016, of a portfolio of a total of 576 million euro of performing loans in connection with the issuance of the second series of covered bonds totalling 500 million euro on 4 April 2016. The second, on 1 November 2016, of a portfolio of performing loans totalling 226 million euro.

During 2017, a fifth sale of performing loans for a total of 307 million euro took place on 1 October 2017 under the same contract.

Likewise, during 2018, a sixth sale of performing loans for a total of 323 million euro took place on 1 October 2018.

During 2019, a seventh sale of performing loans for a total of 352 million euro took place on 1 December 2019, under the same contract.

During 2022, an eighth sale of performing loans for a total of 167 million euro took place on 1 November 2022, under the same contract.

During 2023, a ninth sale of performing loans for a total of 877 million euro took place on 1 November 2023, under the same contract.

During 2024, a tenth sale of performing loans for a total of 990 million euro took place on 1 November 2024, under the same contract.

These securitisations involved the sale of residential mortgages to the SPV, which was simultaneously granted a subordinated loan in order to settle the sale price. Since the Bank retains all the risks and benefits relating to those loans, the operations are not derecognised pursuant to IFRS 9.

The main strategic objectives for this issue include equipping the Bank with instruments that can be placed on the market, even via public transactions. In addition, the activation of instruments of this type can contribute to:

- extending the maturities of funding and therefore strengthening its correlation with the medium/long-term loans granted;
- diversifying the long-term sources of funding;
- obtaining favourable conditions, with respect to those available via the routine placement of unsecured bonds.

A complex and detailed process has been established for complying with the related regulatory requirements. The process involves, in particular, calculating and monitoring the tests required by law and contracts, checking compliance with the requirements governing the suitability of the assets assigned, preparing the reports required by the regulations and the rating agency, and performing all the related control activities. Among the various counterparties involved for various reasons, BDO Italia Spa, the independent auditing firm and «asset monitor», is responsible for verifying the tests.

The operations are proceeding smoothly and no issues have emerged with respect to the contractual requirements.

The regulations also require assessment of the objectives, legal, reputational and other risks, and controls put in place by the corporate bodies responsible for strategic supervision and control.

The following information is provided about the bonds issued by Banca Popolare di Sondrio S.p.A. for



which the vehicle company, Popso Covered Bond s.r.l., acts as Guarantor:

Series and Class	Series 3
ISIN Code	IT0005568529
Issue date	24 October 2023
Maturity Date	24 October 2028
Extended maturity	24 October 2029
Currency	Euro
Amount	500,000,000
Type of rate	Fixed
Parameter	4.125%
Coupon	Annual
Applicable law	Italian

Series and Class	Series 4
ISIN Code	IT0005580276
Issue date	22 January 2024
Maturity Date	22 July 2029
Extended maturity	22 July 2030
Currency	Euro
Amount	500,000,000
Type of rate	Fixed
Parameter	3.250%
Coupon	Annual
Applicable law	Italian

With regard to the first two series of bonds, it should be noted that they were fully redeemed at maturity.

## F. Models for the measurement of credit risk

The Bank does not use internal portfolio models for the assessment of credit risk (VaR methodology).

## Section 2 – Market risks

### 2.1 Interest rate risk and price risk - trading book for supervisory purposes

#### QUALITATIVE INFORMATION

##### A. General aspects

The securities classified among the «financial assets held for trading» are the principal source of interest rate risk and trading portfolio price risk. The value of financial assets held for trading increased slightly, the same as last year. At the end of the year, financial assets held for trading, ignoring those pertaining to employee pension funds and real estate funds, consisted of 27.8% shares and options over shares. The remainder is made up of mutual funds; there is no bond component.

The objectives and strategies underlying the trading of the proprietary securities portfolio are oriented towards maximising profitability by seeking to seize trading opportunities also through the use of derivative contracts, usually listed, also with a view to hedging. As part of a risk-containment approach, the bond segment, when present, is characterised by a limited duration. With regard to equity securities, preference is given to those of leading companies, broad market and concentrated on the European market, while, in order to benefit from a better geographical and sector diversification, exposure in ETF and UCI has been increased.

The Bank's role in trading activities essentially consists of arbitrage in securities to benefit from short-term trading opportunities, rather than of taking long-term risk positions.

This strategy is consistent with the general approach adopted by the Bank, based on the prudent management of all risks.

With regard to the trading of derivative instruments (derivatives in the strict sense), the offices occasionally carry out activities in interest rate options and interest rate swaps (excluding interest rate swaps used to hedge the interest rate risk deriving from disbursement of fixed-rate mortgages "Macro Fair Value Hedging") in order to respond to customer hedging needs; these transactions are then matched with transactions of the opposite sign entered into with leading financial counterparties.

Also included in the ALM monitoring as a source of interest rate risk are tax receivables classified as 'financial assets held for trading'.

The main source of price risk consists of equity securities and units in mutual funds classified as "financial assets held for trading"; as regards derivatives, there have been transactions in equity options and index options mostly listed on the IDEM market.

##### B. Management processes and measurement methods of interest rate risk and price risk

The internal processes for the measurement, control and management of trading portfolio interest rate risk use two separate monitoring systems that are based respectively on:

- an internal model for the daily calculation of the Value at Risk (VaR), which is also used for the analysis of exposure to price risk;
- an analysis of sensitivity to interest rate based on the strategic Asset & Liability Management (ALM) methodologies detailed in section 2.2 below (interest rate risk and price risk of the banking book).

With reference to the model based on the calculation of VaR, the Bank adopts an overall system of limits for exposure to risks in the context of financial activities, in particular those of the market (interest rate in the risk-free and credit spread components, inflation, exchange rate, price, commodity and optionality). This system has the following characteristics: as part of its strategic supervision functions, the Board of Directors quantifies the Maximum Acceptable Loss for the period, consistent with the investment policies defined and with financial operations expected over the next year; with reference to the Maximum Acceptable Loss determined by the Board, the Risks Committee establishes appropriate potential exposure limits in terms of the Value at Risk (VaR); the Financial Risk Office, within the Risk Control Department, measures risk on a daily basis, produces the related reports and monitors compliance with credit limits; the "Treasury" office, within the Finance department, and the "Exchange centre", within the International



department, accept risk by operating in the markets in compliance with the identified limits.

The characteristics of the internal management and control of price risk in relation to the trading portfolio are the same – in terms of organisational structure and the limitation of risk acceptance – as those described in relation to interest rate risk.

In line with the Bank's risk map, the above limits do not apply to the securities servicing pensions and similar obligations of employees and real estate funds.

VaR is a probabilistic estimate of the maximum amount that can be lost with reference to a specific time horizon and a given probability level (consistent with the investor's level of risk aversion).

The model used is historical. On the basis of this methodology, the distribution of profits and losses of a portfolio is deduced from the actual historical observations of the returns of the elements that constitute it, obtained by carrying out the repricing of each position with application of the risk factors corresponding to each day falling within the time interval taken as a reference, using the full revaluation method. The VaR therefore corresponds to the worst value of the series of profits and losses thus obtained, chosen considering the desired confidence interval. At the reporting date, the following financial instruments of the regulatory trading book are included in the related risk measurements, based on the VaR metric: for interest rate risk, debt securities (not present at the end of 2024) and forward contracts on exchange rates, in addition to other financial derivatives (in a strict sense) traded by the Exchange Centre (options on exchange rates, forward contracts on goods, options on interest rates, interest rate swaps); for price risk: equity securities and options on shares and indices. Apart from the instruments included in the following table 2, mutual funds are also covered by the VaR model. Forward contracts on commodities negotiated by the Exchange Centre fall within the category dedicated to commodity risk.

For instruments with optionality, a specific VaR («optionality VaR») is calculated in order to capture the impact on the series of profits and losses of fluctuations in the volatility of the underlying.

The parameters for the calculation of VaR are as follows: holding period of one day, observation period of one year (corresponding to approximately 252 business days) with a decay factor of 0.99 and a confidence interval of 99%.

With regard to the methodologies used to aggregate the various risk profiles, the aggregation is determined by calculating the VaR in a manner that takes account of the correlation between risk profiles, rather than by simple summation, such that the overall VaR is usually less than the sum of the partial VaRs.

The internal policies and procedures for after-the-event verification of the results of the model with the real ones (so-called «back testing») are expressed in a comparison between the daily VaR and:

- the change in market value of the following day referring to the same positions on which the VaR was calculated ("theoretical P&L");
- the change in the hypothetical present value of the instrument/portfolio, calculated using the respective pricing model applied by the risk exposure calculation tool, of the following day referring to the same positions on which the VaR was calculated ("theoretical P&L according to the model");
- the change in market value on the following day on the portfolio including the movements that have taken place ("actual P&L").

For back testing purposes, the VaR and P&L figures incorporate all of the risk factors impacting the positions under analysis.

As for risk exposure, measured in terms of VaR, the global VaR on rate risk at the end of the period stood at 0.038 million euro (entirely attributable to the risk - free rate, as the credit spread risk was zero) compared to 0.084 million euro of last year (also entirely attributable in this case to the risk-free rate alone, the credit spread risk being zero), while the global price VaR at the end of the period was equal to 2.296 million euro from 1.325 million euro at the end of 2023.

The internal model described is not used to determine the capital requirements for market risk reported for supervisory purposes. The Standardised Approach is used in this case.

With reference to the second method cited, based on sensitivity analyses, conducted through an ALM procedure, please refer to section 2.2 (Interest rate risk and price risk – Banking book), which also explains stress testing. With regard to the results, please refer to the contents of the following paragraph (Quantitative information).

## QUANTITATIVE INFORMATION

### 1. Regulatory trading book: distribution by residual maturity (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives

Currency: EURO

Type/Residual duration	Sight	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	From over 5 year to 10 years	Over 10 years	Unspecified duration
<b>1. Cash assets</b>	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
<b>2. Cash liabilities</b>	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>	-	<b>1,065,290</b>	<b>325,006</b>	<b>323,573</b>	<b>1,220,680</b>	<b>286,886</b>	<b>11,706</b>	-
3.1 With underlying securities	-	174	-	-	-	-	-	-
- Options	-	174	-	-	-	-	-	-
+ Long positions	-	8	-	-	-	-	-	-
+ Short positions	-	166	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities	-	1,065,116	325,006	323,573	1,220,680	286,886	11,706	-
- Options	-	112,732	101,910	209,928	1,031,726	263,778	-	-
+ Long positions	-	56,366	50,955	104,964	515,863	131,889	-	-
+ Short positions	-	56,366	50,955	104,964	515,863	131,889	-	-
- Other derivatives	-	952,384	223,096	113,645	188,954	23,108	11,706	-
+ Long positions	-	476,748	111,564	56,841	94,483	11,554	5,853	-
+ Short positions	-	475,636	111,532	56,804	94,471	11,554	5,853	-



## 1. Regulatory trading book: distribution by residual maturity (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives

Currency: OTHER CURRENCIES

Type/Residual duration	Sight	Up to 3 months	3 to 6 months	6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Unspecified duration
<b>1. Cash assets</b>	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
<b>2. Cash liabilities</b>	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>	-	<b>803,923</b>	<b>103,785</b>	<b>143,365</b>	<b>74,838</b>	-	-	-
3.1 With underlying securities	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities	-	803,923	103,785	143,365	74,838	-	-	-
- Options	-	38,578	16,076	36,388	27,190	-	-	-
+ Long positions	-	19,289	8,038	18,194	13,595	-	-	-
+ Short positions	-	19,289	8,038	18,194	13,595	-	-	-
- Other derivatives	-	765,345	87,709	106,977	47,648	-	-	-
+ Long positions	-	382,172	43,855	53,490	23,828	-	-	-
+ Short positions	-	383,173	43,854	53,487	23,820	-	-	-

## 2. Supervisory trading book: distribution of exposures in equity securities and equity indices for the main countries of the listing market

Type of transactions/Listing index	Listed					Unlisted
	ITALY	FRANCE	SPAIN	GERMANY	OTHER COUNTRIES	
<b>A. Equity securities</b>						
- long positions	21,547	3,959	1,525	7,367	141	-
- short positions	-	-	-	-	-	-
<b>B. Purchase/sale transactions not yet settled in equity securities</b>						
- long positions	-	-	-	-	-	-
- short positions	-	-	-	-	-	-
<b>C. Other derivatives on equity securities</b>						
- long positions	38	-	-	-	-	-
- short positions	1	-	-	-	-	-
<b>D. Derivatives on stock indices</b>						
- long positions	-	-	-	-	-	-
- short positions	7,432	-	-	-	-	-





### 3. Trading book for supervisory purposes – internal models and methodologies for the analysis of sensitivity

Here we show the year-end figures for VaR split between rate risk and price risk, and between transactions explicitly foreseen in tables above and other transactions for which the calculation is carried out in any case.

#### Value at Risk (VaR), end of period

	(in thousands of euro)
<b>1. Cash assets</b>	<b>–</b>
1.1 Debt securities	–
1.2 Other assets	–
<b>2. Cash liabilities</b>	<b>–</b>
2.1 Repurchase agreements	–
2.2 Other liabilities	–
<b>3. Financial derivatives</b>	<b>38</b>
3.1 With underlying securities	0
- Options	0
+ Long positions	1
+ Short positions	0
- Other derivatives	–
+ Long positions	–
+ Short positions	–
3.2 Without underlying securities	39
- Options	0
+ Long positions	51
+ Short positions	54
- Other derivatives	39
+ Long positions	151
+ Short positions	188
<b>Total interest rate risk</b>	<b>38</b>
<b>A. Equity securities</b>	<b>796</b>
- Long positions	796
- Short positions	–
<b>B. Purchase/sale transactions not yet settled in equity securities</b>	<b>–</b>
- Long positions	–
- Short positions	–
<b>C. Other derivatives on equity securities</b>	<b>198</b>
- Long positions	207
- Short positions	28
<b>D. Derivatives on stock indices</b>	<b>104</b>
- Long positions	–
- Short positions	104
<b>Total Price risk transactions tab.2</b>	<b>812</b>
<b>UCITS</b>	<b>1.4031</b>
<b>Total Price risk</b>	<b>2,296</b>
<b>Global trading (net of exchange and commodities)</b>	<b>2,124</b>

## Interest-rate risk

Information on average, minimum and maximum VaR is provided below.

### Interest rate Value at Risk (VaR)

	(in thousands of euro)
Medium	92
Minimum	37
Maximum	269

With regard to the distribution of VaR during the year, the average interest rate VaR for each month in 2024 is shown below.

January	82
February	107
March	106
April	110
May	104
June	104
July	71
August	74
September	63
October	144
November	81
December	53

With reference to the debt securities included in the management trading portfolio, the number of days in which the actual losses exceeded the VaR was 1 out of 200 total observations; there were no days in which the theoretical losses or the theoretical model losses exceeded the VaR.

With regard to the debt securities (not present at end 2024) and tax credits from the trading portfolio for supervisory purposes, forward contracts on exchange rates, options on interest rates, interest rate swaps, the following information is taken from the ALM procedure, consistent with that provided in section 2.2 below in relation to the bank book. Please note that the outcomes below refer to the hypothetical rate movement scenarios in use for the monthly risk analyses, including:

- the six scenarios described in the Regulatory Technical Standards EBA/RTS/2022/10;
- two hypothetical scenarios for the shift of rates aimed respectively at capturing future market expectations ("ongoing") and specific particularly adverse situations that have occurred in the past ("historical").



*Effects of a change in interest rates over a twelve-month period on the future net interest income.*

Future net interest income means the difference between future interest income and future interest expense, calculated on existing transactions and on transactions to be settled on the reference date, possibly renewed while maintaining constant volumes.

In thousands of euro Exposure to risk	Change in net interest income				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
shock up parallel shift	2,382	1,983	1,005	4,208	991
shock down parallel shift	-2,190	-1,625	-3,754	-477	-689
steepener shock shift	137	-534	-1,280	137	-432
flattener shock shift	318	1,038	318	2,341	669
short shock up shift	998	1,657	948	3,775	931
short shock down shift	-822	-1,334	-3,367	-470	-662
ongoing shift	29	-442	-1,003	29	-496
Historical	2,092	3,120	1,618	7,319	1,584
Worst case scenario	-2,190	-1,625	-3,754	-477	-689

*Effects of a change in interest rates on the future pre-tax profit over a twelve-month period.*

Future pre-tax profit means the difference between future revenues and future costs calculated on existing transactions and on transactions to be settled on the reference date, possibly renewed while maintaining constant volumes.

In thousands of euro Exposure to risk	Change in pre-tax profit				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
shock up parallel shift	-17,827	-585	-17,827	3,916	991
shock down parallel shift	19,258	1,161	-3,457	19,258	-689
steepener shock shift	6,941	143	-1,000	6,941	-432
flattener shock shift	-9,882	-77	-9,882	2,001	669
short shock up shift	-14,614	-185	-14,614	3,349	931
short shock down shift	15,472	584	-2,928	15,472	-662
ongoing shift	933	-178	-583	933	-496
Historical	-24,831	-176	-24,831	6,647	1,584
Worst case scenario	-24,831	-585	-24,831	933	-689

*Effects of a change in interest rates on equity.*

Equity means the difference between the current value of asset and liability items calculated on existing transactions and on the transactions to be settled at the reference date in the event of inertial volumes.

In thousands of euro Exposure to risk	Change in equity value				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
shock up parallel shift	-19,505	-1,420	-19,505	1,558	1,612
shock down parallel shift	20,960	1,846	-1,240	20,960	-1,238
steepener shock shift	6,633	377	-811	6,633	-342
flattener shock shift	-9,873	-594	-9,873	655	660
short shock up shift	-15,098	-1,017	-15,098	1,071	1,090
short shock down shift	15,904	1,197	-902	15,904	-903
ongoing shift	899	44	-408	899	-441
Historical	-26,011	-1,842	-26,011	1,902	1,945
Worst case scenario	-26,011	-1,842	-26,011	655	-1,238

## Price risk

Information on average, minimum and maximum VaR is provided below.

### Price Value at Risk (VaR)

	(in thousands of euro)
Medium	1,994
Minimum	1,208
Maximum	2,971

As regards the distribution of VaR during the year, we indicate below the average value of the price VaR in each of the twelve months of 2024.

January	1,661
February	1,984
March	1,553
April	1,401
May	1,454
June	1,358
July	1,298
August	2,648
September	2,818
October	2,685
November	2,541
December	2,514

With regard to equities and mutual funds in the management trading book, there was just 1 day on which actual losses, theoretical losses and theoretical model losses exceeded the VaR out of 255 total observations.



## 2.2 Interest rate risk and price risk – Bank portfolio

### QUALITATIVE INFORMATION

#### A. General aspects, management and measurement of interest rate risk and price risk

As already described in section 2.1 above, the internal processes for the measurement, control and management of the banking book interest rate risk also uses two distinct monitoring systems:

- an internal model for the daily calculation of the Value at Risk (VaR), which is also used for the analysis of exposure to price risk;
- an analysis of sensitivity to interest rate risk based on the strategic Asset & Liability Management (ALM) methodologies.

More specifically, the daily calculation of VaR is used to monitor the financial assets classified as "other financial assets mandatorily measured at fair value", and the "financial assets measured at fair value through other comprehensive income"; the internal process for the control and management of interest rate and price risk, as well as the related methodology, are much the same as those detailed in the qualitative information provided regarding the "Interest rate risk and price risk – trading book for supervisory purposes". It is recalled that "financial assets measured at amortised cost" are monitored via a purely credit risk metric that is more representative of the typical risk profile of this type of investment. At year-end, bonds in the banking book comprised 33.3% of variable-rate positions, down from 41.7% at year-end 2023.

With regard to monitoring based on sensitivity analysis using strategic ALM methodologies, a distinction is made between interest rate risk from fair value and interest rate risk from cash flow: the main sources of interest rate risk from fair value reside in funding (especially on demand but with appropriate modelling of maturities) and lending transactions (mainly mortgages and debt securities) at a fixed rate; on the other hand, the cash flow rate risk also originates from the remaining assets and liabilities at sight or at an indexed rate.

The internal management and control processes of interest rate risk adopt a system of summary metrics consisting of two risk indicators called "complementary" whose respective threshold systems are defined by the Board of Directors and additional risk indicators called "operational" whose limits are established by the Risks Committee, in harmony with the risk appetite established by the board. The overall set of metrics mentioned allows the exposure to interest rate risk on the banking book to be monitored through two main approaches. One subset of metrics measures the change in equity value obtained through the 'fair value sensitivity analysis' method, under inertial conditions, while the other metrics are based on the 'net interest income sensitivity analysis' method under static conditions with constant volumes, also including the potential change in value of instruments measured at fair value (assets classified in the accounting categories 'financial assets measured at fair value through other comprehensive income' (FVOCI) and 'other financial assets mandatorily measured at fair value' (FVTPLM)). In both approaches, the impact of the scenarios described in the 'Regulatory Technical Standards EBA/RTS/2022/10' on the economic value of equity or net interest income, respectively, is tested for simulations. An additional 'ongoing' management scenario to capture future market expectations is also considered in the analyses.

The monitoring of the aforementioned indicators, both "complementary" and "operational", is carried out on a monthly basis. The process of monitoring interest-rate risk in relation to the bank book is supported by the preparation of suitable internal information, covering both the situation at specific dates and trends. This information is provided to the competent bodies and functions, either on request or with a fixed frequency, together with the risk analyses and measurements carried out.

With regard to the principal assumptions and underlying parameters, the model used supports the "Fair value sensitivity analysis" method for analysing the sensitivity of equity and the "Net interest income sensitivity analysis" method for analysing the sensitivity of net interest income, at constant volumes, and the combination of both methods for the sensitivity analysis of profits. Specifically, the first methodology is used to determine the flows of principal and interest originated by the individual assets and liabilities held in the bank book applying, where necessary, the coupon rate for each instrument or, if that is not predetermined, the market curve associated with the risk factor to which the rate is indexed. Thereafter,

the "present values" of the assets and liabilities concerned are calculated by summing their cash flows as discounted using the yield curves.

Then, shocks to the benchmark curves are simulated, reflecting different scenarios that would cause market rates to change. The flows of interest and principal, as redetermined with reference to the modified curves, are discounted with reference to the new rate curves to obtain the «stressed present value» of each asset and liability.

Then, for each operation, the change in present value is calculated as the difference between the «stressed present value» and the «non-stressed present value».

In this way, the model estimates the sensitivity of the bank book, in terms of change in the economic value of equity caused by each scenario expressing movements in market rates, by summing for each operation in the bank book the change in present value obtained above.

In addition, euro loan and deposit current accounts and savings deposits, which are highly stable in volume terms and whose rates are not usually established by contract, are represented by behavioural models that take account of the persistence of their volume and their elasticity with respect to changes in market rates.

Another type of operations subject to its own modelling is mortgages and unsecured loans in euro granted by the Bank. In these transactions, the borrower has an early repayment option and an option to renegotiate the contractual terms of the loan, both of which can be exercised at any time.

The adoption of a specific scenario-dependency model is the best way to address this phenomenon, known as «prepayment», which is negatively correlated with the level of interest rates. This model is defined using a historical series of a suitable length in terms of time, containing prepayment events, those of renegotiation and other variables that help to differentiate behaviours.

The above analyses are supplemented by the results of applying the "Net interest income sensitivity analysis" methodology that, following a shock to the market rate curves, measures the sensitivity of net interest income for the current year to the positioning of the flows of principal at the time when the funding and lending operations start to become sensitive to changes in market interest rates.

Ideally, the bank book, made up of both debit and credit items that generate the interest margin, is subdivided between transactions that are partly sensitive to changes in interest rates and those that are entirely sensitive. The first type, mostly comprising fixed-rate transactions, is neutral when it comes to determining the sensitivity of net interest income up to the natural expiry of the transaction, but is impacted at the time of renewal; the second, represented by variable-rate transactions, is conditioned by changes in interest rates at the time of revision of the coupon rate.

The difference between the net interest income generated by each asset or liability item following the application of shocked market curves, and that generated under current market conditions, determines the marginal contribution to overall sensitivity.

Summing this differential for all the operations comprising the bank book determines the total sensitivity of net interest income to the risk of changes in market rates.

The measurements of interest-rate risk using fair value and using cash flows both consider any maximum cap or minimum floor on the coupon rate associated with bank book activities.

The source of price risk lies in the equity securities and mutual funds not included in the trading book for supervisory purposes. It therefore includes the equity securities classified as equity investments and the equity securities and mutual funds classified as "other financial assets mandatorily measured at fair value" or "financial assets measured at fair value through other comprehensive income", excluding real estate funds. At the end of the year, the financial assets of this kind consisted of 28.1% of shares (35.9% at the end of 2023) and the remainder of UCI units.

The strategies for governing interest-rate risk include, as part of the annual stress testing of the principal economic, financial and equity variables, carrying out joint simulations to determine the impact of adverse shocks on:

- the net economic value of assets and liabilities in the banking book;
- the total net interest income generated by the banking book items and the trading portfolio securities.

Consistent with the "Fair value sensitivity analysis" and "Net interest income sensitivity analysis"



methods explained above, stress tests are carried out by performing simulations that include volume changes and the use of a set of scenarios regarding rate trends aimed at identifying the trend in the interest rate risk profile under particularly adverse market conditions. The main objective of stress tests is to estimate the impact on risk exposure caused by sudden and unpredictable changes in the general level of interest rates caused by a change in one or more specific risk factors.

The stress analysis is carried out both in terms of the fair value interest rate risk profile, and in terms of cash flow interest rate risk.

It should be noted that starting from FY 2022, the Bank has also started initiatives to hedge the interest rate risk arising from the disbursement of fixed-rate loans (so-called "Macro Fair Value Hedging") through the subscription with market counterparties of dedicated interest rate swap contracts with specific characteristics of duration, amount and rate aligned to the pool of loans being hedged.

## QUANTITATIVE INFORMATION

### 1. Banking book: distribution by residual maturity (by repricing date) of financial assets and liabilities

Currency: EURO

Type/Residual duration	Sight	Up to 3 months	3 to 6 months	6 to 1 year	1 to 5 years	From over 5 year to 10 years	Over 10 years	Unspecified duration
<b>3. Financial derivatives</b>	<b>1,223,410</b>	<b>288,438</b>	<b>20,493</b>	<b>42,118</b>	<b>148,910</b>	<b>22,990</b>	<b>10,176</b>	<b>-</b>
3.1 With underlying securities	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities	1,223,410	288,438	20,493	42,118	148,910	22,990	10,176	-
- Options	1,223,410	231,877	19,368	39,842	131,189	7	5	-
+ Long positions	611,705	210,327	785	32	-	-	-	-
+ Short positions	611,705	21,550	18,583	39,810	131,189	7	5	-
- Other derivatives	-	56,561	1,125	2,276	17,721	22,983	10,171	-
+ Long positions	-	55,418	-	-	-	-	-	-
+ Short positions	-	1,143	1,125	2,276	17,721	22,983	10,171	-
<b>4. Other off-balance sheet transactions</b>	<b>2,888,573</b>	<b>399,393</b>	<b>89,893</b>	<b>23,935</b>	<b>104,184</b>	<b>1,769</b>	<b>1,562</b>	<b>-</b>
+ Long positions	1,133,919	399,393	89,893	23,935	104,184	1,769	1,562	-
+ Short positions	1,754,654	-	-	-	-	-	-	-

This table only shows financial derivatives as an interest rate risk sensitivity analysis based on internal models is provided for cash assets and liabilities.





## 2. Banking book - internal models and other methodologies for the sensitivity analysis

### Interest-rate risk

With reference to the assets and liabilities that generate the net interest income - except for the debt securities and tax credits in the trading book for supervisory purposes, forward contracts on exchange rates, options on interest rates and interest rate swaps, as the information on these is disclosed in the section on the trading book for supervisory purposes – as defined in the paragraph in this section on qualitative information, the following are the figures taken from the ALM procedure.

Please note that the outcomes below refer to the hypothetical rate movement scenarios in use for the monthly risk exposure analyses, including:

- the six scenarios described in the Regulatory Technical Standards EBA/RTS/2022/10;
- two hypothetical scenarios for the shift of rates aimed respectively at capturing future market expectations ("ongoing") and specific particularly adverse situations that have occurred in the past ("historical").

In the end-of-period survey as at 31 December 2024, an updated version of the behavioural models for mortgages and instalment loans was adopted.

*Effects of a change in interest rates over a twelve-month period on the future net interest income.*

Future net interest income means the difference between future interest income and future interest expense, calculated on existing transactions and on transactions to be settled on the reference date, possibly renewed while maintaining constant volumes.

In thousands of euro Exposure to risk	Change in net interest income				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
shock up parallel shift	136,837	145,568	127,698	178,960	117,021
shock down parallel shift	-105,833	- 113,692	- 145,465	- 97,664	-97,378
steepener shock shift	-18,594	- 17,965	- 42,118	2,233	-21,644
flattener shock shift	68,587	63,646	36,052	100,472	55,717
short shock up shift	107,394	103,535	72,357	148,683	87,525
short shock down shift	-66,574	- 69,977	- 106,569	- 43,716	-64,875
ongoing shift	4,166	- 19,477	- 40,502	4,166	-38,468
Historical	193,479	188,503	136,684	261,378	155,399
Worst case scenario	-105,833	- 113,692	- 145,465	- 97,664	-97,378

*Effects of a change in interest rates on the future pre-tax profit over a twelve-month period.*

Future pre-tax profit is understood to mean the difference between future revenues and future costs calculated solely on existing transactions at the reference date and possibly renewed while maintaining constant volumes.

In thousands of euro Exposure to risk	Change in pre-tax profit				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
shock up parallel shift	16,277	65,764	16,277	114,554	49,518
shock down parallel shift	40,975	- 17,122	- 64,759	40,975	-17,995
steepener shock shift	1,065	- 1,357	- 30,297	23,031	-2,986
flattener shock shift	30,166	34,612	2,719	78,881	26,380
short shock up shift	33,053	50,928	16,069	107,619	38,768
short shock down shift	10,956	- 15,181	- 63,754	14,842	-14,136
ongoing shift	8,250	- 5,792	- 23,988	8,250	-13,409
Historical	57,563	93,785	36,916	186,924	69,499
Worst case scenario	1,065	- 17,122	- 64,759	8,250	-17,995

### Effects of a change in interest rates on equity.

Equity means the difference between the current value of asset and liability items calculated on existing transactions and on the transactions to be settled at the reference date in the event of inertial volumes.

In thousands of euro	Change in equity value				
	from 01/01/2024 to 31/12/2024				
Exposure to risk	at the end of the period	average	minimum	maximum	31/12/2023
shock up parallel shift	-115,800	111,382	- 115,800	206,476	138,171
shock down parallel shift	46,704	- 151,901	- 231,293	46,704	-185,742
steepener shock shift	171,425	123,056	80,174	171,425	123,331
flattener shock shift	-32,324	9,143	- 32,324	40,540	-43,480
short shock up shift	-37,171	52,120	- 37,171	105,371	14,575
short shock down shift	228,228	69,886	4,201	228,228	63,598
ongoing shift	-16,041	- 33,955	- 49,035	- 16,041	-19,940
Historical	-69,162	98,391	- 69,162	194,908	51,587
Worst case scenario	-115,800	- 151,901	- 231,293	- 16,041	-185,742

With respect to debt securities classified as "other financial assets mandatorily measured at fair value", "financial assets measured at fair value through other comprehensive income", information on the average, minimum and maximum VaR is given below.

### Interest rate Value at Risk (VaR)

	(in thousands of euro)
Medium	4,222
Minimum	2,949
Maximum	5,744

With regard to the distribution of VaR during the year, the average interest rate VaR for each month in 2024 is shown below.

January	5,257
February	5,498
March	5,037
April	4,823
May	4,488
June	4,090
July	3,666
August	3,299
September	3,020
October	3,687
November	4,256
December	3,651

With reference to debt securities falling under "other financial assets mandatorily measured at fair value" and "financial assets measured at fair value through other comprehensive income", the number of days on which actual losses exceeded VaR was 3 out of 255 total observations for Italian government securities and 2 out of 255 observations for other debt securities; the number of days on which theoretical losses exceeded VaR was 2 out of 255 total observations for Italian government securities and 3 out of 255 observations for other debt securities.



## Price risk

With reference to the closing date, we report above all the VaR figures of equity securities (shares and UCITS) classified as "other financial assets mandatorily measured at fair value" or "financial assets measured at fair value through other comprehensive income", net of any investments servicing pensions and similar obligations of employees and real estate funds, as well as the figure for investments.

### Value at Risk (VaR), end of period

	(in thousands of euro)
Equity securities	1,805
Mutual funds	3,748
<b>Total</b>	<b>5,553</b>
<b>Equity investments</b>	<b>17,019</b>

The following information is provided about the average, minimum and maximum VaR regarding the equity securities (shares and mutual funds) classified among the "other financial assets mandatorily measured at fair value" and the "financial assets measured at fair value through other comprehensive income", excluding any relevant investments by the pension and real estate funds.

### Price Value at Risk (VaR)

	(in thousands of euro)
Medium	4,261
Minimum	2,969
Maximum	5,553

As regards the distribution of VaR during the year, we indicate below the average value of the price VaR in each of the twelve months of 2024.

January	4,438
February	4,108
March	3,506
April	3,411
May	3,682
June	3,963
July	4,187
August	4,957
September	4,723
October	4,517
November	4,745
December	4,881

With reference to the aforementioned perimeter, the theoretical losses from the model exceeded the VaR on 4 occasions out of 255 observations, while there were 2 situations of exceedance out of 255 observations with reference to the theoretical and actual ones.

## 2.3 Exchange risk

### QUALITATIVE INFORMATION

#### A. General aspects, management and measurement of exchange risk

The principal sources of exchange risk are: the investment in Banca Popolare di Sondrio (SUISSE) SA, denominated in Swiss francs, certain other equity securities, debt securities and mutual funds denominated in foreign currencies, if any, and the net foreign currency position managed by the "Exchange Centre", deriving principally from intermediation in repos with private customers and on the interbank market, as well as the implications of the Bank's foreign exchange position deriving from trading in other financial products (difference between premiums on currency options, interest on foreign currency deposits etc.).

Excluding securities, the Bank's role in foreign currency transactions is largely commercial, with a view to meeting customers' needs.

The characteristics of the internal management and control of exchange risk are the same – in terms of organisational structure and the limitation of risk acceptance – as those described in relation to interest rate risk in section 2.1, to which reference is made. In addition, a management monitoring system has been introduced dedicated to foreign exchange positions of a structural nature, i.e. the equity investment in Banca Popolare di Sondrio (SUISSE) SA, structured as follows: the Board of Directors, within the scope of its strategic supervision function, quantifies the maximum level of sensitivity of the CET1 capital ratio to a shock to the exchange rate of the currency of denomination of the position itself (SFX Sensitivity); the Risks Committee establishes the maximum acceptable level of loss that can be incurred in relation to the maintenance of the position in foreign exchange of a structural nature (SFX Maximum Loss); the Financial Risk office, within the Risk Control department, provides for the measurement on a daily basis of the risk, the production of the relative reports and the monitoring of compliance with the limits.

The measurement and control of exchange risk essentially involves application of an internal model for the daily calculation of Value at Risk (VaR) with the characteristics described in section 2.1 above. This metric is also the basis for quantifying the SFX Maximum Loss.

At the reporting date, the following assets in terms of financial instruments exposed to exchange rate risk are covered by the VaR model: all assets and liabilities in foreign currency are shown in table 1 below; moreover, the balances used by the internal model do not include accrued income and prepaid expenses, accrued expenses and deferred income, the interest portion of unpaid instalments, the differentials on adoption of the amortised cost principle and loan write-downs. In addition to those shown in table 1 above (options on exchange rates and forward contracts on commodities), the financial derivatives (in a strict sense) traded by the Exchange Centre also include interest rate swaps.

The forward contracts on exchange rates, financial derivatives (in a strict sense), debt securities and equity securities are treated analytically, whereas the overall difference of the other items by individual currency is treated as a deposit (positive or negative) with a maturity of one day.

The internal model based on VaR is not used to determine the capital requirements for market risk reported for supervisory purposes to the Bank of Italy. The standard methodology is used in this case.

#### B. Hedging of exchange risk

The Bank has not arranged any specific hedges of exchange risk. The position of the «Exchange Centre» is updated on a real-time basis; this enables exchange traders to act in the interbank market to offset any mismatches that may arise due to the transactions described above.

Any unmatched foreign currency positions are small and, in any case, fall within the limits established by the internal regulations of the «Exchange Centre».



## QUANTITATIVE INFORMATION

### 1. Distribution of assets, liabilities and derivatives by foreign currency

Items	Currency					
	US dollars	Great British pounds sterling	Japanese yen	Swiss francs	Canadian dollars	Other currencies
<b>A. Financial assets</b>	<b>744,654</b>	<b>56,808</b>	<b>48,250</b>	<b>375,323</b>	<b>40,584</b>	<b>102,210</b>
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	31,772	-	-	148,784	-	-
A.3 Loans to banks	497,138	44,600	47,220	10,045	40,584	102,209
A.4 Loans to customers	215,744	12,208	1,030	216,494	-	1
A.5 Other financial assets	-	-	-	-	-	-
<b>B. Other assets</b>	<b>9,289</b>	<b>1,567</b>	<b>248</b>	<b>12,232</b>	<b>332</b>	<b>849</b>
<b>C. Financial liabilities</b>	<b>714,507</b>	<b>58,843</b>	<b>49,033</b>	<b>247,954</b>	<b>40,672</b>	<b>100,909</b>
C.1 Due to banks	203,537	8,038	1,163	135,429	871	22,367
C.2 Due to customers	510,970	50,805	47,870	112,525	39,800	78,542
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
<b>D. Other liabilities</b>	<b>3,364</b>	<b>82</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>5</b>
<b>E. Financial derivatives</b>	<b>698,391</b>	<b>74,140</b>	<b>4,274</b>	<b>7,813</b>	<b>14,222</b>	<b>310,478</b>
- Options	86,914	-	-	-	-	31,319
+ Long positions	43,457	-	-	-	-	15,660
+ Short positions	43,457	-	-	-	-	15,659
- Other derivatives	611,476	74,140	4,274	7,813	14,222	279,159
+ Long positions	306,908	37,149	2,120	3,391	6,956	138,510
+ Short positions	304,568	36,991	2,154	4,422	7,266	140,649
<b>Total assets</b>	<b>1,104,308</b>	<b>95,524</b>	<b>50,619</b>	<b>390,946</b>	<b>47,873</b>	<b>257,229</b>
<b>Total liabilities</b>	<b>1,065,896</b>	<b>95,916</b>	<b>51,187</b>	<b>252,418</b>	<b>47,937</b>	<b>257,223</b>
<b>Net balance (+/-)</b>	<b>38,412</b>	<b>(391)</b>	<b>(568)</b>	<b>138,528</b>	<b>(64)</b>	<b>6</b>

## 2. Internal models and other methodologies for the sensitivity analysis

With reference to the closing date, we report above all the VaR figures split between the transactions explicitly foreseen in table 1 and the other transactions on which the calculation is carried out.

### Value at Risk (VaR), end of period

	(in thousands of euro)
Debt securities	–
Equity securities	283
Net balance between other assets and liabilities	127
Financial derivatives	10
- Options	0
+ Long positions	360
+ Short positions	369
- Other derivatives	10
+ Long positions	3,767
+ Short positions	2,760
<b>Total transactions table 1</b>	<b>446</b>
- Interest Rate Swap	0
+ Long positions	0
+ Short positions	–
<b>Total</b>	<b>446</b>
<b>Details of the principal currencies</b>	
US Dollar	446
Pound Sterling	3
Japanese Yen	12
Swiss Franc	92
Canadian Dollar	0
Other currencies	1
<b>Total</b>	<b>446</b>
<b>Structural exchange position</b>	<b>1,264</b>

Information on average, minimum and maximum VaR is provided below.

### Exchange rate Value at Risk (VaR)

	(in thousands of euro)
Medium	1,197
Minimum	86
Maximum	2,898

As regards the distribution of VaR during the year, we indicate below the average value of the currency VaR in each of the twelve months of 2024.

January	543
February	940
March	1,065
April	728
May	759
June	998
July	1,555
August	2,253
September	2,658
October	1,832
November	473
December	385



## Section 3 - Derivative instruments and related hedging policy

### 3.1 Trading derivative instruments

#### A. Financial derivatives

##### A.1 Trading financial derivatives: period-end notional amounts

Underlying assets/Types of derivatives	31/12/2024				31/12/2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Without central counterparties		Without central counterparties					
	Central counterparties	With settlement agreements	Without settlement agreements		Central counterparties	With settlement agreements	Without settlement agreements	
1. Debt securities and interest rates	-	-	379,608	-	-	-	538,616	-
a) Options	-	-	97,845	-	-	-	83,076	-
b) Swaps	-	-	281,763	-	-	-	455,540	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
2. Equity securities and stock indices	-	-	86,405	-	-	-	106,858	-
a) Options	-	-	86,405	-	-	-	106,858	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
3. Currency and gold	-	-	1,063,606	-	-	-	1,252,980	-
a) Options	-	-	148,947	-	-	-	143,257	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	914,659	-	-	-	1,109,723	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
4. Commodities	-	-	26,479	-	-	-	29,853	-
5. Others	-	-	-	-	-	-	-	-
Total	-	-	1,556,098	-	-	-	1,928,307	-

As foreseen in the Bank of Italy's Circular 262/05, the tables in this section do not include trades in securities, commodities or foreign currencies with settlement by a date in line with market practice for transactions of the same kind or within five working days of the transaction date.

## A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Without central counterparties		Without central counterparties					
	Central counterparties	With settlement agreements	Without settlement agreements		Central counterparties	With settlement agreements	Without settlement agreements	
<b>1. Positive fair value</b>								
a) Options	-	-	3,587	-	-	-	3,030	-
b) Interest rate swaps	-	-	4,458	-	-	-	7,606	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	8,826	-	-	-	11,612	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	548	-	-	-	213	-
<b>Total</b>	-	-	<b>17,419</b>	-	-	-	<b>22,461</b>	-
<b>2. Negative fair value</b>								
a) Options	-	-	3,007	-	-	-	2,416	-
b) Interest rate swaps	-	-	3,706	-	-	-	6,356	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	8,588	-	-	-	11,456	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	531	-	-	-	195	-
<b>Total</b>	-	-	<b>15,832</b>	-	-	-	<b>20,423</b>	-

The fair value of forwards in the trading book for supervisory purposes only includes transactions with underlying currency.





### A.3 OTC trading financial derivatives - notional values, positive and negative gross fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial corporations	Other parties
<b>Contracts which are not part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	212,735	200	166,673
- positive fair value	-	4,033	-	1,092
- negative fair value	-	1,876	1	2,487
<b>2) Equity securities and stock indices</b>				
- notional value	-	86,405	-	-
- positive fair value	-	729	-	-
- negative fair value	-	168	-	-
<b>3) Currency and gold</b>				
- notional value	-	608,496	-	455,110
- positive fair value	-	6,436	-	4,581
- negative fair value	-	5,626	-	5,143
<b>4) Commodities</b>				
- notional value	-	13,240	-	13,240
- positive fair value	-	161	-	387
- negative fair value	-	379	-	152
<b>5) Others</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>Contracts which are part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>2) Equity securities and stock indices</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3) Currency and gold</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Others</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

## A.4 Residual life of OTC trading financial derivatives: notional amounts

Underlying/Residual life	Up to 1 year	1 to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	59,087	228,518	92,003	379,608
A.2 Financial derivatives on equity securities and stock indices	86,405	-	-	86,405
A.3 Financial derivatives on currencies and gold	992,789	70,817	-	1,063,606
A.4 Financial derivatives on commodities	26,479	-	-	26,479
A.5 Other financial derivatives	-	-	-	-
<b>Total 31/12/2024</b>	<b>1,164,760</b>	<b>299,335</b>	<b>92,003</b>	<b>1,556,098</b>
<b>Total 31/12/2023</b>	<b>1,584,773</b>	<b>263,836</b>	<b>79,698</b>	<b>1,928,307</b>

## B. Credit derivatives

There were no credit derivatives at the reporting date.

## 3.2 Accounting hedges

### Qualitative information

On first-time application of IFRS 9, the Bank exercised the option provided by the standard to continue to fully apply the rules of IAS 39 for each type of hedging (micro and macro). Therefore, the provisions of IFRS 9 on hedging do not apply.

### A. Fair value hedging

The Bank carries out transactions to hedge the risk arising from changes in market interest rates by entering into Interest Rate Swaps. The hedged mortgages are fixed-rate instruments.

Hedging is managed using a macro (total and open portfolio) approach, which is characterised by a low unit amount and significant numerosity, would lead to inefficient hedge management.

The derivatives are not listed on regulated markets, but traded in the context of OTC circuits.

### B. Cash flow hedging

The Bank did not perform cash flow hedging.

### C. Hedges of foreign investments

The Bank did not carry out hedging operations on foreign investments.

### D. Hedging Instruments

Generally speaking, in the hypothesis of "fair value hedges", the sources of ineffectiveness of a hedging relationship, during its period of validity, can be related to:

- mismatch between the notional amount of the derivative and the underlying hedged item recognised at the time of the initial designation or generated thereafter, such as in the case of partial loan repayments;
- inclusion of the value of the variable leg of the hedging derivative in the effectiveness test.

During the year, no elements were found that might have caused the hedges to be ineffective, giving the possibility of continuing to apply the hedge accounting rules.

During the year, the Bank did not use dynamic hedges, as defined by IFRS 7, paragraph 23C.



## E. Elements hedged

### Fixed-rate loans

The Bank currently has accounting hedges, macro fair value hedge type, on fixed rate loans through the use of plain vanilla IRSs to hedge the interest rate risk for the entire duration of the underlying.

The portfolio of hedged fixed-rate loans is open-ended, i.e. it is dynamically made up of the fixed-rate instruments managed at an aggregate level through the hedging derivatives entered into over time.

The effectiveness of the Macro Fair Value Hedge (MFVH) on fixed-rate loans is periodically verified on the basis of specific prospective and retrospective tests. The prospective test aims to verify that for each time interval defined by the Bank, the sensitivity of the underwritten hedging transactions (approximated by the "meta-loan" developed on the basis of the fixed leg of the derivative) is lower than the sensitivity of the hedged loans. This is intended to ensure that derivative instruments entered into for hedging purposes do not create overhedging for specific maturity intervals. The retrospective tests, on the other hand, on the one hand aim at verifying that within the potential hedging perimeter a sub-portfolio is identified and that this sub-portfolio presents a Delta Present Value higher than the Delta Present Value of the meta-mortgage, on the other hand, it is periodically verified, throughout the life of the transaction, that the ratio of the change in fair value of the hedged item to the hedging instrument is within the range 80%-125%.

## QUANTITATIVE INFORMATION

### A. Hedging financial derivatives

#### A.1 Hedging financial derivatives: period-end notional amounts

Underlying assets/Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Without central counterparties				Without central counterparties			
	Central counterparties	With settlement agreements	Without settlement agreements		Central counterparties	With settlement agreements	Without settlement agreements	
<b>1. Debt securities and interest rates</b>	-	-	<b>55,418</b>	-	-	-	<b>60,114</b>	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	55,418	-	-	-	60,114	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
<b>2. Equity securities and stock indices</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
<b>3. Currency and gold</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	-	-	-	-	-	-	-
<b>5. Others</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>55,418</b>	-	-	-	<b>60,114</b>	-



## A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

Positive and negative fair value									Change in value used to recognise hedge ineffectiveness	
Types of derivatives	Total 31/12/2024				Total 31/12/2023				Total 31/12/2024	Total 31/12/2023
	Over the counter			Organised markets	Over the counter					
	Without central counterparties				Without central counterparties					
	Central counterparties	With settlement agreements	Without settlement agreements		Central counterparties	With settlement agreements	Without settlement agreements			
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	1	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	1	-	-	-
Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	2,220	-	-	-	1,803	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	-	-	2,220	-	-	-	1,803	-	-	-

### A.3 OTC hedging derivatives: notional amounts, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial corporations	Other parties
<b>Contracts which are not part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	55,418	-	-
- positive fair value	-	-	-	-
- negative fair value	-	2,220	-	-
<b>2) Equity securities and stock indices</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3) Currency and gold</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Others</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>Contracts which are part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>2) Equity securities and stock indices</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3) Currency and gold</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Others</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-



#### A.4 Residual life of OTC hedging financial derivatives: notional amounts

Underlying/Residual life	Up to 1 year	1 to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	4,543	17,721	33,153	55,417
A.2 Financial derivatives on equity securities and stock indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
<b>Total 31/12/2024</b>	<b>4,543</b>	<b>17,721</b>	<b>33,153</b>	<b>55,417</b>
<b>Total 31/12/2023</b>	<b>4,696</b>	<b>17,991</b>	<b>37,427</b>	<b>60,114</b>

#### B. Hedging credit derivatives

At the reporting date, there were no hedging credit derivatives.

#### C. Non-hedging derivative instruments

At the reporting date, there were no hedging instruments other than derivatives.

#### D. Instruments hedged

There are no hedged instruments to which the hedge accounting rules under IFRS 9 apply, as the Bank availed itself of the option, provided for in the first-time application of IFRS 9, to continue to use the provisions of IAS 39 for hedge accounting.

#### E. Effects of hedging transactions on equity

There are no hedging transactions in equity.

### 3.3 Other information on trading and hedging derivatives

#### A. Financial and credit derivatives

##### A.1 OTC financial and credit derivatives: net fair value by counterparty

	Central counterparties	Banks	Other financial corporations	Other parties
<b>A. Financial derivatives</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	268,153	200	166,673
- net positive fair value	-	6,253	-	1,092
- net negative fair value	-	1,876	1	2,487
<b>2) Equity securities and stock indices</b>				
- notional value	-	86,405	-	-
- net positive fair value	-	729	-	-
- net negative fair value	-	168	-	-
<b>3) Currency and gold</b>				
- notional value	-	608,496	-	455,110
- net positive fair value	-	6,436	-	4,581
- net negative fair value	-	5,626	-	5,143
<b>4) Commodities</b>				
- notional value	-	13,240	-	13,240
- net positive fair value	-	161	-	387
- net negative fair value	-	379	-	152
<b>5) Others</b>				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
<b>B. Credit derivatives</b>				
<b>1) Purchase of protection</b>				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
<b>2) Sale of protection</b>				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-





## Section 4 – Liquidity risk

### QUALITATIVE INFORMATION

#### A. General aspects, management processes and methods of measuring liquidity risk

Liquidity risk typically reveals itself in the form of an inability to meet payment commitments or an incapacity to finance assets with the necessary punctuality on a cost/effective basis. These negative circumstances can occur as the company finds it impossible:

- to raise funds or obtain them at a reasonable cost (funding liquidity risk);
- to sell or reduce its position without severely affecting the price, due to low efficiency or malfunctioning on the part of the market (market liquidity risk).

The Bank's overall strategy for managing liquidity risk, with its low propensity for risk, manifests itself firstly in the adoption of specific operating guidelines that make it possible to reduce the likelihood of such problems arising.

In particular, as regards the first of these sources of risk, the Bank is primarily committed to have a wide and stable retail funding base, which by definition is widely diversified; further significant sources of funding are represented by national and international entities and companies, from which the Bank has never had problems raising money at market conditions, given its high reputation.

The potential liquidity risk deriving from difficulties in unwinding positions is contained by the decision of the Bank maintain a portfolio of high quality bonds. most of this portfolio consists of government securities and, to a lesser extent, of other corporate bonds; overall, the portfolio is highly liquid as it mostly comprises instruments that can easily be sold on the market or used, when liquidity is needed, either in repurchase agreements with banks or in refinancing operations arranged with the European Central Bank if, as in most cases, the securities held are eligible.

Another element that contributes positively to the reserve availability known as the "counterbalancing capacity" is represented by the loans granted to the European Central Bank, in addition to eligible debt securities, in the form of collateral, so-called ABACO loans (A.Ba.Co stands for *Attivi BAncari Collateralizzati* or "securitised bank assets").

Control over liquidity risk is carried out by various units: the first level control is performed by the business functions involved in liquidity management, in order to ascertain by themselves that they carry out their duties properly and provide summary reports on the business operations on a daily basis.

Then there is systematic monitoring of the expected liquidity position by the Risk Control Department using a variety of indicators and different analytical time horizons. Focusing on the principal indicators used for short-term analysis, the profile of liquidity mismatches is determined and highlighted in specific tables, covering the following twelve months, using operational treasury and similar data and the counterbalancing capacity. In addition, contingency indicators are calculated every day in order to identify, on a timely basis, any internal or external tensions affecting operational liquidity. The latter is subject to specific stress tests and sensitivity analyses, conducted monthly, aimed at testing the Bank's ability to cope, through expected cash flows and "counterbalancing capacity", with unfavourable events of an endogenous or exogenous nature, relating to a increase in liquidity needs linked to climate and environmental changes or episodes of downgrading of the Bank or the Italian State, potential combinations of related negative events and specific risk factors characterising group operations. The Bank is in fact able to survive independently such serious adverse events beyond the target time horizon established by the Board of Directors, while maintaining a "counterbalancing capacity" which, although reduced, is in any case not zeroed.

The long-term liquidity position is also monitored monthly, with no time limits, by reference to a dedicated diary of due dates and set of metrics designed to check the structural equilibrium of the Bank's financial statements and measure specific aspects, including the concentration of funding.

The short and long-term regulatory indicators, Liquidity Coverage Ratio and Net Stable Funding Ratio, are also quantified monthly and quarterly, respectively; the same metrics are also quantified under stressed conditions, simulating the unfavourable events described above, in order to evaluate the potential risks that would emerge in those circumstances and prepare possible countermeasures. Also monitored on a

monthly basis, as required by the supervisory regulations relating to the so-called Additional Liquidity Monitoring Metrics, are additional risk measures relating, inter alia, to the concentration of funding and its cost, as well as the composition of the "counterbalancing capacity"; the indicators relating to the intra-day liquidity risk provided by the Basel Committee for Banking Supervision are also quantified (the latter also subjected to stress tests, applying hypotheses in part specific and in part corresponding to those already mentioned above with reference to the position of operational liquidity) to which are added management indicators subject to specific internal limits.



## QUANTITATIVE INFORMATION

### 1. Distribution by residual contractual maturity of financial assets and liabilities

Currency: EURO

Items/Time bands	Sight	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	From over 1 year to 5 years	Over 5 years	Unspecified duration
<b>A. Cash assets</b>	<b>4,151,787</b>	<b>1,343,948</b>	<b>370,987</b>	<b>4,274,255</b>	<b>1,967,912</b>	<b>2,149,617</b>	<b>3,208,638</b>	<b>15,785,861</b>	<b>10,528,283</b>	<b>360,094</b>
A.1 Government securities	-	-	81,352	253,583	379,398	98,154	274,827	4,920,000	3,661,000	-
A.2 Other debt securities	18,933	-	2,523	53,288	49,537	153,211	216,565	2,193,146	640,651	-
A.3 Mutual funds	377,468	-	-	-	-	-	-	-	-	-
A.4 Loans	3,755,386	1,343,948	287,112	3,967,384	1,538,977	1,898,252	2,717,246	8,672,715	6,226,632	360,094
- Banks	18,860	856,484	-	310	99,637	19,189	938,192	460,364	35,778	331,185
- Customers	3,736,526	487,464	287,112	3,967,074	1,439,340	1,879,063	1,779,054	8,212,351	6,190,854	28,909
<b>B. Cash liabilities</b>	<b>30,766,117</b>	<b>1,844,134</b>	<b>1,334,465</b>	<b>2,683,823</b>	<b>1,659,519</b>	<b>719,192</b>	<b>751,396</b>	<b>3,611,602</b>	<b>1,265,231</b>	<b>-</b>
B.1 Deposits and current accounts	29,121,969	627,196	1,117,027	1,191,113	965,208	482,538	236,086	2,043	-	-
- Banks	425,849	-	-	-	-	-	66	543	-	-
- Customers	28,696,120	627,196	1,117,027	1,191,113	965,208	482,538	236,020	1,500	-	-
B.2 Debt securities	65,559	29,264	-	16,870	131,244	230,859	236,279	3,286,428	1,181,460	-
B.3 Other liabilities	1,578,589	1,187,674	217,438	1,475,840	563,067	5,795	279,031	323,131	83,771	-
<b>C. Off-balance sheet transactions</b>	<b>1,827,754</b>	<b>924,467</b>	<b>161,288</b>	<b>336,334</b>	<b>356,955</b>	<b>196,603</b>	<b>149,387</b>	<b>258,150</b>	<b>395,312</b>	<b>-</b>
C.1 Financial derivatives with exchange of capital	-	116,616	161,288	296,215	214,988	101,006	123,507	64,852	-	-
- Long positions	-	58,809	80,652	148,129	107,439	50,519	61,772	32,432	-	-
- Short positions	-	57,807	80,636	148,086	107,549	50,487	61,735	32,420	-	-
C.2 Financial derivatives without exchange of capital	10,257	-	-	-	32	77	245	-	-	-
- Long positions	5,666	-	-	-	16	-	-	-	-	-
- Short positions	4,591	-	-	-	16	77	245	-	-	-
C.3 Deposits and loans to be received	807,851	807,851	-	-	-	-	-	-	-	-
- Long positions	807,851	-	-	-	-	-	-	-	-	-
- Short positions	-	807,851	-	-	-	-	-	-	-	-
C.4 Commitments to grant loans	1,009,646	-	-	40,119	141,935	95,520	25,635	193,298	395,312	-
- Long positions	58,914	-	-	40,119	141,935	95,520	25,635	193,298	395,312	-
- Short positions	950,732	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Item B.1 – Deposits and current accounts reports due to banks and customers allocated to the specific line items.

The breakdown by maturity is based on the residual life of assets and liabilities, being the difference between the reporting date and the maturity dates of each transaction. In the event of repayment plans, the residual maturity of each payment has been considered. Mutual funds are conventionally assigned to the "on demand" segment. The deposit with the Bank of Italy as a compulsory reserve is shown under loans and receivables with banks within unspecified duration. Non-performing loans are allocated to the pertinent time bands on the basis of forecasts for the recovery of the underlying cash flows made by the Bank for financial statement purposes.

Irrevocable commitments to grant loans include all of the irrevocable commitments, whether or not



certain to be called on, relating to lines of credit granted to banks and customers.

## 1. Distribution by residual contractual maturity of financial assets and liabilities

Currency: OTHER CURRENCIES

Items/Time bands	Sight	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	From over 1 year to 5 years	Over 5 years	Unspecified duration
<b>A. Cash assets</b>	<b>227,670</b>	<b>342,474</b>	<b>140,997</b>	<b>54,595</b>	<b>140,180</b>	<b>88,068</b>	<b>35,071</b>	<b>109,713</b>	<b>107,782</b>	<b>327</b>
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Mutual funds	42,682	-	-	-	-	-	-	-	-	-
A.4 Loans	184,988	342,474	140,997	54,595	140,180	88,068	35,071	109,713	107,782	327
- Banks	170,538	248,704	124,458	25,877	84,723	71,673	19,466	-	-	-
- Customers	14,450	93,770	16,539	28,718	55,457	16,395	15,605	109,713	107,782	327
<b>B. Cash liabilities</b>	<b>1,014,879</b>	<b>47,274</b>	<b>119,738</b>	<b>11,624</b>	<b>11,691</b>	<b>3,987</b>	<b>2,321</b>	<b>513</b>	-	-
B.1 Deposits and current accounts	1,014,879	47,239	119,738	11,624	11,691	3,954	2,256	131	-	-
- Banks	205,316	34,388	117,216	9,473	4,826	68	109	-	-	-
- Customers	809,563	12,851	2,522	2,151	6,865	3,886	2,147	131	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	35	-	-	-	33	65	382	-	-
<b>C. Off-balance sheet transactions</b>	<b>118,940</b>	<b>117,256</b>	<b>163,845</b>	<b>296,250</b>	<b>218,920</b>	<b>103,787</b>	<b>143,367</b>	<b>67,188</b>	-	-
C.1 Financial derivatives with exchange of capital	-	117,256	163,845	296,250	218,920	103,787	143,367	67,188	-	-
- Long positions	-	58,127	81,923	148,125	109,460	51,894	71,685	33,598	-	-
- Short positions	-	59,129	81,922	148,125	109,460	51,893	71,682	33,590	-	-
C.2 Financial derivatives without exchange of capital	620	-	-	-	-	-	-	-	-	-
- Long positions	316	-	-	-	-	-	-	-	-	-
- Short positions	304	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	70,772	-	-	-	-	-	-	-	-	-
- Long positions	35,386	-	-	-	-	-	-	-	-	-
- Short positions	35,386	-	-	-	-	-	-	-	-	-
C.4 Commitments to grant loans	47,548	-	-	-	-	-	-	-	-	-
- Long positions	23,774	-	-	-	-	-	-	-	-	-
- Short positions	23,774	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-



## Self-securitisation transactions

Credit self-securitisations are transactions carried out with the objective of achieving an improvement in liquidity risk management by optimising the amount of assets immediately available to meet liquidity needs. The Bank's direct and full underwriting of the securities issued by the vehicles, while not allowing it to obtain direct liquidity from the market, nevertheless provides securities that can be used for refinancing operations with the ECB and for repurchase agreements on the market, improving the safety margin against the liquidity risk of the Bank. Receivables continue to be shown under assets, while subscribed securities are not represented.

On 16 June 2023, a securitisation transaction was finalised by the Bank as part of the management of medium- and long-term interbank funding. The transaction consisted in the non-recourse assignment of a granular portfolio of performing loans granted to SMEs, guaranteed or unsecured, amounting to 1,554 million euro, pursuant to Law 130/1999, to the vehicle company, named Centro delle Alpi SME S.r.l., which was set up for this purpose. On 2 May 2024, a further assignment of receivables to the vehicle was made. The sale concerned a granular portfolio of unsecured performing loans granted to SMEs amounting to 1,528 million euro.

The transaction involved the total issuance by the SPV of three tranches of securities for 3,199.97 million euro:

- a senior tranche of 2,288.2 million euro, broken down as follows:
  - Class A1 - Nominal Value = 941.6 million euro
  - Class A2 - Nominal Value = 73 million euro
  - Class A3 - Nominal Value = 1,182 million euro
  - Class A4 - Nominal Value = 91.6 million euro

The above securities are rated A by the Standard & Poor's and DBRS Morningstar rating agencies.

The classes have also become ECB-eligible.

- a mezzanine tranche - rated BB (high) by DBRS Morningstar and BBB by Standard & Poor's - amounting to 288 million euro in nominal value.
- a junior tranche, amounting to 623.77 million euro in nominal value, unrated.

The senior, mezzanine and junior securities were underwritten by Banca Popolare di Sondrio, so no derecognition was made of the loans. In fact, the Bank retained the credit risk associated with the securitised portfolio and the related benefits; consequently, in the separate financial statements of the originator bank, the loans continue to be recognised as "Assets sold and not derecognised"; the consideration received from the sale is recognised as a balancing entry to a payable to the vehicle company, net of the securities subscribed by the Bank itself.

Among the main strategic objectives pursued is that of equipping the Bank with an instrument capable of extending the maturities of funding and thus strengthening the correlation between the latter and the mass of medium/long-term loans, as well as that of potentially using part of these securities to diversify the sources of long-term funding.

The Bank performs on behalf of the special purpose vehicle Centro delle Alpi SME srl the activity of "servicer", i.e. the service of management, administration and collection of mortgages; it acts on behalf of the special purpose vehicle but is the sole counterparty of the customers and, in return for this service, servicing fees are collected.

As at 31 December 2024, the value of outstanding securities subscribed by the Bank was unchanged at 1,529 million euro for senior securities, 251.6 million euro for mezzanine securities and 544.9 million euro for junior securities.

## Section 5 - Operational Risk

### QUALITATIVE INFORMATION

#### A. General aspects, operational risk measurement and management

The operational risk represents the risk of suffering losses from the inadequacy or malfunctioning of procedures, human resources and internal systems, or from external events.

This category also includes losses caused by fraud, human error, operational interruptions, system downtime, contractual non-performance and natural catastrophes; the scope of operational risk includes legal risks (including conduct risks) and IT risk, but excludes strategic and reputational risks.

To ensure that the Bank has a system of risk management that reflects the changing structure of the business as much as possible, it has adopted a system of operational risk governance and management that is in continuous refinement, with a view to adopting the most suitable technical-organisational solutions to prevent and/or mitigate critical issues involved in its operations.

With reference to the governance of operational risks, the Risk Control Department is responsible for defining methodologies and coordinating execution of the management and control processes at Group level, as well as for preparing dedicated information flows for the competent business functions and bodies, in order to ensure full knowledge of the actual and potential risks faced by the Bank and, therefore, their governability.

The qualitative and quantitative system adopted for managing operational risk is made up of the following components:

- a process of Loss Data Collection (LDC), designed for the accurate detection of risk events that generate losses (and associated recoveries) and the registration not only of monetary values, but also of qualitative information which, put briefly, specify when, how, where and why the event has occurred;
- an Operational Risk Self-Assessment process (RSA), aimed at investigating the perception of business experts regarding the potential risks in which the Bank could incur in corporate operations, as well as to gather indications on the subject of interventions, proposed or implemented, for the prevention and/or mitigation of risk situations;
- a process for measuring operational risk for regulatory purposes that is focused on adoption of the Traditional Standardised Approach (TSA), which envisages the application of different coefficients for each of the business lines making up the most recent three annual observations of the Significant Indicator, calculated in compliance with EU regulations;
- a process for measuring Operational risk exposure through the implementation of an internal statistical model aimed at calculating quantitative risk metrics (Operational VaR – OpVaR).

Overall, consistent with the best practices promoted at regulatory level, these processes assist monitoring of the historical and prospective exposure to operational risk and related trends, as well as the identification, guidance and control of coordinated action to prevent, mitigate and, if necessary, transfer risk (e.g. through the stipulation of insurance coverage).

#### Legal and non-compliance risks

Among the phenomena falling under the heading of operational risks, particular attention is paid to the analysis of economic events attributable to judicial or extra-judicial proceedings, not directly attributable to debt collection, which the Bank has encountered in the course of its operations or which it has initiated in order to have its own rights recognised; this includes risks connected with legal disputes attributable to intentional violation and/or non-compliance with professional obligations, codes and internal rules of conduct for the protection of customers (conduct risks).

Given the peculiarity of these situations, the process of identifying, assessing and monitoring the risks in question is carried out by the corporate structures in charge of managing legal disputes.

Alongside these are the sanctioning risks associated with non-compliance with laws, regulations, self-regulatory codes, internal procedures and codes of conduct applicable to the company's business (non-



compliance risks), the supervision of which is assigned to the Compliance Department.

The monitoring of legal and non-compliance risks takes the form of recording and evaluating in prospective terms disbursements deriving from legal cases, extra-judicial proceedings or sanctioning procedures, including expenses for the services of external lawyers and any accounting provisions of a prudential nature made to the Provision for Risks and Charges, adjusted from time to time based on the progress of the procedural process and the pronouncement of jurisprudential decisions of particular importance.

## IT Risk

Particular attention is paid to the management of risks arising from breaches of confidentiality, lack of integrity and/or unavailability of ICT systems and data (also in the face of threats of a cybernetic nature or attributable to recourse to third parties), as well as failure to adapt and/or update information and communication technology.

Specific operational measures are adopted, in particular, to ensure the security of information and the protection of personal data, in compliance with privacy legislation, as well as to guarantee the capacity for technological change and to manage, in a logic of resilience, emergency situations and interruptions to business operations, through the definition of business continuity plans and the provision of disaster recovery measures aimed at allowing, in the event of a disaster, the timely recovery of systems and procedures.

The information sources deriving from the operational risk management system are integrated with the evidence deriving from the IT risk management model, which is based on dynamic processes of:

- identification of the perimeter of information technology resources that qualify as critical to the performance of the company's operations, taking into account business needs, technological evolution and potential vulnerabilities, as well as sector regulations;
- identification of risk scenarios (and related ICT threats) potentially attributable to or manifested by the functional, technical and infrastructural characteristics of the corporate information system;
- assessment, both in terms of exposure to specific threats, and impact on different dimensions of analysis, of the Bank's level of residual exposure to cyber risk, taking into account the level of maturity of the control oversights mitigating the potential risk.

## QUANTITATIVE INFORMATION

The most significant impacts in absolute terms are mainly represented by loss events attributable to errors/failures in relations with non-customer counterparties, the adoption of improper business and market practices and contested breaches of regulatory/contractual obligations. These types of losses are mainly prudential provisions to the Provision for Risks and Charges for legal proceedings/compensation claims against the Bank.

The total amount of losses also includes disbursements deriving from fraudulent actions by third parties (where possible mitigated through dedicated insurance policies), mainly by way of reimbursement to customers using on-line payment services who were victims of cyber attacks; indeed, these cases are rising significantly and a specific Provision for Risks and Charges has been established to cover any related claims.

Lastly, economic events attributable to errors/delays in the conduct of operations, as well as system failures and business interruptions, are highlighted.

The following table shows the operational losses recognised over the past five years (2020-2024) as part of the Loss Data Collection process, using the regulatory classification for operational risk events (Event Type):

- *Internal fraud* - Events involving fraud, embezzlement or circumvention of the law by the Bank's own staff to obtain personal benefits that involve damage (in the form of monetary losses) that would be borne by the Bank.
- *External fraud* - Events of fraud, embezzlement or circumvention of the law by external/third parties to obtain personal benefits that involve damage to the Bank.

- *Employment and safety at work* - Events attributable to acts that do not comply with the law or agreements on employment, health and safety at work.
- *Customers, products and professional practices* - Events due to non-compliance/negligence in the application of laws, codes, rules of conduct and professional obligations towards customers or due to defects in the nature or characteristics of products, services and models.
- *Damage from external events* - Events involving damage or destruction of property due to accidents, natural disasters or other vandalism.
- *Operational interruptions and system malfunctions* - Events attributable to interruption of business continuity and unavailability / malfunctioning of the information systems used to support company operations.
- *Execution, delivery and management of processes* - Events due to errors, shortages and unintentional delays in the execution of daily operations, in the management of processes and relationships with counterparties other than customers (e.g. commercial counterparties, suppliers of goods and services).

### Banca Popolare di Sondrio - Sources of operational losses (accounting period: 01/01/2020 - 31/12/2024)

Event Type	Number of operational loss events (%)	Impacts of operational loss events (%)
- Internal fraud	0.21	0.05
- External fraud	20.45	11.63
- Employment practices and workplace safety	0.41	0.27
- Customers, products and professional practices	18.53	37.19
- Damage from external events	8.54	0.56
- Operational interruptions and system malfunctions	0.55	2.00
- Execution, delivery and management of processes	51.31	48.30
<b>Total</b>	<b>100.00</b>	<b>100.00</b>





## Section 6 – Sovereign risk

### 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 Bank at 31 December 2024 amounted to 9,770 million euro and was structured as follows:

- a) Italian government securities: 5,774 million euro;
- b) Securities of other issuers: 3,967 million euro;
- c) Loans to government departments: 23 million euro;
- d) Loans to other public administrations and miscellaneous entities: 6 million euro.

The table below shows the balance sheet value of the Bank's total debt securities exposure to sovereign states as at 31 December 2024, by portfolio.

(thousands of euro)	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Book value
<b>Government securities</b>				
Italy	–	197,550	5,576,815	5,774,365
France	–	626,398	484,435	1,110,833
Spain	–	678,058	960,054	1,638,112
Germany	–	301,829	444,826	746,655
Austria	–	99,595	50,455	150,050
<b>Other Securities from public bodies</b>				
- Italy	–	–	111,662	111,662
- Others	–	157,037	51,688	208,725
<b>Total</b>	<b>–</b>	<b>2,060,467</b>	<b>7,679,935</b>	<b>9,740,402</b>

The table does not include GACS-assisted securitisation securities.

With regard to government securities exposures, the following table provides information on maturity, by portfolio:

(thousands of euro)	Within 1 year	from 1 to 5 years	Over 5 years	<b>Total</b>
Financial assets measured at fair value through other comprehensive income (Item 30)	574,912	1,127,132	201,386	<b>1,903,430</b>
Financial assets measured at amortised cost (Item 40)	258,013	3,765,695	3,492,877	<b>7,516,585</b>

## PART F – Information on equity

### Section 1 – Company equity

#### A. QUALITATIVE INFORMATION

A healthy banking system is absolutely in the public interest, and the solvency and reliability of banks requires them to maintain appropriate capital resources. Such resources must be sufficient for the Bank to absorb any losses without prejudicing the rights of depositors, bearing in mind that losses also affect its reputation.

The need for adequate capital was made even more evident by the crisis and the actions of the Supervisory Authorities.

The economic/financial crisis has brought the equity levels of banks into sharp focus following the large losses recorded, the explosion of expected losses caused by the recession, the deterioration of loan quality and the uncertain value of assets. Said need is made even more relevant by the ongoing tensions linked to the persistence of high levels of inflation, the Russian-Ukrainian conflict, the energy crisis and lastly the tensions in the Middle East. Without forgetting, at the same time, the need to support the economy in order to stimulate a recovery. Recent events that have affected the banking system are evidence of this. Supervisory Bodies are focusing more and more on the capital adequacy of banks.

The Bank has always made every effort to have an adequate and suitable level of capital to enable its operations to grow steadily and to protect against risk in accordance with the requirements of the supervisory regulations. In line with its origin as a cooperative bank, the capitalisation policy has been identified as the instrument that, by creating the role of shareholder/customer, made it possible to pursue the strategy of autonomous growth decided by administrative body.

By resolution of the shareholders' meeting of 29 December 2021, the Bank, in accordance with the provisions of Law No. 33 of 24 March 2015, converted from a cooperative company limited by shares to a joint-stock company. The transformation into a joint-stock company has not undermined the founding principles that underpin the Bank's activities.

This is why the history of the Bank features periodic increases in capital, carried out in ways that are technically straightforward and transparent, so that the shareholders can immediately understand the terms of the operation. Based on this premise, we have never issued innovative capital instruments and the repeated increases have always been taken up *en masse*.

The financial resources raised by such operations, together with the reserves built up in accordance with the articles of association, have enabled the Bank to expand its activities harmoniously and to look forward to future challenges with a certain tranquillity.

The last increase in share capital took place in 2014 through a combined bonus and rights issue with the receipt for the cash portion of 343 million euro.

Capital adequacy is constantly checked and periodically brought to the attention of the Administrative and Control Bodies. Furthermore, in accordance with the CCRR and CRD regulations, it is also assessed in relation to the Bank's ability to resist in situations of hypothetical stress events in particularly adverse conditions.

The Ordinary Shareholders' Meeting of 27 April 2024, called to approve the 2023 financial statements and the appropriation of profit, resolved to pay a total dividend of 253.896 million euro.



## B. QUANTITATIVE INFORMATION

The component parts and size of the Bank's capital and equity are described in Part B, Liabilities, Section 12 of these notes to the financial statements.

### B.1 Equity: breakdown

Items/Values	31/12/2024	31/12/2023
<b>1. Share capital</b>	<b>1,360,157</b>	<b>1,360,157</b>
<b>2. Share premiums</b>	<b>78,934</b>	<b>78,949</b>
<b>3. Reserves</b>	<b>1,505,637</b>	<b>1,364,174</b>
- of profits	1,505,637	1,364,174
a) legal	573,659	573,659
b) statutory	590,411	590,411
c) treasury shares	30,000	30,000
d) others	311,567	170,104
- others	-	-
<b>4. Equity instruments</b>	<b>-</b>	<b>-</b>
<b>5. Treasury shares</b>	<b>(24,955)</b>	<b>(25,201)</b>
<b>6. Valuation reserves:</b>	<b>34,031</b>	<b>7,797</b>
- Equity securities designated at fair value through other comprehensive income	63,957	64,267
- Hedging of equity securities designated at fair value through other comprehensive income	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	(5,330)	(32,558)
- Property, equipment and investment property	10,538	10,449
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	-	-
- Hedging instruments (non-designated elements)	-	-
- Exchange rate differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities measured at fair value through profit or loss (changes in own creditworthiness)	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-
- Actuarial gains (losses) on defined benefit pension plans	(35,134)	(34,361)
- Share of reserves on investments accounted for by the equity method	-	-
- Special revaluation laws	-	-
<b>7. Profit (loss) for the year</b>	<b>510,517</b>	<b>392,766</b>
<b>Total</b>	<b>3,464,321</b>	<b>3,178,642</b>

## B.2 Valuation reserve of financial assets measured at fair value through other comprehensive income: breakdown

Assets/Amounts	31/12/2024		31/12/2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	5,459	13,998	7,362	36,408
2. Equity securities	67,975	4,018	68,279	4,012
3. Loans	3,209	-	-	3,511
<b>Total</b>	<b>76,643</b>	<b>18,016</b>	<b>75,641</b>	<b>43,931</b>

## B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: changes in the year

	Debt securities	Equity securities	Loans
<b>1. Opening balance</b>	<b>(29,046)</b>	<b>64,267</b>	<b>(3,511)</b>
<b>2. Positive changes</b>	<b>28,142</b>	<b>2,908</b>	<b>6,720</b>
2.1 Increases in fair value	20,567	2,908	6,720
2.2 Adjustments for credit risk	486	-	-
2.3 Transfer to income statement of negative reserves from disposals	7,089	-	-
2.4 Transfer to other components of equity (equity securities)	-	-	-
2.5 Other changes	-	-	-
- of which business combinations	-	-	-
<b>3. Negative changes</b>	<b>(7,635)</b>	<b>(3,218)</b>	<b>-</b>
3.1 Reductions in fair value	(1,179)	(3,167)	-
3.2 Writebacks for credit risk	(632)	-	-
3.3 Transfer to income statement from positive reserves: from disposal	(5,824)	-	-
3.4 Transfer to other components of equity (equity securities)	-	(51)	-
3.5 Other changes	-	-	-
- of which business combinations	-	-	-
<b>4. Closing balance</b>	<b>(8,539)</b>	<b>63,957</b>	<b>3,209</b>

## B.4 Valuation reserves relating to defined-benefit plans: changes in the year

The valuation reserve relating to the defined-benefit plans is negative by 35.134 million euro. This amount derives from the recognition of the related actuarial gains and losses and the associated deferred taxation.

## Section 2 – Capital and capital adequacy ratios

The disclosure on own funds and capital adequacy is represented in the document "Disclosure to the Public - Pillar 3 at 31 December 2024" prepared on the basis of the regulatory provisions established by Circular No. 285 of 17 December 2013 and subsequent updates, issued by the Bank of Italy, and by Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 (CRR), as amended. The document contains consolidated information and is published together with the financial statements on the Bank's website.



## **PART G – Business Combinations involving companies or business units**

### **Section 1 – Transactions realised after the end of the year**

On 29 October 2024, the acquisition by the Parent Company Banca Popolare di Sondrio S.p.a. of 50% of the share capital of Rajna Immobiliare S.r.l., a real estate company in which the Bank already held a 50% stake, became effective. The consideration paid for the capital acquisition amounted to 0.6 million euro.

For details, see Part G of the Notes to the Consolidated Financial Statements as at 31 December 2024.

### **Section 2 – Transactions realised after the end of the year**

There have been no business combinations after 31 December 2024 and up to the date of approval of these Annual Financial Statements.

### **Section 3 – Retrospective adjustments**

In the year 2024, no adjustments were recognised in connection with business combinations that occurred in the same or previous years.

## PART H – Transactions with related parties

### 1. Information on the remuneration of Key Managers

The following table provides information on compensation for the year, regardless of whether or not it was paid, paid in 2024 to Key Managers as required by IAS24, in line with the provisions of Bank of Italy Circular 262 of 22 December 2005 (and subsequent updates), which provides for the inclusion of compensation paid to members of the Board of Statutory Auditors.

Key Managers are the individuals within Banca Popolare di Sondrio who have the power and responsibility, directly or indirectly, for planning, directing and controlling the Company's activities.

(thousands of euro)	
Fees	4,493
Bonuses and other incentives	478
Non-monetary benefits	146
Other remuneration	16
Employment termination indemnities	-
Payments in shares	424
<b>Total</b>	<b>5,557</b>

In accordance with the provisions of Article 123-ter of Legislative Decree 58/1998, as amended, and Article 84-*quater* of the Issuers' Regulation (Consob Resolution No. 11971/1999, as amended), the Bank has made available both at its registered office and on its website the "Report on Remuneration Policy and Compensation Paid". Please refer to said document for more details on the above-mentioned fees.

### 2. Related-party disclosures

In accordance with Consob Resolution No. 17221 of 12.3.2010 and subsequent amendments, by resolution of the Board of Directors on 11 November 2010, the Bank adopted its own Internal Regulation on related party transactions.

This regulation was last updated by resolution of the Board of Directors on 07 May 2024 and is published on the company website at [www.institutional.popso.it](http://www.institutional.popso.it).

A related party is understood as being a person in a certain position who could exercise an influence over the Bank such as to condition, directly or indirectly, the way that it operated to favour their own personal interests.

Related parties have been identified in accordance with IAS 24 and with the above mentioned Consob Regulation. Related parties are:

1. Subsidiary companies, parent companies and companies under joint control.
2. Companies that can exercise significant influence over the reporting bank.
3. Associates and their subsidiaries.
4. Joint ventures in which the reporting bank holds an investment.
5. Managers with strategic responsibilities within the bank or its parent company.
6. Close family members of the parties listed in point 5.
7. Subsidiary companies, companies under joint control by one of the parties listed in points 5 and 6.
8. Pension funds of employees and any other entity related to them.

Close family members are defined as follows: the spouse (not legally separated) or cohabiting partner; the children and dependant relatives of the person concerned, of the spouse (not legally separated) and of the companion; the parents, second degree relatives and others living with the person concerned.

A situation of significant influence is presumed to exist if one holds, directly or indirectly, 20% or more of the votes exercisable at the shareholders' meeting of the investee, or 10% in the case of companies with shares listed on regulated markets, unless the contrary can be clearly demonstrated.



Relations with companies in which investments are held are conducted as part of normal operations and mainly relate to current accounts, deposit accounts and loans. These relations are regulated from a Group perspective and are normally in line with the conditions applied to the Bank in the reference markets and may differ from those that the subsidiary could see applied to it acting autonomously.

Other relations with other related parties, excluding the above companies, are also settled on the market terms applying to the individual transactions, or on terms in line with those applied to employees, if applicable.

Related parties with administration, management and control functions, are applied a special approval procedure for the granting of bank credit laid down in art. 136 of the CBA. This makes the transaction subject to the unanimous approval of the Board of Directors.

With reference to the most significant related party transactions resolved upon by the competent bodies of the bank in the period from 1 January to 31 December 2024, in compliance with the disclosure requirements set forth in Article 5 of the aforementioned Consob Regulation, refer to the chapter "Related Party Transactions" of the Directors' Report.

During 2024 and in the current year, no positions or transactions deriving from atypical or unusual operations have arisen. According to Consob Circular DEM/1025564 of 6 April 2001, atypical and/or unusual transactions are those – not arising in the ordinary course of business – that may raise doubts about the completeness of the disclosures in the financial statements, conflicts of interests, the protection of the corporate assets or the safeguarding of the shareholders, by virtue of their magnitude, the nature of the counterparties, the methods for determining the transfer price or the timing of the transaction.

The balance sheet and income statement figures as at 31 December 2024 are shown below for related parties as defined above on the basis of IAS 24:

(thousands of euro)	Assets	Liabilities	Income	Charges	Guarantees given and commitments	Guarantees received
Directors	414	10,355	9	347	105	497
Statutory auditors	512	195	10	5	392	1,576
Management	-	1,286	-	43	540	-
Family members	1,042	2,947	65	80	230	5,040
Subsidiaries	7,251,249	49,358	179,629	695	2,776,914	5,260
Associated companies	698,872	87,519	14,232	2,206	73,073	612
Others	118,270	1,656	4,230	-	3,491	-
<b>Totals</b>	<b>8,070,359</b>	<b>153,316</b>	<b>198,175</b>	<b>3,376</b>	<b>2,854,745</b>	<b>12,985</b>

The item Others includes positions with Unipol Group, which exercises significant influence over the Bank.

Assets and liabilities mainly refer to item 40 "Financial assets measured at amortised cost - b) loans to customers" and item 10 "Financial liabilities measured at amortised cost - b) amounts due to customers" and have a percentage incidence of 22.28% and 0.45%, respectively. Income and expenses mainly relate to interest and commission items and account for 8.40% and 0.35%, respectively.

Loans to subsidiaries are represented mainly by interbank relations with Banca Popolare di Sondrio (Suisse) SA, Factorit spa and Banca della Nuova Terra spa, while loans to associated companies relate for 45 million euro to Arca Vita spa, 135 million euro to Arca Holding spa and 431 million euro to Alba Leasing spa.

## PART I – Equity-settled share-based payment agreements

### QUALITATIVE INFORMATION

#### 1. Description of payment agreements based on own equity instruments

Banca Popolare di Sondrio S.p.A. prepares the annual Report on remuneration policy and compensation paid pursuant to the Supervisory Provisions of the Bank of Italy (Circular No. 285/2013, 37th update, Part One, Title IV, Chapter 2 "Remuneration and Incentive Policies and Practices"), Article 450 of the CRR (EU Regulation No.876/2019), Article 123-ter of Legislative Decree 58/1998 and subsequent amendments, Article 84-quater and Annex 3A of the Consob Issuers' Regulation approved by resolution No. 11971 of 14 May 1999 and subsequent amendments and additions.

Consistent with the remuneration policies approved by the Shareholders' Meeting and in compliance with the remuneration and incentive provisions of the Bank of Italy, a variable remuneration system based partly on cash payments and partly through the free assignment of shares was defined.

The system is aimed at fostering competitiveness and good governance of the Bank. The remuneration, in particular of those who hold relevant roles within the company organisation, tends to attract and retain individuals with professionalism and skills appropriate to the company's needs. At the same time, remuneration systems are defined in line with the bank's corporate objectives and values, including sustainable finance objectives that take into account, *inter alia*, environmental, social and governance (ESG) factors, and with the Bank's long-term strategies and prudent risk management policies, including strategies for monitoring and managing non-performing loans, consistent with the provisions on the supervisory review process.

Circular No. 285/2013 in order to ensure that remuneration and incentive systems meet the fundamental objectives of regulation: linkage with risks, compatibility with capital and liquidity levels, medium- to long-term orientation, and compliance with rules, provides for a series of criteria that the variable remuneration component must meet. In particular, the variable component must be balanced, i.e., at least 50% of the variable remuneration paid to the "Key Personnel" must be allocated through the assignment of shares or financial instruments linked to them (pursuant to Article 114-bis of Legislative Decree 58 of 24 February 1998) and paid by means of spot payment systems ("up-front") or deferred for a period of not less than 4-5 years so as to take into account the trend over time of the risks assumed by the Bank (so-called *malus* mechanisms).

In compliance with the aforementioned regulatory provisions, Banca Popolare di Sondrio has provided for:

- **Short-term remuneration plan on an annual basis - 2024:** the Plan identifies the recipients, the reasons for adopting the plan and the approval process and time-frame for awarding the instruments. The 2024 Plan, provided for in the Remuneration Policies, was approved by the Board of Directors on 15 March 2024. As to the characteristics of the instruments granted, the Plan provides for the possible free assignment of ordinary shares of Banca Popolare di Sondrio upon the occurrence of certain predefined conditions. The implementation period of the 2024 Plan is between the period of the final results for FY 2024 and the year of the possible award of the last tranche of shares. Considering the 5-year deferral period established by the Remuneration Policies, the 2024 Plan can be concluded in 2030. The Plan provides for a one-year action retention period for possible beneficiaries.
- **2023-2025 Long-Term Remuneration Plan:** the Plan identifies the recipients, the reasons for adopting the plan and the approval process and time-frame for awarding the instruments. As to the characteristics of the instruments granted, the Plan provides for the possible free assignment of ordinary shares of Banca Popolare di Sondrio upon the occurrence of certain predefined conditions. The implementation period of the Plan linked to the 2023 - 2025 Long-Term Bonus System is between the period of the final results for FY 2025 and the year of the possible award of the last tranche of shares (2031). Considering the 5-year deferral period established by the Remuneration Policies, the Plan linked to the Long-Term Bonus System, measured at the end of the validity period of the business





plan (2025) can be concluded in 2031. The Plan provides for a one-year action retention period for possible beneficiaries.

## QUANTITATIVE INFORMATION

For both plans (short-term and long-term), the allocation of the financial instruments is conditional on the authorisation by the Shareholders' Meeting to the Bank's Board of Directors for the use of the treasury shares already held. The 2024 Incentive Plan was approved by the Board of Directors on 15 March 2024. On 15 March 2024, the market price of the Banca Popolare di Sondrio share, traded on the Euronext Milan Market, was 6.70 euro.

### 1. Changes in the year

The determination of the short-term variable remuneration referred to 2023 entailed the assignment, in 2024, of 35,418 Banca Popolare di Sondrio S.p.A. shares.

Taking into account the previous stock of treasury shares in addition to the deliveries of shares made during 2024 as part of the implementation of the remuneration and incentive policies, as at 31 December 2024 Banca Popolare di Sondrio held 3,597,215 treasury shares.

With reference to the Short-Term Remuneration Plan on an annual basis - 2024, the variable remuneration will be resolved and paid in 2025; when presenting the financial statements for the year 2024, an estimate of the disbursement was made by recording a provision in the income statement with a balancing entry in equity for the portion attributable in shares in the amount of 0.9 million euro.

With reference to the 2023-2025 Long-Term Remuneration Plan, the exact identification of the shares to be granted is subject to the achievement of the expected results and the determinations of the Board of Directors. For the year 2024, the cost share for the year was estimated by recording a provision of 0.4 euro million in the income statement with a contra-entry in shareholders' equity.

### 2. Other information

For detailed information on the contents of the *Short-Term Remuneration Plan on an annual basis - 2024 and the Long-Term Remuneration Plan 2023-2025*, please refer to the Information Documents drafted pursuant to Article 84-bis of the Issuers' Regulation and Article 114-bis of the Consolidated Finance Act, available to the public at the Bank's registered office, on the Bank's website [www.popso.it](http://www.popso.it) - Institutional website > Investor relations > Shareholders' Meeting.



## PART L – Segment reporting

Segment reporting, as required by the relevant international accounting standard (IFRS 8), is presented in consolidated form only. Please refer to the Consolidated Notes to the Financial Statements, Part L, for details on business sectors.



## PART M – Information on Leasing

### Section 1 – Lessee

#### QUALITATIVE INFORMATION

Contracts that fall within the application of IFRS 16 can be grouped into three distinct categories:

- a) buildings, which are the most significant group;
- b) vehicles;
- c) other types, including the rental of IT equipment.

In accordance with IFRS 16, the rights held under licence agreements have been excluded from the scope of application of the standard. They continue to be recognised under IAS 38 – Intangible assets.

The lease contracts mainly relate to buildings used as bank branches and generally have a duration of more than 48 months, typically 72 or 108 months, with automatic renewal options. Lease instalments are revised annually from the second year of the contract to reflect 75% or 100% of the change in the consumer price index for the families of blue- and white-collar workers.

Lease contracts for cars and IT equipment typically have a four-year term without the exercise of renewal and/or purchase options and payment on a monthly basis.

Checks for indicators of potential impairment are carried out consistently with the criteria for other Property, equipment and investment property (e.g. existence of plans to divest or negotiate branches, presence of disused branches). There was no evidence of any impairment in the right-of-use asset.

In line with the disclosures required by paragraphs 51, 53 and 59 of IFRS 16, the following supplementary information is provided:

- variable lease payments: situations involving variable lease payments are marginal, as this practice is rare in contracts signed by the Bank;
- extension and termination options: contracts signed by the Bank generally envisage giving 6 months' notice of termination. The Bank is required to pay 35% of the outstanding instalments if car leases are terminated early, while the lease instalments on contracts for IT equipment must be paid in full, regardless of any early termination. Most contracts for the lease of branch premises require payment of the cost of restoring them to their original condition if the lease is terminated. This amount is not very relevant;
- guarantees on the residual value: the Bank does not provide guarantees on the residual value;
- leases not yet signed: the Bank has not made any lease commitments of significant amount;
- sale and leaseback transactions: the Bank has no sales plans or leaseback agreements in place;

Part B of the Notes to the financial statements provides information about leased right-to-use assets (Tables 8.1 - 8.6 Part B, Assets) and lease liabilities (Tables 1.1 - 1.2 - 1.6 Part B, Liabilities). In particular, leased right-to-use assets amount to 151 million euro, while lease liabilities amount to 156 million euro.

Part C of the Notes to the financial statements contains the information required by para. 53 of IFRS 16 about the interest charged on lease liabilities and the income earned from sub-leasing transactions. See those sections for further details.

As indicated in part A of the financial statements, the Bank applies the exemptions allowed by IFRS 16 for short-term leases and low-value leases, the costs of which amounted to 0.151 million euro in 2024.

## QUANTITATIVE INFORMATION

As required by para. 53 of IFRS 16, the following information is provided: carrying amount of right-to-use assets at the reporting date and the depreciation charge on right-to-use assets by category of underlying asset.

Assets/Amounts	2024				2023
	Buildings	Cars	Other	Total	Total
Initial right-of-use	165,661	82	161	165,904	170,237
Depreciation for the financial year	(21,240)	(69)	(78)	(21,387)	(21,044)
Other changes	5,980	274	93	6,347	16,711
<b>Closing carrying amount</b>	<b>150,401</b>	<b>287</b>	<b>176</b>	<b>150,864</b>	<b>165,904</b>

As regards the "Other changes", the impact is mainly linked to restatement of the right-of-use assets due to the ISTAT adjustments and to the opening and closing of contracts.

## Section 2 – Lessor

### QUALITATIVE INFORMATION

The Bank is party to operational leases on buildings. These operational lease contracts do not transfer to the lessee substantially all the risks and benefits deriving from ownership of the assets, which remain with the lessor. In the case of operational lease contracts, the lessor recognises the lease instalments in the income statement on an accruals basis.

### QUANTITATIVE INFORMATION

#### 1. Balance sheet and income statement information

Reference should be made to the contents of Part C of these notes, Table 14.2 (Other operating income: breakdown) for information on other income deriving from operating leases.

#### 3. Operational leases

The maturities of the payments to be received are summarised below.

##### 3.1 Maturities of payments to be received

Time band	2024	2023
	Lease payments receivable	Lease payments receivable
Up to 1 year	662	597
Over 1 year to 2 years	593	519
Over 2 year to 3 years	472	449
Over 3 year to 4 years	339	326
Over 4 year to 5 years	330	185
Over 5 years	1,500	701
<b>Total</b>	<b>3,896</b>	<b>2,777</b>

##### 3.2 Other information

No other information to be reported.

## ANNEXES

The annexes listed below contain additional information with respect to the notes to the financial statements, of which they form an integral part:

- list of revalued assets still owned by the Bank (article 10, Law No. 72 of 19/3/1983);
- schedule of the Independent Auditors' fees for the year as per art. 149 *duodecies* of the Issuers' Regulation;
- financial statements of the subsidiaries Banca Popolare di Sondrio (SUISSE) SA., Factorit spa, BNT Banca spa, Sinergia Seconda srl.

**LIST OF REVALUED ASSETS STILL OWNED BY THE BANK**

(art. 10 of Law no. 72 dated 19/3/1983)

(in euro)

DESCRIPTION	Carrying amount net of revaluations	Revaluation Law No. 576 of 2/12/75	Revaluation Law No. 72 of 19/03/83	Revaluation Law No. 413 of 30/12/91	Total at 31/12/2024	Accumulated amortisation/dep reciation at 31/12/2024	Financial Statements at 31/12/2024
Abbadia Lariana - Via Nazionale 140/A	813,504	-	-	-	813,504	573,521	239,983
Abbiategrosso - Via S.Maria, Ang P.Garibaldi	2,261,103	-	-	-	2,261,103	748,231	1,512,872
Alassio - Via Mazzini 55	1,565,499	-	-	-	1,565,499	117,412	1,448,087
Albate - Via Trento 35	661,052	-	-	-	661,052	501,629	159,423
Albiolo - Via Indipendenza 10	211,151	-	-	-	211,151	22,171	188,980
Aprica - Corso Roma 140	450,765	-	356,355	146,929	954,049	719,336	234,713
Ardenno - Via Libertà 24	561,355	-	-	-	561,355	479,959	81,396
Berbenno Di Valtellina - Via Ranée 542	25,499,401	-	-	99,417	25,598,818	9,665,473	15,933,345
Bergamo - Via Broseta 64/B	3,794,327	-	-	-	3,794,327	1,982,848	1,811,479
Bergamo - Via G. D'Alzano 5	2,324,744	-	-	-	2,324,744	898,732	1,426,012
Bergamo - Via Ghislandi Vittore 4	1,288,525	-	-	-	1,288,525	405,885	882,640
Berzo Demo - Via Nazionale 14	149,932	-	-	-	149,932	20,241	129,691
Bonate Sotto - Via Vittorio Veneto 37/A	765,114	-	-	-	765,114	468,019	297,095
Bormio - Via Roma 64	439,238	46,481	573,267	136,524	1,195,510	399,274	796,236
Bormio - Via Roma, Ang Via Don Peccedi	3,803,773	-	361,520	301,774	4,467,067	1,802,605	2,664,462
Breno - Piazza Ronchi 4	1,529,470	-	-	87,467	1,616,937	1,188,485	428,452
Brescia - Via Crociffisa Di Rosa 1	1,645,851	-	-	-	1,645,851	260,267	1,385,584
Brescia - Via Gramsci 15	6,427,808	-	-	-	6,427,808	436,321	5,991,487
Brescia - Via Fratelli Ugoni 2	1,031,619	-	-	-	1,031,619	201,166	830,453
Broni - Via Mazzini 1	319,475	-	-	-	319,475	14,376	305,099
Camogli - Via Cuneo 9	220,960	-	-	-	220,960	56,345	164,615
Campione D'Italia - Piazza Roma 2	1,971,731	-	-	-	1,971,731	-	1,971,731
Cantù - Via Milano 47	551,416	-	-	-	551,416	57,899	493,517
Chiavenna - Via Dolzino 67	1,200,578	46,481	1,149,057	1,066,173	3,462,289	2,418,321	1,043,968
Chiesa Valmalenco - Via Roma 138	1,523,025	17,560	664,795	133,250	2,338,630	646,895	1,691,735
Chiuro - Via Stelvio 8	352,810	-	-	-	352,810	-	352,810
Colico - Piazza Cavour 11	247,411	-	-	96,488	343,899	207,899	136,000
Colico - Via Nazionale 27	6,996,045	-	-	-	6,996,045	2,135,117	4,860,928
Como - Via Giuliani 12	1,370,193	-	-	-	1,370,193	838,428	531,765
Como - Viale Innocenzo XI 71	4,403,824	-	-	-	4,403,824	1,553,694	2,850,130
Conegliano - Via Carlo Rosselli 2	1,043,782	-	-	-	1,043,782	15,657	1,028,125
Darfo Boario Terme - Corso Italia 10/12	1,086,632	-	-	-	1,086,632	922,024	164,608
Darfo Boario Terme - Corso Italia 77	559,000	-	-	-	559,000	-	559,000
Delebio - Piazza S. Carpofo 7/9	1,133,580	23,241	645,773	688,773	2,491,367	1,360,486	1,130,881
Dervio - Via Don Invernizzi 2	1,270,219	-	-	329,276	1,599,495	1,101,979	497,516
Desenzano Del Garda - Via Marconi 1/A	916,934	-	-	-	916,934	41,262	875,672
Domaso - Via Statale Regina 71	584,106	-	-	53,817	637,923	289,937	347,986
Dongo - Piazza V. Matteri 14	3,770,381	-	-	415,551	4,185,932	1,525,797	2,660,135
Edolo - Piazza Martiri Della Libertà 16	1,058,736	-	-	509,161	1,567,897	1,567,897	-
Gardone Val Trompia	98,915	-	-	-	98,915	1,484	97,431
Genoa - Via XXV Aprile 7	10,239,131	-	-	-	10,239,131	4,713,445	5,525,686
Gera Lario - Via Statale Regina 14	292,667	-	131,677	227,733	652,077	408,852	243,225
Gravedona - Piazza Garibaldi 10/12	3,372,727	-	-	-	3,372,727	1,083,303	2,289,424
Gravedona - Via Tagliaferri 5	85,943	-	-	223,957	309,900	116,213	193,687
Gravellona Toce - Corso Marconi 95	1,533,857	-	-	-	1,533,857	633,041	900,816
Grosio - Via Roma 67	95,936	7,230	229,791	51,484	384,441	266,491	117,950
Grosotto - Via Statale 73	460,062	12,911	147,146	42,099	662,218	188,606	473,612
Grumello Del Monte - Via Roma 133	1,809,670	-	-	-	1,809,670	829,153	980,517
Isolaccia Valdidentro - Via Nazionale 31	933,532	-	290,229	272,602	1,496,363	526,257	970,106
Lecco - Corso Martiri della Liberazione 63/65	9,408,936	-	351,191	2,124,557	11,884,684	5,729,498	6,155,186
Lecco - Via Galandra 28	168,623	-	-	41,959	210,582	208,476	2,106
Lecco - Viale Monte Grappa 18	999,369	-	-	-	999,369	639,839	359,530



DESCRIPTION	Carrying amount net of revaluations	Revaluation Law No. 576 of 2/12/75	Revaluation Law No. 72 of 19/03/83	Revaluation Law No. 413 of 30/12/91	Total at 31/12/2024	Accumulated amortisation/dep reciation at 31/12/2024	Financial Statements at 31/12/2024
Livigno - Via S. Antoni 135, Via Prestefan	5,946,629	-	345,487	358,828	6,650,944	2,975,159	3,675,785
Lodi - Via Garibaldi 23/25, Angolo Via Marsala	3,685,221	-	-	-	3,685,221	826,619	2,858,602
Luino - Via Veneto 6/A	1,068,095	-	-	-	1,068,095	-	1,068,095
Madesimo - Via Carducci 3	493,542	-	-	203,733	697,275	697,275	-
Mandello Del Lario - Via Statale 87	1,609,143	-	-	-	1,609,143	183,197	1,425,946
Mantua - Corso Vittorio Emanuele 26	7,822,343	-	-	-	7,822,343	1,476,246	6,346,097
Mantua - Piazza Broletto 7	1,265,944	-	-	-	1,265,944	284,837	981,107
Marchirolo - Via Cav. Emilio Busetti 7/A	1,089,018	-	-	-	1,089,018	607,000	482,018
Mazzo Valtellina - Via S. Stefano 18	645,082	16,010	163,550	48,833	873,475	338,668	534,807
Melegnano - Piazza Garibaldi 1	3,160,750	-	-	-	3,160,750	799,063	2,361,687
Milan - Piazza Della Trivulziana 6	925,400	-	-	-	925,400	483,343	442,057
Milan - Piazza Borromeo 1	38,217	-	-	213,722	251,939	250,566	1,373
Milan - Piazzale Cimitero Monumentale 23	1,392,686	-	-	-	1,392,686	313,029	1,079,657
Milan - Via Canova 39, Ang. Corso Sempione	1,738,854	-	-	-	1,738,854	1,269,462	469,392
Milan - Via Compagnoni 9	51,141	-	-	6,842	57,983	57,983	-
Milan - Via Lippi 25	53,970	-	-	1,635	55,605	55,605	-
Milan - Via Morigi 2/A	73,590	-	-	123,930	197,520	197,520	-
Milan - Via Porpora 104	5,318,961	-	-	165,381	5,484,342	2,624,064	2,860,278
Milan - Via S. Maria Fulcorina 1	10,908,610	159,818	3,047,096	2,461,826	16,577,350	6,937,246	9,640,104
Milan - Via S. Maria Fulcorina 11	493,165	-	-	-	493,165	493,165	-
Milan - Via Sangallo 16	4,752	-	-	11,915	16,667	16,667	-
Milan - Via Sforza 48	3,197,671	-	-	-	3,197,671	882,421	2,315,250
Milan - Via Solari 15	422,156	-	-	-	422,156	278,623	143,533
Milan - Viale Faenza 22	864,004	-	-	-	864,004	194,401	669,603
Montagna In Valtellina - Via Stelvio 30	472,050	-	328,458	398,008	1,198,516	731,095	467,421
Monza - Via Cavallotti 5	9,967,949	-	-	-	9,967,949	1,089,925	8,878,024
Morbegno - Piazza Caduti della Libertà 6	2,202,881	-	1,088,606	704,283	3,995,770	2,157,287	1,838,483
Morbegno - Via Garibaldi 81	972,127	25,823	-	56,050	1,054,000	-	1,054,000
Morbegno - Via Nani 13	181,261	-	-	17,739	199,000	-	199,000
Morbegno - Via V Alpini 172	764,418	-	-	-	764,418	603,530	160,888
Mozzo - Via G. D'Annunzio 4	65,741	-	-	14,259	80,000	-	80,000
Novate Mezzola - Via Roma 13	1,079,527	-	251,282	89,219	1,420,028	568,872	851,156
Passo Dello Stelvio	630,416	-	-	296,176	926,592	909,793	16,799
Pescate - Via Roma 98/E	495,395	-	-	-	495,395	433,609	61,786
Ponte di Legno - Piazzale Europa 8	3,670,347	-	-	-	3,670,347	2,132,789	1,537,558
Ponte Valtellina - Piazza della Vittoria 1	833,767	12,911	258,098	86,540	1,191,316	445,316	746,000
Pordenone - Viale Guglielmo Marconi 26/28	865,756	-	-	-	865,756	12,986	852,770
Rapallo - Via Della Libertà 1	643,195	-	-	-	643,195	-	643,195
Regoledo di Cosio Valtellino - Piazza S. Martino 14	132,135	-	-	-	132,135	33,694	98,441
Regoledo di Cosio Valtellino - Via Roma 7	511,300	-	-	78,405	589,705	109,705	480,000
Rome - Via Laurentina 617/619	2,360,894	-	-	-	2,360,894	318,721	2,042,173
Rome - Via Gherardi 45	2,136,068	-	-	-	2,136,068	352,451	1,783,617
Rome - Piazza Filippo II Macedone 75	2,400,000	-	-	-	2,400,000	1,476,000	924,000
Rome - Via della Farnesina 154	1,011,345	-	-	-	1,011,345	473,168	538,177
Rome - Via di Propaganda Fide 27	155,625	-	350,503	88,926	595,054	595,054	-
Rome - Via Tagliamento 37	1,752,535	-	-	-	1,752,535	341,744	1,410,791
Rome - Via Del Tritone 27	7,451,913	-	-	-	7,451,913	1,676,680	5,775,233
Rome - Piazza Biagio Pace 1-2-3	2,401,402	-	-	-	2,401,402	36,021	2,365,381
Rome - Piazza Sidney Sonnino 40	2,960,703	-	-	-	2,960,703	44,411	2,916,292
S. Cassiano Valchiavenna - Via Spluga 108	397,672	-	-	103,093	500,765	360,895	139,870
S. Pietro Berbenno - Via Nazionale Ovest 110	1,288,307	22,208	328,181	122,795	1,761,491	888,484	873,007
S. Siro - Via Statale Regina 223	467,692	-	-	-	467,692	314,371	153,321
Salò - Viale De Gasperi 13	1,672,029	-	-	-	1,672,029	873,009	799,020
Segrate - Via Roma 96	1,070,468	-	-	-	1,070,468	174,105	896,363
Seregno - Via Wagner 137/A	123,950	-	-	13,282	137,232	137,232	-
Sesto Calende - Piazza Mazzini 10	443,111	-	-	-	443,111	152,873	290,238



DESCRIPTION	Carrying amount net of revaluations	Revaluation Law No. 576 of 2/12/75	Revaluation Law No. 72 of 19/03/83	Revaluation Law No. 413 of 30/12/91	Total at 31/12/2024	Accumulated amortisation/dep reciation at 31/12/2024	Financial Statements at 31/12/2024
Sondalo - Via Zubiani 2/4/6/8/10	263,671	25,823	312,456	158,005	759,955	220,146	539,809
Sondrio - Corso V. Veneto 7	2,406,658	-	-	1,190,813	3,597,471	916,351	2,681,120
Sondrio - Largo Pedrini 8	363,862	-	-	22,527	386,389	279,463	106,926
Sondrio - Lungo Mallero Cadorna 24	3,441,300	-	196,254	451,249	4,088,803	2,035,817	2,052,986
Sondrio - Piazza Garibaldi 1 - Lambertenghi	16,056,897	-	-	-	16,056,897	7,877,807	8,179,090
Sondrio - Piazza Garibaldi 16	1,563,598	351,191	7,810,125	3,142,651	12,867,565	8,242,869	4,624,696
Sondrio - Piazzale Bertacchi 57	2,613,732	-	-	-	2,613,732	2,065,016	548,716
Sondrio - Piazzale Tocalli, Via Delle Prese	348,608	-	-	-	348,608	348,608	-
Sondrio - Via Bernina 1	181,930	-	82,385	45,795	310,110	233,056	77,054
Sondrio - Via Caimi 29	357,915	-	-	46,342	404,257	404,257	-
Sondrio - Via Cesura 4	388,303	-	-	64,149	452,452	251,031	201,421
Sondrio - Via Cesura 3-7-9-13-15	14,091,103	-	-	-	14,091,103	762,742	13,328,361
Sondrio - Via Lusardi 53	247,506	-	-	-	247,506	245,031	2,475
Sondrio - Via Pio Rajna 1	16,195	-	-	40,221	56,416	56,416	-
Sondrio - Via Sertorelli 2	2,193,892	-	-	-	2,193,892	1,188,111	1,005,781
Sondrio - Via Aldo Moro 6	200,035	-	243,248	54,643	497,926	373,562	124,364
Talamona - Via Cusini 29	223,475	-	313,640	203,691	740,806	586,576	154,230
Teglio - Piazza S. Eufemia 2	40,150	13,944	546,700	148,165	748,959	506,172	242,787
Thiene - Via Trento 2	2,285,111	-	-	-	2,285,111	28,277	2,256,834
Tirano - Località Valchiosa	200,000	-	-	-	200,000	-	200,000
Tirano - Piazza Cavour 20	392,572	-	1,736,322	718,576	2,847,470	1,973,760	873,710
Turin - Via XX Settembre 37	6,473,623	-	-	-	6,473,623	2,427,436	4,046,187
Trescore Balneario - Piazza Cavour 6	1,292,789	-	-	-	1,292,789	446,012	846,777
Tresenda di Teglio - Via Nazionale 57	192,524	-	193,671	67,596	453,791	453,791	-
Treviso - Corso del Popolo 50	4,883,629	-	-	-	4,883,629	1,165,292	3,718,337
Udine - Piazza XXVI Luglio 62	927,129	-	-	-	927,129	27,545	899,584
Valmadrera - Via S.Rocco 31/33	1,440,570	-	-	-	1,440,570	434,532	1,006,038
Varese - Viale Belforte 151	4,711,612	-	-	-	4,711,612	1,964,653	2,746,959
Vercelli - Piazza Mazzucchelli 12	1,648,346	-	-	-	1,648,346	482,059	1,166,287
Verdellino - Largo Luigi Einaudi 1/B	336,182	-	-	-	336,182	267,265	68,917
Verona - Corso Cavour 45/47	2,172,112	-	-	-	2,172,112	457,531	1,714,581
Veza d'Oglio - Via Nazionale 116	715,844	-	-	-	715,844	96,639	619,205
Villa di Chiavenna - Via Roma 39	371,668	-	-	7,639	379,307	141,307	238,000
Villa di Tirano - Traversa Foppa 25	585,623	-	-	7,651	593,274	261,068	332,206
Villasanta - Via Sciesa 7/9	952,439	-	-	-	952,439	722,775	229,664
Voghera - Via Emilia 49	2,163,073	-	-	-	2,163,073	621,580	1,541,493
<b>GRAND TOTAL</b>	<b>295,899,036</b>	<b>781,632</b>	<b>22,496,863</b>	<b>19,084,124</b>	<b>338,261,655</b>	<b>129,240,778</b>	<b>209,020,877</b>

Properties are shown at their total value regardless of their intended use





## SCHEDULE OF THE INDEPENDENT AUDITORS' FEES FOR THE YEAR AS PER ART. 149-DUODECIES OF THE ISSUERS' REGULATION

Amounts in euro	Banca Popolare di Sondrio		Group Companies		Total		Total
Type of services	EY S.p.A.	EY Network	EY S.p.A.	EY Network	EY S.p.A.	EY Network	
Audit services	466,341	-	246,961	585,940	713,302	585,940	1,299,242
Certification services	353,000	-	2,000	-	355,000	-	355,000
Other services	83,000	98,000	-	-	83,000	98,000	181,000
<b>Total</b>	<b>902,341</b>	<b>98,000</b>	<b>248,961</b>	<b>585,940</b>	<b>1,151,302</b>	<b>683,940</b>	<b>1,835,242</b>

## **FINANCIAL STATEMENTS OF SUBSIDIARIES:**

BANCA POPOLARE DI SONDRIO (SUISSE) SA

FACTORIT SPA

BANCA DELLA NUOVA TERRA SPA

SINERGIA SECONDA SRL



## BANCA POPOLARE DI SONDRIO (SUISSE) SA

### FINANCIAL STATEMENTS AT 31 December 2024

(in Swiss francs)

ASSETS	2024	2023
Liquidity	855,750,104	703,369,021
Loans and receivables with banks	45,597,780	73,148,051
Loans and receivables with customers	501,950,544	552,309,924
Mortgage loans	5,142,659,853	4,977,153,939
Positive replacement values of derivative financial instruments	17,861,564	581,903
Financial assets	70,481,520	57,727,472
Accruals and deferrals	16,994,743	26,455,517
Equity investments	7,568,905	6,394,774
Property, equipment and investment property	36,649,144	22,834,819
Other assets	9,622,113	4,957,873
<b>Total assets</b>	<b>6,705,136,270</b>	<b>6,424,933,293</b>



LIABILITIES	2024	2023
Due to banks	1,929,448,722	1,756,767,674
Customer deposits	3,324,546,556	3,350,485,320
Negative replacement values of derivative financial instruments	1,315,426	45,976,073
Cash obligations	91,292,000	60,952,000
Mortgages with issuers of construction bonds and loans	817,000,000	692,000,000
Accruals and deferrals	32,935,217	31,453,705
Other liabilities	13,583,897	17,394,179
Provisions	2,569,278	2,758,246
Reserves for general banking risks	18,000,000	18,000,000
Share capital	180,000,000	180,000,000
Legal reserve from capital	-	-
Legal reserve from profits	265,096,096	240,980,844
Optional retained earnings	-	-
Profit for the year	29,349,078	28,165,252
<b>Total liabilities</b>	<b>6,705,136,270</b>	<b>6,424,933,293</b>

OFF-BALANCE SHEET TRANSACTIONS	2024	2023
Possible commitments	267,678,827	260,380,061
Irrevocable commitments	25,362,921	25,218,522
Payment and supplementary payment commitments	3,256,400	2,766,960



## INCOME STATEMENT

(in Swiss francs)

	2024	2023
Interest income:		
- Interest and discounts	144,958,701	129,802,018
- Interest income and dividends from financial investments	-	-
- Interest and dividends from trading activity	388,636	260,202
Interest expenses	(123,768,764)	(93,062,812)
<b>Gross result from transactions on interest</b>	<b>21,578,573</b>	<b>36,999,408</b>
Change in adjustment values for loss risks and losses from transactions on interest	281,537	(3,097,715)
<b>Net result from transactions on interest</b>	<b>21,860,110</b>	<b>33,901,693</b>
Fee and commission income:		
- on trading in securities and investments	18,649,522	17,653,086
- on credit transactions	2,224,230	2,652,152
- on other service provisions	7,191,446	7,275,179
Fee and commission expense	(2,557,238)	(2,607,804)
<b>Result from transactions in commissions and from service provisions</b>	<b>25,507,960</b>	<b>24,972,613</b>
<b>Result from trading transactions and fair value option</b>	<b>75,293,475</b>	<b>62,534,380</b>
Result from disposal of financial assets	253,365	21,575
Income from investments	108,702	42,922
Result from real estate	55,450	-
Other ordinary income	2,013,768	2,274,686
Other ordinary expense	(268,333)	(2,837,274)
<b>Other ordinary results</b>	<b>2,162,952</b>	<b>(498,091)</b>
Personnel costs	(55,842,916)	(55,429,014)
Other operating costs	(26,555,424)	(24,898,437)
<b>Operating expenses</b>	<b>(82,398,340)</b>	<b>(80,327,451)</b>

	2024	2023
Value adjustments of investments and depreciation of property, equipment and investment property and amortisation of intangible assets	(5,506,904)	(4,381,940)
Changes in provisions and other value adjustments and losses	161,085	(294,889)
<b>Result of the year</b>	<b>37,080,338</b>	<b>35,906,315</b>
Extraordinary revenues	168,740	408,634
Extraordinary costs	-	-
Change in reserve for general banking risks	-	-
Taxes	(7,900,000)	(8,149,697)
<b>Profit for the year</b>	<b>29,349,078</b>	<b>28,165,252</b>
PROPOSED ALLOCATION OF PROFIT FOR THE YEAR:		
Profit for the year	29,349,078	28,165,252
Retained earnings	-	-
<b>Profit available</b>	<b>29,349,078</b>	<b>28,165,252</b>
The Board of Directors recommends the distribution of a dividend of 4,050,000 CHF and the allocation of 25,299,000 CHF to the legal reserve from profits.		
<b>Retained residual earnings</b>	<b>-</b>	<b>-</b>



## FACTORIT SPA

### FINANCIAL STATEMENTS AT 31 December 2024

(in euro)

ASSET ITEMS		31/12/2024	31/12/2023
10.	<b>Cash and cash equivalents</b>	<b>4,460,870</b>	<b>954,715</b>
30.	<b>Financial assets measured at fair value through profit or loss</b>	<b>1,585,353</b>	<b>1,041,024</b>
40.	<b>Financial assets measured at amortised cost</b>	<b>5,029,483,092</b>	<b>4,277,811,600</b>
	a) Loans and receivables with banks	39,817,477	12,430,654
	b) receivables from financial companies	594,499,079	584,043,482
	c) Receivables from customers	4,395,166,536	3,681,337,464
90.	<b>Property, equipment and investment property</b>	<b>16,493,160</b>	<b>16,721,377</b>
100.	<b>Intangible assets</b>	<b>113,665</b>	<b>185,215</b>
110.	<b>Tax assets</b>	<b>5,785,900</b>	<b>10,401,288</b>
	a) current	-	-
	b) prepaid	5,785,900	10,401,288
130.	<b>Other assets</b>	<b>17,211,343</b>	<b>11,307,777</b>
	<b>TOTAL ASSETS</b>	<b>5,075,133,383</b>	<b>4,318,422,996</b>

LIABILITIES AND EQUITY		31/12/2024	31/12/2023
10.	<b>Financial liabilities measured at amortised cost</b>	<b>4,718,446,741</b>	<b>3,992,451,372</b>
	a) payables	4,718,446,741	3,992,451,372
60.	<b>Tax liabilities</b>	<b>1,978,549</b>	<b>2,408,505</b>
	a) current	583,203	548,078
	b) deferred	1,395,346	1,860,427
80.	<b>Other liabilities</b>	<b>43,735,257</b>	<b>26,387,771</b>
90.	<b>Provision for employee severance pay</b>	<b>1,898,442</b>	<b>1,856,691</b>
100.	<b>Provisions for risks and charges</b>	<b>1,499,912</b>	<b>1,760,000</b>
	a) commitments and guarantees given	526,455	888,759
	c) other provisions for risks and charges	973,457	871,241
110.	<b>Share capital</b>	<b>85,000,002</b>	<b>85,000,002</b>
140.	<b>Reserves</b>	<b>175,745,938</b>	<b>165,738,838</b>
150.	<b>Share premiums</b>	<b>11,030,364</b>	<b>11,030,364</b>
160.	<b>Valuation reserves</b>	<b>160,921</b>	<b>(317,647)</b>
180.	<b>Profit (loss) for the period (+/-)</b>	<b>35,637,257</b>	<b>32,107,100</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,075,133,383</b>	<b>4,318,422,996</b>





ITEMS	31/12/2024	31/12/2023
10. INTEREST AND SIMILAR INCOME	160,021,791	128,707,458
<i>of which: interest income calculated using the effective interest method</i>	160,021,791	128,707,458
20. INTEREST AND SIMILAR EXPENSES	(115,404,257)	(86,121,989)
30. <b>NET INTEREST INCOME</b>	<b>44,617,534</b>	<b>42,585,469</b>
40. FEE AND COMMISSION INCOME	42,970,409	37,398,128
50. FEE AND COMMISSION EXPENSE	(5,392,988)	(4,894,514)
60. <b>NET FEE AND COMMISSION INCOME</b>	<b>37,577,421</b>	<b>32,503,614</b>
70. DIVIDENDS AND SIMILAR INCOME	37,927	30,185
80. NET TRADING INCOME	130,199	(59,098)
120. <b>TOTAL INCOME</b>	<b>82,363,081</b>	<b>75,060,170</b>
130. NET ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATED TO:	(5,296,703)	(8,063,452)
a) financial assets measured at amortised cost	(5,296,703)	(8,063,452)
150. <b>NET FINANCIAL INCOME</b>	<b>77,066,378</b>	<b>66,996,718</b>
160. ADMINISTRATIVE EXPENSES:	(18,995,675)	(18,542,420)
a) personnel expenses	(13,968,410)	(13,364,527)
b) other administrative expenses	(5,027,265)	(5,177,893)
170. NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	362,304	(548,033)
a) commitments for guarantees given	362,304	(548,033)
b) other net provisions	-	-
180. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(1,399,072)	(1,350,901)
190. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(74,795)	(75,282)
200. OTHER OPERATING INCOME/EXPENSE	(3,981,573)	878,415
210. <b>OPERATING COSTS</b>	<b>(24,088,811)</b>	<b>(19,638,221)</b>
250. GAINS (LOSSES) ON SALES OF INVESTMENTS	7,523	2,721
260. <b>PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>52,985,090</b>	<b>47,361,218</b>
270. INCOME TAXES FOR THE YEAR FROM CURRENT OPERATIONS	(17,347,833)	(15,254,118)
280. <b>POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>35,637,257</b>	<b>32,107,100</b>
300. <b>PROFIT (LOSS) FOR THE YEAR</b>	<b>35,637,257</b>	<b>32,107,100</b>

**BANCA DELLA NUOVA TERRA SPA****FINANCIAL STATEMENTS AT 31 December 2024**

(in euro)

<b>ASSET ITEMS</b>		<b>31/12/2024</b>	<b>31/12/2023</b>
10.	<b>Cash and cash equivalents</b>	<b>6,635,589</b>	<b>4,735,752</b>
40.	<b>Financial assets measured at amortised cost</b>	<b>331,327,629</b>	<b>303,580,093</b>
	a) Loans and receivables with banks	-	1,530
	b) Loans and receivables with customers	331,327,629	303,578,563
70.	<b>Equity investments</b>	<b>100,000</b>	<b>100,000</b>
80.	<b>Property, equipment and investment property</b>	<b>718,708</b>	<b>987,275</b>
90.	<b>Intangible assets</b>	<b>1,200</b>	<b>1,535</b>
100.	<b>Tax assets</b>	<b>7,263,805</b>	<b>8,549,341</b>
	a) current	506,343	134,738
	b) prepaid	6,757,462	8,414,603
120.	<b>Other assets</b>	<b>1,843,097</b>	<b>511,623</b>
	<b>TOTAL ASSETS</b>	<b>347,890,028</b>	<b>318,465,619</b>



LIABILITIES AND EQUITY		31/12/2024	31/12/2023
10.	<b>Financial liabilities measured at amortised cost</b>	<b>260,801,938</b>	<b>232,065,055</b>
	a) Due to banks	259,613,185	230,857,386
	b) Customer deposits	1,188,753	1,207,669
60.	<b>Tax liabilities</b>	<b>7,397</b>	<b>5,190</b>
	a) current	-	-
	b) deferred	7,397	5,190
80.	<b>Other liabilities</b>	<b>3,573,486</b>	<b>5,124,814</b>
90.	<b>Provision for employee severance pay</b>	<b>118,967</b>	<b>107,831</b>
100.	<b>Provisions for risks and charges</b>	<b>1,073,215</b>	<b>1,232,733</b>
	a) commitments and guarantees given	-	-
	c) other provisions for risks and charges	1,073,215	1,232,733
110.	<b>Valuation reserves</b>	<b>(20,025)</b>	<b>(18,836)</b>
140.	<b>Reserves</b>	<b>48,633,511</b>	<b>46,645,609</b>
160.	<b>Share capital</b>	<b>31,315,321</b>	<b>31,315,321</b>
180.	<b>Profit (loss) for the year (+/-)</b>	<b>2,386,218</b>	<b>1,987,902</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>347,890,028</b>	<b>318,465,619</b>

ITEMS	31/12/2024	31/12/2023
10. INTEREST AND SIMILAR INCOME	13,460,927	11,040,718
<i>of which: interest income calculated using the effective interest method</i>	13,457,324	11,040,718
20. INTEREST AND SIMILAR EXPENSES	(2,397,871)	(802,159)
30. <b>NET INTEREST INCOME</b>	<b>11,063,056</b>	<b>10,238,559</b>
40. FEE AND COMMISSION INCOME	46,820	119,178
50. FEE AND COMMISSION EXPENSE	(19,726)	(16,295)
60. <b>NET FEE AND COMMISSION INCOME</b>	<b>27,094</b>	<b>102,883</b>
120. <b>TOTAL INCOME</b>	<b>11,090,150</b>	<b>10,341,442</b>
130. NET ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATED TO:	324,462	167,931
a) financial assets measured at amortised cost	324,462	167,931
150. <b>NET FINANCIAL INCOME</b>	<b>11,414,612</b>	<b>10,509,373</b>
160. ADMINISTRATIVE EXPENSES:	(7,768,395)	(6,900,605)
a) personnel expenses	(2,614,907)	(2,835,509)
b) other administrative expenses	(5,153,488)	(4,065,096)
170. NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	188,139	1,479
a) commitments for guarantees given	-	77
b) other net provisions	188,139	1,402
180. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(256,453)	(254,299)
190. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(335)	(6,586)
200. OTHER OPERATING INCOME/EXPENSE	69,170	(366,249)
210. <b>OPERATING COSTS</b>	<b>(7,767,874)</b>	<b>(7,526,260)</b>
250. GAINS (LOSSES) ON SALES OF INVESTMENTS	-	5,393
260. <b>PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>3,646,738</b>	<b>2,988,506</b>
270. INCOME TAXES FOR THE YEAR FROM CURRENT OPERATIONS	(1,260,520)	(1,000,604)
280. <b>POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>2,386,218</b>	<b>1,987,902</b>
300. <b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>2,386,218</b>	<b>1,987,902</b>



## SINERGIA SECONDA SRL

### FINANCIAL STATEMENTS AT 31 December 2024

(in euro)

ASSETS	31/12/2024	31/12/2023
<b>A) AMOUNTS RECEIVABLE FROM SHAREHOLDERS</b>	-	-
Of which already called €		
<b>B) FIXED ASSETS</b>		
I - Intangible assets	-	-
II - Property, equipment and investment property		
1) Land and buildings		
1 - owned	50,155,897	51,890,493
2) Plants and machinery		
1 - owned	-	-
<b>Total property, equipment and investment property</b>	<b>50,155,897</b>	<b>51,890,493</b>
III - Financial assets		
1) investments in		
a) subsidiaries	69,612,617	72,904,650
<b>Total financial assets</b>	<b>69,612,617</b>	<b>72,904,650</b>
<b>TOTAL FIXED ASSETS</b>	<b>119,768,514</b>	<b>124,795,143</b>
<b>C) CURRENT ASSETS</b>		
I - Inventories	-	-
II - Receivables		
1) due from customers		
a) due within one year	22,454	188,090
2) due from subsidiary companies		
a) due within one year	-	43,222
5-bis) due from tax authorities		
a) due within one year	1,088,358	1,212,203
5-ter) deferred tax assets		
a) due within one year	-	-
5 quater) due from others		
a) due within one year	4,307	8,131
<b>Total receivables</b>	<b>1,115,119</b>	<b>1,451,646</b>
III - Financial assets not held as fixed assets	-	-
IV - Cash and cash equivalents		
1) bank and post office deposits	1,650,946	580,660
3) cash and equivalents on hand	-	-
<b>Total cash and cash equivalents</b>	<b>1,650,946</b>	<b>580,660</b>
<b>TOTAL CURRENT ASSETS</b>	<b>2,766,065</b>	<b>2,032,306</b>
<b>D) ACCRUALS AND DEFERRALS</b>		
<b>TOTAL ACCRUALS AND DEFERRALS</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>122,534,578</b>	<b>126,827,449</b>



LIABILITIES	31/12/2024	31/12/2023
<b>A) SHAREHOLDERS' EQUITY</b>		
I - Capital	60,000,000	60,000,000
II - Share premium reserve	-	-
III - Revaluation reserves	-	-
IV - Legal reserve	3,234,128	2,835,908
V - Statutory reserves	-	-
VI - Other reserves	60,000,000	60,000,000
VII - Reserve for expected cash flow hedge transactions	-	-
VI - Reserve for portfolio treasury shares	-	-
VIII - Retained earnings	1,057,342	1,057,342
IX - Profit for the year	(1,919,020)	398,220
X - Negative reserve for portfolio treasury shares		
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>122,372,450</b>	<b>124,291,470</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>		
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	-	-
<b>C) POST-EMPLOYMENT BENEFITS</b>	-	-
<b>D) PAYABLES</b>		
6) advance payments		
a) due within one year	-	-
7) due to suppliers		
a) due within one year	118,387	72,319
9) due to subsidiary companies		
a) due within one year	-	1,675,051
11) due to parent companies		
a) due within one year	15,318	747,521
12) taxes payable		
a) due within one year	803	4,712
14) other payables		
a) due within one year	4,761	4,761
<b>TOTAL PAYABLES</b>	<b>139,269</b>	<b>2,504,364</b>
<b>E) ACCRUALS AND DEFERRALS</b>		
1) accruals and deferrals	22,859	31,615
<b>TOTAL ACCRUALS AND DEFERRALS</b>	<b>22,859</b>	<b>31,615</b>
<b>TOTAL LIABILITIES</b>	<b>122,534,578</b>	<b>126,827,449</b>



INCOME STATEMENT	31/12/2024	31/12/2023
<b>A) PRODUCTION VALUE</b>		
1) revenues from sales and services		
d) rental of housing units	40,151	39,138
e) rental of capital goods	3,875,388	3,762,406
f) reimbursement of housing unit expenses	202	556
g) reimbursement of expenses for capital goods	284,096	287,202
5) other revenues and income		
c) other revenues	6,595	602
<b>TOTAL PRODUCTION VALUE</b>	<b>4,206,432</b>	<b>4,089,904</b>
<b>B) PRODUCTION COSTS</b>		
7) for services		
c) housing unit management expenses	806	802
d) capital goods management expenses	462,718	501,521
10) amortisation, depreciation and write-downs		
b) depreciation of property, equipment and investment property	1,759,547	1,759,248
14) other operating expenses		
a) other operating costs and charges	85,470	133,610
b) non-deductible expenses	333,530	367,906
<b>TOTAL PRODUCTION COSTS</b>	<b>2,642,071</b>	<b>2,763,087</b>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS</b>	<b>1,564,361</b>	<b>1,326,817</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>		
16) other financial income		
d) from parent companies	31,853	13,813
17) interest and other financial charges		
c) to parent companies	(334)	(728,283)
d) others	(191)	-
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>31,328</b>	<b>(714,470)</b>
<b>D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS</b>		
19) write-downs		
a) of investments	(3,292,033)	-
<b>TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS</b>	<b>(3,292,033)</b>	<b>-</b>
<b>PRE-TAX RESULT</b>	<b>(1,696,344)</b>	<b>612,347</b>
22) current income taxes and deferred tax assets and liabilities		
a) Ires	(154,806)	(147,671)
b) Irap	(67,870)	(66,456)
c) Deferred taxes	-	-
<b>23) PROFIT FOR THE YEAR</b>	<b>(1,919,020)</b>	<b>398,220</b>



## CERTIFICATES AND OTHER REPORTS





## Certification of the Annual Financial Statements at 31 December 2024 pursuant to article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended

1. The undersigned Mario Alberto Pedranzini in his capacity as Chief Executive Officer and Simona Orietti in her capacity as Manager responsible for preparing the accounting documents of Banca Popolare di Sondrio S.p.A., attest, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998:
  - the adequacy, in relation to the characteristics of the enterprise,
  - the effective application of the administrative and accounting procedures for the preparation of the 2024 annual financial statements.
2. The evaluation of the adequacy and effective application of the administrative and accounting procedures for the formation of the annual financial statements as at 31 December 2024 was based on a model, defined by Banca Popolare di Sondrio S.p.A., which makes reference to the principles of the "Internal Control - Integrated Framework (CoSO)" and, for the IT component, to those defined by the "Control Objective for IT and Related Technologies (Cobit)", which act as a reference frameworks for the internal control system and for financial reporting that are generally accepted internationally.
3. It is also certified that:
  - 3.1 the financial statements at 31 December 2024:
    - a) have been prepared in compliance with the international financial reporting standards recognised by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and by the Council on 19 July 2002;
    - b) agree with accounting book and records;
    - c) provide a true and fair view of the Bank's financial position, results and cash flows.
  - 3.2 The report on operations includes a reliable analysis of the results of operations, as well as the situation of the Bank, together with a description of the principal risks and uncertainties to which they are exposed.

Sondrio, 11 March 2025

The Managing Director

Mario Alberto Pedranzini

Manager responsible for preparing the Company's  
accounting documents

Simona Orietti



## **INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS**

# Banca Popolare di Sondrio S.p.A.

Financial statements as at December 31, 2024

Independent auditor's report pursuant to article 14 of  
Legislative Decree n. 39, dated January 27, 2010, and article  
10 of EU Regulation n. 537/2014



Shape the future  
with confidence

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Independent auditor's report  
in accordance with article 14 of Legislative Decree n. 39, dated  
January 27, 2010 and article 10 of EU Regulation n. 537/2014  
(Translation from the original Italian text)

To the Shareholders of  
Banca Popolare di Sondrio S.p.A.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Banca Popolare di Sondrio S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2024, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree no. 38 dated February 28, 2005 and article 43 of Legislative Decree no. 136, dated August 18, 2015.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key audit matter	Audit responses
<p>Classification and measurement of loans to customers, Loans</p> <p>Loans measured at amortised cost, presented in item 40 b) of the balance sheet, amount to approximately Euro 27,161 million and represent about 54% of total assets.</p> <p>The classification and valuation of loans is relevant for the audit both as the value of loans is significant for the financial statements as a whole and as the value of the related impairment losses is determined by the Directors through the use of estimates that have a high degree of complexity and subjectivity, also linked to the potential worsening of credit risk due to current and prospective economic and financial risks.</p> <p>Among these, the following matters are particularly relevant:</p> <ul style="list-style-type: none"> <li>the identification and calibration of parameters for determining the significant increase in credit risk compared to the initial detection date, for the purpose of allocating exposures in <i>Stage 1</i> and <i>Stage 2</i> (performing loans);</li> <li>the definition of valuation models applied for the calculation of statistical expected credit losses based on historical observation of data for each risk class and <i>forward looking</i> factors;</li> <li>the identification impairment evidence, with subsequent classification of exposures in <i>Stage 3</i> (non-performing loans);</li> <li>for loans classified in <i>Stage 3</i>, the determination of the criteria used for estimating the expected cash flows according to the recovery strategy.</li> </ul> <p>Information on the evolution of the quality, classification and measurement of loans is provided within Part A - Accounting Policies, in Part B - Information on the balance sheet, in Part C - Information on the Income Statement and in Part E - Information on risks and related hedging policies of the notes to the financial statements.</p>	<p>In relation to this key aspect, our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>updating the understanding of the policies, processes and controls implemented by the Company in relation to the classification and measurement of loans and performing compliance procedures on the key controls, including those relating to IT safeguards, in order to verify its operational effectiveness;</li> <li>performing comparative analysis of the portfolio and the related coverage ratios, with reference to the most significant deviations from the previous year balances;</li> <li>understanding of the methodology underlying the valuation models used to calculate statistical expected losses;</li> <li>performing substantive procedures, on sample basis, aimed at verifying the proper classification and measurement of performing and non performing loans;</li> <li>the verification, through analysis of the supporting documentation, of the accounting of the disposal of loans carried out during the year;</li> <li>the assessment of the adequacy of the disclosure provided in the notes to the financial statements.</li> </ul> <p>The procedures described above have also been carried out with the support of experts from the EY network on models for the evaluation of financial instruments and IT systems.</p>

## Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38 dated February 28, 2005 and article 43 of Legislative Decree n. 136, dated August 18, 2015, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of statutory auditors ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in

forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

#### Additional information pursuant to article 10 of EU Regulation n. 537/2014

The shareholders of Banca Popolare di Sondrio S.p.A., in the general meeting held on April 29, 2017, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the Board of statutory auditors ("Collegio Sindacale") in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

### Report on compliance with other legal and regulatory requirements

#### Opinion on the compliance with the provisions of Delegated Regulation (EU) no. 815/2019

The Directors of Banca Popolare di Sondrio S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulation (EU) n. 815/2019 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (the "Delegated Regulation") to the financial statement as of December 31, 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statement as at December 31, 2024 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in the XHTML-format in compliance with the provisions of Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraphs e), e-bis) and e-ter) of Legislative Decree n. 39 dated January 27, 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998

The Directors of Banca Popolare di Sondrio S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Banca Popolare di Sondrio S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the financial statements of Banca Popolare di Sondrio S.p.A. as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, April 8, 2025

EY S.p.A.  
Signed by: Mauro Iacobucci, Auditor

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*





**BANCA POPOLARE DI SONDRIO S.P.A.  
REPORT OF THE BOARD OF STATUTORY AUDITORS  
TO THE SHAREHOLDERS' MEETING**

**BANCA POPOLARE DI SONDRIO S.P.A.**  
**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE**  
**SHAREHOLDERS' MEETING**  
**CONVENED FOR THE APPROVAL OF THE FINANCIAL**  
**STATEMENTS AT 31 DECEMBER 2024**  
**PURSUANT TO ART. 153 TUF AND ART. 2429, PARAGRAPH 2,**  
**ITALIAN CIVIL CODE**

Shareholders,

This Report of the Board of Statutory Auditors (hereinafter also referred to as the "Board") of Banca Popolare di Sondrio S.p.A. (hereinafter also referred to as the "Bank" or "Parent Company") is prepared pursuant to Article 153 of Legislative Decree No. 58/1998 ("TUF") and Article 2429, paragraph 2, of the Italian Civil Code to report to the Shareholders' Meeting on the results of FY 2024 and on the results of the supervisory activity carried out, including that performed in its capacity as the Internal Control and Audit Committee. The Bank's Board of Statutory Auditors, in addition to the aforementioned legal provisions, the relevant statutory provisions and the provisions of Article 19 of Legislative Decree No. 39/2010, has complied with the new Rules of Conduct for the Board of Statutory Auditors of Listed Companies (the 'Rules of Conduct'), drawn up by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Professional Order of Tax Advisors), and has taken into account, in the exercise of its duties, the provisions and communications issued by Consob (e.g., the recommendations contained in Consob Communication No. 1025564/2001, as subsequently amended and supplemented) and by the national and European Supervisory Authorities, as well as the recommendations of the Corporate Governance Code, to which the Bank resolved to adhere on 30 June 2023.

The Board's activities are also governed by the Regulation of the Control Body approved by the Board on 17 July 2023.

On 27 April 2024, the Shareholders' Meeting of Banca Popolare di Sondrio S.p.A. appointed this Board of Statutory Auditors until the approval of the financial statements as at 31 December 2026 in the persons of Carlo Maria Vago (Chairman), Laura Vitali and Massimo De Buglio (Standing Auditors). The Auditors Laura Vitali and Massimo De Buglio were already present in the previous composition of the Board.



## **Supervisory activities.**

### **1.1 Supervision of compliance with the Law and the Articles of Association**

During FY 2024, the Board of Statutory Auditors met 54 times and attended all the meetings of the Board of Directors (17) and the Annual Shareholders' Meeting; it also attended 44 meetings of the Executive Committee, 24 meetings of the Control and Risks Committee, 4 meetings of the Remuneration Committee, 19 meetings of the Appointments Committee, 15 meetings of the Related Party Transactions Committee and 8 meetings of the Sustainability Committee.

The Board participated in the induction programme for members of the Bank's governing bodies, which focused on the Evolution of Non-Financial Reporting: CSRD and ESRS Standards, on ESG Taxonomy and Data Governance and Regulatory BCBS239/ECB guides.

The Board of Statutory Auditors also participated both in the informal meetings of the Board of Directors preparatory to the preparation of the Bank's 2025/2027 Business Plan approved by the Board of Directors in its meeting of 11 March 2025, and in the informal meeting of the Board of Directors aimed at assessing the outcomes of the Board's self-assessment process, conducted in early 2024, also taking into account the outcomes of the European Central Bank's OSI inspection on corporate credit, which was followed by a specific action plan.

The Board of Statutory Auditors also received on a regular basis during the year - including through attendance at meetings of the Board of Directors and, in accordance with the best practices contained in the new Rules of Conduct, by taking part in the board committees and the Executive Committee, as well as at meetings with the Chairmen of the Boards of Statutory Auditors of the main Italian subsidiaries, with the senior figures of the various functions of the Bank and the Swiss subsidiary BPS Suisse S.A.- information on the activities carried out and the management acts performed by the Bank and, on the basis of the information available, can reasonably confirm that the transactions carried out comply with the law and the Articles of Association.

The most significant events of the financial year, which the Board of Statutory Auditors deems it appropriate to mention in view of such significance, are the following:

- a) succession plan: during the year, the Appointments Committee, assisted by an independent consultant, supervised the updating of the plan prepared by the Bank and its implementation;

the Board actively participated in this work.

- b) Organisational Model pursuant to Legislative Decree No. 231/2001: following the resolution of the Board of Directors of 21 December 2023, which changed the composition and appointed the new members of the Supervisory Body, including a member of the Board of Statutory Auditors, during FY 2024, the Supervisory Body, assisted by an independent Consultant, continued its activities relating to the review and updating of the Organisational Model (also, the 'Model'). The Board of Statutory Auditors constantly monitored the activities of the Supervisory Body, which led to the approval of the updated Code of Ethics and the Rules of Composition and Operation of the Supervisory Body by the Board of Directors on 25 February 2025. It should also be noted that the same board meeting approved the update of the Policy on internal reporting of violations - whistleblowing, which is an integral part of the Model.
- c) Environmental, Social and Governance (ESG) topics: the Bank continued along the path of integrating sustainability into its activities, also by joining the Net Zero Banking Alliance and defining, in its Business Plan, the main actions to implement ESG topics, in line with the principles of the UN Global Compact and the UN Sustainable Development Goals. This information is described in the sustainability report prepared pursuant to Legislative Decree No. 125/ 2024 and in the dedicated 'Sustainability' section of the corporate website. During 2024, the Board of Directors considered ESG factors, including climate and environmental risks, in the strategic planning and Risk Appetite Framework, ensuring full consistency between these and corporate objectives. The Bank has also adopted internal regulations, overseen by the Sustainability Committee set up during the last financial year, to make its commitment to the inclusion of ESG topics in its business and operations concrete: the Sustainability Policy, the Environmental Policy, the ESG Credit Policy and the ESG Investment Policy. The Board of Statutory Auditors took part in this work by attending both the meetings of the Board of Directors and those of the Sustainability Committee, as well as meetings with the Manager in Charge, who was assigned responsibility for the reporting prepared pursuant to Legislative Decree No. 125/2024.

The Board of Statutory Auditors also oversaw the implementation of new laws and regulations pertaining to the Bank's activities, as well as the gradual adaptation, concluded in the year covered by this report, to the recommendations set forth in the Corporate Governance Code to which the Bank adhered during FY 2023; in particular, the Board of Statutory



Auditors took due account of the new regulations, including those set forth in Legislative Decree no. 125/2024 on corporate sustainability reporting.

The Board of Statutory Auditors also supervised the adoption of the regulatory changes introduced by Law No. 21/2024, the so-called 'Capital Law', concerning, *inter alia*, the rules on the possible submission of a list of the Board of Directors. In this context, it should be noted that the Board of Directors' meeting of 6 February 2025 decided not to proceed with the presentation of a list for the partial renewal of the aforesaid Body, in light of the circumstance that the reference regulatory framework was not yet complete and the time-frame, at the time, would not have been compatible with the authorisation and approval process for the necessary amendments to the Articles of Association.

Finally, the Board of Statutory Auditors, taking into account the new anti-money laundering regulations, verified the appointment of the Board Member responsible for this matter resolved by the Board of Directors on 24 May 2024, as well as meeting periodically with this Member.

The Board noted that during the financial year, the Bank complied with its disclosure obligations regarding regulated, privileged or otherwise required information by the Authorities.

With reference to relations with the Supervisory Authorities (i.e., the European Central Bank, Bank of Italy and Consob, also the 'Authorities'), the Board of Statutory Auditors was kept constantly updated by the Directors and the competent corporate Departments of the requests and verifications of the Authorities, also in the context of inspection activities, as well as with regard to the correspondence exchanged, and constantly monitored the areas involved in the dialogue with the Authorities and the status of implementation of the relative actions to strengthen them, also following assessments resulting from the outcomes of the aforementioned inspection activities.

In addition, the Board of Statutory Auditors, in the course of its supervisory activities, consulted the competent company managers and control functions on various issues of interest.

Below, in paragraph 5.2, a more detailed account will be given of the activities relating to relations with the Authorities.

## **1.2 Supervision of compliance with the principles of proper management.**

The Board of Statutory Auditors gained awareness of and monitored compliance with the

principles of proper administration through the exchange of information with the Chief Executive Officer, who currently also performs the duties of General Manager, with the heads of the competent departments (including the corporate Control Departments) and with the Manager responsible for preparing the Company's accounting documents, as well as through periodic meetings with the Independent Auditors. It also met several times during the year with the Chairman of the Board of Directors. Through these interactions, it obtained information on management performance, the internal control system and the main corporate risks, thus ensuring monitoring of the information flows underlying the decision-making processes adopted by the Bank's top bodies. During the meetings of the Board of Directors and the board committees, the Board of Statutory Auditors was able to note an improvement in terms of strengthening the flow of information from the Control Departments and corporate operational structures, also in line with the amendment of the Regulation of the Board of Directors and board committees approved during the year.

The Board of Statutory Auditors can therefore reasonably affirm that the transactions carried out are in accordance with the principles of proper administration.

In particular, with regard to the transactions of major economic, financial and equity significance carried out by the Bank, for which supervisory activity has been performed, the Board can reasonably confirm that the said transactions comply with the law, Bank of Italy Circular No. 285/2013 (the "Circular 285") and the Articles of Association and are not manifestly imprudent, risky or in conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Bank's assets. Transactions in which the Directors had an interest were decided in accordance with the law, regulations, the Articles of Association and internal rules. The information pursuant to Articles 150 and 154-*bis* of the Consolidated Finance Act is rendered not only by the Managing Director but also by the Manager in Charge of preparation of the annual and half-yearly financial statements. On the basis of the financial information, the information received at the meetings of the Board of Directors, the Executive Committee, the board committees and that provided by the Bank's Departments (including the Compliance Department and the Internal Audit Department), by the Boards of Statutory Auditors of the main Italian subsidiaries (or by the Internal Audit Departments of the same), by the meeting held at the Swiss subsidiary BPS Suisse S.A. with management and control functions, and by the Auditing Firm, the Board of Statutory Auditors also found that there were no atypical and/or unusual transactions with Group companies, third parties or related parties.



The meetings held with the members of the Boards of Statutory Auditors of the major Italian subsidiaries, the examination of their annual reports to the financial statements, as well as the specific meeting at the Swiss subsidiary BPS Suisse S.A. in order to obtain information on the operations implemented and the coordination between control functions, revealed no critical issues.

### 1.3 Supervision of the adequacy of the organisational set-up.

As required by law and, in particular, by the TUF and secondary legislation, it is the body with strategic supervisory functions (i.e., in the present case, the Board of Directors) that is responsible for defining the Bank's overall governance structure and approving the organisational structure of the Bank, and for promptly promoting corrective measures in the event of any shortcomings or inadequacies. The Board of Statutory Auditors must monitor, *inter alia*, the adequacy of the Bank's organisational and accounting structures, as well as the functionality of the overall internal control system.

The Bank's organisational structure did not change substantially during the year under review, although the strengthening of certain internal structures continued.

In particular, also in response to the indications of the Board of Statutory Auditors, during the year 2024 and in the first months of 2025, the Bank continued, with the assistance of independent consultants, to strengthen the performing loans area and the management of non-performing exposures (NPE), as well as the control functions involved in the credit management process that had already begun last year. These interventions were also carried out following evaluations resulting from the outcomes of the Corporate Credit Inspection concluded by the European Central Bank in 2023.

In this context, *inter alia*, (i) interventions were made on the powers of the bodies involved in the process; (ii) organisational interventions in the Chief Lending Officer Area and the NPE Unit, which led to amendments to the regulations on the powers and functioning of the bodies responsible for disbursing performing loans and managing non-performing loans, approved by the Board of Directors on 15 March 2024 and 6 August 2024 respectively (iii) organisational interventions in the Chief Risk Officer Area with the establishment, as of 1 June 2024, of a new second-level Credit Control Office reporting directly to the Chief Risk Officer; (iv) interventions in the context of the revision of the Remuneration Policies carried out on 24 May 2024; (v) wide-ranging interventions to strengthen the internal control system. At the end of 2024, the Bank launched a specific project in the area of Business Model and

Digital Transformation in order to respond to the findings of the final report received on 15 May 2024, following the European Central Bank Inspection conducted between October 2023 and January 2024, in order, among other things, to equip itself with an internal control system that allows it to carry out a risk assessment of IT initiatives, prior to the approval of the related strategic initiatives. The Board of Statutory Auditors will monitor the development of this remedial action.

In addition, in order to better follow the adaptations to the 'BCBS239 RDARR' regulations and to facilitate a unified supervision of this issue in the CIOO area, the 'Data Strategy and Data Quality Service' was established.

With regard to the organisational structure, the Board of Statutory Auditors notes that digitalisation, the increasing focus on ESG aspects - including the pursuit of gender equality, the optimisation of younger resources and inclusiveness - and the use of artificial intelligence, envisaged by the 2025-2027 Business Plan approved by the Board of Directors on 11 March 2025, may have an increasing impact on the business model and work organisation; it is therefore necessary to maintain constant attention on the adequacy of the Bank's workforce and the inclusion of specific skills in the above issues.

The Board of Statutory Auditors also supervised the proper exercise of management and coordination activities carried out by the Bank as parent company and has no observations in this regard.

In fact, the Parent Company exercises its role of guidance, governance and support of its subsidiaries, in compliance with the provisions of Legislative Decree No. 385/1993 ("CBA"), supervisory regulations and those concerning the Group, adopting risk management procedures and internal control mechanisms that ensure coordinated and unified management of the various Group companies in order to:

- ensure compliance with regulatory requirements for supervision on a consolidated basis;
- safeguard the profitability and value of the investments of the parent company and each subsidiary;
- reduce the risk of damage to the integrity of the assets of each entity included in it, including by providing instructions through specific instruments such as regulations and Group policies on specific areas.

The Board of Statutory Auditors monitored the adequacy of the instructions issued by the parent company to its subsidiaries pursuant to Article 114, paragraph 2 of the Consolidated





Finance Act.

#### **1.4 Supervision of the internal control system.**

The Bank's system of internal controls complies with the provisions of Circular No. 285 and is structured on three levels: the first level, entrusted to in-house company structures, provides for first line controls on the proper performance of activities; the second level relates to risk management, entrusted to the CRO (Chief Risk Officer) Area, to which the Validation Department also belongs, and of regulatory compliance, which is the responsibility of the Compliance Department; the third level relates to the verification of the overall functionality of the internal control system to safeguard the effectiveness and efficiency of business processes and information systems and is entrusted to the Internal Audit Department.

The first- and second-level functions report to the Chief Executive Officer, while the third-level function reports to the Board of Directors.

At the Group level, the second-level Control, Compliance and Anti-Money Laundering Departments are both centralised at the Parent Company as far as Banca della Nuova Terra S.p.A. is concerned; in December 2024, Factorit S.p.A. resolved, subject to authorisation by the Bank's Board of Directors, to replace, as of 1 April 2025, the outsourcer to which the Compliance Department activities were previously entrusted, Unione Fiduciaria S.p.A., by assigning the task to the Parent Company. Factorit itself, on the other hand, manages the Anti-Money Laundering Department internally, which in any case operates in accordance with the guidelines and standards defined by the parent company, under the coordination of the Group's AML Office and with a view to developing a global approach to risk according to suitably uniform methodological criteria.

Risk Management and Internal Audit are outsourced to the Parent Company by both subsidiaries.

BPS Suisse S.A. has autonomous control functions, which act in compliance with Swiss laws and regulations, taking into account the policies adopted by the corresponding Parent Company functions. In compliance with local regulations, appropriate measures have been taken to ensure continuous interaction between the respective Heads of Department, with particular reference to anti-money laundering legislation, which is regulated differently in the two countries. The Board held a specific meeting at the Swiss subsidiary in order to obtain information on the operations implemented and the coordination between functions.

The Board periodically met with the Heads of the second and third level Control Departments of the Bank, with the aim of maintaining constant monitoring of the risk controls, of the performance of the annual plan of checks planned by them, as well as the implementation, within the assigned deadlines, of the remedial actions to remedy the findings raised as a result of the audit activities.

With regard to the Compliance, Anti-Money Laundering and Internal Audit Departments, with which the Board maintained a constant flow of information during the year (the Board met 8 times with the Head of the Compliance and Anti-Money Laundering Department and 6 times with the Head of the Internal Audit Department), the positive self-assessment by the related Managers was confirmed both in terms of quality and in terms of the size of the respective structures.

The Board of Statutory Auditors examined the reports issued by the Control Departments in implementation of the scheduled annual plans and the annual reports of the Control Departments, which show a substantial absence of any serious critical issues to be brought to the attention of the structure of internal controls and the ability to monitor risks.

#### Compliance Department

The Compliance Department oversees internal and external regulatory areas and acts as the Manager of the internal system for reporting violations (so-called whistleblowing).

The Board examined the periodic reports of the aforementioned Department and the progressive development of the annual audit plan, also focusing on the examination of the implementation of the remedial plans assigned to the structures and compliance with the timing assigned to this end.

The annual report summarises the activities of the aforementioned Department, which focused in particular on the general reconnaissance of the most important regulatory innovations pertaining to its areas of competence, mainly in the areas of sustainable finance, insurance brokerage, investment services, personal data processing, ICT and banking transparency. The Department also conducted specific verification and control activities in relation to the proxy solicitation carried out for the Shareholders' Meeting of April 2024, which were shared with the Board of Statutory Auditors and from which no non-compliance risk profiles emerged. The Department also acknowledges in its report that, in the course of 2024, an intensive awareness-raising activity was conducted with regard to the addressees of the findings of the audits conducted, aimed at encouraging the timely implementation of



corrective actions, with particular regard to 'overdue' or 'rescheduled' actions. This activity, in which, to the extent of its competence, the Board also took part through meetings conducted with the Department together with the process owners concerned and the relevant C-levels, led to positive results, considering that at the end of 2024 there were no overdue shares and the shares rescheduled were declining.

The Department also reported on the complaints received during FY 2024, in particular relating to banking services and products (337), handled by the Legal and Regulatory Advice Department, a significant decrease compared to 2023, which had recorded 516 complaints; this decrease was mainly due to the drop in the number of complaints relating to computer fraud. During the course of the year, there were cases of delays in the processing of complaints, for which the department drew attention to the need to meet deadlines.

The Annual Report of the Head of the Internal Whistleblowing System gives an account of the proper and effective functioning of the internal whistleblowing systems as well as of the reports received and the related activities carried out in response to such reports. In FY 2024, two reports were received, both dismissed, one due to the absence (in the opinion of the Head of the internal whistleblowing reporting system) of suitable and sufficient elements to carry out the preliminary investigation, the other considered by the Head to be unfounded as a result of his own assessment. The Policy on internal reporting of violations - whistleblowing- was also updated in early 2025, to take into account the decision taken by the Bank to adopt a single channel (whistleblowing) for reports of violations also relevant under Legislative Decree no. 231/2001, the Organisation, Management and Control Model and the Code of Ethics.

#### *Anti-Money Laundering Department*

In 2024, the Bank updated the Policy on the Prevention of Money Laundering and Terrorist Financing of Banca Popolare di Sondrio and the Banca Popolare di Sondrio Banking Group to incorporate, among other things, the contents of the innovative Provisions on Organisation, Procedures and Internal Controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing of the Bank of Italy, in force since November 2023; provisions that, among other things, introduced into the system the new figure of the Board Member responsible for Anti-Money Laundering further strengthening the AML coordination activities by the Parent Company. In this context, in May 2024, the Board of Directors appointed its member to serve as the Bank's and the Group's Anti-Money

Laundrying Officer. The Board examined the information flows to and from this new figure, with whom it has maintained constant exchanges since its appointment and throughout the financial year. The Board notes that the Representative, in his annual report, acknowledges that he has assessed the substantial adequacy of the safeguards in place, corroborated also by the positive outcomes of the meetings held during the year with the Bank's Anti-Money Laundrying Supervision and Regulation Unit and with the JST.

The Anti-Money Laundrying Department has become a first-level unit, known as the Group Anti-Money Laundrying Service, divided into two second-level units: the Bank AML Office, which oversees and controls the adequacy and suitability of the processes and procedures in terms of current regulations, for the Parent Company, and the Group AML Office, which has the task of coordinating the Group companies, so that they implement policies and adopt adequate and appropriate systems and procedures for the effective prevention of money laundering and terrorist financing risks, in line with the structure of the Group and the size and characteristics of each intermediary. There were no significant changes in the organisational structure of the Department during the year.

The Board examined the periodic reports of the aforementioned Department and the progressive development of the annual plan of audits to be carried out, and was able to note that all planned activities were completed with one exception, rescheduled for 2025.

The annual report summarises the activities of the aforementioned Department, which focused, in particular, on ordinary activities and planned audits, the updating of internal regulations, the development, supported by the Bank's Information Systems, of the new application for customer due diligence, staff training activities, as well as dialogue with the Bank of Italy on two specific requests for information. With particular reference to the new IT solution for the management of the customer due diligence process, it is motivated by the objective of evolving the processes of onboarding and periodic revalidation of customers, as well as the efficiency of list screening management and the digitisation and automation of the Bank's activities, according to an innovative and risk-based approach. Lastly, with regard to customer profiling, the department worked in particular on updating the questionnaires relating to the average risk profiles in place as at 1 January 2024, a point that was monitored by the Bank of Italy and monitored, also at the request of the Board of Statutory Auditors, by Internal Audit. The Board kept itself constantly updated on this process and was able to ascertain a substantial regularisation/updating of these profiles.

In relation to the activities carried out by the Group's AML office, with a view to coordination



with the subsidiaries, the report acknowledges that meetings are periodically organised with the heads of the AML units of the subsidiaries, in order to constantly compare and align methods, compatibly with the operational and regulatory specificities of each of them. As far as the Swiss subsidiary BPS Suisse S.A. in particular is concerned, the comparison activity regularly continued as provided for in the Policy and taking into account the different applicable regulations.

At the end of 2024, the exposure to money laundering and terrorist financing risk is rated 'Low', in line with the risk objectives defined in the Bank's Risk Appetite Framework. During the year, the self-assessment model used to determine residual risk was also revised and an innovative tool for its determination was implemented, which was also shared with the subsidiaries and aligned with market best practices .

Note that during the year, the Bank submitted 246 suspicious transaction reports to the Financial Intelligence Unit.

#### *Risk Control Department*

The Risk Control Department is entrusted with monitoring the risks to which the Bank is exposed, with particular reference to credit and operational risks.

The Supervisory Relations Department during the year was particularly involved, with the support of the Head of the Credit Risk Office and the newly-established Level Two Credit Controls Office, in discussions with the ECB concerning, among other things, the site inspections of corporate credit and the business and digital model.

The Risk Control Department presented its Annual Report in which it summarised the activities carried out in the various areas of competence (among others, RAF, ICAAP, ILAAP, SREP stress test, ESG, recovery plan, credit risks, market risks), the training plan, the projects underway and which will also be developed in 2025.

The Board examined the processes of capital self-assessment (ICAAP), which quantifies the current and prospective internal capital to be held against risks, and liquidity (ILAAP), which assesses the adequacy of the liquidity held by the Bank. The processes and related statements were approved by the Board of Directors on 31 March 2025. In this regard, the Board concurred with what the Internal Audit Department pointed out regarding the need to represent the possible materiality of misalignments with respect to the most recent macroeconomic reference scenarios and, if so, to promote an update of the processes.

In relation to the risks taken, the process of determining the ICAAP and ILAAP is consistent

with the Risk Appetite Framework (RAF). The Board reviewed the 2025 Risk Appetite Framework (RAF) document, which shows capital and liquidity ratios consistent with regulatory limits.

During FY 2024, the Board of Statutory Auditors obtained information on the activity of the aforesaid Department mainly through (i) participation in the meetings of the Control and Risk Committee and (ii) specific meetings with the head of the Department and his team on relevant issues; these methods were implemented in order to make the risk supervision activity more efficient, also taking into account the dialectic that develops between the members of the Committee and the Department itself, as well as the additional and specific needs of the Board of Statutory Auditors for in-depth analysis. In particular, the Board focused its attention on the SREP process and the results of the site inspections on corporate credit and on the business and digital model carried out by the European Central Bank, as well as on the implementation of the reinforcement plan put in place by the Bank in the face of the profiles of improvement in the actions of the Department that emerged in the context of the inspection. Specifically, the Board of Statutory Auditors monitored, among other actions designed to address the inspection team's observations, the implementation of the action plan aimed at streamlining the processes and methodologies adopted for credit and credit risk management, including through a strengthening of the CRO area in second-level controls and escalation powers.

#### Internal Audit Department

With regard to third level controls, the Board of Statutory Auditors maintained continuous contact with the Internal Audit Department. The Board received and examined all reports issued by the aforementioned Department and frequently exchanged information on the processes supervised by the Board, including inspections and reports from the Supervisory Authorities.

The aforementioned Department has reported in its Annual Report (and previously on a quarterly basis) on its activities, as well as on the achievement of the targets set at the beginning of the reporting year.

The Board also shared with the same Department the progress of the action plans related to the SREP process and the results of the site inspections on corporate credit and on the business and digital model carried out by the European Central Bank, as well as on the implementation of the reinforcement plan put in place by the Bank in the face of the profiles of improvement



in the actions of the Department that emerged in the context of the inspection.

The Board discussed, in particular, with the aforesaid Department the results of the site inspection on corporate credit, which highlighted the need for more incisive action by Internal Audit. In this regard, the Department has prepared corrective measures - including the revision of the methodology for assessing findings, the strengthening of escalation mechanisms and the extension of the depth of credit checks - which have already been made operational in early 2024.

Between the close of 2024 and the start of 2025, as envisaged by the new International Professional Practices Framework, the Internal Audit Department underwent a so-called quality assurance review by an independent consultant, who assessed the efficiency, effectiveness and compliance of the audit activity and validated the new architecture of the third-level controls, awarding the function an overall 'Appropriate' rating.

#### *Adequacy of Control Departments*

In order to assess the internal control system, the analysis of the procedures and operating methods that the Control Departments adopt to pursue their objectives, as well as the adequacy of their staffing, is of particular importance. The Control Departments operate on the basis of procedures approved by the Board of Directors that detail the activities to be performed in terms of the limits of the powers and delegations conferred, in compliance with corporate procedures and policies. As far as resources are concerned, the control functions all appear to have self-assessed their size and level of available expertise. The Board of Statutory Auditors discussed with all control functions and expressed its considerations on the consistency of the resources at the end of FY 2024 with the business plan prepared by them for 2025, requesting to be constantly updated on their adequacy.

As far as the Board of Statutory Auditors has been able to ascertain, the Control Departments operate according to the directives of the body to which they report, as well as by virtue of and within the limits of the powers and proxies conferred by the Board of Directors, in compliance with corporate procedures and policies.

With regard to the periodic coordination meetings between the Control Departments relative to the newly-established Control Departments Committee supervised by the Internal Audit Department Manager, the Board receives regular summary information in the meetings held with each of them; in this regard, it would seem appropriate to assess, on specific matters, greater coordination in this sense, including the evaluation of the introduction of an integrated



report of the Departments that would allow the Board of Statutory Auditors, the Board of Directors and the Control and Risks Committee to have an overall picture of the functioning of the internal control systems considered as a whole, with consequent opportunities in terms of the effectiveness and efficiency of the controls themselves.

The Board of Statutory Auditors acknowledges that the Annual Reports of the Control Departments conclude with an overall favourable opinion on the Company's internal control structure.

On the basis of the activities performed, the information acquired, the content of the quarterly and annual reports of the Control Departments and in particular the overall favourable opinion expressed by the Internal Audit Department in relation to the system of internal controls, the Board of Statutory Auditors considers that there are no critical elements that could affect the functionality of the internal control and risk management system. This was also in light of the overall strengthening of the internal control system implemented during FY 2024 following the suggestions of the Board of Statutory Auditors and the outcome of the European Central Bank's site inspection of corporate credit, the process of which has not yet reached the Authority's final decision. The Board of Statutory Auditors verified the implementation of the reinforcement plan - both operational and organisational, prepared also with the help of independent consultants - adopted in light of the findings expressed by the inspection team, through constant comparison also with the Head of Credit Risk and the Internal Audit Department.

### **1.5 Supervision of the administrative accounting system and statutory auditing, independence of auditors and other tasks entrusted to the independent auditors**

#### ***The administrative and accounting system***

The Board of Statutory Auditors carried out its ordinary activity of supervising the adequacy of the administrative and accounting system as well as its reliability in correctly recording and representing operational events.

The activity was carried out by acquiring the necessary information from the Manager responsible for preparing the Company's accounting documents (hereinafter also referred to as the "Reporting Officer") and the Bank's Independent Auditing Firm.

It should be noted that, following the authorisation received from the European Central Bank, as of 1 July 2024, Simona Orietti was appointed as the new Head of Administration and





General Accounting Service, replacing Maurizio Bertoletti. It is recalled that on 29 March 2024, the Board of Directors of the Bank had resolved, with the favourable opinion of the Board of Statutory Auditors, on this appointment. Lastly, it should be noted that the Board of Directors of 12 December 2024 entrusted the Executive in Charge with the task of certifying, in a specific report, that the sustainability reporting included in the consolidated report on operations is prepared in accordance with the reporting standards applied pursuant to Directive 2013/34/EU.

In the context of its Report referring to FY 2024 for the purpose of issuing the certification required by Art. 154-*bis*, paragraph 5, of the Consolidated Finance Act, the Executive in Charge of Preparation of the Company's Financial Reports acknowledges, *inter alia*, that in 2024 his structure was engaged in strengthening the methodological tools for the supervision and control of financial reporting at the Group level, in particular in revising and updating the process related to credit monitoring and recovery, which was more detailed in the sub-processes (i) Management and monitoring process of non-performing and forborne credit and (ii) Management and monitoring process of performing credit, in order to align it to the procedural changes occurred in the same.

Moreover, following the extension of the 262 model to the relevant subsidiaries, which had already taken place during the previous year, the structure was engaged in the activity of verification in the hands of the Financial Reporting Manager of the subsidiaries Factorit S.p.A. and Banca della Nuova Terra S.p.A. and in the extension of the 262 model to the subsidiary Sinergia Seconda S.r.l., while for the Swiss subsidiary BPS Suisse S.A., flows were agreed upon between the same and the Financial Reporting Manager of the Parent Company.

Lastly, in 2024, following the introduction of Directive 2022/2464/EU, the Corporate Sustainability Reporting Directive (CSRD), and Legislative Decree No. 125/2024, which provided for the inclusion of consolidated sustainability reporting in the Directors' Report accompanying the Bank's consolidated financial statements as at 31 December 2024, and imposed the obligation to certify the compliance of sustainability information with the drafting standards (the “European Sustainability Reporting Standards”, or “ESRSs”), the Executive Officer's function developed the internal control model on sustainability reporting aimed at ensuring the accuracy, reliability and timeliness of sustainability reporting at Group level. This activity, not yet completed, will continue during 2025.

Given the task attributed to the Board of Statutory Auditors in the financial reporting process,

also under the scope of the work carried out by the Internal Control Committee, the Board maintained coordination with the Manager in Charge, with whom it had periodic exchanges of information on the system administrative-accounting, as well as on the reliability of the latter for the purposes of a correct representation of operating events in compliance with current international accounting standards, not learning of significant deficiencies in the operational and control processes that could invalidate the judgement of overall adequacy of administrative-accounting procedures.

The Board also discussed with the Manager in charge of preparation of the financial reports and with the Bank's Auditing Firm the possible impact on the accounting policies and financial reporting of the actions implemented in relation to the classification and valuation of the Bank's loan portfolio following the results of the European Central Bank Inspection.

Although it is not the task of the Board of Statutory Auditors to carry out the statutory audit pursuant to Legislative Decree No. 39/2010, as this is delegated to the Independent Auditing Firm, it is believed, on the basis of the analyses carried out and the information gathered in discussions with the Reporting Officer and the Independent Auditing Firm mentioned above, that the administrative and accounting system is, on the whole, adequate in relation to the provisions of the current reference regulations and that operating events are detected correctly and with due timeliness.

Lastly, with regard to the accounting information contained in the annual and consolidated financial statements at 31 December 2024, the Board notes that the Managing Director and the Manager responsible for preparing the Company's accounting documents have issued an unqualified attestation pursuant to art. 154-*bis* of the Consolidated Finance Act, having regard for the requirements of art. 81-*ter* of CONSOB Regulation No. 11971 dated 14 May 1999, as amended.



*Statutory auditing activities, independence of the auditor and other tasks entrusted to the Independent Auditors*

Pursuant to the combined provisions of Legislative Decree no. 39/2010 (supplemented by Legislative Decree no. 135/2016 that transposed Directive 2014/56/EU) and European Regulation no. 537/2014, the engagement for the legal audit of the accounts was entrusted by the Shareholders' Meeting of 29 April 2017, for the nine-year period 2017-2025, to the auditing firm EY S.p.A, together with the assignment of the opinion of consistency and compliance with the law pursuant to Article 123-bis, paragraph 4, of the Consolidated Finance Act, in compliance with the applicable regulations with reference to the assignment of the statutory audit of public interest entities pursuant to Legislative Decree no. 39/2010. In accordance with the provisions of Art. 19 of Legislative Decree no. 39/2010, as amended by Legislative Decree 135/2016, the Board of Statutory Auditors, identified as the "Internal Control and Audit Committee", monitored the activities of the Independent Auditors during FY 2024 and up to the date of this Report; as provided for by Article 150 of the Consolidated Finance Act, the Board of Statutory Auditors held a continuous exchange of information in the periodic meetings organised with the Independent Auditors and in turn provided the latter with information on its supervisory activities and, to the best of its knowledge, on the most significant events concerning the management and operation of the Board of Directors occurring during the reference year.

The Board confirms that no matters have emerged that are deemed reprehensible and/or that require mention pursuant to art. 155, paragraph 2, of the Consolidated Finance Act.

On 8 April 2025, the Independent Auditing Firm issued, pursuant to Art. 14 of Legislative Decree no. 39/2010 and Article 10 of European Regulation No. 537/2014, the Audit Reports on the annual financial statements and the consolidated financial statements for the year ended 31 December 2024, the content of which complies, in form, attestations and disclosures provided, with the reference standards. The auditors' reports on the separate and consolidated financial statements do not contain any qualifications or emphases of matter. In addition, in accordance with regulatory requirements, the auditing standards applied and the key aspects of the audit conducted are reported.

On the same date, the Auditor submitted to the Board of Statutory Auditors the Additional Report required by Article 11 of European Regulation No. 537/2014, from which it appears that no deficiencies in the internal control system in relation to the financial reporting process

were found that, in the Auditor's opinion, are sufficiently material to be brought to the attention of the Board of Statutory Auditors.

The Board of Statutory Auditors obtained the report on the independence of the Independent Auditors on 8 April 2025 and confirms that there are no critical aspects regarding independence or causes of incompatibility pursuant to articles 10, 10-*bis* and 17 of Legislative Decree No. 39/2010 and Articles 4 and 5 of European Regulation No. 537/2014.

The Board also took note of the Transparency Report as at 30 June 2024, prepared by the Bank's Independent Auditors and published on its website pursuant to Article 18 of Legislative Decree No. 39/2010.

The same Independent Auditors also issued the required Limited Examination Report on the "Consolidated Sustainability Statement" discussed below.

In compliance with the provisions of article 17, paragraph 9, letter a) of Legislative Decree No. 39/2010 and article 149-*duodecies* of CONSOB Regulation No. 11971, as well as the provisions of articles 4 and 5 of European Regulation No. 537/2014 and the internal Regulation approved by the Board of Directors on 31 January 2025, the Board of Statutory Auditors informs of the total fees deriving from the services rendered to the BPS Group during FY 2024 by the Independent Auditors and the network to which it belongs, as also reported in the annex to the notes to the Financial Statements to which reference should be made for anything not reported in detail here.

<i>Amounts in euro</i>	Parent Company		Group Companies		Total	
Type of services	EY S.p.A.	EY Network	EY S.p.A.	EY Network	EY S.p.A.	EY Network
Audit services	466,341	-	246,961	585,940	713,302	585,940
Certification services	353,000	-	2,000	-	355,000	-
Other services	83,000	98,000	-	-	83,000	98,000
<b>Total</b>	<b>902,341</b>	<b>98,000</b>	<b>248,961</b>	<b>585,940</b>	<b>1,151,302</b>	<b>683,940</b>

"Certification services" include activities in addition to the statutory audit entrusted to the auditor either by law or by an authority, such as the limited audit of the Consolidated Sustainability Statement, the Certification in connection with the deposit and sub-deposit of clients' and intermediaries' assets, the compliance endorsement of tax returns as well as comfort letters on bond issues.

"Other services" relating to the Independent Auditing Firm refer to support activities on



Taxonomy and ISAE attestation on the data relating to the Green bond issued by the Bank, while those relating to the network refer to the performance of due diligence on a target company and advisory activities in order to provide methodological input based on leading practices on the drivers/criteria normally used for the re-parametrisation of the thresholds used for the detection of potentially suspicious transactions in the area of market abuse and benchmarking activities on the methods of treatment and management hedging of interest rate risk.

With reference to the activities and related payments regarding the items listed above as "Other services" requested from EY SpA and the companies of the EY network, we certify that, where necessary, they have been pre-authorised by the Board pursuant to art. 4 and 5 of the EU Regulation No. 537/2014.

The Independent Auditors have confirmed to us that they did not issue any opinions pursuant to the law during the year of this Report, given that the conditions that would have required them did not arise.

## **1.6 Supervision of the Sustainability Statement**

The Board of Statutory Auditors during, its supervisory activities and thanks to its participation in the meetings of the Sustainability Committee, noted the progressive and ever-growing attention of the Banking Group to ESG topics, which transversally affect all areas of the Bank's operations, in addition to the adaptation of internal regulations following the evolution of ESG regulations.

As mentioned above, it should be noted that the Board of Directors of 12 December 2024 entrusted the Executive in Charge with the task of certifying, in a specific report, that the sustainability reporting included in the report on operations is prepared in accordance with the reporting standards applied pursuant to Directive 2013/34/EU.

In accordance with the provisions of Legislative Decree No. 125/2024, implementing the CSRD Directive, the Bank has prepared the Consolidated Sustainability Report (hereinafter also referred to as "CSR") for 2024 presented in the specific section of the "Directors' Report on Group Operations".

Pursuant to Legislative Decree no. 125/2024 and Directive 2022/2464/EU of the European Parliament and of the Council of 14 December 2022, the Corporate Sustainability Reporting Directive (CSRD), the Board of Statutory Auditors has verified, also through specific meetings with the Bank's Manager in charge, that the sustainability reporting has been

prepared and published in compliance with the reference regulatory provisions and has supervised the adequacy of the organisational system, administrative and reporting and control system adopted in order to ensure the correct and complete representation in the consolidated sustainability reporting of the information necessary for understanding both the Group's impact on sustainability issues and the way in which sustainability issues affect the Group's performance, results and position, in accordance with the drafting principles set out in the regulations in force.

In addition, the Board of Statutory Auditors acquired information on the activities carried out on the Group's CSR in specific meetings with the contact persons of the Independent Auditors, from which no issues emerged.

The Independent Auditors appointed to perform the limited audit of the CSR pursuant to Articles 8 and 18, paragraph 1 of Legislative Decree No. 125/2024, in their report issued on 8 April 2025, point out that no evidence has come to their attention that the CSR of the Banking Group relating to the financial year ended 31 December 2024 has not been prepared, in all material respects, in accordance with the applicable regulations and the European Sustainability Reporting Standards (ESRS).

## **1.7 Supervision of the concrete implementation of corporate governance rules and adherence to the Corporate Governance Code**

The Board of Statutory Auditors has assessed the ways in which the Corporate Governance Code promoted by Borsa Italiana and adopted by the Bank in 2023 has been implemented, in the terms illustrated in the "Report on Corporate Governance and Ownership Structure 2025" relating to the year 2024 approved by the Bank's Board of Directors on 11 March 2025, the text of which is published on the Bank's website.

In this regard, it should be noted that the corporate bodies also took note of the latest recommendations made in the letter from the Chairman of the Corporate Governance Committee dated 17 December 2024.

In line with the reference regulatory requirements, the Board of Directors of the Bank, with the support of an external professional, carried out the annual self-assessment for the year 2024 on the functioning of the Board itself and of the board committees, the results of which were presented during the Board of Directors' meeting of 6 February 2025, in addition to having drafted the document 'Optimal quali-quantitative composition of the Board of Directors of Banca Popolare di Sondrio S.p.A.'.



As reported in section 1.1 "Supervision of compliance with the Law and the Articles of Association" above, with reference to the regulatory changes introduced by Law no. 21/2024, the so-called "Capital Law", concerning the rules relating to the list of the Board of Directors, it should be noted that the Board of Directors' meeting of 6 February 2025 decided not to proceed with the presentation of a list for the renewal of the aforesaid Body, in light of the circumstance that the regulatory framework of reference was not yet complete and the time-frame, at the time, would not be compatible with the authorisation and approval process of the necessary amendments to the Articles of Association.

The Board of Statutory Auditors also verified, during the year, the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the Fit & Proper requirements of its members, as required by the relevant regulations.

Lastly, the Board of Statutory Auditors, also through its attendance of the Appointments Committee meetings, constantly monitored the implementation of the action plan launched as a result of the self-assessment process of the Board of Directors and Committees conducted in 2024 for the year 2023, also in light of the findings of the European Central Bank's inspection on corporate credit and concerning the role of the top management and executive bodies in ensuring the proper functioning of the internal control system and credit risk management; it also supervised the similar process conducted in the first months of 2025, for FY 2024, again with the support of an independent Consultant, the results of which, substantially positive, were reported to the Board and the Board of Statutory Auditors; it will continue to monitor the implementation of the improvement aspects that emerged from it.

## **1.8 Relations with subsidiaries**

As part of its supervisory activities, the Board of Statutory Auditors met with the Boards of Statutory Auditors of Factorit S.p.A., Banca della Nuova Terra S.p.A., Rent2Go S.r.l. and Pirovano Stelvio S.p.A., which produced an exchange of information with a view to integrated governance, with particular reference to issues specific to the entities themselves. The Board of Statutory Auditors has monitored the adequacy of the instructions given by the Bank to its subsidiaries, in compliance with art. 114, paragraph 2 of the Consolidated Finance Act, considering them suitable for the purpose of complying with the disclosure requirements imposed by law.

In November 2024, the Board of Statutory Auditors met with the General Manager and the representatives of the Control Departments of the Swiss subsidiary BPS Suisse S.A., in the



presence of the Compliance and Anti-Money Laundering Department of the Parent Company. The relations maintained by the Bank with the other Group companies were also described at meetings of the Board of Directors and the Control and Risks Committee in respect of the Swiss subsidiary; these exchanges of information were facilitated by participation in the administrative bodies of subsidiaries by the General Manager, top managers and/or directors of the Bank.

With regard to the management, coordination and control activities carried out by the Parent Company in relation to the subsidiary companies, the Board of Statutory Auditors notes that:

- with regard to Banca Popolare di Sondrio (SUISSE) SA (100%), the control activity is exercised through the exchange of flows between the Internal Audit and Compliance and Anti-Money Laundering Service of the Parent Company with the Managers of the analogous service at the subsidiary in compliance with the provisions of FINMA, as the Authority in charge of supervising the financial activities of the Swiss Confederation. Based on the results that emerged from dialogue with the Parent Company's Internal Audit Department and the subsidiary's department, the Board has not identified any critical matters or information to report about compliance by the subsidiary with the regulations.
- as regards Factorit S.p.A. (100%), the control activity was carried out, not only through the interaction with the member of the Board who chairs the subsidiary's Board of Statutory Auditors, but also through interaction with the Parent Company's Internal Audit Service, in charge of carrying out the outsourcing function internal audit of the subsidiary itself, as well as by examining the periodic reports of the activity carried out, presented to the Board of Directors and the Control and Risks Committee of the Parent Company. In addition, information was exchanged with the Independent Auditing Firm. As part of these exchanges of information, the Board took note of the activities put in place to deal with the effects of the computer fraud that occurred in February 2024 against the subsidiary;
- for Popso Covered Bond S.r.l. (60%), a company involved in the issuance of covered bonds, the Board of Statutory Auditors examined the Report issued by the company BDO Italia S.p.A., which performs the activity of asset monitor;
- for Banca della Nuova Terra S.p.A. (100%), the control activity of the Board of Statutory Auditors in 2024, as mentioned, was mainly carried out through meetings with the Board of Statutory Auditors of the subsidiary, through interaction with the Internal Audit





Department of the Parent Company, in charge of carrying out the internal Audit Department in outsourcing of the subsidiary itself, as well as by examining the periodic reports of the activity carried out. The Board of Statutory Auditors has also held discussions with the Independent Auditors, obtaining all necessary information on economic and financial matters;

- for Sinergia Seconda S.r.l. (100%), Pirovano Stelvio S.p.A. (100%) and Rent2GO S.r.l. (100%) the Board of Statutory Auditors has obtained information during the meetings of the Board of Directors and in the meetings with the Independent Auditors.

### **1.9 Supervision of Related Party Transactions**

With regard to transactions with related parties and connected persons, the Bank has complied with the rules set out in the Related Party Transactions Regulation issued by CONSOB Resolution No. 17221/2010 and subsequent amendments, Circular No. 285 reflected in the specific internal Regulations adopted by the Bank following the resolution passed by the Board of Directors on 07 May 2024.

The financial statements contain information on transactions with related parties and connected parties as required by Article 2497 *bis* of the Civil Code and Consob Communication DEM 6064293 of 28 July 2006.

On the basis of what was represented to the Board of Statutory Auditors, on the occasion of the latter's participation in the meetings of the Related Party Transactions Committee, the transactions were settled under normal market conditions, also taking into account the assessments of objective mutual convenience and fairness and not have had a significant influence on the equity and economic situation of the Bank and/or the Group.

The Board of Statutory Auditors monitored the compliance of internal regulations as updated by the Bank during FY 2024 with Consob's Related Party Transaction Regulations and Circular 285, which dictates the principles to be followed in order to ensure transparency and substantive and procedural correctness of transactions with related parties and connected persons, and their correct application, attending Related Party Committee meetings and periodically receiving and analysing information on the transactions carried out.

## **2. Omissions and reprehensible events**

On 18/01/2024 and 23/01/2024, the Board of Statutory Auditors received two interrelated

reports by registered mail, through which an account holder and her guarantor complained, with regard to a loan granted by the Bank, of behaviour allegedly not in line with the Code of Ethics, as well as of alleged violations of banking transparency. Similar communications were also addressed to the Supervisory Body and the Managing Director. After analysing these reports and the feedback obtained from the Bank's Consulting and Regulatory Department, to which these communications were promptly forwarded, the Board decided to dismiss the reports received, as they were unfounded. To date, no action has been taken on these reports.

No complaints were received by the Board during the year pursuant to art. 2408 of the Italian Civil Code.

The reports received from customers were passed on to the Bank's Organisation and Regulations Department, which reported to the Board of Statutory Auditors on the outcome of its activities.

### **3. Opinions rendered and reasoned recommendation for the appointment of the statutory auditor**

During 2024, the Board of Statutory Auditors issued the following opinions, as required by law:

- favourable opinion on the determination of the remuneration of directors holding special offices, including that of the Board Member responsible for Anti-Money Laundering.
- On 14 March 2024, the Board of Statutory Auditors then submitted its Recommendation to the Shareholders' Meeting convened for 27 April 2024, in the context of the advance conferral of the appointment to perform the statutory audit of the accounts for the nine-year period 2026-2034, submitting to the shareholders the proposals formulated by PricewaterhouseCoopers S.p.A. and KPMG S.p.A. and unanimously expressing its reasoned preference for KPMG S.p.A.
- During the Board of Directors' meeting of 29 March 2024, the Board of Statutory Auditors issued, pursuant to Article 154-*bis* of the Consolidated Finance Act, the mandatory opinion on the appointment of the new Manager responsible for preparing the Bank's accounting documents. It should be noted that by resolution of the Board of Directors of 12 December 2024, the Executive in Charge was also assigned responsibility for the preparation of sustainability reporting.



#### **4. Self-assessment**

In compliance with the Supervisory Provisions and also in line with the recommendations of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies prepared by the CNDCEC, during the early months of 2025, the Board of Statutory Auditors carried out its self-assessment in reference to FY 2024, with a positive outcome as to whether the individual members still met the requirements necessary to hold office.

In particular, the process was conducted with the support of an independent consultant, under the care and supervision of the Chairman of the Board itself, and consisted of the following steps: (i) administration of a questionnaire to the actual members of the Board of Statutory Auditors and conduct of individual interviews with the Advisor, based on the results of the analysis of the completed questionnaires, structured according to the Bank's peculiarities and with the aim of gathering opinions on the functioning of the Board of Statutory Auditors (ii) subsequent collection of the data that emerged from the completion of the questionnaires and interviews and processing of the results in anonymous and aggregate form; (iii) preparation of a Report containing an analysis of the results of the self-assessment process and a summary of the main evidence that emerged, with particular reference to the results obtained, indicating the main strengths and weaknesses. Overall, the self-assessment provided a positive picture of the size, composition and functioning of the Board of Statutory Auditors. No critical issues, either related to the individual members or to the functioning of the Board, were found to require corrective measures, only aspects for improvement. The requirement of independence was also confirmed with regard to each member.

#### **5. Other assets**

##### **5.1 Remuneration Policies.**

The Board of Directors approved (i) the Remuneration Report made available to Shareholders, as well as the Public Information on Remuneration that illustrates the training process and the recipients of the policy, the objectives for variable remuneration, as well as the criteria for application thereof in relation to 2025; (ii) the 2025 Share-Based Remuneration Plan and the 2025-2027 Long-Term Share-Based Remuneration Plan pursuant to Art. 114-*bis*, paragraph 1 of the TUF; please refer to these documents for a detailed examination.

The Board of Statutory Auditors acknowledged this process during the Remuneration

Committee meetings, as well as examined the Regulatory Compliance Endorsement issued by the Remuneration Committee Department and noted the consistency with the RAF attested by the CRO Department.

The Board of Statutory Auditors also monitored compliance with the Remuneration Policy in relation to the Control Departments, attending meetings of the Remuneration Committee and the Risk Control Committee.

## 5.2 Relations with Supervisory Authorities

During FY 2024, the Board of Statutory Auditors held two meetings, in March and November, with the Joint Supervisory Team (JST).

The Board monitored the implementation of the activities planned by the Bank to respond to the findings and suggestions expressed by the Supervisory Authorities during the inspections and/or the most important thematic investigations.

In carrying out this activity, the Board was assisted by the Internal Audit Department.

The main processes, communications and inspections by the Supervisory Authorities with regard to which the Board of Statutory Auditors has been involved during 2024, and in 2025, up to the date of this Report, are as follows.

### European Central Bank and Bank of Italy

- On 11 December 2024, following conclusion of the Annual Prudential Review and Evaluation Process SREP 2024, as a result of which the Bank received notification from the European Central Bank of the new decision regarding prudential requirements to be met on a consolidated basis, effective 1 January 2025. The additional Pillar 2 Requirement or "P2R" is 2.75% (compared to the previous 2.79%). The new coefficient is to be held in the form of primary Tier 1 capital (CET1) of at least 56.25% and Tier 1 capital of at least 75%. As a result, the minimum level of Common Equity Tier 1 ratio required is 8.55% (compared to the previous 8.57%); the Tier 1 ratio required is 10.56% (compared to the previous 10.59%); the minimum Total Capital Ratio is 13.25% (compared to the previous 13.29%). On the basis of data at 31 December 2024, the Banca Popolare di Sondrio Group has capital ratios that are well above the aforementioned minimum thresholds. On the basis of data at 31 December 2024, the Banca Popolare di Sondrio Group has capital ratios that are well above the aforementioned minimum thresholds.
- Following the inspection carried out 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. On 23 January 2024, the Final Inspection Report was submitted and on 7 March 2025, the draft follow-up letter prepared by the Joint Supervisory Team (JST), following which, under the 'Right to be heard', the Bank submitted its comments on 21 March 2025. By 30 June 2025, on the basis of the Final Follow-up Letter, the Bank's structures will prepare the Action Plan detailing the remedial actions that will be put in place to address the recommendations of the Supervisory Authority and the relevant deadlines. Moreover, in response to the recommendations made by the inspection team, upheld in the draft decision, and also in the context of the annual SREP assessments by the European Central Bank, several project sites were planned and launched to strengthen governance, management and control systems.

- On 30 October 2024, the Bank received the Final follow-up letter on the Digital Transformation inspection conducted by the European Central Bank from October 2023 to January 2024 aimed at analysing digital transformation strategies, operational and execution capacity, profitability of the affected businesses and aggregation and reporting of risk data. On 27 November 2024, the Bank sent the Action Plan with remedial actions to the European Central Bank, which are already at an advanced stage of implementation and will be fully implemented by 30 September 2025.
- Between January and April 2024, the European Central Bank involved the major European banks in a thematic stress test exercise (ECB Cyber Resilience Stress Test 2024 - CRST), the first of its kind, to test their digital operational resilience in the face of a severe but plausible cyber attack scenario, as part of a path to compliance with the DORA Regulation. Following the completion of the quality assurance phase, on 26 July 2024, the Bank received the final report on the outcome of the exercise, following which it prepared the related Action Plan, the remedial actions of which will be fully implemented by the end of the first half of 2025.
- Between October 2024 and January 2025, the Bank underwent an Inspection by the European Central Bank on 'Risk Data Aggregation and Risk Reporting' to assess its capacity for data aggregation and risk reporting. More specifically, the inspection was part of a European Central Bank inspection campaign to assess data quality, risk data aggregation capabilities and risk reporting practices at Group level. At present, the results of this investigation have not yet been received.

#### Consob

- On 19 February 2024, CONSOB initiated an inspection on product governance and

suitability assessment. The investigation activities by Consob were concluded on 14 October 2024. At present, the results of this investigation have not yet been received.

### 5.3 Relations with the Supervisory Body.

The ongoing connection between the Board of Statutory Auditors and the Supervisory Body is ensured, in addition to the information flows, by the presence of Ms Vitali, Standing Auditor and member of the Board, who, in the performance of her duties, has fostered a constant and profitable exchange of information on the risks of commission of the offences provided for in the reference legislation.

In addition, during the year, a joint meeting was held between the Supervisory Body and the Board of Statutory Auditors, aimed at exchanging information on, *inter alia*, the ongoing update of the Model.

In FY 2024, the revision of the Organisational Model continued, conducted with the assistance of a consulting firm, as resolved by the Bank's Board of Directors on 24 May 2024. In particular, in accordance with this revision, updates to the Code of Ethics and the Rules of Composition and Operation of the Supervisory Body were approved in early 2025.

In its annual report, examined by the Board of Statutory Auditors, the Supervisory Body acknowledges that it received two reports during the year, as more fully specified in the section on “*Omissions and reprehensible events*”. It also acknowledges the whistleblowing report received by the manager in December 2024 and forwarded to the Supervisory Body in accordance with the updated Policy, filed and already acknowledged in the chapter on the Internal Control System, paragraph on the Compliance Department.

### 5.4 Operational and IT risks.

The Board of Statutory Auditors reviewed the IT Risk Situation Report and the Security and ICA Risk Self-Assessment Report prepared by the Bank's IT Department, approved by the Board of Directors on 31 March 2025.

The supporting documents illustrate the risks and related safeguards adopted by the Group, as well as the incidents that occurred in 2024. The analysis of IT risks also covered cyber threats and the related organised protection of said Department.

In this regard, the Board of Directors provides adequate information in its Report on Operations, to which reference is made.



## **6. Subsequent events after the year close at 31 December 2024.**

As is known, on 6 February 2025, BPER Banca spa announced, pursuant to Art. 102 of the Consolidated Finance Act, the launch of a voluntary totalitarian Public Exchange Offer on the Bank's shares.

It should also be noted that, following the inspection conducted by the European Central Bank in 2022-2023, the draft decision transmitted by the Supervisor was received on 7 March 2025, with reference to which the Bank submitted its comments for the final decision (see par. 5.2).

## **7. Conclusions**

On the occasion of the Ordinary and Extraordinary Shareholders' Meeting convened for 30 April 2025, it is recalled that the agenda includes, *inter alia*:

- the presentation for approval of the Bank's draft financial statements as at 31 December 2024, accompanied by the directors' report on operations;
- the presentation of the consolidated financial statements of the Banca Popolare di Sondrio Group as at 31 December 2024 accompanied by the Directors' Report on Operations, which includes the Consolidated Sustainability Report.
- the submission for approval of the proposal for the allocation of the profit for the year ending 31 December 2024

The Board of Statutory Auditors, taking into account and without prejudice to the specific duties and competences pertaining to the Independent Auditors in terms of auditing the accounts and verifying the reliability of the financial statements, has no observations to make to the Shareholders' Meeting, pursuant to Article 153 of the Consolidated Finance Act, regarding the approval of the financial statements for the year ended 31 December 2024, accompanied by the Report on Operations, and the proposal for the allocation of the profit for the year as formulated by the Board of Directors at the time of approval of the draft financial statements for the year ended 31 December 2024.

Sondrio, 08 April 2025

The Board of Statutory Auditors

Carlo Vago - Chairman

Massimo De Buglio – Standing Auditor

Laura Vitali – Standing Auditor



## **GROUP DIRECTORS' REPORT ON OPERATIONS**





Shareholders,

As Parent Company of the Banca Popolare di Sondrio Banking Group, registration No. 5696.0, we are obliged to present consolidated financial statements.

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS AND ALTERNATIVE PERFORMANCE INDICATORS

The Group's main balance sheet and income statement figures and indicators at 31 December 2024 are shown below, compared with what they were the previous year.

### RESULTS IN BRIEF

(in millions of euro)	31/12/2024	31/12/2023	Change %
<b>Balance sheet figures</b>			
Loans and receivables with customers*	35,027	34,480	1.59
Loans and receivables with customers measured at amortised cost	34,792	34,159	1.85
Loans and receivables with customers measured at fair value through profit or loss	235	321	-26.73
Loans and receivables with banks	2,136	2,122	0.66
Financial assets that do not constitute loans	12,768	13,939	-8.40
Equity investments	403	376	7.01
Total assets	56,629	57,722	-1.89
Direct funding from customers	44,500	42,393	4.97
Indirect funding from customers	52,149	46,319	12.59
Direct funding from insurance premiums	2,190	2,067	5.99
Customer assets under administration	98,839	90,778	8.88
Other direct and indirect funding	16,345	19,545	-16.37
Equity	4,156	3,809	9.11
<b>Income statement</b>			
Net interest income	1,090	937	16.35
Total income**	1,655	1,468	12.77
Profit from continuing operations	841	660	27.33
Profit (Loss) for the period	575	461	24.67
<b>Capital ratios</b>			
CET1 Capital ratio	15.39%	15.37%	
Total Capital ratio	18.18%	17.73%	
Free capital	2,445	2,225	
<b>Other information on the Banking Group</b>			
Number of employees	3,705	3,580	
Number of branches	381	377	

\* It includes loans and advances to customers (item 40b), excluding securities not arising from securitisation transactions, and loans and advances at fair value included in item 20c;

\*\* Total income is represented as per the reclassification made in the table commenting on the reclassified income statement

## Notes

The ratios indicated were calculated using the figures shown in the summary reclassified income statement.

Loans and receivables with customers: this includes the portion of loans to customers held for the purpose of financing included in financial assets measured at amortised cost and financial assets mandatorily measured at fair value.

Direct funding: this brings together the items relating to funding from customers included in amounts due to customers at amortised cost and securities in issue.

Indirect funding: this represents the custody, administration and management activity - of securities, mutual funds, asset management - carried out by the Group on behalf of third parties or in connection with the management of financial portfolios. The stocks are marked to market.

Financial assets that do not constitute loans: this includes the portion of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost (banks and customers) that are not held for financing purposes. They therefore consist of debt securities, bonds, mutual funds, derivatives and capital securities that do not constitute equity investments.

## ALTERNATIVE PERFORMANCE INDICATORS

	31/12/2024	31/12/2023
<b>Key ratios</b>		
Equity/Direct funding from customers	9.34%	8.99%
Shareholders' equity/ Loans to customers	11.87%	11.05%
Equity/Financial assets	32.55%	27.33%
Equity/Total assets	7.34%	6.60%
<b>Profitability indicators</b>		
Cost/Income	39.02%	39.57%
Net interest income/Total income	65.86%	63.84%
Administrative expenses/Total income	38.18%	39.25%
Net interest income/Total assets	1.93%	1.62%
Net financial income/Total assets	2.60%	2.15%
Profit for the year/Total assets	1.02%	0.80%
<b>Asset quality indicators</b>		
NPL ratio	2.93%	3.71%
Texas ratio	9.66%	14.91%
Net bad loans/Equity	1.06%	1.63%
Net bad loans/Loans to customers	0.13%	0.18%
Loans to customers/Direct funding from customers	78.71%	81.33%
Cost of credit	0.53%	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 bad loans and the difference between equity and intangible assets, as the denominator.

Cost of credit: ratio of net adjustments/write-backs of impairment losses on loans in the income statement to total loans and advances to customers.

The Alternative Performance Indicators (APIs) reported in this section take into account the Guidelines issued by ESMA on 5 October 2015, which Consob incorporated into its supervisory practices (Communication No. 0092543 of 3 December 2015). These Guidelines became applicable as of 3 July 2016. It should be noted that the definition and methods of calculation of IAPs not directly attributable to financial statement items are provided; the amounts used therein can be traced through the information



contained in the tables above or in the reclassified financial statements contained in this consolidated report on operations. These economic and financial indicators are based on accounting figures and are used in internal management and performance management systems, in line with the most common metrics used in the banking sector in order to ensure that published figures are comparable.

## COMPOSITION OF THE 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.

Equity investments are consolidated as follows:

### CONSOLIDATED EQUITY INVESTMENTS:

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 <sup>(1)</sup>	Sondrio	2,064	100
Servizi Internazionali e Strutture Integrate 2000 srl <sup>(1)</sup>	Milan	75	100
PrestiNuova srl - Agenzia in Attività Finanziaria	Rome	100 <sup>(3)</sup>	100
Immobiliare Borgo Palazzo srl <sup>(1)</sup>	Milan	10 <sup>(2)</sup>	100
Immobiliare San Paolo srl <sup>(1)</sup>	Tirano	10 <sup>(2)</sup>	100
Rajna Immobiliare srl <sup>(1)</sup>	Sondrio	20	100
Rent2Go srl <sup>(1)</sup>	Monza	12,050	100
Popso Covered Bond srl	Conegliano	10	60
Centro delle Alpi SME srl <sup>(1)</sup>	Conegliano	10	-

<sup>(1)</sup> equity investments not included in the banking group

<sup>(2)</sup> held by Sinergia Seconda srl

<sup>(3)</sup> held by Banca della Nuova Terra spa



## 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 Sgr spa	Milan	5,200	19.600
Liquid Factory Sbrl	Sondrio	84	4.559

## GENERAL ECONOMIC CONTEXT

The report on operations accompanying the Parent Company's 2024 financial statements contains information on the international, Swiss and Italian economic situation in which the Group operated during the year.

## TERRITORIAL EXPANSION

Branches are the main tool through which the relationship between the Banca Popolare di Sondrio Banking Group and its customers is developed. This explains the attention that is constantly paid to the addition network, which has always been the object of strengthening and rationalisation initiatives. Also in the year under review, Banca Popolare di Sondrio expanded its network with the opening of four branches in Trieste, Conegliano, Turin and Pordenone. At the end of 2024, the Group had a total of 381 branches.

## CONSOLIDATED BALANCE SHEET

### FUNDING

The period under review was still characterised by a slowdown in the restrictive monetary policy, aimed at countering inflation, resulting in rates remaining at high but decreasing levels. At system level, bank funding showed year-on-year growth for both deposits and bonds. Among the various components, customers favoured the most profitable ones, with a more sustained increase for bonds, while there was a progressive and total repayment of TLTRO funds.

In this context, our Group has recorded a positive trend in direct funding which, comprising balance sheet liability items 10b "customer deposits" and 10c "securities issued", stood at 44,500 million, +4.97%.

Indirect customer inflows, at market values, totaled 52,149 million, +12.59%, while insurance inflows reached 2,190 million, +5.99%, with positive net flows of over 70 million.

Total funding from customers therefore amounted to 98,839 million, +8.88%.

Deposits from banks amounted to 6,229 million euro, compared to 9,918 million euro in the previous year, -37.20%, a decrease partly related to the repayment of the TLTRO loans of 806 million euro due in March 2024 and 3,700 million euro in September 2024, with a zeroing of the exposure of the longer-term refinancing operations outstanding with the European Central Bank.

### DIRECT FUNDING FROM CUSTOMERS

(thousands of euro)	31/12/2024	Compos. %	31/12/2023	Compos. %	Change %
Current accounts and sight deposits	32,181,375	72.31	30,553,721	72.07	5.33
Fixed-term deposits	5,486,445	12.33	4,376,073	10.32	25.37
Repurchase agreements	1,471,044	3.31	2,241,059	5.29	-34.36
Lease liabilities	146,293	0.33	163,259	0.39	-10.39
Bonds	5,088,450	11.43	4,383,516	10.34	16.08
Bank drafts and similar	65,633	0.15	92,994	0.22	-29.42
Other payables	61,251	0.14	582,189	1.37	-89.48
<b>Total</b>	<b>44,500,491</b>	<b>100.00</b>	<b>42,392,811</b>	<b>100.00</b>	<b>4.97</b>

### TOTAL FUNDING

(thousands of euro)	31/12/2024	Compos. %	31/12/2023	Compos. %	Change %
Total direct funding from customers	44,500,491	38.65	42,392,811	38.43	4.97
Total direct funding from insurance premiums	2,190,375	1.90	2,066,571	1.87	5.99
Total indirect funding from customers	52,148,558	45.27	46,318,512	41.98	12.59
- Asset management	8,311,642	15.94	7,175,926	15.49	15.83
- Assets under administration	43,836,916	84.06	39,142,586	84.51	11.99
<b>Total</b>	<b>98,839,424</b>	<b>85.81</b>	<b>90,777,894</b>	<b>82.28</b>	<b>8.88</b>
Due to banks	6,228,550	5.41	9,917,675	8.99	-37.20
Indirect funding from banks	10,116,411	8.78	9,626,913	8.73	5.08
<b>Grand total</b>	<b>115,184,385</b>	<b>100.00</b>	<b>110,322,482</b>	<b>100.00</b>	<b>4.41</b>

Securities under administration entrusted to us by banks rose from 9,627 million to 10,116 million, +5.08%.

Total funding from customers and banks therefore amounts to 115,184 million, +4.41%.



As for the individual components, current accounts and sight deposits, up 5.33% to 32,181 million, accounted for 72.31% of all direct funding. Bonds increased by 16.08%, to 5,088 million. Fixed-term deposits amounted to 5,486 million, +25.37%. Repurchase agreements marked 1,471 million, -34.36%. Bank drafts amounted to 66 million, -29.42%. The item represented by lease liabilities, referred to rental contracts represented on the basis of the provisions of IFRS 16, amounted to 146 million, -10.39%, while other forms of inflows decreased from 582 million to 61 million, -89.48%.

## Asset management

After a first half of 2024 marked by rather weak activity, the second half of the year saw a gradual recovery for the Italian asset management industry. With regard to product types, the positive trend in bond funds stands out, favoured by the presence of relatively attractive yields to maturity resulting from the restrictive monetary policies of previous years; on the other hand, equity, balanced and flexible sub-funds showed a negative balance, reflecting a more cautious inclination of investors. Against this backdrop, our institution is reporting extremely flattering numbers, which is largely attributable to the launch of the placement of JPMorgan AM and Pictet AM products in November 2023, which are seeing a significant increase in interest from our customers. The wide range of the offer, the presence of specialised products and the proven know-how of the managers are the factors behind the success of these new placements.

Total assets managed in various forms by our Group stood at 8,312 million, +15.83%, of which 6,197 million, +17.25%, related to mutual investment funds and Sicav (including Popso (SUISSE) Investment Fund Sicav) and asset management for 2,115 million, +11.86%.

## LOANS TO CUSTOMERS

In an economic environment characterised by modest growth, the demand for credit by companies, which has been declining since the beginning of 2023, decreased further, albeit slightly, reflecting the increased use of self-financing and other alternative sources of financing. On the household side, the demand for housing finance increased again markedly, while the increase in demand for consumer credit was smaller. Demand for loans from businesses and households grew in all sectors in the last quarter.

Loans to customers of our Group also showed a slight growth and totalled 35,027 million euro, +1.59%. The ratio of loans to customers/direct funding from customers has thus risen to 78.71%, from 81.33%.

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". Impaired loans classified under item "120 Non-current assets and disposal groups held for sale" are therefore excluded.

## LOANS TO CUSTOMERS

(thousands of euro)	31/12/2024	Compos. %	31/12/2023	Compos. %	Change %
Current accounts	3,247,989	9.27	3,595,829	10.43	-9.67
Mortgage loans	20,946,893	59.80	20,820,558	60.38	0.61
Personal loans and assignments of one-fifth of salary or pension	600,549	1.71	542,180	1.57	10.77
Factoring	4,501,801	12.85	3,789,704	10.99	18.79
Other loans	5,164,986	14.76	4,978,676	14.45	3.74
Debt securities	565,205	1.61	753,245	2.18	-24.96
<b>Total</b>	<b>35,027,423</b>	<b>100.00</b>	<b>34,480,192</b>	<b>100.00</b>	<b>1.59</b>

The principal item consists of mortgage and unsecured loans that, following a slight increase of 0.61% to 20,947 million, now represent 59.80% of total lending. They also include the assets sold and not derecognised in relation to issues of covered bonds and the self-securitisation transaction for which the derecognition was not carried out as the required requirements of IFRS 9 for accounting derecognition were not met. Of significance, as in the comparative year, was the increase in residential mortgage loans by the subsidiary Banca Popolare di Sondrio (SUISSE) SA. This was followed by other financing (advances, grants, etc.), which amounted to 5,165 million, +3.74%, or 14.76% of financing. Factoring operations performed well, +18.79% to 4,502 million, as did personal loans, +10.77% to 601 million, while current accounts decreased, -9.67% to 3,248 million, and debt securities, equal to 565 million, -24.96%. 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, POP NPLs 2022, POP NPLs 2023 and POP NPLs 2024.

Net impaired loans decreased by 29.20% to 398 million euro from 562 million euro. This aggregate is equal to 1.14% (1.63% in the comparison period) of the item loans to customers, its contraction was due both to the sales of NPL loans carried out and to the perseverance in the policy of strengthening company structures responsible for the disbursement, management and monitoring of credit.





The total adjustments recorded for non-performing loans total 657 million, -12.85%, representing 62.28% of the gross amount compared with 57.29% last year. The item was affected by the effect of the NPL loan sales carried out. Gross non-performing loans fell from 1,316 million to 1,055 million, -19.83%. The gross NPL Ratio decreased from 3.71% to 2.93%.

The table gives an overview of performing and non-performing loans.

## NON-PERFORMING AND PERFORMING LOANS TO CUSTOMERS

(thousands of euro)		31/12/2024	31/12/2023	Absolute changes	Changes %
<b>Non-performing loans</b>	Gross exposure	1,055,377	1,316,481	-261,104	-19.83
	Value adjustments	657,281	754,173	-96,892	-12.85
	<b>Net exposure</b>	<b>398,096</b>	<b>562,308</b>	<b>-164,212</b>	<b>-29.20</b>
Bad loans	Gross exposure	303,557	348,408	-44,851	-12.87
	Value adjustments	259,448	286,186	-26,738	-9.34
	<b>Net exposure</b>	<b>44,109</b>	<b>62,222</b>	<b>-18,113</b>	<b>-29.11</b>
Unlikely-to-pay	Gross exposure	646,868	894,499	-247,631	-27.68
	Value adjustments	378,259	456,493	-78,234	-17.14
	<b>Net exposure</b>	<b>268,609</b>	<b>438,006</b>	<b>-169,397</b>	<b>-38.67</b>
Non-performing past due exposures	Gross exposure	104,952	73,574	31,378	42.65
	Value adjustments	19,574	11,494	8,080	70.30
	<b>Net exposure</b>	<b>85,378</b>	<b>62,080</b>	<b>23,298</b>	<b>37.53</b>
<b>Performing loans</b>	Gross exposure	34,926,842	34,167,755	759,087	2.22
	Value adjustments	297,515	249,872	47,643	19.07
	<b>Net exposure</b>	<b>34,629,327</b>	<b>33,917,883</b>	<b>711,444</b>	<b>2.10</b>
<b>Total loans and receivables with customers</b>	Gross exposure	35,982,219	35,484,236	497,983	1.40
	Value adjustments	954,796	1,004,045	-49,249	-4.91
	<b>Net exposure</b>	<b>35,027,423</b>	<b>34,480,191</b>	<b>547,232</b>	<b>1.59</b>
<b>Impaired loans classified as assets held for sale</b>	Gross exposure	211,546	-	n.a.	n.a.
	Value adjustments	102,953	-	n.a.	n.a.
	<b>Net exposure</b>	<b>108,593</b>	<b>-</b>	<b>n.a.</b>	<b>n.a.</b>

Net bad loans, adjusted for write-downs, amounted to 44 million, -29.11% (-48.93% in the comparison period), and correspond to 0.13% of total loans to customers, compared to 0.18% at 31 December 2023. The adjustments to cover estimated losses on bad loans went from 286 million to 259 million (-9.34%), representing 85.47% of the gross amount of such loans compared with 82.14% in the previous year. Considering the amounts written off in prior years against bad loans and that are still tracked by the Group, in view of possible future recoveries, the coverage of such loans amounts to about 96.53%.

Unlikely to pay fell significantly, net of write-downs, to 269 million, -38.67%, corresponding to 0.77% of total loans to customers, compared to 1.27% in the previous year. The related adjustments, with the current coverage ratio of 58.48%, amounted to 378 million, -17.14% on the comparative period, when they amounted to 456 million; the coverage ratio was 51.03% last year.

Net non-performing past due loans, determined in accordance with supervisory regulations, amounted to 85 million (+37.53%), and represent 0.24% of total loans with customers, compared to 0.18%.

Provisions, for performing loans, added up to 297 million, +19.07%, and amounted to 0.85% of the

same compared to 0.73%.

Total adjustments went from 1,004 million to 955 million.

## TREASURY AND TRADING OPERATIONS

The net interbank position was 4,092 million negative at 31 December 2024, compared with 7,796 million negative at the end of 2023. Cash and cash equivalents amounted to 3,738 million, compared with 4,547 million.

As at 31 December 2024, the Parent Company no longer had any outstanding TLTRO transactions with the ECB after the repayment of the 27 March 2024 tranche of 806 million taken out on 24 March 2021 and the repayment of the 25 September 2024 tranche of 3,700 million taken out on 29 September 2021.

During 2024, liquidity remained abundant; funding at the Central Bank was partially replaced by funding obtained on the market through structured repo transactions with leading financial institutions using mainly the self-securitisation Centro delle Alpi Sme as collateral. The exposure to liquidity 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 short-term liquidity ratio (Liquidity Coverage Ratio) and the structural ratio (Net Stable Funding Ratio) are both positioned at levels above the expected minimums. The stock of assets refinable at the ECB, including Abaco, net of the haircuts applied, amounts to 14.9 billion as at 31 December 2024, of which 9.8 billion free and 5.1 billion committed.

## FINANCIAL ASSETS (DEBT SECURITIES, CAPITAL SECURITIES, MUTUAL FUNDS AND DERIVATIVES) BY PORTFOLIO

(thousands of euro)	31/12/2024	31/12/2023	Change %
<b>Financial assets held for trading</b>	<b>174,038</b>	<b>150,073</b>	<b>15.97</b>
- Capital securities	34,540	28,831	19.80
- Mutual funds	103,593	98,525	5.14
- Derivative products	35,905	22,717	58.05
<b>Other financial assets mandatorily measured at fair value</b>	<b>330,771</b>	<b>220,051</b>	<b>50.32</b>
- Bank bonds	34,532	20,318	69.96
- Other bonds	45,814	37,252	22.98
- Mutual funds	250,425	162,481	54.13
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>2,656,254</b>	<b>3,212,616</b>	<b>-17.32</b>
- Italian government securities	197,550	1,479,931	-86.65
- Foreign government securities	1,705,880	1,028,400	65.88
- Capital securities	93,484	91,841	1.79
- Bank bonds	406,437	419,910	-3.21
- Other bonds	252,903	192,534	31.35
<b>Financial assets measured at amortised cost</b>	<b>9,607,226</b>	<b>10,355,943</b>	<b>-7.23</b>
- Italian government securities	5,596,936	5,456,226	2.58
- Foreign government securities	1,939,769	2,795,577	-30.61
- Bank bonds	1,076,127	1,106,533	-2.75
- Other bonds	994,394	997,607	-0.32
<b>Total</b>	<b>12,768,289</b>	<b>13,938,683</b>	<b>-8.40</b>



In the period under review, Treasury operations, on the lending side, still favoured the use of the Deposit Facility at the ECB, remunerated at 3% at 31 December 2024 (4% until 11 June, 3.75% until 17 September, 3.50% until 22 October and 3.25% until 17 December) and risk-free. On the funding side, after the repayment of the last TLTRO tranche, which expired on 25 September 2024, operations increased on the electronic repurchase agreement market with institutional counterparties through the MMF Money Market Facility, guaranteed by Euronext Clearing with underlying Italian government securities, and on the OTC market, through bilateral transactions with leading financial counterparties with underlying foreign government securities in euro, corporate securities, securities from securitisation transactions and the self-securitisation Centro delle Alpi Sme. The inflows activity described above was of a significant amount and partly at advantageous rates, thanks to the high quality collateral present in the portfolio. The activity relating to interbank deposits is also significant, including deposits made with the MEF (Ministry of Economy and Finance) as part of money market operations with the Treasury in which we participate as an authorised counterparty.

At 31 December 2024, the portfolio of financial assets represented by securities, excluding securities arising from securitisation transactions of loans to customers, amounted to a total of 12,768 million, down 8.40% compared to 31 December 2023. This decrease was mainly due to the non-renewal of maturing securities with the use of liquidity to partially repay the third and final TLTRO tranche.

**Financial assets held for trading** increased by 15.97% compared to 31 December 2023 and amounted to 174 million. Operations mainly focused on equities and units in mutual funds, in addition to Italian and foreign Government bonds. Mutual funds, which include both ETF and funds and SICAVs, were used as an alternative to direct equity exposure with a view to geographical, currency and sector diversification. Trading in US dollar-denominated government bonds took place during the year.

**Financial assets mandatorily measured at fair value** amounted to 331 million, up from 31 December 2023 (+50.32%). The portfolio remains mainly focused on euro-denominated mutual funds that refer to closed-end funds or open-ended funds with specific themes (PIR).

**Financial assets measured at fair value through other comprehensive income** showed a decrease of 17.32% compared to the end of 2023, reaching 2,656 million. More specifically, the exposure to Italian government bonds was lightened, which now stands at 198 million. Investments in bank bonds amounted to 406 million, a slight decrease. The contribution from coupon flows remained strong over the period, despite the downward trend in interest rates.

**Financial assets measured at amortised cost** amount to 9,607 million, down 7.23% compared to 31 December 2023.

The total amount of government bonds was around 7.5 billion euro, down from 8.2 billion at the end of 2023 as a result of the partial easing of investments in the Treasury Credit Certificates (CCT) segment. With regard to portfolio composition, there was a slight increase in Italian government bonds and a decrease of over 30% in foreign bonds. Investments in bank bonds and other corporate bonds remain significant. The contribution from coupon flows remained strong over the period, despite the downward trend in interest rates. ESG securities, mostly green and social bonds, amount to more than 1.9 billion.

The duration of the government bond portfolio stands at 4 years and 7 months, while the modified duration is at 2.28%, both increasing compared to 31 December 2023. Overall, including bonds (net of securitisations), the modified duration is 2.40%, up compared to the end of 2023.

## EQUITY INVESTMENTS

Equity investments amount to 403 million, +7.01%, essentially due to the measurement at equity of the investees, except for the least significant.

The reader is referred to the report accompanying the Parent Company's 2024 financial statements and to Part A, section 3 and Part B, section 7 of the explanatory notes.

## TRANSACTIONS WITH NON-CONSOLIDATED SUBSIDIARY AND ASSOCIATED COMPANIES

(thousands of euro)	Associated companies of the Parent Company		Associated companies of subsidiaries	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
<b>ASSETS</b>	<b>625,385</b>	<b>589,408</b>	<b>73,487</b>	<b>71,719</b>
<b>LIABILITIES</b>	<b>84,351</b>	<b>89,376</b>	<b>3,167</b>	<b>13,653</b>
<b>GUARANTEES AND COMMITMENTS</b>	<b>72,162</b>	<b>113,287</b>	<b>910</b>	<b>1,423</b>
Guarantees given	11,915	20,392	398	418
Commitments	60,248	92,896	512	1,006

## PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS

Property, equipment and investment property and intangible assets amounted to 699 million compared to 715 million at the end of 2023. The former added up to a total of 664 million compared to 677 million, -1.99%, and the latter amounted to 36 million compared to 38 million, -5.09%.

### Goodwill

Intangible assets include goodwill for 12.632 million, of which 7.847 million relating to the acquisition of Factorit spa in 2010 and 4.785 million relating to the acquisition of PrestiNuova spa in 2018 and subsequently absorbed by Banca della Nuova Terra spa. In compliance with IAS 36, said goodwill has been subjected to impairment testing in order to check for any impairment in value. Information about this is provided in Part B, section 10 - Intangible assets, of the notes to the financial statements.

With reference to the goodwill allocated to Rent2Go srl, at 31 December 2023 recorded at a value of 4.365 million, the impairment test was conducted by applying the Discounted Cash Flow ("DCF") valuation method, which showed a value in use lower than the book value. Therefore, an impairment loss equal to the full amount of goodwill recognised in the income statement was recorded.

## EQUITY

Shareholders' equity at 31 December 2024, inclusive of valuation reserves and the profit for the year, amounts to 4,156.325 million. Compared with the total at 31 December 2023 of 3,809.274 million, this represents an increase of 347.051 million (+9.11%). The change essentially derives positively from the accounting of the profit for the year under review and from the positive change in valuation reserves and negative from the distribution of part of the profit for the 2023 financial year. 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 paid from 22 May 2024 of 0.56 euro 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 share premiums amounted to 78.934 million, with a decrease of 15 thousand euro, due to negative differences between the unloading price and the corresponding book value of the shares sold.

The item reserves rose to 2,160.953 million (+10.78%); the increase of 210.307 million resulted mainly from the allocation of part 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 positive balance of 6.559 million, an 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 25.220 million decreased 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 bank 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%.

On 26 April 2024, the Bank of Italy, in application of the option granted by Article 133 of EU Directive/2019/878 (CRD V), decided to apply a systemic risk capital buffer (SyRB) to all banks authorised in Italy equal to 1% of credit and counterparty risk-weighted exposures to Italian residents. The target rate of 1% will be achieved gradually by building up a reserve of 0.5% of material exposures by 31 December 2024 and the remaining 0.5% by 30 June 2025.

On 11 December 2024, at the conclusion of the SREP 2024 process, the notification of the new decision on prudential requirements to be respected on a consolidated basis was received from the European Central Bank, effective from 1 January 2025. The additional Pillar 2 Requirement (or "P2R2") is 2.75% (previously 2.79%). This requirement must be held in the form of at least 56.25% CET 1 capital and at least 75% Tier 1 capital. Accordingly, in view of the capital buffer values at 31 December 2024 - namely, capital conservation buffer 2.5%, countercyclical buffer 0.05% and systemic risk buffer 0.34% -, the

minimum required Common Equity Tier1 Ratio is 8.95%, the minimum required Tier1 Capital Ratio is 10.96%, and the minimum required Total Capital Ratio is 13.65%.

Since 2017, the ECB has been providing the Parent Company 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, including a portion of the profit as at 31 December 2024, amounted to 4,348.985 million (Phased-in) and 4,316.078 million (Fully Phased), while consolidated risk-weighted assets amounted to 23,925.017 million.

For completeness of information, it is noted that the Parent Company has decided to make use of the transitional regime provided for by Regulation (EU) 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.

Group's capital ratios	Phased-in	Fully phased
CET1 Ratio	15.39%	15.25%
Tier1 Capital Ratio	15.39%	15.25%
Total Capital Ratio	18.18%	18.04%

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

- capital/direct funding from customers 9.34% vs. 8.99%;
- capital/customer loans 11.87% vs. 11.05%;
- capital/financial assets 32.55% vs. 27.33%;
- capital/total assets 7.34% vs. 6.60%;
- net bad loans/capital 1.06% vs. 1.63%.



## 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 year
Equity of the Parent Company at 31.12.2024	3,464,323	510,517
Consolidation adjustments	-43,994	-43,994
Difference with respect to the carrying amounts of equity investments in:		
- companies consolidated on a line-by-line basis	531,761	63,915
- companies valued using the equity method	204,235	44,504
<b>Balance at 31.12.2024, as reported in the consolidated financial statements</b>	<b>4,156,325</b>	<b>574,942</b>

## OTHER PROVISIONS

These consist of the severance indemnities (TFR), which decreased from 33.5 million to 32.5 million, and the provisions for risks and charges, which added up to 391 million, +7.41% from the end of 2023. In particular, there was a decrease in the provision for commitments and guarantees given, which fell from 96 million to 89 million, and growth of the provision for pensions and similar obligations, amounting to 189 million compared to 179 million at the end of 2023, while other provisions for risks and charges rose from 88 million to 112 million.

## CONSOLIDATED INCOME STATEMENT

In the financial year 2024, the Group realised a profit of 574.942 million, still up from the previous year's result (461.162 million, +24.67%). The result derives from the good performance of all revenue components, primarily the dynamics of the net interest income.

The comments on the various items refer to the data shown in the "Summary 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 reclassifications made are shown in the notes at the bottom of the tables. A table showing quarterly changes in the reclassified consolidated income statement is also provided, highlighting changes in the income statement during the year.

Interest income increased by 16.35% to 1,090.104 million from 936.955 million, reflecting the higher income from money broking with customers, including the component related to tax credits, as well as the coupon flow related to the proprietary portfolio.

Net commissions performed well, amounting to 434.502 million, +7.93%, with growth in commissions on guarantees issued, currency trading, portfolio management, custody, administration and placement of securities, insurance products, and collection and payment services.

Dividends totalling 6.501 million were collected, compared with 7.652 million, -15.04%.

The result from financial activities, the sum of items 80-90-100 in the income statement, was a positive 131.781 million compared to 115.313 million +14.28%. The portfolio of assets held for trading (item 80) generated a positive result of 124.507 million, up 10.20% compared with 112.981 million. Against profits from trading in securities of 16.299 million in the previous year, there were profits of 10.407 million. The net imbalance between capital gains and losses on securities was positive for 2.855 million, compared to a positive balance of 1.317 million in the previous year. Profit from foreign exchange and currency activities rose from 92.963 million to 111.073 million.

The result of the derivatives business was negative for 2.099 million, compared to a positive figure of 2.374 million. The profit on sale/repurchase (item 100), reclassified, amounted to 7.272 million compared with 2.408 million. In its breakdown, it is made up as follows: result from financial assets valued at amortised cost 3.385 million; financial assets measured at fair value with an impact on comprehensive income 3.210 million; financial liabilities 0.677 million. The net result of other assets and liabilities measured at fair value through profit or loss (item 110) was negative for 7.752 million compared to a positive figure of 5.208 million and mainly includes negative fair value assessments of loans to customers for 9.485 million, compared to a figure always negative of 0.682 million.

Net banking income stood at 1,655.136 million, +12.77%, reflecting the good performance of the "core" activity, net interest income, operations in securities, but also the discreet increase in commissions. Within this aggregate, the weighting of net interest income was 65.86% compared with 63.84%.





## KEY FIGURES OF THE CONSOLIDATED INCOME STATEMENT

(thousands of euro)	31/12/2024	31/12/2023	Absolute changes	Changes %
Net interest income	1,090,104	936,955	153,149	16.35
Dividends	6,501	7,652	-1,151	-15.04
Net fee and commission income	434,502	402,560	31,942	7.93
Result of financial activities [a]	131,781	115,313	16,468	14.28
Result of other financial assets and liabilities measured at FVTPL [b]	-7,752	5,208	-12,960	n.a.
<i>of which LOANS</i>	-9,485	-682	-8,803	n.a.
<i>of which OTHER</i>	1,733	5,890	-4,157	n.a.
<b>Total income</b>	<b>1,655,136</b>	<b>1,467,688</b>	<b>187,448</b>	<b>12.77</b>
Net adjustments [c]	-184,893	-224,542	39,649	-17.66
<b>Net financial income</b>	<b>1,470,243</b>	<b>1,243,146</b>	<b>227,097</b>	<b>18.27</b>
Personnel expenses [d]	-314,389	-293,042	-21,347	7.28
Other administrative expenses [e]	-317,621	-283,016	-34,605	12.23
Other operating income/expense [d]	92,540	94,336	-1,796	-1.90
Net accruals to provisions for risks and charges [f]	-30,024	-26,488	-3,536	13.35
Adjustments to property, equipment and investment property and intangible assets	-76,373	-72,483	-3,890	5.37
<b>Operating costs</b>	<b>-645,867</b>	<b>-580,693</b>	<b>-65,174</b>	<b>11.22</b>
<b>Operating profit (loss)</b>	<b>824,376</b>	<b>662,453</b>	<b>161,923</b>	<b>24.44</b>
Charges for stabilising the banking system [e]	-21,297	-38,874	17,577	-45.22
Net gains (losses) on equity investments and other investments [g]	37,651	36,705	946	2.58
<b>Profit (loss) before tax</b>	<b>840,730</b>	<b>660,284</b>	<b>180,446</b>	<b>27.33</b>
Income taxes	-265,788	-199,122	-66,666	33.48
<b>Profit (loss)</b>	<b>574,942</b>	<b>461,162</b>	<b>113,780</b>	<b>24.67</b>
(Profit) loss attributable to non-controlling interests	0	0	0	n.a.
<b>Profit (loss) attributable to the Parent Company</b>	<b>574,942</b>	<b>461,162</b>	<b>113,780</b>	<b>24.67</b>

### Notes:

[a] The result of financial activities is made up of the sum of items 80 - 90 - 100 in the income statement net of gains from the disposal of receivables for 7.295 million euro;

[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) in the income statement including the gains on disposals of receivables for 7.295 million euro;

[d] Personnel expenses and other operating income have been stated net of the income generated by the post-employment benefits fund of 7.108 million euro;

[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);

[g] profits (losses) on equity investments and other investments is made up of the sum of items 250 - 260 - 270 - 280 of the income statement.

The adjustments/write-backs for credit risk on the exposures to customers, banks and securities totalled 184.893 million, compared with 224.542 million, -17.66%. Managerial overlays, in particular related to the future update of AIRB models and so-called novel risks, amounted to 50.2 million, down from the previous year also in view of the revision of the methodological framework.

For an easier reading of the amount of net value adjustments, the following is noted:

- item 130 of the income statement, which refers to exposures to customers and banks in the form of both loans and securities, amounted to 188.315 million and consisted almost entirely of adjustments relating to financial assets measured at amortised cost net of gains on the disposal of receivables in

the amount of 7.295 million;

- item 140, relating to profits/losses from contractual modifications without cancellations, resulting from changes made to contractual cash flows, was negative for 3.997 million in the reporting year.

Net valuation adjustments also include a write-back on commitments and guarantees of 7.273 million, compared to a provision of 32.982 million in the comparative period.

The ratio of net adjustments to customer loans/total customer loans, which is defined as the cost of credit, has fallen from 0.65% to 0.53%.

Financial income has therefore increased from 1,243.146 million to 1,470.243 million, +18.27%.

Operating costs increased to 645.867 million from 580.693 million, +11.22%.

The ratio of operating costs to income from banking activities, otherwise known as the cost/income ratio, has fallen to 39.02%, from 39.57% in the prior year, while the ratio of operating costs to total assets eased to 1.14% from 1.01%. As for the individual components, administrative expenses amounted to 632.010 million, +9.71%; of these, personnel expenses increased from 293.042 to 314.389 million, +7.28%, mainly due to contractual adjustments and the increase in personnel for new hires in the period, while other administrative expenses increased from 283.016 to 317.621 million, +12.23%. Of note are increases for outsourcing activities, hardware and software rental and maintenance, indirect taxes and fees, professional fees, and maintenance on tangible assets. Expenditure on electricity, heating and water is falling sharply.

The item "net provisions for risks and charges" reflect releases of 30.024 million compared with an allocation of 26.488 million. The depreciation of property, equipment and investment property and the amortisation of software amounted to 76.373 million compared with 72.483 million. Other income, stated after the above mentioned reclassification and net of other operating expenses, amounted to 92.540 million, -1.90%.

Charges for stabilising the banking system, shown separately, amounted to 21.297 million, compared to 38.874 million, -45.22%. The aggregate profits/losses on equity and other investments shows a positive balance of 37.651 million, compared with 36.705 million, +2.58%.

Profit before income taxes therefore totalled 840.730 million, +27.33%. After deducting income taxes of 265.788 million, the profit for the year was 574.942 million, +24.67%.

The tax rate, understood as the simple ratio between income taxes and pre-tax result, stood at 31.61%.



## RECLASSIFIED CONSOLIDATED INCOME STATEMENT QUARTER BY QUARTER

(thousands of euro)	2024				2023			
	IV Quarter	III Quarter	II Quarter	I Quarter	IV Quarter	III Quarter	II Quarter	I Quarter
Net interest income	276,530	275,516	271,043	267,015	268,513	241,105	235,290	192,047
Dividends	151	3,128	2,239	983	3,073	2,271	1,645	663
Net fee and commission income	116,749	105,089	105,795	106,869	112,466	95,554	98,058	96,482
Result of financial activities [a]	31,712	33,758	30,820	35,491	35,643	21,553	28,306	29,811
Result of other financial assets and liabilities measured at FVTPL [b]	-7	-356	-6,200	-1,189	2,406	-1,083	-8,792	12,677
of which LOANS	-238	-2,466	-4,770	-2,011	-1,069	-695	-1,836	2,918
of which OTHER	231	2,110	-1,430	822	3,475	-388	-6,956	9,759
<b>Total income</b>	<b>425,135</b>	<b>417,135</b>	<b>403,697</b>	<b>409,169</b>	<b>422,101</b>	<b>359,400</b>	<b>354,507</b>	<b>331,680</b>
Net adjustments [c]	-42,124	-39,435	-60,520	-42,814	-124,435	-21,172	-39,116	-39,819
<b>Net financial income</b>	<b>383,011</b>	<b>377,700</b>	<b>343,177</b>	<b>366,355</b>	<b>297,666</b>	<b>338,228</b>	<b>315,391</b>	<b>291,861</b>
Personnel expenses [d]	-84,749	-78,073	-74,934	-76,633	-77,053	-74,115	-72,920	-68,954
Other administrative expenses [e]	-95,447	-72,931	-75,431	-73,812	-78,915	-66,918	-69,210	-67,973
Other operating income/expense [d]	27,587	25,047	22,578	17,328	27,388	22,073	22,875	22,000
Net accruals to provisions for risks and charges [f]	-2,038	-5,479	-21,424	-1,083	-7,459	-6,453	-7,193	-5,383
Adjustments to property, equipment and investment property and intangible assets	-23,972	-17,977	-17,834	-16,590	-22,829	-17,744	-16,499	-15,411
<b>Operating costs</b>	<b>-178,619</b>	<b>-149,413</b>	<b>-167,045</b>	<b>-150,790</b>	<b>-158,868</b>	<b>-143,157</b>	<b>-142,947</b>	<b>-135,721</b>
<b>Operating profit (loss)</b>	<b>204,392</b>	<b>228,287</b>	<b>176,132</b>	<b>215,565</b>	<b>138,798</b>	<b>195,071</b>	<b>172,444</b>	<b>156,140</b>
Charges for stabilising the banking system [e]	-	-2	-1,294	-20,001	1,983	-	-5,852	-35,005
Net gains (losses) on equity investments and other investments [g]	6,360	14,541	2,471	14,279	12,520	9,995	1,204	12,986
<b>Profit (loss) before tax</b>	<b>210,752</b>	<b>242,826</b>	<b>177,309</b>	<b>209,843</b>	<b>153,301</b>	<b>205,066</b>	<b>167,796</b>	<b>134,121</b>
Income taxes	-67,701	-74,497	-58,975	-64,615	-40,728	-63,563	-55,117	-39,714
<b>Profit (loss)</b>	<b>143,051</b>	<b>168,329</b>	<b>118,334</b>	<b>145,228</b>	<b>112,573</b>	<b>141,503</b>	<b>112,679</b>	<b>94,407</b>
(Profit) loss attributable to non-controlling interests	-	-	-	-	-	-	-	-
<b>Profit (loss) attributable to the Parent Company</b>	<b>143,051</b>	<b>168,329</b>	<b>118,334</b>	<b>145,228</b>	<b>112,573</b>	<b>141,503</b>	<b>112,679</b>	<b>94,407</b>

### Notes:

[a], [b], [c], [d], [e], [f] and [g] The figures are shown in accordance with the reclassifications presented in the summary of the reclassified consolidated income statement.

## HUMAN RESOURCES

The Group had 3,720 employees at the end of 2024, an increase of 123 compared to the previous year.

The personnel departments have been heavily involved in selecting, training and managing staff, in order to ensure that the necessary professional resources are available for the Group's operational development and growth, having regard for the changes taking place in the reference markets.

A breakdown of personnel by individual category is contained in the consolidated notes.

## OTHER INFORMATION

### BANCA POPOLARE DI SONDRIO SHARE

The Banca Popolare di Sondrio share, traded on the Euronext Milan market of Borsa Italiana, part of the FTSE MIB index starting from 18 March 2024, closed 2024 with a positive performance of 38.91%, marking a reference price on 30 December 2024 of 8.14 euro, compared to 5.86 euro at the end of 2023. The general index FTSE MIB in the same period recorded an increase equal to 12.63%, while the sectoral index FTSE Italia All-Share Banks had an increase of 52.69%.

### Treasury shares of the Parent Company and subsidiaries

With regard to treasury shares, transactions of which are carried out in compliance with the specific shareholders' resolution, it should be noted that the Parent Company held 3,597,215 shares, down 35,418 shares compared to the end of 2023 as a result of the assignments made in implementation of the remuneration policies of the Banca Popolare di Sondrio Banking Group for the year 2023, in addition to the 32,901 shares held by Banca Popolare di Sondrio (SUISSE) SA, as part of the remuneration plan based on financial instruments envisaged by the Group's remuneration policies, for a book value of 25.220 million.

## RATING

The solvency of the Banca Popolare di Sondrio Banking Group has been assessed by the rating agencies Fitch Ratings, DBRS Morningstar, S&P Global Ratings and Scope Ratings. For further information, see the directors' report accompanying the 2024 financial statements of the Parent Company.

## AUDITS AND INSPECTIONS

For further information, see the directors' report accompanying the 2024 financial statements of the Parent Company.

## TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, identified in accordance with the provisions of IAS 24 and the Consob Regulation issued with Resolution no. 17221 and subsequent amendments, are part of the Group's normal operations and are normally carried out at market conditions and in any case on the basis of assessments of mutual economic benefit.

In compliance with the disclosure requirements of article 5 of the above Consob Regulation, in the period 1 January - 31 December 2024 the competent bodies of the Parent Company approved the following transactions of greater importance with related parties (the other Group companies did not carry



out any transactions of greater importance during 2024):

- Banca Popolare di Sondrio (SUISSE) SA, subsidiary; revolving facility for guarantees in favour of residents ord. non-residents of 1,000,000 euro revocable; resolution of 29/03/2024;
- Factorit spa, subsidiary; granting of revolving facility financial advances 300,000,000 euro revocable; resolution of 03/04/2024;
- Factorit spa, subsidiary; revolving facility for guarantees in favour of euro residents 150,000,000 euro revocable; resolution of 24/05/2024;
- Popso Covered Bond srl, subsidiary; renewal of credit lines totalling 1,928,421,224 euro maturing 22/07/2029; resolution of 06/08/2024;
- Banca Popolare di Sondrio (SUISSE) SA, subsidiary; grant of unsecured loan in foreign currency of 896,500,000 euro maturing 22/06/2025 and revolving facility for guarantees in favour of residents ord. non-residents of 3,150,000 euro revocable and renewal of credit facilities totalling 1,270,072,000 euro revocable, 188,500,000 euro maturing 01/07/2028, 40,000,000 euro maturing 01/06/2028, 25,000,000 euro maturing 01/11/2026 and 896,500,000 euro maturing 01/02/2025; resolutions of 06/08/2024;
- Popso Covered Bond srl, subsidiary; grant of covered bond of 1,000,000 euro maturing 22/07/2029; resolution of 10/10/2024;
- Banca Popolare di Sondrio (SUISSE) SA, subsidiary; revolving facility for guarantees in favour of residents ord. non-residents of 10,000,000 euro revocable; resolution of 10/10/2024;
- Banca della Nuova Terra spa, subsidiary; renewal of credit lines totalling 440,014,500 euro revocable; resolution of 05/11/2024;
- Factorit spa, subsidiary; granting of guarantees in favour of non-residents of 120,000 euro maturing 20/03/2026; resolution of 05/11/2024;
- Alba Leasing spa, associated company; renewal of credit lines totalling 411,810,500 euro revocable; resolution of 05/11/2024;
- Factorit spa, subsidiary; revolving facility for financial advances of 1,200,000,000 euro revocable and revolving facility for financial guarantees in favour of residents of 400,000,000 euro revocable and renewal of credit lines for a total of 4,800,221,500 euro revocable; resolutions of 12/12/2024.

Finally, it should be noted that, in the fourth quarter of the year, Banca Popolare di Sondrio signed, for an amount of 400,000,000 euro, the extension of the Agreement for the financial support of Alba Leasing spa, in force between Banco BPM spa, BPER Banca spa and BPS itself. The transaction is classified as a major transaction with an associated company.

During 2024, no transactions of greater or lesser importance were carried out with related parties, which could have had a significant impact on the Group's balance sheet or results. Additionally, there have not been any developments and/or modifications of the transactions carried out with related parties during 2023 - in any case none of an atypical, unusual or non-market nature - with a significant effect on the Group's balance sheet or results for 2024.

In relation to Consob Communication DEM/6064293 of 28 July 2006, note that transactions or balances with related parties, as defined by IAS 24 and the Consob Regulation, have a limited incidence on the balance sheet and financial position, as well as on the Group's economic results and cash flows. In Part H of the notes to the financial statements, the section entitled "Related party transactions" includes a table that summarises these figures.

During 2024 and the current year, there have not been any positions or transactions deriving from atypical or unusual transactions. According to Consob Circular DEM/1025564 of 6 April 2001, atypical and/or unusual transactions are any that may raise doubts concerning the accuracy of the disclosures in

the financial statements, conflicts of interests, the protection of the corporate assets or the safeguarding of the shareholders, by virtue of their magnitude, the nature of the counterparties, the subject of the transaction, the methods in which the transfer price is set or the time at which the transaction is carried out.

## ESTABLISHMENT OF A VAT GROUP

Law No. 232/2016 ('Budget Law 2017') introduced Title V-bis in Presidential Decree No. 633/1972, Articles 70-bis to 70-duodecies, relating to the VAT Group institute. With the establishment of the 'Banca Popolare di Sondrio VAT Group', as of 1 January 2025, a single VAT taxable entity was created in which subsidiaries established in the territory of the State that meet certain legal requirements participate. A 'Group Representative' is identified who is responsible for fulfilling the VAT obligations arising from the exercise of the option. The role of VAT Group representative is held by Banca Popolare di Sondrio spa.

As a result of the establishment of the VAT Group, supplies of goods and provisions of services by a participating party to another participating party in the same VAT Group are not considered to be supplies of goods or provisions of services for the purposes of the application of Value Added Tax. The consideration for the aforementioned supplies and services is therefore not increased by VAT, which is normally not deductible for banks as it is to all intents and purposes a component of the cost of the goods or services.

Participating entities maintain their individuality in relation to other taxes under tax law. The entities that meet the legal requirements and participate in the Banca Popolare di Sondrio VAT Group with effect from 1 January 2025 are:

- Banca Popolare di Sondrio spa (Group Representative);
- Factorit spa;
- Rent2Go srl;
- Banca della Nuova Terra spa;
- PrestiNuova srl – Agenzia in Attività Finanziaria;
- Popso Covered Bond srl;
- Servizi internazionali e Strutture Integrate 2000 srl;
- Sinergia Seconda srl;
- Immobiliare San Paolo srl;
- Immobiliare Borgo Palazzo srl.

## ARTICLE 15 OF THE MARKET REGULATION

In relation to Article 15 (formerly Article 36) of Consob Regulation No. 16191/2007 (Market Regulation), on the subject of conditions for the listing of parent companies incorporated or regulated under the laws of non-EU countries and of significant relevance for the purposes of the consolidated financial statements, it is hereby certified that the only company concerned is Banca Popolare di Sondrio (SUISSE) SA, which has already adopted adequate procedures to ensure full compliance with the aforementioned regulation.

## INFORMATION ON ESSENTIAL INTANGIBLE RESOURCES

The Banca Popolare di Sondrio Group, in compliance with the requirements of Article 15 of Legislative Decree 125/2024, provides information on essential intangible resources in this Report on Operations, as well as in the Sustainability Report.



## SUSTAINABILITY REPORTING

### 1. GENERAL INFORMATION (ESRS 2)

- 1.1 Basis for preparation
- 1.2 Governance
- 1.3 Strategy
- 1.4 Impact, risk and opportunity management

### 2. ENVIRONMENTAL INFORMATION

- 2.1 Disclosure pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)
- 2.2 Climate change (ESRS E1)
  - 2.2.1 Strategy
  - 2.2.2 Impact, risk and opportunity management
  - 2.2.3 Metrics and targets

### 3. SOCIAL INFORMATION

- 3.1 Own workforce (ESRS S1)
  - 3.1.1 Impact, risk and opportunity management
  - 3.1.2 Metrics and targets
- 3.2 Affected communities (ESRS S3)
  - 3.2.1 Impact, risk and opportunity management
  - 3.2.2 Metrics and targets
- 3.3 Consumers and end users (ESRS S4)
  - 3.3.1 Impact, risk and opportunity management
  - 3.3.2 Metrics and targets

### 4. GOVERNANCE INFORMATION

- 4.1 Business conduct (ESRS G1)
  - 4.1.1 Impact, risk and opportunity management
  - 4.1.2 Metrics and targets

## 1. GENERAL INFORMATION (ESRS 2)

### 1.1 BASIS FOR PREPARATION

#### 1.1.1 General basis for preparation of Sustainability Report (BP-1)

Banca Popolare di Sondrio, Parent Company of the Banca Popolare di Sondrio Group (hereinafter also referred to as "the Group" or "the Bank") prepares its Sustainability Report (hereinafter also referred to as "the Report") on a consolidated basis in accordance with the provisions of Legislative Decree no. 125 of 6 September 2024 transposing Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on corporate sustainability reporting and in accordance with the reporting standards called European Sustainability Reporting Standards (ESRS) adopted by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards.

The Consolidated Sustainability Report covers the same scope of consolidation used for the consolidated financial statements. For the financial year 2024, the companies included in the scope of consolidation are the same as those shown in the table relating to "Investments in subsidiaries on a line-by-line basis" in "Section 3 - Scope and methods of consolidation" of Part A of the Consolidated Notes, to which reference should be made. As part of the definition of the reporting scope, it should be noted that no operational control was identified for any of the companies consolidated under the equity method.

It is also noted that the subsidiaries included in the consolidation are exempt from individual or consolidated Sustainability Reporting, as they are included in the Consolidated Sustainability Report in accordance with Article 7 paragraph 1 of Legislative Decree No. 125 of 6 September 2025.

In preparing this Sustainability Report, while the scope of applicability was defined, the Group also defined its upstream and downstream value chain. This, clustered by sector, was used for the definition and evaluation of impacts, risks and opportunities. The Group's value chain is divided into two main segments: upstream and downstream. The upstream segment consists mainly of suppliers of goods/services and direct funding, while the downstream segment consists of customers and indirect funding. The disclosure at 31 December 2024 on the value chain includes quantitative metrics on scope 3 GHG emissions.

In drafting this document, it should be noted that the Bank has availed itself of the so-called phase-in provided for by the regulations; for details on the "disclosure requirements" for which the phase-in has been applied, please refer to the Content Index in section "1.7.1 Disclosure requirements in ESRS covered by the undertaking's Sustainability Report (IRO-2)".

In order to ensure transparency and reliability of the information provided and in line with the requirements of the relevant regulations, the Sustainability Report is subject to limited assurance by the independent auditors EY SpA.





### 1.1.2 Disclosure in relation to specific circumstances (BP-2)

In order to make this Sustainability Report easier to read, it should be noted that in the period between the reference date of the document and its approval by the Board of Directors on 11 March 2025, the following events occurred:

- Approval on 25 February 2025 of the revisions to the Code of Ethics and the Rules of Composition and Operation of the Supervisory Board 231/2001;
- Approval on 25 February 2025 of the updated Policy on Internal Reporting of Violations - Whistleblowing;
- Approval on 11 March 2025 of the new Business Plan 2025-2027 'Our Way Forward', including the new Sustainability Plan.

#### Value Chain Estimates

In the year under review, the Group used the phase-in defined by ESRS 1 - 10.2 for the reporting of value chain metrics. With reference to the value chain, within the section '2.2.3.3 Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)', metrics related to GHG (greenhouse gas) emissions of Scope 3 are reported. The calculation of this information requires data and information from different stakeholder groups (suppliers, customers and other counterparts). Where this information was not directly available from primary sources, despite reasonable efforts to find it, estimates and information from external data providers had to be used. In order to provide accurate and timely information, the Banca Popolare di Sondrio Group is committed to periodically reviewing and updating the relevant calculation methods used, in line with the latest standards and market developments. For more details on the methodologies used to calculate these emissions and their estimates, please refer to the methodological part of section '2.2.3 Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)'.

#### Causes of uncertainty in estimates and results

In the reporting of metrics, the Group is committed to providing data that conforms to the qualitative characteristics of the information required by ESRS 1 - General Requirements, Appendix B.

Where it was not possible to gather information from primary sources, the determination of the reported information was based on estimates, assumptions, sampling and other information from indirect sources. This was the case for some data points in the methodological sections "Energy consumption and mix (E1-5)", "Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)" and "Payment practice (G1-6)", more details on the assumptions, approximations and judgements used, are explained within the respective paragraphs.

#### Errors and changes in the drafting and presentation of sustainability information

As mentioned in section '1.1.1 General basis for preparation of Sustainability Report (BP-1)', the Bank availed itself of the option, provided by ESRS 1 paragraph 136 for the first year of preparation, not to present comparative information.

#### Disclosures required by other legislation or sustainability reporting requirements

This Sustainability Report, in Chapter 2 'Environmental Information', includes the disclosure required by Article 8 of Regulation (EU) 2020/852 (Taxonomy).



### **Inclusion by reference**

Inclusions by reference within the Report fulfil the conditions required by paragraph 120 of ESRS 1 (General Requirements). The Disclosure Requirement (DR) and Data Points (DP) incorporated in the document by reference relate to the scope of consolidation and the average number of employees (average number).



## 1.2 GOVERNANCE

### 1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)

#### Characteristics of the Board of Directors

Below is the information required by ESRS 2 concerning gender diversity among members of the administrative, management and supervisory bodies:

	Men	Women	Total
Members of Administrative, Management and Supervisory Bodies	10	8	18
Members of the Board of Directors	8	7	15
of which executive members	4	1	5
of which non-executive members	2	0	2
of which independent Board members	2	6	8
Members of the Board of Directors	53.33%	46.67%	100.00%
Executive members	26.67%	6.67%	33.33%
Non-executive members	13.33%	0.00%	13.33%
Independent Board Members	13.33%	40.00%	53.33%
<b>Gender diversity among members of the Board of Directors</b>			<b>87.50%</b>

The members of the administrative, management and supervisory bodies, in addition to the members of the Board of Directors, also include the members of the Board of Statutory Auditors.

Italian law does not provide for the representation of employees and other workers in corporate bodies. However, the composition of the Group's governance bodies is distinguished by the presence of members with significant experience in various economic sectors in which the company operates (e.g. banking, insurance and finance), gained mainly in the territories where the Group is active, such as Northern Italy and Switzerland.

#### Responsibilities of bodies with strategic supervision, management and control functions with regard to impacts, risks and opportunities

The Board of Directors is the Group's body with strategic supervisory function, the Board of Statutory Auditors plays the role of body with control function.

Within the Board of Directors, the Board of Directors establishes intra-Board Committees, which differ according to the subject matter covered and are responsible for advisory, investigative and propositional roles to the benefit of Board resolutions (Executive, Control and Risk, Appointments, Remuneration, Sustainability, Related Party and Connected Party Transactions).

The Board of Directors has appointed a Managing Director, who, in addition to the specific proxies entrusted from time to time by the Board of Directors, as the Body with management functions, implements Board decisions and supervises the 6 Governance Areas (Chief Financial Officer, Chief Risk Officer, Chief Lending Officer, Chief Commercial Officer, Chief Information and Operations Officer, NPE Unit) and directly certain Services and Offices.

The organisational structure of the Governance Area brings together a number of Departments, Services and Offices that carry out activities that are consistent with each other. The Head of the Governance Area supervises the Departments, Services and Offices that report to them; at the same time, they report directly to the Managing Director.

The Board of Directors also appointed a Board Member as Anti-Money Laundering Officer, pursuant to the Bank of Italy Provision of 1 August 2023. The Board also appointed a General Manager, to whom specific Departments, Services and Offices report.

Oversight and supervision of the relevant impacts, risks and opportunities ('IRO') within the Group is entrusted to the following bodies: Board of Directors (hereinafter also 'BoD'), Board Control and Risk Committee, Board Sustainability Committee and Board of Statutory Auditors.

The relevant responsibilities are formalised in specific corporate documents:

- the responsibilities of the Board of Directors are set out both in the legislation in force at the time and in the Articles of Association, as well as in internal company regulations;
- the responsibilities of the Board of Statutory Auditors are set out both in the legislation in force at the time and in the Articles of Association, as well as in internal company regulations;
- the responsibilities of the Board Bodies (Board Control and Risk Committee and Board Sustainability Committee) are set out in the legislation in force from time to time, in the 'Regulation of the Board of Directors and Board Committees' approved by the Board of Directors, and in the individual internal company regulations.

First and foremost, management plays a preliminary and operational role in order to be able to guarantee the Administrative Body full disclosure on the resolution of strategic guidelines.

Furthermore, once the guidelines are approved by the Board of Directors, management implements them with the support of the competent structures of the Bank.

The role of monitoring, managing and controlling impacts, risks and opportunities is delegated to:

- Risk Management Committee;
- Sustainability Management Committee;
- Chief Risk Officer (hereinafter also referred to as 'CRO');
- Chief Financial Officer (hereinafter also referred to as 'CFO').

The Management Committees play an essential role of preliminary investigation and technical-operational support to the Board of Directors and the Managing Director. These bodies are subject, de facto, to the control of the Board of Directors with regard to matters submitted to the Board for resolution and disclosure. Management Committees are composed of the so-called Chiefs, figures who maintain a direct dialogue with the Managing Director and the Board of Directors itself. Their participation in board meetings, aimed at representing issues relevant to corporate governance, allows for an effective connection between the operational structures and the Board of Directors, ensuring smooth communication and integrated management of strategic decisions.

### **Role of management in the integration of controls, target setting and competence development in terms of sustainability**

Pursuant to the legislation in force at the time, the Group mainly applies three lines of control:

1. First-level controls - or line controls - aimed at ensuring that operations run smoothly;
2. Second-level controls (Risk Control and Compliance) aimed at ensuring, respectively, the correctness of risk monitoring and management and compliance with the reference regulations for all the areas overseen by the Office in charge;
3. Third-level controls (internal audit) to (i) control the regular course of operations and the development of risks; (ii) assess the completeness, adequacy, functionality and reliability of the organisational structure and the other components of the internal control system, bringing possible improvements to the attention of the corporate bodies, with particular reference to the risk management process and the tools for measuring and controlling them.



The Board of Directors is the recipient of appropriate periodic reports aimed at correctly and comprehensively monitoring the objectives related to relevant impacts, risks and opportunities, as well as the progress made in achieving them. These reports are submitted to the Board of Directors by the competent structures identified from time to time by sector (e.g. Risk Management, Organisational Units of the Governance Areas Chief Financial Officer and Chief Lending Officer (hereinafter also 'CLO'), Personnel Service (hereinafter also 'HR')).

The Parent Company's Board of Directors, in accordance with the regulations in force for the banking sector and also following the best practices on the subject, annually carries out an important self-assessment process on the functioning thereof and, more generally, of the corporate governance system. The self-assessment process is aimed at assessing the efficiency and effectiveness of the Board and identifying possible proposals for improvement, in terms of both competence and operation, also in view of the annual renewal of one-third of the Board of Directors.

This self-assessment process is also carried out every three years with regard to the Board of Statutory Auditors, a body with control functions, on the occasion of the relevant office renewal.

The self-assessment process also provides an opportunity to check the level of sustainability expertise that the bodies possess. In this regard, the verification of any gaps are duly taken into account in order to be able to prepare the optimal annual qualitative and quantitative composition of the Parent Company's management and control bodies. The purpose of these documents is to provide guidance to Shareholders on the optimal quantitative and qualitative composition of the Board of Directors and the Board of Statutory Auditors and the profile of candidates for the office of Director and Statutory Auditor, and they are intended to support the choice of candidates to be presented for the renewal of the Bodies, so that the professionalism and characteristics required on the basis of the Group's needs can be taken into account.

In addition to the above, the competent structures of the Parent Company, also on the basis of the findings of the annual qualitative-quantitative optimal composition, submit to the Board of Directors a training path addressed to the Bodies in order to be able to develop and improve their skills in specific areas in which it operates, including, as done in 2024, the topic of sustainability.

These competencies are assessed on the basis of an analysis of the issues affecting the Bank's ordinary and extraordinary operations.

The skills and experience of the members of the administrative, management and supervisory bodies in relation to sustainability matters gained from professional training and work experience ensure effective management of the relevant IRO identified.

## **Disclosure requirements relating to ERS 2 GOV-1 - Role of the administrative, management and supervisory bodies of the ERS G1 - Business conduct**

### **Role of the administrative, management and supervisory bodies in relation to business conduct.**

The administrative, management and supervisory bodies of the Group pay particular attention to the conduct of the business. In particular, the Board of Directors has entrusted a specially appointed body (the so-called Supervisory Board 231, hereinafter also referred to as 'Supervisory Board') the supervisory functions pursuant to Article 6(1)(b) of Legislative Decree No. 231/2001. Currently, the Supervisory Board is composed of one member from outside the Bank (appointed Chair), one member of the Board of Statutory Auditors and the head of the Parent Company's Internal Audit function.

The Supervisory Board submits to the Board of Directors for examination and subsequent approval the Code of Ethics (hereinafter also referred to as the 'Code') and the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (hereinafter also referred to as the 'OMM').

### **Code of Ethics**

The Code of Ethics (hereinafter also referred to as the 'Code') is an extremely important document that expresses the ethical commitments and responsibilities in the conduct of the Group's business and corporate activities and defines the set of values and principles, as well as the lines of conduct, that must be assumed by the Group's Directors and Statutory Auditors, by all persons bound by employment relationships and, in general, by all those who work with the Group. The Code of Ethics is brought to the attention of all stakeholders through appropriate communication and awareness-raising activities and is published on the Bank's institutional website. In order to ensure the correct understanding of the Code, the Personnel and Organisational Models Service prepares, on the basis of the indications of the Supervisory Board, a communication plan, differentiated according to the role and responsibility of the different recipients, aimed at promoting awareness of the principles contained in the Code.

In the event of changes to the legislation in force, or to the Group's organisational structure, and in any case whenever it is deemed appropriate, the Supervisory Board proposes to the Board of Directors the changes to be made to the Code of Ethics.

### **Organisation, Management and Control Model 231**

The Organisation, Management and Control Model (hereinafter also referred to as 'OMM') pursuant to Legislative Decree No. 231/2001 identifies the operational procedures that the company develops to reduce the risk that senior individuals and their collaborators commit offences to the advantage or interest of Group Companies. In this respect, the Board of Directors is, by express provision of the aforementioned Decree, the body permanently responsible for the adoption and effective implementation of the OMM. It is therefore up to the Supervisory Board, also on the basis of the impetus and suggestions periodically formulated by the Supervisory Board, to assess whether it is appropriate to update and supplement the OMM. The Supervisory Board proposes to the Board of Directors any action deemed useful for the above purposes, where it finds that the OMM needs to be adjusted and/or supplemented in relation to changed business and/or regulatory conditions, or as a result of the detection of breaches or in relation to new areas of risk. Following the acquisition of the resolution of the Board of Directors approving the OMM and its annexes, the Supervisory Board sees to its implementation and dissemination within the Group and, to the extent necessary, also outside the Group. The task of supervising the functioning and observance of the OMM is carried out by the Supervisory Board through the examination of reporting flows, hearings and inspections, as well as through the Internal Audit service



and/or the Compliance Function or other company structures with control tasks or external professionals, with reference to the areas concerning the Decree.

Finally, the Board of Directors received the customary annual report from the Supervisory Board 231 on the activities carried out during 2023 and the submission of the proposed resolution of the Plan of Planned Activities for 2024.

### **Responsibilities of the administrative, management and supervisory bodies in matters of business conduct**

#### **Current and past experience**

Several members of the Parent Company's Board of Directors and Board of Statutory Auditors have acquired expertise in business conduct issues through relevant professional experience. In particular:

- some Directors have served, or still serve, as members of the 231 Supervisory Board in listed, financial and non-financial companies;
- one member of the Board of Statutory Auditors is currently also a member of the Bank's Supervisory Board 231;
- a Director has held professional roles of international relevance, particularly in the integration of sustainability considerations into the investment decisions of an investment bank;
- a Director has served as a member of the Financial Banking Arbitrator (ABF) at the Bank of Italy and has conducted research in the area of corporate social responsibility.

#### **Training for administrative and supervisory bodies on business conduct**

During 2024, the Group's Board of Directors and Board of Statutory Auditors benefited from specific training sessions on business conduct. In particular, in the fourth quarter of 2024, the Board of Directors and the Board of Statutory Auditors took part in the *"Advanced Training Course for the Board of Directors"*, promoted by the Italian Banking Association (ABI); as part of the training programme, a lecture was delivered on the subject of "The responsibility of members of administrative bodies".

### 1.2.2 Information provided to and sustainability matters addressed by the undertaking's Administrative, Management and Supervisory Bodies (GOV-2)

#### Reporting to the Administrative, Management and Supervisory bodies on Material Impacts, Risks and Opportunities

As the first year of reporting, the criteria for the oversight of impacts, risks and opportunities (IRO) by governance bodies are still being defined. However, the Administrative, Management and Supervisory bodies are informed of the material impacts, risks and opportunities, the implementation of the due diligence, and the results and effectiveness of the policies, actions, metrics and targets adopted to address them.

These reports are submitted to the attention of the Board of Directors and the Board of Statutory Auditors, after they have been examined by the Bank's Board of Directors' and Board of Statutory Auditors' Committees for the relevant issues.

With regard to risks, the structures of the Chief Risk Officer Governance Area submit a quarterly report to the Board of Directors and the Board of Statutory Auditors on risk trends in the area of sustainability, after examination in the Control and Risk and Sustainability Board Committees.

With particular reference to the impact of policies, actions and targets:

- the Offices of the Chief Lending Officer Governance Area submit for approval the credit practices under the Board of Directors' responsibility, also analysing in detail the ESG scoring of the individual practice;
- the Offices of the Chief Financial Officer Governance Area submit to the Bodies' attention periodic information on the progress of the objectives set in the ESG area, as well as any other useful detail under their responsibility.

#### Role of Administrative, Management and Supervisory Bodies in the management of material impacts, risks and opportunities

Sustainability matters are integrated into corporate management and therefore play an important role in the conduct of strategic and management activities by the administrative, management and supervisory bodies. Within the framework of the Sustainability Governance that the Group has implemented, in fact, the Board of Directors is supported by the Control and Risk Committee and by a special Sustainability Committee, which performs investigative, advisory and propositional functions in the assessment and management of sustainability factors considered fundamental to the planning of the medium-long term strategy and their consequent translation into Group policies. This Committee is also involved in the reporting process, ensuring the consistency of the information with the provisions of the Business Plan and with the objectives of the Group's sustainability strategy. In addition, the Sustainability Committee submits for information to the Board of Directors the results of the dual materiality analysis carried out in order to ensure that the material impacts, risks and opportunities thus identified guide the Group's strategic and operational guidelines.

As part of its functions, it is the Board of Directors' responsibility to assess ESG factors, including climate and environmental risks, in the context of strategic planning and the Risk Appetite Framework, ensuring full consistency between these and corporate objectives.

The effectiveness of these measures is monitored by the Board of Directors by means of an internal control system and through the promotion of continuous training on these issues, which makes it possible to strengthen and consolidate the skills necessary to handle compromises and strategic decisions in a conscious and responsible manner.





In 2024, the Board of Directors, with the support of the dedicated committees, was involved in the materiality review process (conducted in terms of 'dual materiality', i.e. impact materiality and financial materiality) and thus in the identification and assessment of impacts, risks and opportunities related to sustainability matters.

The Board of Directors also addressed several issues related to environmental, social and governance aspects. Examples include:

- involvement in updating the ESG Credit Policy, which governs the management and mitigation of risks arising from financial exposures to sectors or activities with a high environmental and social impact, as well as the identification of sustainable financing opportunities;
- the approval of the Operational Plan on Diversity and Inclusion, which represents a concrete action to address social impacts related to valuing diversity and promoting inclusion within the organisation.

### 1.2.3 Integration of sustainability-related performance in incentive schemes (GOV-3)

#### Remuneration policies

The Group discloses information on incentive systems by means of the Annual Report on Remuneration Policy and Remuneration Paid, prepared pursuant to Article 84-quater of the Regulation adopted by CONSOB Resolution No. 11971 of 14 May 1999 and subsequent amendments and additions, implementing Legislative Decree No. 5 of 24 February 1998.

The incentive systems are contained within the 'Remuneration Policies', which are approved annually by the Shareholders' Meeting.

Pursuant to Article 2389(1) of the Civil Code and Article 30 of the Articles of Association, the remuneration of the Board of Directors is set annually by the Shareholders' Meeting, which determines it in a fixed amount, including an item relating to participation in Board Committees, without affecting the balance of the financial statements, due to its moderate size. The Meeting defines the amount of the attendance fees and, possibly as a lump sum, the reimbursement of expenses for attending meetings and the fees for participation in committees. There are no forms of incentive remuneration for directors based on financial instruments or linked to company performance, nor are there any differentiated forms of remuneration for executive directors.

It is also up to the Shareholders' Meeting to determine the annual emolument, valid for the entire term of office, of the members of the Board of Statutory Auditors, as well as the amount of attendance fees and the reimbursement of expenses incurred in the performance of the mandate. There is no compensation based on financial instruments and no performance-related bonuses.

For the General Manager, the payment of variable remuneration is subject to compliance with access thresholds identified in line with the minimum parameters established annually by the Supervisory Authority and incorporated in the Risk Appetite Framework. In particular, the following are considered:

- sustainability indicators at a consolidated level: Common Equity Tier 1 (CET1);
- liquidity indicators at consolidated level (LCR).

If the above thresholds are exceeded, the allocation and disbursement of the bonus pool is based on quantitative, economic, financial and qualitative targets, which take into account both 'top line' results, i.e. core profitability, and operating efficiency, through the cost-income ratio, and 'bottom line' results, through the use of the RORAC.

### Main characteristics of incentive systems - Focus on Sustainability

Sustainability is a transversal element that affects all areas of the Group's operations, reflected in the criteria for measuring the achievement of ESG objectives. Sustainability-related performance metrics are integrated within the Remuneration Policies, emphasising the link between the Group's ESG commitment and incentive management. In particular, 10% of the variable remuneration of the General Manager depends on objectives and (or) sustainability-related impacts.

In this context, the following short-term objectives were defined:

- ESG rating: improvement of the Standard Ethics EE corporate rating;
- ESG products and services: expansion of the ESG product offer (next) in accordance with the Business Plan;
- ESG finance: raising the 'ESG percentage' of the bond component of the proprietary portfolio;
- International initiatives: elaboration of a set of targets to be shared with Net-Zero Banking Alliance (NZBA) by June 2025 for the definition of decarbonisation targets;
- ESG Governance: Completion and approval of the Operational Plan on Diversity and Inclusion;
- ESG credit - counterparty assessment: completion of ESG due diligence of corporate counterparties; expansion of the scope covered by the C&E Score assessment.

The long-term objectives, as distinct from those envisaged for the short term, are as follows:

- ESG rating: ensure a solid ranking of the parent company in the Standard Ethics sustainability rating and the CDP climate rating score;
- ESG Credit and Finance: expanding ESG product offerings and volumes;
- ESG issues: increase ESG funding activity by issuing new green bonds and social bonds;
- CO<sub>2</sub> emissions: reduce direct (Scope 1) and indirect (Scope 2 and 3) emissions;
- ESG initiatives: joining international initiatives related to environmental and social sustainability;
- ESG training: integrate sustainability matters into corporate training programmes in a comprehensive and transversal manner.

### Implications of climate considerations in the remuneration of governance bodies

The definition of the composite ESG KPI for governance bodies includes climate change considerations and sub-objectives.

Among the sustainability-related components of the Group's variable remuneration of the most relevant personnel<sup>5</sup>, the following are envisaged as KPIs in relation to climate change: the development of a set of targets to be shared with Net-Zero Banking Alliance (NZBA) by June 2025 for the definition of decarbonisation targets, and the expansion of the scope covered by the C&E Score assessment. The percentage of remuneration recognised, linked to these considerations, is included in the 10% variable remuneration linked to sustainability targets.

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<sup>5</sup> Group personnel who, by virtue of their activities, have or may have a significant impact on the Group's risk profile, identified on the basis of the qualitative-quantitative criteria laid down in the Delegated Regulation (EU) No. 923/2021 of 25 March 2021 and in the supervisory provisions.



### 1.2.4 Statement on due diligence (GOV-4)

#### Information in the sustainability statement regarding the due diligence process

##### Basic elements of due diligence

Although the Group does not have a formalised due diligence process, this principle is nevertheless embedded in its business model. The following table shows the key elements of the duty of care and the relevant sections in the Sustainability Report where this information can be found.

Basic elements of due diligence	Paragraphs in sustainability statements
a) Embedding due diligence in governance, strategy and business model	<b>General information</b> - Information provided to and sustainability matters addressed by the undertaking's Administrative, Management and Supervisory Bodies (GOV-2) <b>General information</b> - Integration of sustainability-related performance in incentive schemes (GOV-3) <b>General information</b> - Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)
b) Involving stakeholders at all key stages of the due diligence	<b>General information</b> - Information provided to and sustainability matters addressed by the undertaking's Administrative, Management and Supervisory Bodies (GOV-2) <b>General Information</b> - Interests and views of stakeholders (SBM-2) <b>General information</b> - Description of processes to identify and assess material impacts, risks and opportunities (IRO-1) <b>Social Information</b> - Processes for engaging with own workers and workers' representatives about impacts (S1-2) <b>Social information</b> - Processes for engaging with affected communities about impacts (S3-2) <b>Social Information</b> - Processes for engaging with consumers and end-users on impacts (S4-2)
c) Identifying and assessing negative impacts	<b>General information</b> - Description of processes to identify and assess material impacts, risks and opportunities (IRO-1) <b>General information</b> - Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)
d) Intervening to address negative impacts	<b>Environmental information</b> - Actions and resources in relation to climate change policies (E1-3) <b>Social information</b> - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)
e) Tracking the effectiveness of these efforts and communicating	<b>Environmental information</b> - Targets related to climate change mitigation and adaptation (E1-4) <b>Social information</b> - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

### 1.2.5 Risk management and internal controls over sustainability reporting (GOV-5)

#### Internal control system and engagement of corporate bodies

The internal control system in relation to the Sustainability Report consists of the set of rules, activities, procedures and organisational structures that aim to ensure compliance with company strategies. This system is designed to guarantee, with reasonable confidence, the reliability of the information provided. The Internal Control System involves, with different roles, the Board of Directors and the Board Committees, the Board of Statutory Auditors, the Managing Director assisted by the members of the Executive Board and the Heads of the Governance Areas, the Management Committees including the Sustainability Committee, the Organisational Units entrusted with internal control tasks and all personnel.

#### Lines of control and responsibility

In accordance with the Supervisory Instructions, the company's organisational structure of the functions dedicated to controls can be traced back to the following lines of control, which allow the regular performance of operations and the development of risks to be verified, and the assessment of completeness:

- **First-level controls:** these consist of procedural, IT and behavioural checks to allow operations to run smoothly. The central services, offices and local branches are responsible for the effective implementation of the controls and their adequacy;
- **Second-level controls:** consisting of risk and compliance controls, the aim of which is to ensure, among other things, the proper implementation of the risk management process, consistency of the operations of individual business areas with risk-return objectives and current and prospective capital adequacy. The controls are performed by the Chief Risk Officer, the Compliance Function and DPO and the Anti-Money Laundering Function.
- **Third-level controls:** represented by the activities of the Internal Audit Service aimed at verifying, also by means of on-site inspections, the regular performance of operations, the functionality of the organisational structure and the components of the Internal Control System. With regard to sustainability matters, the Internal Audit Service deals with:
  - verifying compliance with sustainability policies in company and Group operations;
  - assessing the functionality of the climate and environmental risk management process;
  - reporting to the corporate bodies any inefficiencies, weaknesses or irregularities that have emerged in the course of its audit activities, making recommendations and bringing to their attention possible improvements.

#### Internal Control Model for Sustainability Reporting

With the entry into force of the CSRD, the Reporting Manager's function developed the Internal Control Model on Sustainability Reporting (hereafter also 'the Model') taking into account the disclosure requirements of the ESRS standards (so-called Data Points) and the specific information on the taxonomy of environmentally sustainable activities provided for in Article 8 of Regulation 2020/852 (EU Taxonomy Regulation), for the purpose of their disclosure in the context of sustainability reporting. The control framework is called upon to include in its analysis the processes related to the production of the information required by ESRS in sustainability reporting. The configuration of the Model is aimed at ensuring accuracy, reliability and timeliness of sustainability reporting at Group level, pursuing integration with the overall internal control and risk management system with the specific objective of identifying,



assessing and controlling risks on sustainability reporting.

The assessment of relevant risks and controls associated with the Reporting Manager's critical processes takes place according to a risk-based approach, in a manner consistent with the risk analyses adopted by the Group and the Bank. The process of identifying and assessing risks begins with an initial scoping phase in which the Bank identifies the critical perimeter for sustainability reporting, taking into consideration the Disclosure Requirements and the quantitative and qualitative Data Points defined by the ESRS, the relevant legal entities within the Group's consolidation perimeter, and the procedures relating to sensitive sustainability reporting, i.e. the processes underlying the calculation and preparation of the indicators preparatory to sustainability reporting. The scoping activity considers the outcome of the dual materiality analysis as input and proceeds to analyse the indicators within the scope of sustainability reporting according to a risk-based approach, identifying different levels of risk depending on the opportunity to mitigate the underlying risks with the internal control system. The scope of the investigation includes companies that contribute significantly to the sustainability values reported by the Group, as well as companies that, although not material, are characterised by processes or risks that may lead to material errors in the sustainability reporting of the entire Group. Once the significant indicators have been identified as the outcome of the previous steps, each of them is traced back to an underlying business procedure/activity for the preparation of sustainability reporting. The identification of risks related to sustainability reporting is carried out taking into account the accuracy as well as the consistency of the reported sustainability information with the requirements of the ESRS and, for impacted indicators, with the requirements of the Taxonomy Regulation. The sustainability reporting risks identified are assessed at the 'inherent' level, thus assessing the potential error that could arise in the absence of control. The potential risk index or gross risk assessment represents the summary assessment of the individual risk event, the occurrence of which could result in direct/indirect damage of a sanctioning or image nature to the outside world.

The identification of risks related to sustainability reporting is carried out taking into account the characteristics of the information. The Group has identified potential risks to the completeness and integrity of the data, i.e. that the reported data may lack the qualitative characteristics required by ESRS 1 - General Requirements, in Appendix B - Qualitative Characteristics of Information:

- Relevance. Sustainability information is relevant when it can make a difference in users' decisions according to a dual materiality approach.
- Faithful representation. In order to be useful, information must not only represent a relevant phenomenon, but must also faithfully depict the substance of the phenomenon it is intended to represent. For faithful representation, information must be complete, neutral and accurate.
- Comparability. Sustainability information is comparable when it can be compared with information provided by the company in previous periods and can be compared with information provided by other companies, particularly those with similar activities or operating in the same sector.
- Verifiability. Verifiability helps to instil confidence in users that the information is complete, neutral and accurate. Sustainability information is verifiable if the information itself or the data from which it was derived can be corroborated.
- Comprehensibility. Sustainability information is comprehensible when it is clear and concise. Comprehensible information enables a reasonably competent reader to understand the communicated information.

In identifying risks, the Group also considers the availability of data on the upstream and/or downstream value chain and the timeframe within which this data is made available.

For the year 2024, the Bank prepared an implementation plan of the processes to be mapped



containing the definition of the main steps, activities, controls at entity level included in the reporting boundary and a plan for the implementation of the SCIS on the indicators/data points identified as relevant following the scoping activity. Going forward, the Bank will adopt a system to supervise the results of the verification and testing activities, providing for the identification of any critical issues and their resolution through the development of specific plans.

Annually, the Reporting Manager informs the Board of Directors of the activities carried out with the aim of ensuring reasonable certainty as to the adequacy and correct application of the procedures relating to sustainability reporting.



## 1.3 STRATEGY

### 1.3.1 Strategy, business model and value chain (SBM-1)

#### Products and Services

The Group offers a wide range of services designed to meet the different needs of its stakeholders in the banking, financial and insurance fields, either directly or through partnerships with leading institutions.

The offering includes banking solutions characterised by environmental, solidarity and social inclusion objectives, designed to support the most vulnerable segments of the population. At the same time, the Group promotes investments that not only generate return opportunities, but also support the real economy and reward companies that adopt virtuous practices.

In this context, the credit policies adopted by the Group are of particular importance.

The principles of financial inclusion and social responsibility guide the Group's actions, with the aim of ensuring tangible benefits in terms of reputation and recognition.

Special attention is dedicated to analysing the qualitative profile of the applicant and the product sector concerned, working in full compliance with corporate and community regulatory requirements and the principles of the Code of Ethics.

The Bank offers sustainable investment solutions that comply with the criteria set out in Articles 8 and 9 of Regulation 2019/2088 (SFDR), in cooperation with leading management houses. The offering includes ESG-oriented mutual funds and asset management lines, offering customers diversified investment opportunities aligned with sustainability criteria.

In its 2022-2025 Business Plan, Banca Popolare di Sondrio outlined specific guidelines for the Group's sustainability strategy, including the launch of ESG products. The Group aims to support its customers by making sustainability a core value for families and companies.

In particular, the environmental line 'next - Sustainable Credit Products' was expanded in 2024, a financing package for individuals, professionals and companies wishing to reduce their carbon footprint. Eligible solutions include the installation of renewable energy systems, the purchase of environmentally friendly means of transport or the efficiency upgrading of homes and workplaces. The line includes, for private individuals, personal loans or mortgages, and for companies, mortgages and/or unsecured medium- and long-term loans, which can also be disbursed according to the progress of specific works. New features for 2024 include green mortgages for environmentally sustainable real estate for businesses and private homes, as well as financing for companies investing in a circular economy model.

The details of the 'next' line are as follows:

#### For Individuals

1. Loan: Green Energy and Sustainable Mobility;
2. Mortgage loan: Green Buildings.

#### For Companies

1. Mortgage or unsecured loan: renewable energy, energy efficiency sustainable mobility, circular economy, green buildings.

In addition, the Group introduced a new credit line dedicated to third-sector entities, intended to finance projects of a social nature, falling under 'category S - Social', which are difficult to access through traditional channels.

To further support virtuous realities in terms of sustainability, the Group is also committed to issuing debt financial instruments with ESG characteristics, such as Green Bonds, in line with international best practices (i.e. Principles of the International Capital Market Association).

In line with European regulatory developments, the Group constantly updates its framework. In 2024, the scope of the Green Bond Framework was extended to social categories, with a specific focus on areas that promote social and economic progress.

### Significant customers and markets

Banca Popolare di Sondrio has historically pursued the objective of generating value in the medium to long term, responding to the needs of the community in which it operates, such as families, small and medium-sized enterprises, cooperatives and public and private entities. Its business model is based on an awareness of the importance of meeting the needs of all stakeholders, supporting the productive fabric and the family sector by granting loans and credit lines, as well as offering accessible and simple products and services designed to meet the specific needs of individuals. The Group is constantly striving to develop new solutions, in order to seize market opportunities and respond in a timely and effective manner to the evolving needs of its customers.

Furthermore, the Bank, in order to adopt a differentiated approach within its customer selection strategy, excludes any relationship with entities operating in the arms sector involved in the production, marketing or distribution of weapons considered controversial (e.g. anti-personnel mines or nuclear weapons).

This approach has helped to consolidate the presence in the main sectors of the banking business, such as credit intermediation, international services, payment systems and asset management, fostering a steady growth in market shares.

The table below provides a breakdown of the workforce by main geographical area of reference:

Number of Banca Popolare di Sondrio Group employees by geographical area	2024
Italy	3342
Switzerland	357
Principality of Monaco	21
<b>Total</b>	<b>3720</b>

Spot data at 31 December 2024

### Sustainability-related objectives concerning products, customer services and markets

The provision of ESG products is a fundamental pillar of the Group's sustainability strategy, as clearly outlined in the 2022-2025 Business Plan. Expanding the business proposition from an ESG perspective is crucial not only to meet the needs of consumers who are increasingly sensitive to the environmental and social impacts of goods and services, but also to support companies that adopt innovative business models, increasing their competitiveness and anticipating European environmental regulations. This initiative also makes it possible to enrich the ESG credit portfolio, which is necessary for the issuance of sustainable finance instruments, such as Green or Social Bonds, and to increase the percentage of eco-sustainable assets in the Parent Company's financial statements, represented by the Green Asset Ratio established by the Taxonomy.

At this early stage, the expansion of the financing proposal focuses on credit lines to support investments in environmental protection. The ESG product offering is an indispensable element in achieving the adaptation, C&E risk mitigation and emission reduction goals of Scope 3.

### Strategy on sustainability matters

The elements of sustainability are integrated into the Group's strategy: the incorporation of sustainability matters within business activities and processes is manifested through the ongoing





objectives that the Group aims to pursue, including strengthening governance, integrating sustainability into key operational processes, reviewing the product and service portfolio, participating in national and international initiatives and constantly updating reporting activities. In this way, the Group faces the challenges of the transition to a sustainable economy, capitalising on the opportunities arising from both business expansion and the strengthening of internal processes.

As of 2023, BPS has been part of major international initiatives, including UNEP FI, the Principles for Responsible Banking (PRB) and the Net-Zero Banking Alliance (NZBA), thereby demonstrating its commitment to international cooperation and recognising the key role that the financial sector plays in the path towards sustainability.

### **Description of input collection, development and protection**

Banca Popolare di Sondrio constantly monitors the issue of cybersecurity with the aim of safeguarding the integrity, availability and confidentiality of data and systems, developing countermeasures also aimed at facing cyber attacks in a logic of resilience and ensuring the ability of systems to evolve with reasonable timeframes and costs (agility). Since 2006, the Information Security Management System (ISMS) of Banca Popolare di Sondrio has been certified ISO/IEC 27001:2013 (ISO 27001) by the DNV certification body and is constantly evolving.

Since 2021, the verification of the requirements, valid for certification was also extended to the area of personal data protection, resulting in further ISO 27701 certification.

### **Group Business Model**

Banca Popolare di Sondrio is at the service of households, small and medium-sized enterprises, and institutions operating in the areas where it is present. The Bank provides retail services and products, accessible both through its territorial network of 360 branches and through the virtual channel. Its capillarity of territorial articulation constitutes a distinctive element, fundamental to its history and future prospects. True to its original matrix as a cooperative bank, Popolare di Sondrio, while evolving into an S.p.A., continues to be an engine for the economic and social development of the areas in which it operates. In addition to its core activities of savings collection and lending in its various forms, the Group offers investment, insurance, social security, e-money and payment systems, factoring, leasing, treasury and cash management and corporate consulting services, also through subsidiaries and investee companies.

As part of its investment activity, Banca Popolare di Sondrio offers, inter alia, advisory and asset management services.

It also makes use, in the areas of asset management and mutual funds, of commercial agreements with Arca SGR spa and Etica SGR spa, a company that exclusively establishes and promotes socially responsible mutual funds.

Bancassurance activities are carried out through distribution agreements with Arca Vita spa and Arca Assicurazioni spa, both of which are part of the Unipol Group and active in the life and non-life business, respectively.

The Bank is active in the leasing sector thanks to cooperation agreements with its subsidiary Alba Leasing spa.

The Swiss subsidiary Banca Popolare di Sondrio (SUISSE) SA, founded in Lugano in 1995, offers banking services to support local communities and businesses, with a network of 21 branches at 31 December 2024.

Another subsidiary, Factorit spa, deals with the management of trade receivables, both domestic

and international, with guarantees, thus complementing the activities of the other Group companies, with a view to diversification and specialisation.

The Banca Popolare di Sondrio business model is designed to take into account the needs of all stakeholders, favouring the productive world, households and private individuals in general, through investments, the granting of loans and credit lines, and the offer of products and services that are accessible and designed to meet individual needs. In a context where the market and European regulations outline more and more clearly the role of banks in the transition towards a sustainable economy, the Group considers it essential to develop a business model that integrates environmental, social and good governance issues. The Group's strategy is based on scenarios that unite environment, industry and finance, with a holistic approach, aiming to be a player of change. To this end, a path was undertaken to identify, implement and monitor sustainability goals, implementing the most effective ways to achieve them in their own context and at system level.

Banca Popolare di Sondrio is proactive in the search for new products and services, in order to better seize market opportunities and respond to renewed customer needs. The ability to establish personalised and unique relationships, both with new and long-standing customers, is one of the key elements that has enabled the Group to gain market share in crucial areas of the banking business, such as credit intermediation, international services, payment systems and assets under administration and management, and the insurance sector. The branch manager represents an essential point of reference for everyone, from the small saver to the entrepreneur, able to analyse the financial and capital picture of the counterparty, identify their needs and, with a sense of responsibility, direct their choices, even in difficult moments. The Banca Popolare di Sondrio service model is based on a direct relationship with customers, flanked by an increasingly significant use of digital channels to respond effectively and efficiently to the needs of all stakeholders.

### Value chain

The Banca Popolare di Sondrio Group's value chain is divided into two main segments, upstream and downstream, which outline the fundamental stages through which the Bank generates value, from the collection of funds to the distribution of services to end users.

In the upstream segment, the Group is responsible for raising the necessary resources to support its operations. The main category of players involved in this phase is suppliers, comprising all suppliers of goods and providers of services used by the Bank and the entities through which the Bank raises capital, including direct funding, which includes customer deposits, and bondholders, i.e. investors who buy bonds issued by the Bank. These funds are the main source of resources for financing lending and investment activities, enabling the Bank to operate effectively in the financial market and meet its liquidity needs.

The downstream segment concerns the distribution and provision of banking services to end users. The main players involved in this phase are:

- Customers: this refers in particular to loans and advances granted to non-financial companies, which represent one of the Bank's main areas of activity. The size and composition of the loan portfolio reflect the financial needs of two specific customer segments: small and medium-sized businesses, mainly located in the areas where the Bank operates, and households.
- Indirect funding: this represents the custody, administration and management activity of securities, mutual funds, asset management carried out by the Group on behalf of third parties or in connection with the management of financial portfolios. These instruments are an important channel for managing the capital raised, offering customers diversified investment solutions.



### 1.3.2 Interests and views of stakeholders (SBM-2)

#### Stakeholder engagement

The Group considers it crucial to establish a solid and constant relationship with its stakeholders. The precise identification of stakeholders and the structuring of targeted communication channels is the first essential step to initiate an effective engagement process. Main channels and tools for interaction with Group stakeholders include:

- Press conferences;
- Media news;
- Digital channels;
- Materiality questionnaire;
- Website and mobile apps;
- Social activities and community initiatives;
- Meetings with the Bank and the Networks;
- Discussion tables with trade unions and workers' representatives;
- Social support activities;
- Letter to shareholders;
- Periodic documentation and detailed reports.

By way of example, relevant initiatives aimed at fostering interaction with stakeholders include the 'EUREKA!' application designed for employees. This tool provides a structured process for collecting, evaluating and sharing feedback from colleagues in branches and central structures. This application allows employees to propose ideas and suggestions regarding marketing processes, procedures, tools, products and services for all the companies in the banking group. In this way, each employee can become an active player in the organisation, contributing to the efficiency of processes and the improvement of products and services for customers.

#### The Group's main stakeholders

The Group identifies its stakeholders according to the criteria set out in Standard AA1000, an international reference framework for sustainability management and stakeholder engagement. This standard is based on three fundamental principles:

- Inclusiveness: ensuring listening to all stakeholders;
- Materiality: adequately meeting their expectations;
- Compliance: with legal regulations, standards, codes, principles, policies and other voluntary regulations.

Annually, the Group updates the list of its most relevant stakeholders, carrying out specific mapping for the purpose of preparing the materiality analysis. The main stakeholders include:

#### External stakeholders:

- Communities and markets;
- Suppliers;
- Environment (environmental associations, students, scientific community, environmental consultants);
- Public administration and supervisory authorities;
- Customers.

**Internal stakeholders:**

- Governing bodies;
- Personnel;
- Shareholders and investors.

Banca Popolare di Sondrio involved the following stakeholders in the assessment of impacts:

- Offices within the Bank;
- Association of companies;
- Financial Companies;
- Trade Unions;
- University lecturers;
- Customer companies (with a focus on the agri-food and oil & gas sectors);
- Asset Management Company.

**Description of ways of engaging stakeholders**

The Group promotes and regulates dialogue between the Board of Directors and its shareholders on issues within the Board's remit, defining the procedures for its implementation, identifying the interlocutors, the topics to be discussed (such as corporate governance, ESG issues), as well as the procedures, timing and channels of interaction. This form of dialogue is in addition to and complements the ordinary modes of engagement through which the Group interacts with shareholders, investors and the financial community, using the relevant corporate functions.

In the context of sustainability matters, the Group sees dual materiality analysis as a crucial tool for listening to its stakeholders, understanding their needs and supporting long-term value creation. In this context, the Group involves its stakeholders in an engagement activity aimed at assessing sustainability-related impacts on communities and the environment. During 2024, meetings were organised between October and November with individual stakeholders to share and discuss the process and preliminary results of the dual materiality analysis. During these meetings, following a preliminary explanation of the reporting context, the dual materiality process was explained and the preliminarily identified impacts validated. Stakeholders subsequently contributed to the assessment of impacts, according to the defined criteria of magnitude and likelihood.

**Purpose of stakeholder engagement**

As part of the dual materiality analysis, stakeholder engagement activities were conducted with the aim of ensuring that the process of identifying and assessing impacts, risks and opportunities took into account stakeholder perspectives, expectations and priorities. In particular, the categories of stakeholders identified by the Group (e.g., employees, customers, investors, communities, trade unions, etc.) and the engagement methods adopted allowed us to gather valuable input and feedback on the process of impact materiality, an aspect of particular relevance for the first report drafted in accordance with Legislative Decree 125/2024.

**Results of stakeholder engagement**

Stakeholder opinions were taken into account in the identification of impacts, risks and opportunities, as well as in their assessment, helping to define the main sustainability matters on which the Group's disclosure is based.



### **Understanding the views of key stakeholders**

Banca Popolare di Sondrio actively involves its stakeholders to foster a constructive dialogue and understand their needs and visions. The Group's business model is designed taking into account the expectations of all categories of stakeholders, including employees, customers and local communities. The Group adopts principles of social responsibility, ethics and respect for human rights, as enshrined in the UN Global Compact and other international regulations. Respect for human rights, promotion of diversity and inclusion are strategic priorities, as is support for small and medium-sized enterprises and local communities. The inclusive approach is reflected in the constant involvement of customers, support for their needs and the strengthening of relations with the region through concrete initiatives and sponsorship programmes, charitable donations and ESG-based supplier analysis. For more details, please refer to the section 'The Group's Main Stakeholders' in this section.

### **Evolving strategy and business model in response to stakeholder interests**

Stakeholder engagement plays a crucial role in identifying and assessing material impacts relevant to the Group, providing a sound basis for strategic decision-making. In response to stakeholders' interests and expectations, the Bank has integrated specific sustainable initiatives into its Strategic Plan 2025-2027, with the aim of mitigating negative impacts and enhancing positive ones. Sustainability has been included as one of the elements of the corporate strategy, with a focus on strengthening community relations and promoting financial education activities, aimed at both students and adults.

The Strategic Plan also envisages a continuous evolution of the business model, with the active involvement of stakeholders through targeted actions, which help to ensure consistency between the corporate strategy and the needs of all stakeholders. To this end, the Bank intends to expand its financial education activities as part of its mission to build a more aware and prepared community.

In terms of planning, the Bank has designed additional measures, which will be detailed in the Sustainability Plan 2025-2027, to continuously monitor and evaluate the impact of its actions on the community and the environment. The specific timing of the implementation of these measures will be defined and communicated in the subsequent stages of the implementation of the Strategic Plan.

### **Stakeholder views and interests presented to management**

As part of its ESG governance, the boards of directors, management and auditors are informed about sustainability matters and stakeholder engagement. For the financial year 2024, the results of the dual materiality analysis, also elaborated on the basis of the opinions expressed by stakeholders during the engagement activities, were presented and discussed in both the Sustainability Board Committee and the Board of Directors, thus ensuring transparent and strategic management of sustainability matters.

### 1.3.3 Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)

ESRS	SUB-TOPIC	SUB-SUB TOPIC	IRO	Type of IRO*	Positive / negative / actual / potential	Own operations / Value chain	Value chain position	Time horizon**
ESRS E1	Climate change adaptation		Adaptation actions of operational sites for climate change based on exposure to the main physical risks of the assets (e.g. defining an internal strategy/policy to adopt heat mitigation measures for operational sites without historical constraints, e.g. 'thermal insulation')	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS E1	Climate change adaptation		Selection of suppliers, through selection criteria, establishing specific policies and objectives to contribute to climate change adaptation	Impact	Positive/Effective	Value Chain	Supply Chain	ST
ESRS E1	Climate change adaptation		Definition of criteria, investment strategies and funding to support the implementation of climate change adaptation actions	Impact	Positive/Effective	Value Chain	Portfolio	ST
ESRS E1	Climate change adaptation		No or insufficient contribution to the promotion of climate change adaptation operations through specific investment instruments	Impact	Negative/Potential	Value Chain	Portfolio	MT
ESRS E1	Climate change adaptation		Credit risk arising from the inability of the private individual/business to repay debt following extreme weather events (e.g. damage to counterparties' premises due to flooding)	Risk		Value Chain	Portfolio	ST MT LT
ESRS E1	Climate change mitigation		Impact on climate change from direct emissions from the bank's own operations, such as the consumption of fossil fuels for office heating and the use of a fossil-fuelled corporate fleet.	Impact	Negative/Effective	Own operations	Own operations	ST
ESRS E1	Climate change mitigation		Positive impact on climate change mitigation operations through the reduction of indirect greenhouse gas emissions generated by the supply chain (e.g. through the adoption of criteria for selecting suppliers that have implemented internal climate change mitigation policies and/or transition plan)	Impact	Positive/Effective	Value Chain	Supply Chain	ST
ESRS E1	Climate change mitigation		Positive impact on climate change mitigation operations by reducing indirect greenhouse gas emissions through adherence to dedicated initiatives (Global Compact, NZBA) and through the adoption of internal financing and investment policies that provide for the selection of companies that have developed a transition plan	Impact	Positive/Effective	Value Chain	Portfolio	ST
ESRS E1	Climate change mitigation		Indirect greenhouse gas emissions by individuals and companies, which contribute to climate change, originating from the credit and financing process and the portfolio composition of companies that do not meet high environmental standards	Impact	Negative/Effective	Value Chain	Portfolio	ST
ESRS E1	Climate change mitigation		Credit risk arising from counterparties' failure to establish a Transition Plan and related inability to meet debts (e.g. costs for counterparties related to a failure to establish a transition plan to a low-emission economy)	Risk		Value Chain	Portfolio	ST MT LT
ESRS E1	Climate		Strategic and business risk related to the Group's dependence on high interest and	Risk		Value Chain	Portfolio	ST MT LT



ESRS	SUB-TOPIC	SUB-SUB TOPIC	IRO	Type of IRO*	Positive / negative / actual / potential	Own operations / Value chain	Value chain position	Time horizon**
	change mitigation		fee income from sectors with a high emission intensity profile					
<b>ESRS E1</b>	Climate change mitigation		Opportunity related to the possibility of expanding the product range through the development of products aligned to the needs of counterparts in climate change mitigation (e.g. offering finance to support the digital transformation of companies in order to optimise their production processes)	<b>Opportunities</b>		Value Chain	Portfolio	ST MT LT
<b>ESRS E1</b>	Climate change mitigation		Improved brand reputation/positioning resulting from the appropriate definition and achievement of objectives in support of climate change mitigation (e.g. achievement of objectives resulting from membership of the Net Zero Banking Alliance)	<b>Opportunities</b>		Own operations	Own operations	ST MT LT
<b>ESRS E1</b>	Energy		Direct energy consumption of own operations and dependence on fossil energy use	<b>Impact</b>	Negative/Effective	Own operations	Own operations	ST
<b>ESRS E1</b>	Energy		Selection of suppliers, through selection criteria, that commit to reducing energy consumption and support an energy transition to renewable energy suppliers	<b>Impact</b>	Positive/Effective	Value Chain	Supply Chain	ST
<b>ESRS E1</b>	Energy		Implementation of criteria, investment and financing strategies for companies and individuals that promote a reduction in energy consumption and support the use of energy from renewable sources	<b>Impact</b>	Positive/Effective	Value Chain	Portfolio	ST
<b>ESRS E1</b>	Energy		Indirect impact due to energy consumption in the operational and production processes of portfolio companies and the activities of private individuals	<b>Impact</b>	Negative/Effective	Value Chain	Portfolio	ST
<b>ESRS E1</b>	Energy		Credit risk arising from counterparties' failure to renew their energy mix to reduce reliance on fossil fuel sources and their inability to meet debts related to higher energy costs (e.g. costs for counterparties related to the failure to define an energy efficiency plan for their operating sites)	<b>Risk</b>		Value Chain	Portfolio	ST MT LT
<b>ESRS S1</b>	Working conditions	Secure employment	Positive impact on own workforce through guaranteed job stability (e.g. increased employee retention as a result of the full protection of people's rights, employment protection and attention to professional/personal dignity. Creation of job opportunities and professional development, within and outside the Group)	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S1</b>	Working conditions	Secure employment	Deterioration of the professional and personal dignity of employees due to lack of corporate policies and strategies aimed at ensuring job stability for its employees (e.g. increased turnover also due to a deterioration of the professional/personal dignity of employees; Potential cases of non-compliance and violation of human rights within the organisation and along its value chain, including the supply chain)	<b>Impact</b>	Negative/Potential	Own operations	Own operations	ST
<b>ESRS S1</b>	Working conditions	Secure employment	Attracting talent by outwardly publicising the bank's solidity as employer (values of security and stability)	<b>Opportunities</b>		Own operations	Own operations	ST MT LT



ESRS	SUB-TOPIC	SUB-SUB TOPIC	IRO	Type of IRO*	Positive / negative / actual / potential	Own operations / Value chain	Value chain position	Time horizon**
ESRS S1	Working conditions	Secure employment	Improved brand reputation resulting from setting targets to support the implementation of safe employment policies (e.g. implementation of social protection plans in the absence of state provisions)	Opportunities		Own operations	Own operations	ST MT LT
ESRS S1	Working conditions	Working hours	Positive impact on own workforce through proper workload assigned to employees (e.g. flexible working)	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS S1	Working conditions	Working hours	Activities and deadlines that require employees to carry an excessive workload, also in view of special requirements (e.g. extraordinary IT interventions)	Impact	Negative/Potential	Own operations	Own operations	MT
ESRS S1	Working conditions	Working hours	Attracting talent by introducing working time policies that support flexibility (e.g. short week, smart working on an annual basis)	Opportunities		Own operations	Own operations	ST MT LT
ESRS S1	Working conditions	Adequate wages	Positive impact on its workforce through the guarantee of competitive employee remuneration based on recognition of merit and a system of benefits/welfare for employees and their families (e.g. incentives linked to performance/achievements, welfare that can also be extended to family members)	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS S1	Working conditions	Social dialogue	Increased trust of employees and leadership figures through increased commitment to corporate cohesion and internal communication channels (e.g. regular feedback and evaluations not only top-down but also bottom-up, management accessibility)	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS S1	Working conditions	Freedom of association, existence of works councils and rights to information, employee consultation and participation	Positive impact on its workforce by guaranteeing the right to free association of the organisation's employees (e.g. provision and formalisation of regular consultations between management and trade union representatives)	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS S1	Working conditions	Work-life balance	Introduction of specific policies and initiatives aimed at ensuring work-life balance that lead to an improvement in the well-being of their workforce (e.g. implementation of wellness programmes including healthy lifestyle incentive programmes, support for parental leave)	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS S1	Working conditions	Work-life balance	Increasing the confidence of the Group's stakeholders (e.g. employees) by promoting a work-life balance (e.g. longer family leave periods granted)	Opportunities		Own operations	Own operations	ST MT LT
ESRS S1	Working conditions	Work-life balance	Attracting talent through appropriate outward communication of policies to promote work-life balance and employee well-being (e.g. flexible working hours, company gyms, healthy lifestyle incentive programmes, psychological support, company crèche)	Opportunities		Own operations	Own operations	ST MT LT





ESRS	SUB-TOPIC	SUB-SUB TOPIC	IRO	Type of IRO*	Positive / negative / actual / potential	Own operations / Value chain	Value chain position	Time horizon**
<b>ESRS S1</b>	Working conditions	Health and safety	Group commitment to ensuring safe and healthy workplaces, which contributes accordingly to the protection of its workforce (e.g. personal safety equipment such as ergonomic workstations, provision of training courses)	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S1</b>	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Introduction and support for the implementation of initiatives aimed at the recognition of gender equality and the development of fair remuneration policies to prevent discrimination and pay inequality (e.g. anti-discrimination training courses, listening desks)	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S1</b>	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Increasing the confidence of the Group's stakeholders (e.g. employees) by establishing a policy to ensure gender equality and equal pay for equal work (e.g. conducting regular pay audits with a focus on gender equality, women's empowerment programmes to ensure gender equality at top management levels)	<b>Opportunities</b>		Own operations	Own operations	ST MT LT
<b>ESRS S1</b>	Equal treatment and opportunities for all	Training and skills development	Establishment of talent management and development programmes that foster support for training and ensure the development of employees' skills and enhancement of their potential and uniqueness.	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S1</b>	Equal treatment and opportunities for all	Employment and inclusion of people with disabilities	Supporting the implementation of initiatives to ensure equal opportunities for workers with disabilities by contributing to employment protection and the mitigation of the risk of discrimination	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S1</b>	Equal treatment and opportunities for all	Employment and inclusion of people with disabilities	Increasing the confidence of the Group's Stakeholders (e.g. employees), psycho-physical well-being and quality of life (e.g. work-life balance) through the definition of initiatives and projects to guarantee and inclusion of people with disabilities.	<b>Opportunities</b>		Own operations	Own operations	ST MT LT
<b>ESRS S1</b>	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Promotion of a climate of respect and open communication through the implementation of internal channels for reporting any acts of discrimination, mobbing, harassment, in order to foster an improvement in interpersonal relations (e.g. promotion and dissemination of dedicated complaint channels, dissemination of sanctions for those committing acts of violence/discrimination)	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S1</b>	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Increasing the trust, safety and well-being of the Group's Stakeholders (e.g. employees), by defining policies to prevent violence and harassment in the workplace and raising employee awareness (e.g. improving image through regular awareness-raising campaigns, setting up dedicated channels for employees to report acts of violence/discrimination, defining and disseminating clear sanctions for those who commit acts of violence/discrimination also in terms of repercussions on appraisal/definition of bonuses)	<b>Opportunities</b>		Own operations	Own operations	ST MT LT



ESRS	SUB-TOPIC	SUB-SUB TOPIC	IRO	Type of IRO*	Positive / negative / actual / potential	Own operations / Value chain	Value chain position	Time horizon**
ESRS S1	Equal treatment and opportunities for all	Diversity	Creation and implementation of policies and initiatives that protect diversity in terms of gender, nationality, entities, etc., to ensure diversity protection for its own workforce.	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS S1	Equal treatment and opportunities for all	Diversity	Attracting talent by promoting a policy for diversity inclusion	Opportunities		Own operations	Own operations	ST MT LT
ESRS S1	Equal treatment and opportunities for all	Diversity	Increasing the trust, well-being and level of satisfaction of Group Stakeholders (e.g. employees), by defining a policy for the inclusion of all Group people, actively listening to the needs and expectations of employees and designing and delivering ad hoc inclusion initiatives for specific targets, co-designed with reference stakeholders (e.g. improving the image of the Group through the preparation of appropriate inclusion policies and fruitful collaboration of different generations in the workplace)	Opportunities		Own operations	Own operations	ST MT LT
ESRS S1	Other work-related rights	Confidentiality	Creation and implementation of policies and internal control systems aimed at protecting the data and confidentiality of personnel, in order to prevent intentional and/or unintentional use involving confidential information for business purposes, to the detriment of employees	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS S1	Other work-related rights	Confidentiality	Increasing the confidence of Group Stakeholders by defining appropriate safeguards against IT system breaches/data breaches of its workforce (e.g. increased investment in data protection)	Opportunities		Own operations	Own operations	ST MT LT
ESRS S3	Economic, social and cultural rights of communities	Territory-related impacts	Support and implementation of community initiatives aimed at protecting and enhancing the area in which they reside from an urban, cultural and youth employability point of view (urban regeneration, creation of cultural aggregation centres)	Impact	Positive/Potential	Own operations	Own operations	LT
ESRS S3	Economic, social and cultural rights of communities	Territory-related impacts	Increasing the trust of the Group's Stakeholders, through the definition of initiatives to support positive impacts on the territory of the communities concerned: support for young people, minors and vulnerable people in order to combat educational poverty and support social mobility, promotion of youth employability, female entrepreneurship, support for on-the-job training and reskilling initiatives, support for communities through initiatives aimed at protecting/enhancing the territory in which they reside through: - programmes for the improvement of degraded or neglected urban areas, social inclusion projects on different areas of need for different target beneficiaries (e.g. women, migrants, prisoners, the elderly...) - contribution to the rehabilitation of the socio-economic fabric of the country to foster the growth of local economies - exchange of know-how and specific skills between the profit and non-profit worlds to realise new models of	Opportunities		Own operations	Own operations	ST MT LT



ESRS	SUB-TOPIC	SUB-SUB TOPIC	IRO	Type of IRO*	Positive / negative / actual / potential	Own operations / Value chain	Value chain position	Time horizon**
			sustainable economic development - support for people in difficulty through facilitated access to public/private healthcare					
<b>ESRS S4</b>	Social inclusion of consumers and/or end users	Non-discrimination	Promotion of social inclusion through the provision of products and services accessible to all social groups, including the most vulnerable.	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S4</b>	Social inclusion of consumers and/or end users	Access to products and services	Promotion of social inclusion by expanding opportunities for access to products and services for all social groups including the most vulnerable. For example, providing branches accessible to all and ensuring a high standard of quality in the services offered, to increase customer satisfaction	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S4</b>	Social inclusion of consumers and/or end users	Access to products and services	Supporting innovation and digital transformation through initiatives that promote a culture of innovation, together with funding and investment policies and strategies designed to support companies and start-ups whose business model is based on digital innovation	<b>Impact</b>	Positive/Effective	Value Chain	Portfolio	ST
<b>ESRS S4</b>	Social inclusion of consumers and/or end users	Responsible business practices	Supporting customer protection by implementing policies and strategies that promote ethical and transparent business practices, such as avoiding greenwashing, so that customers can make informed choices and trust the information they receive	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS S4</b>	Impacts related to information for consumers and/or end users	Confidentiality	Operational Risks arising from fraudulent breaches (including cyber attacks) of company systems, aimed at the theft/dissemination of customers' personal data (data breach)	<b>Risk</b>		Own operations	Own operations	ST MT LT
<b>ESRS G1</b>	Corporate culture		Promotion of an ethical and conscious corporate culture, based on: i) respect for human rights and internal and external regulations; ii) combating tax evasion, money laundering and anti-competitive behaviour; iii) principles of safeguarding corporate solidity, to ensure efficiency in the processes of creating and distributing value to shareholders and stakeholders. This includes the adoption of a code of ethics, a code of conduct and initiatives to promote ethics at company level, as well as measures to prevent tax and money laundering risks.	<b>Impact</b>	Positive/Effective	Own operations	Own operations	ST
<b>ESRS G1</b>	Corporate culture		Selection of suppliers, using selection criteria that ensure the promotion of an ethical and aware corporate culture, based on: i) respect for human rights and internal and external regulations; ii) combating tax evasion, money laundering and anti-competitive behaviour; iii) principles of safeguarding corporate solidity, to ensure efficiency in the processes of creating and distributing value to shareholders and stakeholders. This includes the adoption of a code of ethics, a code of conduct and initiatives to promote ethics at company level, as well	<b>Impact</b>	Positive/Effective	Value Chain	Supply Chain	ST



ESRS	SUB-TOPIC	SUB-SUB TOPIC	IRO	Type of IRO*	Positive / negative / actual / potential	Own operations / Value chain	Value chain position	Time horizon**
			as measures to prevent tax and money laundering risks					
ESRS G1	Corporate culture		Implementation of financing and investment strategies that assess the presence of policies and objectives on the part of companies, aimed at promoting an ethical and aware corporate culture, based on: i) respect for human rights and internal and external regulations; ii) combating tax evasion, money laundering and anti-competitive behaviour; iii) principles of safeguarding corporate solidity, to ensure efficiency in the processes of creating and distributing value to shareholders and stakeholders. This includes the adoption of a code of ethics, a code of conduct and initiatives to promote ethics at company level, as well as measures to prevent tax and money laundering risks	Impact	Positive/Effective	Value Chain	Portfolio	ST
ESRS G1	Corporate culture	Managing relations with suppliers including payment practices	Credit risk arising from the high exposure to counterparties that have experienced episodes of inadequate management of supply relationships, including the appropriate definition of payment practices (e.g. counterparty costs resulting from the interruption of the value chain due to the failure to meet payment deadlines to suppliers, which could affect the ability to repay the debt)	Risk		Value Chain	Portfolio	ST MT LT
ESRS G1	Protection of whistleblower		Supporting the protection of individuals who report violations (whistleblowers) through measures that ensure the anonymity of the whistleblower and prevent personal or professional repercussions. This includes, for instance, secure reporting channels for abuse after reporting.	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS G1	Active and passive corruption	Prevention and detection including training	Implementation and realisation of internal policies and strategies aimed at preventing corruption.	Impact	Positive/Effective	Own operations	Own operations	ST
ESRS G1	Active and passive corruption	Prevention and detection including training	Selection of suppliers, using selection criteria, that adopt internal policies and strategies aimed at preventing corruption.	Impact	Positive/Effective	Value Chain	Supply Chain	ST
ESRS G1	Active and passive corruption	Prevention and detection including training	Implementation of financing and investment strategies that assess the presence of policies and objectives on the part of companies to prevent corruption.	Impact	Positive/Effective	Value Chain	Portfolio	ST

\*Physical or transitional impact/risk/opportunity

\*\*ST - short term, MT - medium term, LT - long term

**Effects of material impacts, risks and opportunities on the business model and strategy**

The Dual Materiality analysis, through which the Bank identified the relevant impacts, risks and opportunities, was conducted taking into account all the characteristic activities of the business from which they may arise, both within its own operations and along the value chain (in the upstream and downstream supply chain with reference to its customer portfolio).

This analysis highlighted how impacts, risks and opportunities related to ESG factors can significantly influence the Group's activities, leading the Institute to define a strategy oriented towards mitigating negative impacts and risks, strengthening positive impacts and pursuing opportunities.

In particular, the risks that emerged from the financial materiality analysis were examined in strong consistency with the internal assessments conducted periodically to identify the banking risks to which the Bank is potentially exposed, as part of the annual prospective capital and liquidity adequacy review exercises (ICAAP/ILAAP exercises). The assessments carried out led to the integration of the Group's Risk Appetite Framework by introducing dedicated ESG indicators and associated monitoring limits for all first-pillar risks. In addition, the results of these analyses provided further incentive for the Group to further address, in the Bank's key areas, best practices for the assessment, management and mitigation of climate and environmental risks through the drafting of a more far-reaching 'Strategic and Operational Plan for the Management of Climate and Environmental Risks', in order to further align with the indications provided by the Supervisor in the context of the ongoing supervisory dialogue with the Bank. The aforementioned plan, which is periodically updated and aligned with the best regulatory and market practices of the banking system, encompasses different work areas such as lending and related customer assessment, risk governance and supply chain management.

In terms of opportunities, the Bank recognises how sustainability aspects represent a key element for growth, contributing to the ability to attract talent, strengthen stakeholder trust and develop innovative products, creating new levers to increase competitiveness and consolidate its market position. In this context, the Bank is evolving towards an increasing integration of sustainability, with a growing focus on financial solutions to support ecological transition and social inclusion. The initiatives currently underway, such as expanding the offer of sustainable financial products, supporting territorial projects and welfare and training programmes for employees, are evidence of a concrete commitment to addressing these opportunities in a structured and targeted manner. In addition, the Bank has prepared an operational plan on diversity and inclusion, with the aim of promoting an inclusive corporate culture and ensuring equal opportunities for all employees, recognising the value of a diverse work environment as a lever for innovation and growth.

These dynamics are also reflected in governance and decision-making processes, with increasing integration of ESG criteria in strategic and operational assessments. The new Sustainability Plan 2025-2027 will evolve this approach, providing a structured framework to maximise the positive impact of existing initiatives and identify further areas for development. The objective is to strengthen corporate resilience and generate shared value through a concrete commitment that translates into an increasingly sustainable financial offering, responsible human resource management and a tangible contribution to the well-being of the communities in which the Bank operates.

### **Influence of negative and positive impacts on people and the environment**

The company's relevant impacts affect people and the environment in different ways. Negative impacts may entail risks to the well-being of people or the health of ecosystems, while positive impacts contribute to improved living and working conditions and environmental protection.

The Group recognises that its role can directly and indirectly influence the generation of these impacts, not only through its own internal operations, but also by considering how the economic support it provides can affect the environment and people through the actions of its counterparts. In this context, the Group closely monitors the ESG impacts of its financial operations, with the aim of preventing negative effects and promoting sustainable relationships

For further discussion, please refer to the sections "Disclosure requirements related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model" of ESRS E1-Climate Change, S1-Own Workforce, S3-Affected Communities, S4-Consumers and End Users.

### **Material impacts: origin, time horizons and business activities affected**

The dual materiality analysis through which the Bank identified its material impacts was conducted taking into consideration all the activities of the business from which they may arise, within its own operations and along the value chain. The company works to integrate sustainability principles into its strategy, mitigating negative impacts and enhancing positive ones. As part of the Dual Materiality analysis, impacts were assessed by taking into account the probability of occurrence in the short, medium and long term.

### **Financial effects of risks and opportunities on the financial statements**

With regard to the risks identified as significant in the Dual Materiality analysis, it emerges that the influence of climate and environmental risk factors is manifested, over short-, medium- and long-term horizons, through two main drivers: physical risk and transition risk. These factors are reflected in the Group's financial statements, with financial impacts on the bottom line, particularly with regard to credit risk. In particular, it should be noted that the periodic process of determining collective impairment losses on the Bank's loan portfolio takes into consideration the potential impacts of ESG risk drivers (e.g., the expected impact of carbon tax on the balance sheet of counterparty companies), the effects of which on credit risk parameters are calculated in terms of higher values of probability of counterparty default (PD) and expected loss in the event of default (LGD), determining a total value of "climate adjusted" Expected Credit Loss (ECL).

With regard to opportunities, the Group recognises that sustainability, in particular the ecological transition and innovation in financial services, offers potential benefits for its financial position, performance and cash flows. The integration of ESG criteria into financing and investment strategies has made it possible to expand the offer of sustainable products, responding to the growing demand for responsible solutions from customers and the market.

During the reporting period, the Group identified significant opportunities, especially in relation to climate change, which had a positive impact on operations. Notable initiatives include the expansion of sustainable financing and the issuance of a 500 million Green Bond Senior Preferred to finance environmental projects. These actions, in line with increasing demand for sustainable investments, contribute to strengthening financial strength and revenue growth.



### **Information on the resilience of the strategy and business model regarding the ability to deal with material impacts and risks and to exploit material opportunities**

The Group undertook an analysis to assess the resilience of its strategy and business model, with a focus on the ability to:

- address climate change risks;
- mitigate the negative impacts of climate change;
- reinforce the positive effects recorded on people and the environment;
- exploit the opportunities arising from this context.

The initiative is part of a broader process of structurally integrating ESG factors into the economic and financial projections made during strategic planning.

This process is part of a specific evolutionary path and intends to support the definition of lending policies integrated with ESG factors also from a quantitative point of view, with particular reference, in the climate sphere, to the alignment with regulatory expectations on good practices for the management and measurement of climate and environmental risks.

In this perspective, a key element is the integration of ESG impacts into the models supporting the development of key financial KPIs in relation to the development of the 2025-2027 Business Plan as well. This approach allows the effects of the strategies adopted to be measured and monitored in a precise and structured manner and compared with the Group's sustainability objectives.

The Group therefore intends to strengthen the resilience of its business model, effectively addressing challenges - arising from the identification of relevant impacts, risks and opportunities - and developing strategies that foster sustainable growth, in line with market needs and evolving regulatory frameworks. In this regard, more details are provided in the thematic disclosure related to ESRS E1, with particular reference to the resilience of the strategy and business model with respect to climate change issues.

### **Sector information and changes in impacts, risks and opportunities compared to the previous period**

The Bank has not identified any sector-specific impacts, risks and opportunities (entity specific).

With reference to changes in impacts, risks and opportunities from the previous year, it should be noted that the dual materiality exercise was carried out for the first time in 2024.

## **Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS E1 - Climate Change**

### **Resilience analysis**

The process of integrating ESG factors into economic and financial projections and strategic planning involved several analytical areas. First of all, the survey focused on lending to non-financial corporations and considered direct and indirect Scope 1 and Scope 2 greenhouse gas emissions, also assessing possible Scope 3 emissions where supply chains and production processes were significant. At the methodological level, several metrics have been adopted to assess the impact of climate transition. Among them, projections of gross employment volumes made it possible to analyse the sustainability of companies' financing needs and the maintenance of market shares. At the same time, the incidence of credit costs related to both adverse physical events and risks arising from regulatory and technological



change was estimated. In addition, the theoretical development of net fee and interest income was analysed, also including in the assumptions the provision of so-called green loans, and the development of risk-weighted assets (RWA) was assessed by considering the impact of climate risks on credit ratings.

In order to carry out the analysis, climate and macroeconomic variables were evaluated in parallel belonging to three distinct scenarios calibrated according to the standards of the Network for Greening the Financial System (NGFS): (i) the 'NetZero2050' orderly transition scenario, which represents the most extreme decarbonisation pathway aimed at significantly reducing emissions; (ii) the 'Current Policy' scenario, which is characterised by limited emission reductions due to weak transition policies resulting in rising global average temperatures and exacerbating the manifestation of physical, acute and chronic events; (iii) the Baseline scenario (modelled internally), which is positioned in the intermediate between the two previously mentioned, assuming a slower transition, but considered more probable, compared to the assumptions recorded in 'NetZero2050' and differentiated at Italian level by economic sector.

Climate-related variables have made it possible to intercept forecasts of carbon price trends, rising temperatures and the future evolution of European emission volumes. The macroeconomic variables, on the other hand, focused on the assessment of classic elements of financial analysis, including GDP, EU refinancing rate, consumer price index, investment and system lending. The adoption of these predictive scenarios therefore allowed the Group to assess potential impacts of climate change on its short-term (three years) and medium-term (six years) operations.

The overall analysis highlighted the need for careful management of potential risks emerging in relation to climate change, and at the same time the possibility of significant business development opportunities with particular reference to the provision of green financing to support customer investments. Supporting the transition can in fact lead to an expansion of the business in a more diversified context, limiting transition risks in the medium and long term through resilient management of the Group's portfolio.

## **Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS S1 - Own workforce**

### **Own workforce on which the company could produce material impacts**

In conducting the dual materiality analysis, the Group considered all categories of workers that make up its workforce as potentially exposed to the impacts of its operations. The latter includes all persons who have an employment relationship with the Group, employees, and non-employee workers, who may be individual contractors who supply labour to the Group or workers provided by companies whose main activity is the search, selection and supply of personnel.

### **Negative impacts on own workforce**

The Group has identified significant negative impacts within its operations (own operations), which are of a potential nature and can be classified as generalised or systemic, a brief summary of which is given below: deterioration of the professional and personal dignity of employees, linked to inadequate job stability policies and potential violations of human rights along the value chain; excessive workloads, especially in extraordinary situations such as IT interventions; and a disincentive to trade union participation, resulting from the non-application of the right to collective bargaining, which generates conflict with trade union organisations.



**Positive impacts on own workforce**

The Group has identified a number of activities that positively influence employee well-being, promoting a safe, fair and inclusive working environment. These include initiatives to ensure job stability through the creation of career opportunities, recognition of merit, performance-related incentives and support for employee and family welfare. Well-being programmes promoting work-life balance, healthy lifestyles and safe and ergonomic workplaces are promoted. Furthermore, the Group is committed to promoting inclusion and diversity, with policies oriented towards gender equality, prevention of discrimination and support for employees with disabilities. Great attention is paid to employee involvement through open communication and regular consultations, accompanied by tools to gather feedback. In addition, the Group encourages training and professional development, enhancing individual skills and talents, and implements measures to prevent risks related to discrimination, violence and privacy violations.

**Material risks or opportunities arising from impacts and dependencies in terms of own workforce**

Among the opportunities identified by the Group, resulting from both the enhancement of positive impacts and the mitigation of negative ones, the strengthening of corporate reputation, the increase in stakeholder trust and the attraction of new talent stand out. This is done through concrete actions such as: promoting work-life balance, flexibility and employee welfare policies; introducing health, safety, gender equality and inclusion initiatives; strengthening social dialogue and freedom of association; preventing violence and discrimination; and investing in training and skills development. These actions contribute to positioning the Group as a solid and responsible employer, improving the corporate climate and employee satisfaction, as well as consolidating the trust of internal and external stakeholders.

## **Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS S3 - Affected communities**

### **Affected communities on which the company could produce material impacts**

In conducting the dual materiality analysis to identify material impacts, the Group considered all affected communities as potentially exposed to impacts from its operations and value chain. However, special attention was paid to smaller communities (municipalities with fewer than 5,000 inhabitants) in order to protect and promote the economic, social and cultural development of the area.

Through its dual materiality analysis, only positive material impacts on communities were identified.

The communities that are subject to the relevant positive impacts are mostly local communities, characterised by the presence of small and medium-sized enterprises, located in the vicinity of the Group's branches.

### **Positive impacts on affected communities**

In promoting the economic and social development of local communities, the Group is committed through donations, sponsorships, campaigns and participation in support initiatives.

The group identifies deserving subjects mainly by addressing requests from the network and keeping the ceiling monitored, so as to collect as many praiseworthy applications as possible. Over the years, on the basis of the requests received, the Group has responded to numerous requests, particularly from subjects linked to its community of reference, such as retirement homes, charitable, humanitarian and voluntary organisations, recreational and religious associations, schools of all levels, and cultural, artistic and musical realities. The Group's charitable actions focused mainly on encouraging fundraising for hospitals and third sector organisations, which, among other things, carry out research in the medical and scientific fields. For a more in-depth discussion of the actions taken by the Group, for the benefit of affected communities, please refer to section '3.2.1.4 Actions on significant impacts on affected communities and approaches to manage material risks and achieve significant opportunities for affected communities, and the effectiveness of such actions (MDR-A)' of chapter '3.2 Affected Communities'.

### **Material risks or opportunities arising from impacts and dependencies in terms of affected communities**

The positive impact generated by the company's initiatives, such as community support and urban regeneration, is an opportunity to strengthen stakeholder trust and improve social welfare. At the same time, this opportunity helps to create value for the company, promoting sustainability, social inclusion and the growth of local economies.



## **Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS S4 - Consumers and end-users**

### **Consumers and end-users on whom the company could produce material impacts**

In the dual materiality analysis process, Banca Popolare di Sondrio actively involved stakeholders to ensure a comprehensive assessment aimed at identifying the consumers and end users most at risk of damages. The materiality analysis of Banca Popolare di Sondrio was conducted with respect to all the Group's activities; no exclusions or particular distinctions were made with respect to specific groups of consumers and/or end users. In conducting the dual materiality analysis, the Group considered all of its customers as potentially exposed to impacts from its operations and value chain. These customers were particularly exposed to positive impacts related to access to products and services, non-discrimination and the adoption of responsible business practices.

### **Positive impacts on consumers and end users**

One of the main activities generating a positive impact is the promotion of social inclusion. The Bank has implemented easily accessible branches and offers high quality banking services, aiming to meet the needs of all customers, including those from disadvantaged social and economic backgrounds. This commitment has a significant impact on consumers belonging to vulnerable groups, such as people with disabilities, the elderly and low-income families, who often find it difficult to access financial products and services. Through these actions, the Bank ensures that these groups have access to services that improve their quality of life and participation in the economy. In parallel, the promotion of innovation and digital transformation is another important area of positive impact. The Bank has invested in the development of a culture of innovation, with a focus on companies and start-ups adopting advanced digital technologies. Providing financial support to these realities fosters the evolution of the market, bringing benefits to consumers and end users who are directly involved with these technologies. In particular, customers of digital start-ups and SMEs benefit from access to innovative solutions that improve their experience and efficiency, while also contributing to the creation of new job and development opportunities. For more details on the actions taken for the benefit of Consumers and End Users, please refer to section '3.3.1.4 Taking action on material impacts on consumers and end users and approaches to mitigating material risks and the achievement of material opportunities related to consumers (MDR-A)' of Chapter '3.3 Consumers and End Users'.

In addition, the Bank has implemented customer protection policies through the adoption of ethical and transparent business practices; for more details, please refer to section '3.3.1.1 Policies related to consumers and end-users (S4-1 and MDR-P)' of Chapter '3.3 Consumers and End Users'. These policies, which include the prevention of greenwashing, enable consumers to make more informed and safer choices.

### **Material risks or opportunities arising from impacts and dependencies in terms of consumers and end users**

The dual materiality analysis identified operational risks related to potential fraudulent breaches of corporate systems, including those carried out through cyber attacks, aimed at stealing or disclosing customers' personal data (data breach). In relation to this topic, no material opportunities emerged.

## 1.4 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

### 1.4.1 Description of processes to identify and assess material impacts, risks and opportunities (IRO-1)

#### Description of the process to identify impacts, risks and opportunities

In order to comply with the regulatory requirements, the Group has implemented the necessary procedures and processes to prepare a report in accordance with the Reporting Standards on the basis of which entities are required to '*disclose information on sustainability matters according to the principle of dual materiality*'. Materiality, understood as a criterion for the inclusion of specific information in Sustainability Reporting, is to be outlined both from the point of view of the materiality of impact, in the 'inside-out' perspective, assessing the effects of the company on external and internal stakeholders (people and environment), in the short, medium and long term, and from the financial perspective in the 'outside-in' perspective.

Since this is the first financial year conducted according to the principle of Dual Materiality, a comparison with the previous year is not possible.

In accordance with the EFRAG Guidelines, for the implementation of the Standards on Materiality Analysis "Implementation Guidance EFRAG IG 1 Materiality Assessment", the Banca Popolare di Sondrio Group drew up a list of Impacts, Risks and Opportunities (IRO) through an analysis of the thematic ESRS underlying a list of Sustainability matters reported in ESRS 1 RA 16. The possible integration of thematic aspects specific to the Group's business was also assessed.

For each impact, risk or opportunity, a specific location along the value chain was identified through an analysis that involved the entire perimeter of the Group's activities, and which, in line with reporting requirements, considered short, medium and long-term horizons within which these IRO take effect. The importance of dual materiality analysis lies in its ability to provide a comprehensive view of business operations. As part of this analysis, the IRO identification and assessment activity examined the Group's internal operations and its value chain, both upstream and downstream. These points along the chain are defined as:

- Own operations: the set of internal procedures of the Group, including the activities of legal entities consolidated in the financial statements, and which have an effect on internal stakeholders such as employees.
- Upstream value chain: Group suppliers and shareholders.
- Downstream value chain: the set of procedures related to the Group's business and affecting external stakeholders such as customers, financial institutions and banks.

Following the guidelines provided by EFRAG and the disclosure requirement of the regulations, during the drafting of impacts, risks and opportunities, time horizons were identified and assigned in which a sustainability matter could have effects on the environment or people. These time horizons were determined in accordance with the ESRS Standards, in particular:

- Short-term time horizon: the period adopted by the company as the reference period for its financial statements;
- Medium-term time horizon: up to five years from the end of the short-term reference period;
- Long-term time horizon: beyond five years.

#### Analysis of impacts

With specific reference to the identification of impacts, the main elements that guided the identification of positive impacts were: products and services, quality employment, equal treatment and



development programmes, territorial initiatives dedicated to supporting communities, dissemination of financial awareness, transparency and accessibility of products and services for customers, and a culture of ethics and business integrity within the Group. Instead, the reference drivers for the identification of negative impacts were: GHG emissions, financing and investments in sectors that contribute to GHG emissions, the presence of internal policies and procedures to guard against negative impacts.

For a comprehensive impact assessment, internal and external stakeholders were involved through interviews to gather qualitative and quantitative information useful for the identification and evaluation of relevant issues.

The assessment phase included a specific approach for the perspective of impact materiality, specifically, impact materiality was determined by the product of magnitude and probability of occurrence, appropriately normalised to ensure consistency with the identified materiality threshold (value  $\geq 2.5$ ). Magnitude and probability are both rated on a scale of 1 to 5, where 1 represents a lower magnitude/probability and 5 a higher magnitude/probability; probability is then converted to values between 0 and 1, for the purpose of applying the formula for calculating materiality. Impact magnitude is calculated by considering the maximum value between magnitude, extent and, in the case of negative impacts, degree of irreversibility. This value is then combined with the probability of occurrence of the impact, creating a metric to assess overall significance. If an impact is found to be above the defined threshold, regardless of whether it is positive or negative, disclosure requirements according to the ESRS standards for the sustainability matter in question are activated. The materiality analysis was conducted considering all Group activities and the entire value chain, without exclusions or distinctions between business categories, business relationships, geographies or other factors. In fact, the entirety of the impacts of the Group's operations, both those directly generated by its activities and those arising from its business relations, have been taken into account.

### **Analysis of risks and opportunities**

The Bank conducted a preliminary analysis for each ESRS, identifying ESG risk factors related to each theme and assessing the Pillar I and Pillar II banking risks that could be affected by these factors (credit, market, operational, reputational, liquidity, strategic, business and non-compliance risks). It then associated each risk profile with the relevant transmission channels through which ESG factors may impact the cited bank risks along the identified short, medium and long-term time horizons. Finally, qualitative and quantitative metrics were selected to conduct assessments of the potential expected effects of ESG risk factors on banking risk exposure.

With regard to ESRS 'E1 - Climate Change', the assessments conducted in relation to the risks and sub-topics of 'Climate Change Adaptation and Mitigation' have seen multiple synergies established with the materiality analysis of climate and environmental risks carried out annually as part of the company's ordinary processes of identification, measurement and management of risks related to the environment and climate change, which will be described below. With regard to the 'Energy' sub-topic, the assessments conducted were based, for portfolio counterparties, on a dedicated Scope 2 emissions intensity metric, while, for own operations, on an assessment of the Bank's adherence to procurement methods that pursue environmental sustainability objectives.

Further, for all other ESRS reported, financial materiality assessments of risks were conducted through the adoption of the 'UNEP FI Impact Radar' tool capable of intercepting at an aggregated economic sector level the riskiness associated with the various ESG issues in terms of the negative impact produced. The assessment of the magnitude associated with each sub-topic or sub-sub-topic is calculated by aggregating the individual assessments at the portfolio sector level and weighting the individual impact

values according to the impact of each economic sector on the overall portfolio balance. The probability of occurrence for each sub-topic or sub-sub-topic is quantified as the impact on the reference portfolio of sectors with a weighted risk score greater than the weighted average score defined for magnitude. For the risk cases to which the UNEP FI Impact Radar is not applicable, specific qualitative and quantitative analyses have been carried out both in the actual and prospective perspective, depending on the different topics under examination. These analyses also lead to the definition of assessments in terms of magnitude and probability, the product of which defines the materiality of the individual risks identified.

In general, each ESRS-related risk factor is assessed in terms of magnitude, potential magnitude of financial effects and likelihood of occurrence. The relative values were expressed according to a scale of 1 to 5, where 1 represents a lower magnitude/probability and 5 a higher magnitude/probability. The probability scale is then translated into an 'associated probability' from 0 to 1 in order to construct a dedicated indicator to test the materiality of each identified risk factor. The final assessment of materiality is based on the algebraic product of the magnitude and the associated probability: if this product is greater than or equal to the threshold of 2.5, a risk is considered material.

With regard to opportunities, they were assessed using both qualitative and quantitative methodologies. Based on these methodologies, magnitude and probability values were defined for each opportunity, the product of which determined the impact value of the individual opportunity. In line with the risk assessment methodology, opportunities were also analysed in relation to the perimeter of reference, which may include Value Chain or Own Operations or Supply Chain. A reference scope was considered material if the impact of at least one associated opportunity exceeded the threshold of 2.5.

### Dual materiality analysis results

As a result of the dual materiality analysis, the following topics emerged as material, which will be the subject of specific reporting later in the document:

- ESRS E1 - Climate Change;
- ESRS S1 - Own work force;
- ESRS S3 - Affected communities;
- ESRS S4 - Consumers and end users;
- ESRS G1 - Business Conduct.

### Linking impacts and dependencies with risks and opportunities

Although a direct and structured correlation between impacts and risks/opportunities has not been formalised, the Group has adopted an integrated approach in assessing material sustainability matters, taking into account the two mirror perspectives (inside-out, outside-in). The impacts generated by its activities, which could lead to negative or positive effects on people and the environment, have been analysed in relation to the risks that could arise from these effects, as well as the opportunities arising from their responsible management.

By way of example, as far as environmental issues are concerned, the Bank contributes positively to climate change mitigation by reducing its direct greenhouse gas emissions, but above all by contributing to the reduction of indirect emissions through lending to more sustainable counterparties. This is done through membership in dedicated initiatives, such as the Net Zero Bank Alliance (NZBA), and the adoption of internal policies aimed at fostering the provision of climate transition finance to corporate customers. The positive impact generated is closely linked to the banking risks identified as being potentially affected by transition risk factors, in particular reputational risk, arising from maintaining relationships with



counterparties without adequate transition plans to achieve climate objectives, and credit and strategic risk, linked to the possibility that companies may not be able to meet their financial obligations due to the high costs they will have to incur in pursuing these objectives.

Similarly, with reference to social aspects, mention is made of the Bank's adoption of policies and initiatives in favour of diversity (of gender, nationality, ethnicity, etc.), thus creating a positive impact on the working environment and well-being of its workforce. This commitment not only fosters an inclusive environment but also enhances the Bank's reputation, increasing stakeholder trust and attractiveness to new talent. This approach generates opportunities for growth, improving the Group's competitiveness and consolidating positive relations with the community and all market players.

### **Integrating the process of identifying and managing impacts and risks into the overall risk profile**

The process of identifying and assessing impacts and risks related to sustainability aspects supports the assessment of the Group's overall risk profile and is therefore integrated into the overall ESG risk management processes by means of an in-depth analysis of the transmission channels through which factors related to sustainability aspects could influence the exposure to traditional banking risk categories and/or affect the impacts generated by the Group on people, society and the environment.

The positive or negative impacts generated in the conduct of business (e.g. through customer financing) are therefore also assessed in relation to the risks identified as potentially material and which could affect the Group's overall risk profile. By way of example, it should be noted that the impacts, positive and/or negative, arising from the climate transition are interconnected with the risks generated by the risk factors linked to the green transition process, which particularly affect the exposure to credit risk as a result of the potential failure of counterparty companies to draw up a 'Transition Plan' in order to adapt to the new climate regulations and policies, with the consequent inability of these companies to meet their debts as they are forced to incur greater costs to reach the new energy efficiency standards and adapt their production processes.

With regard to its business activities, climate and environmental risks translate for the Group into financial risks generated by:

- business dealings with credit counterparties (and related real estate pledged as collateral), suppliers and/or issuers that may contribute to or be affected by climate change, as they are exposed to extreme weather events, forms of environmental degradation and/or possible declines in their asset value as a result of changing market confidence or preferences, if they belong to carbon-intensive sectors;
- operational losses caused by damage to Group-owned real estate as a result of the possible occurrence of acute and/or chronic physical risk events.

Thus, climate and environmental risks do not constitute a risk category in their own right for the Group, but rather manifest their impact through specific transmission channels on traditional banking risk categories (credit, market, operational, liquidity, reputational and strategic and business risks) and may simultaneously constitute determining risk factors of various risk categories and sub-categories. The Group conducts, as part of an annual process to identify the level of materiality associated with each banking risk, a dedicated and parallel analysis aimed at investigating the level of significance and influence of climatic and environmental risk factors, through the physical and transitional risk drivers, on the exposure to the traditional risk categories listed above, thanks to a structured analysis of the channels through which they could propagate, should they materialise.

The results of these analyses make it possible to define processes and tools to guarantee better control in terms of sustainability risk management and mitigation, as well as to select specific KRI (Key Risk

Indicators) for the measurement and periodic monitoring of exposure levels to these types of risks, with a view to an overall and precise control of ESG risk sources. In particular, of note is the integration within the Group's Risk Appetite Framework of a series of indicators based on ESG-compliant or ESG-adjusted metrics pertaining to the sphere of first-pillar banking risks (credit, market and operational), which aim to monitor the Bank's exposure to those clusters of business activities subject to significance analysis, with a focus on areas of high materiality exposure to ESG drivers.

#### **Description of the decision-making process and related internal control procedures**

The decision-making process for the assessment of material impacts, risks and opportunities involves the engagement of internal and external stakeholders, the sharing of the results in the Sustainability Committee and subsequent approval by the Board of Directors.

The relevant internal control procedures have been detailed within the specific control model for sustainability reporting, through the implementation of process-level controls, the execution of which provides evidence that the sustainability reporting procedures are adequately applied. The process of identifying, evaluating and managing opportunities is integrated into the corporate management system to ensure that strategic decisions consider the potential for value creation, including ESG aspects. Opportunities identified through materiality analysis and stakeholder engagement are evaluated and incorporated into strategic planning and decision-making processes, contributing to the planning and achievement of corporate objectives.





## Disclosure Requirement related to ESRS 2 IRO-1 - Description of processes to identify and assess material impacts, risks and opportunities ESRS 1 - Climate Change

### Climate impacts: assessment process, adaptation and mitigation strategies

As part of the process to identify and assess climate-related impacts, Banca Popolare di Sondrio considered all impacts attributable to the Group's operations, including both those directly generated by the Bank's activities, and those arising from business relations and the value chain.

The assessment was conducted through an integrated model combining quantitative and qualitative elements. In particular, a metric was adopted that measures the magnitude of the impact, determined by the maximum value between magnitude, extent and, for negative impacts, degree irremediable, and its likelihood of occurrence. Impact materiality was determined by the product of magnitude and likelihood, with a rating scale of 1 to 5 for each dimension. The value obtained was appropriately normalised to ensure consistency with the materiality threshold, set at 2.5.

To ensure a complete and accurate analysis, the Bank involved internal contact persons and carried out extensive consultation with internal and external stakeholders through engagement initiatives; the process included interviews with experts and benchmark analyses to identify the main qualitative drivers of climate impacts.

The materiality analysis led to the identification of 12 climate impacts, all of which emerged as material: 7 positive actual impacts, 4 negative actual impacts and 1 negative potential impact. There were no significant potential positive impacts.

Elements considered in the assessment include the strategic objectives outlined in the Business Plan, the Bank's adherence to global climate initiatives (such as Net Zero), the presence of environmental policies, and activities to combat climate change. In addition, the Bank's exposure to sectors with significant climate impacts was analysed through the performance of the financed counterparties, with a view to assessing the value chain (portfolio). With regard to the supply chain, the selection of suppliers that are attentive to environmental sustainability and climate change mitigation was evaluated.

A significant aspect relates to the adaptation of operational locations to physical climate-related risks: the Bank is implementing specific measures, such as the definition of internal policies aimed at encouraging the adoption of solutions such as the installation of thermal insulation to reduce heat loss, particularly for locations not affected by historical constraints. In addition, to reduce its direct impact, the Bank monitors and reduces its greenhouse gas emissions, with a focus on the consumption of fossil fuels for heating offices and the corporate fleet. Initiatives are underway to reduce dependence on fossil fuels through more efficient technologies and alternative energy sources.

Another element of positive impact relates to climate change mitigation operations that the Bank is fostering through the reduction of indirect greenhouse gas emissions along the supply chain, where the Bank has introduced selection criteria for suppliers that reward those who commit to reducing energy consumption and promoting the transition to renewable energy sources, for example through the adoption of climate-friendly policies and targets.

Finally, a further impact, arising from the Bank's activities, relates to indirect emissions generated by investment and financing processes, particularly with regard to portfolio companies that do not meet high environmental standards. In this sense, the Bank is working to reduce the climate impact of its portfolio by promoting the financing of sustainable activities and the adoption of low environmental impact business practices through investment and financing strategies oriented towards favouring the use of renewable energy and supporting the reduction of energy consumption by companies and individuals receiving financing.

The indirect impact of energy consumption in the operational and production processes of portfolio companies and private businesses continues to be an area of focus, and the Bank is working to minimise these impacts through the integration of sustainability criteria and the promotion of low-impact solutions. In summary, Banca Popolare di Sondrio has embarked on an integrated approach to tackle climate change, which includes reducing its direct emissions, promoting climate change adaptation practices, selecting sustainable suppliers and customers, and defining investment strategies oriented to mitigation and adaptation. These efforts are part of a broader effort to contribute to the transition to a low-carbon economy, in line with European directives and international standards

### **Climate-related risks: assessment process**

The dual materiality analyses for ESRS "E1 - Climate Change" conducted in relation to the financial relevance of the risks and the sub-topics of "Climate change adaptation and mitigation", as described above, created several synergies with the processes already in place to identify and assess exposure to climate and environmental (C&E) risks, in line with the Banking Supervisory Authority guidelines. Thanks to these established tools and methodologies, developed with a bottom-up approach, it was possible to complement the materiality analysis, with these tools contributing through appropriate methodological linkage to determine the financial materiality assessments, for each identified banking risk, in terms of the magnitude associated with each ESRS sub-topic. The probability of occurrence for the different traditional banking risks (e.g. credit risk, market risk, etc.) was assessed by considering the percentage of the portfolio exposed to C&E risks with respect to the total portfolio assessed in the analysis.

The following is an in-depth discussion of the findings and methodologies used for climate and environmental materiality analyses.

### **The identification of climate and environmental risks and materiality analyses**

The Group has established regular processes for identifying and assessing the materiality of exposure to risks related to climate and environmental change, physical and transitional risks that may directly or indirectly affect the business context and profitability. In order to assess the possible areas prone to the manifestation of such risks, the analysis covered most of its value chain, in terms of:

- Own operations: Group-owned and leased properties;
- Value chain: composition of its credit and financial portfolio;
- Supply chain: EIF and non-EIF providers<sup>6</sup> and their locations of operation.

The materiality of climate-related risks is understood as the ability to affect the sustainability of current and future business returns, as well as the liquidity profile, and is analysed annually through the adoption of data, tools and methodologies that are subject to refinement based on the most advanced market practices available and the Supervisor's guidance. Generally speaking, the Group considers climate and environmental (C&E) risk factors as causal elements capable of affecting the exposure to existing risks and not as additional factors to the typical perimeter of potentially assumable banking risks. The level of materiality is therefore detected in relation to the possible influence of physical and transitional factors on traditional risk categories, thanks to a structured analysis of the transmission channels by which they could propagate in the event of materialisation.

An overview of the potential impacts of C&E factors on traditional banking risks under the two climate scenarios adopted in the last annual update of the analyses is presented below (see tables below).

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<sup>6</sup> EIF-qualifying service providers relate to outsourcing of essential or important functions, while those relating to non-EIF services refer to simple outsourcing of activities to third parties.



It should be noted that the materiality ratings for C&E risks are expressed uniformly according to a single classification scale in six bands ("Minimum", "Low", "Medium", "Medium High", "High" and "Very High"), whose numerical thresholds vary according to the tools and metrics used in the analyses conducted for each bank risk concerned.

### Results in alternative "Net Zero 2050" scenario and RCP 4.5

RISK DRIVERS	Time horizons	Credit risk	Market risk	Market liquidity risk	Collection liquidity risk	Operational risk	Reputational risk	Strategic and business risk
Transition risk	Short-term	Low	Minimum	Minimum		Low	Low	Minimum
	Medium	Medium	Low	Low		Medium	Medium-high	Minimum
	Long-term	High	Low	Low		Medium-high	High	Medium-high
Physical risk	Short-term	Minimum	Minimum	Minimum	Minimum	Minimum		
	Medium	Low	Minimum	Minimum	Minimum	Minimum		
	Long-term	Medium-high	Minimum	Minimum	Minimum	Low		
Of which acute	Short-term	Minimum			Minimum	Minimum		
	Medium	Low			Minimum	Low		
	Long-term	Medium			Low	Low		
Of which chronic - environmental	Short-term							
	Medium							
	Long-term	Low			Minimum	Minimum		

Clusters are not analysed that, as a result of the materiality assessment described below, have insignificant climate and environmental risk exposure factors over the relevant time horizons

## Results in alternative "Delayed Transition" scenario and RCP 8.5

RISK DRIVERS	Time horizons	Credit risk	Market risk	Market liquidity risk	Collection liquidity risk	Operational risk	Reputational risk	Strategic and business risk
Transition risk	Short-term	Minimum	Minimum	Minimum		Low	Low	Minimum
	Medium	Minimum	Minimum	Minimum		Medium	Medium	Minimum
	Long-term	Medium-high	Low	Low		Medium-high	Medium-high	Medium-high
Physical risk	Short-term	Minimum	Minimum	Minimum	Minimum	Minimum		
	Medium	Low	Minimum	Minimum	Low	Low		
	Long-term	High	Minimum	Minimum	Medium-high	Medium-high		
Of which acute	Short-term	Minimum			Minimum	Low		
	Medium	Low			Minimum	Low		
	Long-term	High			Low	Medium-high		
Of which chronic - environmental	Short-term							
	Medium							
	Long-term	Medium			Minimum	Medium-high		

Clusters are not analysed that, as a result of the materiality assessment described below, have insignificant climate and environmental risk exposure factors over the relevant time horizons

The adoption of two climate scenarios, concerning alternative paths of green transition of the economic system towards a lower carbon economy, made it possible to assess the exposure to climate and environmental risk factors according to different degrees of severity and probability of evolution of transition risk factors as well as manifestation of physical risk events. Overall, there is a potential exposure to transition and physical risks, with greater effects expected in the medium and long term. Transition risks threaten to manifest themselves mainly in the areas of credit, reputational and operational risks starting in the medium term, while physical risks potentially impact credit portfolios, the size of deposits and business continuity, with effects expected to be significant only in the long term. On the other hand, the proprietary securities portfolios are not materially affected by these sources of risk due to the high proportion of government securities in the portfolio, which by their very nature have little exposure to climate and environmental risks.

In particular, the 'Net Zero 2050' Scenario shows a significant exposure to transition risks, for credit, operational, reputational and strategic risks, in alignment with the assumptions underlying the climate scenario that lends itself as the optimal scenario for achieving the challenging decarbonisation targets set by the Paris Agreement through the timely adoption of effective climate policies. In this sense, the increased attention of governments and financial institutions to the goals of limiting global warming will mainly impact companies already in the medium term, as they will have to make significant efforts to adapt and/or reconvert their business model. This impact, in turn, would potentially expose the Group to greater risks in terms of: i) operational losses (legal liability) and reputational damage resulting from entertaining relationships with credit counterparties and suppliers that are not attentive to sustainability matters; ii) lower profitability from interest and commissions, conditioned by dependence on carbon-intensive



counterparties and sectors to incur significant costs to make the ecological transition that could affect its economic and financial stability. On the other hand, with regard to physical risk, there are significant impacts only in the long term, in particular due to the exposure of their customers, businesses and individuals, to acute risks such as heat waves, landslides and floods.

Focusing on the climate and environmental risks that characterise lending, which is the main risk-taking area for the entire Group, it is noted that the results of the analyses conducted at the level of each sector cluster have made it possible to identify the customer classes most exposed to the transition to a low-carbon economy. This evidence leads to immediate and prospective business opportunities for the Bank to promote and support customers in the climate transition process. In fact, the risk assessment results taken into account in the Bank's strategic definition contributed to the definition of specific sectoral decarbonisation targets for the loan portfolio following the adhesion in December 2023 to the Net Zero Banking Alliance (NZBA). In the 'Net Zero 2050' climate scenario, these target-setting sectors in fact present counterparts characterised by significant levels of exposure to climate and environmental factors already in the short-term time horizon and which will therefore have to sustain the greatest efforts to pursue the climate transition in the immediate future.

Sectors classified as 'sensitive' by the ESG Credit Policy	Sector with material impact of C&E risks already in the short term
Agriculture*	✓
Aluminium*	✓
Coal	✓
Cement	✓
Electricity*	✓
Iron and steel*	✓
Real estate	
Mining sector (non-fossil)	
Oil & Gas*	✓
Transport	

\*Strategic Target Sector Clusters (NZBA)

On the other hand, looking at the findings in the 'Delayed Transition' scenario, it can be seen that transition risks decrease in significance at most time horizons, due to the adoption of untimely and haphazardly implemented climate policies that would result in the delayed achievement of global decarbonisation targets by 2060 and consequently delay the potential financial impact of climate transition risk factors on companies.

On the other hand, with regard to the physical risk category, it can be observed that over the long term, the categories of credit risk, liquidity (from funding) and operational risk show significant levels of materiality following the worsening of the manifestation of acute and chronic physical risk threats, in terms of severity and probability of occurrence. The occurrence of extreme weather conditions (e.g. risk factors such as landslides, coastal erosion, etc.) can cause damage to buildings, exposing the Group to multiple risks in terms of:

- Own operations, in terms of possible operational losses resulting from material damage to owned and leased real estate;
- Value chain: i) downstream, in terms of the potential contraction in the value of customers' real estate pledged as collateral for credit facilities (reduction in loan-to-value and creditworthiness)

and in relation to possible large outflows of liquidity given by customers' financial needs for reconstruction purposes (reference to branches, increased draw on credit lines), while ii) upstream, due to the damage to operational locations and potential impacts on the business continuity of relevant suppliers, which in turn may affect the supplies procured for the purpose of conducting ordinary business activities.

Turning our attention now to the Group's main risk-taking area, namely credit risk, we note that the results of the analyses conducted at the geographical area level for physical risk indicate several territories with a significant level of materiality of exposure already in the short term, for Lombardy, Lazio and Liguria, determined in particular by significant exposure to hydrogeological risk threats such as landslides and floods. Such evidence may lead to business opportunities for the Bank through the provision of products to promote and support customers in the process of adapting to climate change.

### Methodological framework adopted

Following the presentation of the findings on the materiality of climate-environmental risk factors for its business and operating model, a methodological overview is provided of the process adopted, which consists of the following steps:

- 1) Mapping C&E risk factors and transmission channels;
- 2) Definition of the scope of traditional banking risks potentially impacted;
- 3) Definition of common methodological elements;
- 4) Evaluation of C&E materiality over time horizons;
- 5) Selection of C&E metrics and analysis tools;
- 6) Conducting analyses and formalising results.

#### 1. Mapping C&E risk factors and transmission channels

In identifying the C&E risk factors relevant to its business model, the Group refers to the dictates contained in the 'Guidance on Climate and Environmental Risks', a document published by the ECB in November 2020 that summarises and defines in detail the drivers and risk factors arising from climate change and environmental degradation. Below is a synoptic overview of these C&E risk factors, according to the classification dictated by the Supervisory Authority:

Physical risk factors		Transition risk factors	
Climate	Environmental	Climate	Environmental
<ul style="list-style-type: none"> <li>• Extreme weather events</li> <li>• Chronic weather conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Water stress</li> <li>• Scarcity of resources</li> <li>• Loss of biodiversity</li> <li>• Pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and regulation</li> <li>• Technology</li> <li>• Market confidence</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and regulation</li> <li>• Technology</li> <li>• Market confidence</li> </ul>

Physical and transitional risk factors, in terms of climate-related hazards and transition events, were identified and assessed in relation to exposure to 'traditional' risk categories under different climate scenarios through the use of proprietary defined metrics, and for the remaining risk categories through the adoption of sensitivity indicators to the various risk factors at the individual counterparty/asset/financial instrument level provided by qualified external info-providers.

For each relevant risk factor, the transmission channels through which C&E risk factors manifest themselves within the traditional risk categories are mapped, making it possible to understand and quantify their negative impacts on the business context, in the short, medium and long term, also with the



aim of orienting strategic choices and ensuring the resilience of the business model pursued.

## 2. Definition of the scope of traditional banking risks potentially impacted

Following the identification of traditional banking risks, the Bank identified analysis perimeters for each - in terms of assets and business activities - in order to ascertain whether these clusters could be exposed to the influence of climate and environmental risk factors.

BANKING RISK	PORTFOLIO CLUSTER ANALYSED
Credit risk	<ul style="list-style-type: none"> <li>• Non-financial corporations - exposures secured by real estate</li> <li>• Non-financial corporations - exposures not secured by real estate</li> <li>• Households - exposures secured by residential real estate</li> </ul>
Market risk	<ul style="list-style-type: none"> <li>• Corporate and Government Securities<sup>7</sup></li> <li>• Corporate and Government Funds</li> </ul>
Liquidity risk	<p>Liquidity risk from deposits: deposits taken by the Bank and banking and financial companies belonging to the Group, broken down into</p> <ul style="list-style-type: none"> <li>• Corporate and Retail Deposits.</li> </ul> <p>Market liquidity risk:</p> <ul style="list-style-type: none"> <li>• Corporate and Government Securities</li> <li>• Corporate and Government Funds</li> </ul>
Operational risk	<ul style="list-style-type: none"> <li>• Group buildings (owned and leased)</li> <li>• Operational locations of the main suppliers (EIF and non-EIF)</li> <li>• Main credit counterparties (companies) and relevant suppliers with high environmental impact</li> </ul>
Reputational risk	<ul style="list-style-type: none"> <li>• Main credit counterparties (companies) and relevant suppliers with high environmental impact</li> </ul>
Strategic and business risk	<ul style="list-style-type: none"> <li>• Generating counterparts (non-financial corporations) of interest and commission income</li> </ul>

## 3. Definition of common methodological elements

The materiality analyses of 'traditional' banking risks are united by the following general elements:

### Climate scenarios

The impacts of physical risk factors and transition events, from which relevant risks and/or opportunities for a company's business can be identified, are investigated prospectively along the time horizons identified through the application of different forecast climate scenarios, described below:

- "NetZero2050" (so-called 'orderly transition'), the scenario assumes the immediate introduction of transition policies that become more stringent over time, enabling compliance with the Paris Climate Accords. As part of its physical risk analysis, the Bank used an alternative scenario for the assessment of climate-related hazards, and in a more prudential perspective, one that can be compared to the assumptions of the "NetZero2050" scenario called RCP 4.5, which assumes global average temperature increases of between 2°C and 3°C degrees by 2100.
- "Delayed Transition" scenario that assumes a high transition risk due to generalised delays in the implementation of environmental and climate change policies (e.g. application of a carbon tax from 2030) and/or divergent implementation of these policies across countries and economic sectors. As

<sup>7</sup> In addition to government bonds in the narrow sense, securities of public issuers (supranational, agency and provincial) also fall into this cluster.

part of the physical risk analysis, the Bank used an alternative scenario for the assessment of climate-related hazards and in a more prudential perspective, which can be compared to the assumptions of the 'Delayed Transition' scenario but has worse assumptions in terms of higher expected physical risks, called RCP 8.5. This scenario is commonly associated with the term 'business-as-usual', as it is characterised by high emissions and higher physical risks due to the forecasts in terms of no mitigation of GHG emissions released into the atmosphere and assumes global average temperature increases by 2100 of more than 5°C.

### Time intervals used

The Bank has defined distinct short-, medium- and long-term time horizons over which to assess the possible manifestation of climate-related risk factors and their impact on 'traditional' banking risk categories, taking into account various general factors inherent to them:

- the degree to which specific clusters, such as economic sectors/geographical areas, are included in the portfolio and the possible worsening of credit exposure that these clusters might suffer with respect to the occurrence of risk factors, with particular regard to those clusters that have historically already been exposed to adverse, acute and/or chronic natural events;
- the materiality analyses conducted, described in the following section, and the materiality attributed to each identified cluster (economic sectors/geographical areas/etc.) in terms of sensitivity to climate and environmental risks over different time horizons by the regulatory and scientific sources consulted.

Below are the characteristics and rationale for identifying time horizons:

Time horizon	Rational of choice
<b>Short-term</b> <i>Within 3 years</i>	<p>The time horizon is defined to ensure consistency with:</p> <ul style="list-style-type: none"> <li>• the forecasting range used in the Risk Appetite Framework (RAF) assessments and in conducting capital and liquidity adequacy exercises (ICAAP/ILAAP);</li> <li>• the forecasts adopted by the Group's new Business Plan</li> </ul>
<b>Medium-term</b> <i>Over 3 and within 6 years</i>	<p>The time horizon is defined in order to make the observation point fall in 2030, a junction considered crucial at international level for the pursuit of objectives linked to the climate transition (e.g. the European objective of reducing net GHG emissions by 55% compared to 1990 levels; in this regard, it should be noted that the Bank also participated in the early months of 2024 in the verification of the sustainability of the target by carrying out the EBA 'Fit-for-55' exercise).</p> <p>With respect to this premise, it should be noted that the medium-term horizon is also a decisive juncture for the Bank with respect to the commitments and initiatives undertaken on climate-environmental issues in the Bank's strategic planning, particularly in view of the definition made at the end of 2024 of the decarbonisation targets to 2030 for the credit portfolio, following the adhesion made to the Net Zero Banking Alliance (NZBA).</p>
<b>Long-term</b> <i>Beyond 6 years and up to 2050</i>	<p>The time horizon is defined in order to fall back to the year 2050, identified as the fall point of the long-term horizon consistent with the global decarbonisation targets of the Paris Agreement and the NetZero2050 climatological scenario ('orderly transition') used as a reference for the analyses.</p> <p>The horizon is also consistent with the time horizons envisaged in the Bank's further climate-environmental initiatives (e.g. NZBA targets mentioned earlier, climate planning and strategies adopted).</p>





### Aspects of analysis considered

Depending on the different types of traditional risk potentially impacted, specific methods are defined for identifying the levels of significance of exposure to C&E risk factors with which the different aspects on which to conduct analyses are identified.

Generally speaking, it should be noted that materiality assessments take into account: i) geographic, economic and regulatory context factors (e.g. vulnerability to environmental and climate risks of different geographic areas/economic sectors/real estate efficiency); ii) specific factors linked to the composition of corporate assets (e.g. credit portfolio, financial investments, etc.); iii), logistics aspects (e.g. physical location of Group components, location of suppliers' production activities). It is reported that the main C&E analysis dimensions identified correspond to the following clusters: economic sector, geographical area and single-name analysis.

### Assumptions and approach adopted

The assumptions and approach adopted are as follows:

1) Stability of portfolios: for the analysis of traditional risks involving business portfolios, the concentration and qualitative composition of the Group's portfolios or business segments over the three defined time horizons are assumed constant, in order to investigate the existing riskiness without the influence of possible prospective re-composition effects;

2) No assessment of risk mitigating actions ("gross approach"): C&E risk is investigated, except where expressly specified, without considering the effects of any mitigating aspects and active management of vulnerabilities to physical and energy transition risks implemented or planned by the Group and its counterparties;

3) Approach adopted: the materiality levels of C&E risk factors are analysed according to a bottom-up approach, i.e. starting from the highest possible level of detail (e.g. units of analysis represented by individual counterparties, financial instruments, real estate units, etc.) with successive aggregations of riskiness at the level of clusters and dimensions of analysis considered.

### 4. Evaluation of C&E materiality over time horizons

Following the identification of traditional banking risks and the various aspects under analysis, the Bank conducted a preliminary C&E materiality assessment, i.e. a holistic pre-examination, based on scientific evidence and international regulatory sources, of the level of vulnerability to climate-environmental risks of each dimension of analysis over the forecast time horizons considered. Where the assessments made lead to a positive outcome, i.e. an actual vulnerability is recorded, the degree of materiality of the climatic and environmental effects is investigated for each cluster considered and within the defined time horizon.

### 5. Selection of C&E metrics and analysis tools

For each bank risk analysed, the most suitable metrics and tools are selected to intercept and briefly describe the C&E risk elements.

Below are the methodologies and metrics used for each traditional banking risk to conduct materiality analyses.

### Credit risk

Below is a summary description of the risk assessment metrics adopted, broken down by individual climate-environmental risk driver identified for analysis purposes. Depending on the C&E risk factors and

portfolio clusters analysed, tools and metrics were identified, either defined internally, through proprietary modelling solutions, or acquired through the use of external info providers. These measures were calibrated at the level of the individual counterparty and assessed prospectively through the use of various climate scenarios described above with forward-looking assumptions, representative of the possible evolution of the physical and/or transition risks of the counterparty or collateral property over short, medium and long-term horizons.

The main metric used for conducting materiality analyses of climate and environmental risks that may affect credit risk is the counterparty ESG score, developed internally by the bank through the definition of a proprietary modelling solution. This scoring system takes the form of a summary judgement on the vulnerability profile to environmental, social and governance risk factors of credit counterparties. Through the precise activities of breaking down the counterparty ESG score into individual modules of analysis and subsequently tracing these back to the climate and environmental risk propagation channels, it was possible to determine the significance levels of exposure to physical and transitional risk factors of credit portfolios.

Risk Drivers	Non-financial corporations - secured and unsecured exposures	Families - secured exposures
Transition risk	<p>Component E - ESG Score <u>Counterpart Climate Score</u> <i>Form: 1. Transition risk</i></p> <p>Score summarising the differential between the PD Climate Adjusted and the PD AIRB, where the former is determined by estimating the impact of emissions (and related costs) on company financial statements.</p>	<p>Component E - ESG Score <u>Guarantee Climate Score</u> <i>Form: 3. Real estate transition risk</i></p> <p>Score summarising the potential reduction in the value of the guarantee due to the energy efficiency costs of the building.</p>
Physical risk	<p>Component E - ESG Score <u>Counterpart Climate Score</u> <i>Form: 2. Physical risk</i></p> <p>Score summarising corporate vulnerability to climatic and environmental risks, through elementary indicators of acute physical and chronic environmental risk acquired from external specialised providers.</p>	<p>Component E - ESG Score <u>Guarantee Climate Score</u> <i>Form: 4. Real estate physical risk</i></p> <p>Score summarising the potential reduction in the value of the guarantee due to the expected loss from catastrophic weather events (landslide and flood).</p>

N.B. The ESG Score components include two additional assessment modules related to social issues and good governance, which are not reported as they are not relevant for the present C&E materiality analysis.

Below are the acute physical and chronic environmental risk indicators analysed.

RISK DRIVER	RISK FACTOR	ELEMENTARY INDICATORS
Acute physical risk	Heat waves	Score Heat waves
	Waves of freezing cold	Score Waves of freezing cold
	Forest fires	Score Forest fires
	Storms and cyclones	Score Storms and cyclones
	Drought	Score Drought
	Heavy rainfall	Score Heavy rainfall
	Coastal flooding	Score Coastal flooding
	River flooding	Score River flooding
Physical risk	Landslides and subsidence	Score Landslides and subsidence
	Temperature change	Score Temperature change
	Extreme heat	Score Extreme heat
	Extreme wind	Score Extreme wind



RISK DRIVER	RISK FACTOR	ELEMENTARY INDICATORS
chronic-environmental	Heavy rainfall	Score Heavy rainfall
	Heavy snowfall	Score Heavy snowfall
	Permafrost melting	Score Permafrost melting
	Sea level rise	Score Sea level rise
	Water stress	Score Water stress
	Coastal degradation	Score Coastal degradation
	Soil degradation	Score Soil degradation

### Materiality analysis for the transition risk driver

The climate transition risk propagating within the 'non-financial corporations' portfolios with secured and unsecured real estate exposures was analysed through the application of the counterparty PD transition score (ESG 'transition risk' scoring module), which reflects the probability of suffering financial losses that may result, directly or indirectly, from the process of companies adjusting to a low CO<sub>2</sub> and more environmentally sustainable economy. This score is in turn broken down to intercept the three transmission channels of the transition - Policy and Regulation, Technological Innovation and Market Sentiment - as well as recalculated by applying the two different climate and environmental forecast scenarios, 'NetZero2050' and 'Delayed Transition' respectively compared with the 'Current Policies' scenario.

The metrics used for analysing the transition risk to which the real estate-backed loan portfolio is exposed, on the other hand, focus on the new policies and regulations on real estate redevelopment, which, at European Union level, will require the achievement of higher levels of overall energy efficiency in the Member States by 2030. The Bank's ESG scoring model requires that a write-down be applied to real estate collateral determined by the management costs to be incurred in pursuing the climate transition. The values of these expenses are then combined with the maturity of the credit ratio and finally converted into score classes representative of the different risk levels.

### Materiality analysis for the physical risk driver

Metrics on the extent of physical risk, acquired from qualified info providers and industry leaders, are intended to investigate for each acute and chronic environmental risk factor considered:

- the physical riskiness of the counterpart companies by analysing the geographical (location of production facilities) and sectoral (economic sector to which the companies belong) aspects;
- the physical riskiness of individual real estate units pledged as collateral for loans, taking into account the territorial location and type of use of the collateral.

These risk metrics are defined with reference to the three time horizons and the two different climate scenarios considered. In particular, the short-term indicators consider backward-looking analyses of the time series of natural events that have occurred, without taking into account the effects of future climate change scenarios; on the contrary, the long-term metrics consider the evolutions of physical risks in the forward-looking 2050 time horizon, defined according to the climate-environmental scenarios RCP 4.5 (referred to the 'NetZero2050' scenario) and RCP 8.5 (referred to the 'Delayed Transition' scenario ).

	Short-term (2027)	Medium-term (2030)	Long-term (2050)
"Net Zero 2050"		Medium-term Score (companies) RCP4.5	Long-term Score (companies) RCP4.5 scenario
	Short-term Score (companies)	Medium-term Score (companies) RCP8.5 scenario	Long-term Score (companies) RCP8.5 scenario
"Delayed Transition"			

## Market risk

The measurement of C&E materiality is based on an approach to identify how a certain scenario of climate trends could affect the market value of the financial instruments in the portfolio. The analysis makes use of the Climate VaR (CVaR) statistical metric provided by a leading market service provider. This methodology makes it possible to identify the vulnerability of an issuer/financial instrument to climate and environmental issues along different time horizons and in the different climate scenarios used for the analysis ('Net Zero 2050' and 'Delayed transition'). The underlying risk factors for CVaR are transition risk and physical risk, both acute and chronic.

AGGREGATE CLIMATE VAR		
TRANSITION RISK		PHYSICAL CLIMATE VAR
POLICIES	TECHNOLOGICAL OPPORTUNITIES	PHYSICAL RISKS
<ul style="list-style-type: none"> <li>✓ Emission reduction costs (Scope 1)</li> <li>✓ Electricity switching costs (Scope 2)</li> <li>✓ Impacts on the value chain (Scope 3)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Revenues in the clean technology sector</li> <li>Patents provide an in-depth view of R&amp;D investments</li> </ul>	<ul style="list-style-type: none"> <li>✓ Extreme heat</li> <li>✓ Extreme cold</li> <li>✓ Heavy rainfall</li> <li>✓ Extreme wind</li> <li>✓ Tropical cyclones</li> <li>✓ Heavy snowfall</li> <li>✓ Coastal flooding</li> <li>✓ River flooding</li> <li>✓ Fires</li> <li>✓ Low-flow river</li> </ul>

The CVaR measure for securities of corporate issuers is quantified for each individual issuer by combining the climate-environmental drivers represented by transition risk (technological policies and opportunities) and physical risk with reference to the specific scenario under analysis and then aggregated at the portfolio cluster level.

CVaR is also available for government instruments via the Sovereign CVaR, a metric that allows one to estimate the impact of the value of a sovereign bond if market expectations changed from the base (agnostic) scenario to any other climate scenario.

In the model currently in place, fund shares are not directly covered by CVaR metrics, for which the analysis is conducted by means of "look-through approach" (where available), allocating constituents between corporate and government bonds and applying the methodologies described above according to their categorisation.

The materiality assessment of the individual C&E factors thus involves the calculation of the percentage change in Present Value at the individual issuer/position level, given by the CVaR or Sovereign CVaR metric respectively, depending on the portfolio under consideration, subsequently aggregated at the cluster and overall portfolio level, for each of the three time horizons analysed.



## Liquidity risk

To conduct analyses of the C&E risk factors most impacting the Group's liquidity profile, differentiated quantitative methodologies are used with reference to the two traditional types of liquidity risk: funding liquidity risk and market liquidity risk.

### *Liquidity risk from funding: determination of materiality*

The methodology for assessing the materiality of C&E risk factors is homologous within the analyses conducted for physical risk, for reasons of uniformity and consistency, to that defined for credit risk and to which reference is made for details of the analysis conducted, although the scope of the analysis is defined, in the specific case of liquidity, by the passive relationships such as current accounts and deposits (savings or time deposits) held by corporate and retail customers. The analyses carried out are based, on the one hand, on geographical information for the location of customers from whom the Group collects financial resources and, on the other hand, on the use of external databases that provide information expressing a level of exposure to the acute and chronic physical risk threats considered. In particular, risk assessments at the level of individual customers were used, where available, and in the absence of said data, an overall assessment was associated with each counterparty at the level of the geographical area to which it belongs, using data provided by qualified external info providers.

### *Market liquidity risk: scope and determination of materiality*

For this sub-category of liquidity risk, the scope of the analysis is defined by the compendium of financial instruments included in the buffer of the short-term liquidity ratio Liquidity Coverage Ratio. The recognition of the degree of materiality is inspired by a valuation approach that makes it possible to identify how a given weather scenario could affect the market value of financial instruments. The analysis uses the Climate VaR (CVaR) statistical metric described above, and the methodology for assessing the materiality of climate and environmental risk factors is homologous, for reasons of uniformity and consistency, to that defined for market risks.

## Operational risk

For the purposes of conducting materiality analyses of climatic and environmental (physical and transitional) risk factors potentially impacting operational risk exposure, it is assumed that:

- (i) the latter derives: a) with reference to the physical risk drivers, mainly from exposure to the sub-categories of *litigation risk* and *other operational risks* (the latter understood as not directly attributable to the scope of legal risks), and b) with reference to the transition risk drivers, from exposure to the *legal liability risk*;
- (ii) the exposure to the risk in question, taken as a whole, is equivalent to the maximum value among the assessed exposures of the individual sub-categories into which it is divided.

### *Litigation risks and other operational risks*

With regard to the sub-categories *litigation risks* and *other operational risks*, the materiality analysis with respect to possible physical, chronic and acute risk threats is conducted by reference to empirical evidence of the level of exposure of the real estate in the scope (real estate owned and leased by the Group companies and main operating sites of EIFS and non-EIFS service providers) to specific natural or climatic threats, expressed in terms of scores calculated according to different methodological approaches - and provided by leading external info providers - depending on whether the real estate units are located within or outside the European Union.

These metrics are taken as a reference by virtue of their signalling value concerning the potential exposure of Group companies, in the short, medium and long term and according to the two climate scenarios considered, to operating losses arising from:

- (i) legal disputes arising from physical risk events resulting in disruption of operations and/or damage to third parties (*litigation risk*) and/or
- (ii) material damage related to exogenous events that do not qualify as legal risks - e.g. costs of restoring company *assets* in the face of extreme weather events (*other operational risks*).

Concerning the methodological approach adopted, the following is a summary of its four stages, common to both risk sub-categories:

- 1) Collection of scores expressing current and prospective exposure levels to physical risk threats (acute and chronic-environmental);
- 2) Analysis and integration of the same according to the significance of the estimated reconstruction value for the Group's owned/leased real estate and according to the significance of the outsourcing (EIF/non-EIF service) for the suppliers' operating sites in the scope;
- 3) Identification of "high physical risk" properties as having individual acute or chronic environmental risk scores equal to or above specific thresholds, defined by analysis time horizon and climate scenario considered;
- 4) Determination of the level of materiality of the exposure of the analysed properties to acute and chronic environmental risk factors considering the ratio of units considered to be at "high physical risk" to the overall scope.

#### *Legal liability risk*

The materiality analysis of the operational risk, in terms of *legal liability risk* arising from the effects of climate transition risks, is based on a single-name assessment of the sustainability profile of scope counterparties, as a signalling factor of the Group's potential exposure to operational losses arising from litigation related to entertaining relations with such counterparties, due to the possible negative impacts they may have on the climate and the environment. The scope of analysis is represented by the credit counterparties and the main EIF and non-EIF service providers identified as most significant on the basis of available empirical and management evidence in terms of their negative impact on climate and environment.

The methodological approach adopted for this purpose involves the use of a structured analysis matrix, composed as follows:

- 1. Indicative scores of the current and prospective level of counterparty exposure to transition risk, attributed, depending on the availability of the data, either through methodologies developed internally by the Bank or through proprietary methodologies of external info providers.
- 2. Additional qualitative-quantitative elements, where available, useful to appreciate potential legal liability profiles attributable to the entertainment of relations with the counterparties in question, including:
  - (i) evidence from the Loss Data Collection process of any operational losses recorded in connection with legal disputes (existing or past) with counterparties and attributable to negative impacts on the climate and environment or in terms of social and governance;
  - (ii) evidence of the sensitivity of the counterparts' economic sector to climate and environmental change;
  - (iii) information available from the ESG Due Diligence process and/or publicly available sources, such as, by way of example publication of sustainability disclosures and any standards



adopted, attribution of ESG ratings by leading agencies, presence of ESG-oriented corporate management systems and/or corporate structures, definition of transition plans and/or climate impact reduction targets and any validation of the same by international initiatives adherence to international initiatives and/or frameworks with a view to supporting the transition, environmental sustainability performance and reporting on the same, investments in R&D with a focus on socio-environmental sustainability and the possible presence of adverse news (also relating to existing or past legal disputes) concerning the lack of, deficient or apparent adherence of counterparties to ESG requests;

- (iv) evidence attributable to the positive screening and negative screening criteria defined in the 'ESG Credit Policy', depending on the counterparty's sector;
- (v) evidence deriving from media screening activities conducted for the purpose of identifying and monitoring events/factors detrimental to the company's reputation related to entertaining relations with counterparties in ESG terms, with particular attention to phenomena related to greenwashing;
- (vi) evidence from the Operational Risk Self-Assessment process on the magnitude of prospective operational losses from litigation with ESG-controversial counterparties.

### Reputational Risk

With reference to reputational risk, it is assumed that the potential exposure of Group companies to this risk, due to climatic and environmental risk factors, is:

- (i) dependent, primarily, on the impacts of the transition to a low-carbon economy;
- (ii) overall equivalent to the worst level of materiality among those assessed with reference to the individual counterparties in the scope.

This perimeter coincides, in fact, with that referring to the transition risk insisting on operational risk (legal liability risk). The elaboration of the analysis is based on the assessment of the relevant sustainability profile as a signalling factor concerning the potential exposure of Group companies to reputational damage due to entertaining relations with the identified counterparties.

Therefore, the methodological approach adopted and the qualitative-quantitative evidence gathered for the single-name analysis are the same as those previously described for the analysis of the degree of materiality of transition risks potentially impacting the exposure to *legal liability risks*, to which is added evidence drawn from the Reputational Risk Self-Assessment process concerning the prospective exposure to reputational risks arising from relations with counterparties that are controversial from the point of view of their environmental sustainability profile (functional to the analysis over the long-term horizon).

### Strategic and Business Risk

In conducting the materiality analysis of C&E factors that may affect exposure to strategic and business risks, the scope formed by non-financial corporations, with exposures secured or unsecured by real estate, from which the Group derives net interest and service fee income flows related to loans outstanding at the date of analysis, is considered. The potential strategic and business impacts related to the climate-environmental risk of these counterparties, limited to transition factors, are assessed at the single-name level and subsequently aggregated at the level of sector clusters and the entire scope, with reference to each of the defined time horizons.

The analysis is based on the consideration of the potential impacts of the climate transition on the Bank's core business strategies in terms of the dependence of characteristic profitability on carbon-



intensive counterparties and sectors. The estimation model makes it possible to compare - through the use of specific indicators developed internally - the characteristic profitability derived from the counterparties in the perimeter, by means of the ratio between the interest and commission margin and the gross balance of credit exposure associated with these, with respect to the elasticity of transmission of the expected costs of transition on the amount of prospective revenues of the counterparties. The mathematical product of the two indicators described above converges within a summary indicator that provides a classification of the counterparties (or by aggregation of sectoral portfolio clusters) that are more or less profitable and strategic for the Bank, which are estimated to have to sustain significant economic efforts to reach the goal of "zero net emissions" by 2050 and on which it is necessary to set appropriate strategic actions to support the climate transition process in order to maintain an adequate attractiveness and competitiveness on the market and at the same time preserve the characteristic marginality currently obtained. Finally, once the aforementioned summary indicator has been assigned to each debtor company in the scope, the individual risk assessments are aggregated at the sector level and over the entire analysis scope.

## **6. Conducting analyses and formalising results**

As a final process step, the results of materiality analyses of C&E risks are formalised and appropriately shared internally in order to make the operating structures concerned, as well as senior management, aware of the clusters of analysis subject to materiality classified as 'material' over different time horizons, in order to put in place remedial and mitigation actions for those clusters affected by materiality levels of exposure already in the short to medium term, and with a broader outlook to orient its business activities in order to promote the containment of the Group's exposure to C&E risk factors where a significant long-term exposure is detected for particular risk categories.

Finally, it is reported that the outcomes of the materiality assessments of the C&E factors led to some adjustments to the framework for determining collective impairments and to adapt the models for calculating the riskiness of the loan portfolio. In particular, the application of different climatic scenarios of analysis, mentioned above, made it possible to maintain consistency with the methodological and scenario frameworks underlying both the annual exercise of quantifying climatic and environmental risks carried out during the annual capital adequacy assessment (ICAAP) and the process of quantifying the Expected Credit Loss (ECL) adopted for the purposes of determining collective value adjustments.





## 1.5 MINIMUM DISCLOSURE REQUIREMENT ON POLICIES AND ACTIONS

### 1.5.1 Policies and actions related to material sustainability matters (MDR-P, MDR-A)

The policies and actions taken to manage each material sustainability matter have been described in the appropriate sections of the thematic ESRS E1 "Climate Change", S1 "Own Workforce", S3 "Affected Communities", S4 "Consumers and End Users", G1 "Business Conduct".

#### **Disclosure related to no action taken on business conduct (ESRS G1)**

The Bank operates in compliance with the regulations in force and is committed to ensuring a responsible approach through the implementation of internal policies, which help to foster positive impacts (relating to the promotion of corporate culture, the prevention of active and passive corruption and the protection of whistleblowers) and risk mitigation, with particular reference to the management of relations with suppliers. The Bank believes that its existing policies (Code of Ethics and Policy on internal reporting of violations-whistleblowing) are adequate and sufficient to manage the risks and opportunities related to business conduct, with no need for additional action at this stage. In this sense, it has not taken or planned any actions with respect to business conduct.

Furthermore, the Bank believes that the implementation of measurable targets and concrete actions can be re-evaluated in the future, should new needs or critical issues emerge. However, the Bank continues to monitor the effectiveness of the policies in place to ensure that business practices are adequately addressing anti-corruption and whistleblower protection issues. Although no concrete actions have been taken, continuous monitoring and periodic evaluation ensure that company policies remain effective and in line with applicable regulations.

Amendments or additions may be considered in light of the changing regulatory and business context.

## 1.6 MINIMUM DISCLOSURE REQUIREMENT ON METRICS AND TARGETS

### 1.6.1 Metrics in relation to material sustainability matters (MDR-M)

It should be noted that the metrics presented in the Sustainability Report have not been audited by independent external bodies, with the exception of the limited assurance performed by the independent auditors.

### 1.6.2 Tracking effectiveness of policies and actions through targets (MDR-T)

With regard to the targets set for each relevant sustainability matter, please refer to the sections on thematic ESRS E1 "Climate Change", S1 "Own workforce" s4 "Consumers and End Users".

#### **Disclosure of the absence of targets and subsequent monitoring of policies and actions on business conduct (ESRS G1)**

The Bank has not adopted specific measurable objectives relating to the impacts, risks and opportunities associated with its business conduct, as through structured monitoring and review processes, it ensures the adequacy and effectiveness of its safeguards, intervening with updates when necessary, for example in the event of regulatory changes or new requirements. This approach ensures compliance with current regulations and respect for the ethical principles set out in the company's Code of Ethics and Policy on internal reporting of violations (whistleblowing), with targeted additions depending on the regulatory and corporate context.

#### **Disclosure of the absence of targets and subsequent monitoring of policies and actions on affected communities (ESRS S3)**

The Bank has not adopted measurable objectives relating to the communities concerned, towards which the dual materiality analysis has only revealed positive impacts and opportunities and towards which initiatives with a positive effect are in place, in line with the commitment expressed in the policies (Code of Ethics, Sustainability Policy) to implement constant action aimed at promoting dialogue with the communities and developing initiatives in support of them that have a positive impact on quality of life, employment, investment, skills development, and personal and social relations.

In this context, the Bank constantly assesses the progress of initiatives and their contribution to policy commitments through careful monitoring of performance KPIs and dedicated feedback systems. The Bank evaluates the integration of its initiatives in view of new opportunities to support the community. Where appropriate, the adoption of any specific targets will be evaluated in the future to ensure continuous improvement in the commitment to the communities concerned.



## 1.7 LIST OF FULFILLED DISCLOSURE REQUIREMENTS

### 1.7.1 Disclosure requirements in ESRS covered by the undertaking's Sustainability Report (IRO-2)

#### CONTENT INDEX

SECTION	DISCLOSURE REQUIREMENT	PARAGRAPH
<b>GENERAL INFORMATION (ESRS 2)</b>	BP-1 General basis for preparation of sustainability statements	1.1.1 General basis for preparation of Sustainability Report (BP-1)
	BP-2 Disclosures in relation to specific circumstances	1.1.2 Disclosure in relation to specific circumstances (BP-2)
	GOV-1 The role of the administrative, management and supervisory bodies	1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)
	GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.2.2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)
	GOV-3 Integration of sustainability-related performance in incentive schemes	1.2.3 Integration of sustainability-related performance in incentive schemes (GOV-3)
	GOV-4 Statement on due diligence	1.2.4 Statement on due diligence (GOV-4)
	GOV-5 Risk management and internal controls over sustainability reporting	1.2.5 Risk management and internal controls over sustainability reporting (GOV-5)
	SBM-1 Strategy, business model and value chain	1.3.1 Strategy, business model and value chain (SBM-1)
	SBM-2 Interests and views of stakeholders	1.3.2 Interests and views of stakeholders (SBM-2)
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	1.3.3 Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)
<b>ENVIRONMENTAL INFORMATION (ESRS E1)</b>	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	1.4.1 Description of processes to identify and assess material impacts, risks and opportunities (IRO-1)
	IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	1.7.1 Disclosure requirements in ESRS covered by the undertaking's Sustainability Report (IRO-2)
	E1.GOV-3 Integration of sustainability-related performance in incentive schemes	Implications of climate considerations in the remuneration of governance bodies
	E1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	1.3.3 Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3) Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS E1 - Climate Changes
	E1.IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Disclosure Requirement related to ESRS 2 IRO-1 - Description of processes to identify and assess material impacts, risks and opportunities ESRS 1 - Climate Change
	E1-1 Transition plan for climate change mitigation	2.2.1.1 Transition plan for climate change mitigation (E1-1)
	E1-2 Policies related to climate change mitigation and adaptation	2.2.2.1 Policies related to climate change mitigation and adaptation (E1-2)
	E1-3 Actions and resources in relation to climate change policies	2.2.2.2 Actions and resources in relation to climate change policies (E1-3)
	E1-4 Targets related to climate change mitigation and adaptation	2.2.3.1 Targets related to climate change mitigation and adaptation (E1-4)
	E1-5 Energy consumption and mix	2.2.3.2 Energy consumption and mix (E1-5)
	E1-6 Gross Scopes 1, 2, 3 and total GHG emissions	2.2.3.3 Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)
	E1-7 GHG Removals and GHG mitigation projects financed through carbon credits	<i>Not applicable</i>
	E1-8 Internal carbon pricing	<i>Not applicable</i>
	E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	<i>Phased-in</i>



SECTION	DISCLOSURE REQUIREMENT	PARAGRAPH
SOCIAL INFORMATION (ESRS S1, 1357albiESRS S3, ESRS S4)	S1.SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model	Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS S1 - Own workforce
	S1-1 Policies related to own workforce	3.1.1.1 Policies related to own workforce (S1-1)
	S1-2 Processes for engaging with own workers and workers' representatives about impacts	3.1.1.2 Processes for engaging with own workers and workers' representatives about impacts (S1-2)
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	3.1.1.3 Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)
	S1-4 Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	3.1.1.4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)
	S1-5 Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities	3.1.2.1 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)
	S1-6 Characteristics of the undertaking's employees	3.1.2.2 Characteristics of the undertaking's employees (S1-6)
	S1-7 Characteristics of non-employee workers in the undertaking's own workforce	<i>Phased-in</i>
	S1-8 Collective bargaining coverage and social dialogue	3.1.2.3 Collective bargaining coverage and social dialogue (S1-8)
	S1-9 Diversity metrics	3.1.2.4 Diversity metrics (S1-9)
	S1-10 Adequate wages	3.1.2.5 Adequate wages (S1-10)
	S1-11 Social protection	<i>Phased-in</i>
	S1-12 Persons with disabilities	<i>Phased-in</i>
	S1-13 Training and skills development metrics	<i>Phased-in</i>
	S1-14 Health and safety metrics	3.1.2.6 Health and safety metrics (S1-14)
	S1-15 Work-life balance metrics	<i>Phased-in</i>
	S1-16 Compensation metrics (pay gap and total compensation)	3.1.2.7 Compensation metrics (pay gap and total compensation) (S1-16)
	S1-17 Incidents, complaints and severe human rights impacts	3.1.2.8 Incidents, complaints and severe human rights impacts (S1-17)
	S3.SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model	Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS S3 - Affected communities
	S3-1 Policies related to affected communities	3.2.1.1 Policies related to affected communities (S3-1)
	S3-2 Processes for engaging with affected communities about impacts	3.2.1.2 Processes for engaging with affected communities about impacts (S3-2)
	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	3.2.1.3 Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)
	S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	3.2.1.4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4)
	S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>Not applicable</i>
	S4.SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model	Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of ESRS S4 - Consumers and end users
	S4-1 Policies related to consumers and end-users	3.3.1.1 Policies related to consumers and end-users (S4-1)
	S4-2 Processes for engaging with consumers and end-users about impacts	3.3.1.2 Processes for engaging with consumers and end-users about impacts (S4-2)
	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	3.3.1.3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)
	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	3.3.1.4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.3.2.1 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S4-5)



SECTION	DISCLOSURE REQUIREMENT	PARAGRAPH
<b>GOVERNANCE INFORMATION (ESRS G1)</b>	G1.GOV-1 The role of the administrative, supervisory and management bodies	Disclosure requirements relating to ESRS 2 GOV-1 - Role of Administrative, Management and Supervisory Bodies of the ESRS G1 - Business conduct
	G1-1 Business conduct policies and corporate culture	4.1.1.1 Business conduct policies and corporate culture (G1-1)
	G1-2 Management of relationships with suppliers	4.1.1.2 Management of relationships with suppliers (G1-2)
	G1-3 Prevention and detection of corruption and bribery	4.1.1.4 Prevention and detection of corruption and bribery (G1-3)
	G1-4 Confirmed incidents of corruption or bribery	4.1.2.1 Confirmed incidents of corruption or bribery (G1-4)
	G1-6 Payment practices	4.1.2.2 Payment practices (G1-6)

It is specified that the disclosure requirements (MDR-M, MDR-P, MDR-A, MDR-T) are defined in the sections of each ESRS standard.

### **Explanation of how the material information to be disclosed was determined**

The Group determined the material information to be disclosed based on the results of the dual materiality analysis; in doing so, the Bank developed a list of impacts, risks and opportunities relevant to its upstream and downstream business model and value chain and aggregated them based on the structure provided by ESRS 1 RA 16. It should be noted that no integration of entity-specific data points was necessary.

## All information from other EU regulations

DISCLOSURE REQUIREMENT AND RELATED DATA POINTS	NON-MATERIAL / MATERIAL	PARAGRAPH
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Material	1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Material	1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Material	1.2.4 Statement on due diligence (GOV-4)
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Non-material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Non-material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Non-material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Material	<i>For the reporting year in question, the Group does not have a Transition Plan, for more details please refer to paragraph:</i> 2.2.1.1 Transition plan for climate change mitigation (E1-1)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Material	<i>For the reporting year in question, the Group does not have a Transition Plan, for more details please refer to paragraph:</i> 2.2.1.1 Transition plan for climate change mitigation (E1-1)
ESRS E1-4 GHG emission reduction targets paragraph 34	Material	2.2.3.1 Targets related to climate change mitigation and adaptation (E1-4)
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Material	2.2.3.2 Energy consumption and mix (E1-5)
ESRS E1-5 Energy consumption and mix, paragraph 37	Material	2.2.3.2 Energy consumption and mix (E1-5)
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40-43	Material	2.2.3.2 Energy consumption and mix (E1-5)
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Material	2.2.3.3 Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Material	2.2.3.3 Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)
ESRS E1-7 GHG removals and carbon credits paragraph 56	Non-material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Non-material	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Non-material	
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	Non-material	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	Non-material	
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	Non-material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Non-material	
ESRS E3-1 Water and marine resources paragraph 9	Non-material	
ESRS E3-1 Dedicated policy paragraph 13	Non-material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Non-material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Non-material	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Non-material	
ESRS 2 - IRO 1 - E4, paragraph 16 (a) i	Non-material	
ESRS 2 - IRO 1 - E4, paragraph 16 (b)	Non-material	
ESRS 2 - IRO 1 - E4, paragraph 16 (c)	Non-material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Non-material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Non-material	



ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Non-material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Non-material	
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Non-material	
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Non-material	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Non-material	
ESRS S1-1 Human rights policy commitments paragraph 20	Material	3.1.1.1 Policies related to own workforce (S1-1)
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Material	3.1.1.1 Policies related to own workforce (S1-1)
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Non-material	
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Material	3.1.1.1 Policies related to own workforce (S1-1)
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Material	3.1.1.3 Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)
ESRS S1-14 Number of fatalities and number and rate of workrelated accidents paragraph 88 (b) and (c)	Material	3.1.2.6 Health and safety metrics (S1-14)
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Material	3.1.2.6 Health and safety metrics (S1-14)
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Material	3.1.2.7 Compensation metrics (pay gap and total compensation) (S1-16)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Material	3.1.2.7 Compensation metrics (pay gap and total compensation) (S1-16)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Material	3.1.2.8 Incidents, complaints and severe human rights impacts (S1-17)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Material	3.1.2.8 Incidents, complaints and severe human rights impacts (S1-17)
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Non-material	
ESRS S2-1 Human rights policy commitments paragraph 17	Non-material	
ESRS S2-1 Policies related to value chain workers paragraph 18	Non-material	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Non-material	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Non-material	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Non-material	
ESRS S3-1 Human rights policy commitments paragraph 16	Material	3.2.1.1 Policies related to affected communities (S3-1)
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Material	3.2.1.1 Policies related to affected communities (S3-1)
ESRS S3-4 Human rights issues and incidents paragraph 36	Material	3.2.1.4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4)
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Material	3.3.1.1 Policies related to consumers and end-users (S4-1)
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Material	3.3.1.1 Policies related to consumers and end-users (S4-1)
ESRS S4-4 Human rights issues and incidents paragraph 35	Material	3.3.1.4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Material	3.3.1.1 Policies related to consumers and end-users (S4-1)
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Material	4.1.1.1 Business conduct policies and corporate culture (G1-1)
ESRS G1-4 Fines for violation of anticorruption and anti-bribery laws paragraph 24 (a)	Material	4.1.2.1 Confirmed incidents of corruption or bribery (G1-4)
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Material	4.1.2.1 Confirmed incidents of corruption or bribery (G1-4)

## 2. ENVIRONMENTAL INFORMATION

### 2.1 DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION 2020/852 (EU TAXONOMY REGULATION)

#### 2.1.1 Introduction

EU Regulation 2020/852 introduces the so-called European taxonomy of environmentally sustainable activities, i.e. a system for classifying economic activities according to their contribution to 6 specific environmental objectives, based on scientific criteria and metrics (hereafter, 'EU Taxonomy').

Five Delegated Regulations are linked to Regulation (EU) 2020/852:

- Delegated Regulation (EU) 2021/2178 on how to calculate KPI for disclosure under the EU Taxonomy;
- Delegated Regulation (EU) 2021/2139 on technical screening criteria for activities under the Climate Change Mitigation and Adaptation objectives;
- Delegated Regulation (EU) 2022/1214 concerning the integration of Delegated Regulation (EU) 2021/2139 with regard to Gas and Nuclear activities;
- Delegated Regulation (EU) 2023/2485 amending the technical screening criteria for the first two climate targets in Delegated Regulation (EU) 2021/2139;
- Delegated Regulation (EU) 2023/2486 amending Delegated Regulation (EU) 2021/2178, integrating the technical screening criteria for the remaining 4 environmental objectives.

In line with the requirements of Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2486, the second-level implementing rules of the EU Taxonomy, the Bank is required to report on the percentage of alignment, i.e. the ratio of green assets to total exposures in its financial statements (Green Asset Ratio, hereinafter 'GAR') and publish six separate templates, a brief description of which is given below:

<b>TEMPLATE 0</b> <b>Summary of KPIs</b>	Summary of KPI to be reported by credit institutions pursuant to Art. 8 of EU Taxonomy.
<b>TEMPLATE 1</b> <b>Covered assets</b>	Information on the Bank's exposures in absolute terms, broken down by counterparty category, type of loan disbursed and classification into eligible and aligned exposures.
<b>TEMPLATE 2</b> <b>Sector information</b>	Segment breakdown of exposures according to the NACE code they belong to.
<b>TEMPLATE 3</b> <b>GAR KPIs Stock</b>	Information on the eligibility and alignment percentages of the Bank's exposures (stock) from the data reported in Template 1.
<b>TEMPLATE 4 KPI</b> <b>KPIs Flow</b>	Information on the eligibility and alignment percentages of the Bank's new exposures (flows).
<b>TEMPLATE 5</b> <b>FinGar, Aum KPIs</b>	Information on eligibility and alignment percentages for off-balance sheet exposures (financial guarantees and managed financial assets) from data reported in Template 1.

GAR is an indicator designed to summarise the relation between assets that are considered environmentally sustainable according to the EU Taxonomy and the Bank's total assets. In particular, it represents the percentage of environmentally sustainable assets out of the total assets of the financial statements, as defined by Reg. (EU) 2023/2486. The denominator of the indicator, in fact, refers to the Bank's total assets, excluding exposures to governments, institutions, central banks and supranational issuers and assets in the trading book. The indicator is calculated in Model 1, which classifies assets into four main sections:





1. Assets included in the numerator for the calculation of GAR;
2. Assets excluded from the numerator for the calculation of the GAR (included in the denominator);
3. Exclusions from KPI calculation;
4. Off-balance.

A summary description of the four different sections is given below.

### 1. Assets included in the numerator for GAR calculation

An asset is eco-sustainable when it represents an investment in assets that are considered aligned with the EU Taxonomy, the analysis metrics of which involve the classification of exposures according to counterparty category and type of financing provided, and the identification of eligible and aligned exposures, as represented below:

- a. *Exposures to counterparties falling within the scope of Directive 2014/95/EU (so-called Non Financial Reporting Directive, hereinafter 'NFRD counterparties');*
  - Overall GAR for financing activities for financial corporations, for climate change mitigation and adaptation objectives (valorised as of financial year 2024);
  - Overall GAR for financing activities for non-financial corporations, for climate change mitigation and adaptation objectives.
- b. *Exposures to households:*
  - GAR for residential real estate exposures, including loans for home renovation, for the objectives of climate change mitigation, climate change adaptation and circular economy;
  - GAR for retail loans for the purchase of cars for climate change mitigation.
- c. *GAR for revenues used to finance local PA, for all environmental objectives.*
- d. *GAR for residential and commercial real estate collateral recovered and held for sale, for all environmental objectives.*

#### a. Exposures to NFRD counterparties

These exposures can be divided into two categories, depending on the use of the proceeds for which the financing was provided:

- in the case of a generic loan, data on eligibility and alignment are found within the company's Non-Financial Statement (hereafter, "NFS"); these are percentages, repeated on both a Capex and Turnover basis, by which the Bank's exposure to the specific company is multiplied;
- in the case of targeted financing, the following technical screening criteria pursuant to Delegated Regulation (EU) 2021/2139 must be met:
  1. Substantial contribution criteria;
  2. Do Not Significant Harm (hereinafter, 'DNSH');
  3. Safeguard minimum guarantees.

For the purposes of this report, there were no special purpose loans to NFRD counterparties, so the analysis focused on general loans and was therefore based on the data retrieved from the 2023 NFS of the financial and non-financial companies to which the Bank is exposed. In the case of groups of companies, the eligibility and alignment percentages of the parent company are also applied when the exposure relates to a subsidiary, subject to verification of the actual consolidation of the subsidiary in the parent company's financial statements.

#### b. Exposures to households

It analyses how many of the loans to households secured by real estate are eligible and/or aligned to the EU taxonomy. Exposures to households are broken down, in accordance with Regulation (EU) 2021/2139, into:

1. Loans secured by residential property;
2. Building renovation loans;
3. Motor vehicle loans.

It should be noted that, with regard to minimum safeguard guarantees, these are not taken into account for the reporting period in question, as the modalities for their application have yet to be regulated by the Regulator.

In carrying out the processing, the Bank allocated part of the exposures to households to the following activities described by the EU Taxonomy:

- 6.5 - Transportation by motorcycles, passenger cars and light commercial vehicles;
- 7.1 - Construction of new buildings;
- 7.2 - Renovation of existing buildings;
- 7.6 - Installation, maintenance and repair of renewable energy technologies; financing for the purchase of photovoltaic panels falls into this category;
- 7.7 - Purchase and ownership of buildings; new buildings are excluded, for which the requirements of activity 7.1 must be met.

Consistent with the information currently available, for the current financial year, the Bank has been able to carry out the alignment check only for exposures related to activity 7.7.

#### c. Exposures to local governments

They refer to activities supporting public authority-related projects, divided into:

1. Financing of public housing, including in particular loans granted by credit institutions to local authorities for the purpose of financing the purchase of housing for households in the municipality;
2. Other local administration financing, which includes loans granted to local administrations for the purpose of financing any activity other than the purchase of the place of residence of households in the municipality.

#### d. Collateral obtained by taking possession: residential and commercial immovable properties

This represents the portion of commercial and residential real estate collateral for which the Bank exercises a right over the mortgaged property, becoming the owner of the property (so-called recovered guarantees), and which meets the technical screening criteria (set out in Annex I, paragraph 7.7 of EU Delegated Regulation 2021/2139).

The alignment to the EU Taxonomy of this type of collateral is verified according to the same process used for 'Loans secured by residential property', as compliance with the criteria in Activity 7.7 'Purchase and ownership of buildings' is required.



## 2. Assets excluded from the numerator for the calculation of GAR (included in the denominator)

Listed below are the types of assets that in the GAR calculation are excluded from the numerator while being included in the denominator.

### Exposures to non-NFRD counterparties

Exposures to corporates not subject to NFRD are not included within the numerator of the GAR and are broken down, pursuant to Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2486, into:

1. Financial corporations, SME and other non-financial corporations (other than SME) not subject to NFRD reporting requirements;
2. Non-EU country counterparties not subject to NFRD disclosure obligations.

### Exposures to other asset classes

Also excluded from the numerator of the GAR calculation are exposures to other asset classes, which, in accordance with Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2486, are divided into:

1. Derivatives;
2. On demand interbank loans;
3. Cash and cash-related assets;
4. Other asset categories (tangible, intangible and other assets).

The exposures mentioned, being in the denominator but not in the numerator in the GAR calculation, are not eligible for, nor consequently aligned with, the EU Taxonomy.

## 3. Exclusions from GAR calculation

Delegated Regulation (EU) 2021/2178 stipulates that exposures to central administrations, central banks and supranational issuers are excluded from the calculation of the numerator and denominator of key performance indicators.

## 4. Off-balance

A complementary analysis is performed regarding the level of association with economic activities aligned with the EU Taxonomy of off-balance sheet exposures that the Bank manages, which direct or contribute to directing capital flows to economic activities whose environmental sustainability can be assessed as compliant with the EU Taxonomy, including:

1. Financial guarantees, for which the GAR corresponds to the ratio of financial guarantees backing debt instruments financing economic activities aligned with the EU Taxonomy to all financial guarantees backing corporate debt instruments;
2. Financial assets under management, for which the GAR corresponds to the ratio of financial assets under management (debt and equity instruments) that finance economic activities aligned with the EU Taxonomy to total financial assets under management (debt and equity instruments).

The market value of the portfolio of managed financial assets is shown net of cash and government securities. For this type of exposure, the Bank focused its eligibility and alignment analysis on the data retrieved from the NFRD counterparties' NFS, performing the exercise on both Capex and Turnover.

### 2.1.2 Comprehensive GAR and next steps

For the current financial year, the Bank obtained an overall GAR of 2.23%, which is the result of the ratio between the assets included in the numerator (Capex) and the total assets on the balance sheet net of the exposures excluded from the GAR calculation, based on the logic set out in the previous points. By contrast, the GAR calculated with respect to Turnover is 1.58%.

The above figures relate to the financial component of the Banca Popolare di Sondrio Group. In fact, following internal materiality analyses, the Bank found no subsidiaries that could be considered material for taxonomic reporting purposes outside the FinRep prudential consolidation perimeter.

The aligned exposures increased significantly compared to the figure calculated for 2023 (929 million euro at 31.12.2024 compared to 679 million euro at 31.12.2023 compared to Capex). This increase is mainly attributable to the following factors:

- increase in aligned exposures calculated on Capex to non-financial companies with NFRD reporting obligations from 532 million euro at 31/12/2023 to 669 million euro at 31/12/2024 (+26%); the same figure calculated on Turnover shows a similar increase, rising from 317 million euro at 31/12/2023 to 412 million euro at 31/12/2024 (+30%);
- acquisition of the disclosures of financial companies, which from 2023 onwards also started to include taxonomic alignment data; the amount is 51 million euro of new aligned exposures calculated on Capex and 36 million euro calculated on Turnover;
- growth in exposures to aligned Households (activity 7.7 - Purchase and ownership of buildings), up from 147 million euro at 31/12/2023 to 210 million euro at 31/12/2024 (+43%).

The information shared so far represents the most complete interpretation of what is currently available from the European Authorities and is intended to fulfil, as best as possible, the requirements of the Delegated Regulations and the guidelines and communications of the European Commission. In this context, it should be noted that the Group will disclose its key performance indicators relating to the trading book, commissions and fees for other services and business activities other than the provision of financing as of 2026, in accordance with the provisions of Delegated Regulation (EU) 2021/2178.

The Group is aware of the role that the EU Taxonomy plays in assigning the banking system the decisive task of being a stimulus to the real economy, in order to pursue the European Union's ambitious strategy for sustainable development and climate transition.

For this reason, it is committed to considering the EU Taxonomy and future related regulatory provisions an essential reference point, ensuring its integration in the management of its activities and in the definition of new strategies oriented towards the creation of sustainable value.

With this in mind, as part of the new 2025-2027 Business Plan, specific sustainability goals have been identified that also affect dedicated credit and investment products. This path aims to continuously strengthen the Group's positioning with respect to these issues, with a focus on supporting the transition to a low-carbon, more sustainable and resilient economic model that promotes the protection of natural resources and innovation in production processes.

In line with the Bank's membership of the Net-Zero Banking Alliance (NZBA), this commitment takes the form of the objective of actively contributing to the realisation of a net-zero economy by 2050, while fostering the development of a production system more oriented towards the principles of the circular and regenerative economy.



## 2.1.3 Annex VI - Credit Institutions' KPI Template

### Template 0 – Summary of KPIs

		Total assets eco-sustainable <sup>8</sup> (Millions of euro)	KPI <sup>9</sup>	KPI <sup>10</sup>	Coverage % (of total assets) <sup>11</sup>	% of assets excluded from numerator of the GAR (Article 7(2) and (3) and point 1.1.2. of Annex V)	% of assets excluded from GAR denominator (Article 7(1) and point 1.2.4 of Annex V)
<b>Main KPI</b>	<b>GAR (coefficient of assets green) for stock</b>	<b>929.27</b>	<b>1.58%</b>	<b>2.23%</b>	<b>72.12%</b>	<b>42.80%</b>	<b>27.88%</b>
<b>Additional KPI</b>	<i>GAR (flow)</i>	374.19	1.72%	2.58%	84.99%	57.62%	15.01%
	<i>Trading book<sup>12</sup></i>	N.A.	N.A.	N.A.			
	<i>Financial guarantees</i>	49.79	3.58%	5.77%			
	<i>Assets under management</i>	9.22	0.58%	1.43%			
	<i>Revenues related to fees and remuneration<sup>13</sup></i>						

<sup>8</sup> Figure calculated on Capex. The total sustainable assets calculated on the Turnover is 657.2 million euro.

<sup>9</sup> Based on the KPI Turnover of the counterpart.

<sup>10</sup> Based on the KPI Capex of the counterpart.

<sup>11</sup> % of assets covered by the KPI out of the bank's total assets.

<sup>12</sup> For credit institutions that do not fulfil the requirements of Art. 94(1) CCR or the conditions set out in Art. 325a(1) CCR.

<sup>13</sup> Fees from services other than lending and Asset Under Management (AuM)



## Template 1: Covered assets - CAPEX

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
in millions of euro		Total (gross) carrying amount	Disclosure at 31/12/2024												
			Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WTR)		
			Of which towards taxonomy relevant sectors (taxonomy-eligible)						Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)		
			Of which environmentally sustainable (taxonomy-aligned)						Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)		
			Of which use of proceeds		Of which transitional	Of which enabling			Of which use of proceeds		Of which enabling	Of which use of proceeds		Of which enabling	
-	<b>GAR - Covered assets in both numerator and denominator</b>														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	16,910	9,202	914	210	33	396	32	15			0	0	0	0
2	<b>Financial corporations</b>	2,254	377	51		4	5	10	0			0			
3	Credit institutions	1,444	302	24		2	4	0	0			0			
4	Loans and advances	215	47	4		0	1	0	0						
5	Debt securities, including UoP	1,228	255	20		1	4	0	0			0			
6	Equity instruments	0	0	0		0	0								
7	Other financial corporations	810	75	26		2	1	10	0						
8	of which investment firms	719	53	23		2	0	10	0						
9	Loans and advances	355													
10	Debt securities, including UoP	365	53	23		2	0	10	0						
11	Equity instruments														
12	of which management companies	58	15	2		0	0	0	0						
13	Loans and advances														
14	Debt securities, including UoP	21	4	1		0	0	0	0						
15	Equity instruments	37	11	1			0	0							
16	of which: insurance undertakings	33	7	2		0	0	0	0						
17	Loans and advances														
18	Debt securities, including UoP	33	7	2		0	0	0	0						
19	Equity instruments														
20	<b>Non-financial corporations</b>	2,352	893	654		29	390	21	15			0	0	0	0
21	Loans and advances	1,841	590	401		25	249	16	11			0	0	0	0
22	Debt securities, including UoP	450	290	251		4	141	5	4			0			
23	Equity instruments	61	13	1		0	1	0	0			0			
24	<b>Households</b>	12,287	7,928	210	210										
25	of which loans secured by residential property	8,726	7,723	210	210										
26	of which building renovation loans	51	51												
27	of which motor vehicle loans	55	55												
28	<b>Local government financing</b>	4	4												
29	Housing financing	2	2												
30	Other local government financing	3	3												
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	13													
32	<b>Assets excluded from the numerator for the calculation of GAR (included in the denominator)</b>	24,692													
33	<b>Financial and non-financial corporations</b>	23,166													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	22,632													
35	Loans and advances	20,836													
36	of which loans collateralised by non-residential property	2,498													
37	of which building renovation loans	101													
38	Debt securities	1,005													
39	Equity instruments	791													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	534													
41	Loans and advances	512													
42	Debt securities	22													
43	Equity instruments	0													
44	<b>Derivatives</b>	2													
45	<b>On demand interbank loans</b>	227													
46	<b>Cash and cash-related assets</b>	178													
47	<b>Other asset categories (e.g. goodwill, goods, etc.)</b>	1,118													
48	<b>Total assets GAR</b>	<b>41,602</b>	<b>9,202</b>	<b>914</b>	<b>210</b>	<b>33</b>	<b>396</b>	<b>32</b>	<b>15</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
49	<b>Assets not included for GAR calculation</b>	16,083													
50	<b>Central governments and supranational issuers</b>	12,263													
51	<b>Central banks exposures</b>	3,646													
52	<b>Trading book</b>	174													
53	<b>Total assets</b>	57,685	9,202	914	210	33	396	32	15			0	0	0	0
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements</b>															
54	Financial guarantees	863	49	42			24	13	7			0			
55	Assets under management	646	70	9		3	6	0	0			0			
56	Of which debt securities	43	9	5		1	4								
57	Of which Equity instruments	36	10	4		1	3	0	0			0			



ollows: Template 1: Covered assets - CAPEX

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
in millions of euro		Disclosure at 31/12/2024																
		Circular Economy (EC)			Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)					
		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which transitional	Of which enabling		
-	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	0	0											9,234	929	210	33	396
2	Financial corporations													388	51		4	5
3	Credit institutions													303	24		2	4
4	Loans and advances													47	4		0	1
5	Debt securities, including UoP													256	21		1	4
6	Equity instruments													0	0		0	0
7	Other financial corporations													85	26		2	1
8	of which investment firms													63	23		2	0
9	Loans and advances																	
10	Debt securities, including UoP													63	23		2	0
11	Equity instruments																	
12	of which management companies													15	2		0	0
13	Loans and advances																	
14	Debt securities, including UoP													4	1		0	0
15	Equity instruments													11	1		0	0
16	of which: insurance undertakings													7	2		0	0
17	Loans and advances																	
18	Debt securities, including UoP													7	2		0	0
19	Equity instruments																	
20	Non-financial corporations	0	0											915	669		29	390
21	Loans and advances	0	0											606	413		25	249
22	Debt securities, including UoP													296	255		4	141
23	Equity instruments													13	2		0	1
24	Households													7,928	210	210		
25	of which loans collateralised by residential immovable property													7,723	210	210		
26	of which building renovation loans													51				
27	of which motor vehicle loans													55				
28	Local government financing													4				
29	Housing financing													2				
30	Other local government financing													3				
31	Collateral obtained by taking possession: residential and commercial immovable properties																	
32	Assets excluded from the numerator for the calculation of GAR (included in the denominator)																	
33	Financial and non-financial corporations																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by non-residential property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other asset categories (e.g. goodwill, goods, etc.)																	
48	Total assets GAR	0	0											9,234	929	210	33	396
49	Assets not included for GAR calculation																	
50	Central governments and supranational issuers																	
51	Central banks exposures																	
52	Trading book																	
53	Total assets	0	0											9,234	929	210	33	396
Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements																		
54	Financial guarantees													61	50			24
55	Assets under management	0	0			0	1							72	9		3	6
56	Of which debt securities						0							9	5		1	4
57	Of which Equity instruments	0	0				0	0						11	4		1	3



Follows: Template 1: Covered assets - CAPEX

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
in millions of euro		Disclosure at 31/12/2023													
		Total (gross) carrying amount	Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			
			Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)			
			Of which use of proceeds		Of which transitional	Of which enabling		Of which use of proceeds		Of which enabling	Of which use of proceeds		Of which enabling		
-	<b>GAR - Covered assets in both numerator and denominator</b>														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	16,718	8,891	673	147	4	284	8	6		0				
2	<b>Financial corporations</b>	1,954	408												
3	Credit institutions	1,527	391												
4	Loans and advances	329	78												
5	Debt securities, including UoP	1,198	313												
6	Equity instruments														
7	Other financial corporations	426	17												
8	of which investment firms	304													
9	Loans and advances														
10	Debt securities, including UoP	304													
11	Equity instruments														
12	of which management companies	120	17												
13	Loans and advances														
14	Debt securities, including UoP	42	8												
15	Equity instruments	78	9												
16	of which: insurance undertakings	3	0												
17	Loans and advances														
18	Debt securities, including UoP	3	0												
19	Equity instruments														
20	<b>Non-financial corporations</b>	2,225	812	526		4	284	8	6		0				
21	Loans and advances	1,660	483	262		3	152	7	6		0				
22	Debt securities, including UoP	502	318	263		1	132	1	0		0				
23	Equity instruments	63	11	1			0	0	0						
24	<b>Households</b>	12,443	7,667	147	147										
25	of which loans secured by residential property	8,510	7,475	147	147										
26	of which building renovation loans	53	53												
27	of which motor vehicle loans	38	38												
28	<b>Local government financing</b>	97	4												
29	Housing financing	1	1												
30	Other local government financing	96	3												
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>														
32	<b>Assets excluded from the numerator for the calculation of GAR (included in the denominator)</b>	23,990													
33	<b>Financial and non-financial corporations</b>	22,800													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	22,313													
35	Loans and advances	20,420													
36	of which loans collateralised by non-residential property	2,656													
37	of which building renovation loans	64													
38	Debt securities	1,245													
39	Equity instruments	647													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	488													
41	Loans and advances	460													
42	Debt securities	28													
43	Equity instruments	0													
44	<b>Derivatives</b>	2													
45	<b>On demand interbank loans</b>	164													
46	<b>Cash and cash-related assets</b>	176													
47	<b>Other asset categories (e.g. goodwill, goods, etc.)</b>	847													
48	<b>Total assets GAR</b>	40,708	8,891	673	147	4	284	8	6		0				0
49	<b>Assets not included for GAR calculation</b>	18,017													
50	<b>Central governments and supranational issuers</b>	13,353													
51	<b>Central banks exposures</b>	4,514													
52	<b>Trading book</b>	150													
53	<b>Total assets</b>	58,725	8,891	673	147	4	284	8	6		0				
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements</b>															
54	Financial guarantees	797	10	6			0	0	0		0				
55	Assets under management	662	45	7		3	4	0	0						
56	Of which debt securities	78	8	5		2	3								
57	Of which Equity instruments	37	7	3		1	1	0	0						





Follows: Template 1: Covered assets - CAPEX

	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
in millions of euro	Disclosure at 31/12/2023																
	Circular Economy (EC)			Pollution (PPC)			Biodiversity and ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)							
	Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)							
	Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)							
	Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which transitional	Of which enabling					
-	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation												8,899	679	147	4	284
2	Financial corporations												408				
3	Credit institutions												391				
4	Loans and advances												78				
5	Debt securities, including UoP												313				
6	Equity instruments																
7	Other financial corporations												17				
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments																
12	of which management companies												17				
13	Loans and advances																
14	Debt securities, including UoP												8				
15	Equity instruments												9				
16	of which: insurance undertakings												0				
17	Loans and advances																
18	Debt securities, including UoP												0				
19	Equity instruments																
20	Non-financial corporations												819	532		4	284
21	Loans and advances												490	268		3	152
22	Debt securities, including UoP												319	263		1	132
23	Equity instruments												11	1			0
24	Households												7,667	147	147		
25	of which loans secured by residential property												7,475	147	147		
26	of which building renovation loans												53				
27	of which motor vehicle loans												38				
28	Local government financing												4				
29	Housing financing												1				
30	Financing of other local public administrations												3				
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Assets excluded from the numerator for the calculation of GAR (included in the denominator)																
33	Financial and non-financial corporations																
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																
35	Loans and advances																
36	of which loans collateralised by non-residential property																
37	of which building renovation loans																
38	Debt securities																
39	Equity instruments																
40	Non-EU country counterparties not subject to NFRD disclosure obligations																
41	Loans and advances																
42	Debt securities																
43	Equity instruments																
44	Derivatives																
45	On demand interbank loans																
46	Cash and cash-related assets																
47	Other asset categories (e.g. goodwill, goods, etc.)																
48	Total assets GAR												8,899	679	147	4	284
49	Assets not included for GAR calculation																
50	Central governments and supranational issuers																
51	Central banks exposures																
52	Trading book																
53	Total assets												8,899	679	147	4	284
Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements																	
54	Financial guarantees												10	6			0
55	Assets under management												45	7		3	4
56	Of which debt securities												8	5		2	3
57	Of which Equity instruments												7	3		1	



## Template 1: Covered assets - TURNOVER

in millions of euro	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Disclosure at 31/12/2024													
	Total (gross) carrying amount	Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)			
		Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			
		Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)			
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling		
-	<b>GAR - Covered assets in both numerator and denominator</b>													
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	16,910	8,962	657	210	13	122	6	0		0	0	0	0
2	<b>Financial corporations</b>	2,254	360	36		2	3	4	0					
3	Credit institutions	1,444	297	20		2	3	0	0					
4	Loans and advances	215	46	3		0	0	0	0					
5	Debt securities, including UoP	1,228	251	17		1	2	0	0					
6	Equity instruments	0	0	0		0	0	0	0					
7	Other financial corporations	810	63	15		0	0	3	0					
8	of which investment firms	719	42	13		0		3	0					
9	Loans and advances	355												
10	Debt securities, including UoP	365	42	13		0		3	0					
11	Equity instruments													
12	of which management companies	58	14	1		0	0	0	0					
13	Loans and advances													
14	Debt securities, including UoP	21	4	1		0	0	0	0					
15	Equity instruments	37	11	1			0	0						
16	of which: insurance undertakings	33	6	1			0							
17	Loans and advances													
18	Debt securities, including UoP	33	6	1			0							
19	Equity instruments													
20	<b>Non-financial corporations</b>	2,352	671	412		11	119	3	0		0	0	0	0
21	Loans and advances	1,841	448	241		6	61	1	0		0	0	0	0
22	Debt securities, including UoP	450	210	169		4	58	2	0		0			
23	Equity instruments	61	13	1		0	0	0	0		0			
24	<b>Households</b>	12,287	7,928	210	210									
25	of which loans secured by residential property	8,726	7,723	210	210									
26	of which building renovation loans	51	51											
27	of which motor vehicle loans	55	55											
28	<b>Local government financing</b>	4	4											
29	Housing financing	2	2											
30	Other local government financing	3	3											
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	13												
32	<b>Assets excluded from the numerator for the calculation of GAR (included in the denominator)</b>	24,692												
33	<b>Financial and non-financial corporations</b>	23,166												
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	22,632												
35	Loans and advances	20,836												
36	of which loans collateralised by non-residential property	2,498												
37	of which building renovation loans	101												
38	Debt securities	1,005												
39	Equity instruments	791												
40	Non-EU country counterparties not subject to NFRD disclosure obligations	534												
41	Loans and advances	512												
42	Debt securities	22												
43	Equity instruments	0												
44	<b>Derivatives</b>	2												
45	<b>On demand interbank loans</b>	227												
46	<b>Cash and cash-related assets</b>	178												
47	<b>Other asset categories (e.g. goodwill, goods, etc.)</b>	1,118												
48	<b>Total assets GAR</b>	<b>41,602</b>	<b>8,962</b>	<b>657</b>	<b>210</b>	<b>13</b>	<b>122</b>	<b>6</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
49	<b>Assets not included for GAR calculation</b>	16,083												
50	<b>Central governments and supranational issuers</b>	12,263												
51	<b>Central banks exposures</b>	3,646												
52	<b>Trading book</b>	174												
53	<b>Total assets</b>	<b>57,685</b>	<b>8,962</b>	<b>657</b>	<b>210</b>	<b>13</b>	<b>122</b>	<b>6</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements</b>														
54	Financial guarantees	863	66	30			9	1	0		0			
55	Assets under management	646	60	4		0	3	0	0		0	0		
56	Of which debt securities	43	6	2		0	2							
57	Of which Equity instruments	36	8	2		0	1	0	0		0	0		



Follows: Template 1: Covered assets - TURNOVER

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af	
in millions of euro		Disclosure at 31/12/2024																	
		Circular Economy (EC)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)					
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling			
-	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	0	0											8,968	657	210	13	123	
2	Financial corporations	0	0											363	36		2	3	
3	Credit institutions													297	20		2	3	
4	Loans and advances													46	3		0	0	
5	Debt securities, including UoP													251	17		1	2	
6	Equity instruments													0	0		0	0	
7	Other financial corporations	0	0											66	15		0	0	
8	of which investment firms	0	0											46	13		0		
9	Loans and advances																		
10	Debt securities, including UoP	0	0											46	13		0		
11	Equity instruments																		
12	of which management companies	0	0											15	1		0	0	
13	Loans and advances																		
14	Debt securities, including UoP	0	0											4	1		0	0	
15	Equity instruments													11	1			0	
16	of which: insurance undertakings													6	1			0	
17	Loans and advances																		
18	Debt securities, including UoP													6	1			0	
19	Equity instruments																		
20	Non-financial corporations	0	0											673	412		11	120	
21	Loans and advances	0	0											449	242		6	61	
22	Debt securities, including UoP													211	169		4	58	
23	Equity instruments													13	1		0	0	
24	Households													7,928	210	210			
25	of which loans secured by residential property													7,723	210	210			
26	of which building renovation loans													51					
27	of which motor vehicle loans													55					
28	Local government financing													4					
29	Housing financing													2					
30	Other local government financing													3					
31	Collateral obtained by taking possession: residential and commercial immovable properties																		
32	Assets excluded from the numerator for the calculation of GAR (included in the denominator)																		
33	Financial and non-financial corporations																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																		
35	Loans and advances																		
36	of which loans collateralised by non-residential property																		
37	of which building renovation loans																		
38	Debt securities																		
39	Equity instruments																		
40	Non-EU country counterparties not subject to NFRD disclosure obligations																		
41	Loans and advances																		
42	Debt securities																		
43	Equity instruments																		
44	Derivatives																		
45	On demand interbank loans																		
46	Cash and cash-related assets																		
47	Other asset categories (e.g. goodwill, goods, etc.)																		
48	Total assets GAR	0	0											8,968	657	210	13	123	
49	Assets not included for GAR calculation																		
50	Central governments and supranational issuers																		
51	Central banks exposures																		
52	Trading book																		
53	Total assets	0	0											8,968	657	210	13	123	
Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements																			
54	Financial guarantees													67	31			10	
55	Assets under management	1	0		0	2								63	4		0	3	
56	Of which debt securities					1								7	2		0	2	
57	Of which Equity instruments	1	0		0	0								10	2		0	1	



Follows: Template 1: Covered assets - TURNOVER

	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
in millions of euro	Disclosure at 31/12/2023													
	Total (gross) carrying amount	Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)			
		Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			
		Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)			
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling		
-	<b>GAR - Covered assets in both numerator and denominator</b>													
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	16,718	8,610	465	147	16	120							
2	<b>Financial corporations</b>	1,954	401											
3	Credit institutions	1,527	386											
4	Loans and advances	329	77											
5	Debt securities, including UoP	1,198	309											
6	Equity instruments													
7	Other financial corporations	426	15											
8	of which investment firms	304												
9	Loans and advances													
10	Debt securities, including UoP	304												
11	Equity instruments													
12	of which management companies	120	14											
13	Loans and advances													
14	Debt securities, including UoP	42	6											
15	Equity instruments	78	9											
16	of which: insurance undertakings	3	0											
17	Loans and advances													
18	Debt securities, including UoP	3	0											
19	Equity instruments													
20	<b>Non-financial corporations</b>	2,225	538	317		16	120							
21	Loans and advances	1,660	334	158		12	62							
22	Debt securities, including UoP	502	203	159		4	59							
23	Equity instruments	63	1	1		0	0							
24	<b>Households</b>	12,443	7,667	147	147									
25	of which loans secured by residential property	8,510	7,475	147	147									
26	of which building renovation loans	53	53											
27	of which motor vehicle loans	38	38											
28	<b>Local government financing</b>	97	4											
29	Housing financing	1	1											
30	Other local government financing	96	3											
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>													
32	<b>Assets excluded from the numerator for the calculation of GAR (included in the denominator)</b>	23,990												
33	<b>Financial and non-financial corporations</b>	22,800												
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	22,313												
35	Loans and advances	20,420												
36	of which loans collateralised by non-residential property	2,656												
37	of which building renovation loans	64												
38	Debt securities	1,245												
39	Equity instruments	647												
40	Non-EU country counterparties not subject to NFRD disclosure obligations	488												
41	Loans and advances	460												
42	Debt securities	28												
43	Equity instruments	0												
44	<b>Derivatives</b>	2												
45	<b>On demand interbank loans</b>	164												
46	<b>Cash and cash-related assets</b>	176												
47	<b>Other asset categories (e.g. goodwill, goods, etc.)</b>	847												
48	<b>Total assets GAR</b>	40,708	8,610	465	147	16	120							
49	<b>Assets not included for GAR calculation</b>	18,017												
50	<b>Central governments and supranational issuers</b>	13,353												
51	<b>Central banks exposures</b>	4,514												
52	<b>Trading book</b>	150												
53	<b>Total assets</b>	58,725	8,610	465	147	16	120							
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements</b>														
54	Financial guarantees	797	10	5			0							
55	Assets under management	662	29	2		0	2	0	0		0			
56	Of which debt securities	78	5	1			1							
57	Of which Equity instruments	37	4	1		0	1	0	0		0			



Follows: Template 1: Covered assets - TURNOVER

		au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
in millions of euro		Disclosure at 31/12/2023																
		Circular Economy (EC)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional		Of which enabling
-	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation													8,610	465	147	16	120
2	Financial corporations													401				
3	Credit institutions													386				
4	Loans and advances													77				
5	Debt securities, including UoP													309				
6	Equity instruments																	
7	Other financial corporations													15				
8	of which investment firms																	
9	Loans and advances																	
10	Debt securities, including UoP																	
11	Equity instruments																	
12	of which management companies													14				
13	Loans and advances																	
14	Debt securities, including UoP													6				
15	Equity instruments													9				
16	of which: insurance undertakings													0				
17	Loans and advances																	
18	Debt securities, including UoP													0				
19	Equity instruments																	
20	Non-financial corporations													538	317		16	120
21	Loans and advances													334	158		12	62
22	Debt securities, including UoP													203	159		4	59
23	Equity instruments													1	1		0	0
24	Households													7,667	147	147		
25	of which loans secured by residential property													7,475	147	147		
26	of which building renovation loans													53				
27	of which motor vehicle loans													38				
28	Local government financing													4				
29	Housing financing													1				
30	Other local government financing													3				
31	Collateral obtained by taking possession: residential and commercial immovable properties																	
32	Assets excluded from the numerator for the calculation of GAR (included in the denominator)																	
33	Financial and non-financial corporations																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by non-residential property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other asset categories (e.g. goodwill, goods, etc.)																	
#	Total assets GAR													8,610	465	147	16	120
49	Assets not included for GAR calculation																	
50	Central governments and supranational issuers																	
51	Central banks exposures																	
52	Trading book																	
53	Total assets													8,610	465	147	16	120
Off-balance sheet exposures - Undertakings subject to NFRD disclosure requirements																		
54	Financial guarantees													10	5			0
55	Assets under management													29	2		0	2
56	Of which debt securities													5	1			1
57	Of which Equity instruments													4	1		0	1



## Template 2: GAR - Sector Information - CAPEX

Breakdown by sector - NACE 4 digits level (code and label)	a	b	c	d	e	f	g	h
	Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Carrying amount (gross)	Of which eco-sustainable (CCM)	Carrying amount (gross)	Of which eco-sustainable (CCM)	Carrying amount (gross)	Of which eco-sustainable (CCA)	Carrying amount (gross)	Of which eco-sustainable (CCA)
	in millions of euro	in millions of euro	in millions of euro	in millions of euro	in millions of euro	in millions of euro	in millions of euro	in millions of euro
0 Total	2,331	654			21	15		
1 1010 - Processing and preserving of meat and production of meat products	31							
2 1011 - Processing and preserving of meat	1							
3 1030 - Processing and preserving of fruit and vegetables	1							
4 1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products	18							
5 1083 - Processing of tea and coffee	2							
6 1330 - Finishing of textiles	6							
7 1439 - Manufacture of other knitted and crocheted apparel	1							
8 1723 - Manufacture of paper stationery	4							
9 1920 - Manufacture of refined petroleum products	68	12						
10 2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms	0	0						
11 2011 - Manufacture of industrial gases	5							
12 2059 - Manufacture of other chemical products n.e.c.	16							
13 2060 - Manufacture of man-made fibers	22	3						
14 2120 - Manufacture of pharmaceutical preparations	52							
15 2313 - Manufacture of hollow glass	26							
16 2331 - Manufacture of ceramic tiles and flags	6							
17 2410 - Manufacture of basic iron and steel and of ferro-alloys	7							
18 2444 - Copper production	13							
19 2562 - Machining	0	0						
20 2711 - Manufacture of electric motors, generators and transformers	13	4						
21 2732 - Manufacture of other electronic and electric wires and cables	1	0						
22 2790 - Manufacture of other electrical equipment	35	3			0			
23 2812 - Manufacture of fluid power equipment	0							
24 2815 - Manufacture of bearings, gears, gearing and driving elements	0							
25 2822 - Manufacture of lifting and handling equipment	6	3						
26 2829 - Manufacture of other general-purpose machinery n.e.c.	1							
27 2932 - Manufacture of other parts and accessories for motor vehicles	3							
28 3011 - Building of ships and floating structures	70	2						
29 3020 - Manufacture of railway locomotives and rolling stock	0	0						
30 3091 - Manufacture of motorcycles	5	1						
31 3500 - Electricity, gas, steam and air conditioning supply	1	0						
32 3511 - Production of electricity	186	105						
33 3512 - Transmission of electricity	37	37						
34 3513 - Distribution of electricity	0	0						
35 3514 - Trade of electricity	10	5						
36 3521 - Manufacture of gas	15	12						
37 3522 - Distribution of gaseous fuels through mains	0	0						
38 3523 - Trade of gas through mains	366	59						
39 3530 - Steam and air conditioning supply	0	0						
40 3821 - Treatment and disposal of non-hazardous waste	0	0						
41 4120 - Construction of residential and non-residential buildings	8							
42 4210 - Construction of roads and railways	4	2			1	0		
43 4211 - Construction of roads and motorways	62	28			8	5		
44 4212 - Construction of railways and underground railways	15	2						
45 4321 - Electrical installation	0	0			0	0		
46 4511 - Sale of cars and light motor vehicles	19							
47 4632 - Wholesale of meat and meat products	100							
48 4651 - Wholesale of computers, computer peripheral equipment and software	11							
49 4671 - Wholesale of solid, liquid and gaseous fuels and related products	0	0						
50 4690 - Non-specialised wholesale trade	10							
51 4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	18							
52 4719 - Other retail sale in non-specialised stores	10							
53 4773 - Dispensing chemist in specialised stores	0	0						
54 4774 - Retail sale of medical and orthopaedic goods in specialised stores	5							
55 4910 - Passenger rail transport, interurban	123	103			3	3		
56 4931 - Urban and suburban passenger land transport	2							
57 5020 - Sea and coastal freight water transport	7							
58 5221 - Service activities incidental to land transportation	204	171			6	5		
59 5223 - Service activities incidental to air transportation	15	12			0			
60 5610 - Restaurants and mobile food service activities	4	0						
61 5813 - Publishing of newspapers	4				1			
62 6020 - Television programming and broadcasting activities	0							
63 6110 - Wired telecommunications activities	48	0			0			
64 6190 - Other telecommunications activities	36							
65 6202 - Computer consultancy activities	0	0						
66 6419 - Other monetary intermediation	55	0			0	0		
67 6420 - Activities of holding companies	2	0						
68 6491 - Financial leasing	64	54			2	2		
69 6492 - Other credit granting	349	1						
70 6499 - Other financial service activities, except insurance and pension funding n.e.c.	39	33						
71 6820 - Rental and operating of own or leased real estate	1	0			0	0		
72 7112 - Engineering activities and related technical consultancy	6	1						
73 7120 - Technical testing and analysis	27							
74 8120 - Cleaning activities	0							
75 8230 - Organisation of conventions and trade shows	0							
76 9312 - Activities of sports clubs	61							



Follows: Template 2: GAR - Sector Information - CAPEX

Breakdown by sector - NACE 4 digits level (code and label)	i	j	k	l	m	n	o	p
	Water and marine resources (WTR)		Circular Economy (EC)					
	Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)	
	in millions of euro	Of which eco-sustainable (WTR)	in millions of euro	Of which eco-sustainable (WTR)	in millions of euro	Of which eco-sustainable (CE)	in millions of euro	Of which eco-sustainable (CE)
0 Total	0	0			0	0		
1 1010 - Processing and preserving of meat and production of meat products								
2 1011 - Processing and preserving of meat								
3 1030 - Processing and preserving of fruit and vegetables								
4 1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products								
5 1083 - Processing of tea and coffee								
6 1330 - Finishing of textiles								
7 1439 - Manufacture of other knitted and crocheted apparel								
8 1723 - Manufacture of paper stationery								
9 1920 - Manufacture of refined petroleum products								
10 2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms								
11 2011 - Manufacture of industrial gases								
12 2059 - Manufacture of other chemical products n.e.c.								
13 2060 - Manufacture of man-made fibers								
14 2120 - Manufacture of pharmaceutical preparations								
15 2313 - Manufacture of hollow glass								
16 2331 - Manufacture of ceramic tiles and flags								
17 2410 - Manufacture of basic iron and steel and of ferro-alloys								
18 2444 - Copper production								
19 2562 - Machining								
20 2711 - Manufacture of electric motors, generators and transformers								
21 2732 - Manufacture of other electronic and electric wires and cables								
22 2790 - Manufacture of other electrical equipment								
23 2812 - Manufacture of fluid power equipment								
24 2815 - Manufacture of bearings, gears, gearing and driving elements								
25 2822 - Manufacture of lifting and handling equipment								
26 2829 - Manufacture of other general-purpose machinery n.e.c.								
27 2932 - Manufacture of other parts and accessories for motor vehicles								
28 3011 - Building of ships and floating structures								
29 3020 - Manufacture of railway locomotives and rolling stock								
30 3091 - Manufacture of motorcycles								
31 3500 - Electricity, gas, steam and air conditioning supply								
32 3511 - Production of electricity								
33 3512 - Transmission of electricity								
34 3513 - Distribution of electricity	0	0			0	0		
35 3514 - Trade of electricity								
36 3521 - Manufacture of gas								
37 3522 - Distribution of gaseous fuels through mains								
38 3523 - Trade of gas through mains								
39 3530 - Steam and air conditioning supply								
40 3821 - Treatment and disposal of non-hazardous waste								
41 4120 - Construction of residential and non-residential buildings								
42 4210 - Construction of roads and railways								
43 4211 - Construction of roads and motorways								
44 4212 - Construction of railways and underground railways								
45 4321 - Electrical installation								
46 4511 - Sale of cars and light motor vehicles								
47 4632 - Wholesale of meat and meat products								
48 4651 - Wholesale of computers, computer peripheral equipment and software								
49 4671 - Wholesale of solid, liquid and gaseous fuels and related products								
50 4690 - Non-specialised wholesale trade								
51 4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating								
52 4719 - Other retail sale in non-specialised stores								
53 4773 - Dispensing chemist in specialised stores								
54 4774 - Retail sale of medical and orthopaedic goods in specialised stores								
55 4910 - Passenger rail transport, interurban								
56 4931 - Urban and suburban passenger land transport								
57 5020 - Sea and coastal freight water transport								
58 5221 - Service activities incidental to land transportation								
59 5223 - Service activities incidental to air transportation								
60 5610 - Restaurants and mobile food service activities								
61 5813 - Publishing of newspapers								
62 6020 - Television programming and broadcasting activities								
63 6110 - Wired telecommunications activities								
64 6190 - Other telecommunications activities								
65 6202 - Computer consultancy activities								
66 6419 - Other monetary intermediation								
67 6420 - Activities of holding companies								
68 6491 - Financial leasing								
69 6492 - Other credit granting								
70 6499 - Other financial service activities, except insurance and pension funding n.e.c.								
71 6820 - Rental and operating of own or leased real estate								
72 7112 - Engineering activities and related technical consultancy								
73 7120 - Technical testing and analysis								
74 8120 - Cleaning activities								
75 8230 - Organisation of conventions and trade shows								
76 9312 - Activities of sports clubs								



Follows: Template 2: GAR - Sector Information - CAPEX

		q	r	s	t	u	v	w	x
		Pollution (PPC)				Biodiversity and ecosystems (BIO)			
		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)	
Breakdown by sector - NACE 4 digits level (code and label)		in millions of euro	Of which eco-sustainable (PPC)	in millions of euro	Of which eco-sustainable (PPC)	in millions of euro	Of which eco-sustainable (BIO)	in millions of euro	Of which eco-sustainable (BIO)
0	Total	0	0			0	0		
1	1010 - Processing and preserving of meat and production of meat products								
2	1011 - Processing and preserving of meat								
3	1030 - Processing and preserving of fruit and vegetables								
4	1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products								
5	1083 - Processing of tea and coffee								
6	1330 - Finishing of textiles								
7	1439 - Manufacture of other knitted and crocheted apparel								
8	1723 - Manufacture of paper stationery								
9	1920 - Manufacture of refined petroleum products								
10	2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms								
11	2011 - Manufacture of industrial gases								
12	2059 - Manufacture of other chemical products n.e.c.								
13	2060 - Manufacture of man-made fibers								
14	2120 - Manufacture of pharmaceutical preparations								
15	2313 - Manufacture of hollow glass								
16	2331 - Manufacture of ceramic tiles and flags								
17	2410 - Manufacture of basic iron and steel and of ferro-alloys								
18	2444 - Copper production								
19	2562 - Machining								
20	2711 - Manufacture of electric motors, generators and transformers								
21	2732 - Manufacture of other electronic and electric wires and cables								
22	2790 - Manufacture of other electrical equipment								
23	2812 - Manufacture of fluid power equipment								
24	2815 - Manufacture of bearings, gears, gearing and driving elements								
25	2822 - Manufacture of lifting and handling equipment								
26	2829 - Manufacture of other general-purpose machinery n.e.c.								
27	2932 - Manufacture of other parts and accessories for motor vehicles								
28	3011 - Building of ships and floating structures								
29	3020 - Manufacture of railway locomotives and rolling stock								
30	3091 - Manufacture of motorcycles								
31	3500 - Electricity, gas, steam and air conditioning supply								
32	3511 - Production of electricity								
33	3512 - Transmission of electricity								
34	3513 - Distribution of electricity								
35	3514 - Trade of electricity								
36	3521 - Manufacture of gas								
37	3522 - Distribution of gaseous fuels through mains								
38	3523 - Trade of gas through mains								
39	3530 - Steam and air conditioning supply								
40	3821 - Treatment and disposal of non-hazardous waste								
41	4120 - Construction of residential and non-residential buildings								
42	4210 - Construction of roads and railways								
43	4211 - Construction of roads and motorways								
44	4212 - Construction of railways and underground railways								
45	4321 - Electrical installation								
46	4511 - Sale of cars and light motor vehicles								
47	4632 - Wholesale of meat and meat products								
48	4651 - Wholesale of computers, computer peripheral equipment and software								
49	4671 - Wholesale of solid, liquid and gaseous fuels and related products								
50	4690 - Non-specialised wholesale trade								
51	4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating								
52	4719 - Other retail sale in non-specialised stores								
53	4773 - Dispensing chemist in specialised stores								
54	4774 - Retail sale of medical and orthopaedic goods in specialised stores								
55	4910 - Passenger rail transport, interurban								
56	4931 - Urban and suburban passenger land transport								
57	5020 - Sea and coastal freight water transport								
58	5221 - Service activities incidental to land transportation								
59	5223 - Service activities incidental to air transportation								
60	5610 - Restaurants and mobile food service activities								
61	5813 - Publishing of newspapers								
62	6020 - Television programming and broadcasting activities								
63	6110 - Wired telecommunications activities								
64	6190 - Other telecommunications activities								
65	6202 - Computer consultancy activities								
66	6419 - Other monetary intermediation								
67	6420 - Activities of holding companies								
68	6491 - Financial leasing								
69	6492 - Other credit granting								
70	6499 - Other financial service activities, except insurance and pension funding n.e.c.								
71	6820 - Rental and operating of own or leased real estate								
72	7112 - Engineering activities and related technical consultancy								
73	7120 - Technical testing and analysis								
74	8120 - Cleaning activities								
75	8230 - Organisation of conventions and trade shows								
76	9312 - Activities of sports clubs								





Follows: Template 2: GAR - Sector Information - CAPEX

Breakdown by sector - NACE 4 digits level (code and label)		y	z	aa	ab
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Carrying amount (gross)		Carrying amount (gross)	
		in millions of euro	Of which eco-sustainable (CCM + CCA + WTR + CE + PPC + BIO)	in millions of euro	Of which eco-sustainable (CCM + CCA + WTR + CE + PPC + BIO)
0	<b>Total</b>	<b>2,352</b>	<b>669</b>		
1	1010 - Processing and preserving of meat and production of meat products	31			
2	1011 - Processing and preserving of meat	1			
3	1030 - Processing and preserving of fruit and vegetables	1			
4	1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products	18			
5	1083 - Processing of tea and coffee	2			
6	1330 - Finishing of textiles	6			
7	1439 - Manufacture of other knitted and crocheted apparel	1			
8	1723 - Manufacture of paper stationery	4			
9	1920 - Manufacture of refined petroleum products	68	12		
10	2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms	0	0		
11	2011 - Manufacture of industrial gases	5			
12	2059 - Manufacture of other chemical products n.e.c.	16			
13	2060 - Manufacture of man-made fibers	22	3		
14	2120 - Manufacture of pharmaceutical preparations	52			
15	2313 - Manufacture of hollow glass	26			
16	2331 - Manufacture of ceramic tiles and flags	6			
17	2410 - Manufacture of basic iron and steel and of ferro-alloys	7			
18	2444 - Copper production	13			
19	2562 - Machining	0	0		
20	2711 - Manufacture of electric motors, generators and transformers	13	4		
21	2732 - Manufacture of other electronic and electric wires and cables	1	0		
22	2790 - Manufacture of other electrical equipment	35	3		
23	2812 - Manufacture of fluid power equipment	0			
24	2815 - Manufacture of bearings, gears, gearing and driving elements	0			
25	2822 - Manufacture of lifting and handling equipment	6	3		
26	2829 - Manufacture of other general-purpose machinery n.e.c.	1			
27	2932 - Manufacture of other parts and accessories for motor vehicles	3			
28	3011 - Building of ships and floating structures	70	2		
29	3020 - Manufacture of railway locomotives and rolling stock	0	0		
30	3091 - Manufacture of motorcycles	5	1		
31	3500 - Electricity, gas, steam and air conditioning supply	1	0		
32	3511 - Production of electricity	186	105		
33	3512 - Transmission of electricity	37	37		
34	3513 - Distribution of electricity	0	0		
35	3514 - Trade of electricity	10	5		
36	3521 - Manufacture of gas	15	12		
37	3522 - Distribution of gaseous fuels through mains	0	0		
38	3523 - Trade of gas through mains	366	59		
39	3530 - Steam and air conditioning supply	0	0		
40	3821 - Treatment and disposal of non-hazardous waste	0	0		
41	4120 - Construction of residential and non-residential buildings	8			
42	4210 - Construction of roads and railways	4	2		
43	4211 - Construction of roads and motorways	70	33		
44	4212 - Construction of railways and underground railways	15	2		
45	4321 - Electrical installation	0	0		
46	4511 - Sale of cars and light motor vehicles	19			
47	4632 - Wholesale of meat and meat products	100			
48	4651 - Wholesale of computers, computer peripheral equipment and software	11			
49	4671 - Wholesale of solid, liquid and gaseous fuels and related products	0	0		
50	4690 - Non-specialised wholesale trade	10			
51	4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	18			
52	4719 - Other retail sale in non-specialised stores	10			
53	4773 - Dispensing chemist in specialised stores	0	0		
54	4774 - Retail sale of medical and orthopaedic goods in specialised stores	5			
55	4910 - Passenger rail transport, interurban	126	107		
56	4931 - Urban and suburban passenger land transport	2			
57	5020 - Sea and coastal freight water transport	7			
58	5221 - Service activities incidental to land transportation	210	176		
59	5223 - Service activities incidental to air transportation	15	12		
60	5610 - Restaurants and mobile food service activities	4	0		
61	5813 - Publishing of newspapers	5			
62	6020 - Television programming and broadcasting activities	0			
63	6110 - Wired telecommunications activities	48	0		
64	6190 - Other telecommunications activities	36			
65	6202 - Computer consultancy activities	0	0		
66	6419 - Other monetary intermediation	55	0		
67	6420 - Activities of holding companies	2	0		
68	6491 - Financial leasing	65	55		
69	6492 - Other credit granting	349	1		
70	6499 - Other financial service activities, except insurance and pension funding n.e.c.	39	33		
71	6820 - Rental and operating of own or leased real estate	1	0		
72	7112 - Engineering activities and related technical consultancy	6	1		
73	7120 - Technical testing and analysis	27			
74	8120 - Cleaning activities	0			
75	8230 - Organisation of conventions and trade shows	0			
76	9312 - Activities of sports clubs	61			



## Template 2: GAR - Sector Information - TURNOVER

Breakdown by sector - NACE 4 digits level (code and label)		a	b	c	d	e	f	g	h
		Climate change mitigation (CCM)		Climate change adaptation (CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)	
		in millions of euro	Of which eco-sustainable (CCM)	in millions of euro	Of which eco-sustainable (CCM)	in millions of euro	Of which eco-sustainable (CCA)	in millions of euro	Of which eco-sustainable (CCA)
0	<b>Total</b>	<b>2,350</b>	<b>412</b>			<b>3</b>	<b>0</b>		
1	1010 - Processing and preserving of meat and production of meat products	31							
2	1011 - Processing and preserving of meat	1							
3	1030 - Processing and preserving of fruit and vegetables	1							
4	1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products	18							
5	1083 - Processing of tea and coffee	2							
6	1330 - Finishing of textiles	6							
7	1439 - Manufacture of other knitted and crocheted apparel	1							
8	1723 - Manufacture of paper stationery	4							
9	1920 - Manufacture of refined petroleum products	68	1						
10	2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms	0	0						
11	2011 - Manufacture of industrial gases	5							
12	2059 - Manufacture of other chemical products n.e.c.	16							
13	2060 - Manufacture of man-made fibers	22	0						
14	2120 - Manufacture of pharmaceutical preparations	52							
15	2313 - Manufacture of hollow glass	26							
16	2331 - Manufacture of ceramic tiles and flags	6							
17	2410 - Manufacture of basic iron and steel and of ferro-alloys	7							
18	2444 - Copper production	13							
19	2562 - Machining	0	0						
20	2711 - Manufacture of electric motors, generators and transformers	13	3						
21	2732 - Manufacture of other electronic and electric wires and cables	1	0						
22	2790 - Manufacture of other electrical equipment	35	4						
23	2812 - Manufacture of fluid power equipment	0							
24	2815 - Manufacture of bearings, gears, gearing and driving elements	0	0						
25	2822 - Manufacture of lifting and handling equipment	6	3						
26	2829 - Manufacture of other general-purpose machinery n.e.c.	1							
27	2932 - Manufacture of other parts and accessories for motor vehicles	3							
28	3011 - Building of ships and floating structures	70	10						
29	3020 - Manufacture of railway locomotives and rolling stock	0	0						
30	3091 - Manufacture of motorcycles	5	0						
31	3500 - Electricity, gas, steam and air conditioning supply	1	0						
32	3511 - Production of electricity	186	54						
33	3512 - Transmission of electricity	37	32						
34	3513 - Distribution of electricity	0	0						
35	3514 - Trade of electricity	10	2						
36	3521 - Manufacture of gas	15	6						
37	3522 - Distribution of gaseous fuels through mains	0	0						
38	3523 - Trade of gas through mains	366	8						
39	3530 - Steam and air conditioning supply	0	0						
40	3821 - Treatment and disposal of non-hazardous waste	0	0						
41	4120 - Construction of residential and non-residential buildings	8							
42	4210 - Construction of roads and railways	4	1			0	0		
43	4211 - Construction of roads and motorways	69	20			1	0		
44	4212 - Construction of railways and underground railways	15	4						
45	4321 - Electrical installation	0	0			0	0		
46	4511 - Sale of cars and light motor vehicles	19							
47	4632 - Wholesale of meat and meat products	100							
48	4651 - Wholesale of computers, computer peripheral equipment and software	11							
49	4671 - Wholesale of solid, liquid and gaseous fuels and related products	0	0						
50	4690 - Non-specialised wholesale trade	10							
51	4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	18							
52	4719 - Other retail sale in non-specialised stores	10							
53	4773 - Dispensing chemist in specialised stores	0	0						
54	4774 - Retail sale of medical and orthopaedic goods in specialised stores	5							
55	4910 - Passenger rail transport, interurban	126	74						
56	4931 - Urban and suburban passenger land transport	2							
57	5020 - Sea and coastal freight water transport	7							
58	5221 - Service activities incidental to land transportation	210	123						
59	5223 - Service activities incidental to air transportation	15	12						
60	5610 - Restaurants and mobile food service activities	4							
61	5813 - Publishing of newspapers	4				1			
62	6020 - Television programming and broadcasting activities	0							
63	6110 - Wired telecommunications activities	47	0			1			
64	6190 - Other telecommunications activities	36							
65	6202 - Computer consultancy activities	0	0						
66	6419 - Other monetary intermediation	55	0			0	0		
67	6420 - Activities of holding companies	2	0						
68	6491 - Financial leasing	65	39						
69	6492 - Other credit granting	349	1						
70	6499 - Other financial service activities, except insurance and pension funding n.e.c.	39	13						
71	6820 - Rental and operating of own or leased real estate	1	0						
72	7112 - Engineering activities and related technical consultancy	6	1						
73	7120 - Technical testing and analysis	27							
74	8120 - Cleaning activities	0							
75	8230 - Organisation of conventions and trade shows	0							
76	9312 - Activities of sports clubs	61							



Follows: Template 2: GAR - Sector Information - TURNOVER

Breakdown by sector - NACE 4 digits level (code and label)		i	j	k	l	m	n	o	p
		Water and marine resources (WTR)				Circular Economy (EC)			
		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)	
		in millions of euro	Of which eco-sustainable (WTR)	in millions of euro	Of which eco-sustainable (WTR)	in millions of euro	Of which eco-sustainable (CE)	in millions of euro	Of which eco-sustainable (CE)
0	<b>Total</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		
1	1010 - Processing and preserving of meat and production of meat products								
2	1011 - Processing and preserving of meat								
3	1030 - Processing and preserving of fruit and vegetables								
4	1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products								
5	1083 - Processing of tea and coffee								
6	1330 - Finishing of textiles								
7	1439 - Manufacture of other knitted and crocheted apparel								
8	1723 - Manufacture of paper stationery								
9	1920 - Manufacture of refined petroleum products								
10	2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms								
11	2011 - Manufacture of industrial gases								
12	2059 - Manufacture of other chemical products n.e.c.								
13	2060 - Manufacture of man-made fibers								
14	2120 - Manufacture of pharmaceutical preparations								
15	2313 - Manufacture of hollow glass								
16	2331 - Manufacture of ceramic tiles and flags								
17	2410 - Manufacture of basic iron and steel and of ferro-alloys								
18	2444 - Copper production								
19	2562 - Machining								
20	2711 - Manufacture of electric motors, generators and transformers								
21	2732 - Manufacture of other electronic and electric wires and cables								
22	2790 - Manufacture of other electrical equipment								
23	2812 - Manufacture of fluid power equipment								
24	2815 - Manufacture of bearings, gears, gearing and driving elements								
25	2822 - Manufacture of lifting and handling equipment								
26	2829 - Manufacture of other general-purpose machinery n.e.c.								
27	2932 - Manufacture of other parts and accessories for motor vehicles								
28	3011 - Building of ships and floating structures								
29	3020 - Manufacture of railway locomotives and rolling stock								
30	3091 - Manufacture of motorcycles								
31	3500 - Electricity, gas, steam and air conditioning supply								
32	3511 - Production of electricity								
33	3512 - Transmission of electricity								
34	3513 - Distribution of electricity	0	0						
35	3514 - Trade of electricity								
36	3521 - Manufacture of gas								
37	3522 - Distribution of gaseous fuels through mains								
38	3523 - Trade of gas through mains								
39	3530 - Steam and air conditioning supply								
40	3821 - Treatment and disposal of non-hazardous waste								
41	4120 - Construction of residential and non-residential buildings								
42	4210 - Construction of roads and railways								
43	4211 - Construction of roads and motorways								
44	4212 - Construction of railways and underground railways								
45	4321 - Electrical installation								
46	4511 - Sale of cars and light motor vehicles								
47	4632 - Wholesale of meat and meat products								
48	4651 - Wholesale of computers, computer peripheral equipment and software								
49	4671 - Wholesale of solid, liquid and gaseous fuels and related products								
50	4690 - Non-specialised wholesale trade								
51	4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating								
52	4719 - Other retail sale in non-specialised stores								
53	4773 - Dispensing chemist in specialised stores								
54	4774 - Retail sale of medical and orthopaedic goods in specialised stores								
55	4910 - Passenger rail transport, interurban								
56	4931 - Urban and suburban passenger land transport								
57	5020 - Sea and coastal freight water transport								
58	5221 - Service activities incidental to land transportation								
59	5223 - Service activities incidental to air transportation								
60	5610 - Restaurants and mobile food service activities								
61	5813 - Publishing of newspapers								
62	6020 - Television programming and broadcasting activities								
63	6110 - Wired telecommunications activities								
64	6190 - Other telecommunications activities								
65	6202 - Computer consultancy activities								
66	6419 - Other monetary intermediation					0	0		
67	6420 - Activities of holding companies								
68	6491 - Financial leasing								
69	6492 - Other credit granting								
70	6499 - Other financial service activities, except insurance and pension funding n.e.c.								
71	6820 - Rental and operating of own or leased real estate								
72	7112 - Engineering activities and related technical consultancy								
73	7120 - Technical testing and analysis								
74	8120 - Cleaning activities								
75	8230 - Organisation of conventions and trade shows								
76	9312 - Activities of sports clubs								



Follows: Template 2: GAR - Sector Information - TURNOVER

		q	r	s	t	u	v	w	x
Breakdown by sector - NACE 4 digits level (code and label)		Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)		Carrying amount (gross)	
		in millions of euro	Of which eco-sustainable (PPC)	in millions of euro	Of which eco-sustainable (PPC)	in millions of euro	Of which eco-sustainable (BIO)	in millions of euro	Of which eco-sustainable (BIO)
0	Total	0	0			0	0		
1	1010 - Processing and preserving of meat and production of meat products								
2	1011 - Processing and preserving of meat								
3	1030 - Processing and preserving of fruit and vegetables								
4	1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products								
5	1083 - Processing of tea and coffee								
6	1330 - Finishing of textiles								
7	1439 - Manufacture of other knitted and crocheted apparel								
8	1723 - Manufacture of paper stationery								
9	1920 - Manufacture of refined petroleum products								
10	2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms								
11	2011 - Manufacture of industrial gases								
12	2059 - Manufacture of other chemical products n.e.c.								
13	2060 - Manufacture of man-made fibers								
14	2120 - Manufacture of pharmaceutical preparations								
15	2313 - Manufacture of hollow glass								
16	2331 - Manufacture of ceramic tiles and flags								
17	2410 - Manufacture of basic iron and steel and of ferro-alloys								
18	2444 - Copper production								
19	2562 - Machining								
20	2711 - Manufacture of electric motors, generators and transformers								
21	2732 - Manufacture of other electronic and electric wires and cables								
22	2790 - Manufacture of other electrical equipment								
23	2812 - Manufacture of fluid power equipment								
24	2815 - Manufacture of bearings, gears, gearing and driving elements								
25	2822 - Manufacture of lifting and handling equipment								
26	2829 - Manufacture of other general-purpose machinery n.e.c.								
27	2932 - Manufacture of other parts and accessories for motor vehicles								
28	3011 - Building of ships and floating structures								
29	3020 - Manufacture of railway locomotives and rolling stock								
30	3091 - Manufacture of motorcycles								
31	3500 - Electricity, gas, steam and air conditioning supply								
32	3511 - Production of electricity								
33	3512 - Transmission of electricity								
34	3513 - Distribution of electricity								
35	3514 - Trade of electricity								
36	3521 - Manufacture of gas								
37	3522 - Distribution of gaseous fuels through mains								
38	3523 - Trade of gas through mains								
39	3530 - Steam and air conditioning supply								
40	3821 - Treatment and disposal of non-hazardous waste								
41	4120 - Construction of residential and non-residential buildings								
42	4210 - Construction of roads and railways								
43	4211 - Construction of roads and motorways								
44	4212 - Construction of railways and underground railways								
45	4321 - Electrical installation								
46	4511 - Sale of cars and light motor vehicles								
47	4632 - Wholesale of meat and meat products								
48	4651 - Wholesale of computers, computer peripheral equipment and software								
49	4671 - Wholesale of solid, liquid and gaseous fuels and related products								
50	4690 - Non-specialised wholesale trade								
51	4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating								
52	4719 - Other retail sale in non-specialised stores								
53	4773 - Dispensing chemist in specialised stores								
54	4774 - Retail sale of medical and orthopaedic goods in specialised stores								
55	4910 - Passenger rail transport, interurban								
56	4931 - Urban and suburban passenger land transport								
57	5020 - Sea and coastal freight water transport								
58	5221 - Service activities incidental to land transportation								
59	5223 - Service activities incidental to air transportation								
60	5610 - Restaurants and mobile food service activities								
61	5813 - Publishing of newspapers								
62	6020 - Television programming and broadcasting activities								
63	6110 - Wired telecommunications activities								
64	6190 - Other telecommunications activities								
65	6202 - Computer consultancy activities								
66	6419 - Other monetary intermediation								
67	6420 - Activities of holding companies								
68	6491 - Financial leasing								
69	6492 - Other credit granting								
70	6499 - Other financial service activities, except insurance and pension funding n.e.c.								
71	6820 - Rental and operating of own or leased real estate								
72	7112 - Engineering activities and related technical consultancy								
73	7120 - Technical testing and analysis								
74	8120 - Cleaning activities								
75	8230 - Organisation of conventions and trade shows								
76	9312 - Activities of sports clubs								



Follows: Template 2: GAR - Sector Information - TURNOVER

Breakdown by sector - NACE 4 digits level (code and label)	y	z	aa	ab
	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-financial corporations (subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Carrying amount (gross)		Carrying amount (gross)	
	in millions of euro	Of which eco-sustainable (CCM + CCA + WTR + CE + PPC + BIO)	in millions of euro	Of which eco-sustainable (CCM + CCA + WTR + CE + PPC + BIO)
0 Total	2,352	412		
1 1010 - Processing and preserving of meat and production of meat products	31			
2 1011 - Processing and preserving of meat	1			
3 1030 - Processing and preserving of fruit and vegetables	1			
4 1073 - Manufacture of macaroni, noodles, couscous and similar farinaceous products	18			
5 1083 - Processing of tea and coffee	2			
6 1330 - Finishing of textiles	6			
7 1439 - Manufacture of other knitted and crocheted apparel	1			
8 1723 - Manufacture of paper stationery	4			
9 1920 - Manufacture of refined petroleum products	68	1		
10 2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms	0	0		
11 2011 - Manufacture of industrial gases	5			
12 2059 - Manufacture of other chemical products n.e.c.	16			
13 2060 - Manufacture of man-made fibers	22	0		
14 2120 - Manufacture of pharmaceutical preparations	52			
15 2313 - Manufacture of hollow glass	26			
16 2331 - Manufacture of ceramic tiles and flags	6			
17 2410 - Manufacture of basic iron and steel and of ferro-alloys	7			
18 2444 - Copper production	13			
19 2562 - Machining	0	0		
20 2711 - Manufacture of electric motors, generators and transformers	13	3		
21 2732 - Manufacture of other electronic and electric wires and cables	1	0		
22 2790 - Manufacture of other electrical equipment	35	4		
23 2812 - Manufacture of fluid power equipment	0			
24 2815 - Manufacture of bearings, gears, gearing and driving elements	0	0		
25 2822 - Manufacture of lifting and handling equipment	6	3		
26 2829 - Manufacture of other general-purpose machinery n.e.c.	1			
27 2932 - Manufacture of other parts and accessories for motor vehicles	3			
28 3011 - Building of ships and floating structures	70	10		
29 3020 - Manufacture of railway locomotives and rolling stock	0	0		
30 3091 - Manufacture of motorcycles	5	0		
31 3500 - Electricity, gas, steam and air conditioning supply	1	0		
32 3511 - Production of electricity	186	54		
33 3512 - Transmission of electricity	37	32		
34 3513 - Distribution of electricity	0	0		
35 3514 - Trade of electricity	10	2		
36 3521 - Manufacture of gas	15	6		
37 3522 - Distribution of gaseous fuels through mains	0	0		
38 3523 - Trade of gas through mains	366	8		
39 3530 - Steam and air conditioning supply	0	0		
40 3821 - Treatment and disposal of non-hazardous waste	0	0		
41 4120 - Construction of residential and non-residential buildings	8			
42 4210 - Construction of roads and railways	4	1		
43 4211 - Construction of roads and motorways	70	20		
44 4212 - Construction of railways and underground railways	15	4		
45 4321 - Electrical installation	0	0		
46 4511 - Sale of cars and light motor vehicles	19			
47 4632 - Wholesale of meat and meat products	100			
48 4651 - Wholesale of computers, computer peripheral equipment and software	11			
49 4671 - Wholesale of solid, liquid and gaseous fuels and related products	0	0		
50 4690 - Non-specialised wholesale trade	10			
51 4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	18			
52 4719 - Other retail sale in non-specialised stores	10			
53 4773 - Dispensing chemist in specialised stores	0	0		
54 4774 - Retail sale of medical and orthopaedic goods in specialised stores	5			
55 4910 - Passenger rail transport, interurban	126	74		
56 4931 - Urban and suburban passenger land transport	2			
57 5020 - Sea and coastal freight water transport	7			
58 5221 - Service activities incidental to land transportation	210	123		
59 5223 - Service activities incidental to air transportation	15	12		
60 5610 - Restaurants and mobile food service activities	4			
61 5813 - Publishing of newspapers	5			
62 6020 - Television programming and broadcasting activities	0			
63 6110 - Wired telecommunications activities	48	0		
64 6190 - Other telecommunications activities	36			
65 6202 - Computer consultancy activities	0	0		
66 6419 - Other monetary intermediation	55	0		
67 6420 - Activities of holding companies	2	0		
68 6491 - Financial leasing	65	39		
69 6492 - Other credit granting	349	1		
70 6499 - Other financial service activities, except insurance and pension funding n.e.c.	39	13		
71 6820 - Rental and operating of own or leased real estate	1	0		
72 7112 - Engineering activities and related technical consultancy	6	1		
73 7120 - Technical testing and analysis	27			
74 8120 - Cleaning activities	0			
75 8230 - Organisation of conventions and trade shows	0			
76 9312 - Activities of sports clubs	61			

Template 3: GAR KPIs Stock - CAPEX<sup>14</sup>

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (against total assets covered in the denominator)		Disclosure at 31/12/2024																
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (EC)			
		Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			
		Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)			
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling		
-	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	22.1%	2.2%	0.5%	0.1%	1.0%	0.1%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		
2	Financial corporations	0.9%	0.1%		0.0%	0.0%	0.0%	0.0%		0.0%								
3	Credit institutions	0.7%	0.1%		0.0%	0.0%	0.0%	0.0%		0.0%								
4	Loans and advances	0.1%	0.0%		0.0%	0.0%	0.0%	0.0%										
5	Debt securities, including UoP	0.6%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%								
6	Equity instruments	0.0%	0.0%		0.0%	0.0%												
7	Other financial corporations	0.2%	0.1%		0.0%	0.0%	0.0%	0.0%										
8	of which investment firms	0.1%	0.1%		0.0%	0.0%	0.0%	0.0%										
9	Loans and advances																	
10	Debt securities, including UoP	0.1%	0.1%		0.0%	0.0%	0.0%	0.0%										
11	Equity instruments																	
12	of which management companies	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
13	Loans and advances																	
14	Debt securities, including UoP	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
15	Equity instruments	0.0%	0.0%			0.0%	0.0%											
16	of which: insurance undertakings	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
17	Loans and advances																	
18	Debt securities, including UoP	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
19	Equity instruments																	
20	Non-financial corporations	2.1%	1.6%		0.1%	0.9%	0.1%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		
21	Loans and advances	1.4%	1.0%		0.1%	0.6%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		
22	Debt securities, including UoP	0.7%	0.6%		0.0%	0.3%	0.0%	0.0%		0.0%								
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%								
24	Households	19.1%	0.5%	0.5%														
25	of which loans secured by residential property	18.6%	0.5%	0.5%														
26	of which building renovation loans	0.1%																
27	of which motor vehicle loans	0.1%																
28	Local government financing	0.0%																
29	Housing financing	0.0%																
30	Other local government financing	0.0%																
31	Collateral obtained by taking possession: residential and commercial immovable properties																	
32	Total assets GAR	22.1%	2.2%	0.5%	0.1%	1.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<sup>14</sup> Compared to the 31/12/2023 disclosure, the percentage figures in the tables relate to gross exposures as a ratio of total GAR assets instead of total exposure for each line. This recalculation was also applied to the t-1 data.



Follows: Template 3: GAR KPIs Stock - CAPEX

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
% (against total assets covered in the denominator)		Disclosure at 31/12/2024													
		Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				Total proportion of assets covered	
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)					
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional			Of which enabling
-	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation									22.2%	2.2%	0.5%	0.1%	1.0%	29.3%
2	Financial corporations									0.9%	0.1%		0.0%	0.0%	3.9%
3	Credit institutions									0.7%	0.1%		0.0%	0.0%	2.5%
4	Loans and advances									0.1%	0.0%		0.0%	0.0%	0.4%
5	Debt securities, including UoP									0.6%	0.0%		0.0%	0.0%	2.1%
6	Equity instruments									0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations									0.2%	0.1%		0.0%	0.0%	1.4%
8	of which investment firms									0.2%	0.1%		0.0%	0.0%	1.2%
9	Loans and advances														0.6%
10	Debt securities, including UoP									0.2%	0.1%		0.0%	0.0%	0.6%
11	Equity instruments														
12	of which management companies									0.0%	0.0%		0.0%	0.0%	0.1%
13	Loans and advances														
14	Debt securities, including UoP									0.0%	0.0%		0.0%	0.0%	0.0%
15	Equity instruments									0.0%	0.0%			0.0%	0.1%
16	of which: insurance undertakings									0.0%	0.0%		0.0%	0.0%	0.1%
17	Loans and advances														
18	Debt securities, including UoP									0.0%	0.0%		0.0%	0.0%	0.1%
19	Equity instruments														
20	Non-financial corporations									2.2%	1.6%		0.1%	0.9%	4.1%
21	Loans and advances									1.5%	1.0%		0.1%	0.6%	3.2%
22	Debt securities, including UoP									0.7%	0.6%		0.0%	0.3%	0.8%
23	Equity instruments									0.0%	0.0%		0.0%	0.0%	0.1%
24	Households									19.1%	0.5%	0.5%			21.3%
25	of which loans secured by residential property									18.6%	0.5%	0.5%			15.1%
26	of which building renovation loans									0.1%					0.1%
27	of which motor vehicle loans									0.1%					0.1%
28	Local government financing									0.0%					0.0%
29	Housing financing									0.0%					0.0%
30	Other local government financing									0.0%					0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties														0.0%
32	Total assets GAR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.2%	2.2%	0.5%	0.1%	1.0%	72.1%



Follows: Template 3: GAR KPIs Stock - CAPEX

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw
		Disclosure at 31/12/2023																
% (against total assets covered in the denominator)		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (EC)			
		Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			
		Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)			
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling		
-	<b>GAR - Covered assets in both numerator and denominator</b>																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	21.8%	1.7%	0.4%	0.0%	0.7%	0.0%	0.0%		0.0%								
2	<b>Financial corporations</b>	1.0%																
3	Credit institutions	1.0%																
4	Loans and advances	0.2%																
5	Debt securities, including UoP	0.8%																
6	Equity instruments																	
7	Other financial corporations	0.0%																
8	of which investment firms																	
9	Loans and advances																	
10	Debt securities, including UoP																	
11	Equity instruments																	
12	of which management companies	0.0%																
13	Loans and advances																	
14	Debt securities, including UoP	0.0%																
15	Equity instruments	0.0%																
16	of which: insurance undertakings	0.0%																
17	Loans and advances																	
18	Debt securities, including UoP	0.0%																
19	Equity instruments																	
20	<b>Non-financial corporations</b>	2.0%	1.3%		0.0%	0.7%	0.0%	0.0%		0.0%								
21	Loans and advances	1.2%	0.6%		0.0%	0.4%	0.0%	0.0%		0.0%								
22	Debt securities, including UoP	0.8%	0.6%		0.0%	0.3%	0.0%	0.0%		0.0%								
23	Equity instruments	0.0%	0.0%			0.0%	0.0%	0.0%										
24	<b>Households</b>	18.8%	0.4%	0.4%														
25	of which loans secured by residential property	18.4%	0.4%	0.4%														
26	of which building renovation loans	0.1%																
27	of which motor vehicle loans	0.1%																
28	<b>Local government financing</b>	0.0%																
29	Housing financing	0.0%																
30	Other local government financing	0.0%																
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>																	
32	<b>Total assets GAR</b>	21.8%	1.7%	0.4%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%





Follows: Template 3: GAR KPIs Stock - CAPEX

		ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
% (against total assets covered in the denominator)		Disclosure at 31/12/2023													
		Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				Total proportion of assets covered	
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)					
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional			Of which enabling
-	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation									21.9%	1.7%	0.4%	0.0%	0.7%	28.5%
2	Financial corporations									1.0%					3.3%
3	Credit institutions									1.0%					2.6%
4	Loans and advances									0.2%					0.6%
5	Debt securities, including UoP									0.8%					2.0%
6	Equity instruments														
7	Other financial corporations									0.0%					0.7%
8	of which investment firms														0.5%
9	Loans and advances														
10	Debt securities, including UoP														0.5%
11	Equity instruments														
12	of which management companies									0.0%					0.2%
13	Loans and advances														
14	Debt securities, including UoP									0.0%					0.1%
15	Equity instruments									0.0%					0.1%
16	of which: insurance undertakings									0.0%					0.0%
17	Loans and advances														
18	Debt securities, including UoP									0.0%					0.0%
19	Equity instruments														
20	Non-financial corporations									2.0%	1.3%		0.0%	0.7%	3.8%
21	Loans and advances									1.2%	0.7%		0.0%	0.4%	2.8%
22	Debt securities, including UoP									0.8%	0.6%		0.0%	0.3%	0.9%
23	Equity instruments									0.0%	0.0%			0.0%	0.1%
24	Households									18.8%	0.4%	0.4%			21.2%
25	of which loans secured by residential property									18.4%	0.4%	0.4%			14.5%
26	of which building renovation loans									0.1%					0.1%
27	of which motor vehicle loans									0.1%					0.1%
28	Local government financing									0.0%					0.2%
29	Housing financing									0.0%					0.0%
30	Other local government financing									0.0%					0.2%
31	Collateral obtained by taking possession: residential and commercial immovable properties														
32	Total assets GAR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.9%	1.7%	0.4%	0.0%	0.7%	69.3%

Template 3: GAR KPIs Stock - TURNOVER<sup>15</sup>

% (against total assets covered in the denominator)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Disclosure at 31/12/2024																
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (EC)			
		Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			
		Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)				
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling		
-	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	21.5%	1.6%	0.5%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		
2	Financial corporations	0.9%	0.1%		0.0%	0.0%	0.0%	0.0%							0.0%	0.0%		
3	Credit institutions	0.7%	0.0%		0.0%	0.0%	0.0%	0.0%										
4	Loans and advances	0.1%	0.0%		0.0%	0.0%	0.0%	0.0%										
5	Debt securities, including UoP	0.6%	0.0%		0.0%	0.0%	0.0%	0.0%										
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
7	Other financial corporations	0.2%	0.0%		0.0%	0.0%	0.0%	0.0%							0.0%	0.0%		
8	of which investment firms	0.1%	0.0%		0.0%		0.0%	0.0%							0.0%	0.0%		
9	Loans and advances																	
10	Debt securities, including UoP	0.1%	0.0%		0.0%		0.0%	0.0%							0.0%	0.0%		
11	Equity instruments																	
12	of which management companies	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%							0.0%	0.0%		
13	Loans and advances																	
14	Debt securities, including UoP	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%							0.0%	0.0%		
15	Equity instruments	0.0%	0.0%			0.0%	0.0%											
16	of which: insurance undertakings	0.0%	0.0%			0.0%												
17	Loans and advances																	
18	Debt securities, including UoP	0.0%	0.0%			0.0%												
19	Equity instruments																	
20	Non-financial corporations	1.6%	1.0%		0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		
21	Loans and advances	1.1%	0.6%		0.0%	0.1%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		
22	Debt securities, including UoP	0.5%	0.4%		0.0%	0.1%	0.0%	0.0%		0.0%								
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%								
24	Households	19.1%	0.5%	0.5%														
25	of which loans secured by residential property	18.6%	0.5%	0.5%														
26	of which building renovation loans	0.1%																
27	of which motor vehicle loans	0.1%																
28	Local government financing	0.0%																
29	Housing financing	0.0%																
30	Other local government financing	0.0%																
31	Collateral obtained by taking possession: residential and commercial immovable properties																	
32	Total assets GAR	21.5%	1.6%	0.5%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<sup>15</sup> Compared to the 31/12/2023 disclosure, the percentage figures in the tables relate to gross exposures as a ratio of total GAR assets instead of total exposure for each line. This recalculation was also applied to the t-1 data.



Follows: Template 3: GAR KPIs Stock - TURNOVER

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af	
% (against total assets covered in the denominator)		Disclosure at 31/12/2024														
		Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)						Total proportion of assets covered
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)						
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)						
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional		Of which enabling		
-	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation									21.6%	1.6%	0.5%	0.0%	0.3%	29.3%	
2	Financial corporations									0.9%	0.1%		0.0%	0.0%	3.9%	
3	Credit institutions									0.7%	0.0%		0.0%	0.0%	2.5%	
4	Loans and advances									0.1%	0.0%		0.0%	0.0%	0.4%	
5	Debt securities, including UoP									0.6%	0.0%		0.0%	0.0%	2.1%	
6	Equity instruments									0.0%	0.0%		0.0%	0.0%	0.0%	
7	Other financial corporations									0.2%	0.0%		0.0%	0.0%	1.4%	
8	of which investment firms									0.1%	0.0%		0.0%		1.2%	
9	Loans and advances														0.6%	
10	Debt securities, including UoP									0.1%	0.0%		0.0%		0.6%	
11	Equity instruments															
12	of which management companies									0.0%	0.0%		0.0%	0.0%	0.1%	
13	Loans and advances															
14	Debt securities, including UoP									0.0%	0.0%		0.0%	0.0%	0.0%	
15	Equity instruments									0.0%	0.0%			0.0%	0.1%	
16	of which: insurance undertakings									0.0%	0.0%			0.0%	0.1%	
17	Loans and advances															
18	Debt securities, including UoP									0.0%	0.0%			0.0%	0.1%	
19	Equity instruments															
20	Non-financial corporations									1.6%	1.0%		0.0%	0.3%	4.1%	
21	Loans and advances									1.1%	0.6%		0.0%	0.1%	3.2%	
22	Debt securities, including UoP									0.5%	0.4%		0.0%	0.1%	0.8%	
23	Equity instruments									0.0%	0.0%		0.0%	0.0%	0.1%	
24	Households									19.1%	0.5%	0.5%			21.3%	
25	of which loans secured by residential property									18.6%	0.5%	0.5%			15.1%	
26	of which building renovation loans									0.1%					0.1%	
27	of which motor vehicle loans									0.1%					0.1%	
28	Local government financing									0.0%					0.0%	
29	Housing financing									0.0%					0.0%	
30	Other local government financing									0.0%					0.0%	
31	Collateral obtained by taking possession: residential and commercial immovable properties														0.0%	
32	Total assets GAR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.6%	1.6%	0.5%	0.0%	0.3%	72.1%	



Follows: Template 3: GAR KPIs Stock - TURNOVER

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw
% (against total assets covered in the denominator)		Disclosure at 31/12/2023																
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (EC)			
		Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			
		Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)			
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling		
-	<b>GAR - Covered assets in both numerator and denominator</b>																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	21.1%	1.1%	0.4%	0.0%	0.3%												
2	<b>Financial corporations</b>	1.0%																
3	Credit institutions	0.9%																
4	Loans and advances	0.2%																
5	Debt securities, including UoP	0.8%																
6	Equity instruments																	
7	Other financial corporations	0.0%																
8	of which investment firms																	
9	Loans and advances																	
10	Debt securities, including UoP																	
11	Equity instruments																	
12	of which management companies	0.0%																
13	Loans and advances																	
14	Debt securities, including UoP	0.0%																
15	Equity instruments	0.0%																
16	of which: insurance undertakings	0.0%																
17	Loans and advances																	
18	Debt securities, including UoP	0.0%																
19	Equity instruments																	
20	<b>Non-financial corporations</b>	1.3%	0.8%		0.0%	0.3%												
21	Loans and advances	0.8%	0.4%		0.0%	0.2%												
22	Debt securities, including UoP	0.5%	0.4%		0.0%	0.1%												
23	Equity instruments	0.0%	0.0%		0.0%	0.0%												
24	<b>Households</b>	18.8%	0.4%	0.4%														
25	of which loans secured by residential property	18.4%	0.4%	0.4%														
26	of which building renovation loans	0.1%																
27	of which motor vehicle loans	0.1%																
28	<b>Local government financing</b>	0.0%																
29	Housing financing	0.0%																
30	Other local government financing	0.0%																
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>																	
32	<b>Total assets GAR</b>	21.1%	1.1%	0.4%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



Follows: Template 3: GAR KPIs Stock - TURNOVER

		ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
% (against total assets covered in the denominator)		Disclosure at 31/12/2023													
		Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Total proportion of assets covered
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)					
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional	Of which enabling		
-	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation									21.1%	1.1%	0.4%	0.0%	0.3%	28.5%
2	Financial corporations									1.0%					3.3%
3	Credit institutions									0.9%					2.6%
4	Loans and advances									0.2%					0.6%
5	Debt securities, including UoP									0.8%					2.0%
6	Equity instruments														
7	Other financial corporations									0.0%					0.7%
8	of which investment firms														0.5%
9	Loans and advances														
10	Debt securities, including UoP														0.5%
11	Equity instruments														
12	of which management companies									0.0%					0.2%
13	Loans and advances														
14	Debt securities, including UoP									0.0%					0.1%
15	Equity instruments									0.0%					0.1%
16	of which: insurance undertakings									0.0%					0.0%
17	Loans and advances														
18	Debt securities, including UoP									0.0%					0.0%
19	Equity instruments														
20	Non-financial corporations									1.3%	0.8%		0.0%	0.3%	3.8%
21	Loans and advances									0.8%	0.4%		0.0%	0.2%	2.8%
22	Debt securities, including UoP									0.5%	0.4%		0.0%	0.1%	0.9%
23	Equity instruments									0.0%	0.0%		0.0%	0.0%	0.1%
24	Households									18.8%	0.4%	0.4%			21.2%
25	of which loans secured by residential property									18.4%	0.4%	0.4%			14.5%
26	of which building renovation loans									0.1%					0.1%
27	of which motor vehicle loans									0.1%					0.1%
28	Local government financing									0.0%					0.2%
29	Housing financing									0.0%					0.0%
30	Other local government financing									0.0%					0.2%
31	Collateral obtained by taking possession: residential and commercial immovable properties														
32	Total assets GAR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.1%	1.1%	0.4%	0.0%	0.3%	69.3%

Template 4: GAR KPIs flow - CAPEX<sup>16</sup>

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (against the flow of total eligible assets)		Disclosure at 31/12/2024																
		Climate change mitigation (CCM)					Climate change adaptation (CCA)			Water and marine resources (WTR)				Circular Economy (EC)				
		Of which towards taxonomy relevant sectors (taxonomy-eligible)					Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				
		Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)						Of which environmentally sustainable (taxonomy-aligned)
		Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling		
-	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	17.5%	2.5%	0.3%	0.1%	1.5%	0.1%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		
2	Financial corporations	0.5%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%								
3	Credit institutions	0.5%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%								
4	Loans and advances	0.3%	0.0%		0.0%	0.0%	0.0%	0.0%										
5	Debt securities, including UoP	0.2%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%								
6	Equity instruments																	
7	Other financial corporations	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
8	of which investment firms																	
9	Loans and advances																	
10	Debt securities, including UoP																	
11	Equity instruments																	
12	of which management companies	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
13	Loans and advances																	
14	Debt securities, including UoP	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
15	Equity instruments																	
16	of which: insurance undertakings	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
17	Loans and advances																	
18	Debt securities, including UoP	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%										
19	Equity instruments																	
20	Non-financial corporations	3.1%	2.2%		0.1%	1.5%	0.1%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		
21	Loans and advances	3.1%	2.2%		0.1%	1.5%	0.1%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		
22	Debt securities, including UoP																	
23	Equity instruments																	
24	Households	13.9%	0.3%	0.3%														
25	of which loans secured by residential property	13.5%	0.3%	0.3%														
26	of which building renovation loans	0.1%																
27	of which motor vehicle loans	0.2%																
28	Local government financing	0.0%																
29	Housing financing	0.0%																
30	Other local government financing																	
31	Collateral obtained by taking possession: residential and commercial immovable properties																	
32	Total assets GAR	17.5%	2.5%	0.3%	0.1%	1.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<sup>16</sup> Compared to the 31/12/2023 disclosure, the percentage figures in the tables relate to gross exposures as a ratio of total GAR assets instead of total exposure for each line.



Follows: Template 4: GAR KPIs flow - CAPEX

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
% (against the flow of total eligible assets)		Disclosure at 31/12/2024													
		Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Total proportion of new assets covered
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)					
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional		Of which enabling	
-	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation									17.6%	2.6%	0.3%	0.1%	1.5%	27.4%
2	Financial corporations									0.5%	0.0%		0.0%	0.0%	2.0%
3	Credit institutions									0.5%	0.0%		0.0%	0.0%	2.0%
4	Loans and advances									0.3%	0.0%		0.0%	0.0%	1.3%
5	Debt securities, including UoP									0.2%	0.0%		0.0%	0.0%	0.7%
6	Equity instruments														
7	Other financial corporations									0.0%	0.0%		0.0%	0.0%	0.0%
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including UoP														
11	Equity instruments														
12	of which management companies									0.0%	0.0%		0.0%	0.0%	0.0%
13	Loans and advances														
14	Debt securities, including UoP									0.0%	0.0%		0.0%	0.0%	0.0%
15	Equity instruments														
16	of which: insurance undertakings									0.0%	0.0%		0.0%	0.0%	0.0%
17	Loans and advances														
18	Debt securities, including UoP									0.0%	0.0%		0.0%	0.0%	0.0%
19	Equity instruments														
20	Non-financial corporations									3.1%	2.2%		0.1%	1.5%	6.5%
21	Loans and advances									3.1%	2.2%		0.1%	1.5%	6.5%
22	Debt securities, including UoP														
23	Equity instruments														
24	Households									13.9%	0.3%	0.3%			18.8%
25	of which loans secured by residential property									13.5%	0.3%	0.3%			12.3%
26	of which building renovation loans									0.1%					0.1%
27	of which motor vehicle loans									0.2%					0.2%
28	Local government financing									0.0%					0.0%
29	Housing financing									0.0%					0.0%
30	Other local government financing														
31	Collateral obtained by taking possession: residential and commercial immovable properties														0.0%
32	Total assets GAR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.6%	2.6%	0.3%	0.1%	1.5%	85.0%

Template 4: GAR KPIs flow - TURNOVER<sup>17</sup>

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
% (against the flow of total eligible assets)		Climate change mitigation (CCM)						Climate change adaptation (CCA)			Water and marine resources (WTR)			Circular Economy (EC)				
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)						
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)						
		Of which use of proceeds	Of which transitional	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling		Of which use of proceeds	Of which enabling					
-	GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	16.7%	1.7%	0.3%	0.0%	0.3%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%				
2	Financial corporations	0.5%	0.0%		0.0%	0.0%	0.0%	0.0%										
3	Credit institutions	0.5%	0.0%		0.0%	0.0%	0.0%	0.0%										
4	Loans and advances	0.3%	0.0%		0.0%	0.0%	0.0%	0.0%										
5	Debt securities, including UoP	0.2%	0.0%		0.0%	0.0%	0.0%	0.0%										
6	Equity instruments																	
7	Other financial corporations	0.0%	0.0%		0.0%	0.0%												
8	of which investment firms																	
9	Loans and advances																	
10	Debt securities, including UoP																	
11	Equity instruments																	
12	of which management companies	0.0%	0.0%		0.0%	0.0%												
13	Loans and advances																	
14	Debt securities, including UoP	0.0%	0.0%		0.0%	0.0%												
15	Equity instruments																	
16	of which: insurance undertakings	0.0%	0.0%			0.0%												
17	Loans and advances																	
18	Debt securities, including UoP	0.0%	0.0%			0.0%												
19	Equity instruments																	
20	Non-financial corporations	2.3%	1.4%		0.0%	0.3%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%				
21	Loans and advances	2.3%	1.4%		0.0%	0.3%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%				
22	Debt securities, including UoP																	
23	Equity instruments																	
24	Households	13.9%	0.3%	0.3%														
25	of which loans secured by residential property	13.5%	0.3%	0.3%														
26	of which building renovation loans	0.1%																
27	of which motor vehicle loans	0.2%																
28	Local government financing	0.0%																
29	Housing financing	0.0%																
30	Other local government financing																	
31	Collateral obtained by taking possession: residential and commercial immovable properties																	
32	Total assets GAR	16.7%	1.7%	0.3%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<sup>17</sup> Compared to the 31/12/2023 disclosure, the percentage figures in the tables relate to gross exposures as a ratio of total GAR assets instead of total exposure for each line.





Follows: Template 4: GAR KPIs flow - TURNOVER

		r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
% (against the flow of total eligible assets)		Disclosure at 31/12/2024													
		Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				Total proportion of new assets covered	
		Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)					
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional			Of which enabling
-	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation									16.7%	1.7%	0.3%	0.0%	0.3%	27.4%
2	Financial corporations									0.5%	0.0%		0.0%	0.0%	2.0%
3	Credit institutions									0.5%	0.0%		0.0%	0.0%	2.0%
4	Loans and advances									0.3%	0.0%		0.0%	0.0%	1.3%
5	Debt securities, including UoP									0.2%	0.0%		0.0%	0.0%	0.7%
6	Equity instruments														
7	Other financial corporations									0.0%	0.0%		0.0%	0.0%	0.0%
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including UoP														
11	Equity instruments														
12	of which management companies									0.0%	0.0%		0.0%	0.0%	0.0%
13	Loans and advances														
14	Debt securities, including UoP									0.0%	0.0%		0.0%	0.0%	0.0%
15	Equity instruments														
16	of which: insurance undertakings									0.0%	0.0%			0.0%	0.0%
17	Loans and advances														
18	Debt securities, including UoP									0.0%	0.0%			0.0%	0.0%
19	Equity instruments														
20	Non-financial corporations									2.3%	1.4%		0.0%	0.3%	6.5%
21	Loans and advances									2.3%	1.4%		0.0%	0.3%	6.5%
22	Debt securities, including UoP														
23	Equity instruments														
24	Households									13.9%	0.3%	0.3%			18.8%
25	of which loans secured by residential property									13.5%	0.3%	0.3%			12.3%
26	of which building renovation loans									0.1%					0.1%
27	of which motor vehicle loans									0.2%					0.2%
28	Local government financing									0.0%					0.0%
29	Housing financing									0.0%					0.0%
30	Other local government financing														
31	Collateral obtained by taking possession: residential and commercial immovable properties														0.0%
32	Total assets GAR	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.7%	1.7%	0.3%	0.0%	0.3%	85.0%



## Template 5: KPIs for off-balance sheet exposures - CAPEX

### STOCK

		a	b	c	d	e	f	g	h	i	j	k	l	m
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)			
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)			
			Of which use of proceeds	Of which transitional	Of which enabling		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling	
1	Financial guarantees (FinGuar KPI)	5.63%	4.92%			2.77%	1.49%	0.85%		0.00%				
2	Assets under management (AuM KPI)	10.89%	1.39%		0.41%	0.98%	0.05%	0.04%			0.00%			

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024																
		Circular Economy (EC)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				



Follows: Template 5: KPIs for off-balance sheet exposures - CAPEX

## FLOW

		a	b	c	d	e	f	g	h	i	j	k	l	m
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)			Water and marine resources (WTR)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)			Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)			Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				
				Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	23.46%	20.68%			11.78%	6.33%	3.62%		0.02%				
2	Assets under management (AuM KPI)	14.60%	1.74%		0.23%	1.51%	0.31%	0.22%			0.00%			

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024																
		Circular Economy (EC)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				
				Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)													29.78%	24.30%			11.80%
2	Assets under management (AuM KPI)	0.17%	0.00%		0.00%	0.12%								15.20%	1.96%		0.23%	1.51%



## Template 5: KPIs for off-balance sheet exposures - TURNOVER

## STOCK

		a	b	c	d	e	f	g	h	i	j	k	l	m
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)			Water and marine resources (WTR)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)			Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)			Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				
Of which use of proceeds			Of which transitional	Of which enabling	Of which use of proceeds			Of which enabling	Of which use of proceeds			Of which enabling		
1	Financial guarantees (FinGuar KPI)	7.61%	3.53%			1.09%	0.16%	0.06%		0.06%				
2	Assets under management (AuM KPI)	9.26%	0.57%			0.02%	0.45%	0.05%	0.01%		0.01%	0.00%		

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024																
		Circular Economy (EC)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		
1	Financial guarantees (FinGuar KPI)													7.77%	3.58%			1.15%
2	Assets under management (AuM KPI)	0.12%	0.01%		0.01%	0.24%								9.68%	0.59%		0.02%	0.46%



Follows: Template 5: KPIs for off-balance sheet exposures - TURNOVER

## FLOW

		a	b	c	d	e	f	g	h	i	j	k	l	m
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)			
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)					Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)			
			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling	
1	Financial guarantees (FinGuar KPI)	32.08%	14.88%			4.59%	0.64%	0.25%		0.25%				
2	Assets under management (AuM KPI)	13.42%	0.58%		0.02%	0.53%	0.31%	0.05%		0.05%				

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)		Disclosure at 31/12/2024																
		Circular Economy (EC)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-eligible)				
		Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				Proportion of total assets covered that finance sectors relevant to the taxonomy (taxonomy-aligned)				
		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which enabling		Of which use of proceeds		Of which transitional		Of which enabling
1	Financial guarantees (FinGuar KPI)													32.72%	15.13%			4.83%
2	Assets under management (AuM KPI)	0.23%				0.32%								14.28%	0.64%		0.02%	0.58%

## 2.1.4 Additional information on nuclear energy and fossil gas activities

The Delegated Regulation (EU) 2022/1214 amends the Delegated Regulation (EU) 2021/2139 with regard to economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 with regard to the public disclosure of specific information relating to such economic activities. In addition, it lays the foundation for the reporting of economic activities related to energy production from nuclear and fossil gas sources, which can be included in the EU Taxonomy Regulation.

Given the lack of such special purpose loans in the Bank's assets, the required templates were compiled solely on the basis of general loans to financial and non-financial counterparties that have published eligibility and alignment percentages in NFS related to nuclear and fossil gas activities. The templates were compiled on a Turnover and Capex, Stock and Flow, On-Balance and Off-Balance basis.

### Template 1 - Nuclear and fossil gas activities

Row	Nuclear energy activities	
1.	The company carries out, finances or has exposures to research, development, demonstration and implementation of innovative electricity generation plants that produce energy from nuclear processes with a minimum amount of fuel cycle waste.	NO
2.	The company carries out, finances or has exposures to the construction and safe operation of new nuclear plants for the generation of electricity or process heat, including for district heating purposes or for industrial processes such as hydrogen production, and improvements in their safety, with the help of the best available technology.	YES
3.	The company carries out, finances or has exposures to the safe operation of existing nuclear plants that generate electricity or process heat, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, and improvements in their safety.	YES
Row	Fossil gas activities	
4.	The company carries out, finances or has exposures to the construction or operation of electricity production plants that use gaseous fossil fuels.	YES
5.	The company carries out, finances or has exposures to the construction, upgrading and operation of combined heat/cool and power generation plants that use gaseous fossil fuels.	YES
6.	The company carries out, finances or has exposures to the construction, upgrading and operation of heat generation plants that produce heat/cooling that use gaseous fossil fuels.	YES


**Template 2 - Taxonomy-aligned economic activities (denominator)**

CAPEX - ONBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>929.25</b>	<b>2.23%</b>	<b>913.92</b>	<b>2.20%</b>	<b>15.33</b>	<b>0.04%</b>
8.	<b>Total applicable KPI</b>	<b>41,601.82</b>	<b>100.00%</b>	<b>913.92</b>	<b>2.20%</b>	<b>15.33</b>	<b>0.04%</b>



## Template 2 - Taxonomy-aligned economic activities (denominator)

### CAPEX - ONBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>374.19</b>	<b>2.58%</b>	<b>366.96</b>	<b>2.53%</b>	<b>7.23</b>	<b>0.05%</b>
8.	<b>Total applicable KPI</b>	<b>14,528.88</b>	<b>100.00%</b>	<b>366.96</b>	<b>2.53%</b>	<b>7.23</b>	<b>0.05%</b>





## Template 2 - Taxonomy-aligned economic activities (denominator)

CAPEX - OFFBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>59.01</b>	<b>3.91%</b>	<b>51.42</b>	<b>3.41%</b>	<b>7.59</b>	<b>0.50%</b>
8.	<b>Total applicable KPI</b>	<b>1,508.86</b>	<b>100.00%</b>	<b>51.42</b>	<b>3.41%</b>	<b>7.59</b>	<b>0.50%</b>



## Template 2 - Taxonomy-aligned economic activities (denominator)

CAPEX - OFFBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>46.28</b>	<b>16.14%</b>	<b>39.46</b>	<b>13.76%</b>	<b>6.81</b>	<b>2.38%</b>
8.	<b>Total applicable KPI</b>	<b>286.71</b>	<b>100.00%</b>	<b>39.46</b>	<b>13.76%</b>	<b>6.81</b>	<b>2.38%</b>


**Template 2 - Taxonomy-aligned economic activities (denominator)**

TURNOVER - ONBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>657.17</b>	<b>1.58%</b>	<b>656.76</b>	<b>1.58%</b>	<b>0.41</b>	<b>0.00%</b>
8.	<b>Total applicable KPI</b>	<b>41,601.82</b>	<b>100.00%</b>	<b>656.76</b>	<b>1.58%</b>	<b>0.41</b>	<b>0.00%</b>

## Template 2 - Taxonomy-aligned economic activities (denominator)

TURNOVER - ONBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>250.10</b>	<b>1.72%</b>	<b>250.09</b>	<b>1.72%</b>	<b>0.01</b>	<b>0.00%</b>
8.	<b>Total applicable KPI</b>	<b>14,528.88</b>	<b>100.00%</b>	<b>250.09</b>	<b>1.72%</b>	<b>0.01</b>	<b>0.00%</b>



## Template 2 - Taxonomy-aligned economic activities (denominator)

TURNOVER - OFFBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>34.69</b>	<b>2.30%</b>	<b>34.13</b>	<b>2.26%</b>	<b>0.56</b>	<b>0.04%</b>
8.	<b>Total applicable KPI</b>	<b>1,508.86</b>	<b>100.00%</b>	<b>34.13</b>	<b>2.26%</b>	<b>0.56</b>	<b>0.04%</b>

## Template 2 - Taxonomy-aligned economic activities (denominator)

TURNOVER - OFFBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>28.20</b>	<b>9.84%</b>	<b>27.70</b>	<b>9.66%</b>	<b>0.50</b>	<b>0.18%</b>
8.	<b>Total applicable KPI</b>	<b>286.71</b>	<b>100.00%</b>	<b>27.70</b>	<b>9.66%</b>	<b>0.50</b>	<b>0.18%</b>



### Template 3 - Taxonomy-aligned economic activities (numerator)

CAPEX - ONBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>929.25</b>	<b>100.00%</b>	<b>913.92</b>	<b>98.35%</b>	<b>15.33</b>	<b>1.65%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>929.25</b>	<b>100.00%</b>	<b>913.92</b>	<b>98.35%</b>	<b>15.33</b>	<b>1.65%</b>

### Template 3 - Taxonomy-aligned economic activities (numerator)

CAPEX - ONBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>374.19</b>	<b>100.00%</b>	<b>366.96</b>	<b>98.07%</b>	<b>7.23</b>	<b>1.93%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>374.19</b>	<b>100.00%</b>	<b>366.96</b>	<b>98.07%</b>	<b>7.23</b>	<b>1.93%</b>





### Template 3 - Taxonomy-aligned economic activities (numerator)

CAPEX - OFFBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>59.01</b>	<b>100.00%</b>	<b>51.42</b>	<b>87.15%</b>	<b>7.59</b>	<b>12.85%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>59.01</b>	<b>100.00%</b>	<b>51.42</b>	<b>87.15%</b>	<b>7.59</b>	<b>12.85%</b>



### Template 3 - Taxonomy-aligned economic activities (numerator)

CAPEX - OFFBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>46.28</b>	<b>100.00%</b>	<b>39.46</b>	<b>85.28%</b>	<b>6.81</b>	<b>14.72%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>46.28</b>	<b>100.00%</b>	<b>39.46</b>	<b>85.28%</b>	<b>6.81</b>	<b>14.72%</b>



### Template 3 - Taxonomy-aligned economic activities (numerator)

TURNOVER - ONBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>657.17</b>	<b>100.00%</b>	<b>656.76</b>	<b>99.94%</b>	<b>0.41</b>	<b>0.06%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>657.17</b>	<b>100.00%</b>	<b>656.76</b>	<b>99.94%</b>	<b>0.41</b>	<b>0.06%</b>

### Template 3 - Taxonomy-aligned economic activities (numerator)

TURNOVER - ONBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>250.10</b>	<b>100.00%</b>	<b>250.09</b>	<b>100.00%</b>	<b>0.01</b>	<b>0.00%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>250.10</b>	<b>100.00%</b>	<b>250.09</b>	<b>100.00%</b>	<b>0.01</b>	<b>0.00%</b>


**Template 3 - Taxonomy-aligned economic activities (numerator)**

TURNOVER - OFFBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>34.69</b>	<b>100.00%</b>	<b>34.13</b>	<b>98.39%</b>	<b>0.56</b>	<b>1.61%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>34.69</b>	<b>100.00%</b>	<b>34.13</b>	<b>98.39%</b>	<b>0.56</b>	<b>1.61%</b>

### Template 3 - Taxonomy-aligned economic activities (numerator)

TURNOVER - OFFBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 in the numerator of the applicable KPI</b>	<b>28.20</b>	<b>100.00%</b>	<b>27.70</b>	<b>98.22%</b>	<b>0.50</b>	<b>1.78%</b>
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>28.20</b>	<b>100.00%</b>	<b>27.70</b>	<b>98.22%</b>	<b>0.50</b>	<b>1.78%</b>


**Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned**
**CAPEX - ONBALANCE - STOCK**

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.16	0.00%	0.16	0.00%		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.06	0.00%	0.06	0.00%		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>8,304.53</b>	<b>19.96%</b>	<b>8,288.24</b>	<b>19.92%</b>	<b>16.29</b>	<b>0.04%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>8,304.76</b>	<b>19.96%</b>	<b>8,288.47</b>	<b>19.92%</b>	<b>16.29</b>	<b>0.04%</b>

## Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned

### CAPEX - ONBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.16	0.00%	0.16	0.00%		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.06	0.00%	0.06	0.00%		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>2,180.97</b>	<b>15.01%</b>	<b>2,180.03</b>	<b>15.00%</b>	<b>0.94</b>	<b>0.01%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>2,181.20</b>	<b>15.01%</b>	<b>2,180.25</b>	<b>15.01%</b>	<b>0.94</b>	<b>0.01%</b>




**Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned**

CAPEX - OFFBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>73.08</b>	<b>4.84%</b>	<b>67.47</b>	<b>4.47%</b>	<b>5.61</b>	<b>0.37%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>73.08</b>	<b>4.84%</b>	<b>67.47</b>	<b>4.47%</b>	<b>5.61</b>	<b>0.37%</b>

#### Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned

##### CAPEX - OFFBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>23.54</b>	<b>8.21%</b>	<b>18.52</b>	<b>6.46%</b>	<b>5.03</b>	<b>1.75%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>23.54</b>	<b>8.21%</b>	<b>18.52</b>	<b>6.46%</b>	<b>5.03</b>	<b>1.75%</b>


**Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned**

TURNOVER - ONBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.19	0.00%	0.19	0.00%		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00%	0.01	0.00%		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>8,310.52</b>	<b>19.98%</b>	<b>8,304.77</b>	<b>19.96%</b>	<b>5.75</b>	<b>0.01%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>8,310.72</b>	<b>19.98%</b>	<b>8,304.97</b>	<b>19.96%</b>	<b>5.75</b>	<b>0.01%</b>

#### Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned

TURNOVER - ONBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.19	0.00%	0.19	0.00%		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00%	0.01	0.00%		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%		
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>2,179.78</b>	<b>15.00%</b>	<b>2,179.65</b>	<b>15.00%</b>	<b>0.13</b>	<b>0.00%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>2,179.98</b>	<b>15.00%</b>	<b>2,179.85</b>	<b>15.00%</b>	<b>0.13</b>	<b>0.00%</b>


**Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned**

TURNOVER - OFFBALANCE - STOCK

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>92.52</b>	<b>6.13%</b>	<b>91.39</b>	<b>6.06%</b>	<b>1.14</b>	<b>0.08%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>92.52</b>	<b>6.13%</b>	<b>91.39</b>	<b>6.06%</b>	<b>1.14</b>	<b>0.08%</b>

#### Template 4 - Taxonomy-eligible economic activities, but not taxonomy-aligned

TURNOVER - OFFBALANCE - FLOW

Row	Economic activities	Amount and proportion					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>45.72</b>	<b>15.95%</b>	<b>44.74</b>	<b>15.60%</b>	<b>0.98</b>	<b>0.34%</b>
8.	<b>Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>45.72</b>	<b>15.95%</b>	<b>44.74</b>	<b>15.60%</b>	<b>0.98</b>	<b>0.34%</b>



## Template 5 - Taxonomy-non-eligible economic activities

CAPEX - ONBALANCE - STOCK

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>32,367.81</b>	<b>77.80%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>32,367.82</b>	<b>77.80%</b>



## Template 5 - Taxonomy-non-eligible economic activities

### CAPEX - ONBALANCE - FLOW

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>11,973.48</b>	<b>82.41%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>11,973.49</b>	<b>82.41%</b>





## Template 5 - Taxonomy-non-eligible economic activities

CAPEX - OFFBALANCE - STOCK

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>1,376.77</b>	<b>91.25%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>1,376.77</b>	<b>91.25%</b>



## Template 5 - Taxonomy-non-eligible economic activities

### CAPEX - OFFBALANCE - FLOW

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>216.89</b>	<b>75.65%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>216.89</b>	<b>75.65%</b>



## Template 5 - Taxonomy-non-eligible economic activities

TURNOVER - ONBALANCE - STOCK

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>32,633.93</b>	<b>78.44%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>32,633.93</b>	<b>78.44%</b>



## Template 5 - Taxonomy-non-eligible economic activities

### TURNOVER - ONBALANCE - FLOW

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>12,098.80</b>	<b>83.27%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>12,098.80</b>	<b>83.27%</b>



## Template 5 - Taxonomy-non-eligible economic activities

### TURNOVER - OFFBALANCE - STOCK

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>1,381.65</b>	<b>91.57%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>1,381.65</b>	<b>91.57%</b>

## Template 5 - Taxonomy-non-eligible economic activities

TURNOVER - OFFBALANCE - FLOW

Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	<b>Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 in the denominator of the applicable KPI</b>	<b>212.79</b>	<b>74.22%</b>
8.	<b>Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>212.79</b>	<b>74.22%</b>



## 2.2 CLIMATE CHANGE (ESRS E1)

### 2.2.1 Strategy

#### 2.2.1.1 Transition plan for climate change mitigation (E1-1)

Currently, the Group has not defined and adopted a transition plan for climate change mitigation.

However, it should be noted that, in line with the pathway established through its membership of the NZBA, the Group set decarbonisation targets for financed emissions (GES Scope 3 - Category 15) in December 2024, with particular reference to credit exposures.

In line with the NZBA requirements, the definition of these objectives must be supported by the dissemination of a transition plan by December 2025, structured with defined, measurable and timed objectives, and backed by concrete actions and the allocation of adequate resources, both financial and human and technical, to ensure the achievement of the envisaged objectives.

### 2.2.2 Impact, risk and opportunity management

#### 2.2.2.1 Policies related to climate change mitigation and adaptation (E1-2)

##### **Characteristics of Group Policies on Climate Change Mitigation and Adaptation (MDR-P)**

Below is a description and characteristics of the main internal policies adopted by the Group to manage impacts, risks and opportunities related to climate change mitigation and adaptation, in accordance with the minimum disclosure requirements of the Policies (so-called MDR-P) under ESRS 2.

##### **Environmental Policy**

The Environmental Policy defines the Group's approach to managing environmental issues, with the aim of progressively reducing direct and indirect impacts on the environment and climate. The document also describes, in general terms, the measures and actions the Group intends to take to address these issues.

The principles of the Environmental Policy apply to all Group companies, which also promote awareness and compliance among suppliers, collaborators and business partners. The Parent Company provides the necessary guidelines to ensure their adoption by the individual Group Companies, supervising their implementation according to the nature, complexity and operational characteristics of each reality, also taking into account foreign jurisdictional constraints. The Policy applies across all Group operations and addresses both direct impacts generated by operational sites and indirect impacts, defining dedicated approaches towards customers, suppliers, communities and employees.

The Sustainability Committee plays a key role in coordinating and monitoring the implementation of the Policy, reporting directly to the Board of Directors. The Committee is supported by the Sustainability Office, in cooperation with the relevant corporate functions, such as the Logistics and Operations Support Service, the CLO Area and the Finance Service.

The Environmental Policy is aligned with the fundamental principles of sustainable finance and relevant EU and national regulations, including:

- Legislative Decree 231/2001 (Administrative Liability of Entities) and subsequent amendments;
- Regulation 761/2001 EMAS (Environmental Management and Audit Scheme) on the voluntary participation of organisations in a Community eco-management and audit scheme;
- Legislative Decree 254/2016, implementing Directive 2014/95/EU of the European Parliament and of the Council on the disclosure of non-financial information;

- EU Regulation 852/2020, which promotes a favourable environment for sustainable investments;
- European Central Bank, 'Guidance on Climate and Environmental Risks' (2020);
- Legislative Decree No. 34/2020 as amended, in particular to reduce urban traffic and the use of private means of transport.

The Policy is also inspired by international principles and initiatives, including:

- United Nations Global Compact (2000);
- Paris Agreement on Climate Change (2015);
- United Nations 2030 Agenda for Sustainable Development.

In relation to Agenda 2030, the Group is committed to contributing to the Sustainable Development Goals (SDGs) relevant to its business, including:

- Objective 7: Ensure the availability of affordable, reliable, sustainable and modern energy services for all;
- Goal 11: Create sustainable cities and inclusive, safe and sound human settlements;
- Goal 12: Ensure sustainable production and consumption patterns;
- Goal 13: Take urgent action to combat climate change and its consequences.

The Policy is shared with key stakeholders through internal channels, such as the corporate intranet, and external channels, such as the institutional website. Its contents are also integrated into all sustainability reporting tools, including the GSS Bond Reports.

### **Sustainability Policy**

The Sustainability Policy identifies the Group's commitment and approach to maximising the creation of shared value in the long term through sustainable development, respecting the economic, environmental and social spheres. It defines the general principles followed by the Group in the implementation of environmental, social and governance factors, and enshrines the guidelines that are periodically incorporated in the Business Plan.

The Policy applies across the board to all areas of Group operations and is implemented and updated by the Parent Company, which provides the necessary guidelines to ensure compliance by individual Group Companies and oversees its adoption. Each update of the document is implemented by the Subsidiaries through a resolution of their respective Boards of Directors.

The Sustainability Committee has the task of coordinating and monitoring the effective implementation of the principles described in the Policy, in relation to which it reports directly to the Board of Directors, which is responsible for overseeing sustainability matters.

The Policy is aligned with the principles of sustainable finance established at EU and national level, and with the following reference regulations:

- Legislative Decree 231/2001 (Administrative Liability of Entities) and subsequent amendments;
- Legislative Decree 81/2008 (Consolidated Occupational Health and Safety Act) as amended;
- Legislative Decree 254/2016, implementing Directive 2014/95/EU of the European Parliament concerning the disclosure of non-financial information for certain large companies;
- Legislative Decree 179/2017 on 'whistleblowing' as amended;
- Regulation (EU) 2088/2019 on sustainability transparency in the financial sector;
- Regulation (EU) 852/2020 on sustainable investments;
- European Central Bank, 'Guidance on Climate and Environmental Risks (2020)';
- Directive (EU) 2022/2464 of the European Parliament on sustainability reporting (CSRD).

Furthermore, the Policy is inspired by the following international principles:

- United Nations Global Compact (2000);





- United Nations 2030 Agenda for Sustainable Development (2015);
- Paris Agreement on Climate Change (2015);
- Recommendations of the Task Force on Climate-related Financial Disclosures (2017);
- UNEP FI Principle for Responsible Banking (2019);
- Good practices for climate-related and environmental risk management of the European Central Bank (2022).

In relation to the United Nations 2030 Agenda, the Group is committed to contributing to the achievement of the Sustainable Development Goals (SDG), specifically those deemed relevant to its business, including:

- Goal 1: End poverty in all its forms;
- Objective 3: Ensure health and well-being for all and all ages;
- Goal 4: Ensure inclusive and quality education for all;
- Goal 5: Achieve gender equality and empower women;
- Objective 7: Ensure the availability of sustainable energy services for all;
- Objective 8: Promote inclusive and sustainable economic growth;
- Objective 9: Build sustainable infrastructure and promote innovation;
- Goal 10: Reduce inequalities;
- Goal 11: Create sustainable and inclusive cities;
- Goal 12: Ensure sustainable production and consumption patterns;
- Goal 13: Take urgent action to combat climate change;
- Goal 16: Promote peaceful and inclusive societies for sustainable development.

The Sustainability Policy expresses the Group's desire to direct its actions towards satisfying the interests of all major stakeholders, inspired by the values of mutuality, ethics and reciprocity. It combines the traditional aim of pursuing profits with the identity of realising a common benefit, reflecting a commitment to generate value for the community.

Finally, the Policy is shared with key stakeholders through internal (corporate intranet) and external (institutional website) channels, and is reported in all sustainability reporting tools, such as annual reporting and GSS Bond Reports.

## Code of Ethics

The Code of Ethics defines the policies and regulations governing the Bank's activities and applies to all those who operate or represent the Bank. The Code is a fundamental tool for implementing corporate social responsibility and ensuring that all activities are conducted in accordance with ethical commitments and in line with sector regulations. The provisions contained in the Code set out the principles and ethical responsibilities in the management of the Bank's business affairs and are aimed at protecting its reputation and image. These provisions must be observed not only by internal staff, but also by collaborators, suppliers and persons with whom the Bank has close business relations. The Bank recognises the importance of the principles of responsibility and ethics, as well as respect for human rights and the protection of individuals, as enshrined in international and national regulations, including the Constitution of the Italian Republic and the Universal Declaration of Human Rights of the United Nations. In addition, since 2004, the Bank has adhered to the United Nations Global Compact, orienting its strategy and corporate culture to the ten fundamental principles of this initiative.

The Code of Ethics also includes behavioural principles relating to climate and environmental aspects, contributing to an integrated approach to sustainability.

The provisions of the Code bind all Directors, Auditors, Managers and employees, as well as all external collaborators and third parties, where applicable. The latter are required to comply with the Code in their business relations with the Bank, through contractual agreements stipulating compliance. The Bank is committed to ensuring that the legal persons with whom it interacts also disseminate and respect the Code through their physical entities. The Code of Ethics is valid both in Italy and abroad, with the necessary adaptations according to the regulatory, cultural and social specificities of the countries in which the Bank operates.

Supervision of the application of the Code is carried out by the Bank's Directors and employees, who are required to report any non-compliance or non-application to the Supervisory Board. The Bank also adopts the necessary prevention and control measures to ensure full compliance with the laws and regulations in force in all geographical and operational contexts, at all decision-making and implementation stages.

The Code's guiding ethical principles guide the Bank's activities towards all main categories of stakeholders, with the aim of competing fairly and transparently, meeting the expectations of local communities, improving customer satisfaction, increasing shareholder value and developing the professional skills of human resources.

The Bank promotes the knowledge and observance of the Code of Ethics primarily among Directors, Auditors, employees and collaborators. Moreover, where appropriate, the Bank includes specific references to the Code in contractual agreements with business partners, consultants and suppliers, providing for disciplinary or contractual sanctions in the event of non-compliance. In order to ensure maximum dissemination, the Code is made public through the system of internal communications, circulars, operating manuals and the corporate intranet, and is published in Italian and English on the corporate website. Furthermore, in the contractual forms, the Bank requires its suppliers to comply with the provisions of the Code of Ethics.

## General Climate and Environmental Risk Regulation

The General Climate and Environmental Risk Regulation defines the essential principles and guidelines for the management of risks associated with exposure to climate and environmental factors within the Group. The aim is to integrate these risks harmoniously into the company's management and control processes, in accordance with the provisions of the Supervisory Authority.



The Regulation establishes the framework for the governance of climate and environmental risks, focusing on:

- Guidelines for the management and control of such risks at Group level;
- Definition of climate and environmental risk appetite, with a specific management model for the main traditional risk areas influenced by climate and environmental factors;
- Processes, methodologies and activities for identifying, assessing and measuring risks, with a focus on mitigation actions and monitoring activities;
- Allocation of roles and responsibilities among the corporate bodies and organisational structures involved, including interactions between the Parent Company and the Subsidiaries.

The Parent Company provides guidelines to ensure the consistency of the practices adopted in the Group, supervising and ensuring the application of the guidelines. Subsidiaries must transpose the guidelines defined by the parent company and adopt them, adapting them to the company's specificities, size, nature of business and operational complexity.

The Regulation is usually approved by the Board of Directors of the Parent Company, after consulting the Board of Auditors.

The Regulation is inspired by international regulations and supervisory standards on climate and environmental issues, including:

- United Nations Global Compact (2000)
- United Nations Sustainable Development Goals (2015)
- Paris Agreement on Climate Change (2015)
- Recommendations of the Task Force on Climate-related Financial Disclosures (2017)
- UNEP FI Principles for Responsible Banking (2019)
- Good practices for climate and environmental risk management at the European Central Bank (ECB) (2022)
- European Banking Authority (EBA) Guidelines on Lending (2020)

The document is transmitted to all corporate bodies and relevant functions within the Group. The Chief Risk Officer is entrusted with the task of disseminating the Regulation to the Subsidiaries, ensuring that it is transposed and implemented for the aspects within related competence. The related information is also accessible on the Bank's institutional website and within the sustainability reporting tools.

### **ESG Investment Policy**

The ESG Investment Policy defines the commitment and approach to integrating environmental, social and governance (ESG) factors into investment processes. The Policy regulates the Group's main areas of activity, which include investment services (portfolio management and investment advice), management of the proprietary securities portfolio, and the issuance of bonds with ESG characteristics. The Policy applies to all Group Companies, taking into account the regulations in force and the operational specificities of each, with the exception of the subsidiary Banca Popolare di Sondrio (SUISSE), which has adopted a specific Sustainable Investment Policy, consistent with the general principles established by the Parent Company. The Parent Company is responsible for implementing, disseminating and updating the Policy, providing guidelines to ensure compliance by subsidiaries and supervising the adoption of the Policy at Group level. Approval of the Policy, as well as any significant changes, is the responsibility of the parent company's Board of Directors, after evaluation by the Sustainability Committee and the Sustainability Management Committee. Subsidiaries transpose the Policy by means of a resolution of their Board of Directors, and are required to implement it in accordance with the characteristics of their respective businesses, in proportion to the size, nature and complexity of their activities. The Sustainability

Committee and the ALM and Investment Committee play a coordinating and monitoring role in the implementation of the Policy principles, keeping the Board of Directors informed.

The Policy is aligned with the main European and international principles of sustainable finance, including:

- Delegated Directive (EU) 2017/593
- Delegated Directive (EU) 2021/1269
- European Central Bank Climate and Environmental Risk Guide (2020)
- Regulation (EU) 2019/2088 (SFDR)
- Regulation (EU) 2020/852 (Taxonomy)
- Law No. 220 of 9 December 2021 (Measures to Counteract the Financing of Anti-Personnel Mine Companies)
- Consolidated Law on Financial Intermediation (Legislative Decree 24 February 1998, no. 58)

The document expresses the Group's desire to direct its actions towards satisfying the interests of its stakeholders, inspired by the values of mutuality, ethicality and reciprocity, with the aim of combining profit realisation with common benefit.

The Policy is shared internally with corporate stakeholders through circulars and the intranet, and published externally with a summary version on the Group's website.

### **ESG Credit Policy**

The ESG Credit Policy for the integration of climate, environmental and ESG factors into the Group's lending activities defines the general principles and guidelines for integrating the assessment of these factors into the broader credit assessment framework. The Policy focuses on:

- Promotion of the knowledge and application of ESG principles within the Group, contributing to the achievement of the defined strategic objectives, particularly in terms of the composition of the loan portfolio.
- Reduction of risks and mitigation of indirect impacts associated with the activities managed by the Group.
- Exclusion of the Group's involvement in activities inconsistent with the principles of ethics and integrity that form the basis of the Group's work for the community.

The Policy applies to all Group Companies, taking into account the applicable regulations and the specificities of the business operated by each. This excludes the subsidiary BPS (SUISSE), which nevertheless adopts a Sustainable Investment Policy consistent with the general principles established by the Parent Company. The implementation and updating of the Policy is the responsibility of the Parent Company, which provides the necessary guidelines to ensure its dissemination, disclosure and compliance by the individual Group Companies, and supervises its adoption. The content of this document, as well as any subsequent updates thereto, is implemented by the Subsidiaries through a resolution of their Board of Directors.

The issuance of the Policy, as well as any relevant amendments and additions to it, is the responsibility of the Parent Company's Board of Directors, after review by the Sustainability Committee and the Sustainability Management Committee. Coordination and monitoring of the actual implementation of the Policy is entrusted to the CLO Area, which is supported by various corporate functions, mainly the Sustainability Office. The Parent Company's Sustainability Management Committee is entrusted with the task of informing the Group companies so that they can implement the Policy in their respective areas.

The Policy is aligned with the principles of sustainable finance, as defined at European and national



level, in particular:

- Consolidated Law on Financial Intermediation (Legislative Decree 24 February 1998, no. 58)
- European Banking Authority (EBA) Guidelines on Lending and Monitoring (2020);
- European Central Bank Climate and Environmental Risk Guide (2020)
- Regulation (EU) 852/2020 on the Taxonomy of Sustainable Investments
- European Climate Act (Regulation 2021/1119);
- Good practices for climate-related and environmental risk management (2022) of the European Central Bank;
- EIB eligibility excluded activities and excluded sectors list (2022) of the European Investment Bank.

The Policy is also inspired by international principles, initiatives and documents, such as:

- UN Global Compact (2000);
- Sustainable Development Goals (2015) of the United Nations, defined by the 2030 Agenda;
- Paris Agreement on Climate Change (2015)
- Recommendations of the Task Force on Climate-related Financial Disclosures (2017);
- Principles for Responsible Banking (PRB) (2019), established by the UNEP Finance Initiative;
- Net-Zero Banking Alliance.

The Policy is shared with internal stakeholders through circulars and the company intranet, and with external stakeholders through the publication of a summary version on the Group's website.

## Sustainability matters addressed by climate change policies

### Environmental Policy

Area	Status (Covered / Not covered by Policy)	Brief description
<b>Climate change mitigation</b>	Partially covered by policy	Although there is no explicit reference within the Policy to the Bank's approach to climate change mitigation, this sustainability matter is taken into account in the definition of the measures and interventions identified in the Policy with respect to direct environmental impacts (the Policy refers to Climate-altering Gas Emissions and measures and interventions to reduce these direct impacts, including mainly activities related to energy consumption and mobility) and indirect environmental impacts (the Policy mentions the progressive promotion of financing products to support economic activities that contribute to climate change mitigation and adaptation). Furthermore, in its Business Plan, published on the institutional website, as well as in the Sustainability reporting tools, the Bank communicates its mitigation strategies and its climate objectives for the reduction of climate-altering emissions.
<b>Climate change adaptation</b>	Partially covered by policy	Although there is no explicit reference within the Policy to the Bank's approach to climate change adaptation, this sustainability matter is taken into account in the definition of the measures and interventions identified in the Policy with respect to direct environmental impacts (the Policy refers to Climate-altering Gas Emissions and measures and interventions to reduce these direct impacts, including awareness-raising activities) and indirect environmental impacts (the Policy mentions the progressive promotion of financing products to support economic activities that contribute to climate change mitigation and adaptation). The Bank also communicates its climate change adaptation strategies in its Business Plan, which is published on its institutional website, as well as in its sustainability reporting tools.

<b>Energy efficiency</b>	Covered	The document describes a series of measures and actions to enable the reduction of energy consumption through the definition of a Group standard.
<b>Distribution of renewable energy</b>	Not covered by policy	The document describes a series of measures and actions to enable the increased use of renewable energy with low climate-altering gas emissions, e.g. through the supply of electricity as far as possible from renewable sources.
<b>Other</b>	Covered	The document describes a series of measures and interventions to achieve the reduction of direct and indirect environmental impacts, with particular reference to the environmental impacts related to the loan portfolio, as well as securities owned, through financing and investments in low-emission financial instruments.

### Sustainability Policy

Area	Status (Covered / Not covered by Policy)	Brief description
<b>Climate change mitigation</b>	Covered	<p>The Group complies with environmental climate regulations and is aware of the impact of its activities both directly and indirectly on the environment.</p> <p>The Policy makes explicit the Bank's adherence to the TCFD recommendations in order to measure the adequacy of its climate strategy and communicate climate-relevant aspects to the outside world in a transparent and timely manner.</p> <p>It also outlines the definition of specific climate change-related targets, in particular aimed at reducing greenhouse gas emissions, as well as the implementation of actions to ensure proper management of climate and environmental risks with the aim of incorporating the assessment of such risks in the formulation and implementation of strategies, lending, financial and investment policies, and in the provision of services to customers.</p> <p>Specifically, the Group engages in the issuance of debt financial instruments aimed at financing or refinancing assets that meet specific climate-environmental criteria and updates its commercial offer with the aim of supporting its customers in the transition to an economy more attentive to environmental protection and the reduction of greenhouse gas emissions.</p>
<b>Climate change adaptation</b>	Covered	The description above also applies to this point.
<b>Energy efficiency</b>	Not covered by policy	Although there is no explicit reference to energy efficiency, it is taken into account in the identification of specific climate change (climate-related) targets, in particular aimed at reducing greenhouse gas emissions and the environmental effects of resource consumption.
<b>Distribution of renewable energy</b>	Not covered by policy	Although there is no explicit reference to renewable energy distribution, this is taken into account in the identification of specific climate change (climate-related) targets, in particular aimed at reducing greenhouse gas emissions and the environmental effects of resource consumption.
<b>Other</b>	Covered	The Group is committed to reducing the effects on the environment generated by the consumption of resources, the production of waste and other activities considered to have a direct impact and to managing the effects deriving from activities with indirect impact, linked in particular to its portfolios, products and services intended for customers. Specifically, it identifies, monitors and evaluates specific performance indicators in the conduct of its business and corporate operations.



## Code of Ethics

Area	Status (Covered / Not covered by Policy)	Brief description
<b>Climate change mitigation</b>	Not covered by policy	Although there is no explicit reference to climate change mitigation in the Code of Ethics, it is reported that the Bank's approach is based on the gradual reduction of direct and indirect impacts on the environment and climate, with consideration of the consequences of the behaviour adopted, in order to promote environmental protection.
<b>Climate change adaptation</b>	Not covered by policy	Although there is no explicit reference to climate change adaptation in the Code of Ethics, it is reported that the Bank's approach is based on the gradual reduction of direct and indirect impacts on the environment and climate, with consideration of the consequences of the behaviour adopted, in order to promote environmental protection.
<b>Energy efficiency</b>	Covered	The Code of Ethics defines the Principles of conduct with reference to climate and environmental aspects, among which the commitment to support energy-saving practices is identified.
<b>Distribution of renewable energy</b>	Covered	The Code of Ethics defines the Principles of conduct with reference to climate and environmental aspects, among which is identified the desire to encourage the use of renewable energy, through more efficient technologies.
<b>Other</b>	Covered	The Group undertakes to: a) promote awareness and consciousness-raising among all employees with regard to the impacts of company activities on the environment and climate; b) pay attention to the proper collection and disposal of the waste produced, extending separate collection and maximising the share of waste that can be sent for recycling/reuse; c) manage purchases in order to consciously choose suppliers who adopt eco-sustainable management practices and technologies and provide products and services with a lower environmental impact, with equally functional characteristics and available under reasonable conditions;

## General Climate and Environmental Risk Regulation

Area	Status (Covered / Not covered by Policy)	Brief description
<b>Climate change mitigation</b>	Covered	The document regulates the process of identifying, measuring, monitoring and mitigating risks arising from high exposure to climate and environmental risk factors. In particular, it defines a set of potential management tools and actions to limit its exposure to climate and environmental risks. Since these risk factors are key determinants of the impact of the various risk areas to which a bank is typically exposed, mitigation initiatives are defined specifically for the traditional types of risk within which climatic and environmental factors tend to manifest themselves.
<b>Climate change adaptation</b>	Covered	The regulation declares the Group's commitment to offering specific financing products (e.g. 'green loans' and other forms of green lending) aimed at fostering the process of improving the climate-environmental profile of customers, supporting their adaptation to the eco-sustainable transition.
<b>Energy efficiency</b>	Covered	With regard to climatic and environmental risks that find manifestation in the form of operational and reputational risks, the Group monitors the monitoring the level of maturity and completeness of the physical security procedures and energy efficiency standards of the Group's buildings, also through the definition of specific business continuity and disaster recovery plans (subject to periodic verifications of their effectiveness), in order to prevent or proactively manage the occurrence of physical risks.
<b>Distribution of renewable energy</b>	Covered	The document regulates the process of identifying, measuring, monitoring and mitigating risks arising from high exposure to climate and environmental risk factors. In particular, it defines a set of potential management tools and actions to limit its exposure to climate and environmental risks.
<b>Other</b>		

## ESG Investment Policy

Area	Status (Covered / Not covered by Policy)	Brief description
<b>Climate change mitigation</b>	Covered	Within the ESG Investment Policy, it is made explicit how sustainability factors are integrated into investment strategies. As part of the portfolio management service, in line with regulatory requirements, the Manager annually identifies specific negative effects (so-called Principle Adverse Impacts or PAI ex Reg. (EU) 2019/2088), prioritised according to the ESG Strategic Plan and approved by the Sustainability Management Committee, which assesses that this activity consistently reflects the Group's commitments, with particular reference to decarbonisation and climate change targets. As part of its investment advisory service, the Bank has integrated the consideration of ESG factors into the various stages of the customer service provision process, from the analysis of the sustainability profile of financial products (product governance) to the advisory model and suitability check; the Bank therefore verifies, where possible, for each product offered for advice, the presence of statements on the actual or lack of consideration of negative effects on the climate and the environment, such as greenhouse gas emissions,





		biodiversity, water resources, and waste production. Social aspects are also considered. Processes to identify, monitor, control and mitigate climate and environmental risks are integrated into the investment strategies of the proprietary portfolio.
<b>Climate change adaptation</b>	Covered	The description above also applies to this point.
<b>Energy efficiency</b>	Not covered by Policy	
<b>Distribution of renewable energy</b>	Not covered by Policy	
<b>Other</b>		

### ESG Credit Policy

Area	Status (Covered / Not covered by Policy)	Brief description
<b>Climate change mitigation</b>	Covered	Through the Policy, the Group identifies the valuation criteria applicable to activities associated with controversial sectors and/or particularly exposed to risks deriving from climate factors and, in general, ESG factors, also in light of recent regulatory developments, reference practices and Banca Popolare di Sondrio adhesion to the Net-Zero Banking Alliance. In this regard, it should be noted that within the Credit Policy, sectors with a high climate impact have been identified in line with those defined by the NZBA initiative, towards which the Bank envisages establishing ESG criteria when assessing customers.
<b>Climate change adaptation</b>	Covered	The description above also applies to this point.
<b>Energy efficiency</b>	Not covered by Policy	
<b>Distribution of renewable energy</b>	Not covered by Policy	
<b>Other</b>		

## 2.2.2.2 Actions and resources in relation to climate change policies (E1-3)

### Descriptions of the main actions related to climate change

List of actions	Results expected	Decarbonisation levers	Contribution to the achievement of policy purposes	Contribution to the achievement of policy objectives	Scope of application	Time horizons within which the company intends to complete each main action
Actions implemented in the reporting year						
Energy efficiency and renovation initiatives	Reduction Scope 1 and 2 emissions	Energy efficiency			Own operations Italy	Q4 2025
Renewing the car fleet with low-emission vehicles	Reduction Scope 1 emissions	Switching to other fuels			Own operations Italy	Q4 2025
Agile work	Reduction Scope 3 emissions	Energy efficiency			Own operations Italy	Continuous action (recurring annually)
Development of new ESG products	Risk mitigation c&e	Modification of products			Own operations, Supply chain, Portfolios	Q1 – Q4 2024
	Reduction Scope 3 emissions				Italy	
Development of new ESG products	Adaptation	Modification of products			Own operations Supply chain Portfolios	Q1 – Q4 2024
	Reduction Scope 3 emissions				Italy	
Adoption of Green Appraisals and overall assessment of the property portfolio to reduce physical risk	Adapting c&e risks	Energy efficiency			Own operations Supply chain Portfolios Italy	Q3 2024
Integration of ESG investment offer	Reduction Scope 3 emissions	Modification of products			Own operations Supply chain Portfolios	Q4 2025
					Italy	
Actions planned for the future						
Activities under the Sustainability Plan 2025-2027 (under definition)	Reduction Scope 1, Scope 2 and Scope 3 emissions				Own operations Supply chain Portfolios	Q4 2027
					Italy	

### Information on the progress of actions or action plans communicated in previous periods

During 2024, the Parent Company continued to implement and develop the actions outlined in its ESG Framework, in line with the objectives set by the Paris Agreement and the European Commission's Action Plan on Sustainable Finance. The integration of ESG factors evolved through the actions described above, which consist of the following key initiatives:



### Integration of ESG factors into credit processes

The integration of ESG factors into credit processes includes:

- Development and consolidation of the ESG scoring model: the proprietary model for assigning an ESG score to counterparties was refined, with continuous analysis of transition, physical and ESG risks, allowing for a prospective assessment of potential financial impacts. This model was implemented with a logic of gradualness and proportionality, in line with the Regulator's guidelines.
- ESG integration in credit policies: specific mechanisms were introduced in the Group's credit policies, including an ESG due diligence system for certain sensitive sectors and strengthened controls for sectors identified as high-risk. In particular, ESG reliance criteria, including sustainability-related indicators, were adopted to support the transition to an economy with a low environmental impact.
- Development of sustainable financial products: the range of ESG products was expanded, with a focus on the creation of green loans and S-linked loans. A significant example is the development of a new credit line for the purchase of buildings with a high energy efficiency class, aimed at both private individuals and companies, to promote environmental responsibility and sustainability.
- Promotion of internal ESG culture: work continued to raise awareness and train staff within the Group on ESG risk protection, in line with the ethical principles guiding business operations.
- Sensitive sectors and integrated approach: the parent company continued to identify and monitor ESG-sensitive sectors (such as Carbon, Oil & Gas, Power, Agriculture, Real Estate, among others) to ensure a targeted approach consistent with corporate policies.

### Integration of ESG investment offer

The integration of ESG factors into the investment offering particularly concerns the Environmental aspect; in May 2024, the Bank issued its third Senior Preferred Green Bond, in the amount of 500 million euro, from the Euro Medium Term Notes (EMTN) programme.

This issue follows the first two (2021 and 2023), both with allocations of 500 million, in line with the Bank's goal of promoting ESG securities, as stated in the 2022-2025 'Next Step' Business Plan. The Institute green issues total 1.5 billion euro and are within a framework approved by the specialist company Sustainalytics with a Second Party Opinion issued in October 2023 and aligned with the International Capital Market Green Bond Principles - Voluntary Process Guidelines for Issuing Green Bonds (ICMA Guidelines). The decision to continue regularly issuing this type of financial instrument derives not only from the economic-financial opportunity, but also from the awareness of having, within its customer portfolio, numerous virtuous entities, attentive to the territory and the well-being of the community. There are more than 7,000 loans underlying the Green Bond, covering corporate, SME and private companies, whose investments helped to avoid the emission of 131,033.74 tonnes of CO<sub>2</sub> into the atmosphere.

### Energy efficiency and renovation initiatives

With a view to a more transparent sharing of climatic-environmental information relating to the Group's real estate assets, the Bank has launched a project to manage and process the main data relating to real estate, in order to make it available to the offices concerned through a dashboard that can be freely consulted on the corporate intranet, updated on the basis of the information available from time to time. Furthermore, in line with NZBA action policies and industry best practices (EN UNI 41068-1 Carbon Neutrality), the Bank has initiated a plan to reduce direct emissions generated by the use of its air-conditioning systems. Various measures are planned to directly reduce consumption, the implementation of which will lead to a significant decrease in CO<sub>2</sub> equivalent emissions. Among the various actions, all ranked according to technical-economic and environmental prioritisation factors, the option of acquiring

a service that, through the installation of appropriate devices, would enable the monitoring and remote management of HVAC (heating, ventilation and air conditioning) systems was identified. The potential reduction in annual emissions is estimated at 220 to 230 tonnes of CO<sub>2</sub> per year.

## **Actions and resources related to ESRs climate change policies E1**

### **Decarbonisation levers to achieve the targets**

Banca Popolare di Sondrio has not currently identified any decarbonisation levers aimed at achieving scope 3 (category 15) greenhouse gas emission reduction targets related to its credit portfolio, defined within the framework of the actions envisaged by the adhesion to the NZBA. The definition of the decarbonisation levers is planned to take place at a later date than this disclosure and, in line with the NZBA Guidelines, these levers will be identified and published together with the Transition Plan, which will be made public within 12 months of the definition of the targets.

At present, the Bank has not set any further GHG emission reduction targets, although some actions have been taken with potential contribution to climate change mitigation.

### **Explanation of the extent to which the ability to implement actions depends on the availability and allocation of resources**

When implementing its actions, the Bank carefully assesses the availability of resources, in terms of money, tools and personnel (e.g. specific skills, technology, budget), to ensure that resources are allocated effectively and that actions can be implemented on time and in the manner envisaged.

### **Relation between significant CapEx and OpEx needed to implement actions taken or planned**

No significant Capex and OpEx needed to implement the actions taken or planned were identified.



## 2.2.3 Metrics and targets

### 2.2.3.1 Targets related to climate change mitigation and adaptation (E1-4)

#### Monitoring policies and actions through climate change mitigation targets

The targets in the table below are aligned with the Sustainability Policy, which outlines the activity of setting specific climate-related targets, in particular aimed at reducing greenhouse gas emissions.

Target scope*	Reference (base) value	Reference (base) year	Target 2030	Target 2050	Period to which the target applies
Target on the BPS loan portfolio related to exposures to the NZBA Oil & Gas sector	2,011,703 tCO <sub>2</sub> (Scope 1, 2, 3)	2023	1,488,660 tCO <sub>2</sub>	120,702 tCO <sub>2</sub>	2023-2050 with intermediate target to 2030
Target on the BPS loan portfolio related to exposures to the NZBA Agriculture sector	25,927 tCO <sub>2</sub> (Scope 1+2) 1,207,957 tCO <sub>2</sub> (Scope 3)	2023	9,593 tCO <sub>2</sub> (Scope 1+2) 821,411 tCO <sub>2</sub> (Scope 3)	0 tCO <sub>2</sub> (Scope 1+2) 712,695 tCO <sub>2</sub> (Scope 3)	2023-2050 with intermediate target to 2030
Target on the BPS loan portfolio related to exposures to the NZBA Iron and Steel sector	32,897 tCO <sub>2</sub> (Scope 1 and 2)	2023	24,015 tCO <sub>2</sub>	2,303 tCO <sub>2</sub>	2023-2050 with intermediate target to 2030
Target on the BPS loan portfolio related to exposures to the NZBA Aluminium sector	17,599 tCO <sub>2</sub> (Scope 1 and 2)	2023	13,375 tCO <sub>2</sub>	352 tCO <sub>2</sub>	2023-2050 with intermediate target to 2030
Target on the BPS loan portfolio related to exposures to the NZBA Electricity sector	42,578 tCO <sub>2</sub> (Scope 1)	2023	23,418 tCO <sub>2</sub>	-792 tCO <sub>2</sub>	2023-2050 with intermediate target to 2030

\* the company's activities and/or its upstream and/or downstream value chain, if applicable, and geographical boundaries

## Description of the methodologies and main assumptions used to define the greenhouse gas emission reduction targets

The targets published by Banca Popolare di Sondrio are aligned with the NZBA initiative, a United Nations-sponsored initiative that banks voluntarily join to align their lending and investment portfolios with the carbon-neutrality targets defined by the Paris Agreement by 2050.

The methodologies and significant assumptions used for setting the NZBA targets were defined in accordance with the Guidelines for Climate Target Setting for Banks document.

The path towards the definition of the Net Zero targets took place through the following steps.

### Reconciliation to NZBA sectors

Sectoral reconciliation of the counterparties in the portfolio is a key step in target setting as it allows the identification of relevant sector-specific scenario pathways and directs the decarbonisation processes of the counterparties to reduce their emissions and reach their targets. Specifically, the reconciliation was carried out using the ATECO codes of the counterparties and following the provisions of the NZBA Guidelines, reference literature and best practices observed in the market.

### Identification of sectors

In line with the deadlines set by the NZBA guidelines, the Bank has identified priority areas for which targets should be published within the 18-month period of accession. The choice of priority sectors was based on considerations of relevance of the financed issues of the Bank's loan portfolio to the climate-intensive sectors identified by NZBA.

### Scenario analysis

Climate scenarios applicable to each sector were identified for the definition of Net-Zero targets. Specifically, the following activities were carried out:

- identification of scenarios aligned with the objectives defined by the Paris Agreement;
- selection of metrics for the calculation of the portfolio baseline, to which the percentage of reduction envisaged by the selected scenario is applied;
- identification of the emission categories (i.e. Scope 1, Scope 2 and Scope 3) of the counterparties underlying each sector under analysis;
- definition and calculation of the reduction percentages at 2030 and 2050 in the scenario, in line with the selected metrics.

### Priority sectors and decarbonisation targets

Specifically, Banca Popolare di Sondrio identified five priority areas on which it set its reduction targets:

- Oil & Gas sector: the target identified through the IEA NZA Oil&Gas 2050 Global scenario envisages a 26% reduction in financed emissions (Scope 1, 2, 3) compared to 2,011 thousand tonnes CO<sub>2</sub> equivalent of financed emissions recorded in 2023. For this sector, the upstream (i.e. extraction) midstream (i.e. transport and storage) and downstream (i.e. refining) segments were analysed.
- Agriculture sector: the target identified through the OECM Agriculture, Food & Tobacco Europe scenario foresees a 63% reduction for Scope 1 and 2 emissions compared to 25 thousand tonnes of CO<sub>2</sub> equivalent in 2023 and a 32% reduction for Scope 3 emissions compared to 1,207 thousand tonnes of CO<sub>2</sub> equivalent in the baseline year. Companies operating in the sectors of agricultural



products, forest products, paper products, packaged food and meat, and tobacco were considered in the assessment.

- Iron and Steel sector: the target identified through the IEA NZE Steel Global scenario envisages a 27% reduction (Scope 1 and 2) compared to the approximately 32 thousand tonnes CO<sub>2</sub> equivalent recorded in 2023. Companies operating in sectors related to iron and steel production were considered in the assessment.
- Aluminium sector: the target identified through the IEA NZE Aluminium Global scenario envisages a 24% reduction (Scope 1 and 2) compared to the 17,000 tonnes of CO<sub>2</sub> equivalent recorded in 2023. Companies operating in sectors related to aluminium production were considered.
- Electricity Sector: the target identified through the IEA NZE Powergen Global scenario envisages a 45% reduction (Scope 1) from the 42,000 tonnes of CO<sub>2</sub> equivalent recorded in 2023. Companies operating in the sectors related to the transmission, distribution and sale of electricity were excluded from the scope of analysis as they are not relevant for the definition of decarbonisation targets.

The Bank has defined short-term priority sector targets - 'intermediate targets' - with the first milestone being 2030 - and long-term targets (i.e. 2050). Once the 2030 target has been reached, further intermediate targets will have to be set every five years.

### **Performance against the stated target**

The Group is in line with its scope 3 greenhouse gas emission reduction targets. The targets will need to be reviewed and, if necessary, recalculated to reflect any significant changes (e.g., impacts on portfolio exposures, methodological developments, scientific knowledge considered by the scenarios) that could undermine their appropriateness and consistency.

### **Definition and consistency of decarbonisation targets**

No GHG absorptions, carbon credits or avoided emissions were included in the definition of the NZBA targets. However, the perimeter of the targets differs from the perimeter included in Scope 3.15, as it refers to the corporate loan portfolio with unknown use of proceeds. Furthermore, in line with the NZBA Guidelines, the targets were published with reference to the Bank's priority carbon-intensive sectors (Oil & Gas, Agriculture, Iron & Steel, Aluminium and Electricity).

In accordance with NZBA requirements, the target year was set at less than two full reporting years prior to its definition. There are no external factors that would lead to consider 2023 as an unrepresentative year. In addition, in line with the requirements of the NZBA Guidelines, the decarbonisation levers that the Group will adopt to achieve the targets will be defined and published at the same time as the Transition Plan.

### 2.2.3.2 Energy consumption and mix (E1-5)

#### Energy consumption and mix (in MWh) Banca Popolare di Sondrio Group

The table below shows the energy consumption and energy mix at Group level expressed in MWh.

Energy consumption and energy mix	2024
<b>Total energy consumption from fossil sources</b>	<b>18,123</b>
<b>Share of fossil sources in total energy consumption (%)</b>	<b>51.07%</b>
<b>Consumption from nuclear sources</b>	<b>306</b>
<b>Share of nuclear sources in total energy consumption (%)</b>	<b>0.86%</b>
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	17,132
Consumption of self-generated non-fuel renewable energy	234
<b>Total energy consumption from renewable sources</b>	<b>17,366</b>
<b>Share of renewables in total energy consumption (%)</b>	<b>48.93%</b>
<b>Total energy consumption</b>	<b>35,489</b>

#### Energy consumption and energy mix (in MWh) high climate impact companies

The table below shows the energy consumption and energy mix for Group companies operating in high-impact sectors expressed in MWh.

Energy consumption and energy mix	2024
Fuel consumption from coal and coal products	-
Fuel consumption from crude oil and petroleum products	-
Natural gas consumption	178
Consumption of other non-renewable sources	-
Consumption of electricity, heat, steam and cooling from fossil sources, purchased or acquired	312
<b>Total energy consumption from fossil sources</b>	<b>490</b>
<b>Share of fossil sources in total energy consumption (%)</b>	<b>100%</b>
<b>Consumption from nuclear sources</b>	<b>-</b>
<b>Share of nuclear sources in total energy consumption (%)</b>	<b>-</b>
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	-
Consumption of self-generated non-fuel renewable energy	-
<b>Total energy consumption from renewable sources</b>	<b>-</b>
<b>Share of renewables in total energy consumption (%)</b>	<b>-</b>
<b>Total energy consumption</b>	<b>490</b>

#### High climate impact sectors

The Group determined whether its activities fall within the high-impact sectors by checking whether the ATECO/Nace sectors to which its subsidiaries belonged were among the sectors listed in Annex I, Sections A to H and L of Regulation 1893/2006. Therefore, Sinergia Seconda S.r.l., Immobiliare San Paolo S.r.l., Immobiliare Borgo Palazzo S.r.l. and Rajna Immobiliare S.r.l. were identified as companies falling within the high impact sectors.





Energy intensity versus net revenue		2024
Total energy consumption of activities in high impact sectors compared to net revenues from these activities	MWh/millions of euro	84.53

Total energy consumption of activities in high climate impact sectors compared to net revenues from these activities expresses the ratio of total energy consumption in MWh to net revenues in millions from activities in high climate impact sectors.

**Linking energy intensity relating to activities in high climate impact sectors to net revenues with financial reporting information (in thousands of euro)**

The table below shows the details of the net revenues (in thousands) used to calculate energy intensity in high impact sectors.

	2024
Net revenues from activities in high climate impact sectors used to calculate energy intensity	5,797
Net revenue (other)	0.00
Total net revenue (in financial statements)	2,876,129

It should be noted that, in the absence of sector-specific standards that have not yet been issued, the Banca Popolare di Sondrio Group has defined the net revenues reported above using the income statement items contained in the reconciliation table in the section entitled: "Linking GHG intensity to revenue and financial reporting information (in thousands of euro)".

### 2.2.3.3 Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)

#### GHG emissions (in tCO<sub>2</sub>eq)

The table below shows the greenhouse gas emissions for the Banca Popolare di Sondrio Group expressed in tCO<sub>2</sub>eq.

2024	
<b>Scope 1 GHG emissions</b>	
Gross Scope 1 GHG emissions	3,441.2
<b>Scope 2 GHG emissions</b>	
Gross Scope 2 GHG emissions (location-based)	5,804.1
Gross Scope 2 GHG emissions (market-based)	558.6
<b>Significant Scope 3 GHG emissions</b>	
Total indirect GHG emissions (Scope 3)	11,060,179.8
1. Purchased goods and services	452.6
6. Business trip	481.6
7. Employee commuting	3,714.1
13. Leasing of assets	16,117.5
15. Investments	11,039,414
<b>Total GHG emissions</b>	
Total GHG emissions (location-based)	11,069,425.1
Total GHG emissions (market-based)	11,064,179.6

Biogenic CO<sub>2</sub> emissions from the combustion or biodegradation of biomass, biofuels, biogas or other Scope 1 bioenergy sources consumed by the Group for the year were not considered material.

As far as biogenic CO<sub>2</sub> emissions from the combustion or biodegradation of biomass, biofuels, biogas or other bioenergy sources in Scope 2 and Scope 3 are concerned, these sources, and thus the related emissions, are not relevant for the sector in which our Group operates.

#### Rate of GHG intensity to net revenue

2024		
Total GHG emissions (location-based) to net revenue	tCO <sub>2</sub> eq/millions of euro	3,848.7
Total GHG emissions (market-based) to net revenue	tCO <sub>2</sub> eq/millions of euro	3,846.9

Total GHG emissions to net revenue expresses the ratio of total greenhouse gas emissions in metric tonnes of CO<sub>2</sub>eq and net revenue in millions of euro for the Group.

#### Linking GES intensity to revenue and financial reporting information (in thousands of euro)

2024	
Net revenue used to calculate GHG intensity	2,876,129
Net revenue (other)	0.00
Total net revenue (in financial statements)	2,876,129

As part of the determination of net revenues used to calculate the GHG intensity, given the absence of a specific item in the Income Statement prepared in accordance with Bank of Italy Circular No. 262 of 22 December 2005 and subsequent updates and additions, the following table illustrates the reconciliation



with the relevant items of the Consolidated Income Statement:

Reconciliation of net revenues used in Sustainability Reporting with the relevant items in the Consolidated Income Statement	2024
Item 10: Interest and similar income	2,118,032
Item 40: Fee and commission income	455,493
Item 70: Dividends and similar income	6,501
Item 80: Net trading result	124,507
Item 90: Net hedging result	2
Item 100: Gains (losses) from sales or repurchases	14,567
Item 110: Net result of other financial assets and liabilities measured at fair value through profit or loss	- 7,752
Item 230: Other operating income/expense (only positive components)	119,663
Item 250: Gains (losses) on equity investments	44,706
Item 280: Gains (losses) on sale of investments (only positive components)	410
<b>Net revenue</b>	<b>2,876,129</b>

### Methodology for determining GHG emissions: Scope 1, Scope 2 and Scope 3

This section describes in detail the methodologies used by the Group to calculate GHG emissions: Scope 1, Scope 2 and Scope 3.

With regard to the determination of emissions, it should be noted that compared to the reporting in previous years (pursuant to Legislative Decree 254/2016), the scope of consolidation has expanded significantly to include the same as that used for the consolidated financial statements, resulting in an increase in the Group's total emissions. More details on the reporting perimeters of the individual emission categories are explained later in this section.

For the determination of Scope 1 and Scope 2 emissions, actual consumption was used for all entities within the reporting boundary except for residual estimates, which are described in the appropriate methodology section. As far as Scope 3 emissions are concerned, the most significant category is number 15 (Investments), for which data from primary sources account for 18.9%.

### Scope 1 GHG emissions: direct emissions

Scope 1 greenhouse gas emissions refer to direct emissions from sources owned or controlled by the Group.

The Banca Popolare di Sondrio Group's direct Scope 1 emissions derive mainly from the fuel of the Group's own fleet of vehicles and the consumption of fuel used for heating the Group's buildings, from which greenhouse gas emissions are calculated using the latest version of the emission factors made public by DEFRA<sup>18</sup>. On the other hand, no emissions are counted for the year 2024 with respect to refrigerant gas leaks, as there are no leaks.

With regard to emissions from vehicle use, the calculation is made from consumption data for business purposes<sup>19</sup>, acquired through fuel cards (where in use) or through mileage verification. The

<sup>18</sup> Please refer to the database "UK Government GHG Conversion Factors for Company Reporting" published in 2024 by the Department for Environment Food and Rural Affairs (DEFRA). In order to quantify Scope 1 emissions, the factors presented on the 'Fuels' sheet of the database were considered in particular.

<sup>19</sup> With regard to mixed-use cars, emissions are calculated considering an average of 70% use for work purposes.

calculation is made with respect to vehicles owned by the individual Group companies<sup>20</sup>, and with respect to vehicles owned by the long-term rental company Rent2Go Srl, leased to other Group companies.<sup>21</sup> Appropriate emission factors are applied to said data, identified within the database made available by DEFRA, based on the type of fuel used, which includes Petrol and Diesel.

With reference to emissions from the heating of buildings, data collection is based on the quantity of fuel consumed, with reference to LPG, diesel and natural gas, for properties owned by Group companies.<sup>22</sup>

The calculation with respect to properties equipped with independent heating is carried out from reading consumption data from the meter or received from the supplier by means of a bill, while with respect to properties located in condominiums, equipped with a central heating system, an analysis of the expenditure or consumption allocations shared by the administration was carried out in order to trace the actual consumption where possible, and to obtain an estimate in the absence of this value. The appropriate emission factor made available through the DEFRA database is then applied to the consumption data. It should be noted that the properties in question are mostly of an instrumental nature, but include a small number of properties for residential use.

The calculation procedure for Scope 1 emissions includes the following limitations and necessary estimation actions, with particular reference to the calculation of emissions from the (central) heating of owned properties:

- Use of the most recent apportionments available, which may not correspond with the actual reporting period; these are usually obtained with reference to the heating season, but are nevertheless parametrised in order to correspond to the entire calendar year and thus to the annual reporting horizon;
- Calculation of an estimated consumption figure on the basis of expenditure breakdowns and the average consumer cost, if the consumption figure is not explicitly stated;
- Use of a repartitioned data for properties for which the repartition is not available; this is conducted from the information available for comparable properties (e.g. instrumental/residential use, geographical context), with parametrisation per square metre.

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<sup>20</sup> The companies with their own vehicles are specifically: Banca Popolare di Sondrio SpA, Banca Popolare di Sondrio (SUISSE) SA, Banca della Nuova Terra SpA, Factorit SpA, Pirovano Stelvio SpA.

<sup>21</sup> The vehicles owned by Rent2Go srl are in use by the companies: Factorit SpA, Banca Popolare di Sondrio SpA, Banca della Nuova Terra SpA.

<sup>22</sup> The properties considered are owned by the companies: Banca Popolare di Sondrio SpA, Banca Popolare di Sondrio (SUISSE) SA, Pirovano Stelvio SpA, Immobiliare Borgo Palazzo Srl, Sinergia Seconda Srl.



### **Scope 2 GHG emissions: indirect emissions**

Scope 2 greenhouse gas emissions refer to indirect emissions from the generation of energy purchased and used by the Group.

These emissions are calculated through two different approaches, 'Location-based' and 'Market-based', as defined by the GHG Protocol<sup>23</sup>.

The location-based method uses average emission factors for the regional or national energy network. This method reflects the energy mix within the specific consumption area, regardless of the organisation's specific supply choices. To calculate greenhouse gas emissions according to this approach, the reference for identifying the appropriate emission factor is the Guidelines prepared by ABI Lab<sup>24</sup>.

Instead, the market-based method involves calculating emissions by considering the point sources of energy that the organisation uses, highlighting responsible sourcing choices. For this purpose, an emission factor of zero is associated with the quantity of certified energy from renewable sources, while for the share of energy from non-renewable sources, emission factors defined on a contractual basis with the electricity supplier are used or, in their absence, a factor defined by the residual mix, i.e. the national energy mix calculated excluding renewable energy. To calculate greenhouse gas emissions according to this method, the Bank used as reference the Guidelines prepared by ABI Lab<sup>25</sup>.

Scope 2 emissions of the Banca Popolare di Sondrio Group derive from purchased electricity and district heating. The calculation is made from consumption data obtained through bills or, where available, directly from the utility company's customer portal at meter level<sup>26</sup>. The procedure for calculating energy consumption with respect to buildings located in condominiums involves estimating the condominium share by proportioning consumption with respect to the area actually occupied by the company and the total area of the condominium<sup>27</sup>.

It should be noted that district heating emissions were quantified using the database made available by DEFRA<sup>28</sup> as a reference for identifying the appropriate emission factor.

Finally, it can be noted that the majority of the electricity used comes from renewable sources with certification of origin, making the market-based Scope 2 emissions significantly lower than the location-based calculation. In particular, it should be noted that the share of renewable electricity certified through certification of origin was 48.27% of the total energy consumed during the year in question.

<sup>23</sup> Please refer to the 'Scope 2 Guidance' prepared by GHG Protocol, the internationally recognised standard for accounting and reporting greenhouse gas emissions.

<sup>24</sup> Please refer to the document "Guidelines on the Application of the European Sustainability Reporting Standards (ESRS) in Environmental Matters in Banking Operations" prepared by ABI Lab in 2024, which consider the factors defined by the Higher Institute for Environmental Protection and Research (ISPRA) in the report "Italian Greenhouse Gas Inventory 1990-2022. National Inventory Report 2024".

<sup>25</sup> Please refer to the document "Guidelines on the Application of the European Sustainability Reporting Standards (ESRS) in Environmental Matters in Banking Operations" prepared by ABI Lab in 2024, which consider the residual mixes made available annually by the AIB (Association of Issuing Bodies) in the document "European Residual Mixes".

<sup>26</sup> All of the Group's Italian companies are included in a framework agreement for the supply of electricity with a single supplier; however, some Group companies currently have procurement contracts with suppliers other than those envisaged in this agreement; specifically, there are separate bills for the real estate companies: Immobiliare Borgo Palazzo Srl, Immobiliare San Paolo Srl, Sinergia Seconda Srl, Rajna Immobiliare Srl. The collection of consumption data through the portal is possible for companies using the framework agreement, while for the remaining companies, the data is collected manually through individual bills. The company Banca Popolare di Sondrio (SUISSE) SA is included in the calculation and accounts for its own consumption independently, as it is procured through a supplier outside the framework agreement, the latter applying only to the Italian territory.

<sup>27</sup> This case study is specifically highlighted by Banca Popolare di Sondrio (SUISSE) SA.

<sup>28</sup> Please refer to the database "UK Government GHG Conversion Factors for Company Reporting" published in 2024 by the Department for Environment Food and Rural Affairs (DEFRA). In order to quantify Scope 2 emissions from district heating, the factors presented on the 'Heat and steam' sheet of the database were considered in particular.

### **Scope 3 GHG emissions: indirect emissions**

Scope 3 emissions represent the indirect greenhouse gas emissions generated along an organisation's value chain, upstream and downstream and thus, from sources not owned or controlled by the organisation itself. With reference to the GHG Protocol classification<sup>29</sup>, Scope 3 emissions are divided into 15 categories covering the entire value chain of an organisation, as explained below:

1. Purchased goods and services;
2. Capital goods;
3. Extraction of fuel and energy;
4. Upstream transport and distribution;
5. Waste generated in operations;
6. Business travel;
7. Employee commuting
8. Purchase of leased assets;
9. Downstream transport and distribution;
10. Processing of products sold;
11. Use of products sold;
12. End-of-life treatment of products sold;
13. Leasing of assets;
14. Franchising;
15. Investments.

For the year 2024, based on materiality and available data, Banca Popolare di Sondrio reports the following Scope 3 categories: 1. Purchased goods and services, 6. Business travel, 7. Home-work commuting of employees, 13. Downstream leased assets, 15. Investments. Compared to previous years, in which only categories 1, 6 and 15 were reported, for the year 2024, the Bank expanded the scope of reporting by integrating categories 7 and 13, in line with its commitment to transparency and monitoring of greenhouse gas emissions.

The main literature references used for reporting Scope 3 emissions are as follows:

- GHG Protocol - Technical Guidance for Calculating Scope 3 Emissions - Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard, World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD);
- PCAF – Partnership for Carbon Accounting Financials, the Global GHG Accounting and Reporting Standard for the Financial Industry, Second edition, Financed Emission Standard.

#### **- Category 1: Goods and Services**

Category 3.1 of Banca Popolare di Sondrio includes emissions from purchased goods and services consisting of paper, recycled paper and cardboard. For the quantification of these emissions, data on the quantities of the aforementioned goods were collected through stock records and information shared by the supplier; applied to this data were the appropriate emission factors made available within the DEFRA database<sup>30</sup>. It should be noted that the issues thus calculated refer to the Parent Company Banca Popolare di Sondrio SpA and the subsidiary Banca Popolare di Sondrio (SUISSE) SA; no data is currently available

<sup>29</sup> Please refer to the 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' prepared by the GHG Protocol, the internationally recognised standard for accounting and reporting greenhouse gas emissions.

<sup>30</sup> Please refer to the database "UK Government GHG Conversion Factors for Company Reporting" published in 2024 by the Department for Environment Food and Rural Affairs (DEFRA). For the quantification of Scope 3 Category 1 emissions, the factors presented in the 'Material use' and 'Waste disposal' sheets were considered in particular.



with respect to other Group companies, with reference to which the Bank is committed to broadening the scope of disclosure.

- **Category 6: Business Trips**

For emissions from business trips, category 3.6 includes business trips made by public transport, such as trains, planes and local public services, and by passenger cars. Starting from the expenditure items, mileage data are estimated and used to quantify emissions through the association of appropriate emission factors: for trains, planes and local public services, reference is made to emission factors in the DEFRA database<sup>31</sup>, while for cars, reference was made to the Guidelines prepared by ABI Lab<sup>32</sup>. It should be noted that the emissions calculated in this way are currently limited to the Parent Company Banca Popolare di Sondrio SpA, as there is no data available from the other Group companies sufficient to perform the calculation or produce reliable estimates.

- **Category 7: Employee commuting**

With regard to category 3.7, emissions from the transport of employees during their home-work commuting, also known as commuting emissions, are calculated. The emissions in this category were quantified from an analysis conducted by the parent company, which included a survey of employees' transport modes and the relative distances travelled. The information obtained was used to quantify, from the mileage travelled, greenhouse gas emissions, through the association of the appropriate emission factors made available within the DEFRA database<sup>33</sup>, on the basis of the different fuel types and engine capacities of the vehicles identified.

It should be noted that the calculation is currently limited solely to the Parent Company Banca Popolare di Sondrio SpA, as no similar surveys have been conducted for the other companies and the Bank therefore does not have sufficient information to perform the calculation or obtain a reliable estimate.

- **Category 13: Leasing of assets**

Category 3.13 includes emissions from Group-owned assets rented or leased to third parties.

With regard to the Banca Popolare di Sondrio Group, emissions in this category derive from the consumption of the cars owned by the long-term rental company Rent2Go Srl leased to third parties and from the consumption of the buildings owned by the Group<sup>34</sup> leased to third parties. With regard to the cars under operating lease managed by the subsidiary Rent2Go Srl, the quantification of emissions is based on the contractually agreed mileage. For cars decommissioned during the last year, the Bank used the actual mileage data to refine the accuracy of the associated emissions calculation. An emission factor based on the individual vehicle type, provided by the vehicle manufacturer, is applied to this data.

With regard to real estate units leased to third parties, the data collected refer to the consumption of electricity, district heating and heating and where available, said data is obtained from utility bills. However, as these are properties not directly managed by the Bank, the availability of detailed data is

<sup>31</sup> Please refer to the database "UK Government GHG Conversion Factors for Company Reporting" published in 2024 by the Department for Environment Food and Rural Affairs (DEFRA). In order to quantify Scope 3 Category 6 emissions, the factors presented in the 'Business travel - land' sheet were considered in particular.

<sup>32</sup> Please refer to the document "Guidelines on the Application of the European Sustainability Reporting Standards (ESRS) in Environmental Matters in Banking Operations" prepared by ABI Lab in 2024.

<sup>33</sup> Please refer to the database "UK Government GHG Conversion Factors for Company Reporting" published in 2024 by the Department for Environment Food and Rural Affairs (DEFRA).

<sup>34</sup> The properties considered are owned by Banca Popolare di Sondrio SpA, Rajna Immobiliare Srl and the Centro delle Alpi Real Estate fund.

limited, making it necessary, in part, to make an estimate based on accessible parameters and information. In particular, in the absence of direct information, estimates based on average parameters, such as the cost per consumption unit or the surface area of the building, were used, using average consumption values obtained from direct (e.g. data on similar building units) or public sources.<sup>35</sup> Appropriate emission factors were applied to the data thus obtained. Specifically, reference was made to the Guidelines prepared by ABI Lab<sup>36</sup> for the identification of emission factors for electricity, while for heating and district heating, reference was made to the emission factors in the DEFRA database<sup>37</sup>.

#### - **Category 15: Investments**

The issues relating to category 3.15 'investments' were calculated by taking into account the Bank's loan portfolio, own securities portfolio and asset management. Analyses were mainly conducted through the provision of qualified emission data from external info providers and, where available, through the retrieval of point emission data published by the counterparties themselves.

For the year 2024, the Group is able to report financed emissions for the following asset classes required by the Partnership for Carbon Accounting Financials (PCAF) reporting standards, adopting the methodologies specified therein for the categories:

- *Business loans and unlisted equity*<sup>38</sup>;
- *Listed equity and corporate bonds*;
- *Mortgages*.

The reporting of emission values for the above asset classes was based on the portfolios of the following Group companies:

Portfolio analysed	Legal Entities Reported
Credit portfolio	Parent Company Banca Popolare di Sondrio S.p.A. Subsidiary Factorit S.p.A. Subsidiary BPS (SUISSE) S.A.
Owned financial instrument portfolio	Parent Company Banca Popolare di Sondrio S.p.A. Subsidiary BPS (SUISSE) S.A.
Asset management portfolio	Parent Company Banca Popolare di Sondrio S.p.A.

N.B. The Legal Entity Banca della Nuova Terra S.p.A. is not material for the calculation of financed issues, contributing less than 1% to the Group's overall GCA.

The remaining categories identified by the PCAF were not included in the calculation, due to the following reasons: (i) for the Sovereign debt category, it was decided not to calculate financed emissions because, as of the date, they could only be estimated through high-level proxies in relation to domestic emission sources and because the calculation could lead to a risk of "double counting" of financed emissions with respect to those reported for the remaining asset classes; while (ii) the Project finance and Motor vehicle loans categories were deemed not significant with respect to the nature of the Group's activities (below the threshold of 1% of the Group's total GCA).

<sup>35</sup> Values identified from estimates published by the Regulatory Authority for Energy Networks and Environment (ARERA).

<sup>36</sup> Please refer to the document "Guidelines on the Application of the European Sustainability Reporting Standards (ESRS) in Environmental Matters in Banking Operations" prepared by ABI Lab in 2024.

<sup>37</sup> Please refer to the database "UK Government GHG Conversion Factors for Company Reporting" published in 2024 by the Department for Environment Food and Rural Affairs (DEFRA). In order to quantify Scope 3 Category 13 emissions, the factors presented in the 'Fuels' and 'Heat and steam' sheets were considered in particular.

<sup>38</sup> It should be noted that within the Business Loans and Unlisted Equity asset class, the Commercial Real Estate asset class was included.





### Business loans and unlisted equity / Listed equity and corporate bonds

The denominator of the attribution factor, for loans to companies and investments or bonds to private companies, is understood as the sum of total equity and debt of the company, as per the available company financial statements.

$$\text{Attribution factor} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Total equity} + \text{Debt}}$$

In the case of loans and investments or bonds to listed companies, the denominator of the ratio is the EVIC:

$$\text{Attribution factor} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c \text{ (EVIC)}}$$

Finally, once the allocation factor has been obtained, the financed issues of the considered portfolio are calculated in relation to the two asset class segments as follows:

$$\text{Financed emissions} = \sum_c \text{Attribution factor}_c \times \text{Company emissions}_c$$

where  $c$ =borrower or investee company

### Mortgages

With respect to secured loans and instalment advances for the purchase or financing of residential real estate, the attribution factor is calculated as the ratio of the gross exposure balance to the appraised value of the property at the origination of the loan:

$$\text{Attribution factor} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Property value at origination}}$$

where  $c$ =borrower or investee company

Finally, once the allocation factor has been obtained, the financed issues of the considered portfolio are calculated as follows:

$$\text{Financed emissions} = \sum_b \text{Attribution factor}_b \times \text{Building emissions}_b$$

where  $b$ =building

Specifically, the pollutant emission value of the individual guarantee building was calculated where possible by multiplying the CO<sub>2</sub> emission value per m<sup>2</sup> in the Energy Performance Attestation (APE) by the surface area of the building. If the actual figure was not available, emissions were estimated from the climate zone and energy class of the building.

$$\text{Financed emissions} = \sum_{b,e} \frac{\text{Outstanding amount}_c}{\text{Property value at origination}} \times \text{Estimated energy from energy labels}_{b,e} \times \text{Floor area}_b \times \text{Average emission factor}_e$$

where  $b$ =building and  $e$ =energy source.

#### *Further information*

The reference period used by the Bank for measuring indirect greenhouse gas (GHG) emissions may differ from that of the entities within its value chain, as it depends on the availability of data provided by the respective data providers. In such circumstances, the Bank shall ensure that any differences in reporting periods are clearly documented and that the effects of these differences are adequately disclosed, ensuring transparency and consistency of information on GHG emissions.

The scope 3 GHG emission categories currently excluded from the inventory are as follows:

- 3.2. Capital goods
- 3.3. Fuel and energy activities
- 3.4. Upstream transport and distribution
- 3.5. Waste generated during operations
- 3.8. Upstream leased assets
- 3.9. Downstream transport and distribution
- 3.10. Processing of products sold
- 3.11. Use of products sold
- 3.12. End-of-life treatment of products sold
- 3.14. Franchising

These categories are excluded from reporting on the basis of an assessment that considered the availability of data and irrelevance to the Bank's business. These exclusions will be reviewed periodically to ensure continuous improvement of reporting.



### 3. SOCIAL INFORMATION

#### 3.1 OWN WORKFORCE (ESRS S1)

##### 3.1.1 Impact, risk and opportunity management

###### 3.1.1.1 Policies related to own workforce (S1-1)

###### Characteristics of the Group's own workforce policies

The Group has the following internal policies to manage impacts, risks and opportunities related to its own workforce:

- Sustainability Policy;
- Code of Ethics;
- Guidelines on Diversity and Inclusion

The following is a description of the features of the "Diversity and Inclusion Guidelines" policy in accordance with the minimum disclosure requirements for the Policies (the so-called MDR-P) under ESRS 2. For a description of the MDR-P related to the Sustainability Policy and the Code of Ethics, please refer to section "2.2.2.1 Policies related to climate change mitigation and adaptation (E1-2) - Characteristics of the Group's Policies related to climate change mitigation and adaptation (MDR-P)".

###### Guidelines on Diversity and Inclusion

They establish general principles and essential implementation guidelines to promote and implement policies to foster inclusion of all forms of diversity. This approach applies regardless of: gender and/or gender expression, emotional-sexual orientation, marital status and family situation, age, ethnicity, religious belief, political and trade union membership, socio-economic status, nationality, language, cultural background, physical and mental condition, any other individual characteristic. The aim of the document is to define guidelines and key issues in diversity and inclusion, which are identified, implemented and monitored to create an inclusive working environment. This environment promotes plurality and respect for the free expression, recognition and enhancement of individual talent, guaranteeing each employee the same opportunities for professional growth and salary dynamics. Subsidiaries transpose the principles and application guidelines through a resolution of their competent body, ensuring their substantial implementation. Each company considers its own peculiarities in relation to: size characteristics, type of activity carried out, complexity and operational specificities. If the subsidiary is established abroad, it will have to comply with any constraints imposed by local jurisdictions. In the event that some of the provisions of this guide are less restrictive than local legislation, local legislation prevails.

The Board of Directors defines guidelines, targets and strategies on Diversity and Inclusion, supported by the relevant functions and supervising the implementation of the principles. The Board promotes a culture of an inclusive working environment and ensures fairness in remuneration policies.

The guidelines in this guide are consistent with the core principles on Diversity and Inclusion established at international and national level, including:

- Constitution of the Italian Republic,
- Art. 3: Equality before the law and the removal of economic and social obstacles.
- Art. 37: Equal treatment of men and women at work.
- International Declarations and Conventions:
- Universal Declaration of Human Rights (1948).

- International Covenant on Economic, Social and Cultural Rights and on Civil and Political Rights (1966).
- International Labour Organisation (ILO) Conventions, including the principles on fundamental labour rights.
- UN Conventions on the Rights of Women, the Elimination of Racial Discrimination, the Rights of the Child and the Rights of Persons with Disabilities.
- Global Principles and Sustainable Development Goals (SDGs):
- Goals related to quality education, gender equality, inclusive and sustainable economic growth and reduction of inequalities (SDG 4, 5, 8, 10).

European and Italian regulations:

- Directive 2013/36/EU of the European Parliament and of the Council;
- Legislative Decree 231/2001 (Administrative Liability of Entities);
- Legislative Decree 198/2006 (Equal Opportunities Code);
- Legislative Decree 81/2008 (Occupational Safety Act);
- Legislative Decree 179/2017 (Whistleblowing).

The main recipients of the values of this guide are employees and collaborators, with the aim of creating a working environment that fosters a harmonious environment characterised by plurality, dialogue that generates value from the confrontation between people with different characteristics, recognition and valorisation of talent, guaranteeing equal opportunities for growth and remuneration.

The Guidelines are shared with corporate bodies and functions in the various components of the Group, and are applied across all areas of Group operations.

### **Commitment to Human Rights, Diversity and Inclusion in the Group**

The Group bases its actions on respect for the human rights enshrined in the United Nations General Assembly's Universal Declaration of Human Rights as an essential requirement, protecting and promoting these rights in the conduct of its activities. The Bank adheres to the UN Global Compact and is committed to respecting and disseminating the Universal Principles relating to human rights, fair working conditions, respect for the environment and future generations, and anti-corruption. Furthermore, as a member of the UNEP Finance Initiative (UNEP FI) and signatory of the Principles for Responsible Banking, it pursues sustainable, environmentally sound development. With the awareness that each individual, company or economic operator has the responsibility to respect, protect and promote all human rights and fundamental freedoms for all, regardless of gender, ethnicity, language, religion, age, sexual orientation and gender identity, political and trade union affiliation, origin, different abilities or other special conditions, the Group has identified the enhancement of diversity and the promotion of equal opportunities as priority commitments.

The Group's commitment is formalised in the Code of Ethics and the Sustainability Policy, as well as in the Guidelines on Diversity and Inclusion: the Bank is committed to guaranteeing working conditions that respect the dignity of the individual, and to neither admitting nor tolerating forms of discrimination that are contrary to the law. To this end, it requires that acts of psychological violence or attitudes or behaviour that discriminate or harm people, their beliefs or preferences in internal or external work relationships are not allowed. Moreover, the Group insists that there be no mobbing or harassment of any kind in internal or external work relationships and has zero tolerance for reprisals against employees who complain about discrimination or harassment, or those who provide information in this regard.

In agreement with trade union representatives, a specific Committee for Equal Opportunities has been set up with the purpose of:



- identifying appropriate measures to achieve equal opportunities;
- promoting measures to facilitate the reintegration of women workers after maternity leave and to safeguard their professionalism;
- promoting initiatives aimed at eliminating any behaviour harmful to personal freedoms, including sexual harassment;
- evaluating any reports about direct or indirect discrimination at a work or professional level and making proposals on this matter.

In compliance with the contract, without prejudice to the company's organisational requirements, the Bank grants flexibility or work hour reductions to allow a better balance between personal and family needs and those of the company. Special attention is also paid to staff with severe disabilities. The HR Manager offers constant attention and support, even when staff members return to work.

The Group, in its relations with the majority of persons with whom it does business, constantly undertakes to promote equal treatment of all individuals, avoiding any discrimination on grounds of gender, gender identity or expression, affective/sexual orientation, marital status and family situation, age, ethnicity, religious belief, political and trade union membership, socio-economic status, nationality, language, cultural background, physical and mental condition and any other characteristic.

In 2022, the Regulation on Diversity in the Composition of the Board of Directors and the Board of Statutory Auditors was also drafted, a document that, in addition to incorporating the legal requirements on lesser represented gender, identifies the measures taken to ensure that the composition of corporate bodies reflects an adequate degree of diversification in terms of, inter alia, skills, experience, age, gender and international projection, in order to foster the emergence of different perspectives and points of view on matters within their competence.

In 2023, Banca Popolare di Sondrio joined, as an ordinary member, 'Valore D', the first Association of large companies created in Italy that is committed to promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talent through the enhancement of diversity. Through this partnership, the Bank was able to provide several hours of training on these topics: 2 hours for each permanent employee and 36 hours of webinars on specific topics by ESG contact persons.

Moreover, the Bank, as evidence of its growing sensitivity to these issues, signed the ABI Women's Charter, a tool available to companies to support their commitment to equal opportunities.

The Banca Popolare di Sondrio Group, aware of the growing importance of diversity and inclusion in today's working environment, has drawn up an operational plan aimed at integrating these fundamental values into its daily business practices through a series of concrete initiatives with the objective of fostering a cultural change within the organisation, promoting a fairer and more inclusive working environment.

A key aspect of the plan is the rebalancing of the current pool of candidates in the recruiting process by increasing the attractiveness of the Bank in general and towards profiles belonging to the less represented gender in particular. The Bank is determined to ensure that employment opportunities are accessible to all, regardless of their origin, gender or other personal characteristics.

This approach aims at fostering greater diversity in job profiles within the company, contributing to fairer and more inclusive representation.

Another objective of the plan is to support female employees in their parenting journey. Recognising the challenges parents face is crucial to ensure that family responsibilities can be reconciled with work demands. To this end, Banca Popolare di Sondrio is committed to offering tools and resources to support parents, creating a working environment where parents' needs are understood and respected. In line with these efforts, the Bank is also committed to ensuring that parenting choices do not represent an obstacle to career progression in the medium to long term.

The operational plan also includes the desire to understand the value elements of diversity and the expected impact, in terms of effort and benefits, on business results, and to promote ever richer, more effective, and more valuing of diversity and inclusion in work, management and leadership styles. This implies continuous training for leaders and managers so that they can manage diverse teams consciously and respectfully, creating an environment where every voice is heard and valued. It is also essential to understand the differences in experiences between female and male employees. The Bank is committed to collecting feedback and creating spaces for dialogue to listen to and address the specific needs of all employees.

The focus on inclusiveness is, in addition, demonstrated by the various initiatives planned for disabled employees, which aim to provide facilities in terms of work location, workstation and access to training.

Finally, one objective is to ensure equal pay regardless of gender and all forms of diversity, while respecting the principle of neutrality. Banca Popolare di Sondrio is committed to this principle, promoting a culture of transparency and accountability.

With these initiatives, Banca Popolare di Sondrio stands as a reference model in the sector, demonstrating that diversity and inclusion are not only ethical principles, but also fundamental pillars for business success.

### **Compliance with own workforce policies**

Its policies towards its workers comply with internationally recognised standards for its workers, including the United Nations Guiding Principles on Business and Human Rights.

Specifically, the Policies refer to the reference legislation by declaring that the Group recognises the value of the principles of responsibility and ethics, respect for human rights and protection of the environment, as outlined internationally and nationally by regulations and guidelines, including, first and foremost, the Constitution of the Italian Republic and the United Nations Universal Declaration of Human Rights.

Furthermore, the Group has adhered to the UN Global Compact since 2004, inspiring its strategy and corporate culture with the Ten Principles represented therein; since 2023, the Bank is also a signatory of the Principles for Responsible Banking.

### **Workplace accident management system**

The Group does not adopt a specific policy for the prevention of accidents in the workplace, but follows the provisions of Art. 30 of Legislative Decree 81/2008, which regulates safety in the workplace. Although it does not have a certified management system, the Group has implemented a set of operating instructions and procedures to ensure safety at work, with different control systems: line control, which is the responsibility of each of the Bank's Management Entities, and control carried out by the Internal Audit Office.

Some of the areas monitored include compliance with technical and structural standards (e.g. equipment, facilities, physical agents), risk assessment and the adoption of prevention and protection measures, the organisation of emergency and first aid activities, health surveillance, and ongoing worker training and information.

In compliance with the regulations, a safety organisation chart has been defined, with the appointment of specific figures for safety management, including the Reporting Manager, the Prevention and Protection Service Manager (RSPP), the Prevention and Protection Service Officers (ASPP), the supervisors, the fire-fighting and first aid officers, and the company doctor. The workers' safety



representatives (RLS) are elected by employees and trained through specific courses.

For the subsidiary BPS (SUISSE) AG, safety management is based on a control protocol that follows the guidelines established by the Federal Directive MSSL. This directive regulates how health and safety at work is managed, addressing aspects such as ventilation and air quality, ergonomics, stress management, working time, protective measures for specific groups (such as new mothers), environmental protection, lighting and noise management.

### **Disclosure of policies aimed at eliminating discrimination**

The Group has specific policies aimed at eliminating discrimination, including harassment, and promoting equal opportunities, and other solutions to support diversity and inclusion.

In general, within the Sustainability Policy, the Group declares its commitment to the elimination of discrimination and violence, as well as to the promotion of an inclusive work environment that can guarantee equal opportunities and ensures that no unlawful discrimination, harassment or harassment of any kind is allowed.

Specifically, in order to promote the equal treatment of all individuals, avoiding all forms of discrimination, the Group has adopted the Diversity and Inclusion Guidelines. The objective of the guidelines is to create a work environment characterised by plurality, respect and harmony, which is able to generate value from the confrontation between people with different characteristics and opinions, in which each person feels free to express themselves authentically and which allows for the recognition and enhancement of each person's talent, giving everyone the same opportunities for professional growth and salary dynamics.

As previously reported, in 2022, the Regulation on Diversity in the Composition of the Board of Directors and the Board of Statutory Auditors was also drafted, a document that, in addition to incorporating the legal requirements on lesser represented gender, identifies the measures taken to ensure that the composition of corporate bodies reflects an adequate degree of diversification in terms of, inter alia, skills, experience, age, gender and international projection, in order to foster the emergence of different perspectives and points of view on matters within their competence.

### **Disclosure of discrimination grounds covered by the policy**

The Guidelines on Diversity and Inclusion establish the general principles and essential application guidelines on Diversity and Inclusion, without distinction of gender, gender identity and/or expression, emotional-sexual orientation, marital status and family situation, age, ethnicity, religious belief, political and trade union membership, socio-economic status, nationality, language, cultural background, physical and mental conditions, or any other characteristic. The Group, considering its business activities and the countries in which it operates, has made no specific policy commitments regarding inclusion and/or actions for people belonging to groups particularly at risk of vulnerability in its workforce.

### **Specific procedures to ensure diversity, inclusion and anti-discrimination**

The Diversity and Inclusion Guidelines are implemented through specific procedures to ensure that discrimination is avoided, mitigated and addressed once detected, and to support diversity and inclusion in general. In particular:

- fairness is ensured both in personnel selection and recruitment processes and in remuneration policies, through activities aimed at eliminating all types of discrimination;
- equal opportunities are ensured through training activities aimed not only at fostering personal and professional growth and development, but also at stimulating a cultural change and a

development of competencies that encompasses aspects of diversity. In addition, people's professional development is promoted and each employee is evaluated following approaches based on objective and inclusive criteria, according to professional profile, organisational role and potential, ensuring fair managerial career paths and succession plans;

- employees are evaluated and rewarded solely on the basis of merit, thus offering opportunities for growth and development on the basis of the performance and potential expressed, without any kind of discrimination;
- the focus on welfare instruments is high: the aim is to continuously improve work-life balance, while also allowing professional growth in line with demonstrated talent and skills.

With regard to the handling of possible discrimination incidents, an internal reporting channel called 'Diversity and Inclusion' has been identified.

If such episodes should occur, the Bank structures in charge will promptly assess the report on the basis of their responsibilities and competences, also questioning the sender, the person responsible for the alleged violation and any person potentially involved, protecting those who have forwarded the reports from any kind of retaliation or act that could give rise even to the mere suspicion of constituting a form of discrimination or penalisation.

In particular, the Bank undertakes to ensure the confidentiality of the identity of the reporter, without prejudice to legal obligations.





### 3.1.1.2 Processes for engaging with own workers and workers' representatives about impacts (S1-2)

#### **Involvement of the workforce in the management of relevant impacts through direct participation or employee representatives**

The Bank attaches great importance to human resources, considering them a central element in its business. Indeed, employees are called upon to represent and put into practice the company principles, thus protecting the reputation and image of the institution, as outlined in the company's Code of Ethics. To collect the opinions of its workforce, the Bank launched an anonymous survey, divided into four thematic areas: human resources, selection and placement, welfare, equal opportunities and inclusion. This tool helps address current socio-economic challenges, such as the impact of new technologies, the difficulty of finding workers, and the need for work-life balance. The results of this survey will help to define a strategic approach to respond to these challenges, including the optimal allocation of welfare resources.

The involvement of employees in company decisions takes place mainly through internal organisational structures, but for specific issues it also makes use of trade union representation, as guaranteed by Article 39 of the Constitution, which protects the freedom of trade union association. In this context, employees can actively participate in the definition of working conditions.

Relations between the company and trade union representatives are characterised by mutual respect. In particular, meetings are organised throughout the year on the basis of company bargaining, and at the trade union's request, meetings are held to discuss topics of common interest. In addition, employee representatives were involved as stakeholders in the Dual Materiality analysis for the reporting year.

The Personnel and Organisational Models Service, which reports directly to the Managing Director, is in charge of implementing company policies on personnel management and development, including employment contracts and relations with trade union representatives.

All relations between the company and its workers are governed by the National Collective Labour Contract, which also defines the principles and procedures for dealing with issues that directly affect the well-being of employees.

In order to monitor the involvement and effectiveness of the initiatives, the Bank carried out two anonymous questionnaires for the entire staff. The results of the HR survey will provide insights into emerging socio-economic challenges, while the Mobility Survey will contribute to the measurement of greenhouse gas (GHG) emissions and the Mobility Manager's analysis of priority areas for action.

Measures to ensure inclusive participation by all employees are designed to foster the emergence of all employees' perspectives. Particular attention is paid to the most vulnerable employees, who have access to a priority channel with the Personnel Service to express needs and requests. Trade union agreements are communicated to the entire workforce to ensure transparency and involvement.

### 3.1.1.3 Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

#### Management of negative impacts and channels of communication and complaints concerning their workers

In the course of the dual materiality analysis, no significant actual negative impacts on the workforce were identified. However, the Bank has implemented an Organisation and Management Model in line with Legislative Decree 231/2001, which includes a system for reporting violations (whistleblowing) to ensure compliance with supervisory regulations. This mechanism allows employees to report violations, with the reports forwarded to the relevant corporate bodies to take the necessary corrective or disciplinary action.

Employees have access to dedicated communication channels for reporting violations of the Code of Ethics, including a specific format available via the company intranet. For reporting in accordance with Law No. 179 of 30 November 2017 (whistleblowing), an IT application has been adopted that allows for the submission of reports under Legislative Decree 231/2001.

There are no specific mechanisms for dealing with personnel-related complaints, but the procedures laid down in the Organisation and Management Model are applied. For reports on discrimination, an internal channel called 'Diversity and Inclusion' has been set up. If incidents of discrimination occur, the Bank intervenes promptly, assessing the reports and protecting whistleblowers from any form of retaliation or penalisation. The secrecy of the reporter's identity is guaranteed, unless required by law.

All employees are required to read the Policy on Reporting Violations and to comply with its provisions. The Head of the Reporting System, who coincides with the Head of the Compliance Function and DPO, is responsible for providing regular updates on the policy via the company intranet, including for subsidiaries. The Bank provides mandatory training to the entire workforce on whistleblowing. Training is provided through classroom courses, multimedia courses and specific training programmes.

The process of handling reports involves several stages of investigation. Upon receipt of a whistleblower report, the Manager sends an acknowledgement of receipt to the whistleblower and, within seven days, acknowledges receipt of the report. Reports are assessed to determine their relevance; if necessary, other corporate functions, such as the Supervisory Board, are involved to investigate further. The confidentiality of data is protected, and external consultants are involved if necessary. Whistleblower protection is guaranteed, preventing any form of retaliation. The whistleblower receives feedback within three months of the report.

There are no formal evaluation processes on workers' awareness of reporting procedures. However, mandatory whistleblowing training is a key tool to maintain awareness of these procedures.

The Whistleblowing Policy explicitly provides protections for whistleblowers and reported persons, ensuring that all procedures are handled confidentially and without discrimination or penalisation.



### 3.1.1.4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

#### Descriptions of the main actions related to the own workforce

List of main actions implemented in the reporting year	Results expected	Contribution to the achievement of policy purposes	Contribution to the achievement of policy objectives	Scope of application	Time horizons within which the company intends to complete each main action
ESG training for permanent staff	ESG training Ongoing in compliance with the targets set in the Business Plan	Promoting the professional development of the workforce, as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy		<i>Own operations</i>  Italy	Continuous action (recurring annually)
Preparation of an Operational Plan on Diversity and Inclusion	Promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy		<i>Own operations</i>  Italy	2024
Continuous membership of the D-value association and signing of the ABI Women's Charter	Promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy		<i>Own operations</i>  Italy	Continuous action (recurring annually)
Use of agile working tools and flexibility of work locations through the use of company hubs - where compatible with the work activities performed. This action was implemented in 2024 and continued in 2025.	Work-life balance, talent attraction	Facilitating the attraction of new talent and work-life balance, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy		<i>Own operations</i>  Italy	By the end of 2025 (continuous action)
In 2024, the enhancement of the monitoring system for recruitment, selection and hiring processes integrated with elements of diversity in a	Balancing the current pool of candidates, increasing the attractiveness of	Fostering the inclusion of various forms of diversity and promote gender equality as		<i>Own operations</i>  Italy	By the end of 2025

<p>broad sense (qualification, institution/university, nationality and disability) was prepared and launched (pilot). Evaluation of rebalancing actions in case monitoring indicates deviations. In 2025, BPS expects the effective implementation of the system.</p>	<p>BPS in general and particularly towards profiles belonging to the less represented gender.</p>	<p>stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy</p>		
<p>BPS conducted a feasibility study with respect to the definition of a rebranding project of the bank towards the student target group, aimed at producing benefits on recruitment activities. As part of the BPS Diversity and Inclusion Operational Plan, this action was launched at the end of 2024 and will continue in 2025, which also includes the adoption of innovative tools on so-called 'social' channels such as the use of Instagram to foster recruiting activities for young recent graduates and new graduates and to disseminate content about the bank with a view to rebranding it for diversity and inclusion purposes.</p>	<p>Balancing the current pool of candidates, increasing the attractiveness of BPS in general and particularly towards profiles belonging to the less represented gender.</p>	<p>Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy</p>	<p>Own operations</p> <p>Italy</p>	<p>By the end of 2025</p>
<p>In 2024, BPS organised a number of career guidance meetings at its partner universities, with female professionals and managers from the Bank with relevant experience in different business fields, aimed at supporting female students in planning their professional future. As set out in the Operational Plan on Diversity and Inclusion, this initiative will be continued in 2025 by extending the scope of the universities involved.</p>	<p>Fostering the attraction of new talent. Increasing the attractiveness of BPS in general and in particular towards profiles belonging to the less represented gender</p>	<p>Fostering the inclusion of various forms of diversity and promote gender equality as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy</p>	<p>Own operations</p> <p>Italy</p>	<p>By the end of 2025</p>
<p>In 2024, dependent family members of employees were guaranteed healthcare through an internal assistance fund, inspired by the principle of mutuality. The purpose of the Support Fund is to help pay for hospital and health care in general – to supplement the National Health Service – as well as for other reasons, according to the procedures established by the relative Regulation. As foreseen in the Operational Plan on Diversity and Inclusion, this initiative continues in 2025</p>	<p>Promoting employee well-being and increasing retention</p>	<p>Promotion of an inclusive working environment through welfare and work-life balance instruments, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy</p>	<p>Own operations</p> <p>Italy</p>	<p>By the end of 2025 (continuous action)</p>



In 2024, BPS provided scholarships to children or persons who can be considered employees' tax dependants. This initiative continues in 2025.	Promoting employee well-being and increasing retention	Promotion of an inclusive working environment through welfare and work-life balance instruments, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025 (continuous action)
In 2024, BPS implemented the provision to employees, for each child with a serious physical or mental handicap that affects learning as certified pursuant to Law 104/92, of a gross annual allowance of 2,300 euro. This initiative continues in 2025.	Employee well-being and the promotion of job stability	Promotion of an inclusive working environment through welfare and work-life balance instruments, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025 (continuous action)
Participation of HR Department specialists in a training programme delivered and implemented by ABI on diversity and inclusion.	Promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy		By the end of 2025 (continuous action)
In 2024, BPS arranged for specific training interventions aimed at increasing awareness on the topics of cognitive bias, unconscious stereotypes, the value of inclusive language and different communication and management styles. An expansion is planned for 2025.	Promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025 (continuous action)
In 2024, the enhancement of the monitoring system of the appointment management events and training processes was prepared and started (pilot), with specific monitoring foreseen for D&I training activities. In 2025, BPS expects the effective implementation of the system.	Promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through transparent and meritocratic processes.	Promoting the professional development of people by following approaches based on objective and inclusive criteria as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025
In the framework of the Operational Plan on Diversity and Inclusion, in 2024, BPS conducted a feasibility study with respect to the expansion	Training and professional development of employees, also with a view to	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and	<i>Own operations</i> Italy	By the end of 2025



of the Bank's training and talent management programme in order to envisage interventions to strengthen managerial skills, also with a view to enhancing gender diversity, communication styles and female leadership, through the adoption of suitable tools such as coaching, development centres, targeted coaching, business cases and rotations. This initiative is planned for 2025.	enhancing diversity and equal opportunities.	Inclusion Guidelines and the Sustainability Policy		
Designing, drafting and administering an anonymous survey with the aim of understanding employees' perceptions of the functioning of the company's processes of selection, induction of new resources, personnel management, welfare tools and valuing diversity, and inclusion and effectiveness of managerial and leadership styles. Following the preparatory study conducted and the administration at the end of 2024, BPS will analyse the findings and consequent actions in 2025	Understanding the differences in the experiences of female employees in the Bank. The findings of the survey will provide further input into the assessments of the Bank's processes, with reference to the best practices of management systems for gender equality.	Encourage listening to employees in order to create an inclusive work environment as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy.	Own operations Italy	By the end of 2025
BPS reserves specific flexibility for employees with disabilities in terms of working hours, organisational choices and territorial mobility, consistent with the different personal needs highlighted. This action, in place in 2024, is continuous in 2025.	Employee well-being and promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	Own operations Italy	By the end of 2025 (continuous action)
Where necessary, BPS provides for the adaptation of workstations to make them suitable and compliant with postural or motor disabilities. In addition, there is the provision of hardware and software equipment as well as assistive technology adapted to the specific problem of the colleague. This action, in place in 2024, is continuous in 2025.	Employee well-being and promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	Own operations Italy	By the end of 2025 (continuous action)
In face-to-face training courses where there are	Employee well-being and	Promoting the inclusion of various	Own operations	By the end of 2025



employees with sensory disabilities, the Bank provides sign language operators at its own expense. This action, in place in 2024, is continuous in 2025.	promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	Italy	(continuous action)
For colleagues already in service who, due to illness or injury, become disabled, there is individual management, adopting in agreement with the employee, any changes to the work performed, the place of work and the organisation of working hours. This action, in place in 2024, is continuous in 2025.	Employee well-being and promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025 (continuous action)
Granting all employees with disabilities specific paid leave for medical examinations related to the condition. Time schedules and/or part-time arrangements are favoured which, in connection with statutory leave, enable employees to avoid returning to work after the lunch break. This action, in place in 2024, is continuous in 2025.	Employee well-being and promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025 (continuous action)
Participation of the bank in the 'Digital diversity week' - a communication, recruiting and employer branding format dedicated to companies that want to reach the target group of people with disabilities and belonging to protected categories. This initiative, conducted in 2024, continues in 2025.	Promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talents through the enhancement of diversity.	Promoting the inclusion of various forms of diversity as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025 (continuous action)
In 2024, BPS arranged for specific training interventions aimed at developing awareness on the issues of inclusiveness and appreciation of all forms of diversity (gender, sexual orientation, religion and cultural background) through specific training interventions. An expansion is planned for 2025.	Promotion of an inclusive culture through the activation of inclusive language and behaviour in practice.	Fostering the inclusion of various forms of diversity and promote gender equality as stipulated in the Diversity and Inclusion Guidelines and the Sustainability Policy	<i>Own operations</i> Italy	By the end of 2025 (continuous action)

Verification of the gender pay gap as part of the annual review of the "Remuneration policies of the Banca Popolare di Sondrio Banking Group" and for sustainability reporting purposes (calculation and reporting of the gender pay gap indicator). This initiative, conducted in 2024, continues in 2025. With reference to the monitoring of the pay gap, it should be noted that from 2023 onwards, a specific gender pay gap report with different calculation representations defined by specific EBA guidelines contained in 'EBA/GL/2022/06' will be sent to the supervisory authority every two years.	Promotion of gender pay equality.	Pursue the goal of process fairness as set out in the Diversity and Inclusion Guidelines, the Sustainability Policy and the Remuneration Policies.	Own operations Italy	By the end of 2025 (continuous action)
Adoption of additional corporate welfare measures	Workers' well-being	Promoting the professional development of the workforce and work-life balance, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy	Own operations Italy	N/A
<b>Actions planned for the future</b>				
As part of the Operational Plan on Diversity and Inclusion, in 2025, BPS planned to prepare and disseminate to the Bank's employees a document that organically defines and clarifies parental rights and duties (leave, permits, etc.) and existing and ongoing initiatives.	Employee well-being and work-life balance.	Promotion of an inclusive working environment through welfare and work-life balance instruments, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy	Own operations Italy	By the end of 2025
In the framework of the Operational Plan on Diversity and Inclusion, in 2025, BPS planned to recognise paid leave for parents taking 'daily rests' (formerly breastfeeding) until their child's first year, enabling parents to finish work without an afternoon rest.	Employee well-being and work-life balance.	Promotion of an inclusive working environment through welfare and work-life balance instruments, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy	Own operations Italy	By the end of 2025
Within the framework of the Operational Plan on Diversity and Inclusion, in 2025, BPS planned to grant part time, to those who request it, for parents who have taken statutory leave, until their child turns 2 years old.	Employee well-being and work-life balance.	Promotion of an inclusive working environment through welfare and work-life balance instruments, as set out in the Diversity and Inclusion	Own operations Italy	By the end of 2025





As part of the Diversity and Inclusion Operational Plan, in 2025, BPS planned to deliver a training/information webinar to address parenting-related change for employees with children aged 0-5 and those about to become parents.	Employee well-being and work-life balance.	Guidelines and the Sustainability Policy		
		Promoting the professional development of the workforce and work-life balance, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy		
			Own operations Italy	By the end of 2025
As part of the Operational Plan on Diversity and Inclusion, in 2025, BPS planned to set up a training/information programme to facilitate the return from maternity leave, so as to reduce the information gap accrued during the period of absence from work	Employee well-being and work-life balance.	Promoting the professional development of the workforce and work-life balance, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy		
		Promoting the professional development of the workforce and work-life balance, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy		
			Own operations Italy	By the end of 2025
As part of the Operational Plan on Diversity and Inclusion, in 2025, BPS planned, for those who ask to return full time after a period of part time, the activation, at the employee's request, of ad hoc skill-enhancing training interventions.	Employee well-being and work-life balance.	Promoting the professional development of the workforce and work-life balance, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy		
		Promoting the professional development of the workforce and work-life balance, as set out in the Diversity and Inclusion Guidelines and the Sustainability Policy		
			Own operations Italy	By the end of 2025

### Description of the main actions related to its workforce and their progress

The Bank has undertaken a number of initiatives aimed at promoting the professional development and financial education of its employees, with an inclusive and diversified approach. The training programmes are designed to meet the needs of specific segments of the corporate population, with a particular focus on developing skills related to the banking business, but also on improving soft skills such as communication, negotiation and team management.

In 2024, the Bank launched an extensive training plan involving all levels of the company, from Board level up to Operational level, with the aim of strengthening awareness and understanding of ESG issues among employees and stakeholders. Special attention was paid to the training of ESG contact persons, with specific courses to develop skills in Diversity and Inclusion (D&I) and climate change. Ad hoc workshops were organised for ESG Specialists in the network to improve the integration of ESG factors in the credit assessment process and support branches in carrying out ESG Due Diligence activities.

In parallel, courses for all employees covered D&I, climate change, and the Bank's adhesion to the NZBA, with a specific focus on the new sustainability reporting in accordance with the provisions of Legislative Decree 125/2024. These courses aim to raise awareness and prepare employees for the practical implications of future sustainability regulations and challenges.

Training for members of the Board of Directors (BoD) and the Board of Statutory Auditors focused on the development of non-financial reporting, the Taxonomy Regulation and the Bank's credit strategy, ensuring constant updating and promoting effective communication with the structures responsible for implementing the Sustainability Plan.

The actions described testify to the Bank's commitment to strengthening the professionalism of its

workforce, making them aware of ESG issues and supporting them in the process of adapting to new regulations and challenges in banking.

### **Actions taken or planned to prevent or mitigate negative impacts on its workforce**

In the course of the dual materiality analysis, no significant actual negative impacts on the workforce were identified. However, the Bank has implemented actions to prevent and mitigate potential negative impacts on the workforce. These actions mainly concerned the preparation of the Diversity and Inclusion Operational Plan, which formalised a series of actions to protect employees. This contributes to preventing and mitigating the potential deterioration of the professional and personal dignity of employees due to a lack of corporate policies and strategies ensuring adequate working conditions, identified as a negative impact of a potential nature.

Furthermore, there were no actual major impacts that required action by the Group.

### **Description of initiatives or actions with the aim of producing positive impacts for their workforce**

The Bank has implemented several initiatives to promote the well-being, work-life balance and professional development of employees, aiming to create a positive and inclusive working environment. At Bank level, the main actions include:

1. Welfare and Economic Benefits:
  - Company productivity bonus: defined by the CCNL and the company contract, it is linked to company results, based on objective increases in productivity or company profitability.
  - Loyalty bonus: for employees with 30 years' seniority with the Bank, a financial bonus of 2,300 euro gross, as a sign of gratitude for long-standing cooperation.
  - Study bonuses: for employees completing a three-year degree (with bonus of 1,800 euro), and scholarships for employees' children or tax dependants.
  - Various contributions: the Bank provides various economic benefits, including meal vouchers, a contribution for overnight stays away from home (132 euro gross per month), a commuting contribution (132 euro gross per month), and contributions for employees with disabled children under Law 104/92 (2,300 euro gross per year).
  - Supplementary pension plan: for employees hired since 1993, the Bank offers a supplementary pension plan, with a contribution to allocate severance pay to a pension fund.
2. Healthcare and Well-being:
  - Each employee and their family members benefit from supplementary health care through an internal assistance fund, which helps cover health and hospital expenses.
  - In 2024, an additional health plan was introduced to cover the costs of hospitalisation with surgery.
  - The Company Circle (CRAL) promotes recreational and social activities, improving the company climate and supporting participation in group events.
3. Inclusiveness and parenting support initiatives:
  - Agile work and time flexibility: the Bank promotes agile work and offers flexibility in work locations, compatible with professional needs.
  - Paid leave: paid leave is provided for parents who take daily rest periods, guaranteeing the possibility of ending the working day without an afternoon break, and part-time parental leave is granted until the child is two years old.



- Support for parenting: webinars and training programmes are planned to facilitate the return from maternity leave, the integration of parenting into daily work, and the return from part-time absences.
- Support for employees with disabilities: there are specific benefits such as flexible working hours, the possibility of part-time work or the modification of workstations to meet individual needs. In addition, employees with sensory disabilities can benefit from sign language interpreters in face-to-face training courses.

Regarding BPS (SUISSE):

- Remote working and physical activity: incentives for remote working and agreements with local gyms, with the aim of promoting a healthy lifestyle among employees.
- Food and health support: promotion of a healthy and organic diet through apps and vending machines placed in the company canteen to offer healthy food choices, cover for occupational accidents, and leave time to accompany sick or injured children or parents.
- Sustainable mobility: incentives for public transport solutions (company 'Rainbow' passes), with subsidies for employees who travel in an environmentally friendly way (carpooling, shuttles, electric bicycles).
- Loyalty bonuses and meal contributions: retention of loyalty bonuses for employees and meal contributions for both residents and non-residents in the municipality.

These actions and initiatives demonstrate the Bank's commitment to providing an inclusive and fair working environment, with a constant focus on employees' well-being, professional development and work-life balance.

### **Description of how the effectiveness of actions and initiatives prepared for its workforce is monitored and evaluated**

The effectiveness of the actions and initiatives implemented by the Bank for the well-being of employees and the promotion of diversity and inclusion is closely monitored through various tools and methodologies. Among them, an important assessment is the one based on the company climate survey. This survey, conducted by means of an anonymous, online questionnaire, focuses on four key areas of human resources: selection and placement, management, welfare, and equal opportunities/inclusion. This tool makes it possible to collect direct feedback from employees on key areas of concern, monitoring possible areas for improvement. In addition, the Bank has set up a dedicated reporting channel on diversity and inclusion issues, which allows employees to safely and confidentially communicate any issues or needs, ensuring a more inclusive and responsible working environment. In order to collect quantitative data and measure the success of initiatives, several KPI (Key Performance Indicators) are also monitored. These include the staff turnover rate, which provides a better understanding of organisational stability, and the percentage of use of the various forms of welfare, which shows the level of utilisation of the support measures made available to employees. In addition, incidents of discrimination and indicators of diversity and inclusion are tracked to monitor the effectiveness of company policies in this area in real time. A further evaluation tool is the monitoring of staff placements with a focus on diversity and inclusion objectives. This makes it possible to check whether the company's policies are really helping to ensure fair and inclusive representation within the organisation. Finally, another key aspect concerns the monitoring of participation, satisfaction and effectiveness of training activities. Training sessions are evaluated to understand whether they are effectively meeting professional development needs and raising awareness of crucial issues.

In short, the effectiveness of the actions taken is evaluated through a mix of qualitative and

quantitative tools that allow direct feedback and objective data to be collected, ensuring that corporate policies are constantly evolving and adapting.

**Actions to mitigate material risks arising from impacts and depending on or to pursue material opportunities in relation to own workforce**

Several actions implemented and planned by Banca Popolare di Sondrio contribute to pursuing opportunities relevant to the company in relation to its own workforce.

In particular, within the scope of the Diversity and Inclusion Operational Plan, there are actions dedicated to recruiting and rebranding (e.g. use of agile work tools, strengthening of the monitoring system of recruiting processes aimed at favouring inclusiveness, involvement of students), to the promotion of job stability (e.g. support for parenthood, welfare systems), to the promotion of inclusiveness and fair professional development (e.g. equal pay, inclusion of disabled staff), all of which contribute to seizing opportunities to improve corporate reputation, stakeholder trust and increase the attraction of talent. The management of relevant impacts takes place through the involvement of all corporate functions deemed relevant to the individual impact, which, in close cooperation, define the actions to be implemented and the resources to be allocated.

In this context, through the actions described, the Bank also aims to mitigate potential negative impacts on its workforce by adopting inclusive policies, professional development initiatives and sustainable solutions.

**Relation between significant CapEx and OpEx needed to implement actions taken or planned**

No significant Capex and OpEx needed to implement the actions taken or planned were identified.



### 3.1.2 Metrics and targets

#### 3.1.2. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

##### Monitoring of policies and actions through targets related to own workforce

Description of the relation between policy target and targets	Target to be reached	Target scope	Reference (base) value	Reference (base) year
The target contributes to fostering women's development and gender equality, objectives pursued by Banca Popolare di Sondrio, as set out in the Sustainability Policy and the Diversity and Inclusion Guidelines and through the implementation of the Diversity and Inclusion Operational Plan.	45%	Company Activities		

Period to which the target applies	Target (Intermediate) 1 Specify if: 6M/4M/3M/2M	Target (Intermediate) 2 Specify if: 6M/4M/3M/2M	Target (Intermediate) 3 Specify if: 6M/4M/3M/2M
2025	Not envisaged	Not envisaged	Not envisaged

Banca Popolare di Sondrio, in defining its objective of reaching 45% of hiring of resources belonging to the less represented gender on the total hiring by 2025, conducted a context analysis, comparing its situation with that of its main peers in terms of the evolution of the number of employees by gender over the last 4 years. Although it does not provide for direct involvement of stakeholders, including employees and their representatives, in the definition of this target, it nevertheless contributes to generating positive impacts and relevant opportunities through the involvement of stakeholders in the dual materiality assessment process.

The target has been set for the year 2025, so there are currently no services to report. Accordingly, monitoring arrangements and any lessons or improvements resulting from performance involving its workforce and their representatives will be reported in 2025.

### 3.1.2.2 Characteristics of the undertaking's employees (S1-6)

#### Number of employees by gender (in number of persons)

Gender	2024
Woman	1029
Man	2691
Other	0
Not reported	0
<b>Total employees</b>	<b>3720</b>

#### Number of employees by country (in number of persons)

Country	2024
Italy	3342
Switzerland	357
Principality of Monaco	21
<b>Total</b>	<b>3720</b>

#### Number of employees by gender and contract type (in number of persons)

	Women	Man	Other	Not reported	Total
	2024	2024	2024	2024	2024
<b>Number of employees</b>	<b>1029</b>	<b>2691</b>	<b>0</b>	<b>0</b>	<b>3720</b>
Number of permanent employees	1002	2667	0	0	3669
Number of fixed-term employees	27	24	0	0	51
Number of variable-hour employees	0	0	0	0	0

#### Employee turnover rate

The number of employees leaving the Banca Popolare di Sondrio Group in 2024 is 225. During the same period, the employee turnover rate was: 6%

Details are provided below of employees terminated:

On a voluntary basis	112
Due to dismissal and contract expiry	71
Due to retirement	37
Due to death	5

#### Description of the calculation methodologies used

The number of employees is given as the point in time at the end of the reporting period. Section 12 of Part C of the Consolidated Notes shows, in addition to the punctual number of employees at 31 December 2024, which coincides with the number shown in this section, the average number of employees for 2024.

The difference between the exact number of employees as of 31 December 2024 and the average number for the period is mainly due to the different counting of part-time workers and seasonal workers in the subsidiary Pirovano Stelvio SpA.

The turnover rate was calculated as the ratio between employees who left during the period and



the total number of employees at the end of the period, while the number of deaths reported above is not related to work activity.

It should also be noted that employees terminated due to dismissal also include those cases for which the fixed-term employment relationship is not renewed at the end of the period (e.g. 21 seasonal workers of Pirovano Stelvio SpA). In this regard, as regards Banca Popolare di Sondrio SpA, of the 35 fixed-term contracts that expired in 2024, 27 were re-hired and only 8 were not renewed.

### 3.1.2.3 Collective bargaining coverage and social dialogue (S1-8)

#### Employee coverage rate by region covered by collective labour contracts and workers' representatives

Coverage rate	Collective bargaining coverage (2024)		Social dialogue (2024)
	Employees - EEA	Employees - non-EEA	Coverage represented workers (EEA only)
0-19%	-	-	-
20-39%	-	-	-
40-59%	-	-	-
60-79%	-	-	-
80-100%	Italy	Switzerland, Principality of Monaco	Italy

All Banca Popolare di Sondrio Group employees are covered by collective bargaining contracts. The total percentage of employees covered by employee representatives is understood as the percentage of employees who can actually make use of employee representatives (i.e. trade unions) and not the actual percentage of membership.

### 3.1.2.4 Diversity metrics (S1-9)

#### Distribution of employees by age group

Number of employees	2024	
Less than 30	767	21%
Between 30 and 50	1787	48%
Over 50	1166	31%
<b>Total</b>	<b>3720</b>	<b>100%</b>

#### Gender diversity of employees at management level

Number of employees at management level	2024	
Woman	0	0%
Man	16	100%
Other genders	0	0%
No data	0	0%
<b>Total</b>	<b>16</b>	<b>100%</b>

The number of employees at management level is given as a headcount at the end of the reporting period.

In drawing up the table on gender diversity among members of senior management, in accordance with RA 71 of ESRS S1-9, the definition of senior management was used as the first and second level below the administration and control bodies. Specifically, for Italian companies, this term refers to the members of the general management, the so-called c-levels and those equivalent to them in terms of signatory power, whereas for BPS (SUISSE) the term refers to the general management.

### 3.1.2.5 Adequate wages (S1-10)

All Banca Popolare di Sondrio Group employees receive an adequate salary in line with the applicable benchmarks (i.e. collective bargaining).

### 3.1.2.6 Health and safety metrics (S1-14)

#### Health and safety services

Employees	
2024	
Percentage of its workers covered by a health and safety management system based on legal requirements and (or) recognised standards or guidelines	100%
Number of deaths in the workforce due to occupational accidents and diseases	0
Number of recordable occupational accidents for its workforce	24
Rate of recordable occupational accidents for its workforce	4.1

No deaths among its workforce due to work-related injuries and illnesses were recorded during the reporting period. It should also be noted that the number of occupational accidents recorded for its workforce also includes so-called commuting accidents. The occupational accident rate, which, as communicated above, also includes so-called commuting accidents, was calculated in accordance with RA 89 of ESRS S1-14, i.e. by multiplying the number of recordable accidents by 1,000,000 for its workforce and dividing it by the total number of hours worked. This rate thus represents the number of corresponding cases per one million hours worked.

### 3.1.2.7 Compensation metrics (pay gap and total compensation) (S1-16)

#### Gender pay gap

2024	
Gender pay gap	20.78%

The ratio of the highest paid person's annual total remuneration to the median annual total remuneration of all employees is 29.26.

With regard to the man-woman pay gap, the indicator was defined at consolidated level as the difference between the average pay levels paid to female and male workers (gross hourly earnings), expressed as a percentage of the average pay level of male workers.

In the determination of the remuneration metrics, in accordance with RA 101 of ESRS S1-16, the fixed remuneration portion, including non-monetary benefits (e.g. benefits, policies, supplementary pension, health care fund) and the variable portion pertaining to the past year received in 2024 were





considered.

With regard to the conversion of the salaries of the subsidiary BPS (SUISSE) from the Swiss franc to the euro, the exchange rate used by the European Commission for financial planning and budgeting for December of the reference year was taken into account.

### 3.1.2.8 Incidents, complaints and severe human rights impacts (S1-17)

#### Human rights incidents

	2024
Number of incidents of discrimination	0
Number of complaints submitted through channels to allow workers to raise concerns	0
Number of complaints submitted to OECD national contact points for multinational enterprises	0
Amount of material fines, penalties and damages resulting from violations concerning social and human rights factors	0
Number of serious human rights problems and accidents related to own workforce	0
Number of serious human rights problems and incidents related to own workforce that violate the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	0
Amount of material fines, penalties and compensation for serious human rights problems and work-related incidents	0

There were no incidents of discrimination and no serious human rights incidents related to the company's workforce during the reporting period.

## 3.2 AFFECTED COMMUNITIES (ESRS S3)

### 3.2.1 Impact, risk and opportunity management

#### 3.2.1.1 Policies related to affected communities (S3-1)

##### **Characteristics of the Group's policies related to affected communities**

The Group has the following internal policies to manage impacts, risks and opportunities related to affected communities

- Sustainability Policy;
- Code of Ethics;

For a description of the MDR-P related to the Sustainability Policy and the Code of Ethics, please refer to section "2.2.2.1 Policies related to climate change mitigation and adaptation (E1-2) - Characteristics of the Group's Policies related to climate change mitigation and adaptation (MDR-P)".

##### **Description of human rights policy commitments for affected communities**

The Group recognises the value of the principles of responsibility, ethics and sustainability, respecting international and national regulations and guidelines, including the Constitution of the Italian Republic and the United Nations Universal Declaration of Human Rights. It has also adhered to the UN Global Compact since 2004, drawing inspiration for its strategy and corporate culture from the Ten Principles set out therein.

Respect for human rights is also expressed in the following documents:

- Code of Ethics: which recognises the importance of the principles of responsibility and ethics, including respect for human rights and environmental protection, in line with international and national regulations. In addition, the Code enshrines a commitment to the promotion of diversity and inclusion, with a focus on gender equality and combating discrimination and psychological violence in labour relations.
- Sustainability Policy: which defines respect for human rights as a prerequisite and is committed to promoting gender equality and valuing diversity. The Policy provides for the respect of human rights also in relations with partners and suppliers, through the inclusion of specific contractual clauses.
- Organisation, management and control model (Legislative Decree 231/2001): which provides for specific measures to ensure that all company activities are conducted with respect for the dignity and rights of every individual, promoting a fair and inclusive working environment. In summary, the Group ensures that respect for human rights is an integral part of its corporate culture and practice, extending this commitment to all business relationships, including partners and suppliers.

##### **Disclosure of the overall approach in relation to engagement with affected communities**

The Group implements constant action to promote dialogue with communities, with particular regard to their constituent structures, made up of families and small and medium-sized enterprises. Consistently, it develops initiatives to support them that have a positive impact on quality of life, employment, investment, skills development, and personal and social relationships.

The Bank's traditional closeness to the territory and its strong corporate strength made it possible, in contrast, to open five branches: Trieste, Conegliano (TV), Turin, Pordenone and Còlere (BG).

In 2024, the Group again made contributions in several directions in response to various projects, providing important support to situations with particularly social and geopolitical significance. The Group's



donations are intended to generate added value that can amplify the benefit obtained by their recipients via small virtuous spirals that self-perpetuate. The approach to these requests is to listen to a variety of specific questions, rather than focusing on high-profile initiatives. In fact, the identification of deserving subjects does not start from a mere budget analysis, but listens to the requests coming from the network, keeping the ceiling monitored so as to collect as many praiseworthy applications as possible. Therefore, multiple requests have been satisfied, submitted in particular by subjects closely linked to the Community of reference, such as retirement homes, welfare, humanitarian and voluntary, recreational and religious organisations; by schools of all levels, by cultural, artistic and musical associations. Charitable actions include in particular the incentive to raise funds for hospitals and Third Sector organisations, which, among other things, carry out research activities in the medical and scientific fields. When approving the distribution of the year's profit, the Bank allocates a sum to be used for charitable donations, which are assessed by a specific Charity Commission that meets, except in special cases, on a weekly basis.

Support for the community also took the form of organising and sponsoring cultural and sporting initiatives, including the collaboration with FEduF - Foundation for Financial and Savings Education, thanks to which the Bank organised discussions with students from a number of first and second grade schools on topics such as the circular economy, conscious management of resources and financial education.

Operating with prudence, professionalism and commitment, in favour of the territories and the Community has been the practice followed by the Bank since its origins: this approach has allowed and continues to allow the achievement of profits even in particularly challenging economic circumstances.

### **Human rights policies: corrective measures, international compliance and non-compliance management**

As part of the dual materiality analysis for the reporting year, no adverse human rights impacts attributable to the Group's activities were identified; the Bank has policies in place to operate in accordance with the law and to mitigate the risks of exposure to adverse human rights impacts in the course of its activities.

Furthermore, no cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, involving affected communities, have been reported in the upstream and downstream operations of the value chain.

### 3.2.1.2 Processes for engaging with affected communities about impacts (S3-2)

The business model of Banca Popolare di Sondrio is focused on monitoring and listening - through its network of branches - to the communities in which it typically operates. The approach with the communities, which request a donation or sponsorship to the Bank and their involvement, is not formalised internally. Therefore, there may not always be direct contact with the affected communities. If so, their views are duly taken into account in the company's decision-making towards them.

It may happen that representatives of the institute, at all levels, or colleagues, are part of or have direct knowledge of particular situations and bring these realities to the attention of those who then have the task of assessing whether and how the institute can intervene to support them. It is not unusual for the staff in charge to meet with requesting organisations/associations, etc. to better understand the needs and find the best way to intervene.

Involvement can take place both at the moment when representatives of the requesting body seek direct contact with the Bank, often the staff of the branch closest to where they work, who then forward any requests accompanied by their opinion to the relevant offices at headquarters, and at the final stage, i.e. when delivering the donation or sponsorship approved by the relevant bodies.

As already mentioned, direct contact with the executives of the requesting party is not always envisaged, in most cases requests are received in writing directly to the institute General Management or the relevant offices

The participation of Bank Managers and/or Representatives in inaugurations or events of various kinds, or demonstrations to which the Bank has provided its support, is often foreseen, so as to be able to bring the Bank's closeness and evaluate in the field the effectiveness of what has been done.

The Bank takes targeted measures to gather the views of communities that are particularly vulnerable to impacts or marginalised, demonstrating concrete attention to their needs. In particular, by supporting initiatives such as donations to the Mensa dei poveri di Sondrio (Sondrio soup kitchen) and financing events organised on the occasion of the International Day for Violence against Women, the Bank not only intervenes directly in situations of distress, but also encourages moments of listening and awareness. These actions help to establish a dialogue with vulnerable communities, gathering valuable information on their needs, in order to effectively target their activities towards the affected communities.



### 3.2.1.3 Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)

#### Managing and communicating community concerns: transparency, reporting channels and effectiveness monitoring

The company takes a proactive approach in addressing any material negative impacts on affected communities. Although the Bank is not considered to have ever caused significant damage to communities, it continues to intervene positively, gaining appreciation from those who have benefited from the interventions. If impacts are identified, measures are put in place to remedy them. Affected communities can easily raise concerns through various channels, including direct mail, e-mail (on the corporate website: [info@popso.it](mailto:info@popso.it)), local branches and a whistleblowing web application, 'Comunica Whistleblowing', no longer accessible from the corporate intranet, but available on the Bank's website at <https://www.popso.it/home>. This system ensures transparent handling of reports, offering the possibility of maintaining anonymity for specific reports, such as those related to anti-money laundering legislation. Requests received are carefully examined and each reporter receives an appropriate response. Although there is no formalised monitoring system, the company examines all requests received and undertakes to respond in a timely manner. There are no specific questionnaires to measure community awareness or trust in reporting channels, however, the Group ensures clear communication and provides support through branches to facilitate access to such tools.

Currently, the Bank does not have specific formalised policies to protect against retaliation, but all requests are treated confidentially, and there has never been any case of retaliation against anyone who has raised concerns.

### 3.2.1.4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4)

List of main actions implemented in the reporting year	Results expected	Contribution to the achievement of policy purposes	Contribution to the achievement of policy objectives	Scope of application	Time horizons within which the company intends to complete each main action
Intensification of territorial presence	Strengthening the Group's activities with positive impact on the local area and community			Own operations  Italy	Continuous action (recurring annually)
Training for Italian companies operating in international contexts	Disseminating clear and up-to-date information on the opportunities offered by foreign markets, but also helping Italian companies to open new business channels			Own operations  Italy	Continuous action (recurring annually)
Donations in favour of charitable, humanitarian and voluntary	Generating added value that amplifies the benefit obtained by			Own operations  Italy	Continuous action (recurring annually)

organisations, cultural and artistic associations, recreational organisations, music associations, schools, public and religious organisations, trade and various associations	recipients through small virtuous circles that self-generate.		
Solidarity current account	Support AIRC, UNICEF, AVIS, AISLA, ADMO	<i>Own operations</i> Italy	Continuous action (recurring annually)
Sponsorships for cultural and recreational associations, trade associations, schools and religious associations, sports associations and miscellaneous.	Supporting the Community through advertising contributions	<i>Own operations</i> Italy	Continuous action (recurring annually)
Organisation of public meetings with leading figures from both the financial sector and, more generally, the cultural scene	Cultural promotion	<i>Own operations</i> Italy	Continuous action (recurring annually)
Opening of historical BPS buildings and offices	Cultural promotion	<i>Own operations</i> Italy	Continuous action (recurring annually)
Art and culture event 'la Milaneseana'	Cultural promotion	<i>Own operations</i> Italy	Continuous action (recurring annually)
Publication of 'il Notiziario' (Newsletter) magazine	Cultural promotion	<i>Own operations</i> Italy	Continuous action (recurring annually)
<b>Actions planned for the future</b>			
Activities under the Sustainability Plan 2025-2027	Positive impacts on communities	<i>Own operations</i> Italy	Q4 2027

### Information on the progress of actions or action plans

Below is information on the progress of actions reported in previous periods.

During 2024, the Group continued and expanded its actions in line with its action plans, with the aim of having a positive impact on the communities and territory in which it operates. Donations and sponsorships continued to respond to a variety of projects, with a particular focus on social, cultural and health initiatives. Contributions went to charities, retirement homes, schools, cultural, musical and religious associations, as well as hospitals and foundations. The main destinations of donations include the AIRC Foundation for Cancer Research, the Italian UNICEF Committee, the Association of Italian Blood Volunteers (AVIS) and other organisations working in the field of research and social welfare. In addition, the bank confirmed the possibility for account holders to allocate a portion of the average annual balance of their 'Solidarity' accounts to charitable projects, with a total of approximately 91,000 euro earmarked for these initiatives in 2024.



On the territorial expansion front, the Group continued to strengthen its presence in north-eastern Italy, with the opening of new branches in Trieste, Conegliano Veneto (TV), Turin, Pordenone and Colere (BG). These new branches are in addition to the approximately 30% of access points located in municipalities with less than 5,000 inhabitants, reinforcing the Bank's commitment to offer banking services in less populated areas as well, fostering local development and sustainable community growth.

In the training sector, the Group organised numerous meetings for Italian companies operating abroad, with the aim of strengthening the competitiveness of companies in international markets. In 2024, 15 training events were held, involving some 1,855 participants, dealing with foreign trade issues, opportunities in the various international markets and support for the internationalisation of companies.

The Bank continued its commitment to culture, organising meetings with leading figures from the financial and cultural sectors, including a lecture by the Honourable Giancarlo Giorgetti, Minister of Economy and Finance. In addition, it renewed its support for the cultural event 'La Milanese' and published the magazine 'Il Notiziario', a four-monthly publication that deals with various topics, with a section dedicated to environmental issues, in order to raise its readers' awareness of sustainability and ecological transition.

Finally, the Bank joined the 'Invitation to the Palazzo' initiative to open the doors of its historical premises, allowing the public to discover the Bank's artistic and cultural heritage. These events, which include exhibitions and guided tours, were another means of promoting culture and connection with the territory.

In summary, the actions of the Banca Popolare di Sondrio Group in 2024 aimed at strengthening its commitment to the community, promoting solidarity, territorial expansion, education, culture and sustainability. All these activities were carried out with the aim of generating a positive and lasting impact on the territory and the community.

### **Managing community impacts and opportunities: actions, monitoring and social responsibility**

Through the dual materiality analysis, the Bank found no significant negative material impacts on the affected communities. Consequently, no specific actions were necessary to remedy these impacts. However, the Bank is always ready to monitor and manage any unforeseen events and any negative impacts, if identified in the future, will be handled with the utmost care to prevent damage to communities.

The Bank is actively committed to generating positive impacts for local communities through concrete initiatives. In 2024, numerous actions were implemented with the aim of promoting social inclusion, economic growth and community welfare. These actions strengthen the Bank's link with the territory, helping to improve the trust of its stakeholders and generate new business opportunities.

The effectiveness of the actions undertaken is continuously monitored through the use of specific KPI (performance indicators), which measure the number of beneficiaries and participation in activities. The Bank collects feedback during dedicated events and through the daily relationship between branches and customers to ensure that actions are effective and adequately respond to community needs. Quarterly, the progress of the initiatives in the Sustainability Plan is monitored and the results are shared with the relevant structures and sustainability governance to ensure continuous improvement of practices.

Although no material adverse impacts on communities have been identified, the Bank maintains a proactive approach to monitoring potential risks arising from its operations, using strict internal policies to ensure that its activities do not contribute to community harm. The Bank is committed to assessing the counterparties with which it enters into relations, excluding those that might be responsible for human rights violations or other harmful activities.

The Bank recognises that supporting local communities is not only a commitment to social



responsibility, but also a great opportunity to improve its role in the economy and society.

No serious human rights problems and incidents were reported in relation to the affected communities.

However, potential material impacts are managed through an integrated approach involving the entire Bank structure. The entire system, coordinated between headquarters, offices and branches, ensures effective and consistent management of situations that might arise, allocating adequate resources to identify, prevent and mitigate potential impacts.

**Relation between significant CapEx and OpEx needed to implement actions taken or planned**

No significant Capex and OpEx needed to implement the actions taken or planned were identified.





## 3.3 CONSUMERS AND END USERS (ESRS S4)

### 3.3.1 Impact, risk and opportunity management

#### 3.3.1.1 Policies related to consumers and end-users (S4-1)

##### **Characteristics of Group Policies related to consumers and end users**

The Group has the following internal policies and regulations to manage consumer and end user impacts, risks and opportunities:

- Sustainability Policy;
- Code of Ethics;
- Company regulation on the protection of personal data;
- Regulation for the use of workstations and IT services.

The following is a description of the characteristics of the 'Company regulation on the protection of personal data' and of the 'Regulation for the use of workstations and IT services' in accordance with the minimum disclosure requirements relating to the Policies (so-called MDR-P) under ESRS 2. For a description of the MDR-P related to the Sustainability Policy and the Code of Ethics, please refer to section "2.2.2.1 Policies related to climate change mitigation and adaptation (E1-2) - Characteristics of the Group's Policies related to climate change mitigation and adaptation (MDR-P)".

##### **Company regulation on the protection of personal data**

This Regulation formalises, with regard to the operational compliance obligations of the Banca Popolare di Sondrio Banking Group, the general principles and application lines for the protection of the natural persons for whom personal data are processed, in compliance with the provisions of Regulation (EU) 2016/679 of 27 April 2016 on the protection of individuals with regard to the processing of personal data - General Data Protection Regulation, hereinafter "GDPR" -, in force since 25 May 2018, and related EU and national provisions.

In this regard, specific Group policies are aimed at:

- defining the organisational model and business processes for the protection of personal data;
- effectively implementing the principles of data protection, identifying the players involved and their roles in the related processing activities;
- identifying the technical and organisational measures aimed at ensuring the processing of personal data in accordance with the GDPR, updating and revising these measures as necessary;
- identifying the documentary support for the protection of personal data;
- establishing roles and control activities that ensure proper application of the data protection regulations.

The Regulation applies to all companies in the Banking Group - by regulatory definition data controllers - that process personal data directly and/or through third parties. It therefore applies accordingly to all organisational units and employees of the data controller who, within the scope of their respective roles, process personal customer data. The creation of the regulatory framework for the management of risks related to the processing of personal data is the responsibility of the parent company; the principles expressed therein apply at the consolidated level. The Parent Company provides the necessary guidelines to ensure the consistency of the decisions taken by the individual Group Companies and coordinates the process of managing and controlling risks of this kind, verifying compliance with the relevant legislation and the implementation of the provisions of this Regulation.

The Regulation, validated, in respect of the Parent Company, by the Head of the Data Management

and Protection Office, the CIOO and the Data Protection Officer (hereinafter the 'DPO'), are submitted to the Board of Directors for examination and approval, on the proposal of the Managing Director. A similar procedure is adopted by Banking Group Companies.

The relevant legal framework is Regulation (EU) 2016/679 of 27 April 2016 - GDPR-General Data Protection Regulation - on the protection of individuals with regard to the processing of personal data and on the free movement of such data. Activities are currently underway by the competent national bodies to define the internal regulations to comply with the provisions of the GDPR (an outline of a legislative decree is currently available), regulations that, among other things, will intervene, in the manner to be established and published, with regard to the contents of Legislative Decree No. 196/2003 (Privacy Code). In addition, the guidelines of the Working Party 'WP 29', in which national supervisory and data protection authorities participate, apply to specific areas, such as:

- WP 242 guidelines on the right to data portability;
- WP 243 guidelines on data protection officers (DPO);
- WP 248 guidelines on data protection impact assessment as well as criteria for determining whether a processing operation may present a high risk under the GDPR;
- WP 250 guidelines on notification of significant personal data breaches;
- WP 251 guidelines on the profiling process;
- WP 253 guidelines on the application and provision of administrative fines;
- WP 260 guidelines on transparency.

After approval by the Board of Directors, the Operational Control transmits the Regulation to the Group Companies, for the transposition of the related risk management guidelines arising from the processing of personal data, and to the Bank structures involved in the specific process.

### **Regulation for the use of workstations and IT services**

The Regulation for the use of workstations and IT services defines the rules for the use of workstations and IT services in Banca Popolare di Sondrio, in order to guarantee the security of information and of the IT resources used for their processing, and represents one of the detailed documents of the "Information Security Policy" approved by the Board of Directors in February 2015, pursuant to Circular No. 285: "System of Internal Controls, Information System, Business Continuity and Liquidity Risk Governance and Management" - 11th Update of 21 July 2015 (as per 263/2006). The purpose of this document is to formalise the rules and expected behaviour for the correct use of IT resources in the context of work activities in order to:

- ensure the security, integrity, availability and confidentiality of data processed in proportion to the criticality of the data, whether personal and/or financial data of customers, employees and/or other stakeholders;
- avoid fraud;
- avoid costly and/or disruptive incidents;
- comply with applicable laws and regulations;
- prevent bank resources and information from being misused;
- avoid litigation with third parties for illegal or malicious acts committed through the use of Bank resources;
- maintain the trust of customers, partners, shareholders and institutions in relation to the products and services provided, reliability and efficiency.

The document applies to and is communicated to all personnel and third parties involved in the management of information and components of the information system of Banca Popolare di Sondrio on



the basis of an employment, internship or apprenticeship relationship or a supply or service contract. This therefore includes all third parties (partners, suppliers, consultants, outsourcers) who in various capacities:

- access information processing devices owned or available to the Bank;
- operate devices and processing systems where such information resides;
- operate devices and systems that enable the Bank to provide services;
- are authorised to connect their devices to the corporate network, through appropriate verification and control methods, and who, albeit in a limited manner, access the Bank's resources and services to perform their duties.

The preparation and updating of this document is the responsibility of the Information Security function. Approval is the joint responsibility of the Deputy SOSI and Security Directorate, the Head of the Personnel Service, after sharing the inspection and compliance functions. The Detailed Operating Regulation is periodically reviewed to ensure their adequacy to the continuously changing economic, regulatory, technological and market context. The Regulation has been drawn up in compliance with the applicable regulations and, in particular, with EU Regulation No. 679/2016, the so-called GDPR and the Privacy Code, the Measures subsequently issued by the Supervisory Authority and the Workers' Statute (Law No. 300 of 20 May 1970), and constitutes adequate information on how to use the tools in question, and how to carry out controls. The operational instructions and organisational guidelines contained in this document are consistent with the guidelines defined and applied through the BPS Information Management System, certified ISO27001. This document is circulated to all the Bank's employees, keeping track of their acknowledgement and acceptance of it through the usual computer channels (Cristallo corporate portal - Documents Section). The document is also sent to all external collaborators working occasionally or permanently at the Bank's facilities and using its IT resources, who sign it for acknowledgement and acceptance and return it to their respective internal representatives responsible for contracts/orders. The same recipients shall be promptly made aware of changes and updates to this document through appropriate information and training activities.

### **Description of human rights policy commitments relevant to consumers and end users**

The Group adopts principles of responsibility and ethics, recognising the importance of fairness, transparency, diligence and professionalism in its relations with customers. The Group's Code of Ethics stipulates that each operator is committed to protecting not only the interests but also the rights of customers, specifically addressing information asymmetries in the products and services offered. This implies a constant effort to ensure that customers are well informed and have the freedom to choose for themselves, without improper influences.

Human rights management is integrated into daily business practices, including through procedures for verifying the identity of customers, to avoid fraudulent activities and to promote the proper use of the banking system. Employees are trained and committed to these regulations, contributing to the creation of an environment of trust and responsibility. Furthermore, the Group is committed to ensuring adequate customer care, not only to facilitate the use of products and services, but also to ensure that economic conditions are clear and understandable to all consumers.

Respect for customers' privacy and the protection of their data are top priorities for the Group, which takes all necessary measures to safeguard sensitive information. In this context, the Group ensures that all transactions are carried out in compliance with applicable regulations, with particular attention to the respect of consumers' rights and their protection at every stage of the banking relationship.

### **Alignment with international human rights standards**

The Group is committed to respecting and promoting the principles of responsibility, ethics, human rights and environmental protection, aligning itself with international regulations and globally recognised guidelines. At national level, it refers to the Constitution of the Italian Republic, while at international level, it is inspired by the UN Universal Declaration of Human Rights. Furthermore, the Group has been a member of the UN Global Compact since 2004, and its business strategies are guided by the Ten Principles of that initiative. Consumer and end user policies comply with international standards, including those set by the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Rights and Principles at Work and the OECD Guidelines for Multinational Enterprises. The Group has found no violations of these principles within its value chain, demonstrating its ongoing commitment to adherence to these international standards.

#### **3.3.1.2 Processes for engaging with consumers and end-users about impacts (S4-2)**

Banca Popolare di Sondrio has not adopted a formalised process to involve consumers and/or end users to guide its decisions or activities. In any case, on several occasions it involved the aforementioned players in order to better understand their needs in the production of products and services dedicated to them. For instance, as part of the creation of the SoPOP Account, the Bank carried out a (qualitative and quantitative) survey on the student world. The results provided a wealth of useful information, proving fundamental to the study and realisation of the product in question.

Furthermore, the "Òminà" operating system has the capacity to ensure the adequacy and compliance of the Bank's internal processes with national (Bank of Italy) and European (EBA) provisions regarding product governance. Furthermore, through the use of Artificial Intelligence, this technological solution not only analyses customer and product data history, but also suggests customer-product opportunities that are consistent in terms of characteristics, costs and risks.

#### **3.3.1.3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)**

The Group strives daily to provide a quality service to customers, paying the utmost attention to the execution of transactions in order to avoid misunderstandings or errors. In the event of incidents, the relevant structures work together to solve the problems in order to prevent complaints or grievances.

With regard to banking and insurance services, the management of complaints is entrusted to the Legal and Regulatory Advice office; the same structure also handles complaints for which customers have filed an appeal with the Financial Banking Arbitrator (ABF), with regard to banking services, or with IVASS (Institute for the Supervision of Insurance), with regard to insurance services. In particular, as regards the subsidiary Banca della Nuova Terra, it should be noted that the Complaints Office has been identified within the Secretariat, Legal and General Affairs Service.

The new unit handles complaints and appeals to the ABF independently of the company departments responsible for marketing banking services and products, in accordance with specific and consolidated internal procedures that correctly identify the activities, roles, functions, different levels of responsibility, and conduct to adopt, as well as the information flows necessary for handling complaints and participating in the proceedings before the ABF. The handling of complaints relating to investment services, limited to Banca Popolare di Sondrio, is entrusted to the Compliance and DPO Function, which follows precise operating procedures to ensure timely and effective handling. Each complaint is forwarded



without delay to the Compliance and DPO Function, accompanied by an explanatory report and the necessary documentation, to enable it to be dealt with within the statutory time limit of 60 days. The outcome of the complaint is recorded in a special register and communicated to the relevant branch. In the case of an appeal to the Arbitrator for Financial Disputes (ACF), the same procedure is followed. As far as BPS (SUISSE) is concerned, complaints are handled and analysed centrally by the Risk Control Service.

Customers may raise concerns or make complaints through various channels: by presenting themselves at the Bank's counters, by sending a communication to the dedicated e-mail address, or by using the methods described in the 'Complaints Handling Policy'. The document defines how customers can file complaints, distinguishing between different types of services: banking, investment and insurance. In general, it is possible to file complaints with the Bank of Italy or appeal to the Financial Banking Arbitrator, the Financial Disputes Arbitrator or the Financial Banking Conciliator if the requests contained in the complaint are not accepted. The Bank also informs customers on how to submit complaints through the "MiFID - Information Document" available at branches and on the Bank's website.

The effectiveness of complaint handling channels is ensured through a continuous monitoring system. The Complaints Office prepares a half-yearly report on its activities, while the Compliance Function prepares an annual report as part of its second-level control. The Internal Audit Service carries out third-level controls to verify compliance with deadlines and the absence of misconduct. The Compliance Function records all complaints received concerning investment services in a dedicated electronic register (MICRA), updating it regularly and archiving related documentation. As far as the Swiss subsidiary is concerned, complaints are monitored and controlled via a special internal database. Moreover, on a quarterly basis, the status of complaints (open, closed, ongoing), with their causes listed systematically on the basis of the cases identified by the Parent Company, is presented to the Risk Committee and to the Executive Board.

The dynamics of complaints is described annually by the Compliance Function to the corporate bodies through various reports, including the "Report on the control activity carried out in relation to investment services" pursuant to Article 22 of European Regulation 2017/565 and the annual statement published on the Bank's website.

Complaints are handled in compliance with privacy regulations to protect consumers from retaliation. The process is entrusted to the Office in charge, which operates with the support of the units involved. However, with regard to complaints related to business relations, there are no specific policies in place to protect consumers from retaliation.

### 3.3.1.4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)

List of main actions implemented in the reporting year	Results expected	Contribution to the achievement of policy purposes	Contribution to the achievement of policy objectives	Scope of application	Time horizons within which the company intends to complete each main action
Insight into ESG characteristics of counterparts	Updating and renewing the catalogue of products and services			Own operations Italy	2025
Provision of green finance to companies	Supporting ESG virtuous companies			Own operations Italy	Continuous action (recurring annually)
Financing for agricultural and agri-food companies	Supporting ESG virtuous companies			Own operations Italy	Continuous action (recurring annually)
Start-up financing	Enabling companies to use the guarantee of Asconfidi and the counter-guarantee of the MCC Fund at capped costs compared to the average of those applied by the confidi affiliated with BPS.	Promotion of sustainable development, within the framework of which the Bank aspires to support its customers in the transition towards a more environmentally friendly economy		Own operations Italy	Continuous action (recurring annually)
Provision of Trade Finance products	Assisting customers in managing the possible commercial risks inherent in transactions with new counterparties resident in foreign countries	and to improve their satisfaction, as set out in the Sustainability Policy and Code of Ethics		Own operations Italy	Continuous action (recurring annually)
Providing guarantees to confirming international banks taking the political and commercial risks of issuer banks in countries of operations	Promoting international trade from, to and between different countries of operations			Own operations Italy	Continuous action (recurring annually)
Products and services for the 'weak' (children, young people, students, the elderly, non-EU citizens)	Increasing access to credit			Own operations Italy	Continuous action (recurring annually)



Solidarity fund for first home mortgages	Customer support	<i>Own operations</i> Italy	Continuous action (recurring annually)
Implementation of offer of loans to customers corporate and retail	Updating and renewing the catalogue of products and services to meet customer needs	<i>Own operations</i> Italy	2025
Expansion of SCRIGNObps, the Bank's digital portal, and evolution in terms of graphics	Strengthen the offer on the digital channel and increase the loyalty of customers	<i>Own operations</i> Italy	Continuous action (recurring annually)
Business school	Promoting learning about international trade	<i>Own operations</i> Italy	Continuous action (recurring annually)
Awareness-raising on countering IT fraud and operational procedures	Countering IT fraud	<i>Own operations</i> Italy	Continuous action (recurring annually)
Promoting the solidarity current account	Contribution to nationally recognised charities	<i>Own operations</i> Italy	Continuous action (recurring annually)
Funding for Third Sector Entities (ETS) assisted by the Fund Guarantee Central Unit for Small and Medium-sized Enterprises.	Facilitating access to credit for Third Sector Entities	<i>Own operations</i> Italy	Continuous action (recurring annually)
Digital products and services (e.g. graphometric signature, digital signature)	Facilitating access to products and services	<i>Own operations</i> Italy	Continuous action (recurring annually)
Using online channels	Facilitating access to products and services	<i>Own operations</i> Italy	Continuous action (recurring annually)
Robotisation and automation of processes to improve the customer experience and release commercial energies.	Evolving the traditional branch model further, towards physical/digital multichannel interaction (so-called phygital)	<i>Own operations</i> Italy	2025
Supporting the internationalisation of companies through free meetings with customer companies	Disseminating clear and up-to-date information on the opportunities offered by foreign markets, but also helping Italian companies to open new business channels	<i>Own operations</i> Italy	Continuous action (recurring annually)



Establishment of a holding company called Liquid Factory	support for the development of new business initiatives technology by young graduates or undergraduates.	Own operations Italy	2024
Agreement for the 'CryptoBooks' service, aimed at: defining the amount of tax on cryptocurrencies and generate tax reports for the completion of the RW, W and RT forms of the tax return by the customer or trusted accountant	Supporting customers with tax compliance in cryptocurrencies.	Own operations Italy	Continuous action (recurring annually)
Provision of medium- and long-term loans backed by a SACE guarantee	Facilitating access to credit for corporate customers	Own operations Italy	Continuous action (recurring annually)
'Green home' and 'green building' mortgages for the purchase of high energy class homes and buildings	supporting and enhancing customers' choice relating to the purchase of housing with reduced impact environmental	Own operations Italy	2024
<b>Actions planned for the future</b>			
Activities under the Sustainability Plan 2025-2027	Positive impacts on customers	Own operations Italy	Q4 2027
Provision of green finance to companies	Increasing the amount of loans with positive impact environmental and social	Own operations Italy	Q4 2027
Funding for Third Sector Entities (ETS) assisted by the Fund Guarantee Central Unit for Small and Medium-sized Enterprises		Own operations Italy	Q4 2027





### Information on the progress of actions or action plans

The Group has not identified any negative material impacts in relation to consumers, therefore, no remedial action is necessary. Information on the progress of actions reported in previous periods is given below:

- Insight into the ESG characteristics of counterparts

As part of the gradual integration of ESG factors into the credit process, the parent company has defined a framework for managing the impact of ESG factors, including specific actions aimed at integrating all phases of the credit process. Specifically, a proprietary ESG Score was introduced, assigned to corporate and retail counterparties based on possible financial impacts related to exposure to transition, physical and ESG risks. In addition, there is an ESG Due Diligence for specific perimeters and a system of reinforced controls for sectors identified as sensitive. The aim is to improve the assessment of the counterparty's creditworthiness from a sustainability perspective by combining a qualitative assessment with the ESG scoring value provided by an internal statistical model.

As for all neuralgic processes that characterise its business model, Banca Popolare di Sondrio has defined an ESG risk management framework, aimed at including in its lending practices assessments of its credit counterparties' exposure to ESG risk factors. In addition, a system of reinforced controls has been put in place for sectors considered sensitive on the granting of credit, for the benefit of counterparties operating in these sectors, according to criteria of proportionality and gradualness.

Specifically, when requesting new finance, once a certain amount threshold defined for each sector is exceeded, the authorisation process of the file is enriched with a further assessment by the Sustainability Department, which is drawn up on the basis of specific analyses of the transaction subject to the loan application and of the customers being examined, also by means of a media-review activity.

- Provision of green finance to companies

In line with what was stated in the 2022-2025 Business Plan, Banca Popolare di Sondrio confirmed its willingness to assist small and medium-sized enterprises, which, together with households, constitute not only Institute customers par excellence, but also the socio-economic fabric of the country.

In fact, 2024 was a prolific year in terms of initiatives to support SME: total loans disbursed by the parent company, divided into unsecured and mortgage loans, amounted to approximately 1.5 billion. In particular, in the area of financing, new credit lines have been developed dedicated to the circular economy, the purchase of residential and commercial buildings in energy efficiency class A (A1, A2, A3, A4) or B, the purchase and renovation, renovation only, and the construction of residential and commercial buildings in high energy efficiency class.

- Financing for agricultural and agri-food companies

The Bank promoted subsidised measures for photovoltaic installations in the agricultural and agro-industrial sector, benefiting from NRRP funds and responding to environmental and climate challenges.

- Start-up financing

An agreement was signed with Asconfidi Lombardia to facilitate access to loan guarantees for

SME and start-ups, supporting projects with adequate sustainability.

– Provision of Trade Finance products

A project was launched to digitise letters of credit and optimise processes with the introduction of artificial intelligence-based solutions. The Trade Facilitation programme promoted operations in developing countries with a total value of over 360 million euro.

– Products and services for 'weak' groups

The Bank promoted and supported specific vulnerable groups with banking services for young people, the elderly and non-EU citizens. In addition, cybersecurity support was strengthened, with awareness-raising campaigns and tools to prevent online fraud.

– Awareness-raising on countering IT fraud and operational procedures

Banca Popolare di Sondrio constantly implements a series of initiatives to disseminate the culture of IT security and privacy. Examples of this are the notices that are sent to customers on a quarterly basis, informing them about new attacks and practices to avoid falling into the increasingly sophisticated traps of malefactors.

– Promoting the solidarity current account

Since 1996, Banca Popolare di Sondrio has offered customers the possibility of opening accounts that provide for certain ethical purposes. With regard to 2024, Banca Popolare di Sondrio, in compliance with the indications of the holders of the aforementioned relationships, allocated 31,000 euro to the AIRC Foundation for Cancer Research, 20,700 euro to the Italian Committee for UNICEF - United Nations Children's Fund, 3,200 euro to the Italian Blood Volunteers Association (AVIS); 2,400 euro to the Bone Marrow Donors Association (ADMO) and 3,200 euro to the Italian Amyotrophic Lateral Sclerosis Association (AISLA), who will be able to use the sums at their discretion.

– Digital products and services

Banca Popolare di Sondrio has invested heavily in digital innovation, improving its processes and enhancing customer relations. The main initiatives include the new digital portal SCRIGNObps, evolved ATM for secure deposits, Nexi Debit and Credit cards that can be used on digital wallets, and the possibility of paying for public transport in several Italian cities using contactless cards. In addition, the bank has introduced digital and graphometric signatures to simplify and secure banking transactions, eliminating the use of paper. Information notifications via e-mail, SMS or push allow customers to monitor their transactions in real time, while the MyBank service facilitates secure online purchases. Other innovative tools include Instant Transfer, which enables fast transfers, and SCRIGNObudget, which helps manage the household budget and monitor spending. These services demonstrate the Bank's commitment to making banking services safer, faster and more sustainable for its customers.

– Supporting the internationalisation of companies through free meetings with customer companies

In 2024, the customary training meetings organised by the Parent Company's International Service for Italian companies operating in international contexts and interested in improving their



knowledge to increase their competitiveness continued. The meetings, which were always free of charge, covered the various topics of foreign trade, multiple sectors and numerous countries, trying to follow the most interesting trends and the needs of customer companies, but also of the Bank's branches with dedicated in-house training. In total, 15 initiatives with 1,855 participants were realised during the year.

### **Managing impacts on consumers and end users**

As a result of the dual materiality analysis, the Bank found no significant negative material impacts on consumers or end users. In any case, it adopts preventive and reactive policies to ensure the protection and welfare of its customers. In this regard, the actions undertaken and planned are oriented towards ensuring a positive social impact, with particular reference to promoting access to credit and offering a range of products and services aimed at meeting the needs of different customer groups, including vulnerable groups.

To ensure that the initiatives are effective, the Bank closely monitors the results achieved through an evaluation system that includes monthly monitoring of progress in relation to the targets defined in the Sustainability Plan. Monitoring is done by means of a tracking file, which is useful for reporting to the Board of Directors.

With regard to specific risks, the Bank has identified and is monitoring information security risks, in particular the risk of data breaches that could compromise customers' personal data. To address these risks, specific corporate data protection regulations have been adopted, certified to ISO/IEC 27001:2013 and ISO/IEC 27701:2019 standards, and insurance policies are in place to cover risks related to cyber threats. In addition, the Bank actively raises its customers' awareness of IT security and credential protection.

In addition, the Group is committed to preventing any negative impact on consumers and end users by ensuring that its practices comply with regulations and ethical principles. The Bank has internal policies that guide business operations in accordance with the law, ensuring that the practices adopted do not cause harm to its customers. To this end, management models are implemented that focus on the security of IT systems, the protection of personal data, the taking out of insurance policies against cyber risks and the protection of vulnerable social groups. Furthermore, no serious human rights problems or incidents were reported in connection with consumers and/or end users.

### **Relation between significant CapEx and OpEx needed to implement actions taken or planned**

No significant Capex and OpEx needed to implement the actions taken or planned were identified.

### 3.3.2 Metrics and targets

#### 3.3.2.1 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S4-5)

##### Description of the relation between policy target and targets

The targets in the table below are aligned with the Sustainability Policy, in which the Bank has declared its commitment and willingness to strengthen its position in the corporate sector, with a special focus on SME.

Scope of the target (the company's activities and/or its upstream and/or downstream value chain, if applicable, and geographical boundaries)	Reference (base) value	Reference (base) year	Target 2030	Target 2050	Period to which the target applies
Implementation of financing product offerings to corporate and retail customers		2022			2022-2025

##### Defining and monitoring consumer and end user targets

The Bank has developed its targets using a methodology that includes a context analysis and comparison with major peers. Specifically, for the target relating to the implementation of the offer of financing products to corporate and retail customers, the values were defined starting from the disbursements of unsecured loans, mortgages and loans for the year 2025, multiplied by the percentage of disbursements of 'next' products recorded in 2024, calculated at the level of the individual area and then adjusted according to branch size. As far as environmental targets are concerned, they were not based on sound scientific data. Furthermore, although there was no direct stakeholder involvement in the definition of the objectives, the Group acknowledges that the interaction with stakeholders, as part of the dual materiality analysis, helped to foster positive impacts and identify relevant opportunities.

With regard to performance against stated objectives, the Bank outlined specific guidelines for its sustainability strategy in its Business Plan, including the launch of ESG products. For example, in 2024, the 'next - Sustainable Credit Products' line was expanded. This financing package includes solutions for individuals, professionals and companies wishing to reduce their carbon footprint. The products offered include mortgages and loans for renewable energy installations, green transport and energy efficiency in homes and workplaces. For companies, the offer includes mortgages and unsecured medium- and long-term loans, including financing for the circular economy and Green Buildings.

In addition, the Bank introduced a new credit line dedicated to third sector entities, to finance social projects that are difficult to access through traditional financing channels. This initiative is part of the S - Social category.

Performance, related to the target of implementing the offer of financing products, was monitored on a monthly basis by means of a monitoring Excel, used for reporting to the Board of Directors.



## 4. GOVERNANCE INFORMATION (ESRS G1)

### 4.1 BUSINESS CONDUCT

#### 4.1.1 Impact, risk and opportunity management

##### 4.1.1.1 Business conduct policies and corporate culture (G1-1)

###### **Characteristics of Group Policies related to Business Culture and Conduct**

The Group has the following internal policies to manage impacts, risks and opportunities related to business conduct:

- Sustainability Policy;
- Code of Ethics;
- Policy on internal reporting of violations - whistleblowing

The following is a description of the features of the 'Policy on internal reporting of violations - whistleblowing' in accordance with the minimum reporting requirements of the Policies (so-called MDR-P) under ESRS 2. For a description of the MDR-P related to the Sustainability Policy and the Code of Ethics, please refer to section "2.2.2.1 Policies related to climate change mitigation and adaptation (E1-2) - Characteristics of the Group's Policies related to climate change mitigation and adaptation (MDR-P)".

###### **Policy on internal reporting of violations - whistleblowing**

This policy defines the general principles and essential application guidelines governing how to report, safely and with due confidentiality, known unlawful conduct that may constitute a breach of the rules relating - in the broadest sense - to banking, in accordance with the relevant regulatory provisions. In particular, the document:

- defines the rules for the identification, assessment, management of reports;
- governs the evaluation/decision-making processes, outlining the set of roles and attributions pertaining to the Head of the reporting system, the corporate bodies and the functions in charge, possibly involved;
- defines the channels for the receipt of communications, the modalities and procedures for their management;
- specifies the information reports aimed at ensuring that the corporate bodies are fully aware of the operation of the whistleblowing procedure and, in aggregate form, of the reports received and the related activities carried out.

The Policy applies to the members of the Bank's corporate bodies, employees of the Bank, freelancers, suppliers, partners, consultants, volunteers and trainees, shareholders and, more generally, the Bank's stakeholders.

The Board of Directors of the Bank is responsible for approving the document, as well as any amendments and/or additions thereto relevant to significant changes in the relevant regulations. Where the adjustments are merely reconnaissance of organisational revisions that have taken place, as well as in the case of further formal or limited substantive changes, the approval is referred to the Bank's Managing Director. It is the responsibility of the Head of the internal violation reporting system to keep the document updated, assessing its consistency over time, as well as the adequacy of the reporting procedures adopted by the Bank in relation to the provisions in force from time to time. The individual identified as the Head of the Internal Reporting System valid for all target companies is identified as the pro tempore Head of the Compliance Function.

Legislative Decree No. 72 of 12 May 2015 introduced Article 52 bis of the Consolidated Banking Act (hereinafter TUB) and Article 8 bis of the Consolidated Law on Finance (hereinafter also TUF), which regulate the internal whistleblowing system. The legislation, implementing European Directive No. 36/2013, requires banks to adopt procedures for the reporting by staff of acts and/or facts that may constitute violations of rules governing banking activities (Article 52 bis of the TUB) or the activity carried out (Article 8 bis of the TUF). The implementing regulation of the provision of the Consolidated Banking Act is contained in Part I, Title IV, Chapter 3, Section VIII, concerning "Internal Violation Reporting Systems", of Bank of Italy Circular No. 285/2013. Legislative Decree No. 129/2017 then replaced Article 8 bis of the TUF with Article 4 undecies, the text of which is identical to that of the former article, with the sole addition of the possibility of reporting acts and/or facts that may constitute violations of European Regulation No. 596/2014 on market abuse. A similar institute was introduced, in implementation of European Directive No. 849/2015, by Legislative Decree No. 90 of 25 May 2017, on the subject of combating money laundering and the financing of terrorism, which profoundly amended Legislative Decree No. 231/2007. Article 48 of the latter requires banks to adopt procedures for the reporting of violations of the aforementioned provisions by employees or persons in a comparable position. Law no. 179/2017 added, in Article 6 of Legislative Decree no. 231/2001 on the administrative liability of legal persons, paragraph 2 bis, which states that legal persons must set up systems for reporting offences, the commission of which gives rise to the administrative liability thereof, by those who hold administrative, representative or managerial positions in the entity or in one of its organisational units with financial and functional autonomy, as well as by persons who exercise, including de facto, the management and control of the same and by those subject to the management or supervision of one of these persons. The latter must have become aware of the unlawful conduct by reason of the functions performed. Finally, in order to harmonise the regulations of individual EU countries on whistleblowing on 23 October 2019, European Directive no. 1937 on the protection of persons who report breaches of Union law, whether in the public or private sector, which integrates into whistleblowing numerous Community offences in the areas of public procurement, financial services, products and markets, prevention of money laundering and terrorist financing, product or food safety, transport safety, public health or the environment, data protection; as well as breaches affecting the financial interests of the European Union. The implementing measure of European Directive No. 1937/2019 is Legislative Decree No. 24 of 10 March 2023, published in the Official Journal No. 63 of 15 March 2023, which brings together in a single regulatory text the entire discipline of reporting channels and the protections afforded to whistleblowers in both the public and private sectors, with the aim of encouraging the reporting of wrongdoing that undermines the public interest or the integrity of the entity. In order to comply with the aforementioned provisions and with the aim of reinforcing within the entire corporate structure the culture of fairness and compliance with the rules, the Bank has implemented a system for reporting violations consistent with the specific regulatory provisions.

In order to reinforce within the entire corporate structure the culture of fairness and compliance with the rules and in compliance with the Supervisory Provisions, the Bank has set up a whistleblowing system through which employees and customers, who are the main stakeholders to whom the Policy is addressed, can report crime, possible frauds, offences or any irregular conduct of which they become aware in connection with their respective operations and which may constitute a violation of the rules governing - in a broad sense - the banking business. From 2023, the possibility of reporting has also been extended to freelancers, consultants and suppliers, volunteers and trainees, shareholders and persons with administrative, management, supervisory or representative functions at the Bank, in addition to current employees.

All employees of the Bank are required to read the document and comply with its provisions.



The person in charge of the internal system of reporting violations, identified in the pro tempore Manager of the Compliance Function and DPO, through the Function itself, also ensures that the updated edition of the document is made available to employees, normally through the corporate intranet, and that it is forwarded to the subsidiaries so that they can implement the provisions within their competence. In accordance with the provisions of the regulations on the reporting of violations, the Bank makes clear information on the channel reflecting the summary of the contents of the document available to all those who can report on the website.

### **Description of how the company establishes, develops, promotes and evaluates its corporate culture**

Business activities are based on compliance with the criteria of loyalty, seriousness, honesty, competence and transparency. To this end, absolute compliance with applicable laws and regulations is promoted, as well as the adoption of appropriate organisational safeguards aimed at minimising the risk of corruption. These safeguards provide that individual and collective conduct must comply with the Code of Ethics and the Organisation and Management Model pursuant to Legislative Decree 231/2001, and any violations may be promptly reported by all personnel pursuant to Article 52-bis of the Consolidated Banking Act (whistleblowing).

The Group conducts its activities with the aim of providing products and services to its customers with respect for the value of integrity, acts consistently with the 2030 Agenda and, in particular, with the goals of SDG 16 "Promoting peace, justice and building inclusive, accountable and effective institutions".

Compliance with the internal and external regulations and codes of conduct is also significant from a strategic standpoint; accordingly, the Group operates in the conviction that respect for rules and fair dealing are fundamental elements in conducting banking business, which by its very nature is based on trust and transparency: in this way, it implements a prudent and sound management of business and activities with all stakeholders.

### **Description of mechanisms to identify, report and investigate concerns about illegal behaviour or behaviour in contradiction with the code of conduct**

The method of reporting involves the use of the "Comunica Whistleblowing" application available on the Bank's website at the following address: [www.popso.it/home](http://www.popso.it/home). Access is granted after registration of the reporting person and, therefore, with evidence of the related identity; with regard to reports concerning anti-money laundering legislation, the reporting channel guarantees anonymity, however, the reporting person has the possibility, at their sole discretion, to reveal their identity.

The purpose of the application is to send the reports and to manage the related activities, which essentially consist in receiving, examining and assessing them and, finally, informing the corporate bodies of those situations deemed relevant for the adoption of any measures, including those of a disciplinary nature.

Following reports, whether written or oral, an acknowledgement of receipt is issued within seven days and feedback is provided within three months.

The management of reports is the responsibility of the person in charge of the internal system of reporting violations, identified in the pro tempore Manager of the Compliance Function and DPO, who promptly assesses the various cases on the basis of related responsibilities and competences, also by contacting the sender, the person responsible for the alleged violation and any person potentially involved.

In addition to what is already provided for in the disciplines regulating whistleblowing in the specific banking and financial sector, whistleblowing may also be reported, by way of example but not limited to, offences relevant under Legislative Decree no. 231/2001 or violations of organisational models; offences



falling within the scope of European Union or national acts relating to the sectors of services, products and financial markets and prevention of money laundering and financing of terrorism, product safety and compliance, transport safety, environmental protection.

### **Timetable for the implementation of anti-corruption or anti-bribery policies**

The Banca Popolare di Sondrio Group does not have a specific policy dedicated to combating active or passive corruption. However, this issue is regulated through:

- Organisation and Management Model (OMM) 231, the purpose of which is to set up a structured and organic system of prevention, deterrence and control, aimed at developing in the persons who directly or indirectly operate within the scope of sensitive activities an awareness of the potential commission of the offence and, thanks to constant monitoring of the activity, to enable them to prevent or promptly react to prevent the commission of the offence;
- Code of Ethics, a document which constitutes a prerequisite and reference - after assessing the risks/offences associated with the activities carried out by the Bank - for both the Organisation, Management and Control Model (hereinafter, for the sake of brevity, also referred to as the 'Model') and the system of sanctions for the breach of the rules set out therein, adopted by the Bank in accordance with Articles 6 and 7 of Legislative Decree 8 December 2001, No. 231 (hereinafter, for brevity, also referred to as the 'Decree' or the 'Legislative Decree 231/2001'), as well as on the basis of the Guidelines drawn up by the Italian Banking Association pursuant to Article 6(3) of the Decree;
- Sustainability Policy, which regulates the relevant areas of sustainability, with a focus on corruption. Business activities are based on respect for criteria such as loyalty, seriousness, honesty, competence and transparency. To this end, strict compliance with applicable laws and regulations is promoted, as well as the adoption of appropriate organisational safeguards to minimise the risk of corruption. These safeguards require that individual and collective conduct comply with the Code of Ethics and the Organisation and Management Model (OMM) pursuant to Legislative Decree 231/2001. Any violations may be reported by all personnel through the whistleblowing procedures, as provided for in Article 52-bis of the Consolidated Banking Act. In addition, in order to ensure adequate control of legal, reputational and non-compliance risks related to unlawful conduct, particularly those aimed at corruption, the Group implements a structured fraud risk management and supervision system. This system is an integral part of operational risks and provides for constant monitoring, promoting the adoption of the most appropriate measures to prevent or contain such risks.

### **Disclosure of safeguard measures for reporting irregularities**

The organisational models explicitly provide for information and training activities to be carried out by the entity for all personnel covered by the OMM and the Code of Ethics. Information is provided through publication on the company intranet, in a dedicated section, of circulars and all internal reference regulations.

The Group guarantees the confidentiality of the information received and keeps the identity of the reporter confidential in accordance with the applicable legislation transposing Directive (EU) 2019/1937 of the European Parliament and of the Council. The whistleblower shall not suffer retaliatory, discriminatory or otherwise unfair conduct as a result of the report. The Group adopts the same forms of safeguarding to guarantee the protection and confidentiality of the whistleblower also for the reported person, without prejudice to any further form of liability provided for by the law imposing the obligation to disclose the name of the reported person.





### **Investigation into incidents related to business conduct**

In addition to the procedures for following up on whistleblowers' reports in accordance with the applicable legislation transposing Directive (EU) 2019/1937, the Group has procedures in place to expeditiously, independently and objectively investigate incidents concerning business conduct, including cases of active and passive bribery. The methods of transmitting reports include, for Bank employees only, access to the "Legislative Decree 231/2001" format present within the company Intranet or the use of a specific e-mail address (odv231@popso.it). With reference, on the other hand, to the internal reports of unlawful conduct referred to in Law no. 179 of 30 November 2017 (so-called Whistleblowing), employees may report violations concerning the issues covered by Legislative Decree 231/2001 by means of the appropriate IT application adopted, in compliance with the provisions of the "Policy on internal reporting of violations".

In both cases, the Supervisory Board shall promptly assess the report on the basis of its own responsibilities and competences, including by questioning the sender, the person responsible for the alleged violation and any person potentially involved.

The Supervisory Board protects whistleblowers from any kind of retaliation or act that could give rise even to the mere suspicion of constituting a form of discrimination or penalisation, ensuring the confidentiality of the identity of the whistleblower, without prejudice to legal obligations.

### **Business Conduct Training Policy**

The organisational models explicitly provide for information and training activities to be carried out by the entity for all personnel covered by the OMM and the Code of Ethics.

Training is provided annually through classroom courses and compulsory courses accessible via the multimedia platform.

In the course of 2024, training in the field of Legislative Decree 231/2001 was proposed in continuity with the previous year, through the provision of an e-learning module for all employees and classroom courses for newly recruited staff. The chair of the SB also provided specific training for company officers.

With particular reference to BPS (SUISSE) SA, the corporate bodies of the Company and the independent control functions are aware of the risks associated with corruption; however, the Swiss laws in force do not require that the bank carries out specific training on anti-corruption policies or procedures. The situation in Switzerland does not currently represent a material risk, so much so that in international statistics it is in the bottom ranks of the most corrupt states. The Supervisory Authority requires the Bank to provide adequate training on Compliance, Anti-Money Laundering and Rules of Conduct in the market, which takes place regularly. All members of the governing bodies of BPS (SUISSE) AG, employees and also business partners were informed about the anti-corruption policies and procedures adopted, in line with previous years.

In addition to the specific issue of corruption envisaged under OMM, training of the Bank's staff also covers anti-money laundering and counter-terrorism.

### **Information on functions most at risk in the area of corruption and bribery**

In line with what is defined in 'Annex 3 - Risk-Responsibility Matrix' of the Organisation and Management Model (OMM) 231, it should be noted that the functions most at risk of active and passive bribery are those that could offer, donate, request or accept, even through an intermediary, compensation or other personal benefits. To these functions, therefore, the prohibition applies of giving and accepting consideration, connected with the management of the Bank's activities, that is not of a modest value, i.e. that is not generally considered as a common gesture of courtesy or of a commercial nature, acceptable and lawful according to current management practice. The prohibition applies to any advantage granted

to (or received from) any person, including, but not limited to, other employees, prospective employees, customers, civil servants, public officials, competitors, suppliers and other persons with whom the company has, or would like to have, business relations. In any case, it is mandatory for each person to inform their hierarchical superior and the Supervisory Board of any solicitation or offer of special advantages received, whether directly or indirectly.

#### 4.1.1.2 Management of relationships with suppliers (G1-2)

##### Characteristics of Group Policies on management of relationships with suppliers

The Group has the following Internal Policies and Regulations to manage the impacts, risks and opportunities associated with managing relations with suppliers:

- Sustainability Policy;
- Code of Ethics;
- Methodology for assessing the ESG characteristics of suppliers;
- Purchase management regulation;
- Outsourcing regulation.

Below is a description of the characteristics of the 'Methodology for assessing the ESG characteristics of suppliers', the 'Purchase management regulation' and the 'Outsourcing regulation' in accordance with the minimum disclosure requirements of the Policies (so-called MDR-P) under ESRS 2. For a description of the MDR-P related to the Sustainability Policy and the Code of Ethics, please refer to section "2.2.2.1 Policies related to climate change mitigation and adaptation (E1-2) - Characteristics of the Group's Policies related to climate change mitigation and adaptation (MDR-P)".

##### Methodology for assessing the ESG characteristics of suppliers

This policy describes the methodology used for the ESG assessment analysis of Banca Popolare di Sondrio suppliers, and is part of the application context of the Purchase management regulation. The provisions of the Methodology apply to the central services/offices and peripheral structures of the Bank involved in the purchase management process. The provisions themselves are not replicable at the level of the banking group, as they regulate a process and the related system of delegation typically belonging to the parent company; the underlying principles relating to the proper and efficient management of purchases are, however, of general application.

The methodology is prepared and updated by the Finance Office and is revised following significant changes in the regulatory context and in line with the progressive integration of ESG issues into the main processes. Approval of the document, as well as any relevant amendments and additions to it, is the responsibility of the Head of the Logistics and Operational Support Service. All the Bank's structures are informed, by means of an appropriate internal communication, of the approval of this Regulation, of the amendments made, if substantial, and of its publication in the appropriate section of the corporate intranet.

##### Purchase management regulation

This regulation formalises the guidelines and activities into which the procurement management process is divided, identifying the organisational units involved, their responsibilities and operational phases. The purchase management process consists of the following main activities:

- identification of the function responsible for the process and the activities aimed at its efficient performance and monitoring;
- identification of the structures concerned and their roles and responsibilities;



- definition of rules concerning purchase requests and the issuing of orders;
- authorisation levels for issuing orders;
- effective and efficient management of the supplier register;
- identification of appropriate information flows.

The provisions of the Regulation apply to the central services/offices and peripheral structures of the Bank involved in the purchase management process. The provisions themselves are not replicable at the level of the banking group, as they regulate a process and the related system of delegation typically belonging to the parent company; the underlying principles relating to the proper and efficient management of purchases are, however, of general application.

The Regulation, verified by the compliance and DPO function, is submitted for examination and approval by the Board of Directors on the proposal of the Managing Director, who has the power to approve amendments related to the transposition of regulations, the introduction of provisions to improve the purchase management process, and changes to the corporate organisation chart. The Managing Director also has the power to approve adjustments that are merely reconnaissance of board resolutions or organisational changes, or pertaining to formal amendments or those of limited substance. The Head of the Logistics and Operational Support Service has the authority to make limited changes to the Regulation, in agreement with the Managing Director, pertaining to the internal organisational process.

All the Bank's structures are informed, by means of an appropriate internal communication, of the approval of the Regulation, of the amendments made, if substantial, and of its publication in the appropriate section of the corporate intranet.

### **Outsourcing regulation**

This regulation defines the general principles and essential application guidelines governing the outsourcing of corporate processes, services or activities by the Bank and the companies belonging to the Banca Popolare di Sondrio Banking Group. It also explains the internal regulatory framework with regard to organisational structures and the control of risks arising from outsourcing. The document:

- defines the system of rules for the identification, assessment, management and control of risks related to the outsourcing of business activities to third parties, both within and outside the Group;
- governs the Group's decision-making processes and organisational structures, outlining the set of roles and attributions pertaining to the corporate bodies and organisational structures involved;
- defines the tools, methods and procedures for the ongoing monitoring of outsourced activities, including through the appointment of specific contact persons, responsible for continuously verifying compliance with contractual agreements and the efficiency of the services provided by the supplier;
- specifies the information reports aimed at ensuring that corporate bodies and control functions have full knowledge and governance of the risk factors relating to outsourced processes, services or activities;
- establishes the functional links and modes of interaction between the Parent Company and the Group's Subsidiaries with regard to the outsourcings activated by the latter.

The Parent Company provides the necessary guidelines to ensure the consistency of the structures and practices adopted by the Group's components in the field of outsourcing, which are individually subject to the obligations prescribed by the regulations, and supervises - with particular reference to essential or important functions (EIF) - the adequacy of the services provided by suppliers. This is without prejudice to the desirability of maintaining appropriate information linkage mechanisms between the Subsidiaries - regardless of the system to which they belong and/or their country of establishment - and

the Parent Company, such as to allow the latter to exercise its due management and control powers. In accordance with the current regulatory framework, the Parent Company is responsible for preparing the internal regulatory framework representing the Group's outsourcing policies. In relation to the same, the provisions expressed in the Regulation apply to both the Parent Company and the Subsidiaries. For the latter, the transposition, to be formalised by a resolution of its competent body, entails the direct adoption of such provisions in the specific corporate reality, without the need to provide for the issuance of corresponding implementing provisions. Consistent with the outlined objectives, the provisions contained in the document apply exclusively to agreements concluded with service providers that can be identified as outsourcing in accordance with the defined criteria. For supplies from third parties of goods or services that do not qualify as outsourcing within the meaning of the Regulation, the internal purchasing provisions in force at the Group components apply.

The Regulation, verified by the compliance and DPO function, is submitted to the Board of Directors for examination and approval, at the proposal of the Managing Director; the Board of Directors also approves relevant amendments and/or additions to the document. The Managing Director has the power to approve amendments to the Regulation, upon proposal of the Group Outsourcing Manager, related to the implementation of regulations, the introduction of provisions improving the outsourcing management process, and changes to the corporate organisation chart. The Managing Director also has the power to approve adjustments that are merely reconnaissance of board resolutions or organisational changes, or pertaining to formal amendments or those of limited substance. The Group Outsourcing Manager has the authority to make changes to the Regulation contained in the internal organisational process, in agreement with the Managing Director.

The relevant regulatory provisions are represented by:

- Outsourcing Guidelines, published by the European Banking Authority (EBA) on 25 February 2019 (hereinafter EBA Guidelines);
- Supervisory Provisions for Banks, set out in Bank of Italy Circular No. 285 of 17 December 2013 as amended and supplemented;
- Supervisory Provisions for Financial Intermediaries, pursuant to Bank of Italy Circular No. 288 of 3 April 2015, as amended and supplemented;
- Regulation of the European Parliament and of the Council on Digital Operational Resilience for the Financial Sector (DORA Regulation - Digital Operational Resilience Act), Chapter V, Section I of which relates to the Fundamental Principles of sound management of ICT (information and communication technology) risks arising from third parties, an area that includes IT supplies classified as material outsourcing (the DORA Regulation will enter into force on 17 January 2025; by that date, any necessary amendments to this Regulation will be assessed, in agreement with the Banking Group structures involved in the application of the specific regulations);
- Guidelines on outsourcing to cloud service providers, published by the European Securities and Markets Authority (ESMA) on 18 December 2020;
- Procedures and supervisory expectations for the notification of material or significant (expected) outsourcing arrangements, provisions published by the European Central Bank, Banking Supervision, in a note dated 24 October 2022.

### **Policies and approach in supplier management and prevention of late payments**

The Bank has formalised policies to regulate relations with suppliers and the purchase process, through the Code of Ethics and the Purchase and outsourcing regulation. These documents guarantee transparency, safety, and compliance with environmental regulations and workers' rights, favouring



suppliers who adopt high standards of sustainability.

However, the Bank does not yet have a specific formalised policy to prevent late payments, particularly to SME, and no timeframe has been defined for the implementation of such a policy. Nevertheless, relations with suppliers are still regulated through an approach that takes into account supply chain risks and impacts on sustainability matters.

Supply chain management is based on a rigorous selection process, with a focus on the ability of suppliers to perform. In general, preference is given to suppliers who adopt high standards and good environmental practices. Suppliers are qualified on the basis of administrative data and are evaluated both qualitatively and quantitatively. The Bank has adopted an Organisation, Management and Control Model established pursuant to Legislative Decree 231/2001 subject to updates as the reference context changes, the objective of which is to mitigate and, as far as possible, prevent the risk of committing crimes expressly provided for by the legislation itself, including environmental crimes. Bank suppliers are informed about the organisational model adopted in a clause contained in their contract forms; they are also requested to comply with the instructions contained in the corporate Code of Ethics.

In particular, critical suppliers are qualified by the Finance Office, which examines the supplier's corporate structure, references and historical experience. Assessments are periodically reviewed, especially in the event of problems, to ensure that established quality and sustainability standards are met.

In line with what was set out in the Business Plan, from 2023, the Bank started a project to assess the sustainability performance of its suppliers, starting with the most relevant in terms of turnover and considering companies that provide outsourced services.

The Bank has conducted an ESG assessment of its suppliers, prioritising the use of public information such as ratings, ESG scores, sustainability reports and non-financial statements and, where such information is not available, direct engagement of suppliers in potentially critical categories.

4.1.1.3 Actions related to corporate culture and business conduct

List of main actions implemented in the reporting year	Results expected	Scope of application	Time horizons within which the company intends to complete each main action
Supplier ESG assessment	Supplier ESG rating	Own operations, supply chain Italy	2025

Relation between significant CapEx and OpEx needed to implement actions taken or planned

No significant Capex and OpEx needed to implement the actions taken or planned were identified.

4.1.1.4 Prevention and detection of corruption and bribery (G1-3)

Procedures for the prevention and detection of active and passive corruption

Insofar as the Compliance Function is concerned, it should be noted that, should a report of an alleged violation attributable to active and passive corruption be received in the internal reporting channel - whistleblowing, the ordinary procedure provided for by the management process of the internal reporting channel is followed, appropriately formalised within the Policy on internal reporting of violations - whistleblowing, approved by the Board of Directors of the Bank on 30 June 2023.

As precisely outlined in paragraph 4 of the aforementioned Policy, the roles and responsibilities of the persons involved in the reporting process are defined. In particular:

- by resolution of the Board of Directors of 10 November 2015, the Pro-Tempore Manager of the Compliance Function and DPO was appointed as the person in charge of the internal system of reporting violations, and was assigned the task of managing the receipt of reports and the reporting of relevant reports to the corporate bodies. At the same meeting, it was decided to assign the Internal Audit Service with the formal examination and substantive assessment of the reports;
- the person in charge of the internal whistleblowing system ensures the proper performance of the whistleblowing procedure by receiving, analysing and assessing the reports, forwarding the report to the Internal Audit Service for the preliminary investigation phase, and, in addition, is responsible for directly and promptly reporting to the corporate bodies in the persons of the General Manager, the Chair of the Board of Statutory Auditors and, as necessary, the Chair of the Supervisory Board pursuant to Legislative Decree no. 231/2001, the content and outcome of the reports deemed relevant;
- the Head of the Internal Violation Reporting System and the Head of the Internal Audit Service, who are responsible for receiving and assessing the report, may be assisted by their collaborators (one per Head), appointed for the purpose, also in order to ensure continuity of supervision;
- if the Manager is for any reason involved in the acts and/or facts being reported in such a way as to compromise impartiality of judgement, the reporting procedure allows for the activation of an alternative channel to the main one, whereby the report is sent directly to the Head of the Bank's Internal Audit Service. Similarly, in the event that the Head of the Internal Audit Service is involved in the acts and/or facts that are the subject of the report, the reporting procedure allows the entire handling of the report to the Head of the Internal Reporting System.

Finally, it seems appropriate to point out that the internal reporting system of violations adopted by Banca Popolare di Sondrio is also extended to the subsidiaries Banca della Nuova Terra Spa and Factorit Spa, which share the same Head of whistleblowing, identified in the pro tempore Head of the Compliance Function of the Parent Company. They have also adopted the 'Comunica Whistleblowing' procedure, available to whistleblowers on their respective websites, as well as the Policy on Internal Reporting of Violations - Whistleblowing. BPS (SUISSE) and entities outside the banking group are excluded from the perimeter under review.

### **Information on the reporting process to governance bodies**

Once the preliminary investigation phase has been completed, the Head of the Internal Audit Service forwards the results to the Head of the Internal Violation Reporting System. In the event that, at the outcome of the investigation, the Head of the internal reporting system considers the facts reported:

- insubstantial: it orders its closure, together with the related reasons;
- existing: the Internal Violation Reporting Manager identifies the person to whom the alert should be forwarded.

Below are all the subjects to which reports can be forwarded:

- Supervisory Board: in cases where the facts reported appear to be relevant under the same Legislative Decree 231/2001 and/or can be traced back to violations of the Organisation, Management and Control Model;
- Head of the Anti-Money Laundering Function: in cases where the facts reported appear to be relevant pursuant to Legislative Decree 231/2007;
- Personnel and Organisational Models Service and Legal and Regulatory Advice Office: for the sole purpose of initiating possible disciplinary proceedings;





- Chief Executive Officer and General Manager: if those responsible for activating the measures are involved in the report, so that they may assess the appropriate initiatives;
- Judicial Authority: for the profiles of competence.

In any case, the Head of the internal reporting system shall communicate the outcome of his assessment to the Board of Directors, for any further action that may be necessary to protect the Bank.

In addition, the Head of Internal Violation Reporting Systems prepares the annual report on the functioning of the whistleblowing procedure and containing aggregated information on the results of the activity carried out as a result of the reports received.

This report is forwarded to the Corporate Bodies (Managing Director/General Manager, Board of Directors, Board of Auditors, Internal Audit Service, Personnel Service and Organisational Models) and, following approval by the Board of Directors, is made available to the Bank's Personnel on the corporate intranet, on the Compliance Function application (Whistleblowing section).

This report is also prepared by the subsidiaries BNT and Factorit; however, BPS (SUISSE) and entities outside the banking group are excluded from the scope under review.

### **Information on the nature, scope and depth of anti-corruption training programmes**

The Group has developed a series of training programmes to make its staff aware of corruption and administrative liability issues, in line with Legislative Decree 231/2001 and its application.

Framework 231 (Organisation, Management and Control Model) is a fundamental tool that regulates the Bank's governance system and is made available to all employees via the corporate intranet. Any updates and revisions of the model are communicated through internal circulars, ensuring that all company structures are always aligned.

All employees, regardless of their role, are required to complete the online course 'The administrative liability of entities: risk profiles for the Bank' lasting approximately 4 hours.

Delivered by ABI, the course is divided into three modules that deal in detail with the specific risks associated with banking and related crimes, not exclusively limited to the banking sector.

In addition, new hires with a professional apprenticeship contract participate in a 1-hour classroom session, which discusses the Organisation, Management and Control Model and the Code of Ethics, specifically in relation to Decree 231/2001.

Anti-corruption training is mandatory for all Banca Popolare di Sondrio employees, with the aim of covering all functions potentially at risk. All employees have access to training, ensuring that all company structures are made aware of corruption issues.

As far as the subsidiary BPS (SUISSE) is concerned, training on the subject of corruption is dealt with annually as part of the anti-money laundering programme, with a focus on the functions most at risk, which are located in the Front Division. Out of a total of 210 employees at risk, 176 completed the training programmes, the differences being explained by reasons such as excused absences (e.g. maternity leave or illness).

During 2024, the Board of Directors and the Board of Statutory Auditors of Banca Popolare di Sondrio also participated in specific training courses, with a focus on issues of business conduct and sustainability. In the fourth quarter of the year, both bodies attended the 'Advanced Training Course for the Board of Directors' promoted by ABI, which included a lecture dedicated to the 'Responsibility of Members of Administrative Bodies', analysing the civil, criminal and administrative aspects of such responsibility.

## 4.1.2 Metrics and targets

### 4.1.2.1 Confirmed incidents of corruption or bribery (G1-4)

	2024
Number of convictions for violation of anti-corruption and anti-bribery laws	0
Amount of penalties for violation of anti-corruption and anti-bribery laws in euro	0.00

No convictions for violations of laws against active and passive corruption were reported for the reporting period.

### 4.1.2.2 Payment practices (G1-6)

	2024
Average number of days to pay the invoice from the date on which the contractual or legal payment deadline starts to calculate	35.66
Percentage of payments aligned to standard payment terms	70.35%
Number of pending legal proceedings for late payment	0

The Bank makes payments to its suppliers at 60 days from the invoice date at the end of the month. Exceptions to this are payments for professional appointments conferred by the Legal Department and the NPE Debt Recovery Office, as well as software rental fees and cleaning services, which are paid on a 30-day invoice date at the end of the month. In addition, when necessary, payments on demand or on receipt of pro forma notes are also processed, pending final documents. For a correct reading of the figure, it should be noted that for the subsidiary Rent2GO, as a result of the particularities of the business, the payment terms reported by the suppliers are uneven and in many cases payment is due on demand upon invoice.

The percentage of payments aligned with standard payment terms is expressed as the ratio between the number of invoices whose payment is aligned with the terms described in the previous paragraph and the total number of payments of invoices payable made in the reporting year. With regard to the invoices paid by Banca Popolare di Sondrio, which cover 55% of the total number of payments, it should be noted that on average invoices are paid 0.88 days after the due date. The above calculations took into account all invoices paid in the reporting period by the companies included in the consolidation scope with the exception of BPS (SUISSE) and Rent2GO. For the Swiss subsidiary, a representative sample of invoices worth about one-fifth of the total payments made was taken into account, while for Rent2GO, the sample covers one-third of the purchase documents received and accounted for. The average number of days to pay invoices was taken into account from the date of receipt.





## SUBSEQUENT EVENTS AND BUSINESS PROSPECTS

The reader is referred to the report accompanying the Parent Company's financial statements for information on events that took place after the end of the financial year.

With regard to the subsidiaries, there is nothing to report.

Italian economic growth has weakened in recent quarters and the outlook for 2025 is for a moderate expansion of gross domestic product. The elements of greatest uncertainty continue to be related to international geo-political tensions to which, more recently, have been added the concerns stemming from the new US Administration's introduction of significant trade tariffs. On the monetary policy front, the gradual easing of reference rates decided by the European Central Bank since June last year is set to continue, with an end target that most macroeconomic research centres - also in line with market expectations - see at around 2% by mid-2025. In this context, for the Banca Popolare di Sondrio Group, the interest margin, although down from the peak reached last year, will continue to make a significant contribution to the profitability of its core banking business. For its part, the continuation of the growth trend in the commission component will be able to adequately support the overall retention of revenues. Management efficiency is set to remain particularly high, not only due to the adoption of measures to contain operating costs, but also due to the elimination of contributions to the deposit guarantee fund, whose capacity has been reached. As far as asset quality is concerned, the limited stock of impaired loans, proactive management of the loan book, and the expectation that decay rates will remain low suggest that the impact of the cost of risk on the income statement remains largely under control. In light of the above, for the current financial year, the Banca Popolare di Sondrio Group will continue to show high equity solidity and profitability levels that are expected to substantially replicate what was achieved in 2024.

*Sondrio, 11 March 2025*

THE BOARD OF DIRECTORS



# **CONSOLIDATED FINANCIAL STATEMENTS OF THE BANCA POPOLARE DI SONDRIO GROUP AT 31 DECEMBER 2024**



## CONSOLIDATED BALANCE SHEET

(thousands of euro)

ASSET ITEMS	31/12/2024	31/12/2023
10. <b>Cash and cash equivalents</b>	<b>3,738,224</b>	<b>4,546,559</b>
20. <b>Financial assets measured at fair value through profit or loss</b>	<b>739,876</b>	<b>690,970</b>
a) financial assets held for trading	174,038	150,073
c) other financial assets mandatorily measured at fair value	565,838	540,897
30. <b>Financial assets measured at fair value through other comprehensive income</b>	<b>2,656,254</b>	<b>3,212,616</b>
40. <b>Financial assets measured at amortised cost</b>	<b>45,459,416</b>	<b>45,530,807</b>
a) Loans and receivables with banks	2,135,962	2,122,051
b) Loans and receivables with customers	43,323,454	43,408,756
50. <b>Hedging derivatives</b>	-	1
60. <b>Change in value of macro-hedged financial assets (+/-)</b>	<b>2,139</b>	<b>1,775</b>
70. <b>Equity investments</b>	<b>402,758</b>	<b>376,357</b>
90. <b>Property, equipment and investment property</b>	<b>663,577</b>	<b>677,074</b>
100. <b>Intangible assets</b>	<b>35,836</b>	<b>37,756</b>
of which:		
- goodwill	12,632	16,997
110. <b>Tax assets</b>	<b>190,030</b>	<b>260,813</b>
a) current	1,776	1,375
b) prepaid	188,254	259,438
120. <b>Non-current assets and groups of assets held for sale</b>	<b>108,593</b>	-
130. <b>Other assets</b>	<b>2,631,879</b>	<b>2,387,037</b>
<b>TOTAL ASSETS</b>	<b>56,628,582</b>	<b>57,721,765</b>



LIABILITIES AND EQUITY		31/12/2024	31/12/2023
10.	<b>Financial liabilities measured at amortised cost</b>	<b>50,729,041</b>	<b>52,310,486</b>
	a) Due to banks	6,228,550	9,917,675
	b) Customer deposits	39,346,409	37,916,301
	c) Securities issued	5,154,082	4,476,510
20.	<b>Financial liabilities held for trading</b>	<b>16,561</b>	<b>69,577</b>
40.	<b>Hedging derivatives</b>	<b>2,426</b>	<b>1,924</b>
60.	<b>Tax liabilities</b>	<b>72,423</b>	<b>71,354</b>
	a) current	41,501	41,999
	b) deferred	30,922	29,355
70.	<b>Liabilities associated with assets held for sale</b>	<b>3</b>	<b>-</b>
80.	<b>Other liabilities</b>	<b>1,228,645</b>	<b>1,062,057</b>
90.	<b>Provision for employee severance pay</b>	<b>32,577</b>	<b>33,459</b>
100.	<b>Provisions for risks and charges</b>	<b>390,567</b>	<b>363,620</b>
	a) commitments and guarantees given	88,827	96,237
	b) pension and similar obligations	189,432	178,950
	c) other provisions for risks and charges	112,308	88,433
120.	<b>Valuation reserves</b>	<b>6,559</b>	<b>(16,222)</b>
150.	<b>Reserves</b>	<b>2,160,953</b>	<b>1,950,646</b>
160.	<b>Share premiums</b>	<b>78,934</b>	<b>78,949</b>
170.	<b>Share capital</b>	<b>1,360,157</b>	<b>1,360,157</b>
180.	<b>Treasury shares (-)</b>	<b>(25,220)</b>	<b>(25,418)</b>
190.	<b>Non-controlling interests (+/-)</b>	<b>14</b>	<b>14</b>
200.	<b>Profit (Loss) of the year (+/-)</b>	<b>574,942</b>	<b>461,162</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>56,628,582</b>	<b>57,721,765</b>



## CONSOLIDATED INCOME STATEMENT

(thousands of euro)

ITEMS	31/12/2024	31/12/2023
10. INTEREST AND SIMILAR INCOME	2,118,032	1,812,025
<i>of which: interest income calculated using the effective interest method</i>	2,065,165	1,795,686
20. INTEREST AND SIMILAR EXPENSES	(1,027,928)	(875,070)
30. <b>NET INTEREST INCOME</b>	<b>1,090,104</b>	<b>936,955</b>
40. FEE AND COMMISSION INCOME	455,493	423,567
50. FEE AND COMMISSION EXPENSE	(20,991)	(21,007)
60. <b>NET FEE AND COMMISSION INCOME</b>	<b>434,502</b>	<b>402,560</b>
70. DIVIDENDS AND SIMILAR INCOME	6,501	7,652
80. NET TRADING INCOME	124,507	112,981
90. NET HEDGING GAIN (LOSS)	2	(76)
100. GAINS (LOSSES) FROM SALES OR REPURCHASES OF:	14,567	6,565
<i>a) financial assets measured at amortised cost</i>	10,680	7,644
<i>b) financial assets measured at fair value through other comprehensive income</i>	3,210	(1,166)
<i>c) financial liabilities</i>	677	87
110. NET GAINS/LOSSES ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	(7,752)	5,208
<i>b) other financial assets mandatorily measured at fair value</i>	(7,752)	5,208
120. <b>TOTAL INCOME</b>	<b>1,662,431</b>	<b>1,471,845</b>
130. NET ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATED TO:	(195,464)	(202,267)
<i>a) financial assets measured at amortised cost</i>	(195,610)	(202,614)
<i>b) financial assets measured at fair value through other comprehensive income</i>	146	347
140. GAINS/LOSSES FROM CONTRACTUAL AMENDMENTS NOT RESULTING IN DERECOGNITION	(3,997)	6,550
150. <b>NET FINANCIAL INCOME</b>	<b>1,462,970</b>	<b>1,276,128</b>
180. <b>BALANCE OF FINANCIAL AND INSURANCE MANAGEMENT</b>	<b>1,462,970</b>	<b>1,276,128</b>
190. ADMINISTRATIVE EXPENSES:	(660,415)	(622,158)
<i>a) personnel expenses</i>	(321,497)	(300,268)
<i>b) other administrative expenses</i>	(338,918)	(321,890)
200. NET ALLOCATIONS TO PROVISIONS FOR RISKS AND CHARGES	(22,751)	(59,470)
<i>a) commitments for guarantees given</i>	7,273	(32,982)
<i>b) other net provisions</i>	(30,024)	(26,488)
210. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(56,444)	(53,836)
220. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(19,929)	(18,647)
230. OTHER OPERATING INCOME/EXPENSE	99,648	101,562
240. <b>OPERATING COSTS</b>	<b>(659,891)</b>	<b>(652,549)</b>
250. GAINS (LOSSES) ON EQUITY INVESTMENTS	44,706	38,524
260. NET RESULT OF FAIR VALUE MEASUREMENT OF PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS	(3,100)	(2,288)
270. VALUE ADJUSTMENTS OF GOODWILL	(4,365)	-
280. GAINS (LOSSES) ON SALES OF INVESTMENTS	410	469
290. <b>PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>840,730</b>	<b>660,284</b>
300. INCOME TAXES FOR THE YEAR FROM CURRENT OPERATIONS	(265,788)	(199,122)
310. <b>POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>574,942</b>	<b>461,162</b>
330. <b>PROFIT (LOSS) FOR THE YEAR</b>	<b>574,942</b>	<b>461,162</b>
340. (PROFIT) LOSS FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-
350. <b>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>574,942</b>	<b>461,162</b>

<b>Basic earnings per share (basic EPS) - euro</b>	1.277	1.024
<b>Diluted earnings per share (diluted EPS) - euro</b>	1.277	1.024



## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(thousands of euro)

ITEMS	2024	2023
10. Profit (loss) for the year	574,942	461,162
<b>Other income items net of income taxes that will not be reclassified to profit or loss</b>		
20. Capital securities measured at fair value through other comprehensive income	197	(4,603)
50. Property, equipment and investment property	90	-
70. Defined benefit plans	(6,977)	(7,110)
90. Share of valuation reserves of equity investments measured at equity	90	116
<b>Other income items net of income taxes that may be reclassified subsequently to profit or loss</b>		
120. Exchange rate differences	(1,056)	1,209
150. Financial assets (other than capital securities) measured at fair value through other comprehensive income	27,228	38,466
170. Share of valuation reserves of equity investments measured at equity	3,209	23,786
200. Total other income items net of income taxes	22,781	51,864
210. Other comprehensive income (Item 10+200)	597,723	513,026
220. Consolidated comprehensive income attributable to non-controlling interests	-	-
230. Consolidated other comprehensive income attributable to the parent company	597,723	513,026



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)

				Allocation of prior year result	Changes during the year											
	Balance at 31.12.2023	Changes in opening balances	Balance at 1.1.2024													
				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 31.12.2024	Equity attributable to the Group at 31.12.2024	Equity attributable to non-controlling interests at 31.12.2024
<b>Share capital</b>																
a) ordinary shares	1,360,171	-	1,360,171	-	-	-	-	-	-	-	-	-	-	-	1,360,157	14
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Share premiums</b>	<b>78,949</b>	<b>-</b>	<b>78,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,934</b>	<b>-</b>
<b>Reserves</b>																
a) from earnings	1,914,752	-	1,914,752	208,800	-	599	-	-	-	-	-	-	-	-	2,124,151	-
b) other	35,894	-	35,894	-	-	908	-	-	-	-	-	-	-	-	36,802	-
<b>Valuation reserves</b>	<b>(16,222)</b>	<b>-</b>	<b>(16,222)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,781</b>	<b>6,559</b>	<b>-</b>
<b>Equity instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Treasury shares</b>	<b>(25,418)</b>	<b>-</b>	<b>(25,418)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>258</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,220)</b>	<b>-</b>
<b>Profit for the year</b>	<b>461,162</b>	<b>-</b>	<b>461,162</b>	<b>(208,800)</b>	<b>(252,362)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>574,942</b>	<b>574,942</b>	<b>-</b>
<b>Equity attributable to the Group</b>	<b>3,809,274</b>	<b>-</b>	<b>3,809,274</b>	<b>-</b>	<b>(252,362)</b>	<b>1,507</b>	<b>243</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>597,723</b>	<b>4,156,325</b>	<b>-</b>
<b>Equity attributable to non-controlling interests</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>



## 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 31.12.2023	Equity attributable to the Group at 31.12.2023	Equity attributable to non-controlling interests at 31.12.2023	
Share capital																	
a) ordinary shares	1,360,161	-	1,360,161	-	-	-	10	-	-	-	-	-	-	-	1,360,157	14	
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share premiums	78,978	-	78,978	-	-	-	(29)	-	-	-	-	-	-	-	78,949	-	
Reserves																	
a) from earnings	1,754,574	-	1,754,574	125,093	-	35,085	-	-	-	-	-	-	-	-	1,914,752	-	
b) other	35,894	-	35,894	-	-	-	-	-	-	-	-	-	-	-	35,894	-	
Valuation reserves	(68,086)	-	(68,086)	-	-	-	-	-	-	-	-	-	-	51,864	(16,222)	-	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	(25,402)	-	(25,402)	-	-	-	63	(79)	-	-	-	-	-	-	(25,418)	-	
Profit for the year	251,321	-	251,321	(125,093)	(126,228)	-	-	-	-	-	-	-	-	461,162	461,162	-	
Equity attributable to the Group	3,387,436	-	3,387,436	-	(126,228)	35,085	34	(79)	-	-	-	-	-	513,026	3,809,274	-	
Equity attributable to non-controlling interests	4	-	4	-	-	-	10	-	-	-	-	-	-	-	-	14	





## CONSOLIDATED CASH FLOW STATEMENT (indirect method)

	31/12/2024	31/12/2023
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations</b>	<b>1,151,731</b>	<b>899,765</b>
- result for the period (+/-)	574,942	461,162
- gains/losses on financial assets held for trading and financial assets/liabilities measured at fair value through profit or loss (-/+)	(18,546)	(59,634)
- gains (losses) on hedging (-/+)	(2)	76
- net adjustments/write-backs for credit risk (+/-)	206,059	212,321
- net adjustments/write-backs for property, equipment and investment property and intangible assets (+/-)	79,473	74,771
- provisions for risks and charges and other costs/revenues (+/-)	57,553	89,973
- unpaid taxes, duties and tax credits (+)	265,788	199,122
- other adjustments (+/-)	(13,536)	(78,026)
<b>2. Cash generated/absorbed by financial assets</b>	<b>(261,868)</b>	<b>(2,078,825)</b>
- financial assets held for trading	(10,862)	96,421
- financial assets designated at fair value	-	-
- financial assets mandatorily measured at fair value	(36,844)	546,098
- financial assets measured at fair value through other comprehensive income	569,826	(608,587)
- financial assets measured at amortised cost	(252,643)	(1,441,591)
- other assets	(531,345)	(671,166)
<b>3. Cash generated/absorbed by financial liabilities</b>	<b>(1,395,746)</b>	<b>(1,127,077)</b>
- financial liabilities measured at amortised cost	(1,481,848)	(1,304,275)
- financial liabilities held for trading	(39,055)	(60,834)
- financial liabilities measured at fair value	-	-
- other liabilities	125,157	238,032
<b>Net cash generated/absorbed by operating activities</b>	<b>(505,883)</b>	<b>(2,306,137)</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash generated by</b>	<b>82,808</b>	<b>48,971</b>
- sales of equity investments	-	3
- dividends collected from equity investments	29,219	16,303
- sales of property, equipment and investment property	53,589	32,665
- sales of intangible assets	-	-
- sales of subsidiaries and business units	-	-
<b>2. Cash absorbed by</b>	<b>(124,288)</b>	<b>(120,155)</b>
- purchases of equity investments	(940)	-
- purchases of property, equipment and investment property	(100,892)	(100,521)
- purchases of intangible assets	(22,456)	(19,634)
- purchase of subsidiaries and business units	-	-
<b>Net cash generated/absorbed by investing activities</b>	<b>(41,480)</b>	<b>(71,184)</b>
<b>C. FUNDING ACTIVITIES</b>		
- issues/purchases of treasury shares	(198)	26
- issues/purchases of equity instruments	-	-
- distribution of dividends and other uses	(251,862)	(126,948)
- sale/purchase of third party control	-	-
<b>Net cash generated/absorbed by financing activities</b>	<b>(252,060)</b>	<b>(126,922)</b>
<b>NET CASH GENERATED/ABSORBED IN THE YEAR</b>	<b>(799,423)</b>	<b>(2,504,243)</b>

Key:

(+) generated (-) absorbed



## RECONCILIATION

Items	31/12/2024	31/12/2023
Cash and cash equivalents at the beginning of the year	4,546,559	6,990,689
Total net liquidity generated/absorbed during the year	(799,423)	(2,504,243)
Cash and cash equivalents: effect of exchange rate fluctuations	(8,912)	60,113
<b>Cash and cash equivalents - closing balance</b>	<b>3,738,224</b>	<b>4,546,559</b>



# CONSOLIDATED NOTES

## PART A - Accounting policies

### A.1 General information

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

Banca Popolare di Sondrio, a joint-stock company, declares that these consolidated financial statements have been prepared in accordance with the International Accounting Standards (IAS/IFRS) adopted by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee, in force at 31 December 2024 and endorsed by the European Commission according to the procedure established by EU Regulation 1606/2002.

The adoption of these international accounting standards has taken advantage of the provisions of art. 4, paragraphs 1 and 2, of Legislative Decree No. 38 dated 28 February 2005 "Making the elections envisaged by art. 5 of the (EC) Regulation No. 1606/2002 concerning international accounting standards".

The format of the consolidated financial statements complies with the Bank of Italy's Instructions 262 dated 22 December 2005, issued within the powers defined by Legislative Decree 38/2005 and subsequent updates and additions.

The consolidated financial statements at 31 December 2024 were approved by the Board of Directors on 11 March 2025.

#### Section 2 - General preparation principles

The consolidated financial statements have been prepared in accordance with the following general criteria described in IAS 1:

- 1) Going concern. The financial statements have been prepared on a going concern basis: assets, liabilities and off-balance sheet transactions have therefore been valued according to their operating values. In this regard, it should be noted that the boards of directors and the board of the statutory auditors have carefully assessed the prospect of the company's continuation as a going concern and have not detected any symptoms in the balance sheet and financial structure or in the operating performance that could lead to uncertainties on the point of business continuity, even taking into account the current macroeconomic context. In this regard, it is believed that the Group, despite possible negative repercussions regarding the trend of some types of revenues and the cost of credit, and the presence of the risk and risk elements referred to in the paragraph "Risk management" can continue to operate as a going concern in the foreseeable future in accordance with the provisions of the new Business Plan (2025-2027).
- 2) Accruals basis. Costs and revenues are matched in the accounting periods to which they relate, regardless of when the transactions are settled.
- 3) Consistency of presentation. The presentation and classification of items are maintained from one period to the next in order to ensure the comparability of information unless changes are required by an International Accounting Standard or an Interpretation or if it allows a more appropriate presentation or classification in terms of relevance and reliability in the representation of information. If the presentation or classification of items is changed, the comparative amounts are also reclassified, if feasible, and the nature of the reclassification is explained together with the reasons for it.
- 4) Significance and grouping. Each significant group of similar items is shown separately in the financial statements. Items with a dissimilar nature or use are reported separately, unless they are insignificant.
- 5) No offsetting of balances. Assets, liabilities, costs and revenues are not offset against each other unless required or allowed by an international accounting standard or related interpretation.
- 6) Comparative information. Prior period comparative information is provided for all the data reported in

the financial statements, except if a different approach is allowed by an international accounting standard or its interpretation. Explanatory and descriptive information is included when this helps to provide a better understanding of the consolidated financial statements.

The financial statements incorporate the requirements of Legislative Decree 136/2015, the articles of the Italian Civil Code and the corresponding provisions of the Consolidated Finance Act (TUF). All the data contained in the tables and in the explanatory notes are expressed in thousands of euro unless otherwise specified.



## Section 3 Scope of consolidation and methodology

### 1. Investments in wholly-controlled companies

Investments in wholly-controlled companies are listed in the following table.

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

Company Name	Operative Office	Registered Office	Type of relationship <sup>(1)</sup>	Share capital (in thousands)	Investment relationship		% of votes <sup>(2)</sup>
					Investing company	% share	
Banca Popolare di Sondrio (SUISSE) SA	Lugano	Lugano	1	(CHF) 180,000	Banca Popolare di Sondrio S.p.a.	100	
Factorit S.p.a.	Milan	Milan	1	85,000	Banca Popolare di Sondrio S.p.a.	100	
Sinergia Seconda S.r.l.	Milan	Milan	1	60,000	Banca Popolare di Sondrio S.p.a.	100	
Banca della Nuova Terra S.p.a.	Sondrio	Sondrio	1	31,315	Banca Popolare di Sondrio S.p.a.	100	
Pirovano Stelvio S.p.a. <sup>(3)</sup>	Sondrio	Sondrio	1	2,064	Banca Popolare di Sondrio S.p.a.	100	
Servizi Internazionali e Strutture Integrate 2000 S.r.l. <sup>(3)</sup>	Milan	Milan	1	75	Banca Popolare di Sondrio S.p.a.	100	
PrestiNuova S.r.l. - Agenzia in Attività Finanziaria	Rome	Rome	1	100	Banca della Nuova Terra S.p.a.	100	
Immobiliare Borgo Palazzo S.r.l. <sup>(3)</sup>	Milan	Milan	1	10	Sinergia Seconda S.r.l.	100	
Immobiliare San Paolo S.r.l. <sup>(3)</sup>	Tirano	Tirano	1	10	Sinergia Seconda S.r.l.	100	
Rajna Immobiliare S.r.l. <sup>(3)</sup>	Sondrio	Sondrio	1	20	Banca Popolare di Sondrio S.p.a.	100	
Rent2Go S.r.l. <sup>(3)</sup>	Monza	Monza	1	12,050	Banca Popolare di Sondrio S.p.a.	100	
Popso Covered Bond S.r.l.	Conegliano V.	Conegliano V.	1	10	Banca Popolare di Sondrio S.p.a.	60	
Centro delle Alpi SME S.r.l. <sup>(4)</sup>	Conegliano V.	Conegliano V.	4	10	-	0	
Centro delle Alpi RE <sup>(3)</sup>	Milan	Milan	4	69,036	Banca Popolare di Sondrio S.p.a.	100	

(1) 1 = majority of voting rights at ordinary shareholders' meeting. 4 = other forms of control

(2) Availability of votes in the ordinary shareholders' meeting, only if different from the shareholding, distinguishing between actual and potential votes.

(3) Equity investments not included in the Banking Group for supervisory purposes.

(4) Special purpose vehicle for securitisations originated by the Group.

On 22 April 2024, the shareholding was sold, equal to 100% of the capital, in the company Residence Nuova Dogana Srl, established on 22 March 2024 through the demerger by Immobiliare Borgo Palazzo Srl of a portion of its assets.

In October 2024, the acquisition by the Parent Company Banca Popolare di Sondrio S.p.a. of 50% of the share capital of Rajna Immobiliare S.r.l., in which the Bank already held a 50% stake, became effective. The consideration paid for the capital acquisition amounted to 0.6 million euro. For details, refer to as set forth in the specific section of these consolidated notes PART G - Business Combination transactions involving companies or business units.

## 2. Ratings and significant assumptions to determine the scope of consolidation

The Consolidated Financial Statements of the Banca Popolare di Sondrio Group include the balance sheet and income statement of the Parent Company and the directly and indirectly controlled entities; they also include subsidiaries operating in business sectors dissimilar to that of the Parent Company and special purpose entities (SPE/SPV), when the requirements of effective control are met, even regardless of the existence of an equity interest.

As envisaged by IFRS 10, control arises for entities in which the Bank is exposed to variable returns, or has rights to such returns, arising from its relationship with them and at the same time, has the ability to affect returns by exercising power over those entities. Control can only take place with the simultaneous presence of the following elements:

- power to direct the relevant activities of the investee;
- exposure or rights to variable returns arising from the relation with the entity of the investment;
- ability to exercise its power on the entity of the investment to affect the amount of its returns.

The assets, liabilities, revenues and costs of the subsidiary acquired during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

With line-by-line consolidation, the carrying amount of the investments is eliminated against the related equity and all of the assets and liabilities, guarantees, commitments and other memorandum accounts are included, as are the revenues and costs of the subsidiaries.

All of the assets and liabilities, equity, revenues, costs and intercompany cash flows relating to transactions between group entities are eliminated on consolidation, except for any income and charges of insignificant amount. The financial statements of these group companies are reclassified appropriately and, where necessary, restated in accordance with the accounting policies adopted by the Group.

Companies in which the bank does not have an investment, but for which it has received pledged voting shares are not consolidated, because the pledge is designed to protect the loans granted and not to influence the company's operating policies to obtain economic benefits.

Changes in the investment in a subsidiary that do not involve the loss of control are recognized in equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognised in the income statement. If an interest is maintained, it has to be shown at fair value.

The consolidation area also includes investments over which the Parent Company exercises significant influence as the share held directly or indirectly is greater than 20%, or, even in the case of a smaller interest, one or more of the following circumstances exist:

- 1) representation on the board of directors, or equivalent body, of the investee company;
- 2) the Bank takes part in the decision-making process, including decisions regarding dividends;
- 3) there are significant transactions between the parent company and the subsidiary;
- 4) there is an exchange of managers;
- 5) essential technical information is being provided.

These companies are measured at equity.

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.

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. 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 amount of the investment in 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 percentages of ownership in associates are specified in the following table:

Company Name	Head office	Share capital (in thousands)	% holding
Alba Leasing S.p.a.	Milan	357,953	19.264
Arca Vita S.p.a.	Verona	208,279	14.837
Arca Holding S.p.a.	Milan	50,000	34.715
Unione Fiduciaria S.p.a.	Milan	5,940	24.000
Polis SGR S.p.a.	Milan	5,200	19.600
Liquid Factory S.b.r.l.	Sondrio	84	4.559
Bormio Golf S.p.a.	Bormio	317	25.237
Lago di Como GAL S.c.r.l.	Canzo	22	14.606
Acquedotto dello Stelvio S.r.l. <sup>(1)</sup>	Bormio	21	27.000
Sifas S.p.a. <sup>(1)</sup>	Bolzano	1,209	21.614

<sup>(1)</sup> held by Pirovano Stelvio S.p.a.

In June 2024, the company Liquid Factory S.b.r.l. was established, a holding company dedicated to the development of technology start-ups, in which the Bank currently holds 4.559% of the capital. Significant influence arises by virtue of existing agreements.

## Special purpose vehicle for the securitisation of non-performing loans

Based on the provisions of IFRS 10, the Vehicle Companies Diana S.P.V. S.r.l., Pop Npls 2020 S.r.l., Pop Npls 2021 S.r.l., Pop Npls 2022 S.r.l., Pop Npls 2023 S.r.l. and Pop Npls 2024 S.r.l., specifically established pursuant to Law 130/1999, do not fall within the scope of consolidation of Banca Popolare di Sondrio, as:

- Banca Popolare di Sondrio and the other Group companies have no shareholding relationship with the SPVs nor do they have the de facto or de iure to appoint the directors of the company.
- the SPVs are not a related party of Banca Popolare di Sondrio or of the other Group companies pursuant to IAS 24;
- Banca Popolare di Sondrio and the other Group companies have no power, whether de facto or de iure, to manage the key activities of the SPVs (credit recovery);
- the servicing contracts provide that investors (and therefore also Banca Popolare di Sondrio as the Transferring Bank) are not entitled to revoke the Master Servicer and/or the Special Servicers; with reference to the Master Servicer, the SPVs are the entity that will have the right or the obligation to revoke the assignment of the Master Servicer and to appoint another one;
- the structures of the securitisation allowed the derecognition from the financial statements of Banca Popolare di Sondrio of the loans sold as the rights to receive the financial flows were transferred to the SPVs (paragraph 3.2.4 (a) of IFRS 9) and "substantially all of the risks and benefits" associated with them (paragraph 3.2.6 (a) of IFRS 9).

Please refer to Part E, Section 2, C. Securitisations of these notes for more details regarding the securitisation completed during the period.

## 3. Equity investments in wholly-owned subsidiaries with significant non-controlling interests

As at 31 December 2024, there were no wholly-owned subsidiaries with significant non-controlling interests considered significant for the Group.

## 4. Significant restrictions

Within the scope of the Banks and Companies forming the Banca Popolare di Sondrio Group's scope of consolidation, there are no significant restrictions as set forth in paragraph 13 of IFRS 12.

## 5. Other information

For the consolidation of companies using the full line-by-line method, data referring to the 2024 financial statements approved by the respective shareholders' meetings are used, or in the absence thereof, to the draft financial statements approved by the respective boards of directors. For investments that are jointly controlled or subject to significant influence, where such information is not available, reference has been made to the latest available balance sheet and income statement in accordance with IAS 28.

### *Translation of financial statements in currencies other than the euro*

The financial statements of Banca Popolare di Sondrio (SUISSE) SA are 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 are booked in the statement of comprehensive income.





## Section 4 – Significant events subsequent to consolidated financial statement date

No events have taken place between the reference date for these financial statements and the date of their approval by the Board of Directors on 11 March 2025 that would require the adjustment of figures of the financial statements.

As already mentioned in the directors' report on operations on 6 February 2025, BPER Banca spa announced, pursuant to Art. 102 of the TUF, the launch of a voluntary totalitarian Public Exchange Offer on the shares of Banca Popolare di Sondrio. The Bank, in press releases of 7 and 11 February, announced that the Offer was in no way solicited, nor previously discussed or agreed upon.

Furthermore, it should be noted that on 11 March 2025, the Board of Directors approved the new Business Plan for the period 2025-2027.

## Section 5 - Other aspects

### 1. New international accounting standards endorsed and applied in the preparation of the financial statements at 31 December 2024

*New documents issued by the IASB and endorsed by the EU to be mandatorily adopted for the preparation of the 2024 financial statements:*

- *Regulation (EU) 2023/2579 of 20 November 2023* amending Regulation (EU) No. 2023/1803 as regards IFRS 16. The amendments to IFRS 16 specify how the selling lessee subsequently evaluates sale and leaseback transactions. The implementation of the amendments under review had no impact on the Group.
- *Regulation (EU) No. 2822 of 19 December 2023* - Amendments to IAS 1 "Classification of liabilities as current or non-current and Non-current liabilities with clauses". On 23 January 2020, the IASB published an amendment to IAS 1, which seeks to clarify one of the IAS 1 criteria for the classification of a liability as non-current, namely the requirement that the entity must have the right to defer settlement of the liability for at least 12 months after the end of the reporting period. The amendment includes:
  - clarification that the right to defer settlement must exist at the end of the reporting period;
  - clarification that classification is unaffected by management intentions or expectations about possible exercise of the deferral right;
  - clarification about how loan conditions influence classification;
  - clarification of the requirements for classifying a liability that the entity intends to settle or might settle by the transfer of its own equity instruments.

The amendments to IAS 1 are not relevant for the Group.

- *Regulation (EU) 2024/1317 of 15 May 2024* amending Regulation (EU) No. 2023/1803 as regards IAS 7 and IFRS 7. The amendments introduced disclosure requirements on financing agreements for a company's supplies. The implementation of the amendments under review had no impact on the Group.

*New accounting standards, amendments and interpretations, whose application will become mandatory after 31 December 2024.*

- *Regulation (EU) 2024/2862 of 12 November 2024* amending Regulation (EU) No. 2023/1803 as regards IAS 21. The amendments specify when a currency is exchangeable for another currency and, if not, how an enterprise determines the exchange rate to be applied, and the additional information an enterprise must provide when a currency is not exchangeable. The amendments are applicable from 1 January 2025.

*IAS/IFRS and SIC/IFRIC interpretations issued by the IASB/IFRIC, pending endorsement*

- In April 2024, the International Accounting Standards Board (IASB) issued a new accounting standard IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve financial performance reporting. IFRS 18 will come into force on 1 January 2027, but earlier application is permitted. In view of the content of the amendment and given the obligation to apply the Bank of Italy's layouts, application will be subject to any updates to Bank of Italy Circular Letter No. 262/2005.
- In May 2024, the International Accounting Standards Board (IASB) issued a new accounting standard IFRS 19 Subsidiaries without Public Accountability: *Disclosures*. The new standard allows eligible subsidiaries to use IFRS accounting standards with reduced disclosure. The new standard will enter into force on 1 January 2027.
- IFRS 14 Regulatory deferral accounts. IFRS 14 allows only those adopting IFRS for the first time to continue to book amounts relating to rate regulation according to the previous accounting standards adopted. The endorsement process is suspended pending new accounting standard on "rate-regulated activities". Since the Group is not a first-time adopter, this standard is not applicable.
- On 30 May 2024, the IASB published "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7". The paper clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). The amendments shall apply as of the financial statements for financial years beginning on or after 1 January 2026. Earlier application is permitted.
- On 18 December 2024, the IASB published 'Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity'. The document aims to help companies better account for the financial effects of contracts structured as Power Purchase Agreements (PPA), and in particular:
  - provides clarification on the application of the 'own-use requirement';
  - allows these contracts to be used as hedging instruments in the context of a hedge accounting transaction;
  - introduces new disclosure requirements for these types of instruments.The amendment shall apply as of the financial statements for financial years beginning on or after 1 January 2026. Earlier application is permitted.
- Amendments to IAS 28 and IFRS 10. These amendments are intended to address the inconsistency between the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011), in dealing with the loss of control of a subsidiary that is contributed to an associate or joint venture. The endorsement process is suspended pending conclusion of IASB project on the equity method



## 2. TLTRO III

The TLTRO III refinancing operation consists of a programme of ten refinancing operations, each with a three-year maturity, starting in September 2019 with a quarterly frequency, at an interest rate set at a level equal to the average interbank refinancing cost. In 2020, with the aim of further supporting lending to households and businesses, some of the parameters of existing operations were revised, with particular reference to the maximum amount that can be financed and the related remuneration. TLTRO III operations are indexed to the average interest rate on the main refinancing operations (MRO – Main Refinancing Operation rate), or alternatively, depending on the achievement of certain benchmarks, at the average interest rate on deposits at the central bank's Deposit Facility (DF). In 2022, the ECB also intervened by changing the way the final rate applicable to transactions is counted. In detail, the previous rate calculation methodology was applied for the period until 22 November 2022, and from 23 November 2022 the applicable interest rate was indexed to the average interbank rates applicable from that date onwards (essentially raising the applicable rate over the entire life). At 31 December 2024, the Parent Company no longer had any outstanding TLTRO transactions with the ECB after the repayment of the 27 March 2024 tranche of 806 million taken out on 24 March 2021 and the repayment of the 25 September 2024 tranche of 3,700 million taken out on 29 September 2021. Ordinary interest is recorded taking into account the refinancing conditions defined by the ECB as floating market rates defined within the framework of monetary policy measures, which the Governing Council may change prospectively at any time. As of 23 November 2022, interest is then recognised time-by-time on the basis of the interest rate of the instrument defined as the average of the rate on outstanding deposits in each of the reference periods. This interest expense component in December 2024 amounted to 102 million euro.

## 3. Contributions to Resolution and Guarantee funds

The European legislator with Directives 2014/49/EU of 16 April 2014 and 2014/59/EU of 15 May 2014, respectively known as the Deposit Guarantee Schemes Directive (DGS) and the Bank Recovery and Resolution Directive (BRRD), and with the establishment of the Single Resolution Mechanism (EU Regulation No. 806/2014 of 15 July 2014) introduced significant changes to the regulation of banking crises with the aim of strengthening the single market and systemic stability. Directive 2014/49/EU (DGS) harmonises the levels of protection offered by the National Deposit Protection Funds and introduced a mixed contribution system that provides for an upfront contribution until a minimum target of 0.8% of guaranteed deposits is reached in ten years. It is foreseen that the contribution can be made through the instrument of payment commitments, up to a maximum of 30%. For 2024, the Group was asked for an ordinary contribution of 21.297 million, which was recorded in the income statement.

Directive 2014/59/EU(BRRD) defined the resolution rules to be applied to all banks in the Union in the presence of a state of failure. These rules provide that, under certain conditions, the financing of the resolution is to be provided by the National Resolution Fund, which each Member State is required to have. The directive envisages a mandatory contribution mechanism to collect the target level of resources of at least 1% of the amount of protected deposits of all authorised institutions in all EU states by 31 December 2023.

In a notice dated 15 February 2024, the Single Resolution Board confirmed that the target level of the Fund had been reached. Therefore, no contribution was requested from the Group during 2024. The off-balance sheet commitment is evaluated at each reporting date and/or whenever there is evidence that it is likely to be enforced. In this regard, it is considered that, at 31 December 2024, the risk of the irrevocable payment commitments referred to is remote.

#### 4. Interbank Deposit Protection Fund - Voluntary Scheme

In December 2015, the Parent Company joined the Voluntary Scheme established as part of the Interbank Deposit Protection Fund to support measures in favour of member banks in receivership or distress or in danger of collapse. This is an additional tool to resolve banking crises intended for interventions when there is a reasonable chance of turning round the Bank or when the intervention is likely to cost less than liquidating it. The Fund intervened in support of Banca Carige in 2018, resulting in a payment by the Parent Company of 5.257 million matched by the recognition of a financial asset represented by securities measured at fair value through profit and loss. The financial asset was fully impaired in the 2018 financial statements. No charges for other operations were recorded in subsequent years or in the year under review.

#### 5. Self-securitisation - Centro delle Alpi SME s.r.l.

On 16 June 2023, a securitisation transaction was finalised by the Parent Company as part of the management of medium- and long-term interbank funding. The transaction consisted in the non-recourse assignment of a granular portfolio of performing loans granted to SMEs, guaranteed or unsecured, pursuant to Law 130/1999, to the vehicle company, named Centro delle Alpi SME S.r.l., which was set up for this purpose.

On 2 May 2024, a further disposal of receivables to the vehicle was made. The sale concerned a granular portfolio of unsecured performing loans granted to SMEs amounting to 1,528 million euro.

As at 31 December 2024, the value of outstanding securities subscribed by the Group was unchanged at 1,529 million for senior securities, 252 million for mezzanine securities and 545 million for junior securities.

For further details, please refer to as indicated in these consolidated notes PART E - Information on risks and related hedging policies, subsection 1.4 "Liquidity risk".

#### 6. Luzzatti Pop Npls 2024 securitisation

As part of a broader programme of interventions on non-performing loans and in line with the derisking and asset quality improvement strategy, on 19 December 2024, the Parent Company concluded - together with 9 other participating entities - the multi-originator securitisation of non-performing loans called "LUZZATTI POP NPLS 2024", for a total gross book value of 28.6 million.

For further details, please refer to as indicated in these consolidated notes PART E - Information on risks and related hedging policies, subsection C. "Securitisation Transactions".

#### 7. Risks and uncertainties related to estimates

The preparation of the consolidated financial statements requires the use of estimates and valuations that may have a significant impact on the values recorded in the balance sheet and income statement concerning in particular:

- quantification of impairment losses on loans and financial assets in general;
- use of valuation models for recording the fair value of financial instruments not listed in active markets;
- assessment of the fairness of the value of goodwill and other intangible assets;
- quantification of the fair value of investment properties;
- quantification of personnel provisions and provisions for risks and charges;
- estimates of the recoverability of deferred tax assets.

The Parent Company and other Group companies defined the estimation processes to support of the carrying amount of the more significant items requiring valuation in the consolidated financial statements at 31 December 2024, as required by prevailing accounting standards and relevant regulation.

These processes are largely based on estimating the future recoverability of amounts reported in the financial statements in accordance with rules dictated by current regulation and have been performed on a going concern basis, i.e. valuations are not based on the assumption of a forced sale. Specifically, with reference to the estimates that could potentially be most impacted by the current geopolitical and



macroeconomic context, please refer to paragraph 16 of Section A.2 of these consolidated notes.

The parameters and information used to verify the above figures have been heavily affected by the macroeconomic and market environment which could experience rapid changes that are currently unforeseeable, with effects - even significant effects - on the amounts reported in the financial statements at 31 December 2024.

## 8. Inspections - ECB

As already reported in the financial statements at 31 December 2023 (Part A - Accounting policies), the ECB conducted, from October 2022 to April 2023, an inspection visit on the Parent Company concerning credit and counterparty risk with specific reference to the Corporate&Large and SME (Small and Medium Enterprises) segments. The assessment falls within the scope of the ordinary processes that European Supervision implements with the aim of carrying out a survey of the quality of the assets on selected portfolios and evaluating the internal credit risk management processes and procedures and the control and governance systems, including the implementation of the IFRS 9 accounting standard and any other ancillary aspect. On 23 January 2024, the 'Final Report' was submitted followed, on 7 March 2025, by the ECB draft decision, in respect of which the Bank will be able to comment, with a view to the final decision.

In response to the recommendations made by the inspection team, resumed in the draft decision, and also in the context of the annual SREP assessments by the ECB, several project sites were planned and launched to strengthen governance, management and control systems. The work plans mainly focus on the following aspects: credit management processes, risk management, second- and third-level controls, and implementation methods for IFRS 9. This schedule will be reviewed and possibly modified upon receipt of the final decision by the Authority. In particular, on the basis of the observations received from the supervisory authority, the Bank has already taken steps during the 2023 financial year to increase the credit risk relating to the positions being verified and to monitor the exposures in relation to any transition to non-performing, as required by paragraphs 5.5.9 and 5.5.17 of IFRS 9. With reference to profiles of potential reclassification for the purposes of prudential reporting, which involve only a portion of the sample examined by the Supervisory Authority (for a net cash countervalue at 31 December 2024 of approximately 116 million euro), the Bank, also in relation to the events following the start of the inspection and the methodologies updated as a result of the inspection activity, will present its assessments as part of the ongoing discussions with the ECB.

In any case, the set of ongoing and planned interventions will not lead to the detection of significant additional economic effects with respect to those already detected, with reference to the positions selected by the ECB.

## 9. Terms for the approval and publication of financial statements

Article 154-ter of Legislative Decree 58/98 (Consolidated Finance Act) provides that, within one hundred and twenty days from the end of the financial year, the annual financial statements must be approved and the annual financial report including the draft financial statements, the consolidated financial statements, the report on operations, and the certification of the Manager responsible for preparing the Company's accounting documents referred to in Article 154-bis, paragraph 5, must be published. The draft financial statements of Banca Popolare di Sondrio were approved by the Board of Directors at its meeting of 11 March 2025 and will be submitted for approval to the Shareholders' Meeting called for 30 April 2025. The annual financial report includes, in a specific section of the consolidated management report, the sustainability reporting drawn up on the basis of this provision by Legislative Decree 125/2024.

## 10. Pillar Two - Global Minimum Tax

With effect from 1 January 2024, the Banca Popolare di Sondrio Group, as a Multinational Group exceeding the revenue threshold of 750 million euro, for two out of the four preceding financial years falls within the scope of second-pillar income taxes (so-called Pillar II) provided for in Directive 2022/2523,

adopted in Italy by Legislative Decree No. 209/2023, aimed at ensuring a global minimum level of taxation for multinational groups of companies and large-scale domestic groups in the Union. Based on the analyses carried out, no exposure of the Banca Popolare di Sondrio Group to second pillar income taxes was found in the three jurisdictions in which it operates (Italy, Switzerland and the Principality of Monaco) as the requirements set by the Transitional safe harbours were met. For further details, see Section 11 'Part B - Information on the Consolidated Balance Sheet' subsection 11.8 'Other Information' of these Notes.

## 11. The single electronic reporting format for annual financial reports

Directive 2013/50/EU, which amended Directive 2004/109/EC (Transparency Directive), established that all annual financial reports of issuers whose securities are admitted to trading on a regulated market must be prepared in a single electronic reporting format. The European Securities and Markets Authority (ESMA) has been tasked by the Transparency Directive with developing technical standards to specify such an electronic reporting format. The European Commission adopted the aforementioned technical standards with Delegated Regulation 2019/815 of 17 December 2018 (ESEF- European Single Electronic Format Regulation, hereinafter the Regulation), which established the following main obligations for issuers:

- issuers prepare and publish their annual financial report in XHTML (eXtensible HyperText Markup Language) format;
- issuers that prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) use the Inline eXtensible Business Reporting Language (iXBRL) for marking up such consolidated financial statements.

The combination of the XHTML format with iXBRL markings aims to make annual financial reports readable also by automated devices, thereby improving the accessibility, analysis and comparability of the information included in annual financial reports. InlineXBRL technology enables XBRL mark-ups to be embedded in XHTML. XBRL (eXtensible Business Reporting Language) is machine-readable and allows for the automated use of large amounts of information. The XBRL language is well-established and used in several jurisdictions and is currently the only appropriate markup language for marking information contained in financial statements. Using the XBRL markup language involves applying a taxonomy to convert the text also into information readable by automated devices. The IFRS taxonomy, made available by the IFRS Foundation, is a consolidated taxonomy developed to mark information presented under IFRS. The use of the IFRS taxonomy facilitates worldwide comparability of markups in financial statements prepared in accordance with IFRS. Starting with the consolidated financial statements for the year ending 31 December 2022, the obligation to prepare in accordance with the new ESEF format, previously limited to basic personal data and consolidated financial statements, has also been extended to the information contained in the Notes.

This Annual Financial Report has been prepared in accordance with the ESEF Regulations and approved by the Bank's Board of Directors on 11 March 2025, and will be made public in accordance with the law.



**12. Information pursuant to art. 1, paras.125-129 of Law 124/17 dated 4 August 2017 "Annual law for the market and competition - Measures on the transparency of public payments" as amended by Decree Law 30/4/2019 No. 34 (so-called "Growth Decree") art. 35**

With regard to the above legislation, the contributions or aid received by the Bank in cash or kind, that were not generally available and did not represent consideration, remuneration or reimbursements, have been published on the National Register of State Aid, to which reference is made pursuant to art. 125-*quinquies* of that law.

**13. Statutory audit**

The consolidated financial statements as at 31 December 2024 are audited by EY S.p.A., which was assigned the task of auditing for the nine-year period 2017/2025 with a resolution of the shareholders' meeting of 29 April 2017, pursuant to Legislative Decree No. 39 of 27 January 2010.



## A.2 Main financial statement items

Below are the accounting policies, broken down by item, that have been adopted for the preparation of the consolidated financial statements as at 31 December 2024, with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as the methods for recognising revenues and costs introduced by certain general elements inherent to the classification of financial assets.

### Classification of financial assets

The classification of financial assets is guided by the contractual characteristics of the instrument's cash flows related to the generation of cash flows represented solely by payments of principal and interest on the principal to be repaid (i.e., passing the so-called "SPPI test" - "Solely Payment of Principal and Interest test") and the company's business model adopted, which determines whether cash flows will arise from the collection of contractual cash flows, from the sale of financial assets, or from both.

### Business models

#### Held to Collect (HTC)

The objective of this business model is to hold financial assets to collect the contractual cash flows during the instrument's life. Sales are only deemed to be eligible if they are frequent but not significant, or significant but not frequent, if due to an increase in credit risk, and if close to the maturity date of the financial asset. Frequency is measured based on the number of sales made in the period, while significance is measured on the total amount of sales compared to the portfolio at the beginning of the period.

Banca Popolare di Sondrio Group holds the following within an HTC business model:

- Almost the entire portfolio of loans and receivables with customers and banks, given that the Group mainly undertakes traditional banking activities and holds a loan portfolio that originates from finance granted to households, individuals and businesses;
- Debt securities that may be subjected to this business model's management logic.

#### Held to Collect & Sell (HTC&S)

The objective of this business model is to collect contractual cash flows and to sell the financial assets. The Group uses the HTC&S business model for securities.

#### Others (FVTPL)

This business model is adopted when the Group makes decisions based on the fair value of financial assets and manages them for the purpose of realisation or the Business Model does not fall between the two previously described (HTC and HTC&S). The Group has associated to the Others model:

- Financial instruments held within a trading business model
- Financial instruments held with management on a fair value basis.

For the securities area, ex-post monitoring is provided to verify the consistency of the portfolio with the HTC and associated HTC&S business model.

### SPPI Test - Solely Payment Principal Interest Test

By means of an SPPI test, it is possible to check whether a financial asset may be considered to be a «basic lending arrangement», whereby the contractual cash flows consist solely of payments of principal and interest accrued on the principal amount outstanding. If the test of the characteristics of the contractual cash flows shows compliance with the requirements of IFRS 9 (SPPI test has been passed), the asset may be measured at amortised cost, provided that it is held within a business model the objective of which is to collect the contractual cash flows during the instrument's life (HTC business model), or at fair value through other comprehensive income (FVOCI), provided that the asset is held within a business





model the objective of which is to collect contractual cash flows over the entire life of the asset and to sell the asset (HTC&S business model).

If the test of the characteristics of the contractual cash flows from a financial asset does not show compliance with the requirements of IFRS 9 (SPPI test has not been passed), the asset is measured at fair value through profit or loss (FVTPL). In accordance with Group-wide guidelines, the Test is performed before a loan is disbursed or a security purchased (origination).

For credit and loans, the approach for the execution of the SPPI test differs based on whether they consist of:

- Standard products (e.g. current accounts or loans), the test is performed at product level. At the time of disbursement of the individual loan, the outcome of the SPPI Test at product level is taken into consideration, updated with the verification of the credit risk remuneration and the passing of the Benchmark Test, when this is necessary.
- Non-standard contracts; are tested individually for each relationship. It is specified that this category also includes products with "contingent features" linked to ESG KPIs that are not directly correlated to changes in the risks and costs of the so-called basic lending arrangements (such as the time value of money or credit risk), such as the Sustainability-Linked Loans (SLL), which provide for the adjustment of the contractual spread according to the achievement of certain Sustainability Performance Targets (SPT).

For the securities portfolio, the results of the SPPI test and benchmark test are acquired for each ISIN from an external info provider. For amounts for which the results of the SPPI test and/or benchmark test obtained from an external info provider are not available and/or complete, the tests are performed within the Group. This includes securities with 'contingent features' related to ESG KPI that are not directly related to changes in the basic risks and costs of lending (such as the time value of money or credit risk); e.g. Sustainability-Linked Bonds (SLB) that provide for the interest rate to be adjusted according to whether or not certain Sustainable Performance Targets (SPT) are reached by a contractually agreed date.

## **1. Financial assets measured at fair value through profit or loss**

### **Classification criteria**

Financial assets held for trading (debt securities, capital securities, loans, mutual funds) have been allocated to this line item. It also includes the derivative contracts with a positive fair value, except those offset pursuant to IAS 32. A derivative contract is a financial instrument whose value is linked to the performance of an interest rate, the prices struck for a financial instrument, the price of a commodity, a currency exchange rate, a price index, a rate index or other type of index, is settled on maturity and requires a limited initial net investment. If the derivative qualifies as a hedging derivative, it is recognised in the item "hedging derivatives". If a financial asset incorporates a derivative, the measurement is carried out on the entire asset at fair value. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

This item also includes financial assets designated at fair value (debt securities and loans) as the result of the exercise of the fair value option. For the time being, the Group does not apply the fair value option.

Lastly, it includes other financial assets mandatorily measured at fair value (debt securities, capital securities, mutual funds and loans) or financial assets that do not meet the requirements for classification at amortised cost or at fair value through other comprehensive income, since they do not pass the contractual cash flow characteristics test (SPPI test), as well as capital securities and mutual funds (that are not held for trading) and debt instruments held within said business model.

### **Recognition**

Assets measured at fair value through profit or loss are recognised at the settlement date at fair value, which normally corresponds to the consideration paid, with the exception of transaction costs and revenues that are recognised directly in the income statement. Trading derivatives are recognised at the

"contract" date and are stated at their current value at the time of acquisition.

### **Valuation criteria**

Subsequent to initial recognition, financial assets measured at fair value through profit or loss are measured at fair value at the reporting date. With regard to instruments listed on official markets, fair value is calculated with reference to their official bid price at the close of trading, while the fair value of instruments not listed on official markets is determined by reference to prices supplied by information providers such as Bloomberg and Reuters. If this is not possible, estimates and valuation models that take account of market data are used, where available; these methods are based on the valuation of listed instruments with similar characteristics, discounting of the cash flows, models for the determination of option prices, taking into account the credit risk profile of the issuer.

If data is not available for measurement under the above models, measurement is performed using unobservable inputs (e.g. adjusted equity).

As regards loans and receivables (due from banks and customers), the models used differ based on the nature and the characteristics of the instruments being measured. Currently, three main base models are applied:

- Discounted Cash Flow Model (DCF)
- Reverse Mortgage Model (RMM);
- ABS model

In the case of sight loans or loans maturing in the short term, the carrying amount is considered a good approximation of fair value.

### **Recognition of components affecting the income statement**

Income statement components generated by changes in fair value are recognised in the income statement in the period they arise under "Net trading income" and "Net gains/losses on other financial assets and liabilities measured at fair value through profit or loss" split between the sub-items: "financial assets and liabilities designated at fair value" and "other financial assets mandatorily measured at fair value".

Interest income and dividends are reported in the income statement under "interest and similar income" and "dividends and similar income" respectively.

### **Derecognition criteria**

Financial assets measured at fair value through profit or loss are derecognised when the contractual rights over the cash flows deriving from them expire or are closed out, or when they are sold with the transfer of substantially all the related risks and benefits, or when no control is retained over them even though substantially all the related risks and benefits are neither transferred nor retained.



## 2. Financial assets measured at fair value through other comprehensive income

### Classification criteria

This item includes all financial assets (debt securities, capital securities and loans) classified in the portfolio measured at fair value through other comprehensive income, distinguishing between those that will subsequently be reclassified to the income statement (debt securities and loans) and that will not (capital securities). The following are classified in the portfolio measured at fair value through other comprehensive income:

- debt securities and loans held within an HTC&S business model and that pass the SPPI test;
- for capital securities, the option provided by the Principle that allows capital instruments to be designated at fair value through other comprehensive income at the time of initial recognition is exercised.

### Recognition

Assets included in this item are recognised at the settlement date at fair value, which normally corresponds to the consideration paid to acquire them.

With regard to debt securities and loans, the Group requires any changes in the business model due to inconsistency between the way that the portfolio is managed and the business model that was chosen, or to significant changes in the strategic decisions made, to be decided by the Boards of Directors of each Group member, which will determine if, in rare circumstances, reclassification is needed.

No possibility exists for the reclassification of capital securities. The exercise of the FVOCI option, being the option envisaged by the standard that permits equity instruments to be designated at fair value through other comprehensive income upon initial recognition, is in fact irrevocable.

### Valuation criteria

Subsequent to initial recognition, financial assets measured at fair value through other comprehensive income are measured at fair value, determined in the same manner as financial assets measured at fair value through profit or loss.

The item "Financial assets measured at fair value through other comprehensive income" comprises equities held by way of support for the core business and to encourage the development of initiatives in the territories where the Group operates. These instruments represent the majority in this portfolio.

At each year-end or interim reporting date, debt securities classified in this item are subject to adjustments and write-backs connected to changes in credit risk calculated on the basis of a methodological framework similar to the one used for financial instruments measured at "amortised cost". Any subsequent write-backs cannot exceed the impairment losses recorded previously.

Changes in the value of capital securities classified as 'Financial assets at fair value through profit or loss with impact on comprehensive income' are recognised in a specific equity reserve.

### Recognition of components affecting the income statement

The interest calculated using the effective interest method, which takes account of the difference between cost, including transaction costs, and redemption value, is recorded in the income statement.

Changes in fair value of assets, net of the related deferred tax effect, are recorded in specific equity reserve, the "Valuation reserve", consisting of "Valuation reserves: Capital securities measured at fair value through other comprehensive income" and "Valuation reserves: Financial assets (other than capital securities) measured at fair value through other comprehensive income. An exception is made for debt securities, value adjustments and write-backs related to changes in credit risk, which are recognised in the income statement under item 130(b) "Net adjustments/write-backs for credit risk". If the reasons for impairment cease to apply following events subsequent to the reduction in the value of the financial asset, the write-backs relating to debt securities are reflected in the income statement, while those relating to capital securities are recorded in a specific "Valuation reserve" within equity.

Upon derecognition, the cumulative gain or loss on debt securities are recorded in the income statement while on capital securities, they are recorded in the equity reserve (item 150).

Dividends are recorded under "dividends and similar income".

### **Derecognition criteria**

Financial assets measured at fair value through other comprehensive income are derecognised when the contractual rights over the cash flows deriving from them expire or are closed out, or when they are sold with the transfer of substantially all the related risks and benefits, or when no control is retained over them even though substantially all the related risks and benefits are neither transferred nor retained.

### **3. Financial assets measured at amortised cost**

#### **Classification criteria**

This item includes financial assets, debt securities and loans, managed through an HTC business model that have passed the SPPI Test. The following are recognised in this item:

- a) loans and receivables with banks (current accounts, guarantee deposits, debt securities, etc.), other than "on demand" included under "Cash and cash equivalents". These include operating loans linked to the provision of financial services and activities as defined by the Consolidated Banking Act (TUB) and the Consolidated Finance Act (TUF) (e.g., distribution of financial products) and receivables due from Central Banks (e.g. compulsory reserve), other than current accounts and "on demand" deposits included under "Cash and cash equivalents", are also included;
- b) loans and receivables with customers (mortgage loans, finance leases, factoring, debt securities, etc.). These also include deposits with post offices and Cassa Depositi e Prestiti, variation margins with clearing houses arising from derivative transactions and operating loans linked to the provision of financial services and activities as defined by the Consolidated Banking Act and the Consolidated Finance Act (for example, servicing activities).

Also included are:

- advances in respect of the assignment of receivables with recourse or without recourse without the substantial transfer of risks and rewards, and receivables acquired by the company recognised against the assigned debtor for which the substantial transfer of risks and rewards to the assignee has been recognised;
- finance leases relating to assets under construction and assets about to be leased under "transfer of risks" contracts, whereby the risks are transferred to the lessee prior to delivery of the asset and the start of lease instalments;
- loans granted through government or other public entity funding in connection with particular lending transactions provided for and governed by specific laws ("loans through third-party funds under administration"), provided that the loans and funds bear interest due and payable to the lender;
- trade notes and documents that the banks receive subject to collection or subsequent to collection and for which the banks handle the collection service on behalf of assignors (recognised only upon settlement of the related amounts).

### **Recognition**

Financial assets measured at amortised cost are recognised on the settlement date at fair value, which normally coincides with the amount paid, including transaction costs.

Repurchase agreements are recorded in the financial statements as funding or lending transactions. In particular, spot sales with forward repurchases are recorded as a payable for the spot amount collected, while spot purchases with forward resales are recorded as a receivable for the spot amount paid.

Any changes in the business model attributable to a lack of consistency between portfolio management and the chosen business model, or due to significant changes in strategic choices, are limited to rare circumstances and defined by the Board of Directors of each component of the Group, which then determines any reclassification.



## Valuation criteria

Subsequent to initial recognition, valuations are carried out on an amortised cost basis, using the effective interest method. Amortised cost is represented by the initial value, including transaction costs, net of any repayments of principal, as increased or decreased by adjustments or write-backs and the amortisation of the difference between the amount paid and that recoverable on maturity. The effective interest rate is the rate using which the present value of future cash flows equals the amount of the loan granted, as adjusted by directly-related costs and revenues. Short-term loans (less than 12 months) without a specific repayment date and sight loans are recognised at cost, as the calculation of the amortised cost does not produce significant differences. The effective interest rate identified initially, or when the indexing parameter for the loan is modified, is used subsequently to discount expected cash flows, even if there has been a credit change associated with the loan followed by loan forbearance measures that have led to a change in the contractual rate.

At each reporting date, financial assets measured at amortised cost are subject to adjustments and write-backs connected to changes in credit risk; the value adjustments made are recognised in the income statement under item "130. Net adjustments/write-backs for credit risk: a) financial assets measured at amortised cost". For the definition of value adjustments, financial assets measured at amortised cost are classified into different Stages:

- Stage 1: includes performing positions for which there has been no significant increase in credit risk since the date of initial recognition. Value adjustments/write-backs are determined collectively on the basis of the expected loss at 12 months;
- Stage 2: includes performing positions for which there has been a significant increase in credit risk since the date of initial recognition. Value adjustments/write-backs are determined collectively on the basis of the expected loss over the remaining life of the instrument;
- Stage 3: non-performing positions (non-performing past-due positions, unlikely to pay, bad loans) are included. Value adjustments/write-backs are determined analytically or collectively on the basis of the expected loss over the remaining life of the instrument.

The determination of a significant increase in credit risk (SICR) and the subsequent estimation of impairment, which may either be annual (for positions classified in stage 1) or multi-annual based on the residual life of the exposure (for positions classified in stage 2), is performed via the use of specific methodologies, which combine the use of absolute criteria – specifically, information relating to the number of continuous days past due/overdrawn, any forbearance measures, loans purchased or originated credit-impaired and use of the low credit risk exemption for limited and particular types of counterparties and technical forms – and relative criteria. More precisely, the latter enable the measurement, via the analysis of an appropriate PD-based metric ("Probability of Default"), of the change in the riskiness of the position over a time horizon equating to the residual life thereof that has elapsed since the origination date up to the analysis/reporting date. For the construction thereof, use is made of probability of default term structures (lifetime PD curves, which differ according to appropriate granularity), which are constructed starting with an internal rating system, where available, or that assigned by an external rating agency, and by also taking into consideration elements of a predictive-evolutionary nature and specific to the macroeconomic scenario deemed to be most plausible at the analysis/reporting date in compliance with the underlying rationale of the new accounting standard.

In the event of a significant change in credit risk, there will be a transfer between stages. In the case of positions subject to forbearance measures, classified as stage 2, it should be noted that in accordance with prudential principles, an observation period of at least two years is envisaged before the position is returned to stage 1.

As regards performing positions (Stage 1 and 2) measurement is performed on a collective basis, taking account of the risk parameters consisting of probability of default (PD) and loss given default (LGD), as well as exposure at default (EAD). Value adjustments for expected losses are quantified as the product of the parameters previously reported, for the estimation of which similar parameters used for regulatory purposes are used, suitably modified and adapted in relation to the different requirements between accounting regulations and prudential regulations with particular reference to (I) the logic of calibration

of the aforementioned risk parameters according to the point in time approach, (II) the prospective nature of the estimates (namely, modelling of the so-called FLI-forward-looking information) and (III) their explicit conditioning on the realisation of a plurality of appropriately weighted macroeconomic scenarios (so-called scenario-dependency aspects).

Classification in one of the stage 3 categories complies with the definition of "Non-performing exposures" provided by the Implementing Technical Standards (ITS) of the EBA and adopted by the European Commission. Impaired financial assets are broken down into the categories of bad loans, unlikely to pay, past due and impaired past due exposures.

Specifically:

- Bad loans reflect the exposure to parties that are insolvent or in essentially equivalent situations, regardless of any loss forecasts made by the Group. Accordingly, no account is taken of any guarantees received in support of such exposures.
- Exposures classified as Unlikely-to-pay are exposures, other than bad loans, for which the group deems it improbable that the obligor will pay its credit obligations (principal and/or interest) in full without recourse to measures such as the enforcement of guarantees.
- Non-performing past due exposures are exposures other than bad or unlikely to pay loans, which, at the reference date, are past due and/or overdrawn continuously for more than 90 days and which exceed set absolute materiality thresholds (100 euro for retail exposures or 500 euro for non-retail exposures) and relative materiality (set at one percent (1%) for both retail and non-retail exposures). Non-performing past due and/or overdrawn exposures are determined by reference to the individual debtor.

As regards non performing positions, measurement may be performed on a collective or analytical basis.

Impairment of individual assets measured at amortised cost is the extent to which their recoverable amount is lower than their amortised cost. In the case of analytical analysis, recoverable amount is defined as the present value of expected cash flows, determined with reference to the following elements:

- value of contractual cash flows net of any expected losses, estimated with reference to both the ability of the borrower to meet its obligations and the value of any collaterals or personal guarantees assisting the loan;
- expected timing of recoveries, considering the progress made by recovery procedures;
- internal rate of return.

The specific analysis of non-performing financial assets takes the following parameters into account:

- recoveries forecast by the account managers;
- expected timing of recoveries based on historical-statistical data;
- original discounting rates or the actual contractual rates applying at the time of classifying the loans as bad loans.

The following calculation parameters are used to assess unlikely to pay:

- recoveries forecast by the offices involved;
- expected timing of recoveries based on historical-statistical data;
- original discounting rates represented by the actual contractual rates applying at the time the loans were classified as unlikely-to-pay or, with specific reference to loans subject to restructuring agreements, in force before signing the agreement with the debtor.

Collective assessments are made of positions with limited total exposures that do not exceed given "threshold values". These thresholds are determined from time to time, using simple processes that mainly involve the automatic application of specific coefficients defined internally with reference to detailed quantitative analyses.

Non performing past due and /or overdrawn exposures are detected by automated procedures that extrapolate positions subject to anomalies on the basis of certain parameters identified by the regulation in force. Value adjustments are determined with reference to the historical experience of losses on loans with that type of anomaly.

It should be noted that the impairment model relating to non-performing loans (Stage 3) envisaged by IFRS 9 is based on an estimate of the difference between the original contractual flows and expected



cash flows. So, in determining the expected flows, it is necessary to include estimates at the reporting date of the various expected scenarios, including any loan disposal programmes and/or settlement agreements. If the entity expects to recover a portion of the cash flow of the exposures through sales procedures or settlement agreements, these can be included in the calculation of the Expected Credit Losses verified under certain conditions.

The Group incorporates the various recovery strategies considering the different probability of occurrence.

The expected loss on each impaired position is therefore determined using the following formula:

Expected loss	Expected Loss - Disposal Scenario/settlement agreement*	Expected Loss - Internal Management
Single Position	= Probability of occurrence of Disposal/settlement agreement*	+ Internal* Internal Management Probability of Occurrence

## Recognition of components affecting the income statement

Interest income on financial assets measured at amortised cost is classified in the item "interest and similar income". As regards financial assets classified in stage 3 and loans purchased or originated credit-impaired (POCI), interest is calculated using the net interest method and is recognised in the item "interest and similar income".

Adjustments and write-backs for changes in credit risk, calculated as specified above, are recognised in the income statement. Any write-backs do not exceed the (specific and general or "portfolio") impairment adjustments recorded previously.

## Derecognition criteria

Financial assets measured at amortised cost are derecognised when the contractual rights over the cash flows deriving from them expire or are closed out, or when they are sold with the transfer of substantially all the related risks and benefits, or when no control is retained over them even though substantially all the related risks and benefits are neither transferred nor retained.

IFRS 9 also includes the following provisions on:

- Write-off of financial assets: when an entity does not reasonably expect to fully or partly recover contractual cash flows from a financial asset, it must directly reduce the gross carrying amount of the financial asset. This write-down constitutes partial or total derecognition of the asset.
- Change in contractual cash flows: when a change in contractual cash flows occurs, the entity must assess whether the original asset should continue to be recognised in the financial statements or whether the original instrument should be derecognised and a new financial instrument recognised. When the modification of contractual cash flows of a financial asset is substantial, the Entity should derecognise the existing financial asset and subsequently recognise the modified financial asset: the modified financial asset is deemed to be a "new" financial asset for the purpose of this standard (IFRS 9 B5.5.25). When the modification of contractual cash flows from a financial asset is not substantial, an entity should redetermine whether there has been a significant increase in credit risk and/or whether the financial asset should be reclassified to stage 3. At the time of a modification that does not lead to derecognition, the Group adjusts the carrying amount to the present value of the modified cash flows determined using the original effective interest rate, recording the difference as matching entry in the income statement.



### 3.1 Commitments and guarantees given

#### Classification criteria

These comprise all the collaterals and personal guarantees given for third-party obligations and commitments to grant loans.

#### Recognition and measurement

Endorsement loans are valued on the basis of the riskiness of this particular form of loan, taking into account the creditworthiness of the borrower. The impairment model envisaged for this category of financial assets is the same as that for financial assets measured at amortised cost (see paragraph 3 above).

#### Recognition of components affecting the income statement

The commissions accrued are shown in the income statement under "fee and commission income". Impairment losses, and subsequent write-backs, are recorded to the income statement under "net provisions for risks and charges" with a contra-entry to "Provisions for risks and charges - a) Commitments and guarantees given".

## 4. Hedging transactions

#### Classification and recognition

Financial and credit derivatives held for hedging purposes with a positive or negative fair value are recognised in the corresponding balance sheet items. The IASB is still developing new macro hedging requirements to complete the hedge accounting requirements already included in IFRS 9, which will replace the rules set out in IAS 39 and, accordingly, until the completion and publication of the new standard, the Group has decided to continue to apply the hedge accounting requirements set out in IAS 39, as this option is allowed under IFRS 9.

The portfolio of hedging derivatives comprises the derivative instruments used by the Group to neutralise or minimise the losses arising in relation to hedged assets and liabilities.

The hedging of market risks can take two different forms:

- fair value hedges, to hedge the exposure to changes in the fair value of a balance sheet item attributable to a particular risk; this also includes generic fair value hedges ("macro hedges") whose objective is to reduce fair value fluctuations, attributable to interest rate risk, of a monetary amount, arising from a portfolio of financial assets and liabilities;
- cash flow hedges of the exposure to changes in future cash flows attributable to specific risks associated with balance sheet items.

If the test reveals that the hedge is not sufficiently effective, the instrument is reclassified to the trading portfolio. Hedging instruments are recorded using the "contract date" method.

For a transaction to be accounted for as a "hedging transaction", the following conditions must be met: a) the hedging must be formally documented, b) the hedge must be effective at the time it starts and prospectively throughout its life. Effectiveness is tested using specific techniques and exists when the changes in the fair value (or cash flows) of the hedging instrument almost entirely offset the related changes in the hedged instrument (the results of the test fall into the 80% - 125% interval). The effectiveness of the hedge is assessed at each interim reporting date and at year end.

Derivative hedging instruments are initially recorded at fair value on the date the contract is entered into and are classified, depending on their positive or negative value, respectively, in assets under item "50. Hedging derivatives" or on the liabilities side of the balance sheet under item "40. Hedging derivatives".

#### Measurement and recognition of components affecting the income statement

Fair value hedges are measured on the following basis:





- hedging instruments are stated at their fair value; the fair value of instruments listed on active (efficient) markets is represented by their closing market price, while the fair value of instruments not listed on active markets corresponds to the present value of expected cash flows, which are determined having regard for the different risk profiles of the instruments subject to measurement. The resulting gains and losses are recorded in the income statement item "90. Net hedging gain (loss)";
- hedged positions are valued including changes in value attributable to changes in the hedged risk. These changes in value are also recognised in the income statement under item "90. Net hedging gain (loss)" as balancing entry against the change in book value of the hedged item.

With regard to interest-earning financial instruments, if the hedge transaction ceases to satisfy the recognition criteria of the standard, the difference between the carrying value of the hedged item at the time the hedge ceases and its carrying value had the hedge never existed is amortised to the income statement; if the financial instruments concerned do not earn interest, this difference is recorded in the income statement immediately.

In the case of generic fair value hedges ("macro hedges"), changes in fair value with reference to the hedged risk of the hedged assets and liabilities are recognised in the balance sheet respectively, under item "60. Change in value of macro-hedged financial assets" or "50. Change in value of macro-hedged financial liabilities". The offsetting entry for changes in value referring to both the hedged item and the hedging instrument, like specific fair value hedges, is item "90. Net hedging gain (loss)" in the income statement. In the event of the discontinuation of a generic fair value hedging relationship, the cumulative revaluations/write-downs recognised in the balance sheet items above are recognised in the income statement under interest income or expense over the remaining term of the original hedging relationships, subject to verification that the underlying conditions are met.

Cash flow hedges are measured and recorded on the following basis:

- derivative instruments are stated at their fair value. The gains and losses deriving from the effective part of the hedge, net of the related deferred tax effect, are recorded among the "Valuation reserves" within equity and only released to income when the hedged change in cash flows takes place or if the hedge is ineffective;
- the hedged item continues to be valued on the basis applicable to the category concerned;
- the amounts recognised among the components of other comprehensive income are reclassified to the income statement for the year in which the hedged transaction affects the income statement, for example when charges or income are recognised in relation to the hedged instrument.

If the hedging instrument expires or is sold, cancelled or exercised without replacement (as part of the hedging strategy), or if it ceases to be designated as a hedging instrument, or if the hedge no longer satisfies the criteria provided, any gains or losses previously recognised as components of other comprehensive income remain classified separately within equity until the expected transaction takes place or the commitment made in relation to foreign currency is called upon.

### **Derecognition criteria**

Risk hedges cease to generate accounting effects when they expire, when they are closed out or terminated early, or when they cease to satisfy the recognition criteria provided.

## **5. Equity investments**

### **Classification criteria**

The equity investment portfolio includes equity interests for which a situation of joint control or association exists.

### **Recognition**

Reference should be made to the Section "Scope and methods of consolidation".

## Valuation criteria

Reference should be made to the Section "Scope and methods of consolidation".

## Measurement and recognition of components affecting the income statement

Reference should be made to the Section "Scope and methods of consolidation".

## Derecognition criteria

Reference should be made to the Section "Scope and methods of consolidation".

## 6. Property, equipment and investment property

### Classification criteria

This item includes buildings, land, installations, furniture, equipment, furnishings and machinery. The rights of use acquired with the lease relating to the use of a tangible asset (for lessees) are also included.

This includes investment property held for the purpose of earning rental income or for capital appreciation, and tangible assets classified according to IAS 2 Inventories, relating mainly to assets acquired with a view to enhancing the value of the investment, including through renovation or upgrading, with the intention of resale.

### Recognition

Property, equipment and investment property are initially recorded at cost, including all expenses directly related to the asset's installation prior to being brought into service. Expenditure on improvements that will generate future economic benefits is added to the value of the assets concerned, while routine maintenance costs are charged to the income statement.

Investment properties, at the time of purchase, are recorded under assets in the balance sheet at cost. In the presence of a change of use of the property from property for business use to investment property, the initial book value is equal to the fair value, deduced from a specific appraisal. The difference between the fair value and the book value of the property at the date of change in use is treated on the basis of IAS 16, i.e. if there is a negative difference between fair value and book value, the decrease is recognised in the income statement, whereas if there is a positive difference between fair value and book value, the increase in value is recognised in the income statement as income for the amount that adjusts any previously recognised decrease in value; any excess must be credited to a revaluation reserve of equity.

With reference to leases, the IFRS 16 establishes that at the initial date, leases are accounted for on the basis of the right of use model which states that the lessee has a financial obligation to make payments due to the lessor to compensate for his right to use the underlying asset for the duration of the lease.

The start of the lease term is the date from which the lessee is authorised to exercise his right to use the leased asset, it corresponds to the date of initial recognition of the lease and also includes the so-called rent-free period, or those contractual periods in which the lessee makes use of the asset free of charge. When the asset is made available to the lessee for its use, the lessee recognises:

- an asset consisting of the right to use the asset underlying the lease contract. The asset is recognised at cost, determined by the sum of:
  - the financial liability for the lease;
  - payments for the lease paid before or on the date on which the lease takes effect (net of the lease incentives already received);
  - initial direct costs;
  - any (estimated) costs for the dismantling or restoration of the underlying leased asset.
- a financial liability deriving from the lease agreement corresponding to the present value of the payments due for the lease. The discount rate used is the implicit interest rate, if determinable; otherwise the lessee's incremental borrowing rate is used. If a lease contract contains "non-lease components" (for example services, such as routine maintenance, to be recorded according to the



provisions of IFRS 15) the lessee has to account for "lease components" and "non-lease components" separately and split the contract consideration between the various components based on the relative prices.

The lease term is determined by taking into account:

- periods covered by a lease extension option, if it is reasonably certain to be exercised;
- periods covered by a lease termination option, if it is reasonably certain to be exercised.

### **Valuation criteria**

Subsequent to initial recognition, property, equipment and investment property used for business purposes are stated at cost, net of depreciation and any impairment in value.

Depreciation is provided on a systematic basis over the useful lives of the various categories of asset. The total carrying amount of property has been split, based on specific appraisals, between the value of buildings and that of the related land, which is not depreciated since it has an indefinite life. Property, equipment and investment property are subjected to impairment testing at year end, or at interim reporting dates if there is evidence of a possible loss of value, and any impairment of their carrying amount with respect to their recoverable amount is charged to the income statement. Recoverable amount is defined as the asset's fair value, less any costs to sell, or, if greater, its value in use as represented by the present value of future cash flows generated by the asset; subsequent write-backs do not exceed the impairment losses recorded previously.

Property, equipment and investment property (inventories) to which IAS 2 applies are valued at the lower of cost and net realisable value. This case is not subject to periodic depreciation.

For investment properties, falling within the scope of IAS 40, the Group adopts the fair value measurement method, whereby, following initial recognition, all investment properties are measured at fair value. Consequently, the above real estate is not subject to depreciation.

With regard to lease contracts, the lessee must:

- assess the right of use at cost, net of accumulated depreciation and accumulated value adjustments determined and accounted for on the basis of the provisions of IAS 36 "Impairment of assets", adjusted to take into account any restatements of the lease liability;
- increase the liability deriving from the lease transaction following the accrual of interest expense calculated at the implicit interest rate of the lease, or, alternatively, at the incremental borrowing rate and reduce it for payments of principal and interest. In the event of changes in payments due for leases, the liability must be restated; the impact of the recalculation of the liability is recognised as a contra-entry to the asset consisting of the right of use.

### **Recognition of components affecting the income statement**

Periodic depreciation, impairment losses and write-backs are recorded in the "depreciation and net impairment losses on property, equipment and investment property" item of the income statement.

The fair value model for investment properties requires changes in value deriving from the periodic recalculation of fair value to be recognised in the income statement as income or expenses under "Net result of fair value measurement of property, equipment and investment property and intangible assets". For the methods used to determine the fair value and the periodicity of restatement, reference should be made to the criteria illustrated in "Part A.4 - Information on fair value" below.

With regard to leasing contracts, the amortisation of the Right of Use of the asset is recognised under the item "Depreciation and net impairment losses on property, equipment and investment property", while the interest expense recognised on the financial liability related to the contract is included under the item "Interest and similar expense".

### **Derecognition criteria**

Property, equipment and investment property are derecognised on disposal or when their economic lives are over and they are not expected to generate any further economic benefits.

On disposal of an investment property, the difference between the sale consideration and the carrying amount must be recognised in the income statement, as "Gains (losses) on sale of investments".

The right of use deriving from lease contracts is eliminated from the financial statements at the end of the lease term.

## **7. Intangible assets**

### **Classification criteria**

This item includes non-monetary, identifiable, intangible assets with long-term utility. Existing intangible assets consist of software, goodwill and other intangible assets recognised in the case of business combinations as part of the acquisition cost allocation process.

### **Recognition**

Intangible assets are recorded at purchase cost plus any related charges, only if it is probable that the future economic benefits attributable to such assets will be realised and their cost can be measured reliably. In the absence of these conditions, the cost of the intangible asset is recorded in the income statement in the year incurred; any costs incurred subsequently are only capitalised if they increase the value of or the economic benefits expected from the assets concerned. Goodwill is recorded to assets when it derives from a business combination according to the criteria laid down in IFRS 3 as the residual surplus between the overall cost incurred for the operation and the net fair value of the acquired assets and liabilities that constitute businesses or business units.

### **Valuation criteria**

Subsequent to initial recognition, intangible assets except for goodwill are stated at cost, net of accumulated amortisation and any impairment. Amortisation is provided on a systematic, straight-line basis over the expected useful lives of the intangible assets concerned. At the end of each annual or interim reporting period, if there is evidence of impairment, the recoverable amount of the asset is estimated: the amount of the loss is equal to the difference between the book value and the recoverable amount and it is recorded in the income statement.

Once recorded, goodwill is not amortised but tested periodically to ensure that the book value is holding up. This test is carried out once a year or more frequently if there are signs of impairment. For this reason, cash generating units (CGUs) to which the individual amounts of goodwill can be allocated are identified. The amount of any reduction in value is determined on the basis of the difference between the carrying amount of the goodwill and its recoverable amount, if this is lower. This recoverable amount is equal to the higher of the fair value of the CGU, net of any costs to sell, and the related value in use, represented by the present value of the estimated cash flows for the years that the CGU is expected to operate, including those deriving from its disposal at the end of its useful life.

### **Recognition of components affecting the income statement**

Periodic amortisation, impairment losses and write-backs are recorded in the "Amortisation and net impairment losses on intangible assets" or "Goodwill adjustments" item of the income statement. For goodwill, it is not permitted to book any subsequent write-backs.

### **Derecognition criteria**

Intangible assets are derecognised when they are not expected to generate any further economic benefits.



## 8. Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally from sale rather than from continuous use. Classification under this item is only made when the disposal is deemed highly probable, is expected to be completed within one year from the date of classification, and the asset or disposal group is available for immediate sale in its current conditions. They are measured at the lower of book value and fair value less transaction costs, except in the case of certain types of assets (e.g., financial assets within the scope of IFRS 9) for which IFRS 5 specifically provides that the valuation criteria of the relevant accounting standard must be applied.

The results of the valuation are posted in the relevant items of the income statement or in the item "Post-tax profit (loss) from continuing operations" if these are discontinued operations.

## 9. Current and deferred taxation

Tax receivables and payables are reported in the balance sheet as "Tax assets" and "Tax liabilities". Current taxes include advance payments (current assets) and amounts due (current liabilities) in relation to income taxes for the year, to be recovered from or paid to the tax authorities. Tax liabilities are determined by applying the current tax rates and regulations.

The estimate of tax assets and liabilities takes into account any charges deriving from disputes notified by the Tax Authorities and not yet settled or whose outcome is uncertain, as well as any doubts about the tax treatment adopted by the Company and other Group companies, given the complexity of tax legislation.

If there are deductible or taxable temporary differences between the value of assets and liabilities for tax purposes and the related book values, the corresponding deferred tax assets and liabilities are recognised using the liability method. Deferred tax liabilities are recognised on all related temporary differences, with the following exceptions:

- deferred tax liabilities deriving from the initial recognition of goodwill, or an asset or liability, in a transaction that does not represent a business combination and that, at the transaction's time, does not influence the results reported for statutory and tax purposes;
- the reversal of taxable temporary differences associated with equity investments in subsidiary companies, associates and joint ventures can be controlled, and it is probable that such reversal will not occur in the foreseeable future.

Deferred tax assets are recognised in relation to all deductible temporary differences, tax credits and unused tax losses available to be carried forward, to the extent it is probable that sufficient taxable income will be available in future to absorb them, with the following exceptions:

- the deferred tax assets associated with deductible temporary differences derive from the initial recognition of an asset or liability in a transaction that does not represent a business combination and that, at the transaction's time, does not influence the results reported for statutory and tax purposes;
- in the case of deductible temporary differences associated with equity investments in subsidiary companies, associates and joint ventures, deferred tax assets are only recognised if it is probable that they will reverse in the foreseeable future and that sufficient taxable income will be available to absorb them.

Law No. 214/2011 allows, under certain situations, certain types of deferred tax assets recognised in the financial statements to be transformed into tax credits, such as those related to adjustments/reversals of impairment losses on receivables.

No deferred taxes are provided for in relation to the higher values of tax-suspension assets and tax-suspension reserves as it's considered that, at the present, there are no basis for their future taxation. Deferred tax assets determined on the basis of deductible temporary differences are recognised in the financial statements to the extent that there is a probability of their recovery; this probability is assessed, through the performance of the so-called "Probability test", based on the ability to continuously generate positive taxable income for the Group or, as a result of the Tax Consolidation option, for the group of participating companies. Any unrecognised deferred tax assets are reviewed at each reporting date and

recognised to the extent that it has become probable that future taxable income will be sufficient to absorb them upon reversal.

Deferred tax assets/liabilities are calculated using the tax rates expected to be in force when they reverse or expire, being the rates currently in force or those already communicated or substantially in force at the reporting date.

Tax assets and liabilities are usually recorded with matching entries to the income statement, except when they derive from transactions whose effects are attributed directly to equity; in those cases, they are recognised respectively in the statement of comprehensive income or in equity, consistent with the element to which they relate.

## 10. Provisions for risks and charges

This item comprises the following provisions:

- the sub-item "commitments and guarantees given" includes provisions for credit risk in connection with commitments to grant loans and financial guarantees given which are subject to the rules for determining impairment losses due to credit risk provided for by IFRS 9 and provisions for other commitments and other guarantees that are not subject to these rules.
- Sub-item "Pensions and similar obligations" only includes the supplementary defined benefit and defined contributions pension plans classified as internal funds pursuant to current pension legislation, as well as the other "external" supplementary pension funds, if the return of the principal and/or the yield to the beneficiaries has been guaranteed. This item includes:
  - Parent company pension fund, classified as an "internal" pension fund that falls into the category of defined benefit funds. The burden of any insufficiency of the fund's assets with respect to the related obligations shall be borne by the bank.
  - Actuarial liabilities pertaining to BPS (Suisse) SA arising from supplementary pension costs for the employees thereof.
- the sub-item "Other provisions for risks and charges" includes the provision for the long-service bonuses paid to employees with 30 years of service, as well as provisions for liabilities whose timing and amount are uncertain, including legal disputes, which are recognised in the financial statements when the following conditions are met:
  - the company has a present obligation (legal or constructive) as a result of a past event at the reporting date;
  - it is likely that settlement of the obligation will involve the use of economic resources;
  - a reliable estimate can be made of the amount necessary to settle the obligation.

These provisions are stated at their present value if recognition of the time value of money has a significant effect (settlements to be made more than 12 months after the date of recognition).

## 11. Financial liabilities measured at amortised cost

### Classification criteria

This item includes amounts due to banks and due to customers, regardless of their technical form (deposits, current accounts, loans, securities), other than those recognised in items 20. "Financial liabilities held for trading" and 30. "Financial liabilities designated at fair value". It also includes operating payables linked to the financial services and activities defined in the Consolidated Banking Act and the Consolidated Finance Act, variation margins with clearing houses arising from derivative transactions and other operating payables associated with the provision of financial services. Amounts due to customers and banks and securities issued comprise the financial instruments (other than trading instruments) that represent the normal funding of the Group's activities by customers and other banks, or by the issue of securities. They also include payables recorded by the company as a lessee in the context of lease transactions.



## Recognition

These financial liabilities are recorded in the financial statements at the settlement date. They are initially recognised at their fair value, which is usually represented by the amount collected. The initial recognition value includes transaction costs, while all charges that are recovered from the creditor counterparty or that are attributable to internal administrative costs are not included. The elements of structured funding, comprising a host instrument and one or more embedded derivatives, are split and recorded separately from the related implicit derivatives, on condition that the economic characteristics and risks of the embedded derivatives are substantially different to those of the host instrument and that the derivatives can be configured as autonomous derivative contracts.

## Valuation criteria

Subsequent to initial recognition, financial liabilities are measured at amortised cost, using the effective interest method. Amortised cost is calculated after identifying the acquisition discount or premium and the fees or costs that are an integral part of the effective interest rate. Amortised cost is not calculated in the case of short-term transactions where the effect of the calculation is considered immaterial.

Liabilities covered by effective hedges are measured in accordance with the regulations applying to such transactions.

Lease payables are revalued when there is a lease modification (e.g. a change in the scope of the contract), which is not accounted for/considered as a separate contract.

## Recognition of components affecting the income statement

Interest expense linked to funding instruments, calculated with the internal rate of return method, are booked to the income statement under "interest and similar expense".

Gains and losses on the repurchase of liabilities are recorded in the income statement under "gains (losses) from sale or repurchase of financial liabilities".

Interest expense relating to leasing payables is recorded under the item "Interest and similar expense".

## Derecognition criteria

Financial liabilities are derecognised when the underlying obligations expire or are settled, cancelled or satisfied. Funding liabilities that are subsequently repurchased are derecognised from the financial statements.

## 12. Financial liabilities held for trading

This item comprises derivative instruments with a negative fair value, except for hedging derivatives. The total also includes the negative value of derivatives separated from their underlying structured financial instruments, when the conditions for such separation apply. The criteria for classification, derecognition, measurement and recognition of components affecting the income statement are the same as those described in relation to assets held for trading.

## 13. Financial liabilities designated at fair value

This item includes financial liabilities measured at fair value, as defined at the time of initial recognition and when the conditions provided for by IFRS 9 are met. In particular, reference is made to liabilities whose designation at fair value through profit or loss eliminates or significantly reduces a measurement inconsistency (sometimes referred to as 'accounting asymmetry'). The Group does not currently classify financial liabilities as designated at fair value.

## 14. Currency transactions

They include all assets and liabilities denominated in currencies other than the euro.



## Recognition

Assets and liabilities denominated in currencies other than the euro are recognised initially using the spot exchange rates applying on the transaction dates.

## Valuation criteria

On the reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rates at that time. Non-current financial assets denominated in foreign currencies are translated using the exchange rates ruling at the time of purchase.

## Recognition of components affecting the income statement

Exchange differences deriving from the settlement of monetary items or from the translation of monetary items using rates other than the initial translation rate, or the closing rate at the end of prior periods, are recorded in the income statement for the period in which they arise. Exchange differences on assets, excluding monetary items, that are classified as financial assets measured at fair value through other comprehensive income, are recognised among the valuation reserves.

## Derecognition criteria

The policies applied are those indicated for the corresponding items. The exchange rate used is the one ruling on the date of payment.

## 15. Termination indemnities

Termination indemnities are considered a defined benefit plan, i.e. a defined benefit obligation, and therefore, as required by IAS 19, the value of the obligation is determined using the projected unit credit method.

Under this method, each year of service originates an additional unit of indemnity that is used to calculate the final obligation. This calculation is performed by forecasting future payments with reference to historical-statistical analyses of the demographic curve, and discounting them using a market interest rate. The actuarial analysis is carried out every six months by an independent actuary.

As a result of the reform of supplementary pensions by Legislative Decree No. 252 of 5 December 2005, for group companies based in Italy and with a workforce of more than 50 units, the termination indemnities accrued up to 31/12/2006 remain in the company, whereas those accruing after that either have to be assigned to some form of supplementary pension fund or kept in the company and subsequently transferred to INPS, depending on the preference of the individual employee. This has entailed changes in the underlying assumptions used for the actuarial calculation: in particular, account no longer has to be taken of the average annual rate of increase in salaries.

The termination indemnities earned after 31 December 2006 are part of defined contributions plans. The Group recognises the contributions payable to these plans as a liability on an accruals basis, after deducting any contributions already paid to supplementary pension funds and to the INPS treasury fund in relation to the work performed by employees, with a matching entry to the income statement.

It is also noted that, in compliance with Law 335/95, employees hired since 28 April 1993 may allocate part of their termination indemnities to a supplementary pension fund established pursuant to current in-house agreements.

Gains and losses arising from changes in actuarial assumptions are booked to equity as shown in the statement of comprehensive income.





## 16. Other information

### 16.1 Share-based payments – Transactions settled using equity instruments

The Group has a share-based compensation plan for key personnel, in the context of which any variable remuneration exceeding the threshold of significance determined by the Board of Directors is subject to rules regarding its deferral and payment with financial instruments that are considered suitable for ensuring compliance with the Bank's long-term business objectives. In accordance with IFRS 2, share-based remuneration plans are recognised as an expense in the income statement (item "190. a) personnel expenses") with a corresponding increase in equity (item "150. Reserves").

The cost of transactions settled with capital instruments is determined by the fair value on the grant date based on the work performance received. In view of the difficulty of reliably measuring the fair value of the benefits received, the principle allows benefits to be valued, indirectly, with reference to the fair value of the equity instruments at the date of their grant (so-called "grant date"; this date corresponds to the time when the parties agreed on the terms and conditions of the agreement, however, if the agreement is subject to approval by the Board of Directors, the date of agreement coincides with the date of approval). This cost is to be spread over the period in which the conditions relating to the achievement of objectives and/or the provision of the service are fulfilled (so-called "vesting period").

The transaction costs already accumulated at each reporting date prior to the vesting date are projected forward to the vesting date, together with the best estimate of the number of equity instruments that will actually vest. The cost or income recognised in the income statement represents the change in accumulated cost between the start and the end of the year. The service or performance conditions are ignored when the fair value of the plan is determined at the grant date. However, the probability that these conditions will be satisfied is considered when estimating the number of equity instruments that will actually vest.

### 16.2 Revenue Recognition

In compliance with the provisions of IFRS 15, revenue arises from the transfer of goods or services to the customer and it's recognised at an amount that reflects the consideration that the Group deems it is entitled to in exchange for the above goods or services using a five-step model (identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations; recognise revenue when the entity satisfies a performance obligation).

Revenue from contracts with customers is recognised in the income statement when it is probable that an entity will receive the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer. The consideration is allocated to individual performance obligations in the contract and is recognised in the income statement based on the timing of the satisfaction of performance obligations. More specifically, revenue is recognised in the income statement either at a point in time or over time as and when the entity satisfies its performance obligations. The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both. The contractual consideration may vary as a result of price concessions, discounts, rebates, incentives or other similar items and may be contingent on the occurrence or non-occurrence of a future event. In the presence of variable consideration, revenue is recognised in the income statement if it is possible to reliably estimate the revenue and only if it is highly probable that the entire consideration, or a significant part thereof, will not be subsequently reversed from profit or loss. If an entity receives from the customer consideration that envisages the reimbursement to the customer of all or part of the revenue obtained, a liability should be recognised for expected future reimbursements. The estimate of this liability is updated at each year end or interim reporting date based on the portion of the consideration that an entity does not expect to be entitled to. The amount of commission recognised on the placement of products is adjusted to take account of any variable revenues that might have to be returned in future. The revenues earned on current accounts are recognised after allocation to the individual products or services comprising the stand-alone package.

### 16.3 Cost Recognition

Costs are recognised in the income statement in the period in which they are incurred on an accrual basis. Costs related to obtaining and fulfilling contracts with customers are recognised in the Income Statement in the periods in which the relevant revenues are recognised. If costs cannot be associated with revenues, they are immediately recognised in the income statement.

### 16.4 Revenues and costs relating to financial instruments

With reference to income and expenses related to financial assets/liabilities, it should be noted that:

- interest is recognised *pro rata temporis* based on the contractual interest rate or the effective interest rate if amortised cost is applied. Interest income and interest expense also include differentials or margins, positive or negative, accrued up to the reporting date, relating to:
  - financial derivative contracts to hedge interest-bearing assets and liabilities;
  - derivative contracts classified in the balance sheet as trading instruments, but managerially linked to financial assets and/or liabilities designated at fair value, in accordance with IFRS 9;
  - derivative contracts operationally related to financial assets and liabilities classified in the balance sheet as trading instruments or operationally related to "other financial assets mandatorily measured at fair value" and which provide for the settlement of differentials or margins at multiple maturities;
- default interest on bad loans is recognised in the profit and loss account at the time of actual collection;
- fees for revenues from services are recognised, based on the existence of contractual agreements, in the period in which the services were rendered, with the exception of fees considered in amortised cost for the purpose of determining the effective interest rate;
- dividends are recognised in the Income Statement when paid;
- gains and losses arising from the trading of financial instruments are recognised in the Income Statement, or in equity in the case of equity instruments for which designation at fair value through comprehensive income has been made, when the sale is completed, based on the difference between the consideration paid or received and the carrying value of the instruments.

### 16.5 Accounting treatment of tax credits connected with the «Cura Italia» and «Relaunch» Decrees.

Decree-Laws No. 18/2020 (so-called «Cura Italia Decree») and No. 34/2020 (so-called «Relaunch Decree») have provided for a series of measures aimed at supporting Italian individuals and businesses in their relaunch following the Covid-19 emergency, including tax incentives related to expenses incurred for specific interventions that can be used in the form of tax deductions or tax credits. These tax incentives are applied to households or businesses, they are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%) and they are disbursed in the form of tax credits or tax deductions (with an option to convert them into tax credits). With a view to helping to support families and businesses, the Group launched a specific project aimed at acquiring these tax credits in the second half of 2020.

The main features of these tax credits are:

- the possibility of offsetting taxes and contributions with the limitations provided for in the regulations;
- transferability to third-party purchasers;
- non-refundability by the Treasury in the event of non-use within the prescribed time-frame.

The accounting was done in accordance with international accounting standards and in line with the provisions of Bank of Italy/ Consob/ Ivass Document No. 9 ("Accounting treatment of tax credits related to the "Cura Italia" and "Rilancio" Law Decrees acquired following disposal by direct beneficiaries or previous purchasers") issued on 5 January 2021.

As represented by the aforementioned document, the tax credits purchased do not represent tax assets, government grants, intangible assets or financial assets. The most appropriate classification is therefore



the residual classification of 'other assets' in the balance sheet.

At the time of initial recognition, the tax credit is recognised at the price of the transaction (value corresponding to its fair value). For subsequent valuations, the provisions of IFRS 9 are expected to be applied.

In view of the trend in the volume of loans acquired, the future prospects and the note from the Bank of Italy regarding the prudential treatment of these loans, the Group decided to combine the HTC business model with the HTCS business model and the Trading one.

The HTC business model envisages that the measurement subsequent to initial recognition of the credit takes place at amortised cost using the effective interest rate determined at the time of initial recognition, while the HTCS business model envisages that the measurement subsequent to initial recognition of the credit takes place at fair value with a balancing entry in comprehensive income. The Trading business model, on the other hand, envisages that the measurement following the initial recognition of the loan takes place at fair value through the income statement. It is specified that such trading does not generate day one profit/loss. No expected loss is calculated on these credits because there is no counterparty credit risk considering that the realisation of the credit takes place by offsetting or in cash in the case of assignment.

In order to reflect in the financial statements the risks arising from possible fraud perpetrated against the bank and, therefore, to determine the accounting impacts related to the potential risk on tax credits, it was deemed appropriate to refer to the provisions of IAS 37 - Provisions, Contingent Assets and Contingent Liabilities, with regard to the measurement and recognition of these risks. Specific provisions have therefore been made under the liability item "Provisions for risks and charges".

On 10 May 2024, the Government introduced measures for the rationalisation and coordination of tax benefits in the construction sector through the introduction of Article 4-bis to Law Decree 39/2024. In particular:

1. paragraphs 1, 2 and 3 define, as of 1 January 2025, the prohibition of offsetting tax credits from building bonuses against social security/assistance contributions and insurance premiums owed by banks;
2. paragraphs 4 and 5 impose the 10-year deduction for expenses incurred on or after 1 January 2024. This allocation will not be applicable in the case of an invoice discount/credit transfer option;
3. it is further stipulated that for banks and financial intermediaries that have purchased instalments of tax credits arising from Superbonus, Sismabonus and Architectural Barrier Bonus subsidised expenses at a price of less than 75% of the amount of the corresponding deductions, the annual instalments usable from 2025 of the credits to which the unique identification code (traceable credits) has been attributed are to be divided into 6 equal annual instalments instead of the original instalment arrangement provided for such credits. The instalments of tax credits resulting from the new apportionment may not be assigned to other parties, or further apportioned. The subjects who did not fall into this category have sent the appropriate documentation to the Revenue Agency by 31 December 2024;
4. paragraph 7 prohibits recipients of deductions from exercising the option to assign the remaining instalments of tax credits.

The changes referred to in points 1) and 3) above do not entail any significant effects for the Group as the reduction in tax capacity is covered by sale agreements already entered into, while there are no cases falling under the categories highlighted in point 3. The other changes do not affect the tax credits in the portfolio.

## 16.6 Accounting treatment of financial instruments with ESG clauses

With reference to 31 December 2024, we note the presence in the Group's portfolio of:

- subscription of debt securities issued by leading national companies operating mainly in the energy sector, within which step-up clauses were included linked to the achievement of certain ESG objectives (Sustainability-Linked Bonds - SLB);
- signing of loan agreements (both bilateral and pooled) to companies of national importance

within which step-up or step-down clauses linked to the achievement of certain ESG objectives were included (Sustainability-Linked Loans - SLL);

- other NEXT campaign loans from the bank, instruments that are characterised by the fact that they are linked to the support of sustainability projects but do not contain specific clauses that generate issues for the purposes of IFRS 9 accounting classification.

The step-up and step-down clauses associated with these subscriptions do not present a high degree of complexity; specifically, the most common clauses concern the improvement of direct GHG (Greenhouse gases) emissions and the installed capacity of renewable energy sources by a certain date. From an accounting point of view, during the financial year being reported, at the time of the subscription of debt securities and/or disbursement of loans, the bank verified whether or not such instruments could be compliant with a so-called basic lending arrangement according to the requirements set out in IFRS 9 and its amendments (SPPI test with a "passed" outcome). Specifically, it was considered that such instruments could pass the test if it was verified, by means of qualitative/quantitative tests, that the contractual cash flows would not be significantly different from the contractual cash flows relating to a financial instrument with identical contractual terms, but without this contingent feature. The nature of any contingent event that would change the timing or amount of contractual cash flows was also assessed, without regard to the likelihood of the event occurring.

With regard to financing, the nature of the contingent event is associated with the achievement of the following ESG objectives:

- Reduction of emissions, reduction of energy consumption, level of water loss, improvement of the percentage of waste going to recycling/composting/recovery, use of recycled materials;
- Female figures, employee training programmes, customer satisfaction levels, occupational safety;
- Governance, ESG plan drafting, sustainability rating improvement.

With regard to debt securities, contractual step-up clauses are mainly related to emission reductions and installed capacity of renewable energy sources.

Contractual clauses according to which cash flows may change are included in the contract of the instrument as an incentive to achieve contractually specified ESG objectives and not as remuneration for risks and costs other than those of 'basic lending arrangements'. Therefore, the nature of the contingent event is not attributable to a change in the costs and risks typical of a 'basic lending arrangement'.

## 16.7 Treasury shares

Any treasury shares held are deducted from equity. Any gains or losses from transactions in treasury shares are also reflected in equity.

## 16.8 Cash and cash equivalents

The item Cash and cash equivalents includes cash and all receivables "on demand", in the technical forms of current accounts and deposits, from banks and Central Banks (with the exception of the reserve requirement). In the income statement, net credit risk adjustments/write-backs related to the above-mentioned "sight" loans to banks and central banks are recognised under item 130. "Net adjustments/write-backs for credit risk".

## 16.9 Repurchase agreements, securities lending and repo

Repurchase agreements or repo, whereby the Group sells securities to third parties with the obligation to repurchase them at the maturity date of the transactions at a predetermined price, are recorded under liabilities to banks or to customers depending on the counterparty. Similarly, repurchase agreements or repo, whereby the Group purchases securities from third parties with the obligation to resell them at the maturity date of the transactions at a predetermined price, are accounted for as loans and receivables with banks or customers (accounting category of "Financial assets measured at amortised cost"), depending on the counterparty. The difference between the spot and forward prices of these transactions is accounted for as interest and recorded on an accrual basis over the life of the transaction. Securities lending



transactions in which the collateral is cash that is fully available to the lender are recognised in the financial statements in the same way as the aforementioned repurchase agreements. In the case of securities lending transactions with collateral in the form of other securities, or without collateral, the lender and borrower continue to recognise in the assets side of the balance sheet, respectively, the security lent and the security given as collateral. The remuneration for such operations is recognised by the lender under item "40. Fee and commission income" and by the borrower under item "50. Fee and commission expense".

## 16.10 Business Combinations

A business combination is a transaction or other event in which an acquirer acquires control of a business consisting of production factors and processes applied to these factors that create production. Acquisitions of shareholdings in subsidiaries, mergers, and acquisitions of business units are therefore to be considered business combinations.

Business combinations that fall within the relevant scope of IFRS 3 are recognised by applying the acquisition method. For each business combination, one of the combining entities must be identified as the acquirer identified in the entity that has control over another entity or group of businesses.

The acquisition date is the date on which the acquirer obtains control over the acquiree and is the date from which the acquiree is consolidated in the acquiring company's financial statements. Where a business combination is effected in a single exchange transaction, the date of exchange coincides with the date of acquisition. The consideration transferred in a business combination shall be measured at fair value calculated as the sum of the fair values, at the acquisition date, of the assets transferred by the acquirer to the former owners of the acquiree, the liabilities incurred by the acquirer to those owners, and the equity interests issued by the acquirer.

The consideration the acquirer transfers in exchange for the acquiree includes any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are the costs that the acquirer incurs to realise the business combination and are recognised in the income statement, with the exception of the costs of issuing equity or debt securities, which must be recognised in accordance with the accounting standards that define how financial instruments are accounted for.

The acquisition method requires that the identifiable assets acquired, including any intangible assets previously unrecognised by the acquiree, and the identifiable liabilities assumed, should be recognised at their respective fair values at the acquisition date. The identification of the fair value of the assets, liabilities and contingent liabilities of the acquiree must be completed within one year of the acquisition date. If control is realised through subsequent purchases, the acquirer must recalculate the interest it previously held in the acquired company at its fair value at the acquisition date and recognise any difference from the previous carrying amount in the income statement.

The acquirer, at the acquisition date, shall recognise goodwill by measuring it as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed measured as described above. If a negative difference is recognised, it is recorded in the income statement.

It is specified that, for each business combination, any non-controlling interest in the acquired company may be recognised at fair value, with a consequent increase in the consideration transferred, or in proportion to the non-controlling interest's share of the net identifiable assets of the acquired company.

Subsequent to the acquisition of control of a company, the accounting of additional ownership interests is performed by recognising in equity the differences between the acquisition costs and the carrying amount of the minority interests acquired. Similarly, sales of minority interests without loss of control do not generate gains/losses in the income statement but changes in Group equity.

Business combinations between entities under common control do not fall within the scope of IFRS 3. In the absence of specific guidance in other IAS/IFRS, IAS 8 requires that a company must use its own judgement in applying an accounting policy that provides relevant, reliable, prudent information and reflects the economic substance of transactions. These types of combinations, normally realised as part of

corporate reorganisation projects, are accounted for by preserving the continuity of the acquiree's values in the acquirer's financial statements.

### **16.11 Financial instruments (measurement of financial assets, equity investments and models for determining the fair value of instruments not listed in active markets)**

Financial instruments not listed in active markets and illiquid and complex instruments are measured using models and/or parameters not observable in the market. These measurements are highlighted by their classification in the fair value hierarchy. See Part A.4 – "Information on fair value" in these notes to the financial statements for qualitative and quantitative information on the methods adopted to determine the carrying amounts of instruments measured at fair value and those measured at amortised cost.

With regard to equity investments consolidated using the equity method, the Group did not identify any signs of impairment. The draft financial statements and updated business plans of the companies concerned might not be available, which would increase the uncertainties involved in measuring their value. In such cases, the carrying amounts assigned to the equity investments concerned, based on the available information, might differ from subsequent measurements made on the basis of different information that becomes available.

### **16.12 Deferred tax assets and valuation of liabilities associated with employee benefits**

The assets shown in the Group's balance sheet include deferred tax assets, which principally derive from temporary differences between the date of recognition of costs in the income statement and the date on which they become tax deductible and, to a residual extent, from tax losses carried forward. Section 11 – «Tax assets and tax liabilities», contained in Part B – Assets of these notes to the financial statements, provides information about the nature of deferred tax assets and the checks carried out on their recoverability, as well as about the results of the sensitivity analysis carried out on the time horizon for the recoverability of deferred tax assets, considering reasonable changes in the expected cash flows.

The measurement of the liability for employee benefits involves a certain degree of complexity, especially with regard to defined benefit plans and other long-term benefits, given that this involves making actuarial assumptions of a demographic (e.g. mortality rate, employee turnover) and financial (e.g. discount rates and inflation rates) nature. In Part B of these Notes, a sensitivity analysis was carried out for defined-benefit company pension funds on changes in the main actuarial assumptions included in the calculation model.

### **16.13 Significant accounting standards and uncertainties in the use of estimates in the preparation of consolidated financial statements (pursuant to IAS 1 and the recommendations in Bank of Italy/Consob/Isvap Document No. 2 of 6 February 2009 and No. 4 of 3 March 2010)**

As stated previously, the adoption of certain accounting policies use of estimates and assumptions that influence the value of the assets and liabilities recognised in the financial statements and the disclosures made about any contingent assets and liabilities. When accounting estimates are made, the Group considers all available information at the reporting date, as well as any reasonable assumptions based on external evidence and historical experience. However reasonable, it cannot be excluded that these estimates might not be confirmed in the future operating scenarios that unfold for the Group. The results reported in future might, in fact, also differ from the estimates made when preparing the interim financial statements and, consequently, adjustments to the book values of reported assets and liabilities might become necessary that are currently unforeseeable and cannot be estimated.

The principal uncertainties at this time, with a potential impact on the future operating scenarios that unfold for the Group, include the direct or indirect adverse consequences for the Italian and global economies linked to the evolution of the geopolitical and macroeconomic context.

Starting from the Russian invasion of Ukraine, which took place at the end of February 2022, it should be noted, however, that it led to a drastic worsening of the macroeconomic context and recovery forecasts.





In particular, the conflict had a negative impact on the global economy through rising commodity and energy prices. This added inflationary pressures, imposing a difficult balancing act on central banks in their attempt to keep inflation under control without triggering a recession. In addition, further geopolitical tensions in 2023, in particular the conflict in the Middle East, further contributed to uncertainty.

In this context, characterised by growing uncertainty over the macroeconomic outlook, the Group maintained the controls already in place in previous quarters.

There were no regulatory changes in 2024, so classifications and assessments were made in continuity with the 2023 financial statements, to which reference should be made.

### **ECL – Expected credit losses**

With reference to the methodological framework used by the Group for the quantification of expected losses on performing loans ("ECL") during the 2024, the usual activities of updating the parametrisations of the macroeconomic scenarios and the associated weighting factors based on the latest available forecast including the changed macroeconomic context were carried out.

With specific reference to the explicit modelling of the prospective and scenario-dependency components, it is specified that a plurality of macroeconomic scenarios were adopted for the calculation of the write-downs of June 2024:

- a baseline scenario, corresponding to the equivalent scenario issued by the official supplier on the occasion of the last available forecast report at the time of the calculation of the write-downs;
- a (slightly) adverse scenario, corresponding to the equivalent scenario issued by the official supplier on the occasion of the last available forecast report at the time of the calculation of the write-downs;
- a scenario of an extreme nature, corresponding to the equivalent scenario issued by the official supplier on the occasion of the last available forecast report at the time of the calculation of the write-downs;

When weighting the scenario-dependency ECL, the baseline scenario is assigned, by reason of its nature, the prevailing weight factor (equal to 70%), while the alternative scenarios are assigned weight factors respectively equal to 25% and 5%.

With reference to the management overlays applied in the calculation of impairment losses on performing loans, methodological evolutions were introduced in the various components of the so-called ECL core (construction of Lifetime PD curves, modelling of the LGD parameter and its components, extended maturity for on-demand items, ESG layer, impairment model for so-called 'female positions') and the subsequent removal of the add-ons associated with them. Also introduced were a scenario-related add-on and a scenario-related add-on were also introduced. A-IRB-related add-on.

The stage allocation framework has also been revised, which now includes a new absolute staging criterion linked to annualised lifetime PD and a change in the treatment of positions subject to staging overrides.

In any case, however, it cannot be excluded that the introduction of different methodologies, parameters, assumptions in determining the recoverable value of the Group's performing credit exposures - influenced moreover by the evolution of the reference economic-financial and regulatory context - may determine valuations different from those conducted for the purpose of preparing the financial statements at 31 December 2024.

For further details on the effects of said interventions on the calculation of value adjustments on loans and on the sensitivity analysis, please refer to paragraph "2.3 Methods for measuring expected losses" contained in the section on credit risk of "Part E – Information on risks and related hedging policy" of the notes to the separate financial statements.

## A.3 Report on transfers between portfolios of financial assets

In the 2024 financial year, as in previous years, there was no change to the Banca Popolare di Sondrio Group's business model, i.e. the way in which the Group manages financial instruments. Thus, there were no reclassifications of financial assets due to the change in business model.

## A.4 Information on fair value

### Qualitative information

Information on fair value as required by IFRS 13 is provided below. This standard defines fair value as the price that would be received from the sale of an assets or that would be paid for the transfer of a liability in an orderly transaction between market operators on the measurement date. Fair value is a criterion based on market value; however, while transactional or observable market information may be available for certain assets and liabilities, such information may not be available for other assets and liabilities. When the price of an identical asset or liability cannot be found, it is necessary to use measurement techniques that maximise the use of significant observable inputs and minimise the use of unobservable inputs.

IFRS 13 requires the measurement of default risk in determining the fair value of OTC derivatives. This risk relates to changes in the credit rating of both the counterparty and the issuer. Accordingly, a model for the measurement of this component of risk has been devised and is used to adjust the value of the instrument.

With regard to derivatives with positive mark-to-market adjustments, the risk component is known as the Credit Value Adjustment (CVA) and represents the potential loss associated with the counterparty credit risk, while the Debit Value Adjustment (DVA) quantifies the issuer risk in relation to instruments with negative mark-to-market adjustments.

These price adjustments are obtained according to a model-based approach derived from the possibility of default by both the counterparties and the bank itself, as well as additional representative cost/convenience components associated with the transaction. The Credit Valuation Adjustment represents the fair value adjustment due to the risk that the counterparty will default at a time when the Bank has positive exposure to it. It therefore takes on a negative sign and represents a valuation component that therefore decreases the positive fair value of the instrument. The Debt Valuation Adjustment represents the fair value adjustment that considers the consequences on counterparties of possible bankruptcy of the Bank. In contrast to the CVA, it represents a positive adjustment that therefore decreases the negative fair value of the instrument. If a specific CSA (Credit Support Annex) agreement has been concluded with the counterparty and a cash deposit has therefore been given or taken as security, the value of the instrument is not adjusted for the CVA/DVA component. The CVA/DVA book value for derivative instruments is then calculated as the product of the fair value of the position, the cumulative probability of default and the complement at 1 of the recovery rate (RR). These adjustments are calculated daily directly in the applications that manage the derivative positions held by the Bank.





### A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

Input values for the determination of level 2 fair value include: prices for similar assets or liabilities listed in active markets, prices for identical or similar assets or liabilities listed in inactive markets, and information other than observable listed prices, such as routinely listed interest rates and yield curves observable at intervals, implicit volatility, credit spreads and inputs corroborated by the market. This information is usually supplied by providers or determined with reference to prices calculated with reference to the market parameters of similar financial assets.

Input values for the determination of level 3 fair value are unobservable market values for the asset or liability and must be used to measure fair value to the extent that relevant observable inputs are not available. They must reflect the assumptions that market operators would use to determine the price of the asset or liability, including those regarding the related risk. The inputs not observable on the market derive from internal estimates and valuations based on pricing models that privilege the examination of expected cash flows and pricing and spread information, as well as of historical data and series of data concerning the risk factors, and relevant specialist reports.

### Derivatives

OTC derivative instruments, for which there are no publicly formulated quotations by independent third parties and which are typically contracts signed bilaterally between the Bank and another financial counterparty, are valued by means of appropriate pricing models and classified in Level 2 or Level 3 (if significant assumptions and/or unobservable market parameters are to be used) of the fair value hierarchy. In particular, all derivative instruments can be reduced to two categories:

- Derivative instruments with a symmetric profile, which have as their underlying a transaction that is certain to occur on a specified maturity date (or dates) and which provide for simultaneous actions and identical positions (in terms of value and risk) for both counterparties. This category includes plain vanilla futures, forwards and swaps on all types of traded underlyings. Such instruments are typically valued using a Discounted Cash Flow model, which discounts, at a risk-free rate, the cash flows implicit in the contract.
- Derivative instruments with an asymmetric profile, which have as their underlying a transaction that may occur (or not occur) at the discretion of one of the counterparties. Specifically, there is one counterparty, which buys the right and which will have the discretion to activate the underlying transaction on the specified maturity date(s), while the other counterparty, which sells the right, will be subject to the buyer's decision. This category of derivative instruments, to which all types of options belong, requires calculation models based on the volatility of the underlying, with the possible use of models based on numerical methods in the case of the presence of path-dependent elements with respect to the expected evolution of the value of the underlying or exotic elements in the determination of the payoff.

### Loans and receivables

The method of measuring loans and receivables at fair value, where parameters relating to credit risk that can be inferred from market prices cannot be used, results in the instrument being classified in Level 3 of the fair value hierarchy. In general, the calculation of the fair value for these loans is carried out by means of a DCF (Discounted Cash Flow) model, where the individual cash flows associated with the individual maturities, deducted of the unrecoverable component related to the counterparty's credit risk, are discounted at a risk-free rate plus a premium for the illiquidity of the instrument itself. The cash flows at the individual payment date are determined from the contractual flows and take into account, where relevant, both anticipatory early redemption dynamics and the modelling of any optional components linked to the indexation of the flows. For on sight loans or without contractual maturity, the net book value is considered the best approximation of fair value. Due to their particular contractual structure and risk profile, Mortgage Life Loans (PIV) have a specific valuation model that is more focused on the value of the property being financed.

With regard to tax receivables classified under Other Assets in the balance sheet, the fair value estimate is calculated using a "basic" method, which replicates the DCF model previously set out. Possible refinements of the valuation model may depend on the observation of comparable transactions in the market, e.g. size, activity levels, time proximity to the assets being valued.

## Mutual funds

Undertakings for Collective Investment in Savings (UCI) are financial intermediaries that collect private savings and invest them on the basis of specific management rules, structured with reference to specific limits in terms of risk, asset allocation, concentration and exposure.

Mutual funds generally have segregated assets that are usually managed dynamically. The Management Entity shall publish an estimate of the overall net value of the assets of the UCI (denominated Net Asset Value or NAV) with a frequency established by the internal regulations of the UCI, from which the theoretical value of each unit is calculated.

The risk and return profile of an investment in UCI is highly variable, depending on the characteristics and form of the UCI itself, the type of legislation to which it is subject, the type of investments it makes, and the possibilities for disposing of the units held. Most of the factors related to the risk and return profile of the units of a UCI are reflected in the valuation of the assets and, consequently, in the NAV value produced and disclosed by the Management Entity, which is the basis for determining the fair value of the units themselves. However, there may be elements of risk that are not perfectly or fully reflected in the NAV and therefore, require appropriate adjustments to be made to the NAV to identify fair value. This is particularly the case for UCI with the following characteristics:

- Closed-ended UCI - unlike open-ended UCI, do not allow investors to obtain (at any time) the immediate disposal of their units. Therefore, such disinvestment is only possible by reselling own units to a third party, which normally entails long lead times and high transaction costs.
- UCI whose NAV does not represent the fair value of the underlying assets - certain types of UCI, based on the relevant legislation, may adopt NAV valuation criteria that do not correspond to the valuation criteria that would be used to determine the fair value of the underlying investments. This category includes, for example, funds investing in private equity (whose investments are often valued at the lower of cost or market), those investing in private debt (normally valued at cost subject to impairment), and funds of NPEs, which sometimes value the underlying loans by discounting expected recoveries against rates that are far from market rates. In all these situations, it may be appropriate to make an adjustment to the NAV to realign it to the potential fair value.
- UCIs with infrequent NAV publication - some types of UCIs, especially closed-end UCIs and UCIs with illiquid underlying assets provide NAV calculation with limited frequency. Consequently, the value expressed by the latest available NAV could also be significantly different (as it is not up-to-date) from the actual value at current prices of the assets of the UCI itself. Similarly, adjustments to the NAV may be required to align it with the fair value.

## Investments and other capital securities

If Level 1 and Level 2 price sources are not available, fair value is determined using an ad-hoc valuation model, specifically defined with respect to the characteristics of the instrument in question and the financial information available at the time of valuation. In said case, the instrument will be classified as Level 3 in the fair value hierarchy. In such circumstances, specific valuation approaches and methodologies are used, developed ad-hoc by the Pricing and Valuation Models Office in accordance with best practices and industry literature in the field of valuation and financial modelling, which can be categorised into the following two macro-typologies of analytical and empirical valuation methods. The so-called analytical methods are usually used as the main valuation approach, if no direct transactions on the company being valued can be detected, referring to the transfer of a significant portion of the share capital between independent market counterparties in a reasonably close time span. These methodologies estimate the value of a company by analysing its fundamentals to determine the inputs (such as cash flows, income, assets, etc.) on which the valuation is based. Analytical methods differ from empirical methods (described



below), which estimate the value of a company by relying on the prices of comparable companies on the market.

For unlisted equities with observable inputs, but for which the most recent information available to measure their fair value is insufficient, the best estimate was made considering their adjusted equity value.

### **Non-financial assets measured at fair value on a recurring basis:**

For the Banca Popolare di Sondrio Group, non-financial assets measured at fair value on a recurring basis are represented by real estate assets held for investment purposes measured at fair value on the basis of the provisions of IAS 40.

The fair value of properties held for investment purposes is determined annually through the use of special appraisals prepared by independent companies, professionally qualified and operating in the specific sector, capable of providing property valuations based on RICS Valuation standards.

These standards ensure that:

- the fair value is determined in accordance with the indications of the international accounting standard IFRS 13, i.e. it represents the estimated amount for which an asset would be sold and purchased, at the date of valuation, by a seller and a buyer with no special ties, both interested in the purchase and sale, at competitive conditions, after adequate marketing in which the parties have both acted in an informed, conscious and non-coerced manner;
- experts have professional, ethical and independence requirements in line with international and European standards.

For properties of a significant amount, i.e. properties with a value of more than 5 million, a "full" appraisal is envisaged, i.e. conducted by means of an inspection of the property, as well as a detailed analysis of the available documentation. For the remaining properties, however, it is possible to have recourse to a "drive-by" type appraisal, that is, based on the examination of the documentation as well as through an external inspection of the unit being appraised.

### **A.4.2 Processes and sensitivity of the measurements**

The Group determines the fair value of assets and liabilities using various methodologies defined in the corporate policies. Based on the inputs that can be used, financial instruments are classified as Level 1, Level 2, Level 3. Financial instruments that are quoted in active markets for which the fair value is assumed based on official market quotations are classified in Level 1. If there is more than one active market, reference is made to the principal market; failing this, the most advantageous market is used. Level 1 inputs cannot be adjusted in normal circumstances. The concept of active market does not coincide with that of official market; rather, it refers strictly to the financial instrument concerned. It follows that a listing in an official market is not sufficient to be considered as listed in an active market. Listed prices are obtained from price boards, dealers, brokers etc. and reflect transactions carried out on an orderly basis. Level 2 financial instruments are those whose inputs are different from the listed prices included in Level 1 that are directly or indirectly observable for the asset or liability concerned. In this case, the measurement techniques used include the market value method, the income method which, in turn, is based on present value techniques and models for measuring the price of options. The use of present value techniques involves determining:

- a) an estimate of future cash flows deriving from the asset or liability to be measured;
- b) the uncertainty inherent in the cash flows, given possible changes in their amount and timing;
- c) the rate applicable to risk-free monetary assets of similar duration;
- d) the risk premium;
- e) for liabilities, the related non-performance risk, including the credit risk associated with the debtor.

Level 3 financial instruments are those whose inputs are not observable. In this case, the best information available in the specific circumstances is used, including all reasonably available information about the assumptions adopted by market operators.

If a financial instrument is measured by recourse to inputs from various levels, it is allocated to the level of the input considered least meaningful. With regard to Level 3 financial assets, IFRS 13 requires the

disclosure of information about the sensitivity of the reported results to changes in one or more of the unobservable parameters used to measure their fair value.

Given the limited weighting of such instruments within the Group's portfolio of financial assets and considering that the Level 3 instruments contained in the portfolio of financial assets largely comprise securities carried according to models whose inputs are specific to the entity being valued (for example, the assets of the company) or through prices of previous transactions, without further adjustments (for which no quantitative information is required about the sensitivity of their valuation), any changes in unobservable inputs would not have a significant economic impact.

As regards the Asset Backed Securities (ABS) present in portfolio, deriving from securitisations of bad loan portfolios, the analyses and assessments were carried out on the basis of the most recent information available and following the so-called waterfall structure for modelling the cash flows of the securitisations. From our analyses, no elements emerged that would justify a change in the fair value of the tranches with respect to the values currently recorded in the financial statements.

There are also in portfolio units of funds deriving from corporate loan restructuring, whose measurement at fair value is carried out on the basis of the NAV, corrected if necessary to take into account the investment's poor liquidity.

The instruments classified at level 3, for which non-observable quantitative inputs are used in the determination of the fair value, are largely attributable to financial instruments that did not pass the SPPI test envisaged for the classification of financial assets by IFRS 9. The fair value of most of these financial instruments is determined through a Discounted Cash Flow model or, for revocable products, set equal to the gross exposure adjusted for the credit risk loss component. The economic results do not fluctuate significantly on changes in the unobservable risk parameters. In particular, the following analyses were carried out:

- a) analysis of the sensitivity to changes in the PD (Probability of default) parameter under various scenarios: adverse and extreme. In both cases, the changes in fair value were very limited (total fair value lower by 0.06% under the adverse scenario and lower by 0.17% under the extreme scenario). The changes were very limited because the credit risk associated with most of these instruments is low.
- b) analysis of the sensitivity to changes in the LGD (Loss Given default) parameter under various scenarios: adverse and extreme. In both cases, the changes in fair value were very limited (fair value lower by 0.23% under the adverse scenario and lower by 0.42% under the extreme scenario). Here too, the changes were very limited because the credit risk associated with most of these instruments is low.
- c) analysis of the sensitivity to changes in the rate used to discount cash flows, applying a parallel shock to the rate curves of +/-200 basis points. In these cases, fair value decreased by -1.81% following an increase in the rate curves and, conversely, increased by +2.70% following a decrease in them. In particular, for fixed-rate instruments, the capitalisation rate was not affected by the shock which, however, did affect the discounting of cash flows; conversely, with regard to variable-rate instruments, the spread component of the capitalisation rate was not affected by the shock which, however, did affect determination of the variable component of coupons and the discounting cash flows. The fair value, with and without the application of the shock, may be affected by discounting using a negative rate; this is consistent with recent calculations for other purposes and with market practice. The capitalisation phase has a natural limit of zero and no rates are generated with a negative interest rate. The changes in fair value are greater than found with the other two sensitivity analyses, but nevertheless remain low.
- d) sensitivity analysis to quantify the effect of modelling explicitly the illiquidity and funding spread component. If this component is not modelled explicitly, the change in fair value is +1.12%; conversely, if a parallel shock to the rate curves of +/-50 basis points is applied, the change in fair value is -2.30% if the rate curves are shifted up, and +2.41% if they are shifted down.



### A.4.3 Fair value hierarchy

The following levels of the fair value hierarchy are distinguished:

- a) prices (without adjustments) on active markets for the assets and liabilities being measured (level 1);
- b) inputs other than the listed prices mentioned above; these can be seen directly (prices) or indirectly (derived from prices) on the market (level 2);
- c) inputs not based on market observable data (level 3). In this case, the fair value is determined using measurement techniques based on estimates and assumptions by the relevant offices of the Group.

Allocation to the levels is not optional and is carried out in hierarchical order, giving priority to the official prices in active markets; in the absence of such inputs, reference is made to other methods that rely on observable parameters, and then to measurement techniques that use unobservable inputs.

An asset or liability is transferred between different levels of the fair value hierarchy when, following changes, its previous classification is no longer consistent with the inputs used.

### Fair value hierarchy of real estate assets

The fair value of properties held for investment purposes is classified at level 3 in the fair value hierarchy under IFRS 13, as it is determined using valuation techniques for which one of the significant inputs is not based on observable market data.

### A.4.4 Other information

The information provided above together with that contained in the following tables is consistent with the disclosure pursuant to paragraphs 91 and 92 of IFRS 13. The disclosures envisaged in paragraphs 51, 93 (i) and 96 of that standard are not required.

## QUANTITATIVE INFORMATION

### A.4.5 Fair value hierarchy

#### A.4.5.1 Assets and liabilities designated at fair value on a recurring basis: breakdown by fair value levels

	31/12/2024			31/12/2023		
Financial assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	150,012	140,796	449,068	115,305	128,809	446,857
a) financial assets held for trading	69,667	104,372	-	57,735	91,758	580
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	80,345	36,424	449,068	57,570	37,051	446,277
2. Financial assets measured at fair value through other comprehensive income	2,566,328	-	89,924	3,106,079	-	106,537
3. Hedging derivatives	-	-	-	-	1	-
4. Property, equipment and investment property	-	-	80,396	-	-	82,188
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>2,716,340</b>	<b>140,796</b>	<b>619,388</b>	<b>3,221,384</b>	<b>128,810</b>	<b>635,582</b>
1. Financial liabilities held for trading	168	16,393	-	68	69,509	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	2,426	-	-	1,924	-
<b>Total</b>	<b>168</b>	<b>18,819</b>	<b>-</b>	<b>68</b>	<b>71,433</b>	<b>-</b>

There were no significant transfers of financial instruments between the three fair value levels during the year. The impact of the CVA (Credit value adjustment) and DVA (Debit value adjustment) on the determination of the fair value of derivative products is not significant, not least because most of the exposures are covered by credit support annexes (CSA).



#### A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

Financial assets measured at fair value through profit or loss								
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value	Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, equipment and investment property	Intangible assets
<b>1. Opening balance</b>	<b>446,857</b>	<b>580</b>	-	<b>446,277</b>	<b>106,537</b>	-	<b>82,188</b>	-
<b>2. Increases</b>	<b>140,962</b>	<b>19,002</b>	-	<b>121,960</b>	<b>4,304</b>	-	<b>3,554</b>	-
2.1. Purchases	118,325	19,002	-	99,323	1,531	-	1,340	-
2.2. Profits recognised in:	9,622	-	-	9,622	2,765	-	134	-
2.2.1. Income Statement	9,622	-	-	9,622	39	-	134	-
- of which gains	8,659	-	-	8,659	-	-	134	-
2.2.2. Equity	-	-	-	-	2,726	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	13,015	-	-	13,015	8	-	2,080	-
<b>3. Decreases</b>	<b>138,751</b>	<b>19,582</b>	-	<b>119,169</b>	<b>20,917</b>	-	<b>5,346</b>	-
3.1. Sales	21,278	19,482	-	1,796	49	-	-	-
3.2. Reimbursements	48,223	-	-	48,223	103	-	-	-
3.3. Losses recognised in:	15,040	100	-	14,940	3,002	-	3,100	-
3.3.1. Income Statement	15,040	100	-	14,940	-	-	3,100	-
- of which losses	14,902	-	-	14,902	-	-	3,100	-
3.3.2. Equity	-	-	-	-	3,002	-	-	-
3.4. Transfers from other levels	-	-	-	-	17,610	-	-	-
3.5. Other decreases	54,210	-	-	54,210	153	-	2,246	-
<b>4. Closing balance</b>	<b>449,068</b>	-	-	<b>449,068</b>	<b>89,924</b>	-	<b>80,396</b>	-

The change during the year in financial assets mandatorily measured at fair value was largely attributable to the repayment of financial instruments (loans in particular) that did not pass the SPPI test and that, accordingly, were classified in this line item. In this same item, the mutual funds units, not held for trading purposes, have increased.

### A.4.5.3 Annual changes in financial liabilities measured at fair value (level 3)

There are no financial liabilities measured at fair value on a recurring basis of level 3.

### 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 levels

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2024				31/12/2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	45,459,416	9,142,224	-	37,544,036	45,530,807	9,937,520	-	36,424,182
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets and groups of assets held for sale	108,593	-	-	108,593	-	-	-	-
<b>Total</b>	<b>45,568,009</b>	<b>9,142,224</b>	<b>-</b>	<b>37,652,629</b>	<b>45,530,807</b>	<b>9,937,520</b>	<b>-</b>	<b>36,424,182</b>
1. Financial liabilities measured at amortised cost	50,729,041	4,900,142	361,511	45,574,959	52,310,486	4,097,785	381,795	47,833,989
2. Liabilities associated with assets held for sale	3	-	-	3	-	-	-	-
<b>Total</b>	<b>50,729,044</b>	<b>4,900,142</b>	<b>361,511</b>	<b>45,574,962</b>	<b>52,310,486</b>	<b>4,097,785</b>	<b>381,795</b>	<b>47,833,989</b>

## A.5 Information on the "day one profit/loss"

The "day one profit/loss" provided for in IFRS 7 and IFRS 9 paragraph B5.1.2A derives from the difference at the time of initial recognition between the transaction price of the financial instrument and its fair value. This difference can generally be found for those financial instruments that do not have an active market. This difference is charged to the income statement over the useful life of the financial instrument concerned. The Group does not have any transactions outstanding which could generate significant income that could be defined as "day one profit/loss".





## PART B - Information on the consolidated balance sheet

### Assets

#### Section 1 - Cash and cash equivalents - Item 10

##### 1.1 Cash and cash equivalents: breakdown

	31/12/2024	31/12/2023
a) Cash	178,332	176,068
b) Current accounts and on demand deposits with central banks	3,314,837	4,191,373
c) Current accounts and on demand deposits with banks	245,055	179,118
<b>Total</b>	<b>3,738,224</b>	<b>4,546,559</b>

#### Section 2 - Financial assets measured at fair value through profit or loss - Item 20

##### 2.1 Financial assets held for trading: breakdown

Items/Values	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>A. Cash assets</b>						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Capital securities	34,540	-	-	28,251	-	580
3. Mutual funds	34,398	69,196	-	28,823	69,702	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total (A)</b>	<b>68,938</b>	<b>69,196</b>	<b>-</b>	<b>57,074</b>	<b>69,702</b>	<b>580</b>
<b>B. Derivative instruments</b>						
1. Financial derivatives	729	35,175	-	661	22,056	-
1.1 for trading	729	35,175	-	661	22,056	-
1.2 associated with the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 for trading	-	-	-	-	-	-
2.2 associated with the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
<b>Total (B)</b>	<b>729</b>	<b>35,175</b>	<b>-</b>	<b>661</b>	<b>22,056</b>	<b>-</b>
<b>Total (A+B)</b>	<b>69,667</b>	<b>104,371</b>	<b>-</b>	<b>57,735</b>	<b>91,758</b>	<b>580</b>

## 2.2 Financial assets held for trading: breakdown by debtor/issuer/counterparty

Items/Values	31/12/2024	31/12/2023
<b>A. Cash assets</b>		
1. Debt securities	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Capital securities	34,540	28,831
a) Banks	7,592	3,313
b) Other financial companies	2,036	2,306
of which: insurance companies	-	96
c) Non-financial companies	24,912	23,212
d) Other issuers	-	-
3. Mutual funds	103,594	98,525
4. Loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total (A)</b>	<b>138,134</b>	<b>127,356</b>
<b>B. Derivative instruments</b>		
a) Central Counterparties	-	-
b) Others	35,904	22,717
<b>Total (B)</b>	<b>35,904</b>	<b>22,717</b>
<b>Total (A+B)</b>	<b>174,038</b>	<b>150,073</b>

## 2.5 Other financial assets mandatorily measured at fair value: breakdown by category

Items/Values	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Debt securities</b>	<b>80,345</b>	-	<b>14,409</b>	<b>57,570</b>	-	<b>17,139</b>
1.1 Structured securities	17,977	-	14,409	6,479	-	17,139
1.2 Other debt securities	62,368	-	-	51,091	-	-
<b>2. Capital securities</b>	-	-	-	-	-	-
<b>3. Mutual funds</b>	-	<b>36,425</b>	<b>214,000</b>	-	<b>37,051</b>	<b>125,431</b>
<b>4. Loans</b>	-	-	<b>220,659</b>	-	-	<b>303,706</b>
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	220,659	-	-	303,706
<b>Total</b>	<b>80,345</b>	<b>36,425</b>	<b>449,068</b>	<b>57,570</b>	<b>37,051</b>	<b>446,276</b>

Mutual funds are made up of: equity funds and SICAV for 48.004 million euro, bond funds for 170.721 million euro, balanced and flexible funds for 17.854 million euro and real estate funds for 13.846 million euro. With regard to mutual funds acquired as part of transactions for the sale of receivables included among bond funds, please refer to the specific paragraph reported in Part E of these consolidated Explanatory Notes (Subsection D "Disposals" point C "Prudential consolidation - Financial assets sold and fully derecognised").



## 2.6 Other financial assets mandatorily measured at fair value breakdown by debtors/issuers

	31/12/2024	31/12/2023
<b>1. Capital securities</b>	-	-
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
<b>2. Debt securities</b>	<b>94,754</b>	<b>74,709</b>
a) Central banks	-	-
b) Public administrations	45,814	37,252
c) Banks	34,532	20,318
d) Other financial companies	14,408	17,139
of which: insurance companies	-	-
e) Non-financial companies	-	-
<b>3. Mutual funds</b>	<b>250,425</b>	<b>162,482</b>
<b>4. Loans</b>	<b>220,659</b>	<b>303,706</b>
a) Central banks	-	-
b) Public administrations	19	35
c) Banks	-	-
d) Other financial companies	1,226	6,676
of which: insurance companies	-	-
e) Non-financial companies	130,819	189,293
f) Households	88,595	107,702
<b>Total</b>	<b>565,838</b>	<b>540,897</b>

## Section 3 - Financial assets at fair value through comprehensive income - Item 30

### 3.1. Financial assets measured at fair value through comprehensive income: breakdown by sector

Items/Values	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Debt securities</b>	<b>2,562,616</b>	-	<b>154</b>	<b>3,102,919</b>	-	<b>17,857</b>
1.1 Structured securities	341,456	-	-	334,190	-	2,906
1.2 Other debt securities	2,221,160	-	154	2,768,729	-	14,951
<b>2. Capital securities</b>	<b>3,712</b>	-	<b>89,772</b>	<b>3,159</b>	-	<b>88,681</b>
<b>3. Loans</b>	-	-	-	-	-	-
<b>Total</b>	<b>2,566,328</b>	-	<b>89,926</b>	<b>3,106,078</b>	-	<b>106,538</b>

The portfolio of debt securities consists mostly of government bonds.

Capital securities also include equity investments held with a view to supporting the typical business and supporting the development of the areas in which the Group operates.

### 3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Values	31/12/2024	31/12/2023
<b>1. Debt securities</b>	<b>2,562,770</b>	<b>3,120,776</b>
a) Central banks	-	-
b) Public administrations	2,060,467	2,567,770
c) Banks	406,437	419,910
d) Other financial companies	52,863	71,809
of which: insurance companies	-	-
e) Non-financial companies	43,003	61,287
<b>2. Capital securities</b>	<b>93,484</b>	<b>91,840</b>
a) Banks	8,126	6,956
b) Other issuers:	85,358	84,884
- other financial companies	72,739	74,081
of which: insurance companies	-	-
- non-financial companies	12,091	10,321
- other	528	482
<b>3. Loans</b>	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>2,656,254</b>	<b>3,212,616</b>



### 3.3 Financial assets measured at fair value through comprehensive income: gross value and total value adjustments

	Gross value					Total value adjustments				
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	Partial total write-off
Debt securities	2,509,340	1,236,966	54,255	-	-	754	71	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
<b>Total 31/12/2024</b>	<b>2,509,340</b>	<b>1,236,966</b>	<b>54,255</b>	<b>-</b>	<b>-</b>	<b>754</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 31/12/2023</b>	<b>3,103,788</b>	<b>-</b>	<b>17,959</b>	<b>-</b>	<b>-</b>	<b>931</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Section 4 - Financial assets measured at amortised cost - Item 40

### 4.1 Financial assets measured at amortised cost: breakdown of loans to banks

Type of transaction/Values	31/12/2024						31/12/2023					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3
<b>A. Loans with Central Banks</b>	<b>331,185</b>	-	-	-	-	<b>331,185</b>	<b>322,403</b>	-	-	-	-	<b>322,403</b>
1. Fixed-term deposits	-	-	-	-	-	-	-	-	-	-	-	-
2. Compulsory reserve	331,185	-	-	-	-	-	322,403	-	-	-	-	-
3. Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>B. Loans and receivables with banks</b>	<b>1,804,777</b>	-	-	<b>1,066,502</b>	-	<b>740,703</b>	<b>1,799,648</b>	-	-	<b>1,052,148</b>	-	<b>726,905</b>
1. Loans	728,656	-	-	-	-	731,345	693,116	-	-	-	-	698,622
1.1 Current accounts	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Fixed-term deposits	639,060	-	-	-	-	-	620,286	-	-	-	-	-
1.3. Other loans:	89,596	-	-	-	-	-	72,830	-	-	-	-	-
- Reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Financing for leases	-	-	-	-	-	-	-	-	-	-	-	-
- Other	89,596	-	-	-	-	-	72,830	-	-	-	-	-
2. Debt securities	1,076,121	-	-	1,066,502	-	9,358	1,106,532	-	-	1,052,148	-	28,283
2.1 Structured securities	676,566	-	-	685,203	-	7,290	683,752	-	-	675,721	-	8,406
2.2 Other debt securities	399,555	-	-	381,299	-	2,068	422,780	-	-	376,427	-	19,877
<b>Total</b>	<b>2,135,962</b>	<b>-</b>	<b>-</b>	<b>1,066,502</b>	<b>-</b>	<b>1,071,888</b>	<b>2,122,051</b>	<b>-</b>	<b>-</b>	<b>1,052,148</b>	<b>-</b>	<b>1,049,308</b>

The above receivables are not specifically hedged.

The fair value of short-term loans or loans that are repayable on demand is assumed to be the same as their book value.

## 4.2 Financial assets measured at amortised cost: breakdown of loans to customers

Type of transaction/Values	31/12/2024					
	Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3
<b>1. Loans</b>	<b>33,782,628</b>	<b>364,316</b>	<b>94,614</b>	-	-	<b>35,656,497</b>
1. Current accounts	3,136,669	80,147	19,558	-	-	-
2. Reverse repurchase agreements	-	-	-	-	-	-
3. Mortgage loans	20,447,774	238,390	71,331	-	-	-
4. Credit cards, personal loans and salary-backed loans	592,004	6,070	357	-	-	-
5. Financing for leases	-	-	-	-	-	-
6. Factoring	4,496,934	4,866	-	-	-	-
7. Other loans	5,109,247	34,843	3,368	-	-	-
<b>2. Debt securities</b>	<b>9,081,896</b>	-	-	<b>8,075,722</b>	-	<b>815,651</b>
1. Structured securities	1,293,626	-	-	463,345	-	815,651
2. Other debt securities	7,788,270	-	-	7,612,377	-	-
<b>Total</b>	<b>42,864,524</b>	<b>364,316</b>	<b>94,614</b>	<b>8,075,722</b>	-	<b>36,472,148</b>

Type of transaction/Values	31/12/2023					
	Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	Level 1	Level 2	Level 3
<b>1. Loans</b>	<b>32,819,543</b>	<b>509,528</b>	<b>94,165</b>	-	-	<b>34,588,601</b>
1. Current accounts	3,416,247	132,715	19,137	-	-	-
2. Reverse repurchase agreements	-	-	-	-	-	-
3. Mortgage loans	20,172,284	323,263	70,952	-	-	-
4. Credit cards, personal loans and salary-backed loans	533,310	6,515	490	-	-	-
5. Financing for leases	-	-	-	-	-	-
6. Factoring	3,788,495	1,208	-	-	-	-
7. Other loans	4,909,207	45,827	3,586	-	-	-
<b>2. Debt securities</b>	<b>9,985,520</b>	-	-	<b>8,885,372</b>	-	<b>786,273</b>
1. Structured securities	1,586,329	-	-	799,215	-	765,875
2. Other debt securities	8,399,191	-	-	8,086,157	-	20,398
<b>Total</b>	<b>42,805,063</b>	<b>509,528</b>	<b>94,165</b>	<b>8,885,372</b>	-	<b>35,374,874</b>

Loans for an insignificant portion are specifically and generically hedged.

Mortgages include 2,523 million euro of residential mortgages, which were the subject of covered bond transactions by the Parent Company. The securities issued under the covered bond programme were placed with institutional customers.

In addition, mortgages include 2,139 million euro of loans granted to SMEs, secured or unsecured, which were the subject of the self-securitisation transaction put in place by the Parent Company. The Parent Company retained all risks and rewards of the securitised loans, so they were not derecognised.

As a result of the derisking operations that took place during the year or are being finalised, bad loans (third stage) are down on the previous year.

Item 2. Debt securities, include for 197.335 million euro senior securities issued by the vehicle Diana S.p.V., POP NPLs 2020 S.p.V., Luzzatti POP NPLs 2021 S.p.V., Luzzatti POP NPLs 2022 S.p.V., Luzzatti POP



NPLs 2023 S.p.V., Luzzatti POP NPLs 2024 S.p.V.; the latter was issued as part of the sale transaction defined in the last quarter of 2024. See Part E, Section 1, "C. Securitisation transactions" of these consolidated notes for further information.

#### 4.3 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans with customers

Type of transaction/Values	31/12/2024			31/12/2023		
	First and second stage	Third stage	Assets impaired purchased or originated	First and second stage	Third stage	Assets impaired purchased or originated
<b>1. Debt securities</b>	<b>9,081,896</b>	-	-	<b>9,985,516</b>	-	-
a) Public administrations	7,700,056	-	-	8,505,806	-	-
b) Other financial companies	1,030,375	-	-	1,136,091	-	-
of which: insurance companies	43,161	-	-	3,039	-	-
c) Non-financial companies	351,465	-	-	343,619	-	-
<b>2. Loans to:</b>	<b>33,782,629</b>	<b>364,315</b>	<b>94,614</b>	<b>32,819,547</b>	<b>509,528</b>	<b>94,165</b>
a) Public administrations	400,593	1,047	-	317,654	23	-
b) Other financial companies	3,196,446	7,194	-	3,009,534	8,241	2
of which: insurance companies	2,878	-	-	4,939	-	-
c) Non-financial companies	18,401,326	218,558	60,278	17,616,325	352,849	54,051
d) Households	11,784,264	137,516	34,336	11,876,034	148,415	40,112
<b>Total</b>	<b>42,864,525</b>	<b>364,315</b>	<b>94,614</b>	<b>42,805,063</b>	<b>509,528</b>	<b>94,165</b>

#### 4.4 Financial assets measured at amortised cost: gross value and total value adjustments

Gross value						Total value adjustments				
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	Partial or total write-off
Debt securities	10,148,377	73,163	13,544	-	-	3,788	109	-	-	-
Loans	31,505,147	-	3,624,117	958,778	158,982	74,251	212,552	594,461	64,368	104,818
<b>Total 31/12/2024</b>	<b>41,653,524</b>	<b>73,163</b>	<b>3,637,661</b>	<b>958,778</b>	<b>158,982</b>	<b>78,039</b>	<b>212,661</b>	<b>594,461</b>	<b>64,368</b>	<b>104,818</b>
<b>Total 31/12/2023</b>	<b>40,860,578</b>	<b>70,024</b>	<b>4,319,820</b>	<b>1,186,707</b>	<b>158,585</b>	<b>65,568</b>	<b>187,720</b>	<b>677,177</b>	<b>64,419</b>	<b>83,467</b>

## Section 5 - Hedging derivatives - Item 50

### 5.1 Hedging derivatives: breakdown by hedge type and levels

	Fair Value 31/12/2024			Nominal value 31/12/2024	Fair Value 31/12/2023			Nominal value 31/12/2023
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>A. Financial derivatives</b>								
1) Fair value	-	-	-	-	-	1	-	208
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	1	-	208

## Section 6 - Value adjustment of financial assets with macro hedge - Item 60

### 6.1 Value adjustment of hedged assets: breakdown by hedged portfolio

Value adjustment of hedged assets/Group components	31/12/2024	31/12/2023
<b>1. Positive adjustment</b>	<b>2,139</b>	<b>1,776</b>
1.1 of specific portfolios:	2,139	1,776
a) financial assets measured at amortised cost	2,139	1,776
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 overall	-	-
<b>2. Negative adjustment</b>	<b>-</b>	<b>(1)</b>
2.1 of specific portfolios:	-	(1)
a) financial assets measured at amortised cost	-	(1)
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 overall	-	-
<b>Total</b>	<b>2,139</b>	<b>1,775</b>

The balance of changes in the value of assets subject to macro-hedging against interest rate risk is recognised in this item, for which the Group avails itself of the option, provided for by IFRS 9, to continue to apply the provisions permitted by IAS 39 in the "Carve-out" version.





## Section 7 - Equity investments - Item 70

### 7.1 Investments: disclosures on holdings

Company Name	Registered office	Operative office	Type of relationship	Investing company	% holding	Voting rights %
<b>B. Companies subject to significant influence</b>						
ALBA LEASING S.p.A.	Milan	Milan	8	Banca Popolare di Sondrio S.p.a.	19.264	19.264
ARCA VITA S.p.A.	Verona	Verona	8	Banca Popolare di Sondrio S.p.a.	14.837	14.837
ARCA HOLDING S.p.A.	Milan	Milan	8	Banca Popolare di Sondrio S.p.a.	34.715	34.715
UNIONE FIDUCIARIA S.p.A.	Milan	Milan	8	Banca Popolare di Sondrio S.p.a.	24.000	24.000
POLIS SGR S.p.A.	Milan	Milan	8	Banca Popolare di Sondrio S.p.a.	19.600	19.600
LIQUID FACTORY S.b.r.l.	Sondrio	Sondrio	8	Banca Popolare di Sondrio S.p.a.	4.559	8.720
BORMIO GOLF S.p.A.	Bormio	Bormio	8	Banca Popolare di Sondrio S.p.a.	25.237	25.237
LAGO DI COMO GAL S.c.r.l.	Canzo	Canzo	8	Banca Popolare di Sondrio S.p.a.	14.606	14.606
ACQUEDOTTO DELLO STELVIO S.r.l.	Bormio	Bormio	8	Pirovano Stelvio S.p.a.	27.000	27.000
SIFAS S.p.A.	Bormio	Bormio	8	Pirovano Stelvio S.p.a.	21.614	21.614

### 7.2 Significant equity investments: book value, fair value and dividends received

Company Name	Book value	Fair value	Dividends received
<b>B. Companies subject to significant influence</b>			
1. ALBA LEASING S.p.A.	88,116	-	-
2. ARCA VITA S.p.A.	101,052	-	8,910
3. ARCA HOLDING S.p.A.	199,712	-	18,747
4. UNIONE FIDUCIARIA S.p.A.	11,459	-	1,423
5. POLIS SGR S.p.A.	954	-	-
6. LIQUID FACTORY S.b.r.l.	921	-	-
<b>Total</b>	<b>402,214</b>	<b>-</b>	<b>29,080</b>

The fair value is not indicated for companies not listed on active markets.

### 7.3 Significant equity investments: key financial information

Company Name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income
<b>B. Companies subject to significant influence</b>							
1. ALBA LEASING S.p.A.	X	5,214,543	89,392	4,614,479	232,041	X	X
2. ARCA VITA S.p.A.	X	16,395,682	218,537	2,962,263	13,125,330	X	X
3. ARCA HOLDING S.p.A.	X	539,188	164,117	85,706	42,312	X	X
4. UNIONE FIDUCIARIA S.p.A.	X	22,553	55,986	11,834	18,958	X	X
5. POLIS SGR S.p.A.	X	4,724	2,634	461	2,031	X	X
6. LIQUID FACTORY S.b.r.l.	X	186	814	-	2	X	X

Company Name	Adjustments/write-backs for property, equipment and investment property and intangible assets	Pre-tax profit (loss) from continuing operations	Post-tax profit (loss) from continuing operations	Gains (losses) from discontinued operations net of taxes	Profit (loss) for the year (1)	Other income components after tax (2)	Comprehensive income (3) = (1) + (2)
<b>B. Companies subject to significant influence</b>							
1. ALBA LEASING S.p.A.	-2,727	30,453	20,098	-	20,098	72	20,170
2. ARCA VITA S.p.A.	-251	103,953	83,531	-	83,531	4,656	88,187
3. ARCA HOLDING S.p.A.	-3,034	116,397	80,232	-	80,232	243	80,475
4. UNIONE FIDUCIARIA S.p.A.	-2,068	3,215	2,441	-	2,441	-	2,441
5. POLIS SGR S.p.A.	-239	-358	-402	-	-402	-	-402
6. LIQUID FACTORY S.b.r.l.	-	-28	-21	-	-21	-	-21

The figures shown above are taken from the draft financial statements as at 31 December 2024 provided by the associated companies or, if not available, from the most recent balance sheets (referring to 100% of the shareholding and not the percentage held by the Group, as required by IFRS 12). It should be noted that the equity valuation was carried out on the basis of the aforementioned data: for Arca Vita S.p.A., Unione Fiduciaria S.p.A. and Polis SGR S.p.A., since they have not yet approved their draft financial statements, the most recent balance sheet and income statement of the company and its subsidiaries referring to 30 September 2024 was used as a reference.

#### Reconciliation of accounting information to the book value of significant investments as required by IFRS 12 paragraph B14 b)

Company Name	Equity value	Pro-rata net asset value	Other changes	Book value	Dividends
<b>B. Companies subject to significant influence</b>					
1. ALBA LEASING S.p.A.	457,421	88,116	-	88,116	-
2. ARCA VITA S.p.A.	681,097	101,052	-	101,052	8,910
3. ARCA HOLDING S.p.A.	575,286	199,712	-	199,712	18,746
4. UNIONE FIDUCIARIA S.p.A.	47,747	11,459	-	11,459	1,423
5. POLIS SGR S.p.A.	4,866	954	-	954	-
6. LIQUID FACTORY S.b.r.l.	999	46	875	921	-



## 7.4 Non-significant equity investments: accounting information

Company Name	Carrying amount of equity investments	Total assets	Total liabilities	Total revenues	Post-tax profit (loss) from continuing operations	Gains (losses) from discontinued operations net of taxes	Profit (Loss) for the year	Other income components net of taxes	Statement of comprehensive income
Companies under significant influence	544	6,405	3,848	2,173	-1,094	-	-1,094	-	-1,094

The above figures are taken from the most recent financial investments available.

## 7.5 Investments: changes in the year

	31/12/2024	31/12/2023
<b>A. Opening balance</b>	<b>376,357</b>	<b>322,632</b>
<b>B. Increases</b>	<b>27,792</b>	<b>54,256</b>
B.1 Purchases	940	-
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other changes	26,852	54,256
<b>C. Decreases</b>	<b>1,391</b>	<b>531</b>
C.1 Disposals	-	-
C.2 Impairment	-	-
C.3 Write-downs	241	34
C.4 Other changes	1,150	497
<b>D. Closing balance</b>	<b>402,758</b>	<b>376,357</b>
<b>E. Total revaluations</b>	<b>-</b>	<b>-</b>
<b>F. Total impairment</b>	<b>(447)</b>	<b>(447)</b>

Other increases arise from the equity valuation of investee companies; purchases refer to the establishment of the new company Liquid Factory S.b.r.l., a holding company dedicated to the development of technology start-ups. The write-downs relate to the investment held in Sifas S.p.A.; the other decreases derive from the equity valuation of the investments and from the purchase of 100% of Rajna Immobiliare S.r.l..

## 7.6 Significant assessments and assumptions to establish the existence of joint control or significant influence

The existence of joint control or significant influence is determined as described in Part A – Accounting policies.

## 7.7-7.8 Commitments relating to investments in companies under joint control and associated companies

There are no joint and several commitments that might give rise to contingencies. Guarantees and commitments given comprise a commitment in favour of Alba Leasing S.p.a. granted when this company started up as organizational restructuring plan of Banca Italease S.p.a., against which the Parent Company has made a specific risk provision.

## 7.9 Significant restrictions

In accordance with the provisions of IFRS 12 paragraph 13, there are no significant restrictions on the banks and companies included in the scope of consolidation.

## Section 9 - Property, equipment and investment property - Item 90

### 9.1 Property, equipment and investment property used for business purposes: breakdown of assets measured at cost

Assets/Values	31/12/2024	31/12/2023
<b>1. Owned assets</b>	<b>370,315</b>	<b>347,774</b>
a) land	75,634	75,316
b) buildings	199,092	182,508
c) furniture	6,795	6,495
d) electronic equipment	5,956	4,912
e) other	82,838	78,543
<b>2. Rights of use acquired through leases</b>	<b>141,437</b>	<b>158,882</b>
a) land	-	-
b) buildings	141,098	158,593
c) furniture	-	-
d) electronic equipment	176	161
e) other	163	128
<b>Total</b>	<b>511,752</b>	<b>506,656</b>
of which: obtained through enforcement of guarantees received	-	-

### 9.4 Property, plant and equipment held for investment purposes: breakdown of assets measured at fair value

Assets/Values	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Owned assets</b>	-	-	<b>80,396</b>	-	-	<b>82,188</b>
a) land	-	-	-	-	-	-
b) buildings	-	-	80,396	-	-	82,188
<b>2. Rights of use acquired through leases</b>	-	-	-	-	-	-
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
<b>Total</b>	-	-	<b>80,396</b>	-	-	<b>82,188</b>
of which: obtained through enforcement of guarantees received	-	-	-	-	-	-

### 9.5 Inventories of property, plant and equipment governed by IAS 2: breakdown

Assets/Values	31/12/2024	31/12/2023
<b>1. Inventories of property, equipment and investment property obtained through enforcement of guarantees received</b>	<b>58,784</b>	<b>61,929</b>
a) land	4,970	2,128
b) buildings	53,814	59,801
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
<b>2. Other inventories of property, equipment and investment property</b>	<b>12,647</b>	<b>26,306</b>
<b>Total</b>	<b>71,431</b>	<b>88,235</b>
of which: measured at fair value less costs to sell	-	-



## 9.6 Property, equipment and investment property used for business purposes: changes in the year

	Land	Buildings	Furniture	Electronic equipment	Other	Total
<b>A. Gross opening balance</b>	<b>75,398</b>	<b>606,686</b>	<b>47,316</b>	<b>41,794</b>	<b>204,660</b>	<b>975,854</b>
A.1 Total net impairment	(82)	(265,585)	(40,821)	(36,721)	(125,989)	(469,198)
A.2 Net opening balances	75,316	341,101	6,495	5,073	78,671	506,656
<b>B. Increases:</b>	<b>1,056</b>	<b>36,238</b>	<b>1,967</b>	<b>2,859</b>	<b>61,729</b>	<b>103,849</b>
B.1 Purchases	1,056	18,655	1,964	2,767	61,650	86,092
- of which business combinations	-	-	-	-	-	-
B.2 Capitalised improvement expenses	-	6,417	-	-	-	6,417
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Reclassified from property held for investment	-	2,246	-	-	-	2,246
B.7 Other changes	-	8,920	3	92	79	9,094
<b>C. Decreases:</b>	<b>738</b>	<b>37,149</b>	<b>1,667</b>	<b>1,800</b>	<b>57,399</b>	<b>98,753</b>
C.1 Disposals	-	-	-	-	38,982	38,982
- of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	31,289	1,654	1,758	17,617	52,318
C.3 Impairment recognised in:	-	-	-	-	779	779
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	779	779
C.4 Negative changes in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	38	523	13	42	21	637
C.6 Reclassified to:	700	1,380	-	-	-	2,080
a) property, plant and equipment held for investment purposes	700	1,380	-	-	-	2,080
b) non-current assets and groups of assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	3,957	-	-	-	3,957
<b>D. Net closing balance</b>	<b>75,634</b>	<b>340,190</b>	<b>6,795</b>	<b>6,132</b>	<b>83,001</b>	<b>511,752</b>
D.1 Total net impairment	(82)	(286,948)	(42,310)	(38,259)	(127,059)	(494,658)
D.2 Closing gross amount	75,716	627,138	49,105	44,391	210,060	1,006,410
<b>E. Valuation at cost</b>	<b>75,634</b>	<b>340,190</b>	<b>6,795</b>	<b>6,132</b>	<b>83,001</b>	<b>511,752</b>

## 9.7 Investment property: changes in the year

	Total	
	Land	Buildings
<b>A. Opening balance</b>	-	<b>82,188</b>
<b>B. Increases</b>	-	<b>4,234</b>
B.1 Purchases	-	1,340
- of which business combinations	-	1,340
B.2 Capitalised improvement expenses	-	-
B.3 Positive changes in fair value	-	814
B.4 Write-backs	-	-
B.5 Exchange gains	-	-
B.6 Reclassified from buildings for business purposes	-	2,080
B.7 Other changes	-	-
<b>C. Decreases</b>	-	<b>6,026</b>
C.1 Disposals	-	-
- of which business combinations	-	-
C.2 Depreciation	-	-
C.3 Negative changes in fair value	-	3,780
C.4 Impairment	-	-
C.5 Exchange losses	-	-
C.6 Reclassified to:	-	2,246
a) assets held for use	-	2,246
b) non-current assets and groups of assets held for sale	-	-
C.7 Other changes	-	-
<b>D. Closing balance</b>	-	<b>80,396</b>
<b>E. Valuation at fair value</b>	-	-

Property, equipment and investment property are mainly leased for part of the surface area of the property owned (see Part M, Section 2 for more details) and are measured at fair value. Information on the methods of determining fair value is provided in Part A.4 of the Notes to the Financial Statements in the chapter entitled "Methods of determining fair value".

In this regard, it is noted that the Group does not hold investment assets represented by rights of use acquired through leasing.



## 9.8 Inventories of property, equipment and investment property governed by IAS 2: changes in the year

	Inventories of property, equipment and investment property obtained through enforcement of guarantees received					Other inventories of property, equipment and investment property	Total
	Land	Buildings	Furniture	Electronic equipment	Other		
<b>A. Opening balance</b>	<b>2,128</b>	<b>59,801</b>	-	-	-	<b>26,306</b>	<b>88,235</b>
<b>B. Increases</b>	<b>3,197</b>	<b>733</b>	-	-	-	<b>3,847</b>	<b>7,777</b>
B.1 Purchases	3,196	-	-	-	-	3,847	7,043
B.2 Write-backs	-	-	-	-	-	-	-
B.3 Exchange gains	-	-	-	-	-	-	-
B.4 Other changes	1	733	-	-	-	-	734
<b>C. Decreases</b>	<b>355</b>	<b>6,720</b>	-	-	-	<b>17,506</b>	<b>24,581</b>
C.1 Disposals	201	2,822	-	-	-	11,584	14,607
C.2 Impairment adjustments	-	3,348	-	-	-	-	3,348
C.3 Exchange losses	-	-	-	-	-	-	-
C.4 Other changes	154	550	-	-	-	5,922	6,626
<b>D. Closing balance</b>	<b>4,970</b>	<b>53,814</b>	-	-	-	<b>12,647</b>	<b>71,431</b>

## 9.9 Commitments for the purchase of property, equipment and investment property

Contractual commitments for the purchase of property, equipment and investment property amount to 0.943 million euro.

## Section 10 - Intangible assets - Item 100

### 10.1 Intangible assets: breakdown by type of asset

Assets/Values	31/12/2024		31/12/2023	
	Finite life	Indefinite life	Finite life	Indefinite life
<b>A.1 Goodwill</b>	-	<b>12,632</b>	-	<b>16,997</b>
A.1.1 attributable to the Group	-	12,632	-	16,997
A.1.2 attributable to non-controlling interests	-	-	-	-
<b>A.2 Other intangible assets</b>	<b>23,204</b>	-	<b>20,760</b>	-
of which: software	23,188	-	<b>20,116</b>	-
A.2.1 Assets measured at cost:	23,204	-	20,760	-
a) Intangible assets generated internally	15	-	16	-
b) Other assets	23,189	-	20,744	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>23,204</b>	<b>12,632</b>	<b>20,760</b>	<b>16,997</b>

Intangible assets with indefinite useful life recognised in the consolidated financial statements are represented by goodwill recognised in the context of business combinations following the completion of the acquisition cost allocation process carried out in accordance with IFRS 3. In particular, goodwill concerns:

- *Factorit S.p.a* for an amount of 7.847 million; the company operates in the sector of advances, guarantees and management of trade receivables of companies. The acquisition of control took place in 2010, on 1 March 2022, the purchase of the minority shares was finalised and the interest held by the Parent Company thus increased from 60.5% to 100%;
- *Prestinuova S.p.a.* for an amount of 4.785 million euro; the company was acquired on 23 July 2018. This company operated in the granting of loans repayable by assigning a fifth of one's salary or pension. On 24 June 2019, the merger by incorporation of PrestiNuova S.p.A. into Banca della Nuova Terra S.p.A. ("BNT") was finalised, which now carries out this activity, the latter company also being wholly-owned by Banca Popolare di Sondrio.

At 31 December 2023, goodwill relating to Rent2Go Srl was also recorded for an amount equal to 4.365 million euro; the Parent Company had acquired the entire share capital on April 1, 2022. The company operates in the long-term car rental sector for professionals, VAT holders and small businesses.

According to IAS 36, intangible assets with indefinite useful life must be tested for impairment at least annually in order to verify their recoverability. The test is performed on 31 December of each year and, in any case, whenever indicators of impairment are detected.

For this purpose, goodwill must be allocated to individual or groups of Cash Generating Units (CGUs). At the consolidated level, the CGUs were identified in the individual legal entities of reference (CGU Factorit and CGU Banca della Nuova Terra S.p.A. in consideration of the merger by incorporation carried out). These CGUs represent the lowest level at which management verifies the profitability of the investment and this level is no larger than the operating segments identified for the purpose of group segment reporting prepared in accordance with IFRS 8 Operating Segments.

The relevant accounting standards require that the impairment test be performed by comparing the book value of the CGU with its recoverable value. If this value is lower than the book value, an adjustment must be made.

The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use. For the purposes of the impairment procedure, the value in use was used to verify the recoverability of the goodwill recorded, determined through the estimate of the present value of the future cash flows expected to be generated by the CGU. In particular, to perform the test on the goodwill allocated to the Factorit and Banca della Nuova Terra S.p.A. CGUs, the Dividend Discount Model ("DDM") is used, according to





which the value of a company is a function of the dividend flow it is able to generate in perspective. In this case, the DDM method was used in the Excess Capital variant, which assumes that the economic value is equal to the sum of the present value of the future cash flows generated in the chosen time horizon of the plan and distributable to shareholders while maintaining an adequate level of capitalisation to ensure future growth and perpetual capitalisation of a dividend considered after the explicit planning period.

Future cash flows were defined through specific projections formulated internally by management. A growth rate of 2% per annum was assumed after the explicit planning period.

The present value was calculated using a discount rate ( $K_e$ ) that corresponds to the cost of risk capital, which is equal to the rate of return on equity required by investors/shareholders for investments with similar risk characteristics. The cost of capital ( $K_e$ ) is estimated using the Capital Asset Pricing Model methodology with a rate of return on risk-free assets increased by an equity-specific risk premium. This premium is calculated according to the following formula:

$$K_e = R_f + \beta(R_m - R_f)$$

Where:

$R_f$  = Rate of Return on Risk-Free Assets: gross annual return on medium- and long-term government bonds.

$\beta$  = Beta coefficient, which indicates the riskiness of the specific company in terms of the correlation between the actual return of the specific share and the overall return of the reference market.

$(R_m - R_f)$  = market risk premium: average market return determined on the basis of the long-term yield spread between equities and bonds.

The risk-free component ( $R_f$ ), which incorporates the so-called "Country Risk", was determined using the average for December 2024 of the yields on 10-year Italian BTP government bonds, equal to 3.36%.

With reference to the beta coefficient ( $\beta$ ):

- for the Factorit CGU, it was estimated on the basis of the average weekly value over the last three years on a sample of comparable companies, which was 0.91;
- for the Banca della Nuova Terra S.p.A. CGU, it was estimated on the basis of the average weekly value over the last three years on a sample of comparable companies, which was 1.

The risk premium required by the stock market ( $R_m - R_f$ ) was assumed to be 6.2% in line with currently observed valuation practice.

The use of these parameters resulted in a  $K_e$  of 8.98% for the Factorit CGU, 9.55% for the Banca della Nuova Terra CGU.

The impairment tests conducted on the goodwill allocated to the Factorit CGU and Banca della Nuova Terra S.p.A. CGU did not reveal any impairment losses.

In this regard, it should be noted that the parameters and assumptions underlying the determination of value in use are significantly influenced by the macroeconomic framework taken as a reference. As highlighted in Part A of the Notes to the Consolidated Financial Statements, given the particular situation of uncertainty in the macroeconomic scenario, it cannot be excluded that the assumptions made, however reasonable and prudent, may not be confirmed in the future scenarios in which the Group will operate. In particular, any worsening of the macroeconomic scenario could adversely affect the projections of estimated cash flows, the cost of capital and the growth factor, leading to different results from those estimated in these Financial Statements.

Specific sensitivity analyses were performed in order to assess the effects produced on the estimates of value in use and, consequently, on the results of the impairment tests of changes in the main parameters underlying the valuation model. These analyses highlighted differences between the values in use during the year and the extreme values, that did not reveal any particular "prospective" critical issues regarding the successful outcome of the assessments.

In particular, for Factorit and Banca della Nuova Terra CGUs the impacts on the values in use, namely +/- 25 and 50 basis points in the cost of capital and +/- 25 and 50 basis points in the medium/long term growth rate, were verified and for all the assumed combinations the values in use were higher than the book values related to the consolidated financial statements. In order not to jeopardise the positive

outcome of these valuation exercises, the maximum sustainable level in terms of cost of capital (discount rate) was quantified. The tolerance margin on the cost of capital was about 6.9 percentage points for the Factorit CGU and about 2.1 percentage points for the Banca della Nuova Terra CGU.

With reference to the goodwill allocated to the Rent2Go CGU, recorded at 31 December 2023 for a value equal to 4.365 million euro, the impairment test was conducted by applying the Discounted Cash Flow (DCF) valuation method according to which the economic value of a company (equal to the financial value of its invested capital) is defined as the sum of: (i) the present value of future cash flows available to shareholders over a specified explicit planning horizon and (ii) the present value of a perpetual annuity defined on the basis of a cash flow available to the shareholder that is sustainable over the terminal period following the explicit planning period, estimated on the basis of normalised long-term net income. The value in use, determined on the basis of the aforementioned assumptions and valuation techniques, was lower than the book value. Therefore, in accordance with IAS 36, paragraph 60, an impairment loss equal to the entire amount of goodwill allocated to this CGU was recorded in the amount of 4.365 million euro, which was recognised in the income statement under item 270 Value adjustments of goodwill.

In consideration of the current economic context, in which the book value of many companies is not fully recognised by the financial market, the Parent Company also performed a second-level impairment test, applied to the entire company rather than to individual assets, comparing the Group's overall recoverable value with the book value of consolidated shareholders' equity at 31 December 2024. The method used to estimate the recoverable value is the Dividend Discount Model (DDM), which assumes that the economic value of the Group is equal to: the sum of the dividends distributable to shareholders over the chosen period (2024-2027), maintaining an adequate level of capitalisation to guarantee the expected future development, and assuming a dividend growth rate after the explicit planning period of 2% per annum and a cost of capital used to discount future dividends of 11.31%. The test carried out showed that the Group was worth more than its consolidated equity.

Specific sensitivity analyses were performed in order to assess the effects produced on the estimates of value in use and, consequently, on the results of the impairment tests of changes in the main parameters underlying the valuation model (cost of capital and medium/long-term growth rate).

In particular, the impacts on the values in use from changes of +/-25 and 50 basis points in the cost of capital and +/-25 and 50 basis points in the medium/long term growth rate, were verified and for all the assumed combinations the values in use were higher than the benchmark value.

These analyses highlighted differences between the values in use during the year and the extreme values, that did not reveal any particular "prospective" critical issues regarding the successful outcome of the assessments.

The maximum sustainable level in terms of cost of capital was also quantified, the margin of tolerance on the cost of capital was approximately 4.5 percentage points.



## 10.2 Intangible assets: changes in the year

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		DEF	INDEF	DEF	INDEF	
<b>A. Opening balance</b>	<b>16,997</b>	<b>190</b>	<b>-</b>	<b>284,655</b>	<b>-</b>	<b>301,845</b>
A.1 Total net impairment	-	(175)	-	(263,913)	-	(264,088)
A.2 Net opening balances	16,997	15	-	20,744	-	37,756
<b>B. Increases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,455</b>	<b>-</b>	<b>22,455</b>
B.1 Purchases	-	-	-	22,455	-	22,455
- of which business combinations	-	-	-	-	-	-
B.2 Increases in internally generated intangible assets	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value	-	-	-	-	-	-
- equity	-	-	-	-	-	-
- booked to income statement	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
<b>C. Decreases</b>	<b>4,365</b>	<b>-</b>	<b>-</b>	<b>20,011</b>	<b>-</b>	<b>24,376</b>
C.1 Disposals	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Impairment	4,365	-	-	19,929	-	24,294
- Depreciation	-	-	-	19,929	-	19,929
- Impairment	4,365	-	-	-	-	4,365
+ shareholders' equity	-	-	-	-	-	-
+ income statement	4,365	-	-	-	-	4,365
C.3 Negative changes in fair value:	-	-	-	-	-	-
- equity	-	-	-	-	-	-
- booked to income statement	-	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	67	-	67
C.6 Other changes	-	-	-	15	-	15
<b>D. Net closing balance</b>	<b>12,632</b>	<b>15</b>	<b>-</b>	<b>23,189</b>	<b>-</b>	<b>35,836</b>
D.1 Total net value adjustments	(4,365)	(175)	-	(283,841)	-	(288,381)
<b>E. Gross closing balance</b>	<b>16,997</b>	<b>190</b>	<b>-</b>	<b>307,110</b>	<b>-</b>	<b>324,297</b>
<b>F. Valuation at cost</b>	<b>12,632</b>	<b>15</b>	<b>-</b>	<b>23,189</b>	<b>-</b>	<b>35,836</b>

Key:  
DEF: definite life  
INDEF: indefinite life

## 10.3 Other information

Contractual commitments to purchase software user rights amount to 8.953 million euro.

## Section 11 - Tax assets and tax liabilities - Item 110 and item 60 in liabilities

### 11.1 Deferred tax assets: breakdown

	31/12/2024	31/12/2023
- Value adjustments on loans	84,777	155,068
- Allocations to provisions for risks and charges	64,702	57,784
- Deferred charges	142	559
- Securities and equity investments	7,213	18,472
- Administrative expenses, amortisation and depreciation	21,762	20,498
- Tax losses	4,599	4,607
- Losses loans at FV	5,059	2,450
<b>Total</b>	<b>188,254</b>	<b>259,438</b>

The Group recorded Deferred Tax Assets (DTA) of 188.254 million euro. Of these, 27.559 million euro relate to equity accounts, 76.864 million euro comply with the requirements of Law 214 dated 22 December 2011 and are eligible for conversion into tax credits in the event of a "reported loss", a "tax loss" for IRES purposes or a "negative net value of production" for IRAP purposes; their recovery is therefore certain, as unrelated to the ability to generate future taxable income. Tax assets not eligible for the conversion into tax credits have been recognised after checking their recoverability, which is supported by a probability opinion expressed after performing the so-called probability test.

This opinion was expressed after analysing the likelihood that sufficient taxable income will be generated in future. In particular, the estimate of future profitability underling the recoverability opinion was based on reasonable and realistic hypotheses and assumptions, after weighting the degrees of uncertainty. The verification of the capacity of future taxable income was conducted based on the economic projections for the years 2024-2026 examined by the Board of Directors that approved the 2024 annual budget, in addition to the economic projections for the years 2027-2030 (prepared exclusively for the purpose of the complete verification of the recognition of DTA for the year 2024), which are maintained equal to those contained in the approved plan and forecast for the year 2026. The results were subsequently verified also in light of the new 2025-2027 strategic plan approved by the Board of Directors on 11 March 2025. The calculation of the impact of permanent IRES and IRAP variations on pre-tax profit and net interest and other banking income was carried out by considering a historical data base referring to the years 2015-2024 and applying rules for the normalisation of tax recoveries from previous years with the aim of achieving a re-expression of taxable income consistent with current tax legislation, eliminating from the taxable income of previous years the variations relating to non-recurring or extraordinary components no longer considered repeatable. The probability test relating to the deferred tax assets was carried out separately, due to the different conditions of use of the underlying temporary differences, for the Group's main entities participating in the tax consolidation: Parent Company, Banca della Nuova Terra SpA, and Factorit SpA.

Decree Law 59/2016, converted by Law No. 119 of 30/06/2016, introduced the possibility by paying a fee, subject to certain conditions, of transforming D.T.A. (Deferred Tax Assets) into tax credits. The Group will not have to pay any fees as the conditions for payment were not met at the time.



## 11.2 Deferred tax liabilities: breakdown

	31/12/2024	31/12/2023
- Owned and leased buildings	8,509	8,579
- Revaluation of property at fair value	5,725	5,680
- Revaluation of securities and gains	4,257	5,107
- Administrative expenses	840	635
- Loans	11,591	9,354
<b>Total</b>	<b>30,922</b>	<b>29,355</b>

## 11.3 Changes in deferred tax assets (balancing item in income statement)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>220,832</b>	<b>272,994</b>
<b>2. Increases</b>	<b>27,755</b>	<b>33,888</b>
2.1 Deferred tax assets recognised in the year	27,755	31,213
a) relating to previous years	4	1
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) others	27,751	31,212
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	2,675
<b>3. Decreases</b>	<b>87,892</b>	<b>86,050</b>
3.1 Deferred tax assets derecognised in the year	87,235	83,563
a) reversals	87,235	83,563
b) written down as no longer recoverable	-	-
c) change in accounting policies	-	-
d) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases:	657	2,487
a) transformation into tax credits as per Law 214/2011	558	-
b) other	99	2,487
<b>4. Closing balance</b>	<b>160,695</b>	<b>220,832</b>

## 11.4 Changes in deferred tax assets as per Law 214/2011

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>143,334</b>	<b>212,924</b>
<b>2. Increases</b>	<b>347</b>	<b>558</b>
<b>3. Decreases</b>	<b>66,817</b>	<b>70,148</b>
3.1 Reversals	66,817	70,148
3.2 Transformation into tax credits	-	-
a) resulting from operating losses	-	-
b) resulting from tax losses	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>76,864</b>	<b>143,334</b>

### 11.5 Changes in deferred tax liabilities (balancing entry in income statement)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>22,475</b>	<b>20,812</b>
<b>2. Increases</b>	<b>2,123</b>	<b>2,508</b>
2.1 Deferred tax liabilities recognised in the year	1,621	1,574
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	1,621	1,574
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	502	934
<b>3. Decreases</b>	<b>959</b>	<b>845</b>
3.1 Deferred tax liabilities derecognised in the year	798	629
a) reversals	798	629
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	161	216
<b>4. Closing balance</b>	<b>23,639</b>	<b>22,475</b>

### 11.6 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>38,606</b>	<b>51,999</b>
<b>2. Increases</b>	<b>2,389</b>	<b>5,205</b>
2.1 Deferred tax assets recognised in the year	2,389	4,817
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	2,389	4,817
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	388
<b>3. Decreases</b>	<b>13,436</b>	<b>18,598</b>
3.1 Deferred tax assets derecognised in the year	13,343	18,551
a) reversals	13,343	18,551
b) written down as no longer recoverable	-	-
c) due to changes in accounting policies	-	-
d) others	-	47
3.2 Reduction in tax rates	-	-
3.3 Other decreases	93	-
<b>4. Closing balance</b>	<b>27,559</b>	<b>38,606</b>

This amount relates to losses on securities measured at fair value through other comprehensive income and to actuarial losses recognised in the measurement of long-term employee benefits, i.e. pension fund and termination indemnities booked to valuation reserve.



## 11.7 Changes in deferred tax liabilities (balancing item in shareholders' equity)

	31/12/2024	31/12/2023
<b>1. Opening balance</b>	<b>6,879</b>	<b>8,387</b>
<b>2. Increases</b>	<b>3,999</b>	<b>4,589</b>
2.1 Deferred tax liabilities recognised in the year	3,965	4,589
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	3,965	4,589
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	34	-
<b>3. Decreases</b>	<b>3,595</b>	<b>6,097</b>
3.1 Deferred tax liabilities derecognised in the year	3,095	5,434
a) reversals	3,095	5,434
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	500	663
<b>4. Closing balance</b>	<b>7,283</b>	<b>6,879</b>

This amount relates to the tax on the unrealised gains recognised in equity on financial assets measured at fair value through other comprehensive income and to the revaluation of the properties measured at fair value carried out during the first application of the new valuation criterion for investment properties.

## 11.8 Other information

With effect from 1/1/2024, the Banca Popolare di Sondrio Group as a Multinational Group exceeding the revenue threshold of 750 million euro, for two out of the four preceding financial years falls within the scope of the second-pillar income taxation provided for by Directive 2022/2523, adopted in Italy by Legislative Decree 209/2023, aimed at ensuring a global minimum level of taxation for multinational groups of companies and large-scale domestic groups in the Union.

Pursuant to paragraph 4.A of IAS 12, which provides, in derogation from the provisions of that Principle, not to recognise and disclose information on deferred tax assets and liabilities relating to Pillar 2 income taxes, no information is disclosed and no deferred tax assets or liabilities are recognised relating to Pillar 2 income taxes.

The exposure to second-pillar income taxes arises, with respect to all Group companies (and jointly controlled entities, if any) that are located in each individual jurisdiction, from the level of effective taxation, which, for each such jurisdiction, depends on various and interrelated factors, such as primarily the income generated there, the level of the nominal tax rate, the tax rules for determining the tax base, and the provision, form and enjoyment of incentives or other tax benefits.

Moreover, given the novelty and complexity underlying the determination of the level of effective taxation, the second-pillar legislation provides, for the first periods of effectiveness (so-called transitional regime valid for periods beginning before 31/12/2026 and ending no later than 30/6/2028), the possibility of applying a simplified regime (so-called transitional safe harbour from country-by-country reporting) based mainly on accounting information available for each relevant jurisdiction which, if at least one of three tests are passed, leads to a reduction in compliance burdens and the elimination of second-pillar taxes.

Based on known or reasonably estimable information, at 31 December 2024, the Banca Popolare di Sondrio Group has no exposure to second pillar income taxes in the three jurisdictions in which it operates (Italy, Switzerland and the Principality of Monaco) as, in the jurisdictions in which it operates, the CbCR Safe Harbour Tests have been passed (applied taking into account the OECD clarifications currently available).

The Group is organising and preparing for compliance with Pillar II legislation, also in order to manage

its exposure for subsequent periods, by setting up appropriate systems and procedures to:

- identify, locate and characterise, including on an ongoing basis, all Group companies (or jointly controlled entities) for the purposes of Pillar II legislation;
- compute the simplified tests (so-called transitional safe harbour from country-by-country reporting) for each relevant jurisdiction in order to enjoy the related benefits in terms of reduced compliance burden and zero second-pillar taxes;
- perform full and detailed calculations of relevant quantities as required by Pillar II legislation for any jurisdictions that fail any of the above tests.





## Section 12 – Non-current assets and disposal groups and related liabilities – item 120 assets and item 70 liabilities

### 12.1. Non-current assets and groups of assets held for sale: composition by type of asset

	31/12/2024	31/12/2023
<b>A. Assets held for sale</b>		
A.1 Financial assets	108,593	-
A.2 Equity investments	-	-
A.3 Tangible assets	-	-
of which: obtained through enforcement of guarantees received	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
<b>Total (A)</b>	<b>108,593</b>	-
of which at cost	103,208	-
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	5,385	-
<b>B. Discontinued operations</b>		
B.1 Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Tangible assets	-	-
of which: obtained through enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
<b>Total (B)</b>	-	-
of which at cost	-	-
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	-	-
<b>C. Liabilities associated with assets held for sale</b>		
C.1 Payables	3	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
<b>Total (C)</b>	<b>3</b>	-
of which at cost	3	-
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	-	-
<b>D. Liabilities associated with discontinued operations</b>		
D.1 Financial liabilities measured at amortised cost:	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Funds	-	-
D.5 Other liabilities	-	-
<b>Total (D)</b>	-	-
of which at cost	-	-
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	-	-

At 31 December 2024, assets held for sale include financial assets attributable to loans classified as bad loans and unlikely to pay for which the sale has been decided, shown under item A.1. "Financial assets". For the assets shown under the sub-items 'fair value level 1, level 2, level 3' please refer to 'Part A.4 - Fair Value Disclosures' of these consolidated notes.

## Section 13 - Other assets - Item 130

### 13.1 Other assets: breakdown

	31/12/2024	31/12/2023
Advances paid to tax authorities	77,995	55,095
Tax credits "Cura Italia" and "Relaunch" Law Decrees	2,137,106	1,964,684
Tax credits and related interest	5,417	13,978
Current account cheques drawn on third parties	16,318	16,897
Current account cheques drawn on Group banks	545	604
Transactions in customers' securities	23,738	24,821
Advances to suppliers	2,132	1,191
Advances to customers awaiting collections	24,720	31,946
Miscellaneous debits in transit	38,294	33,714
Liquid assets serving pension and similar obligations	24,965	18,553
Accrued income not allocated	59,568	53,489
Prepayments not allocated	46,261	41,886
Differences on elimination	13,413	3,930
Residual items	161,407	126,249
<b>Total</b>	<b>2,631,879</b>	<b>2,387,037</b>

The main item refers to the tax credits connected with the "Cura Italia" and "Relaunch" Law Decrees, amounting to 2,137.106 million euro.



## Liabilities

### Section 1 - Financial liabilities measured at amortised cost - Item 10

#### 1.1 Financial liabilities measured at amortised cost: breakdown of due to banks

Type of transaction/Values	31/12/2024				31/12/2023			
	Book value	Fair Value			Book value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>1. Payables to central banks</b>	<b>18,561</b>	-	-	-	<b>4,653,679</b>	-	-	-
<b>2. Due to banks</b>	<b>6,209,989</b>	-	-	-	<b>5,263,996</b>	-	-	-
2.1 Current accounts and sight deposits	716,218	-	-	-	538,811	-	-	-
2.2 Fixed-term deposits	1,045,779	-	-	-	1,036,843	-	-	-
2.3 Loans	4,426,467	-	-	-	3,660,258	-	-	-
2.3.1 Repurchase agreements	3,953,993	-	-	-	3,239,952	-	-	-
2.3.2 Other	472,474	-	-	-	420,306	-	-	-
2.4 Payables for commitments to repurchase own equity instruments	-	-	-	-	-	-	-	-
2.5 Lease payables	-	-	-	-	11	-	-	-
2.6 Other payables	21,525	-	-	-	28,073	-	-	-
<b>Total</b>	<b>6,228,550</b>	-	-	<b>6,228,550</b>	<b>9,917,675</b>	-	-	<b>9,917,675</b>

These payables are not specifically hedged.

At 31 December 2024, the Parent Company no longer had any outstanding TLTRO transactions with the ECB, resulting in a contraction of its debts to central banks, following the repayment of the 27 March 2024 tranche of 806 million euro taken out on 24 March 2021 and the repayment of the 25 September 2024 tranche of 3,700 million euro taken out on 29 September 2021.

"Loans - Other" are made up principally of funding set up by EIB in connection with loans granted by this institution on the basis of the convention stipulated with it.

Since these payables are predominantly sight or short-term payables, the book value is considered a good approximation of fair value.

## 1.2 Financial liabilities measured at amortised cost: breakdown of due to customers

Type of transaction/Values	31/12/2024				31/12/2023			
	Book value	Fair Value			Book value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and sight deposits	32,181,375	-	-	-	30,553,720	-	-	-
2. Fixed-term deposits	5,486,445	-	-	-	4,376,073	-	-	-
3. Loans	1,471,044	-	-	-	2,241,059	-	-	-
3.1 Repurchase agreements	1,471,044	-	-	-	2,241,059	-	-	-
3.2 Other	-	-	-	-	-	-	-	-
4. Payables for commitments to repurchase own equity instruments	-	-	-	-	-	-	-	-
5. Lease payables	146,293	-	-	-	163,259	-	-	-
6. Other payables	61,252	-	-	-	582,190	-	-	-
<b>Total</b>	<b>39,346,409</b>	<b>-</b>	<b>-</b>	<b>- 39,346,409</b>	<b>37,916,301</b>	<b>-</b>	<b>-</b>	<b>- 37,916,301</b>

These payables are not specifically hedged.

The fair value is assumed to be the same as the book value as the amounts are short-term or due on demand.

## 1.3 Financial liabilities measured at amortised cost: breakdown of issued securities

Type of securities/Amounts	31/12/2024				31/12/2023			
	Book value	Fair Value			Book value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>A. Securities</b>								
1. bonds	5,088,450	4,902,669	295,879	-	4,383,516	4,097,785	288,801	-
1.1 structured	2,330,231	2,195,826	198,349	-	2,239,535	2,014,669	212,679	-
1.2 other	2,758,219	2,706,843	97,530	-	2,143,981	2,083,116	76,122	-
2. other securities	65,632	-	65,632	-	92,994	-	92,994	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	65,632	-	65,632	-	92,994	-	92,994	-
<b>Total</b>	<b>5,154,082</b>	<b>4,902,669</b>	<b>361,511</b>	<b>-</b>	<b>4,476,510</b>	<b>4,097,785</b>	<b>381,795</b>	<b>-</b>

The fair value of the sub-item other securities is equal to the book value as this item includes short-term bankers' drafts and similar documents.

The level 1 securities mostly relate to bonds listed on the HI-MTF market (Multilateral Trading Facility).

## 1.4 Detail of subordinated payables/securities

Subordinated securities amount to 621.293 million euro and are made up of the loans indicated below:

- loan of 309.239 million euro from 25/11/2021 and maturity on 25/02/2032 with repayment in full on maturity. It bears a fixed interest rate of 3.875%.
- loan of 312.054 million euro from 30/07/2019 and maturity on 30/07/2029 with repayment in full on maturity. It bears a fixed interest rate of 6.25%.



## 1.6 Lease payables

### *Financial outflows for leasing*

	31/12/2024				31/12/2023
	Buildings	Cars	Other	Total	Total
Initial Lease Liability	162,987	123	160	163,270	171,179
Financial flows	(24,245)	(61)	(77)	(24,383)	(24,452)
Interest	2,893	3	4	2,900	3,023
Other changes	4,369	47	90	4,506	13,520
<b>Closing carrying amount</b>	<b>146,004</b>	<b>112</b>	<b>177</b>	<b>146,293</b>	<b>163,270</b>

As regards the Other changes during the year, the impact is mainly due to recalculation of the Lease Liability following the ISTAT index changes and the opening and closing of contracts.

At 31.12.2024, the lessee's weighted average marginal borrowing rate of the rates used to discount the lease liabilities is 1.94%.

### *Analysis of lease liability maturities*

	up to 1 year	1 to 5 years	5 to 10 years	over 10 years
Buildings	23,095	78,854	47,182	9,391
Cars	57	112	-	-
Other types	81	103	-	-
<b>Total</b>	<b>23,233</b>	<b>79,069</b>	<b>47,182</b>	<b>9,391</b>

The amounts shown refer to non-discounted cash flows.



## Section 2 - Financial liabilities held for trading - Item 20

### 2.1 Financial liabilities held for trading: breakdown

Type of transaction/Values	31/12/2024					31/12/2023				
	Fair Value					Fair Value				
	NV	Level 1	Level 2	Level 3	FV*	NV	Level 1	Level 2	Level 3	FV*
<b>A. Cash liabilities</b>										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	-	-	-	-	-	-
3.1.2 Other bonds	-	-	-	-	-	-	-	-	-	-
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	-	-	-	-	-	-
3.2.2 Other	-	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>	-	-	-	-	-	-	-	-	-	-
<b>B. Derivative instruments</b>										
1. Financial derivatives	-	168	16,393	-	-	-	68	69,509	-	-
1.1 For trading	-	168	16,393	-	-	-	68	69,509	-	-
1.2 Associated with the fair value option	-	-	-	-	-	-	-	-	-	-
1.3 Other	-	-	-	-	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 For trading	-	-	-	-	-	-	-	-	-	-
2.2 Associated with the fair value option	-	-	-	-	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	-	168	16,393	-	-	-	68	69,509	-	-
<b>Total (A+B)</b>	-	168	16,393	-	-	-	68	69,509	-	-

Fair Value\* = Fair Value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date

NV = Nominal or notional value



## Section 4 - Hedging derivatives - Item 40

### 4.1 Hedging derivatives: breakdown by hedge type and levels

	Fair value 31/12/2024				NV 31/12/2024	Fair value 31/12/2023				NV 31/12/2023
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3		
<b>A. Financial derivatives</b>	-	<b>2,426</b>	-		<b>59,243</b>	-	<b>1,924</b>	-		<b>63,794</b>
1) Fair value	-	2,426	-		59,243	-	1,924	-		63,794
2) Cash flows	-	-	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	-	-	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>2,426</b>	-		<b>59,243</b>	-	<b>1,924</b>	-		<b>63,794</b>

NV = Nominal Value

### 4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair Value							Financial flows		Foreign Investments
	Micro									
	debt securities and interest rates	capital securities and stock indices	currency and gold	receivable	commodities	others	Macro			
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
2. Financial assets measured at amortised cost	206	-	-	-	-	-	-	-	-	-
3. Portfolio	-	-	-	-	-	-	2,220	-	-	-
4. Other transactions	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,220</b>	<b>-</b>	<b>-</b>	<b>-</b>
1. Financial liabilities	-	-	-	-	-	-	-	-	-	-
2. Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1. Expected transactions	-	-	-	-	-	-	-	-	-	-
2. Portfolio of financial assets and liabilities	-	-	-	-	-	-	-	-	-	-

## Section 6 - Tax Liabilities - Item 60

The item amounts to 72.423 million euro and relates for 41.501 million euro to current taxes and for 30.922 million euro to deferred tax liabilities. As regards the breakdown and amount of deferred taxes, please read "Assets - Section 11" of these notes. The Parent Company's tax years up to 2017 have been closed.

The Parent Company, as consolidating company, has exercised the option for the "national tax consolidation" regime together with Factorit Spa, Banca della Nuova Terra Spa, Pirovano Stelvio Spa, Sinergia Seconda Srl, Immobiliare Borgo Palazzo Srl, Immobiliare San Paolo Srl and Rent2Go Srl

## Section 7 – Liabilities associated with assets held for sale – Item 70

The information in this section is presented in Section 12 of the balance sheet assets of Part B - Information on the balance sheet of these consolidated notes.

## Section 8 – Other liabilities – Item 80

### 8.1 Other liabilities: breakdown

	31/12/2024	31/12/2023
Amounts at the disposal of third parties	406,262	549,629
Taxes to be paid on behalf of third parties	158,292	156,976
Taxes to be paid	9,420	7,447
Employee salaries and contributions	23,163	19,714
Suppliers	44,914	42,462
Transit accounts for sundry entities	17,004	4,862
Invoices to be received	21,287	23,559
Credits in transit for financial transactions	86	154
Value date differentials on portfolio transactions	240,257	18,156
Directors' and statutory auditors' emoluments	34	98
Loans granted to customers to be finalised	5,260	7,621
Miscellaneous credit items being settled	67,033	47,455
Accrued expenses not allocated	34,541	25,634
Deferred income not allocated	17,496	15,725
Differences on elimination	74,944	46,576
Residual items	108,652	95,989
<b>Total</b>	<b>1,228,645</b>	<b>1,062,057</b>

This line item shows an increase of 15.69%.

The "value date differentials on portfolio transactions" relate to the notes received and sent for collection with recourse or for crediting after collection, which are only recognised in the balance sheet on settlement.





## Section 9 - Termination indemnities (TFR) - Item 90

### 9.1 Termination indemnities: changes in the year

	31/12/2024	31/12/2023
<b>A. Opening balance</b>	<b>33,459</b>	<b>35,597</b>
<b>B. Increases</b>	<b>11,974</b>	<b>10,900</b>
B.1 Provisions for the year	10,921	10,890
B.2 Other changes	1,053	10
- of which business combinations	-	-
<b>C. Decreases</b>	<b>12,856</b>	<b>13,038</b>
C.1 Payments made	2,377	2,078
C.2 Other changes	10,479	10,960
- of which business combinations	-	-
<b>D. Closing balance</b>	<b>32,577</b>	<b>33,459</b>
<b>Total</b>	<b>32,577</b>	<b>33,459</b>

## Section 10 - Provisions for risk and charges - Item 100

### 10.1 Provisions for risks and charges: breakdown

Items/Components	31/12/2024	31/12/2023
1. Provisions for credit risk related to commitments and financial guarantees given	49,167	47,302
2. Provisions on other commitments and other guarantees given	39,660	48,935
3. Pension and similar obligations	189,432	178,950
4. Other provisions for risks and charges	112,308	88,433
4.1 legal and tax disputes	84,246	63,626
4.2 personnel expenses	25,726	22,237
4.3 other	2,336	2,570
<b>Total</b>	<b>390,567</b>	<b>363,620</b>

It is reasonably believed that there are no contingent liabilities. The figures for the company's pension funds include, in addition to the Parent Company's fund, the accounting, according to IAS 19, of the liability for "Swiss BVG pension" of the parent Banca Popolare di Sondrio (Suisse) SA.

## 10.2 Provisions for risks and charges: changes in the year

	Provisions on other commitments and other guarantees given	Pension and similar obligations	Other provisions for risks and charges	Total
<b>A. Opening balance</b>	<b>48,935</b>	<b>178,950</b>	<b>88,433</b>	<b>316,318</b>
<b>B. Increases</b>	<b>10,503</b>	<b>15,524</b>	<b>53,076</b>	<b>79,103</b>
B.1 Provision for the year	10,503	7,714	52,225	70,442
B.2 Changes due to the passage of time	-	-	766	766
B.3 Changes due to variations in the discount rate	-	1,996	85	2,081
B.4 Other changes	-	5,814	-	5,814
- of which business combinations	-	-	-	-
<b>C. Decreases</b>	<b>19,778</b>	<b>5,042</b>	<b>29,201</b>	<b>54,021</b>
C.1 Used in the year	-	4,788	26,849	31,637
C.2 Changes due to variations in the discount rate	-	-	274	274
C.3 Other changes	19,778	254	2,078	22,110
- of which business combinations	-	-	-	-
<b>D. Closing balance</b>	<b>39,660</b>	<b>189,432</b>	<b>112,308</b>	<b>341,400</b>

## 10.3 Provisions for credit risk related to commitments and financial guarantees given

	Provisions for credit risk related to commitments and financial guarantees given				
	First stage	Second stage	Third stage	Impaired purchased or originated	Total
Commitments to grant loans	23,476	11,361	1,313	151	36,301
Financial guarantees given	809	1,624	10,433	-	12,866
<b>Total</b>	<b>24,285</b>	<b>12,985</b>	<b>11,746</b>	<b>151</b>	<b>49,167</b>

## 10.5 Defined-benefit company pension funds

### 10.5.1. Characteristics of the plans and related risks

The pension fund of 189.432 million euro consists of the pension fund for the Parent Company's personnel of 164.175 million euro and the actuarial liabilities linked to the supplementary pension plan for employees of BPS Suisse SA of 25.257 million euro.

The Parent Company's pension plan for employees is an internal defined-benefit plan intended to supplement the pension paid to retired employees by the State. The plan is funded by contributions from the Bank and from employees which are determined on a percentage of income basis and credited each month. This plan is also a separate fund pursuant to art. 2117 of the Civil Code.

The amount of the pension fund for the Parent Company's personnel is adjusted to take into account the closed group of members formed on 28/04/1993. This closed group consists of 273 employees and 342 pensioners. Since 28/04/1993, employees have been given the chance to join another supplementary pension scheme as laid down by law and by contract.

BPS Suisse SA is a member of the BVG collective foundation of Rentenanstalt, which guarantees a professional pension to its employees through Swiss Life.

The adequacy of the fund with respect to the present value of the obligation at the reference date was verified using calculations prepared by an independent actuary, making demographic assumptions that distinguish between age and gender, as well as technical-economic assumptions that reflect the theoretical changes in earnings and payments. The technical assessments made reference to dynamic economic and financial assumptions. The discounting rate reflects the yield on prime bonds.



### 10.5.2 Changes in net (assets) liabilities and redemption rights

	31/12/2024	31/12/2023
<b>Opening balance</b>	<b>178,950</b>	<b>167,827</b>
Service cost	6,485	5,563
Interest cost	4,506	4,309
Actuarial gains/losses	10,360	10,434
Payments	(12,108)	(12,233)
Other allocations	1,239	3,050
<b>Closing balance</b>	<b>189,432</b>	<b>178,950</b>

### 10.5.3 Information on the fair value of plan assets

Details of the assets of the Parent Company's pension plan are summarised in the following table:

	31/12/2024	31/12/2023
debt securities	102,149	101,052
capital securities	1,676	281
Mutual funds invested in bonds	8,400	10,161
Mutual funds invested in shares	10,019	12,175
Mutual funds invested in property	16,966	16,966
Other assets	24,965	18,552
<b>Total</b>	<b>164,175</b>	<b>159,187</b>

The amount of the fund increases by 4.988 million euro (+3.13%).

Payments of benefits amount to 4.788 million euro compared with 4.744 million euro in 2023. The contributions paid by the employees amount to 0.219 million euro, up compared to the previous year (0.199 million euro).

### 10.5.4 Description of the principal actuarial assumptions

The assumptions adopted in the actuarial calculation are provided separately for the Parent Company and BPS Suisse SA:

#### Banca Popolare di Sondrio Spa

	31/12/2024	31/12/2023
discount rate	3.11%	3.19%
expected increase in salaries	0.25%	0.25%
annual inflation rate:		2.00%
- for the period 2025-2027:	1.80%	
- for 2028:	1.90%	

The average annual rate of increase of pensions paid by the Fund takes into account the equalisation provided for mandatory pension benefits. See the company's financial statements for an explanation of how the discount rate was chosen.

## Banca Popolare di Sondrio (Suisse) SA

	31/12/2024	31/12/2023
discount rate	1.00%	1.50%
expected increase in salaries	1.30%	1.50%
rate of inflation	1.30%	1.50%
underlying rate of pension increases	0.00%	0.00%

The technical discount rate was determined with reference to high quality corporate bonds on the Swiss market, the analysis is based on the yield of the SBI Basket AA as of 31.12.2024.

### 10.5.5 Information on the amount, timing and uncertainties of cash flows

As required by the relevant IAS/IFRS, a sensitivity analysis has been carried out to determine the effect of changes in the principal actuarial assumptions used for the calculations. For this purpose, the scenario used for the valuation was used as the base scenario, and the two parameters deemed most significant were modified from that, namely the average annual discount rate and the inflation rate for Banca Popolare di Sondrio Spa and the average annual discount rate and the rate of salary increases for Banca Popolare di Sondrio (Suisse) SA. Below are the results obtained.

#### Sensitivity analysis

##### Banca Popolare di Sondrio Spa

- +0.25% change in the discount rate, the amount of the liability decreased to 3.526 million euro;
- -0.25% change in the discount rate, the amount of the liability increased to 3.703 million euro;
- +0.25% change in the inflation rate, the amount of the liability increased to 2.240 million euro;
- -0.25% change in the inflation rate, the amount of the liability decreased to 2.181 million euro;

##### Banca Popolare di Sondrio (Suisse) SA

- +0.50% change in the discount rate, the amount of the liability decreased to 7.854 million euro;
- -0.50% change in the discount rate, the amount of the liability increased to 8.655 million euro;
- +0.50% change in the salary discount rate, the amount of liability increased to 0.641 million euro;
- -0.50% change in the salary discount rate, the amount of liability decreased to 0.641 million euro.

### 10.6 Provisions for risks and charges – other provisions

Items/Values	31/12/2024	31/12/2023
Legal disputes	84,246	63,626
Personnel expenses	25,726	22,237
Other provisions	2,336	2,570
<b>Total</b>	<b>112,308</b>	<b>88,433</b>

The provision for legal disputes covers outstanding disputes regarding, in particular, claims for repayment from the liquidators of bankrupt customers, concerning positions classified as bad loans or which have already been written off, and other disputes that have arisen in the ordinary course of business.

The duration of such disputes is difficult to assess, given the extended time required in order to obtain justice.

This increase of 20.620 million euro arises from the difference between the provision of the year and the release of provisions set aside in prior years. In addition, as reported in the parent company's financial statements, a specific provision was made for the risks associated with the tax credits acquired.

At 31 December 2024, a number of non-tax-related disputes were pending, with total claims of about 480 million euro. This amount related to all existing disputes, is regardless of the estimate of the risk of



disbursement of economic resources deriving from the potential loss. It therefore also includes the *petitum* of disputes that have remote risk.

The following paragraphs provide brief information on the disputes considered significant, mainly those with higher claims, as well as on cases considered significant.

**Claims for "indemnification" relating to loans sold as part of the securitisation transactions called "Diana", "Pop NPLs 2020", "Pop NPLs 2021", "Pop NPLs 2022", "Pop NPLs 2023" and "Pop NPLs 2024".**

The assignee companies have the contractual right to make claims for compensation for alleged breaches of the guarantees given by the bank on the portfolio of assigned receivables. As regards the "Diana" transaction, 143 requests for a potential amount of 44.06 million euro are pending, for which a provision of 9.51 million euro has been made. On the other hand, with regard to the "Pop NPLs 2020" transaction, 42 requests are pending for a potential amount of 5.45 million euro, for which a provision of 3.02 million euro has been set aside, for the "Pop NPLs 2021" transaction, 145 requests are pending for a potential amount of 9.00 million euro, for which a provision of 3.85 million euro has been set aside. Lastly, as regards the "Pop NPLs 2022" transaction, 27 requests for a potential amount of 3.99 million euro are pending, for which a provision of 0.77 million euro has been made. For the 'POP NPLs 2023' and 'POP NPLs 2024' transactions, no claims were currently received.

**Disputes relating to compound interest and usury**

For disputes relating to compound interest, claims amounted to approximately 3.92 million euro, with provisions for 0.37 million euro, while for those relating to usury, claims amounted to 4.35 million euro, with provisions for 2.43 million.

**Clawback actions in insolvency proceedings**

There were 10 disputes pending for claims amounting to 6.499 million euro, with a provision of 2.631 million euro. None with a request for a refund of a particularly significant amount.

**AMA - Azienda Municipale Ambiente s.p.a.**

In December 2020, the Bank was notified of the summons before the Court of Rome, concerning the requests for assessment and declaration of the nullity or cancellation of the transaction in financial instruments called "Interest Rate Swap" stipulated on 30 September 2010 and the repayment of amounts unduly received by the Bank for 20.67 million euro. The Court of Rome rejected, in a judgment delivered on 23 February 2025, AMA s.p.a.'s request. Six months begin to run from the publication of the judgment within which AMA s.p.a. may decide to appeal the decision. The risk of losing appears "possible".

**Bankruptcy of Interservice s.r.l. in liquidation**

In February 2015, the bankruptcy procedure sued the Bank before the Court of Milan with a request for compensation for the damage caused to the company by the illegal conduct of its director, quantified at 14.65 million euro. With a sentence published on 26 May 2020, the Court rejected the plaintiff's request, but the plaintiff has filed an appeal. The Court of Appeal of Milan ordered the bank to repay more than 7 million euro. An appeal has been filed with the Court of Cassation and a hearing for discussion is pending. The risk of losing the case appears 'probable', although negotiations are pending for the settlement of all pending claims with the assignee, which has taken over the entire mass of claims from the judicial liquidation procedure.

**Ginevra s.r.l.**

In January 2019, the company and the shareholders Giuliana Piovan and Gianpiero De Luca sued the Bank before the Court of Genoa with a request for compensation, quantified at 11.40 million euro, for contractual liability for failure to grant credit, compound interest and usury. At the hearing on 13 June 2023, deadlines were set for the filing of final pleadings. The Court of Genoa ruled in favour of the bank. The unsuccessful parties appealed the decision and the Bank entered an appearance requesting the

dismissal of the appeal. The case will be called for decision at the next hearing scheduled for 4 June 2025. The risk of losing appears "possible".

***Società Italiana per le Condotte d'Acqua s.p.a.***

In December 2022, a writ of summons was served regarding the alleged damage caused, in conjunction with other subjects and financial intermediaries, to the company by the Bank for having granted credit despite the alleged state of full-blown crisis and the lack of concrete prospects of overcoming the crisis itself. The amount of the application, requested jointly with other credit institutions, is 389 million euro. The Bank filed an appearance to reject the charge as unfounded and lacking evidentiary support. It should be noted that the first hearing was set for 24 February 2025, at which the judge ordered a further postponement until 1 July 2025. The risk of losing appears "possible".

The provision for personnel expenses essentially relates to the cost of untaken holidays and the potential cost of employee long-service bonuses. It increases by 3.489 million euro, +15.69%.

Other provisions include the Parent Company's provision for charitable donations consisting of net profits authorised by the shareholders of 1.265 million euro used to make approved payments. It increased by 0.500 million euro in the 2023 profit distribution and decreases by 0.192 million euro due to donations made during the year.



## Section 13 - Group Shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

Share capital comprises 453,385,777 issued and fully-paid ordinary shares, without par value, totalling 1,360.157 million euro, unchanged on last year. Outstanding shares have dividend and voting rights from 1 January 2024.

At year-end, the Bank held treasury shares with a carrying value of 25.220 million euro.

### 13.2 Capital - Number of Parent Company shares: changes in the year

Items/Types	Ordinary	Other
<b>A. Shares at the beginning of the year</b>	<b>453,385,777</b>	–
- fully paid-up	453,385,777	–
- not fully paid-up	–	–
A.1 Treasury shares (-)	(3,669,363)	–
<b>A.2 Shares outstanding: opening balance</b>	<b>449,716,414</b>	–
<b>B. Increases</b>	<b>39,247</b>	–
B.1 New issues	–	–
- for payment:	–	–
- conversion of bonds	–	–
- warrants exercised	–	–
- others	–	–
- free:	–	–
- to employees	–	–
- to directors	–	–
- others	–	–
B.2 Sale of treasury shares	–	–
B.3 Other changes	39,247	–
<b>C. Decreases</b>	–	–
C.1 Derecognition	–	–
C.2 Purchase of treasury shares	–	–
C.3 Disposal of businesses	–	–
C.4 Other changes	–	–
<b>D. Shares outstanding: closing balance</b>	<b>449,755,661</b>	–
D.1 Treasury shares (+)	3,630,116	–
D.2 Shares at the end of the year	453,385,777	–
- fully paid-up	453,385,777	–
- not fully paid-up	–	–

### 13.3 Share capital: other information

#### Share premiums

Amounts to 78.934 million euro, slightly down due to negative differences between the discharge price and the corresponding book value of the shares sold.

### 13.4 Profit reserves: other information

Item 150 "Reserves" amounts to 2,160.953 million euro with an increase of 10.78%, and also includes the reserve for the purchase of treasury shares, also provided for by art. 60 of the Articles of Association prior to transformation into a joint stock company available, pursuant to art. 8 of the Articles of Association in force, to the directors for the purchase or sale of treasury shares on market terms, as part of normal trading to support the circulation of shares. This reserve amounts to 30 million euro (used for 24.955 million euro).



## **Section 14 - Non-controlling interests - Item 190**

### **14.1 Detail of item 210 "Equity attributable to non-controlling interests"**

The item Equity attributable to non-controlling interests amounted to 0.014 million euro, in line with the previous period.

### **14.2 Capital instruments: breakdown and changes in the year**

There were no issues of financial instruments that contribute to the formation of capital issued by group companies not subject to total control.





## Other information

### 1. Commitments and financial guarantees given

	Nominal value on commitments and financial guarantees given				Total	Total
	First stage	Second stage	Third stage	Impaired purchased or originated	31/12/2024	31/12/2023
<b>1. Commitments to grant loans</b>	<b>16,469,561</b>	<b>1,836,161</b>	<b>109,606</b>	<b>8,397</b>	<b>18,423,725</b>	<b>16,847,497</b>
a) Central banks	-	-	-	-	-	-
b) Public administrations	869,680	46,250	72	-	916,002	629,002
c) Banks	277,643	5,000	-	-	282,643	357,664
d) Other financial companies	1,704,981	41	102	-	1,705,124	1,297,904
e) Non-financial companies	11,291,549	1,668,637	102,831	8,164	13,071,181	12,088,142
f) Households	2,325,708	116,233	6,601	233	2,448,775	2,474,785
<b>2. Financial guarantees given</b>	<b>848,459</b>	<b>62,164</b>	<b>13,977</b>	<b>-</b>	<b>924,600</b>	<b>862,719</b>
a) Central banks	-	-	-	-	-	-
b) Public administrations	10,523	2	-	-	10,525	2,240
c) Banks	17,375	436	-	-	17,811	13,551
d) Other financial companies	71,700	31	121	-	71,852	102,858
e) Non-financial companies	705,272	54,692	13,251	-	773,215	683,897
f) Households	43,589	7,003	605	-	51,197	60,173

### 2. Other commitments and other guarantees given

	Nominal value	
	Total	Total
	31/12/2024	31/12/2023
<b>Other guarantees given</b>	<b>4,533,991</b>	<b>4,339,552</b>
of which: non-performing exposures	94,699	73,392
a) Central banks	-	-
b) Public administrations	132,608	94,411
c) Banks	271,219	214,844
d) Other financial companies	19,200	43,183
e) Non-financial companies	3,922,395	3,784,397
f) Households	188,569	202,717
<b>Other commitments</b>	<b>4,795,162</b>	<b>4,170,410</b>
of which: non-performing exposures	26,918	27,662
a) Central banks	-	50,000
b) Public administrations	32,724	70,858
c) Banks	444,621	423,861
d) Other financial companies	59,135	53,491
e) Non-financial companies	4,163,381	3,483,408
f) Households	95,301	88,792

### 3. Assets lodged to guarantee the bank's liabilities and commitments

Portfolios	31/12/2024	31/12/2023
1. Financial assets measured at fair value through profit or loss	42,864	103,070
2. Financial assets measured at fair value through other comprehensive income	1,277,801	1,268,168
3. Financial assets measured at amortised cost	5,805,572	12,332,150
4. Property, equipment and investment property	-	-
of which: property, plant and equipment held as inventories	-	-

The assets measured at fair value through other comprehensive income and those measured at amortised include securities assigned to customers under repurchase agreements and to guarantee the operations of the Swiss subsidiary.

The assets measured at amortised cost also include loans that guarantee the funding provided by the Central Bank (ABACO loans).

### 5. Management and intermediation for third parties

Type of service	Amount
<b>1. Execution of orders on behalf of customers</b>	<b>1,318,169</b>
a) purchases	839,710
1. settled	838,098
2. not settled	1,612
b) sales	478,459
1. settled	477,768
2. not settled	691
<b>2. Portfolio management</b>	<b>2,105,627</b>
a) individual	2,105,627
b) collective	-
<b>3. Custody and administration of securities</b>	<b>81,450,056</b>
a) third-party securities on deposit: associated with activities as a custodian bank (excluding portfolio management)	5,259,446
1. securities issued by companies included in the consolidation	-
2. other securities	5,259,446
b) third-party securities on deposit (excluding portfolio management): other	27,674,445
1. securities issued by companies included in the consolidation	2,080,535
2. other securities	25,593,910
c) third-party securities on deposit with third parties	32,879,188
d) own securities held by other custodians	15,636,977
<b>4. Other transactions</b>	<b>12,089,600</b>



## 6. Financial assets subject to offsetting in the financial statements, or subject to compensation framework agreements or similar agreements

		Gross amount of financial assets (a)	Amount of financial liabilities offset in the financial statements (b)	Net amount of financial assets reported in the financial statements (c=a-b)	Correlated amounts not netted in the balance sheet		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
Technical forms					Financial instruments (d)	Cash deposits received in guarantee (e)		
1. Derivatives		27,142	-	27,142	5,896	21,157	89	-
2. Repurchase agreements		-	-	-	-	-	-	-
3. Securities lending		-	-	-	-	-	-	-
4. Other		-	-	-	-	-	-	-
<b>Total</b>	<b>31/12/2024</b>	<b>27,142</b>	<b>-</b>	<b>27,142</b>	<b>5,896</b>	<b>21,157</b>	<b>89</b>	<b>-</b>
<b>Total</b>	<b>31/12/2023</b>	<b>10,350</b>	<b>-</b>	<b>10,350</b>	<b>5,203</b>	<b>5,147</b>	<b>-</b>	<b>-</b>

IFRS 7 requires specific disclosures about the financial instruments that are netted or nettable in the balance sheet pursuant to IAS 32, given the application of framework netting agreements or similar arrangements.

There are no netting agreements whereby balances must be netted in the balance sheet pursuant to IAS 32.

With regard to potentially nettable instruments, the following tables indicate those derivative financial instruments governed by "ISDA Master Agreements". In particular, Credit Support Annex (CSA) agreements have been signed with certain counterparties, under which the parties agree to give and accept assets in guarantee (in the Bank's case, amounts of cash denominated in euro), which are redetermined periodically depending on changes in the fair value of the underlying derivatives.

The derivatives subject to agreements of this type and reported herein are measured at fair value.

## 7. Financial liabilities subject to netting in the balance sheet or subject to framework netting agreements or similar arrangements

		Gross amount of financial liabilities (a)	Amount of financial assets netted in the balance sheet (b)	Net amount of financial liabilities reported in the financial statements (c=a-b)	Correlated amounts not netted in the balance sheet		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
Technical forms					Financial instruments (d)	Cash deposits placed as collateral (e)		
1. Derivatives		8,833	-	8,833	5,896	1,010	1,927	9,157
2. Repurchase agreements		4,042,255	-	4,042,255	4,042,255	-	-	-
3. Securities lending		-	-	-	-	-	-	-
4. Other transactions		-	-	-	-	-	-	-
<b>Total</b>	<b>31/12/2024</b>	<b>4,051,088</b>	<b>-</b>	<b>4,051,088</b>	<b>4,048,151</b>	<b>1,010</b>	<b>1,927</b>	<b>-</b>
<b>Total</b>	<b>31/12/2023</b>	<b>3,541,138</b>	<b>-</b>	<b>3,541,138</b>	<b>3,487,120</b>	<b>44,861</b>	<b>-</b>	<b>9,157</b>

Repurchase agreements indicated are subject to netting agreements governed by Global Master Repurchase Agreements (GMRA). The gross amounts (a) shown in the table relating to repurchase transactions are recorded in items 10 a) "Due to Banks" and 10 b) "Due to Customers"; the related financial instruments (d) are represented by the value of the securities involved in the transactions.



## PART C – Information on the consolidated income statement

### Section 1 – Interest – Items 10 and 20

#### 1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2024	31/12/2023
<b>1. Financial assets measured at fair value through profit or loss:</b>	<b>6,620</b>	<b>10,895</b>	<b>-</b>	<b>17,515</b>	<b>16,066</b>
1.1 Financial assets held for trading	2,862	-	-	2,862	109
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	3,758	10,895	-	14,653	15,957
<b>2. Financial assets measured at fair value through other comprehensive income</b>	<b>90,982</b>	<b>-</b>	<b>-</b>	<b>90,982</b>	<b>74,100</b>
<b>3. Financial assets measured at amortised cost:</b>	<b>279,209</b>	<b>1,613,797</b>	<b>-</b>	<b>1,893,006</b>	<b>1,646,615</b>
3.1 Loans and receivables with banks	31,725	164,565	-	196,290	198,758
3.2 Loans and receivables with customers	247,484	1,449,232	-	1,696,716	1,447,857
<b>4. Hedging derivatives</b>	<b>-</b>	<b>-</b>	<b>431</b>	<b>431</b>	<b>274</b>
<b>5. Other assets</b>	<b>-</b>	<b>-</b>	<b>116,089</b>	<b>116,089</b>	<b>74,909</b>
<b>6. Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>61</b>
<b>Total</b>	<b>376,811</b>	<b>1,624,692</b>	<b>116,520</b>	<b>2,118,032</b>	<b>1,812,025</b>
of which: interest income on impaired financial assets	-	51,938	-	51,938	49,770
of which: interest income on financial lease	-	-	-	-	-

#### 1.2 Interest and similar income: other information

##### 1.2.1 Interest income on financial assets in foreign currency

Items	31/12/2024	31/12/2023
Interest and similar income on foreign currency assets	179,815	164,922



### 1.3 Interest and similar expense: breakdown

Items/Technical forms	Payables	Securities	Other transactions	31/12/2024	31/12/2023
<b>1. Financial liabilities measured at amortised cost</b>	<b>(835,745)</b>	<b>(192,078)</b>	<b>-</b>	<b>(1,027,823)</b>	<b>(874,740)</b>
1.1 Payables to central banks	(102,384)	-	-	(102,384)	(220,351)
1.2 Due to banks	(164,248)	-	-	(164,248)	(138,849)
1.3 Due to customers	(569,113)	-	-	(569,113)	(394,684)
1.4 Securities issued	-	(192,078)	-	(192,078)	(120,856)
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Financial liabilities designated at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4. Other liabilities and provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5. Hedging derivatives</b>	<b>-</b>	<b>-</b>	<b>(28)</b>	<b>(28)</b>	<b>(173)</b>
<b>6. Financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77)</b>	<b>(157)</b>
<b>Total</b>	<b>(835,745)</b>	<b>(192,078)</b>	<b>(28)</b>	<b>(1,027,928)</b>	<b>(875,070)</b>
of which: interest expense on lease payables	(2,900)	-	-	(2,900)	(3,022)

### 1.4 Interest and similar expense: other information

#### 1.4.1 Interest and similar expense on foreign currency liabilities

Items	31/12/2024	31/12/2023
Interest expense on financial liabilities in foreign currency	(61,752)	(104,568)

### 1.5 Differentials relating to hedging transactions

Items	31/12/2024	31/12/2023
A. Positive differentials relating to hedging transactions	431	274
B. Negative differentials relating to hedging transactions	(28)	(173)
<b>C. Balance (A-B)</b>	<b>403</b>	<b>101</b>

## Section 2 – Fees and commissions – Items 40 and 50

### 2.1 Fee and commission income: breakdown

Type of service/Amounts	31/12/2024	31/12/2023
<b>a) Financial instruments</b>	<b>84,900</b>	<b>74,991</b>
1. Placement of securities	48,012	39,917
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	48,012	39,917
2. Receiving and sending orders and execution of orders on behalf of customers	19,151	18,700
2.1 Receiving and sending orders for one or more financial instruments	16,021	15,450
2.2 Execution of orders on behalf of customers	3,130	3,250
3. Other commissions related to activities linked to financial instruments	17,737	16,374
of which: trading on own account	107	191
of which: individual portfolio management	12,513	11,260
<b>b) Corporate Finance</b>	<b>-</b>	<b>-</b>
1. Mergers and acquisitions advisory services	-	-
2. Treasury services	-	-
3. Other commissions related to corporate finance services	-	-
<b>c) Investment advisory activities</b>	<b>42</b>	<b>115</b>
<b>d) Compensation and settlement</b>	<b>-</b>	<b>-</b>
<b>e) Collective portfolio management</b>	<b>-</b>	<b>-</b>
<b>f) Custody and administration</b>	<b>19,318</b>	<b>17,661</b>
1. Custodian bank	6,314	6,146
2. Other commissions related to custody and administration activities	13,004	11,515
<b>g) Central administrative services for collective portfolio management</b>	<b>-</b>	<b>-</b>
<b>h) Fiduciary business</b>	<b>-</b>	<b>-</b>
<b>i) Payment services</b>	<b>157,137</b>	<b>147,752</b>
1. Current accounts	48,973	47,012
2. Credit cards	18,630	16,249
3. Debit cards and other payment cards	17,982	19,507
4. Bank transfers and other payment orders	58,995	52,756
5. Other fees related to payment services	12,557	12,228
<b>j) Distribution of third-party services</b>	<b>36,166</b>	<b>30,048</b>
1. Collective portfolio management	-	-
2. Insurance products	32,240	27,052
3. Other products	3,926	2,996
of which: individual portfolio management	-	-
<b>k) Structured finance</b>	<b>-</b>	<b>-</b>
<b>l) Servicing for securitisation transactions</b>	<b>-</b>	<b>-</b>
<b>m) Commitments to make loans</b>	<b>-</b>	<b>-</b>
<b>n) Financial guarantees given</b>	<b>38,998</b>	<b>35,734</b>
of which: credit derivatives	-	-
<b>o) Financing transactions</b>	<b>94,988</b>	<b>93,933</b>
of which: for factoring transactions	35,628	31,093
<b>p) Trading in foreign currencies</b>	<b>-</b>	<b>-</b>
<b>q) Goods</b>	<b>-</b>	<b>-</b>
<b>r) Other commission income</b>	<b>23,944</b>	<b>23,333</b>
of which: for management of multilateral trading systems	-	-
of which: for management of organised trading systems	-	-
<b>Total</b>	<b>455,493</b>	<b>423,567</b>

The data from the previous period have been restated, for consistency of comparison with 2024, following a reclassification within the types of services.



## 2.2 Fee and commission expense: breakdown

Type of service/amounts	31/12/2024	31/12/2023
<b>a) Financial instruments</b>	<b>(3,265)</b>	<b>(3,166)</b>
of which: trading of financial instruments	(3,265)	(3,166)
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
– Own	-	-
– Delegated to third parties	-	-
<b>b) Compensation and settlement</b>	<b>-</b>	<b>-</b>
<b>c) Collective portfolio management</b>	<b>-</b>	<b>-</b>
1. Own	-	-
2. Delegated to third parties	-	-
<b>d) Custody and administration</b>	<b>(3,904)</b>	<b>(3,377)</b>
<b>e) Collection and payment services</b>	<b>(4,975)</b>	<b>(5,348)</b>
of which: credit cards, debit cards and other payment cards	(2,634)	(2,935)
<b>f) Servicing activities for securitisation transactions</b>	<b>-</b>	<b>-</b>
<b>g) Commitments to receive funds</b>	<b>-</b>	<b>-</b>
<b>h) Financial guarantees received</b>	<b>(4,637)</b>	<b>(5,186)</b>
of which: credit derivatives	-	-
<b>i) Door-to-door distribution of financial instruments, products and services</b>	<b>-</b>	<b>-</b>
<b>j) Trading in foreign currencies</b>	<b>-</b>	<b>-</b>
<b>k) Other commission expenses</b>	<b>(4,210)</b>	<b>(3,930)</b>
<b>Total</b>	<b>(20,991)</b>	<b>(21,007)</b>

## Section 3 – Dividends and similar income – Item 70

### 3.1 Dividends and similar income: breakdown

Items/Income	31/12/2024		31/12/2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	1,018	224	1,296	209
B. Other financial assets mandatorily measured at fair value	38	1,418	30	2,249
C. Financial assets measured at fair value through other comprehensive income	3,689	114	3,824	44
D. Equity investments	-	-	-	-
<b>Total</b>	<b>4,745</b>	<b>1,756</b>	<b>5,150</b>	<b>2,502</b>

## Section 4 – Net trading income – Item 80

### 4.1 Net trading income: breakdown

Transactions/Income items	Gains (A)	Trading profits (B)	Losses (C)	Trading losses (D)	Profit (loss) [(A+B)-(C+D)]
<b>1. Financial assets held for trading</b>	<b>30,763</b>	<b>104,157</b>	<b>(5,483)</b>	<b>(5,943)</b>	<b>123,494</b>
1.1 Debt securities	-	1,136	-	-	1,136
1.2 Capital securities	1,017	3,370	(3,797)	(285)	305
1.3 Mutual funds	6,257	6,200	(622)	(14)	11,821
1.4 Loans	-	-	-	-	-
1.5 Other	23,489	93,451	(1,064)	(5,644)	110,232
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Financial assets and liabilities: exchange differences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,112</b>
<b>4. Derivatives</b>	<b>2,131</b>	<b>11,255</b>	<b>(3,520)</b>	<b>(12,210)</b>	<b>(2,099)</b>
4.1 Financial derivatives:	2,131	11,255	(3,520)	(12,210)	(2,099)
- On debt securities and interest rates	1,728	5,063	(3,001)	(4,615)	(825)
- On capital securities and stock indices	68	-	(183)	(1,506)	(1,621)
- On currency and gold	-	-	-	-	245
- Other	335	6,192	(336)	(6,089)	102
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	-	-	-	-	-
<b>Total</b>	<b>32,894</b>	<b>115,412</b>	<b>(9,003)</b>	<b>(18,153)</b>	<b>124,507</b>

The net result from trading on "other" financial assets is mainly made up of exchange gains.





## Section 5 – Net hedging gain (loss) – Item 90

### 5.1 Net hedging gain (loss): breakdown

Income components/Amounts	31/12/2024	31/12/2023
<b>A. Income related to:</b>		
A.1 Fair value hedging derivatives	-	-
A.2 Hedged financial assets (fair value)	444	2,022
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Financial derivatives - Cash-flow hedges	-	-
A.5 Assets and liabilities denominated in foreign currencies	-	-
<b>Total hedging income (A)</b>	<b>444</b>	<b>2,022</b>
<b>B. Charges relating to:</b>		
B.1 Fair value hedging derivatives	(442)	(2,098)
B.2 Hedged financial assets (fair value)	-	-
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Financial derivatives - Cash-flow hedges	-	-
B.5 Assets and liabilities denominated in foreign currencies	-	-
<b>Total hedging expense (B)</b>	<b>(442)</b>	<b>(2,098)</b>
<b>C. Net hedging gain (loss) (A – B)</b>	<b>2</b>	<b>(76)</b>
of which: result of hedging on net positions	-	-

The income derives from 0.444 million euro for a positive evaluation of the fair value of the loans being hedged against an overall negative evaluation of 0.442 million euro of the fair value of the hedging derivatives.

## Section 6 - Gains (losses) from sales/repurchases - Item 100

### 6.1 Gains (losses) from sales/repurchases: breakdown

Items/Income items	31/12/2024			31/12/2023		
	Gains	Losses	Profit (loss)	Gains	Losses	Profit (loss)
<b>Financial assets</b>						
1. Financial assets measured at amortised cost	17,094	(6,415)	10,679	8,596	(953)	7,643
1.1 Loans and receivables with banks	-	-	-	167	-	167
1.2 Loans and receivables with customers	17,094	(6,415)	10,679	8,429	(953)	7,476
2. Financial assets measured at fair value through other comprehensive income	9,057	(5,846)	3,211	2,479	(3,644)	(1,165)
2.1 Debt securities	9,057	(873)	8,184	2,479	-	2,479
2.2 Loans	-	(4,973)	(4,973)	-	(3,644)	(3,644)
<b>Total assets (A)</b>	<b>26,151</b>	<b>(12,261)</b>	<b>13,890</b>	<b>11,075</b>	<b>(4,597)</b>	<b>6,478</b>
<b>Financial liabilities measured at amortised cost</b>	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	678	(1)	677	106	(19)	87
<b>Total liabilities (B)</b>	<b>678</b>	<b>(1)</b>	<b>677</b>	<b>106</b>	<b>(19)</b>	<b>87</b>

The losses reported in row "1.2 Loans and receivables with customers", totalling 6.415 million euro, refer to the effects of the derisking actions carried out during the 2024 financial year and to the sale of Italian government securities. The profits shown in row "1.2 Loans and receivables with customers" refer for approximately 11 million euro to the derisking actions carried out during 2024, including those relating to the sale of loans in favour of investment funds. For further details, reference should be made to Part E of these consolidated notes, sections "C. Securitisation transactions" and "D. Disposals".

## Section 7 – Net gains (losses) on financial assets and liabilities measured at fair value through profit or loss – Item 110

### 7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income items	Gains (A)	Gains on disposals (B)	Losses (C)	Losses on disposals (D)	Profit (loss) [(A+B)-(C+D)]
<b>1. Financial assets</b>	<b>15,408</b>	<b>1,019</b>	<b>(25,470)</b>	<b>(69)</b>	<b>(9,112)</b>
1.1 Debt securities	2,001	798	(2,265)	-	534
1.2 Capital securities	38	-	(4)	-	34
1.3 Mutual funds	4,189	221	(4,536)	(69)	(195)
1.4 Loans	9,180	-	(18,665)	-	(9,485)
<b>2. Financial assets: exchange differences</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,360</b>
<b>Total</b>	<b>15,408</b>	<b>1,019</b>	<b>(25,470)</b>	<b>(69)</b>	<b>(7,752)</b>

## Section 8 – Net adjustments/write-backs for credit risk – Item 130

### 8.1 Net adjustments for credit risk related to financial assets measured at amortised cost: breakdown

Transactions/Income items	Adjustments (1)					
	Third stage				Impaired purchased or originated	
	First stage	Second stage	Write-off	Other	Write-off	Other
<b>A. Loans and receivables with banks</b>	<b>(1,489)</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Loans	(1,108)	(52)	-	-	-	-
- Debt securities	(381)	(8)	-	-	-	-
<b>B. Loans and receivables with customers</b>	<b>(51,615)</b>	<b>(145,727)</b>	<b>(20,227)</b>	<b>(270,363)</b>	<b>(2,350)</b>	<b>(24,173)</b>
- Loans	(50,559)	(145,681)	(20,227)	(270,363)	(2,350)	(24,173)
- Debt securities	(1,056)	(46)	-	-	-	-
<b>Total</b>	<b>(53,104)</b>	<b>(145,787)</b>	<b>(20,227)</b>	<b>(270,363)</b>	<b>(2,350)</b>	<b>(24,173)</b>

Transactions/Income items	Write-backs (2)					31/12/2024	31/12/2023
	First stage	Second stage	Third stage	Impaired purchased or originated			
<b>A. Loans and receivables with banks</b>	<b>3,342</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>1,855</b>	<b>1,855</b>	<b>(1,780)</b>
- Loans	1,887	62	-	-	789	789	(475)
- Debt securities	1,455	-	-	-	1,066	1,066	(1,305)
<b>B. Loans and receivables with customers</b>	<b>113,706</b>	<b>42,673</b>	<b>145,230</b>	<b>15,381</b>	<b>(197,465)</b>	<b>(197,465)</b>	<b>(200,834)</b>
- Loans	109,754	42,673	145,230	15,381	(200,315)	(200,315)	(203,798)
- Debt securities	3,952	-	-	-	2,850	2,850	2,964
<b>Total</b>	<b>117,048</b>	<b>42,735</b>	<b>145,230</b>	<b>15,381</b>	<b>(195,610)</b>	<b>(195,610)</b>	<b>(202,614)</b>



## 8.2 Net adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Income items	Adjustments (1)					
	First stage	Second stage	Third stage		Impaired purchased or originated	
			Write-off	Other	Write-off	Other
A. Debt securities	(454)	(17)	-	-	-	-
B. Loans	-	-	-	-	-	-
- Customers	-	-	-	-	-	-
- Banks	-	-	-	-	-	-
<b>Total</b>	<b>(454)</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Transactions/Income items	Write-backs (2)					31/12/2024	31/12/2023
	First stage	Second stage	Third stage	Impaired purchased or originated			
A. Debt securities	613	4	-	-	-	146	347
B. Loans	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-
<b>Total</b>	<b>613</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>347</b>

## Section 9 – Gains/(losses) from contractual amendments without derecognition – Item 140

### 9.1 Gains (Losses) from contractual amendments without derecognition: breakdown

Losses from contractual amendments without derecognition amount to 3.997 million euro.

## Section 12 – Administrative expenses – Item 190

### 12.1 Personnel expenses: breakdown

Type of expense/Amounts	31/12/2024	31/12/2023
<b>1) Employees</b>	<b>(316,180)</b>	<b>(295,784)</b>
a) wages and salaries	(201,561)	(188,879)
b) social security contributions	(48,700)	(46,016)
c) termination indemnities	(13)	(13)
d) pension expenses	(7,745)	(7,630)
e) provision for employee termination indemnities	(10,972)	(11,022)
f) provision for pension and similar obligations:	(9,923)	(9,671)
- defined contribution	-	-
- defined benefits	(9,923)	(9,671)
g) payments to external supplementary pension funds:	(5,337)	(4,704)
- defined contribution	(5,300)	(4,669)
- defined benefits	(37)	(35)
h) costs deriving from payment agreements based on own capital instruments	(1,330)	(1,205)
i) other personnel benefits	(30,599)	(26,644)
<b>2) Other personnel in activity</b>	<b>(811)</b>	<b>(608)</b>
<b>3) Directors and Statutory Auditors</b>	<b>(4,506)</b>	<b>(3,876)</b>
<b>4) Retired personnel</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(321,497)</b>	<b>(300,268)</b>

### 12.2 Average number of employees by category

	31/12/2024	31/12/2023
<b>1) Employees</b>	<b>3,652</b>	<b>3,522</b>
a) managers	39	38
b) officials	952	891
c) other employees	2,661	2,593
<b>2) Other personnel</b>	<b>12</b>	<b>13</b>
	<b>31/12/2024</b>	<b>31/12/2023</b>
- Number of employees at year-end	3,720	3,597
- Other personnel	13	14

### 12.3 Company pension plans with defined benefits: total costs

Income components/Amounts	31/12/2024	31/12/2023
Service cost	2,200	1,784
Interest cost	4,214	4,042
Contributions from employees	(219)	(199)
Reductions and payments	3,728	4,044
<b>Total charge to income statement (A)</b>	<b>9,923</b>	<b>9,671</b>
Yield from assets servicing the fund (B)	7,108	7,226
<b>Total charge (A-B)</b>	<b>2,815</b>	<b>2,445</b>

The costs have been recorded as personnel expenses.

Information regarding the outstanding obligations and related changes during the year, the assets servicing the fund and principal actuarial assumptions made is provided in the tables reported in Part B Section 10.5 of the notes to the financial statements. The cost for the Parent Company consists of the contributions that it has to pay into the fund.



An additional provision of 7.108 million euro has been recorded, representing the return on the assets servicing the fund, which is recognised as "other operating income". A negative change of 1.996 million euro corresponding to the actuarial loss was recognised in compliance with the provisions of the IAS 19 accounting standard, as balancing entry in equity as shown in the statement of comprehensive income.

## 12.4 Other employee benefits

The item essentially comprises the cost of expenses and salaries of personnel allocated to a specific fund, and related to meal vouchers, scholarships, insurance costs, the reimbursement of expenses, training costs and other benefits.

## 12.5 Other administrative expenses: breakdown

Type of service/Amounts	31/12/2024	31/12/2023
Telephone, post and data transmission	(15,410)	(15,087)
Maintenance of property, equipment and investment property	(11,654)	(10,602)
Rent of buildings	(551)	(459)
Supervision	(6,118)	(5,156)
Transport	(3,821)	(3,380)
Professional fees	(53,849)	(50,028)
Office materials	(2,629)	(2,351)
Electricity, heating and water	(7,967)	(11,570)
Advertising and entertainment	(4,921)	(4,253)
Legal	(10,646)	(10,471)
Insurance premiums	(2,193)	(2,159)
Company searches and information	(10,614)	(9,626)
Indirect taxes and duties	(75,385)	(67,079)
Software and hardware rental and maintenance	(38,748)	(32,372)
Data entry by third parties	(2,730)	(2,633)
Cleaning	(6,706)	(6,664)
Membership fees	(2,353)	(2,254)
Services received from third parties	(6,251)	(6,277)
Outsourced activities	(42,260)	(27,991)
Deferred charges	(916)	(828)
Goods and services for employees	(1,412)	(1,193)
Contributions to resolution and guarantee funds	(21,298)	(38,874)
Other	(10,486)	(10,583)
<b>Total</b>	<b>(338,918)</b>	<b>(321,890)</b>

## Section 13 – Net provisions for risks and charges – Item 200

### 13.1 Net provisions for credit risk related to commitments to grant loans and financial guarantees given: breakdown

The sub-item is negative for 2.002 million euro, made up of the difference between provisions for the year and reallocations.

### 13.2 Net provisions for other commitments to grant funds and guarantees given: breakdown

The sub-item is positive for 9.275 million euro, made up of the difference between provisions for the year and reallocations.

### 13.3 Net provisions for other risks and charges: breakdown

This item is negative for 30.024 million euro, made up of the difference between provisions for the year and reallocations.

For further details on the provisions made, reference should be made to the information contained in "Section 10 - Provisions for risks and charges" - Item 100 of Part B - Liabilities of these Notes.

## Section 14 – Depreciation and net impairment losses on property, equipment and investment property – Item 210

### 14.1 Depreciation and net impairment losses on property, equipment and investment property: breakdown

Assets/Income component	Depreciation (a)	Impairment adjustments (b)	Write-backs (c)	Net result (a+b-c)
<b>A. Property, equipment and investment property</b>				
1. For business purposes	(52,317)	(779)	-	(53,096)
- Owned	(29,665)	(779)	-	(30,444)
- Rights of use acquired through leasing	(22,652)	-	-	(22,652)
2. Held for investment purposes	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leasing	-	-	-	-
3. Inventories	-	(3,348)	-	(3,348)
<b>Total</b>	<b>(52,317)</b>	<b>(4,127)</b>	<b>-</b>	<b>(56,444)</b>



## Section 15 – Amortisation and net impairment losses on intangible assets – Item 220

### 15.1 Amortisation and net impairment losses on intangible assets: breakdown

Assets/Income component	Depreciation (a)	Impairment adjustments (b)	Write-backs (c)	Net result (a+b-c)
<b>A. Intangible assets</b>				
of which: software	(19,303)	-	-	(19,303)
A.1 Owned	(19,929)	-	-	(19,929)
- Internally generated	-	-	-	-
- Others	(19,929)	-	-	(19,929)
A.2 Rights of use acquired through leases	-	-	-	-
B. Assets held for sale	-	-	-	-
<b>Total</b>	<b>(19,929)</b>	<b>-</b>	<b>-</b>	<b>(19,929)</b>

The adjustments relate to intangible assets with a finite life consisting of rights to use computer EDP. There were no significant impairment losses relating to intangible assets with definite useful life during the year, so the disclosures required by IAS 36 paragraphs 130 letters a) c) d) f) g) and 131 are not provided.

## Section 16 – Other operating income and expenses – Item 230

### 16.1 Other operating expenses: breakdown

	31/12/2024	31/12/2023
Contingent liabilities	(8,305)	(3,061)
Other	(8,614)	(9,994)
Consolidation differences	(3,096)	(2,793)
<b>Total</b>	<b>(20,015)</b>	<b>(15,848)</b>

### 16.2 Other operating income: breakdown

	31/12/2024	31/12/2023
Recovery of charges on deposits and overdrafts	852	1,003
Recovery of expenses	1,919	1,734
Rental income from buildings	6,962	6,701
Recovery of taxes	65,331	57,096
Financial income of pension and similar obligations plan	6,486	6,894
Contingent assets - other	1,788	2,949
Contingent assets - non-existent liabilities	-	-
Other	33,394	37,643
Consolidation differences	2,931	3,390
<b>Total</b>	<b>119,663</b>	<b>117,410</b>

The item 'Other' includes revenues from vehicle rental of the subsidiary Rent2Go Srl.

## Section 17 – Net gains (losses) on equity investments – Item 250

### 17.1 Net gains (losses) on equity investments: breakdown

Income components/Sectors	31/12/2024	31/12/2023
<b>1) Jointly controlled companies</b>		
A. Income	462	23
1. Revaluations	462	23
2. Gains on disposal	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Impairment write-downs	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
<b>Profit (loss)</b>	<b>462</b>	<b>23</b>
<b>2) Companies subject to significant influence</b>		
A. Income	44,584	38,671
1. Revaluations	44,584	38,671
2. Gains on disposal	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	(340)	(170)
1. Write-downs	(99)	(170)
2. Impairment write-downs	(241)	-
3. Losses on disposal	-	-
4. Other charges	-	-
<b>Profit (loss)</b>	<b>44,244</b>	<b>38,501</b>
<b>Total</b>	<b>44,706</b>	<b>38,524</b>





## Section 18 – Net result of fair value measurement of property, equipment and investment property and intangible assets – Item 260

### 18.1 Net result of the valuation at fair value (or revalued amount) or at the estimated realisable value of property, equipment and investment property and intangible assets: breakdown

Assets/Income components	Revaluations (a)	Write-downs (b)	Exchange rate differences		Profit (loss) (a-b+c-d)
			Positive (c)	Negative (d)	
<b>A. Property, equipment and investment property</b>	<b>680</b>	<b>(3,780)</b>	-	-	<b>(3,100)</b>
A.1 For business purposes:	-	-	-	-	-
- Owned	-	-	-	-	-
- Rights of use acquired through leasing	-	-	-	-	-
A.2 Held for investment purposes:	680	(3,780)	-	-	(3,100)
- Owned	680	(3,780)	-	-	(3,100)
- Rights of use acquired through leasing	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
<b>B. Intangible assets</b>	-	-	-	-	-
B.1 Owned:	-	-	-	-	-
B.1.1 Generated internally by the company	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
<b>Total</b>	<b>680</b>	<b>(3,780)</b>	-	-	<b>(3,100)</b>

## Section 19 – Impairment of goodwill – Item 270

### 19.1 Value adjustments of goodwill: breakdown

The results of the impairment test on goodwill recognised in the financial statements led to the recognition of an impairment of 4.365 million euro on the goodwill allocated to the Rent2go CGU.

Please refer to 'Section 10 - Intangible Assets' in Part B of these consolidated notes for a description of how goodwill impairment tests are performed.

## Section 20 – Gains (losses) on sales of investments – Item 280

### 20.1 Gains (losses) on sale of investments: breakdown

Income component/Sectors	31/12/2024	31/12/2023
<b>A. Property</b>	<b>347</b>	<b>439</b>
- Gains on disposal	347	439
- Losses on disposal	-	-
<b>B. Other assets</b>	<b>63</b>	<b>30</b>
- Gains on disposal	63	30
- Losses on disposal	-	-
<b>Profit (loss)</b>	<b>410</b>	<b>469</b>

## Section 21 – Income taxes for the year from current operations – Item 300

### 21.1 Income taxes: breakdown

Income components/Amounts	31/12/2024	31/12/2023
1. Current taxes (-)	(206,034)	(146,348)
2. Changes in current taxes of previous years (+/-)	-	4
3. Decrease in current taxes for the year (+)	114	350
3.bis Decrease in current taxes for the year for tax credits pursuant to Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(59,133)	(52,564)
5. Change in deferred tax liabilities (+/-)	(735)	(564)
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(265,788)	(199,122)

### 21.2 Reconciliation of theoretical tax expense and actual tax expense in the financial statements

<b>Profit before tax</b>	<b>840,730</b>
<b>Direct taxes</b>	
Theoretical tax	228,296
Dividends (-)	(15,458)
Gains/losses on sale of equity investments (PEX) (+/-)	(127)
Maxi depreciation	(70)
Administrative expenses (partially deductible)	406
Valuation losses on investments	3,758
Other changes (+/-)	849
<b>Total direct taxes</b>	<b>217,654</b>
<b>IRAP (Regional business tax)</b>	
Theoretical tax	44,555
Dividends	(1,676)
Personnel expenses	1,655
Administrative expenses	1,846
Depreciation and amortisation	299
Other operating income/expense	3,886
Other items	(2,431)
<b>Total IRAP</b>	<b>48,134</b>
<b>Total taxes</b>	<b>265,788</b>



## Section 23 – Profit (Loss) for the year attributable to non-controlling interests – Item 340

### 23.1 Details of item 340 "Profit (Loss) for the year attributable to non-controlling interests"

As at 31.12.2024, there were no profits or losses attributable to non-controlling interests.

## Section 24 – Other information

There is no relevant information other than that already indicated in the previous sections.

## Section 25 – Earnings per share

### 25.1 Average number of diluted capital ordinary shares

There were no transactions involving share capital during the year and no financial instruments were issued that might involve the future issue of shares.

	31/12/2024	31/12/2023
Weighted average shares outstanding <sup>(1)</sup>	449,737,600	449,711,060

(1) The weighted average number of outstanding shares is calculated excluding repurchased treasury shares.

This is the weighted average used as the denominator in the calculation of basic earnings per share. There are no instruments in place with a potential dilutive effect.

### 25.2 Other information

	31/12/2024	31/12/2023
Net result attributable	574,442	460,662
earning per share - € <sup>(a)</sup>	1.277	1.024
diluted earning per share - € <sup>(b)</sup>	1.277	1.024

(a) 'Basic EPS' calculated by dividing net profit attributable to shareholders by weighted average number of shares outstanding, excluding portfolio treasury shares.

(b) "Diluted EPS", determined by taking account of the dilutive effect of all potential ordinary shares



## PART D – Consolidated statement of other comprehensive income

### Analysis of consolidated statement of other comprehensive income

Items	31/12/2024	31/12/2023
10. Profit (Loss) for the year	574,942	461,162
Other income items without reversal to the income statement	(6,600)	(11,598)
20. Capital securities measured at fair value through other comprehensive income:	229	(8,733)
a) change in fair value	(263)	(8,603)
b) reclassified to other components of equity	492	(130)
30. Financial liabilities measured at fair value through profit or loss (changes in own creditworthiness):	-	-
a) change in fair value	-	-
b) reclassified to other components of equity	-	-
40. Hedges of capital securities measured at fair value through other comprehensive income:	-	-
a) change in fair value (hedged instrument)	-	-
b) change in fair value (hedging instrument)	-	-
50. Property, equipment and investment property	90	-
60. Intangible assets	-	-
70. Defined benefit plans	(8,923)	(9,643)
80. Non-current assets and groups of assets held for sale	-	-
90. Share of valuation reserves of equity investments measured at equity	124	159
100. Financial revenues or costs relating to insurance contracts issued	-	-
110. Income tax relating to other income components without reversal to the income statement	1,880	6,619
Other income components with reversal to the income statement	29,381	63,462
120. Hedges of foreign investments:	-	-
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
130. Exchange differences:	(1,056)	1,209
a) changes in value	-	-
b) reversal to income statement	-	-
c) other changes	(1,056)	1,209
140. Cash flow hedging:	-	-
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
of which: result of net positions	-	-
150. Hedging instruments (non-designated items):	-	-
a) changes in value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
160. Financial assets (other than capital securities) measured at fair value through other comprehensive income:	41,092	57,644
a) changes in fair value	39,347	57,903
b) reversal to income statement	1,745	(259)
- credit risk adjustments	(146)	(347)
- gains/losses on disposals	1,891	88
c) other changes	-	-
170. Non-current assets and disposal groups held for sale:	-	-
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
180. Share of valuation reserves on investments accounted for by the equity method:	4,427	32,808
a) changes in fair value	4,427	32,808
b) reversal to income statement	-	-
- impairment	-	-
- gains/losses on disposals	-	-
c) other changes	-	-
190. Financial revenues or costs relating to insurance contracts issued	-	-
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
200. Financial revenues or costs relating to outward reinsurance	-	-
a) changes in fair value	-	-
b) reversal to income statement	-	-
c) other changes	-	-
210. Income tax relating to other income components with reversal to the income statement	(15,082)	(28,199)
220. Total other income components	22,781	51,864
230. Comprehensive income (Items 10 + 220)	597,723	513,026
240. Consolidated comprehensive income attributable to non-controlling interests	-	-
250. Consolidated other comprehensive income attributable to the parent company	597,723	513,026



## PART E - Information on risks and related hedging policies

The information contained in this section is based on internal data prepared for management purposes, which means that it may differ from as reported in sections B and C of these notes, except where the book value specifically has to be shown.

The information to be disclosed to the public under Sections Eight and Ten, Title I, Chapter 3 of the Regulation (EU) 575/2013 is provided by the required deadlines in the "Investor relations" section of the Parent Company's website (<https://istituzionale.popso.it/it/investor-relations/>).

### Introduction

The Parent Company has the task of ensuring effective risk management through proper articulation of the roles and responsibilities of key decision-making departments, as well as the integrity and completeness of the Group's system of controls. This principle involves the centralisation of essential choices in terms of risk management, in order to ensure the harmonisation of all systems of risk assessment and control developed within the Group and to implement a risk management policy that is as integrated and consistent as possible.

The strategic guidelines for risk exposure are established by the governing bodies of the Parent Company, evaluating the overall operations of the Group and the actual risks it runs, based on the specific type of operations and risk profiles of each company. The decisions are supported by mechanisms for monitoring and control inherent in the evolution of the various risks assumed within the perimeter of the Group and their compatibility with respect to the pursuit of sound and prudent management.

The governing bodies of subsidiaries, according to each one's powers, are responsible for implementing the risk management policies defined by the Parent Company in a manner that is consistent with their company's situation, ensuring the functioning of suitable internal control procedures and a constant flow of information to the Parent Company on individual cases of significant risk.

## ESG risks (Environmental, Social and Governance)

### *The integration of ESG risks at Group companies*

As a follow-up to the path undertaken at the end of 2023, with the aim of accompanying the Group's subsidiaries in their journey to integrate ESG assessment elements within their strategic visions and key business processes, including risk management, the Parent Company has further strengthened its support to the Legal Entities in order to identify the specific needs of each type of business and provide actions to ensure better management and mitigation of sustainability risks, taking inspiration from initiatives, policies, processes, tools and activities already implemented at the same and proceeding to their roll-out on a proportional basis on the individual companies.

Below is a summary overview of the main initiatives underway and planned at each controlled entity.

#### *Factorit*

Following the approval in March 2023 by the Board of Directors of the factoring company of an outlined Plan of Activities aimed at implementing the 'Supervisory Expectations on Climate and Environmental Risks' issued by the Bank of Italy, the Parent Company supported the subsidiary in the processes that will lead to the gradual integration of ESG risk factor exposure assessments into the corporate sphere. The Plan, which will be reviewed and updated during the first quarter of 2024, embraces, similarly to the activity programmes already developed and implemented at the Parent Company, multiple areas of intervention: from governance and internal organisation mechanisms, to strategies and business models; from risk and data management to reporting and disclosure systems.

During this year, symbolically central as the Action Plan was prepared on a multi-year time horizon (three years 2023-2025), important progress was made in several macro-areas of work; the following activities in particular are noteworthy:

- the formalisation of an initial mapping exercise and analysis of the materiality of exposure to relevant C&E risks in the short, medium and long term, with the subsequent definition and integration of an initial set of ESG indicators within the corporate RAF schemes;
- the start of activities concerning the development of an ESG-based assessment of the company's supplier base, in alignment with the methodology already developed at the parent company;
- the progress of the project to extend to Factorit an ESG scoring model similar to the one implemented by the Parent Company, in order to be able to classify and assess each assignor counterparty also in terms of the socio-environmental sustainability of its business;
- with regard to governance issues: the initiation of assessments of the efforts and resources needed to comply with activities - ordinary and project-based - of an ESG nature, also with a view to forecasting; the conclusion of training projects on sustainability; the initiation of analyses to determine an individual climate strategy and dedicated reflections on the introduction of incentive remuneration mechanisms correlated to ESG-based indices.

#### *Banca della Nuova Terra*

In the last quarter of 2023, a specific project task was also to be initiated for the subsidiary Banca della Nuova Terra, preceded by a gap assessment to detect the initial rate of alignment with national and EU supervisory expectations on climate and environmental risk management practices. In order to identify the business areas potentially subject to process integration/revision initiatives with an ESG perspective, an initial assessment of the significance of the potential impact of physical risk drivers and green transition on the so-called traditional risk categories to which the controlled entity is subjected according to the characteristics of its particular core business was carried out at the beginning of 2024.

In this way, lines of action were identified for the financial years 2024-2025 in relation to those areas where climate- and environment-related risks were found to be of particular magnitude.

The mitigating actions undertaken by the company mainly concerned:

- the improvement of practices inherent to its supply chain, by initiating preparatory activities for the development of an ESG assessment of suppliers, proportionally incorporating the system introduced



- by the Parent Company;
- the consolidation of training activities dedicated to ESG issues;
- first assessments of the integration of ESG risk indicators within corporate RAF schemes, expected by 2025.

#### *Bps Suisse*

Similar assessment activities began in early 2024 at the subsidiary BPS (SUISSE), taking into account the framework adopted by the parent company for the proper management of climate and environmental risks, as well as the peculiar legal and regulatory context in which the company operates. The planned macro-activities were preliminarily substantiated:

- in the consolidation of the outcomes of an individual gap analysis, with subsequent outline of the lines of action considered relevant to the business context and jurisdiction, to be carried out in the years 2024-2025;
- in providing guidance and activities to support and coordinate an initial exercise to identify and assess the materiality of the C&E risk factors to which the subsidiary is subject, consistent with the methodologies adopted at the Parent Company.

In particular, the gap analysis suggested the activation of specific internal and inter-group working tables, which concern, among the most relevant and by way of non-exhaustive list:

- improving the methods and tools for identifying, measuring and managing potential sources of BPS (SUISSE) exposure to ESG risk factors;
- accurate activity to identify and formalise internal roles and responsibilities within the company in the ESG sphere, and finally
- inclusion of ESG assessment elements within the lending processes and the possible adaptation of the basket of financing products with dedicated offers to meet the ESG requirements of customers.

It is also relevant to note that, in the financial year just ended, the subsidiary enriched its staff with a new managerial resource with strong ESG skills, with the aim of playing a role in governing and directing sustainability issues within the company's operations, a tangible sign of the subsidiary's willingness to intensify its commitment to integrating ESG assessment elements within its business, strategic and control processes, in line with the provisions of local supervisory authorities and in proportionate implementation of the good practices acquired by the Parent Company.

For more details on sustainability issues as well as on the main ESG (Environmental, Social and Governance) risk enhancement activities conducted during the period, please refer to the company's Notes to the Financial Statements Part E - Information on risks and related hedging policies, ESG (Environmental, Social and Governance) Risks Section

## Section 1 - Risks of accounting consolidation

### QUANTITATIVE INFORMATION

#### A. Loan quality

#### A.1 Non-performing and performing loans: balance, impairment, developments, dynamics and business distribution

##### A.1.1 Distribution of financial assets by portfolio and credit quality (book values)

Portfolio/quality	Bad loans	Unlikely-to-pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	44,108	262,446	83,836	532,090	44,536,937	45,459,417
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	2,562,770	2,562,770
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	6,163	1,543	2,424	305,283	315,413
5. Financial assets held for sale	7,123	101,469	-	-	-	108,592
<b>31/12/2024</b>	<b>51,231</b>	<b>370,078</b>	<b>85,379</b>	<b>534,514</b>	<b>47,404,990</b>	<b>48,446,192</b>
<b>31/12/2023</b>	<b>62,223</b>	<b>438,005</b>	<b>62,082</b>	<b>587,757</b>	<b>47,879,933</b>	<b>49,030,000</b>

##### A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net values)

Portfolio/quality	Non-performing				Performing			
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total value adjustments	Net exposure	Total (net exposure)
1. Financial assets measured at amortised cost	1,038,553	(648,163)	390,390	104,818	45,370,391	(301,364)	45,069,027	45,459,417
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	2,563,595	(825)	2,562,770	2,562,770
3. Financial assets designated at fair value	-	-	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	16,824	(9,118)	7,706	-	-	-	307,707	315,413
5. Financial assets held for sale	211,546	(102,953)	108,593	-	-	-	-	108,593
<b>31/12/2024</b>	<b>1,266,923</b>	<b>(760,234)</b>	<b>506,689</b>	<b>104,818</b>	<b>47,933,986</b>	<b>(302,189)</b>	<b>47,939,504</b>	<b>48,446,193</b>
<b>31/12/2023</b>	<b>1,316,484</b>	<b>(754,174)</b>	<b>562,310</b>	<b>83,467</b>	<b>48,370,340</b>	<b>(259,617)</b>	<b>48,467,690</b>	<b>49,030,000</b>

\* value to be reported for information purposes

The word exposures is understood as excluding capital securities and mutual funds.

The gross carrying amount of financial assets measured at fair value is exposed at the value resulting from the evaluation at year end.

Partial write-offs recorded in relation to the above portfolios total 105 million euro, mostly reflecting the non-performing impaired loans still recorded in the financial statements.





The following analysis for "Financial assets held for trading and hedging derivatives" shows the accumulated unrealised losses and the net exposures that are obviously of poor quality, as well as the net exposures of the remaining financial assets.

Portfolio/Quality	Assets with evident poor credit quality		Other assets
	Accumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	35,904
2. Hedging derivatives	-	-	-
<b>Total 31/12/2024</b>	-	-	<b>35,904</b>
<b>Total 31/12/2023</b>	-	-	<b>22,718</b>

## B. Disclosure of structured entities (other than SPV companies)

The Group has no structured entities for which this information is applicable.

### B.1 Consolidated structured entities

At 31 December 2024, there are no structured entities consolidated in the accounts, as defined by IFRS 12, other than the securitised companies, falling within the scope of the Banca Popolare di Sondrio Group.

### B.2 Structured entities not consolidated in the accounts

#### B.2.1 Prudentially consolidated structured entities

At 31 December 2024, there are no prudentially consolidated structured entities falling within the scope of the Banca Popolare di Sondrio Group.

#### B.2.2 Other structured entities

The Banca Popolare di Sondrio Group holds interests in UCIs (mutual funds and SICAVs) for long-term investment purposes or for trading purposes, which include the units of funds held following multi-originator sales of non-performing credit exposures of the Group.

For further information, please refer to what is indicated below in the section D.3 "Prudential consolidation - Disposals with recourse limited solely to the assets sold and not derecognised: fair value" and the information provided for the tables in Section 2: "Financial assets measured at fair value through profit or loss - item 20", in part B of these explanatory notes.

## Section 2 - Risks of prudential consolidation

### 1.1 Credit risk

#### QUALITATIVE INFORMATION

##### 1. General aspects

As part of its functions of strategic guidance and coordination of the subsidiaries, the Parent Company ensures that uniform credit policies are adopted at Group level and a standard approach taken to risk assessment and monitoring.

As outlined in the equivalent section of the notes to the Company's separate financial statements, the lines of strategy that are followed are oriented to sustaining local economies, in particular small and medium-sized businesses and households, maintaining low levels of risk and concentration. These policies are applied by the subsidiaries in ways that respect the peculiarities of their counterparties and the particular types of products being offered, as well as the characteristics of the market in question.

##### 2. Credit risk management policies

###### 2.1 Organisational aspects

The process of credit risk management adopted by the Parent Company and the organisational structure set up to implement it are explained in detail in the corresponding section of the notes relating to the Bank.

The organisational structure of the subsidiaries complies with that of the Parent Company, allowing for differences in size and the area in which they operate.

###### 2.2 Management, measurement and control systems

As part of its coordination activities, the Parent Company requires the subsidiaries to apply the control methodology already discussed in detail in the corresponding section of the notes relating to the Bank.

In this regard, it is worth pointing out that the Swiss subsidiary has its own rating system which it applies to customer loans. The latter is based on the experiential and statistical assessment expressed by sector operators: the methodological approach adopted envisages, during the credit appraisal, depending on the type of counterparty and the credit (real estate, Lombard or corporate), the collection of defined indicators and financial, performance and qualitative information. The combined examination of these elements allows the final evaluator to assign the rating. Factorit, a subsidiary, also has an internal rating system for the assessment of its counterparties, for which an application was formalised to the Supervisory Authority for authorisation to use the parameters for the purposes of calculating equity requirements. Furthermore, with regard to the portfolio credit risk component, particular attention has been paid over time to concentration risk, both in relation to the main relationships in place and in relation to geo-sectoral assessments, which affects exposures to major economic and/or legal groups. This analysis is also carried out with regard to positions shared with the Parent Company, for which it evaluates the total amount of outstanding exposures.

###### 2.3 Methods for measuring expected losses

The methodological framework implemented by Banca Popolare di Sondrio to calculate the Expected Credit Loss (ECL) on its loan portfolio, in accordance with the requirements of IFRS 9, is explained in the notes to the financial statements.

As part of its coordination activities, the Parent Company requires the subsidiaries to apply consistent methodology, also by using the same IT tools. At subsidiaries, the models developed to calculate write-downs applied logic that, while consistent with the methodological framework developed by the Parent Company to comply with the key aspects of the new standard (e.g. estimation of risk parameters over



long-term time horizons considering different scenarios, with write-down time horizon dependent on the staging of the position), takes account of their specific characteristics, such as the geographical and economic context in which they operate, the nature and level of diversification of their core businesses, and the complexity and scale of their control structures.

In order to quantify the variability to which the final valuation are subject, given all the scenario - dependent factors considered explicitly in the methodological framework, the Group has carried out specific sensitivity analyses in accordance with sector best practices and the recommendations issued by the Supervisory Authorities (Report On the application of the IFRS 7 and IFRS 9 requirements regarding banks' expected credit losses - ECL "of 15 December 2021").

Given the importance that the Parent Company has to the Group numbers (the Parent Company's loss forecasts represent more than 90% of the Group's overall figures), please refer to the information already presented with reference to the separate financial statements.

As regards the other relevant subsidiaries, also in consideration of the characteristics of their credit portfolios and the reference geographical contexts, the analyses carried out do not show significantly different results from those shown for the Parent Company.

Lastly, see "Part A – Accounting policies" of these notes for information about the determination of expected losses on stage 3 exposures i.e. non-performing loans. More specifically, the expected losses on non-performing loans at 31 December 2024 are determined analytically with reference to expected recoveries, which are discounted using the original effective interest rates over the collection period. Given that the expected recoveries are determined with reference to the specific circumstances of each debtor, it is not considered meaningful to analyse the sensitivity of the ECL identified.

## 2.4 Credit risk mitigation techniques

As part of its functions of coordination and control, the Parent Company requires the Subsidiaries to adopt credit risk mitigation techniques able to ensure efficient management and prudent valuation of the guarantees obtained.

As part of its functions of coordination and control, the subsidiary Banca Popolare di Sondrio (SUISSE) adopts credit risk mitigation techniques substantially in line with those of the Parent Company, that are explained in detail in the corresponding Section of the notes. In particular, it is standard practice to provide loans secured by real estate or financial guarantees: this is confirmed by the fact that more than 80% of loans to customers granted by the subsidiary have a mortgage component, almost exclusively relating to residential building.

With regard to Factorit operations, which involve the sale of trade receivables with or without recourse, specific credit risk mitigation tools are to be found in the adoption of controls aimed at limiting and, where possible, containing the highest level of risk assumed, such as the increase in the number of commercial relationships brokered, the presence of mitigation clauses in "non-recourse" relationships, preventive actions aimed at limiting particularly concentrated exposures mainly through the use of guarantees from the Parent Company and the acquisition and management of guarantees or credit insurance coverage. The shorter average maturity and, therefore, faster turnover of factoring loans with respect to normal banking transactions ensures a certain flexibility in the recovery of the resources invested.

With regard to the credit risk mitigation of the subsidiary Banca della Nuova Terra, whose loan portfolio is made up of salary/pension assignments and payment mandates, we highlight the typical characteristics of the product that envisage the mandatory acquisition of specific insurance policies on the risk of premature death and loss of employment taken out directly by the subsidiary as policyholder/beneficiary where the customer is the insured party. In addition, the subsidiary, having assessed the economic and legal requirements, carries out Crif database queries for all loan requests (with a more prudential approach compared to the provisions of the Assofin protocol (25% of requests)) in order to verify the financial commitments and the real economic capacity of the customer, ensuring compliance with the minimum "intangible" income, also in accordance with the provisions of the aforementioned Assofin protocol.

### **3. Non-performing loans**

#### **3.1 Management strategies and policies**

As part of its functions of coordination and control, the Parent Company requires the Subsidiaries to bring their loans classification criteria and management methods into line with those of the Parent Company, as explained in the corresponding section of the notes on the Bank.

#### **3.2 Write-offs**

As part of its functions of coordination and control, the Parent Company requires the Subsidiaries to bring their write-off classification and management criteria into line with those of the Parent Company, as explained in the corresponding Section of the notes on the Bank.

#### **3.3 Financial assets impaired purchased or originated**

Also in this area, the Parent Company requires that the Subsidiaries comply with the principles adopted by the Parent Company, which are adequately described in the corresponding Section of the notes on the Bank.

### **4. Financial assets subject to trade renegotiation and exposures subject to forbearance**

Please refer to the corresponding Section of the notes on the Bank, which explain the specific management and monitoring policies for these exposures that the Parent Company has extended to the Subsidiaries.

### **5. Information on financing under public guarantee**

Please refer to the corresponding Section of the notes relating to the company.



## QUANTITATIVE INFORMATION

### A. Loan quality

#### A.1 Non-performing and performing loans: balance, impairment, developments, dynamics, business distribution

##### A.1.1 Prudential consolidation - Distribution of financial assets by maturity bands (book values)

Portfolios/risk stages	First stage			Second stage			Third stage			Impaired purchased or originated		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost	320,837	-	-	97,395	107,115	4,013	77,109	16,674	132,391	3,299	431	2,391
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	9,485	2,920	49,838	-	53	496
<b>Total 31/12/2024</b>	<b>320,837</b>	<b>-</b>	<b>-</b>	<b>97,395</b>	<b>107,115</b>	<b>4,013</b>	<b>86,594</b>	<b>19,594</b>	<b>182,229</b>	<b>3,299</b>	<b>484</b>	<b>2,887</b>
<b>Total 31/12/2023</b>	<b>413,385</b>	<b>-</b>	<b>-</b>	<b>97,306</b>	<b>68,233</b>	<b>3,569</b>	<b>62,804</b>	<b>34,229</b>	<b>164,731</b>	<b>2,715</b>	<b>1,183</b>	<b>9,265</b>

## A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: analysis of total impairment and total provisions

Reasons/risk stages	Total value adjustments											
	First stage assets						Second stage assets					
	Loans with banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Loans with banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs
Total opening adjustments	514	65,568	931	-	-	67,013	105	187,722	40	-	-	187,866
Increases in financial assets purchased or originated	21	21,868	523	-	-	22,412	-	41,503	42	-	-	41,545
Derecognition other than write-offs	(1,450)	(18,261)	(715)	-	-	(20,426)	(11)	(32,652)	(10)	-	-	(32,673)
Net adjustments/write-backs for credit risk (+/-)	967	10,349	15	-	-	11,331	(67)	15,815	(2)	-	-	15,747
Contractual amendments without derecognition	-	(715)	-	-	-	(715)	-	758	-	-	-	758
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	2	(770)	-	-	-	(768)	-	(483)	-	-	-	(483)
Total closing adjustments	54	78,039	754	-	-	78,847	27	212,663	70	-	-	212,760
Recoveries from collection on financial assets subject to write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-

Reasons/risk stages	Total value adjustments											Total provisions for commitments to grant loans and financial guarantees given				
	Third stage assets						Financial assets impaired acquired or originated									Tot.
	Loans with banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	First stage	Second stage	Third stage	Commitments to grant funds and fin. guarantees given impaired acquired or originated	
Total opening adjustments	-	677,177	-	-	677,177	-	64,419	-	-	59,061	5,358	11,231	23,209	12,517	343	1,043,777
Increases in financial assets purchased or originated	-	45,090	-	3,063	48,153	-	-	-	-	-	-	15,438	7,014	979	-	135,541
Derecognition other than write-offs	-	(88,126)	-	(601)	(88,727)	-	(9,895)	-	(6)	(9,653)	(246)	-	-	-	-	(151,727)
Net adjustments/write-backs for credit risk (+/-)	-	39,843	-	15,342	55,185	-	17,725	-	424	19,387	(1,239)	(2,371)	(17,231)	(1,838)	(189)	78,782
Contractual amendments without derecognition	-	1,549	-	309	1,858	-	418	-	16	399	35	(11)	(6)	89	-	2,407
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	(66,809)	-	-	(66,809)	-	(5,100)	-	-	(5,100)	-	-	-	-	-	(71,909)
Other changes	-	(14,263)	-	75,337	61,074	-	(3,199)	-	2,043	(1,156)	-	(5)	(1)	1	-	58,662
Total closing adjustments	-	594,461	-	93,450	687,911	-	64,368	-	2,477	62,938	3,908	24,282	12,985	11,748	154	1,095,533
Recoveries from collection on financial assets subject to write-offs	-	18,538	-	-	18,538	-	-	-	-	-	-	-	-	-	-	18,538
Write-offs recognised directly in the income statement	-	(20,228)	-	-	(20,228)	-	(2,350)	-	-	(2,350)	-	-	-	-	-	(22,578)



### A.1.3 Prudential consolidation - Financial assets, commitments to grant funds and financial guarantees given: transfers between the various stages of credit risk (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
	First stage to second stage	Second stage to first stage	Second stage to third stage	Third stage to second stage	First stage to third stage	Third stage to first stage
1. Financial assets measured at amortised cost	1,538,000	1,572,101	132,732	46,175	172,432	5,888
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to grant loans and financial guarantees given	264,332	287,012	5,564	772	6,276	229
<b>Total 31/12/2024</b>	<b>1,802,332</b>	<b>1,859,113</b>	<b>138,296</b>	<b>46,947</b>	<b>178,708</b>	<b>6,117</b>
<b>Total 31/12/2023</b>	<b>3,129,843</b>	<b>1,189,576</b>	<b>141,140</b>	<b>34,306</b>	<b>154,451</b>	<b>9,991</b>

### A.1.4 Prudential consolidation - Cash credit facilities and off-balance-sheet exposures to banks: gross and net values

Type of exposure/amounts	Gross exposure				Impaired purchased or originated
		First stage	Second stage	Third stage	
<b>A. Cash credit exposures</b>					
<b>A.1 Sight</b>	<b>3,559,978</b>	<b>3,549,867</b>	<b>10,111</b>	-	-
a) Non-performing	-	-	-	-	-
b) Performing	3,559,978	3,549,867	10,111	-	-
<b>A.2 Other</b>	<b>2,578,544</b>	<b>2,497,171</b>	<b>63,397</b>	-	-
a) Bad loans	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
b) Unlikely-to-pay	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
c) Past due exposures	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
d) Performing past due exposures	555	509	47	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
e) Other performing exposures	2,577,989	2,496,662	63,350	-	-
- of which: exposures subject to forbearance	-	-	-	-	-
<b>Total (A)</b>	<b>6,138,522</b>	<b>6,047,038</b>	<b>73,508</b>	-	-
<b>B. Off-balance sheet credit exposures</b>					
a) Non-performing	-	-	-	-	-
b) Performing	1,202,879	237,018	5,436	-	-
<b>Total (B)</b>	<b>1,202,879</b>	<b>237,018</b>	<b>5,436</b>	-	-
<b>Total (A+B)</b>	<b>7,341,401</b>	<b>6,284,056</b>	<b>78,944</b>	-	-

	Total adjustments and provisions				Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Impaired purchased or originated		
<b>A. Cash credit exposures</b>						
<b>A.1 Sight</b>	<b>86</b>	<b>58</b>	<b>28</b>	-	<b>3,559,892</b>	-
a) Non-performing	-	-	-	-	-	-
b) Performing	86	58	28	-	3,559,892	-
<b>A.2 Other</b>	<b>1,612</b>	<b>1,482</b>	<b>130</b>	-	<b>2,576,932</b>	-
a) Bad loans	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
b) Unlikely-to-pay	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
c) Past due exposures	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
d) Performing past due exposures	2	2	-	-	553	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
e) Other performing exposures	1,610	1,480	130	-	2,576,379	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
<b>Total (A)</b>	<b>1,698</b>	<b>1,540</b>	<b>158</b>	-	<b>6,136,824</b>	-
<b>B. Off-balance sheet credit exposures</b>						
a) Non-performing	-	-	-	-	-	-
b) Performing	74	2	-	-	1,202,805	-
<b>Total (B)</b>	<b>74</b>	<b>2</b>	-	-	<b>1,202,805</b>	-
<b>Total (A+B)</b>	<b>1,772</b>	<b>1,542</b>	<b>158</b>	-	<b>7,339,629</b>	-

\* value to be reported for information purposes

Cash exposures include loans and receivables with banks shown in item 40a and item 10 as well as other financial assets represented by bank securities included in items 20 c, 30 and 40 of the assets side of the balance sheet, excluding equities. The off-balance sheet exposure is represented by guarantees given, commitments and derivatives (except those relating to capital securities). The total values also take into account exposures not within the scope of IFRS 9 impairment.





### A.1.5 Prudential consolidation - Cash credit facilities and off-balance-sheet exposures to customers: gross and net values

	Gross exposure				
Type of exposure/amounts	First stage	Second stage	Third stage	Impaired purchased or originated	
A. Cash credit exposures					
a) Bad loans	326,400	-	-	320,356	6,043
- of which: exposures subject to forbearance	113,512	-	-	109,282	4,229
b) Unlikely-to-pay	835,572	-	-	730,672	77,477
- of which: exposures subject to forbearance	393,212	-	-	339,333	37,983
c) Past due exposures	104,953	-	-	103,005	135
- of which: exposures subject to forbearance	8,535	-	-	7,543	-
d) Performing past due exposures	556,889	322,397	229,226	-	2,842
- of which: exposures subject to forbearance	21,582	-	19,120	-	1,874
e) Other performing exposures	45,106,260	41,405,664	3,399,291	-	76,366
- of which: exposures subject to forbearance	279,765	-	236,303	-	35,260
Total (A)	46,930,074	41,728,061	3,628,517	1,154,033	162,863
B. Off-balance sheet credit exposures					
a) Non-performing	246,092	-	-	123,582	893
b) Performing	27,498,301	16,936,031	1,892,890	-	7,504
Total (B)	27,744,393	16,936,031	1,892,890	123,582	8,397
Total (A+B)	74,674,467	58,664,092	5,521,407	1,277,615	171,260

Type of exposure/amounts	Total adjustments and provisions					Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Impaired purchased or originated			
A. Cash credit exposures							
a) Bad loans	275,168	-	-	269,613	5,555	51,232	101,898
- of which: exposures subject to forbearance	96,726	-	-	92,775	3,952	16,786	38,296
b) Unlikely-to-pay	465,493	-	-	399,043	50,575	370,079	2,879
- of which: exposures subject to forbearance	231,962	-	-	195,981	27,342	161,250	-
c) Past due exposures	19,573	-	-	19,254	50	85,380	-
- of which: exposures subject to forbearance	1,073	-	-	902	-	7,462	-
d) Performing past due exposures	22,928	2,069	20,750	-	110	533,961	-
- of which: exposures subject to forbearance	4,182	-	4,106	-	76	17,400	-
e) Other performing exposures	277,648	75,242	191,850	-	10,556	44,828,612	40
- of which: exposures subject to forbearance	23,482	-	17,749	-	5,733	256,283	-
Total (A)	1,060,810	77,311	212,600	687,910	66,846	45,869,264	104,817
B. Off-balance sheet credit exposures							
a) Non-performing	44,391	-	-	11,747	-	201,701	-
b) Performing	44,364	24,287	12,985	-	151	27,453,937	-
Total (B)	88,755	24,287	12,985	11,747	151	27,655,638	-
Total (A+B)	1,149,565	101,598	225,585	699,657	66,997	73,524,902	104,817

\* value to be reported for information purposes

Cash exposures include the customer loans shown in item 40b and 120 as well as other financial assets represented by non-bank securities included in items 20c, 30 and 40 of the assets side of the balance sheet, excluding capital securities and mutual funds. Off-balance sheet exposure is represented by guarantees given, commitments and derivatives (except those relating to capital securities and mutual funds). The total values also take into account exposures not within the scope of IFRS 9 impairment.

### A.1.7 Prudential consolidation - Cash credit facilities to customers: analysis of gross non-performing exposures

Reasons/Categories	Bad loans	Unlikely-to-pay	Non-performing past due exposures
<b>A. Opening gross exposure</b>	<b>348,409</b>	<b>894,501</b>	<b>73,577</b>
- of which: exposures sold not derecognised	-	27,598	6,368
<b>B. Increases</b>	<b>235,254</b>	<b>416,862</b>	<b>104,403</b>
B.1 reclassified from performing loans	44,792	237,303	94,890
B.2 reclassified from impaired purchased or originated financial assets	346	28,016	27
B.3 reclassified from other categories of non-performing exposures	92,236	22,988	41
B.4 contractual amendments without derecognition	-	2,973	60
B.5 other increases	97,880	125,582	9,385
<b>C. Decreases</b>	<b>257,263</b>	<b>475,791</b>	<b>73,027</b>
C.1 transfers to performing loans	323	50,939	17,337
C.2 write-offs	70,669	23,505	-
C.3 collections	126,260	216,085	21,056
C.4 proceeds from disposals	11,860	56,388	28
C.5 losses on disposal	3,045	13,094	142
C.6 transfers to other categories of non-performing exposures	15,998	92,259	7,007
C.7 contractual amendments without derecognition	-	116	1
C.8 other decreases	29,108	23,405	27,456
<b>D. Closing gross exposure</b>	<b>326,400</b>	<b>835,572</b>	<b>104,953</b>
- of which: exposures sold not derecognised	-	20,113	13,027

### A.1.7bis Prudential consolidation - Cash credit facilities to customers: analysis of gross exposures with forbearance measures, broken down by credit quality

Reasons/Quality	Exposures subject to forbearance: non-performing	Exposures subject to forbearance: performing
<b>A. Opening gross exposure</b>	<b>584,513</b>	<b>330,087</b>
- of which: exposures sold not derecognised	18,693	48,174
<b>B. Increases</b>	<b>192,345</b>	<b>145,996</b>
B.1 reclassified from non-impaired exposures not subject to forbearance	12,741	83,684
B.2 reclassified from non-impaired exposures subject to forbearance	35,849	-
B.3 reclassified from impaired exposures subject to forbearance	-	29,844
B.4 reclassified from impaired exposures not subject to forbearance	64,971	1,144
B.5 other increases	78,784	31,324
<b>C. Decreases</b>	<b>261,599</b>	<b>174,736</b>
C.1 reclassified to non-impaired exposures not subject to forbearance	-	62,941
C.2 reclassified to non-impaired exposures subject to forbearance	29,844	-
C.3 reclassified to impaired exposures subject to forbearance	-	35,849
C.4 write-offs	42,412	-
C.5 collections	135,972	74,371
C.6 proceeds from disposals	28,194	-
C.7 losses on disposal	3,123	-
C.8 other decreases	22,054	1,575
<b>D. Closing gross exposure</b>	<b>515,259</b>	<b>301,347</b>
- of which: exposures sold not derecognised	7,634	55,657



### A.1.9 Prudential consolidation - Non-performing cash credit facilities to customers: analysis of total value adjustments

Reasons/Categories	Bad loans		Unlikely-to-pay		Non-performing past due exposures	
	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance
<b>A. Total opening adjustments</b>	<b>286,186</b>	<b>101,906</b>	<b>456,494</b>	<b>239,642</b>	<b>11,496</b>	<b>848</b>
- of which: exposures sold not derecognised	-	-	11,243	6,929	770	30
<b>B. Increases</b>	<b>130,293</b>	<b>43,595</b>	<b>238,729</b>	<b>101,803</b>	<b>18,172</b>	<b>1,080</b>
B.1 value adjustments from financial assets impaired acquired or originated	802	-	20,595	-	41	-
B.2 other adjustments	81,407	24,032	183,051	95,633	13,190	420
B.3 losses on disposal	3,045	610	13,094	1,299	142	1
B.4 reclassified from other categories of non-performing exposures	42,937	18,812	5,082	135	8	-
B.5 contractual amendments without derecognition	-	-	1,631	-	11	-
B.6 other increases	2,102	141	15,276	4,736	4,780	659
<b>C. Decreases</b>	<b>141,311</b>	<b>48,775</b>	<b>229,732</b>	<b>109,483</b>	<b>10,096</b>	<b>855</b>
C.1 write-backs on valuation	2,404	2,071	24,580	30,933	531	258
C.2 write-backs due to collections	30,875	8,486	64,166	23,337	1,914	249
C.3 gains on disposal	4,799	799	13,685	5,654	9	-
C.4 write-offs	70,669	30,354	23,505	7,906	-	-
C.5 transfers to other categories of non-performing exposures	57	4	41,443	18,610	6,527	333
C.6 contractual amendments without derecognition	-	-	92	-	-	-
C.7 other decreases	32,507	7,061	62,261	23,043	1,115	15
<b>D. Total closing adjustments</b>	<b>275,168</b>	<b>96,726</b>	<b>465,491</b>	<b>231,962</b>	<b>19,572</b>	<b>1,073</b>
- of which: exposures sold not derecognised	-	-	10,827	4,013	4,086	39

## A.2 Classification of exposures based on external and internal ratings

### A.2.1 Prudential consolidation - Distribution of financial assets, commitments to grant funds and financial guarantees given by external rating classes (gross amounts)

Exposures	External rating classes						Unrated	Total
	Class 1	class 2	class 3	class 4	class 5	class 6		
<b>A. Financial assets measured at amortised cost</b>	<b>6,909,744</b>	<b>1,910,371</b>	<b>2,420,046</b>	<b>778,845</b>	<b>84,625</b>	<b>6,352</b>	<b>34,298,960</b>	<b>46,408,943</b>
- First stage	6,909,744	1,910,371	2,414,930	761,623	67,729	2,681	29,586,445	41,653,523
- Second stage	-	-	5,098	17,222	16,896	-	3,598,444	3,637,660
- Third stage	-	-	18	-	-	3,671	955,089	958,778
- Impaired acquired or originated	-	-	-	-	-	-	158,982	158,982
<b>B. Financial assets measured at fair value through other comprehensive income</b>	<b>1,424,058</b>	<b>724,175</b>	<b>325,239</b>	<b>65,751</b>	<b>-</b>	<b>-</b>	<b>24,372</b>	<b>2,563,595</b>
- First stage	1,424,058	724,175	278,434	58,302	-	-	24,372	2,509,341
- Second stage	-	-	46,805	7,449	-	-	-	54,254
- Third stage	-	-	-	-	-	-	-	-
- Impaired acquired or originated	-	-	-	-	-	-	-	-
<b>C. Financial assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,134</b>	<b>199,134</b>
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	195,253	195,253
- Impaired acquired or originated	-	-	-	-	-	-	3,881	3,881
<b>Total (A+B+C)</b>	<b>8,333,802</b>	<b>2,634,546</b>	<b>2,745,285</b>	<b>844,596</b>	<b>84,625</b>	<b>6,352</b>	<b>34,522,466</b>	<b>49,171,672</b>
<b>D. Commitments to grant loans and financial guarantees given</b>	<b>172,372</b>	<b>224,285</b>	<b>321,011</b>	<b>127,324</b>	<b>10,700</b>	<b>-</b>	<b>18,492,632</b>	<b>19,348,324</b>
- First stage	172,372	223,110	287,511	127,054	10,700	-	16,497,271	17,318,018
- Second stage	-	1,175	33,500	270	-	-	1,863,382	1,898,327
- Third stage	-	-	-	-	-	-	123,582	123,582
- Impaired acquired or originated	-	-	-	-	-	-	8,397	8,397
<b>Total (D)</b>	<b>172,372</b>	<b>224,285</b>	<b>321,011</b>	<b>127,324</b>	<b>10,700</b>	<b>-</b>	<b>18,492,632</b>	<b>19,348,324</b>
<b>Total (A+B+C+D)</b>	<b>8,506,174</b>	<b>2,858,831</b>	<b>3,066,296</b>	<b>971,920</b>	<b>95,325</b>	<b>6,352</b>	<b>53,015,098</b>	<b>68,519,996</b>

The distribution of exposures other than those in capital securities is reported by classes that reflect the long-term rating awarded to them by leading international agencies, as held in the banking group's database.

The risk classes for external ratings indicated in this table refer to the classes of debtor credit-worthiness mentioned in the prudent supervisory regulations. The following is a reconciliation of these rating classes and the ratings issued by the agencies appointed by the Group. Specifically, the ratings issued by DBRS are used for exposures to governments and central banks, while those of Standard & Poor's and FitchRatings are used for other exposures.

	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
DBRS Limited	from AAA to AAL	from AH to AL	from BBBH to BBBL	from BBH to BBL	from BH to BL	CCC
Standard & Poor's Rating Services	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB	from B+ to B-	from CCC+ down
Fitch Ratings	from AAA to AA-	from A+ to A-	from BBB+ to BBB-	from BB+ to BB-	from B+ to B-	from CCC+ down



### A.2.2 Distribution of cash loans and off-balance sheet items by internal rating class

Tables analysing the distribution of the cash and "off-balance sheet" exposures of the Parent Company Banca Popolare di Sondrio by internal rating class are presented in the corresponding section of the notes related to the company.

Banca Popolare di Sondrio (Suisse) SA has its own customer rating system, which it only applies to customer loans. This system splits the loan book into 11 different risk categories. The first category identifies customers with the lowest risk, while the categories from R6 to R8 indicate various levels of insolvency, depending on how serious it is.

Customers - Exposures	Internal rating classes (1)					
	Rating 1	Rating 2	Rating 3	Rating 3G	Rating 4	Rating 4G
<b>A. Financial assets measured at amortised cost</b>	-	595	1,151,154	818,829	2,527,862	1,222,206
- First stage	-	595	1,123,531	817,673	2,506,062	1,218,577
- Second stage	-	-	27,623	1,156	21,800	3,629
- Third stage	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	-	-	-	-	-	-
- First stage	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-
<b>Total (A+B)</b>	-	595	1,151,154	818,829	2,527,862	1,222,206
of which: financial assets impaired purchased or originated	-	-	-	-	-	-
<b>C. Commitments to grant loans and financial guarantees given</b>	-	-	12,244	913	175,932	3,772
- First stage	-	-	12,244	913	175,932	3,772
- Second stage	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-
<b>Total (C)</b>	-	-	12,244	913	175,932	3,772
<b>Total (A+B+C)</b>	-	595	1,163,398	819,742	2,703,794	1,225,978

Customers - Exposures	Internal rating classes (2)					Non-rated	Total
	Rating 5	Rating 6	Rating 6G	Rating 7	Rating 8		
<b>A. Financial assets measured at amortised cost</b>	214,437	29,223	5,187	48,203	18,217	708	6,036,620
- First stage	1	-	-	-	-	541	5,666,980
- Second stage	214,436	-	-	-	-	167	268,811
- Third stage	-	29,223	5,187	48,203	18,217	-	100,829
<b>B. Financial assets measured at fair value through other comprehensive income</b>	-	-	-	-	-	-	-
- First stage	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-
<b>Total (A+B)</b>	214,437	29,223	5,187	48,203	18,217	708	6,036,620
of which: financial assets impaired purchased or originated	-	-	-	-	-	-	-
<b>C. Commitments to grant loans and financial guarantees given</b>	891	-	-	-	-	72,097	265,849
- First stage	-	-	-	-	-	72,097	264,959
- Second stage	891	-	-	-	-	-	890
- Third stage	-	-	-	-	-	-	-
<b>Total (C)</b>	891	-	-	-	-	72,097	265,849
<b>Total (A+B+C)</b>	215,328	29,223	5,187	48,203	18,217	72,805	6,302,469

The Parent Company uses internal ratings to calculate the capital requirements in relation to its corporate and retail portfolios, for which the related IRB models have been validated.

### A.3 Distribution of secured exposures by type of guarantee

Cash loans shown in the "Net exposure" column are stated net of specific and portfolio adjustments. Exposures are classified between "fully guaranteed" and "partially guaranteed" by comparing the gross exposure with the value of the contractual guarantee. The amounts shown in the "guarantees" columns refer to the actual value of the guarantee ("fair value"), with an upper limit represented by the book value of the guaranteed exposure: this means that the actual value of the guarantee may be higher than that shown in the table.

#### A.3.1 Prudential consolidation – Guaranteed cash credit facilities and off-balance sheet exposures to banks

	Collaterals (1)					Personal guarantees (2)		
	Gross exposure	Net exposure	Properties - Mortgages	Properties - Lease financing	Securities	Other collaterals	Derivatives on loans	
							Other derivatives	Central CLN counterparties
<b>1. Guaranteed cash credit facilities:</b>	<b>236,505</b>	<b>236,369</b>	-	-	<b>10,002</b>	-	-	-
1.1. fully guaranteed	134,239	134,150	-	-	10,002	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
1.2. partially guaranteed	102,266	102,219	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-
<b>2. Guaranteed off-balance sheet exposures:</b>	<b>66,512</b>	<b>66,452</b>	-	-	<b>3,841</b>	<b>6,822</b>	-	-
2.1. fully guaranteed	27,180	27,123	-	-	3,841	6,421	-	-
- of which non-performing	-	-	-	-	-	-	-	-
2.2. partially guaranteed	39,332	39,329	-	-	-	401	-	-
- of which non-performing	-	-	-	-	-	-	-	-

	Personal guarantees (2)							Total (1) + (2)	
	Derivatives on loans				Endorsement loans				
	Other derivatives			Other parties	General governments	Banks	Other financial corporations		Other parties
	Banks	Other financial corporations							
1. Guaranteed cash credit facilities:	-	-	-	190	221,312	37	-	231,541	
1.1. fully guaranteed	-	-	-	190	123,921	37	-	134,150	
- of which non-performing	-	-	-	-	-	-	-	-	
1.2. partially guaranteed	-	-	-	-	97,391	-	-	97,391	
- of which non-performing	-	-	-	-	-	-	-	-	
2. Guaranteed off-balance sheet exposures:	-	-	-	38,462	9,083	-	-	58,208	
2.1. fully guaranteed	-	-	-	11,473	5,388	-	-	27,123	
- of which non-performing	-	-	-	-	-	-	-	-	
2.2. partially guaranteed	-	-	-	26,989	3,695	-	-	31,085	
- of which non-performing	-	-	-	-	-	-	-	-	



### A.3.2 Prudential consolidation - Guaranteed cash credit facilities and off-balance sheet exposures to customers

	Collaterals (1)						Personal guarantees (2)	
							Derivatives on loans	
	Gross exposure	Net exposure	Properties - Mortgages	Properties - Lease financing	Securities	Other collaterals	Other derivatives	
							Central CLN	counterparties
1. Guaranteed cash credit facilities:	23,872,658	23,110,310	14,651,831	-	912,265	2,217,022	-	-
1.1. fully guaranteed	21,140,621	20,478,672	14,650,063	-	779,772	2,147,251	-	-
- of which non-performing	878,106	404,103	348,159	-	4,661	5,757	-	-
1.2. partially guaranteed	2,732,037	2,631,638	1,768	-	132,493	69,771	-	-
- of which non-performing	120,298	48,476	88	-	2,806	27	-	-
2. Guaranteed off-balance sheet exposures:	4,331,965	4,305,946	430,720	-	227,288	351,764	-	-
2.1. fully guaranteed	3,216,514	3,194,488	430,720	-	142,479	252,576	-	-
- of which non-performing	48,297	34,379	5,645	-	502	349	-	-
2.2. partially guaranteed	1,115,451	1,111,458	-	-	84,809	99,188	-	-
- of which non-performing	10,791	9,013	-	-	627	574	-	-

	Personal guarantees (2)								Total (1)+(2)
	Derivatives on loans				Endorsement loans				
	Other derivatives								
	Banks	Other financial corporations	Other parties	General governments	Banks	Other financial corporations	Other parties		
1. Guaranteed cash credit facilities:	-	-	-	2,065,771	39,350	302,067	2,225,719	22,414,025	
1.1. fully guaranteed	-	-	-	707,981	36,513	238,447	1,890,088	20,450,115	
- of which non-performing	-	-	-	24,150	14	4,850	16,408	403,999	
1.2. partially guaranteed	-	-	-	1,357,790	2,837	63,620	335,631	1,963,910	
- of which non-performing	-	-	-	36,750	-	2,757	5,029	47,457	
2. Guaranteed off-balance sheet exposures:	-	-	-	40,597	20,807	109,107	2,677,085	3,857,368	
2.1. fully guaranteed	-	-	-	4,970	15,370	79,448	2,230,183	3,155,746	
- of which non-performing	-	-	-	41	-	3,959	23,822	34,318	
2.2. partially guaranteed	-	-	-	35,627	5,437	29,659	446,902	701,622	
- of which non-performing	-	-	-	320	-	387	5,150	7,058	

#### A.4 Consolidation for supervisory purposes - Financial and non-financial assets obtained by enforcing guarantees received

				Book value	
	Credit exposure cancelled	Gross value	Total value adjustments		of which obtained during the year
<b>A. Property, equipment and investment property</b>	-	-	-	-	-
A.1. For business purposes	-	-	-	-	-
A.2. For investment purposes	-	-	-	-	-
A.3. Inventories	-	-	-	-	-
<b>B. Capital securities and debt securities</b>	-	-	-	-	-
<b>C. Other assets</b>	<b>83,008</b>	<b>64,428</b>	<b>1,530</b>	<b>62,898</b>	<b>57,046</b>
<b>D. Non-current assets and groups of assets held for sale</b>	-	-	-	-	-
D.1. Property, equipment and investment property	-	-	-	-	-
D.2. Other assets	-	-	-	-	-
<b>Total 31/12/2024</b>	<b>83,008</b>	<b>64,428</b>	<b>1,530</b>	<b>62,898</b>	<b>57,046</b>
<b>Total 31/12/2023</b>	<b>93,879</b>	<b>64,466</b>	<b>2,165</b>	<b>62,301</b>	<b>57,122</b>

#### B. Distribution and concentration of loans

Preparation of this section has excluded in the exposures reported in tables A.1.4. and A.1.5., exposures to counterparty risk relating to loans of securities or goods, granted or received.





## B.1 Prudential consolidation - Distribution by sector of cash credit facilities and off-balance sheet exposures to customers

Exposures/Counterparties	General governments		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
<b>A. Cash credit exposures</b>						
A.1 Bad loans	-	397	134	183	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
A.2 Unlikely-to-pay loans	-	-	5,467	18,708	-	-
- of which: exposures subject to forbearance	-	-	71	14,775	-	-
A.3 Non-performing past due exposure	1,047	170	1,594	243	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-
A.4 Performing exposures	10,206,948	2,040	4,295,319	5,629	46,039	27
- of which: exposures subject to forbearance	-	-	85	5	-	-
<b>Total (A)</b>	<b>10,207,995</b>	<b>2,607</b>	<b>4,302,514</b>	<b>24,763</b>	<b>46,039</b>	<b>27</b>
<b>B. Off-balance sheet credit exposures</b>						
B.1 Non-performing exposures	552	20	102	121	-	-
B.2 Performing exposures	1,254,499	463	1,766,187	1,297	4,115	-
<b>Total (B)</b>	<b>1,255,051</b>	<b>483</b>	<b>1,766,289</b>	<b>1,418</b>	<b>4,115</b>	<b>-</b>
<b>Total (A+B) 31/12/2024</b>	<b>11,463,046</b>	<b>3,090</b>	<b>6,068,803</b>	<b>26,181</b>	<b>50,154</b>	<b>27</b>
<b>Total (A+B) 31/12/2023</b>	<b>12,388,656</b>	<b>3,803</b>	<b>5,742,200</b>	<b>37,274</b>	<b>12,264</b>	<b>11</b>

Exposures/Counterparties	Non-financial corporations		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments
<b>A. Cash credit exposures</b>				
A.1 Bad loans	41,261	208,275	9,837	66,311
- of which: exposures subject to forbearance	13,195	61,751	3,590	34,976
A.2 Unlikely-to-pay loans	258,178	324,981	106,434	121,805
- of which: exposures subject to forbearance	119,318	150,941	41,860	66,247
A.3 Non-performing past due exposure	31,224	9,392	51,515	9,767
- of which: exposures subject to forbearance	448	75	7,013	998
A.4 Performing exposures	18,959,883	225,898	11,900,422	67,009
- of which: exposures subject to forbearance	127,088	15,467	146,510	12,192
<b>Total (A)</b>	<b>19,290,546</b>	<b>768,546</b>	<b>12,068,208</b>	<b>264,892</b>
<b>B. Off-balance sheet credit exposures</b>				
B.1 Non-performing exposures	193,209	42,934	7,838	1,316
B.2 Performing exposures	21,660,766	39,328	2,771,415	3,276
<b>Total (B)</b>	<b>21,853,975</b>	<b>82,262</b>	<b>2,779,253</b>	<b>4,592</b>
<b>Total (A+B) 31/12/2024</b>	<b>41,144,521</b>	<b>850,808</b>	<b>14,847,461</b>	<b>269,484</b>
<b>Total (A+B) 31/12/2023</b>	<b>38,382,476</b>	<b>824,665</b>	<b>15,229,223</b>	<b>241,304</b>

## B.2 Prudential consolidation - Distribution by territory of cash credit facilities and off-balance sheet exposures to customers

Exposures/Geographical areas	Italy		Other European countries	
	Net exposures	Total value adjustments	Net exposures	Total value adjustments
<b>A. Cash credit exposures</b>				
A.1 Bad loans	46,366	260,628	4,866	14,515
A.2 Unlikely-to-pay loans	332,261	448,697	37,652	16,577
A.3 Non-performing past due exposure	50,993	17,810	34,036	1,669
A.4 Performing exposures	34,205,037	284,211	10,828,215	15,494
<b>Total (A)</b>	<b>34,634,657</b>	<b>1,011,346</b>	<b>10,904,769</b>	<b>48,255</b>
<b>B. Off-balance sheet credit exposures</b>				
B.1 Non-performing exposures	201,606	44,269	95	122
B.2 Performing exposures	26,218,686	40,091	1,170,918	3,149
<b>Total (B)</b>	<b>26,420,292</b>	<b>84,360</b>	<b>1,171,013</b>	<b>3,271</b>
<b>Total (A+B) 31/12/2024</b>	<b>61,054,949</b>	<b>1,095,706</b>	<b>12,075,782</b>	<b>51,526</b>
<b>Total (A+B) 31/12/2023</b>	<b>59,203,590</b>	<b>1,060,623</b>	<b>11,990,619</b>	<b>45,354</b>

Exposures/Geographical areas	America		Asia		Rest of the world	
	Net exposures	Total value adjustments	Net exposures	Total value adjustments	Net exposures	Total value adjustments
<b>A. Cash credit exposures</b>						
A.1 Bad loans	-	24	-	-	-	(1)
A.2 Unlikely-to-pay loans	91	167	75	53	-	-
A.3 Non-performing past due exposure	109	29	242	64	-	-
A.4 Performing exposures	79,837	532	46,264	216	203,219	123
<b>Total (A)</b>	<b>80,037</b>	<b>752</b>	<b>46,581</b>	<b>333</b>	<b>203,219</b>	<b>122</b>
<b>B. Off-balance sheet credit exposures</b>						
B.1 Non-performing exposures	-	-	-	-	-	-
B.2 Performing exposures	7,696	30	49,520	1,094	6,047	-
<b>Total (B)</b>	<b>7,696</b>	<b>30</b>	<b>49,520</b>	<b>1,094</b>	<b>6,047</b>	<b>-</b>
<b>Total (A+B) 31/12/2024</b>	<b>87,733</b>	<b>782</b>	<b>96,101</b>	<b>1,427</b>	<b>209,266</b>	<b>122</b>
<b>Total (A+B) 31/12/2023</b>	<b>196,313</b>	<b>437</b>	<b>103,923</b>	<b>370</b>	<b>248,110</b>	<b>264</b>



### B.3 Prudential consolidation - Distribution by territory of cash credit facilities and off-balance sheet exposures to banks

Exposures/Geographical areas	Italy		Other European countries	
	Net exposures	Total value adjustments	Net exposures	Total value adjustments
<b>A. Cash credit exposures</b>				
A.1 Bad loans	-	-	-	-
A.2 Unlikely-to-pay loans	-	-	-	-
A.3 Non-performing past due exposure	-	-	-	-
A.4 Performing exposures	4,314,141	1,393	1,411,265	137
<b>Total (A)</b>	<b>4,314,141</b>	<b>1,393</b>	<b>1,411,265</b>	<b>137</b>
<b>B. Off-balance sheet credit exposures</b>				
B.1 Non-performing exposures	-	-	-	-
B.2 Performing exposures	323,264	10	314,885	60
<b>Total (B)</b>	<b>323,264</b>	<b>10</b>	<b>314,885</b>	<b>60</b>
<b>Total (A+B) 31/12/2024</b>	<b>4,637,405</b>	<b>1,403</b>	<b>1,726,150</b>	<b>197</b>
<b>Total (A+B) 31/12/2023</b>	<b>5,592,356</b>	<b>2,888</b>	<b>1,516,151</b>	<b>276</b>

Exposures/Geographical areas	America		Asia		Rest of the world	
	Net exposures	Total value adjustments	Net exposures	Total value adjustments	Net exposures	Total value adjustments
<b>A. Cash credit exposures</b>						
A.1 Bad loans	-	-	-	-	-	-
A.2 Unlikely-to-pay loans	-	-	-	-	-	-
A.3 Non-performing past due exposure	-	-	-	-	-	-
A.4 Performing exposures	29,186	17	233,014	119	131,397	28
<b>Total (A)</b>	<b>29,186</b>	<b>17</b>	<b>233,014</b>	<b>119</b>	<b>131,397</b>	<b>28</b>
<b>B. Off-balance sheet credit exposures</b>						
B.1 Non-performing exposures	-	-	-	-	-	-
B.2 Performing exposures	60,837	1	173,036	1	79,268	2
<b>Total (B)</b>	<b>60,837</b>	<b>1</b>	<b>173,036</b>	<b>1</b>	<b>79,268</b>	<b>2</b>
<b>Total (A+B) 31/12/2024</b>	<b>90,023</b>	<b>18</b>	<b>406,050</b>	<b>120</b>	<b>210,665</b>	<b>30</b>
<b>Total (A+B) 31/12/2023</b>	<b>98,453</b>	<b>114</b>	<b>397,895</b>	<b>278</b>	<b>179,115</b>	<b>44</b>

## B.4 Large exposures

	31/12/2024	31/12/2023
Number of positions	28	27
Exposure	32,529,555	33,215,368
Risk position	9,264,155	8,321,918

The exposure limit of 10% of Tier 1 capital – the threshold for inclusion of a counterparty in the category of "Large exposure" – has to be measured in terms of the "nominal amount" of the exposure, i.e. the sum of cash risk assets and off-balance sheet transactions with a customer or a group of related customers. On the other hand, the "risk position", on which the maximum limits are defined for the assumption of each individual significant risk, is given by the same aggregate weighted according to a system that takes account of the nature of the debtor and any guarantees that have been obtained.

It should be noted that the positions shown above include the Italian Republic (nominal exposure, 10,590 million euro; risk position, 17 million euro), purely on the basis of sovereign bonds held in proprietary portfolios, and the Bank of Italy (nominal exposure, 2,746 million euro; risk position, nil), mainly for term deposits.

In accordance with the provisions of Article 4 (39) of Regulation (EU) No. 575/2013, as amended and supplemented, the prudential supervisory reporting of large exposures provides for the conventional method of representing groups of connected customers by repeating, for each group of connected customers directly controlled by or economically dependent on a central government, the exposure amounts and the resulting risk position vis-à-vis the corresponding central government.

It should be noted that the information presented in the table under review does not follow the signalling approach described above because the amounts of exposure and risk position towards central governments are not repeated in relation to the groups of related customers with economic and/or legal ties to the aforementioned central governments.



## C. Securitisations

### 1. Traditional securitisations

#### QUALITATIVE INFORMATION

During 2024, the Group continued to finalise securitisation transactions through the bulk sale of bad loans, in line with the corporate objectives of derisking and improving asset quality. As explained in the report on operations, in the last quarter of 2024, the Group completed a securitisation transaction through the sale of bad loans called Luzzatti V.

Note that the book value of the securitisations originated by third party companies, shown in the following table C.2, at 31 December 2024 amounts to 367 million euro.

#### New transactions during the year

##### Luzzatti V securitisation

In December 2024, the Group carried out the fifth securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 8 banks and a financial institution, for a total value of about 205 million euro in terms of gross book value, of which 28.6 million euro attributable to Banca Popolare di Sondrio.

The payment of the purchase price by the Vehicle Company, specifically established pursuant to Law 130 of 30 April 1999, called "Luzzatti POP NPLs 2024 Srl" (SPV) was financed by issuing asset-backed securities for a total nominal value of 56.35 million euro, split as follows:

- a Senior tranche (Class A) for 47.85 million euro, with investment grade rating (BBB (high) assigned by Morningstar DBRS and BBB+ assigned by Arc Ratings). The tranche in question, retained by Banca Popolare di Sondrio S.p.A., presents structural characteristics of eligibility for the GACS and, should this state guarantee be reintroduced, the participating banks will assess whether to avail themselves of it. These securities carry a fixed yield of 3.5%;
- a Mezzanine tranche (Class B) for 7.0 million euro, non-rated, with a yield equal to the sum of an annual spread of 10% and the 6-month Euribor;
- a Junior tranche (Class J) for 1.5 million euro, non-rated, with a yield equal to the 6-month Euribor plus an annual spread of 15% and any variable yield based on the performance of the securitisation.

On 19 December 2024, the issue date of the securities, the originating banks subscribed 100% of the Senior notes and in application of the retention rule provided for by Article 405 of the CRR, each of the originating banks maintained a stake of not less than 5% of the Mezzanine and Junior tranches. The rest of the Mezzanine and Junior securities were subscribed by third-party investors.

In accordance with IFRS 9, the conditions for the derecognition of transferred bad loans from the financial statements have been met, as the rights and benefits relating to them have been substantially transferred.

The following table shows the securitisation positions held by Banca Popolare di Sondrio at the reporting date.

Seniority	Maturity	Nominal Amount (in euro)	Morningstar DBRS	Arc Ratings
Senior	May 2045	5,974,000	BBB (high)	BBB+
Mezzanine	May 2045	43,696	N/A	N/A
Junior	May 2045	9,364	N/A	N/A
<b>TOTAL</b>		<b>6,027,060</b>		

All of the senior securities are classified as "Financial assets measured at amortised cost" for an amount net of expected losses on the basis of the IFRS 9 impairment model of 5.976 million euro; conversely, the portions owned of the mezzanine and junior (fair value 1 thousand euro) securities have been classified as "Financial assets mandatorily measured at fair value through profit or loss".

The loss on disposal, equal to 0.2 million euro, is included in "Gains (losses) from the sale or repurchase of financial assets measured at amortised cost".

The credit management and recovery activity was entrusted by the Vehicle Company to Special Gardant S.p.A., servicers appointed in accordance with article 2, paragraphs 3 and 6-bis of Law 130/1999.

For the sake of completeness of information, it should be noted that as part of the transaction, the selling banks granted the vehicle Luzzatti POP NPLs 2024 S.r.l. a "Limited Recourse Loan" (MRL), intended, on the date of issue of the securities, as a cash reserve available to the SPV to cover any misalignments between the recovery plan of the Portfolio Sold and the payments to be made to the security holders. The "Limited Recourse Loan" made by Banca Popolare di Sondrio is equal to 0.282 million euro and is recorded under "Financial assets measured at amortised cost"; it will be repaid based on the available liquidity of the SPV in the order of priority of payments and, in any case, prior to the repayment of the principal of the senior securities, so it does not represent any form of credit support for the securitisation.

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	10/12/2024
Vehicle Company	Luzzatti POP NPLs 2024 S.r.l.
Corporate Servicer	Zenith Global S.p.A.
Securities issue date	19/12/2024
Type of transaction	Traditional multi-originator sale
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	0.282 million euro
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 28.6 million euro.
Sale price of the securitised assets	The sale price is 6 million euro
Organisational structure	Zenith Global S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.



## Securitisation transactions already in place

Securitisation transactions completed in the period 2020-2023 included:

- subscription of the Senior securities issued by the vehicle company and sale of the Mezzanine and Junior tranches to third parties, in compliance with the requirements of prudential regulations. As a result of this holding, the receivables sold have been derecognised, as the Group has substantially transferred the rights and benefits of the financial assets sold;
- obtaining the State guarantee on the Senior securities (so-called Guarantee for Securitisation of Bad Loans - GACS pursuant to Decree 18 of 14 February 2016 converted into Law No. 49 of 8 April 2016 and subsequent MEF decree of 3 August 2016), except for the Luzzatti III and IV transaction.

The following is a summary of transactions completed in previous years.

### Diana securitisation

Portfolio sale date	01/06/2020
Vehicle Company	Diana S.P.V. S.r.l.
Servicers	Prelios Credit Servicing S.p.A.
Securities issue date	17/06/2020
Type of transaction	Traditional with GACS guarantee from the Economic and Finance Ministry.
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	10.925 million euro original, 3.532 million euro residual at 31.12.2024
Guarantees and credit lines issued by third parties	IRC contract for hedging cash flows of notes issued
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 872 million euro.
Sale price of the securitised assets	The sale price is 274 million euro.
Organisational structure	Prelios Credit Servicing S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The vehicle company has issued the following securities:

Seniority	Maturity	Nominal Amount (in euro)	Rating DBRS Morningstar	Rating Moody's	Rating Scope Ratings
Senior	December 2038	235,000,000	BBB	Baa2	BBB
Mezzanine	December 2038	35,000,000	N/A	N/A	N/A
Junior	December 2038	3,651,000	N/A	N/A	N/A
<b>TOTAL</b>		<b>273,651,000</b>			

All senior securities are classified in the portfolio of "Financial assets valued at amortised cost", based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net carrying amount at the end of the year, amounts to 41.823 million euro. The units of mezzanine (fair value 667 thousand euro) and junior (fair value 528 euro) securities owned by the Company have been instead recorded as "Financial assets mandatorily measured at fair value through profit or loss".

## Luzzatti I securitisation

In December 2020, the Group carried out the second securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 15 banks, for a total value of 919.9 million in terms of gross book value, of which 371.8 million attributable to Banca Popolare di Sondrio.

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	03/12/2020
Vehicle Company	POP NPLs 2020 S.r.l.
Servicers	Credito Fondiario S.p.A. and Fire S.p.A.
Securities issue date	23/12/2020
Type of transaction	Traditional multi-originator sale with GACS guarantee from the Economic and Finance Ministry.
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	The portfolio being sold is made up principally of corporate debtors.
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	4.505 million original, 1.744 million residual as at 31.12.2024
Guarantees and credit lines issued by third parties	IRC contract for hedging cash flows of notes issued
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 345 million euro.
Sale price of the securitised assets	The sale price is 112 million euro
Organisational structure	Credito Fondiario S.p.a. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio:

Seniority	Maturity	Nominal Amount (in euro)	Rating DBRS Morningstar	Rating Scope Ratings
Senior	November 2045	109,783,000	BBB	BBB
Mezzanine	November 2045	568,250	CCC	CC
Junior	November 2045	227,400	N/A	N/A
<b>TOTAL</b>		<b>110,578,650</b>		

All senior securities are classified in the portfolio of "Financial assets valued at amortised cost", based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net carrying amount at the end of the year, amounts to 37.907 million euro. The units of mezzanine (fair value 101 thousand euro) and junior (fair value 227 euro) securities owned by the Company have been recorded as "Financial assets mandatorily measured at fair value through profit or loss".





## Luzzatti II securitisation

In December 2021, the Group carried out the third securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 11 banks, for a total value of 789.2 million euro in terms of gross book value, of which 420.9 million euro attributable to Banca Popolare di Sondrio (made up 57% of secured loans).

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	13/12/2021
Vehicle Company	POP NPLs 2021 S.r.l.
Servicers	Zenith Service S.p.A. and doValue S.p.A.
Securities issue date	23/12/2021
Type of transaction	Traditional multi-originator sale with GACS guarantee from the Economic and Finance Ministry.
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	4.113 million euro original, 2.299 million euro residual at 31.12.2024
Guarantees and credit lines issued by third parties	IRC contract for hedging cash flows of notes issued
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 374 million euro.
Sale price of the securitised assets	The sale price is 99.250 million euro
Organisational structure	Zenith Service S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio at the reporting date.

Seniority	Maturity	Nominal Amount (in euro)	Rating DBRS Morningstar	Arc Ratings
Senior	October 2045	97,715,000	BBB	BBB
Mezzanine	October 2045	665,614	N/A	N/A
Junior	October 2045	266,246	N/A	N/A
<b>TOTAL</b>		<b>98,646,860</b>		

All senior securities are classified in the portfolio of «Financial assets valued at amortised cost», based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net carrying amount at the end of the year, amounts to 49.125 million euro. The units of mezzanine (fair value 93 thousand euro) and junior (fair value 266 euro) securities owned by the Company have been recorded as "Financial assets mandatorily measured at fair value through profit or loss".

## Luzzatti III securitisation

In December 2022, the Group carried out the third securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 15 banks, for a total value of 545.2 million euro in terms of gross book value, of which 242.5 million euro attributable to Banca Popolare di Sondrio.

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	15/12/2022
Vehicle Company	Luzzatti POP NPLs 2022 S.r.l.
Servicers	Prelios Credit Solutions S.p.A. and Fire S.p.A
Securities issue date	29/12/2022
Type of transaction	Traditional multi-originator sale
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	2.520 million euro, 1.561 million euro residual at 31.12.2024
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 242.5 million euro.
Sale price of the securitised assets	The sale price is 58.2 million euro
Organisational structure	Prelios Credit Solutions S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio at the reporting date.

Seniority	Maturity	Nominal Amount (in euro)	Moody's	Arc Ratings
Senior	January 2042	56,005,000	Baa1	BBB+
Mezzanine	January 2042	414,406	N/A	N/A
Junior	January 2042	71,042	N/A	N/A
<b>TOTAL</b>		<b>56,490,448</b>		

All senior securities are classified in the portfolio of «Financial assets valued at amortised cost», based on the reimbursements received from the execution date of the transaction to the closing date of this financial year and the expected losses recognised on the basis of the IFRS 9 impairment model, the net carrying amount at the end of the year, amounts to 34.289 million euro. The units of mezzanine (fair value 127 thousand euro) and junior (fair value 249 euro) securities owned by the Company have been recorded as "Financial assets mandatorily measured at fair value through profit or loss".



## Luzzatti IV securitisation

In December 2023, the Group carried out the fourth securitisation through a multi-originator sale, relating to exposures classified as bad loans originating from 12 banks, for a total value of 313 million euro in terms of gross book value, of which 173.7 million euro attributable to Banca Popolare di Sondrio.

The main elements of the transaction described above are summarised below with reference to Banca Popolare di Sondrio:

Portfolio sale date	15/12/2023
Vehicle Company	Luzzatti POP NPLs 2023 S.r.l.
Servicers	doNext S.p.A. and doValue S.p.A
Securities issue date	28/12/2023
Type of transaction	Traditional multi-originator sale
Assets sold	NPLs made up of secured and unsecured credit exposures
Sector of the economy	Non-performing loans to individual, corporate and retail customers
Geographical breakdown	The loans subject to securitisation refer to parties resident in Italy.
Subordinated loan (Cash reserve)	2.196 million euro, 1.949 million euro residual at 31.12.2024
Quality of the assets transferred	Bad loans
Amount of securitised assets	The total of the loans receivable from the portfolio sold amounts to 173.7 million euro.
Sale price of the securitised assets	The sale price is 50.7 million euro
Organisational structure	The company doNext S.p.A. prepares a quarterly report containing all the information relating to the receivables of each debtor position.
Internal risk measurement and control systems	The settlement or judicial recovery of bad loans assigned is entrusted solely to the Servicers appointed by the SPV. Banca Popolare di Sondrio has not maintained any role or involvement in the management of credit recovery.

The following table shows the securitisation positions held by Banca Popolare di Sondrio at the reporting date.

Seniority	Maturity	Nominal Amount (in euro)	Morningstar DBRS	Arc Ratings
Senior	June 2043	48,392,000	BBB (high)	BBB+
Mezzanine	June 2043	343,430	N/A	N/A
Junior	June 2043	93,663	N/A	N/A
<b>TOTAL</b>		<b>48,829,093</b>		

All of the senior securities are classified as "Financial assets measured at amortised cost" for an amount net of expected losses on the basis of the IFRS 9 impairment model of 28.215 million euro; conversely, the portions owned of the mezzanine (fair value 115 thousand euro) and junior (fair value 33 euro) securities have been classified as "Financial assets mandatorily measured at fair value through profit or loss".

## 2. Synthetic securitisations

On 14 June 2022, the Group signed a synthetic securitisation transaction with the EIB Group for a countervalue of 958 million euro against a portfolio of loans granted to 'corporate' counterparties. A net economic interest (retention) of at least 5% was maintained on the financing of the portfolio subject to the transaction.

Synthetic securitisations provide for the purchase of credit risk protection underlying a portfolio of loans, of which the Originator retains full ownership, by entering into collateral agreements. Such transactions are therefore designed to transfer credit risk from the Originator to an external Counterparty, without derecognition of the assets, which are therefore retained on the Parent Company's financial statements.

By means of synthetic securitisation, the bank acquires, in synthetic and thus aggregate form, a hedge against "first losses" that may occur in an identified portfolio of loans. The financial structure mitigates the credit risks present in the loans subject to the transaction and consequently frees up financial resources, which can also be allocated to the development of new loans.

The structure of the transaction envisages the portfolio being virtually divided into 2 tranches according to the degree of risk: Senior and Junior. The initial portfolio subjected to the transaction was broken down as follows:

- Senior: 910.43 million euro;
- Junior: 47.92 million euro.

In particular, the Senior tranche does not benefit from any guarantee, while the Junior tranche is covered by a guarantee from the European Investment Fund (EIF) and counter-guaranteed by the European Investment Bank (EIB), using funds from the European Guarantee Fund (EGF), the EU recovery aid instrument launched in 2020 in response to the Covid-19 crisis.

At 31 December 2024, the Bank's net exposure to the securitisation was 433.8 million euro, of which 18.9 million euro was represented by the Junior component.



## QUANTITATIVE INFORMATION

### C.1 Prudential consolidation - Exposures deriving from the main "own" securitisation transactions broken down by type of securitised assets and by type of exposure

Type of underlying assets/Exposures	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs
<b>A. Fully derecognised from the financial statements</b>	-	-	-	-	-	-
Non-performing loans	197,335	(2)	1,106	-	1	-
<b>B. Partially derecognised from the financial statements</b>	-	-	-	-	-	-
<b>C. Not derecognised from the financial statements</b>	<b>414,897</b>	<b>(32)</b>	<b>-</b>	<b>-</b>	<b>18,908</b>	<b>280</b>
C.1 Corporate loans (*)	414,897	(32)	-	-	18,908	280

\* The sub-item "Loans to companies" relates to the synthetic securitisation transaction.

The table shows the cash exposures taken on by the Banca Popolare di Sondrio Group in relation to its own securitisation transactions Diana, Luzzatti, Luzzatti II, III, IV, V. The parts of the table relating to guarantees issued and credit lines are not reported as they do not exist.

### C.2 Prudential consolidation - Exposures deriving from the main securitisation transactions of "third parties" broken down by type of securitised assets and by type of exposure

Type of underlying assets/Exposures	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs	Book value	Value adjustments/write-backs
Bnt Portfolio Spv Srl 15.05.2014/08.02.2042						
Mortgage loans	13,302	-	-	-	-	-
Alba 6 SPV 27.06.2014/25.10.2045						
Lease contracts	353,461	(29)	-	-	-	-

The note linked with the securitisation by Bnt Portfolio Spv Srl is classified among the financial assets mandatorily measured at fair value through profit or loss. That fair value is indicated in the "Book value" column. The parts of the table relating to guarantees issued and credit lines are not shown as these situations do not apply in this case.

### C.3 Prudential consolidation – Interests in special purpose securitisation vehicles

Company Name	Registered office	Consolidation	Assets			Liabilities		
			Debt			Senior	Mezzanine	Junior
			Loans	securities	Other			
Alba 6 Spv Srl	Conegliano (TV)	NO	581,766	-	36,819	353,738	-	143,432
Bnt Portfolio Spv Srl	Conegliano (TV)	NO	69,047	-	14,290	81,258	-	-
Diana SPV	Conegliano (TV)	NO	68,300	-	27,560	41,831	35,045	4,346
Pop Npls 2020 Srl*	Rome (RM)	NO	110,583	-	42,190	121,208	25,000	10,000
Pop Npls 2021 Srl	Milan (MI)	NO	105,454	-	16,510	96,046	25,517	10,258
Pop Npls 2022 Srl	Conegliano (TV)	NO	59,637	-	40,552	72,461	18,571	3,239
Pop Npls 2023 Srl	Conegliano (TV)	NO	46,882	-	5,106	45,228	11,004	3,001
Pop Npls 2024 Srl	Conegliano (TV)	NO	56,350	-	2,255	47,850	7,000	1,500

\* Figures at 31 December 2023

#### **C.4 Prudential consolidation – Non-consolidated special purpose vehicle for securitisation**

The vehicle companies Alba 6 Spv Srl, BNT Portfolio Spv Srl, Diana SPV Srl, Pop Npls 2020 Srl, Pop Npls 2021 Srl, Pop Npls 2022 Srl, Pop Npls 2023 and Pop Npls 2024 have not been consolidated as there is no control as defined by IFRS 10. Reference should be made to Part A Accounting policies of these notes.

As part of the Diana, Luzzatti I, Luzzatti II, Luzzatti III, Luzzatti IV and Luzzatti V operations, the Group issued limited-recourse loans to the vehicle companies, at 31 December 2024, for 11.367 million euro, intended at the issue date of the securities to constitute a cash reserve available to the SPV to cover any misalignments between the recovery plan of the portfolio sold to it and the payments to be made in favour of the security holders, shown under "Financial assets measured at amortised cost". The Banca Popolare di Sondrio Group's maximum exposure to the risk of loss is equal to the sum of the book value of the notes (198.442 million euro) and the book value of the limited-recourse loans. Taking into account that the government guarantee only covers the senior tranches (except for the Luzzatti III, IV and V sale), we believe that the exposure to the risk of loss is reduced to 69.587 million euro.

#### **C.5 Prudential consolidation – Servicer activities – own securitisations: collection of securitised loans and redemption of securities issued by the SPV for securitisation**

At 31 December 2024, the Group does not perform any servicer activity for its own securitisations in which the assets sold have been derecognised in accordance with IFRS 9.

#### **C.6 Prudential consolidation – Consolidated special purpose vehicle for securitisation**

At 31 December 2024, there were no transactions that use consolidated special vehicle companies for securitisation.



## D. Disposal Transactions

### A. Financial assets sold and not fully derecognised

#### QUALITATIVE INFORMATION

Pursuant to IFRS 7, paragraph 42D, letters a), b) and c), the following table shows the Book value of repurchase agreements on securities owned (mainly classified in the portfolio of "Financial assets measured at amortised cost") which did not lead to derecognition of the underlying financial assets from the financial statements.

The non-derecognition of the securities, with reference to repurchase agreements, is linked to the Group retaining all the risks and benefits associated with the security, since there is an obligation to repurchase it forward at a contractually established price. Depending on the type of counterparty, the consideration for the sale is recognised under payables to banks or to customers, while the securities involved in the transaction remain recorded in their portfolios.

#### QUANTITATIVE INFORMATION

##### D.1 Prudential consolidation - Financial assets sold recognised in full and associated financial liabilities: book values

	Financial assets sold and recognised in full				Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: contracts with repurchase agreement	of which: non- performing	Book value	of which: subject to securitisation transactions	of which: contracts with repurchase agreement
<b>A. Financial assets held for trading</b>	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Capital securities	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-
4. Derivatives	-	-	-	-	-	-	-
<b>B. Other financial assets mandatorily measured at fair value</b>	<b>2,243</b>	-	<b>2,243</b>	-	<b>2,045</b>	-	<b>2,045</b>
1. Debt securities	2,243	-	2,243	-	2,045	-	2,045
2. Capital securities	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
<b>D. Financial assets measured at fair value through other comprehensive income</b>	<b>1,277,801</b>	-	<b>1,277,801</b>	-	<b>1,234,460</b>	-	<b>1,234,460</b>
1. Debt securities	1,277,801	-	1,277,801	-	1,234,460	-	1,234,460
2. Capital securities	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>E. Financial assets measured at amortised cost</b>	<b>4,514,662</b>	-	<b>4,514,662</b>	-	<b>4,188,532</b>	-	<b>4,188,532</b>
1. Debt securities	4,514,662	-	4,514,662	-	4,188,532	-	4,188,532
2. Loans	-	-	-	-	-	-	-
<b>Total 31/12/2024</b>	<b>5,794,706</b>	-	<b>5,794,706</b>	-	<b>5,425,037</b>	-	<b>5,425,037</b>
<b>Total 31/12/2023</b>	<b>5,927,753</b>	-	<b>5,927,753</b>	-	<b>5,481,011</b>	-	<b>5,481,011</b>

## D.2 Prudential consolidation - Financial assets sold recognised partially and associated financial liabilities: book values

In both the current and the previous year, the Group has no financial assets sold but still partially recognised and associated financial liabilities.

## D.3 Prudential consolidation - Sale transactions with liabilities having recourse only to the assets sold and not derecognised in full: fair value

	Recognised in full	Recognised in part	Total	
			31/12/2024	31/12/2023
<b>A. Financial assets held for trading</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Capital securities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
<b>B. Other financial assets mandatorily measured at fair value</b>	<b>2,242</b>	-	<b>2,242</b>	-
1. Debt securities	2,242	-	2,242	-
2. Capital securities	-	-	-	-
3. Loans	-	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
<b>D. Financial assets measured at fair value through other comprehensive income</b>	<b>1,277,801</b>	-	<b>1,277,801</b>	<b>1,263,058</b>
1. Debt securities	1,277,801	-	1,277,801	1,263,058
2. Capital securities	-	-	-	-
3. Loans	-	-	-	-
<b>E. Financial assets measured at amortised cost (fair value)</b>	<b>4,511,860</b>	-	<b>4,511,860</b>	<b>4,446,783</b>
1. Debt securities	4,511,860	-	4,511,860	4,446,783
2. Loans	-	-	-	-
<b>Total financial assets</b>	<b>5,791,903</b>	-	<b>5,791,903</b>	<b>5,709,841</b>
<b>Total associated financial liabilities</b>	<b>5,425,037</b>	-	<b>5,425,037</b>	<b>5,481,012</b>
<b>Net value 31/12/2024</b>	<b>366,866</b>	-	<b>366,866</b>	-
<b>Net value 31/12/2023</b>	<b>228,829</b>	-	-	<b>228,829</b>

## B. Financial assets sold and fully derecognised with recognition of continued involvement

At 31 December 2024, there are no financial assets sold and fully derecognised with recognition of continued involvement.





## C. Financial assets sold and not fully derecognised

Pursuant to the provisions of the Bank of Italy Communication of 23 December 2019, transposed in the 8th update of Circular 262, the following section provides qualitative and quantitative information on the multi-originator disposal transactions of credit portfolios carried out by the Group, during the financial year 2024 and in previous years, which can be traced back to the scheme of disposal to a mutual fund with attribution of the relative shares to the Group itself.

### QUALITATIVE INFORMATION

The sale of loans to mutual funds pursues the industrial and strategic objective of entrusting the management of exposures classified as high-risk to specialised and independent professional operators (represented by asset management companies, hereinafter also referred to as 'AMC'), which, through managerial discontinuity actions, should allow for a more effective corporate turnaround than that pursued by the creditor bank through its own management of its exposure.

The strategies pursued by the AMC, in fact, focus on management levers that would be difficult for individual banks to activate, such as, by way of example, the conversion of loans into equity, entry into the management bodies of companies to achieve an effective operational turnaround the development of distressed M&A transactions aimed at safeguarding the value of companies through industrial partnerships the direct repurchase of real estate in the case of real estate operators and, lastly, the injection of new finance by third-party investors aimed at relaunching companies through instruments that allow a higher priority in repayment than the financial debt already in place (Debtor-in-Possession Financing).

The transactions outlined below resulted in the derecognition of the receivables sold as the Group transferred substantially all risks and rewards arising from the ownership of the assets being sold and, in addition, did not retain any power over the management of the fund itself, which was instead assumed by the fund management company. In particular, the risks and benefits that the Group will be able to achieve, based on the shares held in exchange for the contribution of receivables, depend on the general performance of the fund managed by the AMC.

With regard to the need to consolidate mutual funds subscribed to the requirements of IFRS 10 for holding control over an entity - it is noted that no funds have been identified that need to be consolidated. In particular, on the basis of the powers attributed to the fund constituent bodies (Board of Directors, Investors' Committee, Fund Meeting - attended by all unitholders of the Fund Sub-Funds) and the majorities required to pass the relevant resolutions, no fund has been identified for which the Group is deemed to hold the power to direct the relevant activities.

In lieu of the derecognised assets, the fund units, obtained as an exchange for the sale, have been recognised in item 20 c) "Financial assets at fair value through profit or loss - other financial assets designated at fair value" of Balance Sheet Assets. For further details on the determination of the fair value of the units, please refer to part A.4 of these notes.

During 2024, the following sale transactions took place:

- Illimity Credit & Corporate Turnaround Fund
- Illimity Real Estate Credit Fund (hereinafter "iREC Fund")
- Keystone
- Kleos
- IDeA CCR II
- Re-City (City Regeneration)

## Illimity Credit & Corporate Turnaround Fund Transaction

On 28 June 2024 and 18 December 2024, two Illimity transactions were completed involving the transfer of receivables, classified as "unlikely to pay" by the Parent Company. The transactions were carried out through the transfer of non-performing loans at a price of 21.147 million euro with the consequent issue to the Parent Company of 23,671,542 class A shares of the "Illimity Credit & Corporate Turnaround Fund".

Taking into account the carrying amount of the sale transactions, they led to the recognition of a positive economic effect of about 6.5 million euro.

The "Illimity Credit & Corporate Turnaround Fund" is an Italian alternative investment fund (AIF) of a closed-end, single-sub-fund type reserved for qualified investors, established and managed by Illimity SGR S.p.A.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 38 million euro.

## illimity Real Estate Credit Fund Transaction

On 19 December 2024, the transaction was completed involving the sale of loans, qualified with the status of "unlikely to pay" by the Parent Company. This deal was carried out through the contribution of non-performing loans at the price of 22.974 million euro, offsetting the sale price with the subscription price, for the same amount, of 22,951,049 class A units, of the "Illimity Real Estate Credit Fund".

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a positive economic effect of 3.2 million euro.

The "Illimity Real Estate Credit Fund" is an Italian closed-end alternative investment fund (AIF) falling within the category of AIF (Alternative Investment Funds), reserved and single-sub-fund, set up and managed by Illimity SGR S.p.A.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 40 million euro.

## Keystone Transaction

On 23 December 2024, a transaction was completed involving the sale of loans, qualified with the status of "unlikely to pay" and "bad loans" by Banca Popolare di Sondrio. This deal was carried out through the contribution of non-performing loans at the price of 13.873 million euro, offsetting the sale price with the subscription price, of 16,634,460 class A units, of the "Keystone" Fund.

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a positive economic effect of 1.3 million euro.

The "Keystone" Fund is a closed-end mutual fund under Italian law, falling within the category of AIFs (Alternative Investment Funds), reserved for professional investors established and managed by Kryalos SGR S.p.A.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 26 million euro.

## Kleos Transaction

On 16 December 2024, a transaction was completed involving the sale of loans, qualified with the status of "unlikely to pay" by Banca Popolare di Sondrio. This deal was carried out through the contribution of non-performing loans at the price of 1.698 million euro, offsetting the sale price with the subscription price, of 1,697,888 class B units, of the "Kleos" Fund.

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a negative economic effect of 0.2 million euro.



The "Kleos" Fund is a closed-end mutual fund under Italian law, falling within the category of AIF (Alternative Investment Funds), reserved and single-sub-fund managed by Polis SGR S.p.A..

The fund units have been booked to the portfolio of "Financial assets mandatorily measured at fair value through profit or loss", with a fair value of about 1.6 million euro at 31 December 2024.

### **IDeA CCR II Transaction**

On 30 October 2024, another transaction was completed involving the sale of loans, qualified with the status of "performing" and "past due" by Banca Popolare di Sondrio. This deal was carried out through the contribution of loans at the price of 19.156 million euro, offsetting the sale price with the subscription price, of 1,058,950 class A1 units, of the "IDeA CCR II" Fund.

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a negative economic effect of 1.7 million euro.

The "IDeA CCR II" Fund is a multi-sub-fund closed-end Italian alternative investment fund (AIF) for qualified investors managed by DeA Capital Alternative Funds SGR.

The shares of the fund, together with the shares subscribed in the previous year, were recognised in the accounting portfolio of "Financial assets mandatorily measured at fair value through profit or loss", the fair value as at 31 December 2024 was equal to 24 million euro.

### **City Regeneration Transaction**

The holding of the fund in question represents the contribution made by Banca Popolare di Sondrio against the sale, on 10 June 2024, of performing credit exposures to the EuroMilano Fund at a price of 12.847 million euro, with the sale price offset against the subscription price, of class C units equal to the notional amount.

The aforementioned units were subject to a further and subsequent contribution to the Re-City Fund through payment by offsetting with the subscription price of units of a new category so-called "Units C Re-City. The purpose of the overall transaction is to integrate REDO SGR and Euromilano S.p.A., since both companies are active in the field of real estate investment development and management, in order to enhance the operational capabilities of the two companies, develop important synergies, and optimise redevelopment opportunities in urban areas.

Both funds (i.e. EuroMilano and Re-City) are managed and represented by REDO SGR S.p.A..

Taking into account the carrying amount of the loans, the sale transaction resulted in the recognition of a negative economic effect of 1.7 million euro.

The Fund called "City Regeneration", established by REDO SGR SpA on 9 November 2020, is a closed-end mutual investment fund under Italian law, falling within the category of AIF (Alternative Investment Funds), reserved for professional investors. The Fund's purpose consists of sustainable investments in accordance with the European Regulation 2019/2088 (the so-called "SFDR Article 9 Fund"), to be realised through the investment of its assets in real estate initiatives aimed at urban regeneration and having a social impact, with a focus on Social Housing, Senior Living and Student Housing, with particular attention to the affordable sector and the living sector in general.

The fund units have been booked to the portfolio of "Financial assets mandatorily measured at fair value through profit or loss", with a fair value of 10 million euro at 31 December 2024.

## Details of mutual fund units outstanding at 31 December 2024

At 31 December 2024, the financial statements value of the mutual funds resulting from the transactions under review amounted to a total of 140 million euro, entirely referring to the Parent Company.

The following table provides details of the funds held, showing the fund management company, the date of the first closing and subsequent contributions, and the quality of the assets sold.

Fund Name	Financial statements value as at 31/12/2024 (in millions of euro)*	Asset Management Company (AMC)	First closing date/ subsequent transfers	Quality of the assets transferred
<b>ICCT Fund</b> (Illimity Credit and Corporate Turnaround Fund)	38.047	Illimity SGR S.p.A.	31 March 2021 / 21 October 2021 / 23 June 2023 / 28 June 2024 / 18 December 2024	Bad loans / Unlikely-to-pay
<b>IREC Fund</b> (Illimity Real Estate Credit Fund)	39.808	Illimity SGR S.p.A.	3 August 2022 / 22 December 2023 / 19 December 2024	Bad loans / Unlikely-to-pay
<b>Keystone Fund</b>	26.141	Kryalos SGR S.p.A.	28 December 2022 / 22 December 2023 / 23 December 2024	Bad loans / Unlikely-to-pay
<b>IDeA Corporate Credit Recovery II</b>	23.948	DeA Capital Alternative Funds SGR	7 October 2020 / 30 October 2024	Performing / Past due / Unlikely to pay
<b>Kleos Fund</b>	1.577	Polis SGR S.p.A.	16 December 2024	Bad loans
<b>City Regeneration Fund</b>	10.410	REDO SGR S.p.A.	10 June 2024	Performing

(\*) Assets included in the financial statements item "20 c. Financial assets measured at fair value through profit or loss – other financial assets obligatorily measured at fair value".



## D. Covered bond transactions

On 6 November 2013, the Board of Directors of the Parent Company authorised a covered bond programme for a maximum amount of 5 billion euro, based on the assignment to a vehicle company of residential mortgages and construction loans arranged by the Parent Company.

On 30 June 2023, the Board of Directors also approved the update of the Programme in narrative by incorporating the changes introduced by the implementing provisions of Title I-bis of Law 30 April 1999. No. 130 of Law 30 April 1999, on covered bonds (OBG), amending Circular No. 285 of 17 December 2013.

As regards the sale of assets, on 1 June 2014, pursuant and consequent to the combined provisions of articles 4 and 7-bis of law 130 of 30 April 1999, a portfolio of performing loans totalling 802 million euro was sold without recourse to "POPSO Covered Bond s.r.l.", the vehicle company, in relation to the issue on 5 August 2014 of the first series of 5-year covered bonds for 500 million euro.

A second sale of performing loans totalling 202 million euro took place on 5 December 2015, under the same contract.

An additional 2 disposals were made during 2016. The first, on 1 February 2016, of a portfolio of a total of 576 million euro of performing loans in connection with the issuance of the second series of covered bonds totalling 500 million euro on 4 April 2016. The second, on 1 November 2016, of a portfolio of performing loans totalling 226 million euro.

During 2017, a fifth sale of performing loans for a total of 307 million euro took place on 1 October 2017 under the same contract.

Likewise, during 2018, a sixth sale of performing loans for a total of 323 million euro took place on 1 October 2018.

During 2019, a seventh sale of performing loans for a total of 352 million euro took place on 1 December 2019, under the same contract.

During 2022, an eighth sale of performing loans for a total of 167 million euro took place on 1 November 2022, under the same contract.

During 2023, a ninth sale of performing loans for a total of 877 million euro took place on 1 November 2023, under the same contract.

During 2024, a tenth sale of performing loans for a total of 990 million euro took place on 1 November 2024, under the same contract.

These securitisations involved the sale of residential mortgages to the SPV, which was simultaneously granted a subordinated loan in order to settle the sale price. Since all the risks and benefits associated with these receivables remain with the Parent Company, these transactions do not entail derecognition as required by IFRS 9.

The main strategic objectives for this issue include equipping the Bank with instruments that can be placed on the market, even via public transactions. In addition, the activation of instruments of this type can contribute to:

- extending the maturities of funding and therefore strengthening its correlation with the medium/long-term loans granted;
- diversifying the long-term sources of funding;
- obtaining favourable conditions, with respect to those available via the routine placement of unsecured bonds.

A complex and detailed process has been established for complying with the related regulatory requirements. The process involves, in particular, calculating and monitoring the tests required by law and contracts, checking compliance with the requirements governing the suitability of the assets assigned, preparing the reports required by the regulations and the rating agency, and performing all the related control activities. Among the various counterparties involved for various reasons, BDO Italia Spa, the Independent Auditors and "asset monitor", is responsible for verifying the tests.

The operations are proceeding smoothly and no issues have emerged with respect to the contractual requirements.

The regulations also require assessment of the objectives, legal, reputational and other risks, and controls put in place by the corporate bodies responsible for strategic supervision and control.

The following information is provided about the bonds issued by Banca Popolare di Sondrio S.p.A. for which the vehicle company, Popso Covered Bond s.r.l., acts as Guarantor:

Series and Class	Series 3
ISIN Code	IT0005568529
Issue date	24/10/2023
Maturity Date	24/10/2028
Extended maturity	24/10/2029
Currency	Euro
Amount	500,000,000
Type of rate	Fixed
Parameter	4.125%
Coupon	Annual
Applicable law	Italian

Series and Class	Series 4
ISIN Code	IT0005580276
Issue date	22/01/2024
Maturity Date	22/07/2029
Extended maturity	22/07/2030
Currency	Euro
Amount	500,000,000
Type of rate	Fixed
Parameter	3.250%
Coupon	Annual
Applicable law	Italian

With regard to the first two series of bonds, it should be noted that they were fully redeemed at maturity.

## E. Prudential consolidation - models for the measurement of credit risk

The Group does not use internal portfolio models for the assessment of credit risk (VaR methodology).



## 1.2 Banking group - Market risk

### 1.2.1 Interest rate risk and price risk - trading book for supervisory purposes

#### QUALITATIVE INFORMATION

##### A. General aspects

For the Parent Company, reference should be made to the corresponding section of the Company's explanatory notes.

Factorit s.p.a., Sinergia Seconda S.r.l. and Banca della Nuova Terra s.p.a. are not exposed to rate and price risk inherent to the trading book, whereas Popso Covered Bond s.r.l., which is consolidated synthetically with the Parent Company, is included in the analysis carried out for the separate financial statements.

The subsidiary Banca Popolare di Sondrio (SUISSE) SA appears to be exposed to interest rate risk deriving from the trading portfolio due to the presence of forward contracts on exchange rates. As regards the transactions in derivative instruments (derivatives in the strictest sense), the offices of the Swiss subsidiary occasionally arrange interest rate options and interest rate swaps in order to satisfy the hedging needs of customers; these are then matched with operations of opposite sign arranged with leading financial counterparties. Consequently, such transactions do not generate any risk. During the year, there were occasional small amounts of bonds classified as 'financial assets held for trading'.

The Swiss subsidiary is no longer exposed to the price risk deriving from the trading portfolio, as the small UCITS units classified among "financial assets held for trading" have been sold.

##### B. Management processes and measurement methods of interest rate risk and price risk

For the Parent Company, reference should be made to the corresponding section of the Company's explanatory notes.

At a consolidated level, as well as at a separate level, the internal processes for the measurement, control and management of trading book interest rate risk use two separate monitoring systems that are based respectively on:

- an internal model for the daily calculation of the Value at Risk (VaR), which is also used for the analysis of exposure to price risk;
- an analysis of sensitivity to interest rate based on the strategic Asset & Liability Management (ALM) methodologies detailed in section 1.2.2 below (interest rate risk and price risk of the banking book).

As regards the model based on the calculation of VaR, the Group adopts an overall system of limits on the exposure to risks from financial assets at a consolidated level similar to what was explained in the notes to the separate financial statements, to which reference should be made also for the characteristics of the internal model used for calculating Value at Risk (VaR).

In particular, in addition to the financial instruments exposed to interest rate risk and price risk included in the Parent Company's trading book for supervisory purposes, the model used covers forward exchange rate contracts and derivatives in the strict sense (foreign exchange and commodity options) and the UCITS units of the Swiss subsidiary.

With regard to the methodologies used to aggregate the various risk profiles, the aggregation is determined by calculating the VaR in a manner that takes account of the correlation between risk profiles, rather than by simple summation, such that the overall VaR is usually less than the sum of the partial VaRs.

As regards the second methodology, based on sensitivity analyses carried out through an Asset & Liability Management (ALM) procedure, please refer to the notes to the separate financial statements of the Company, where the "stress testing" activities are also explained. With regard to the results, please refer to the contents of the following paragraph (Quantitative information).

## QUANTITATIVE INFORMATION

### 1. Regulatory trading book: distribution by residual maturity (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives

Currency: EURO

Type/Residual duration	Sight	Up to 3 months	3 to 6 months	6 to 12 months	From over 1 year to 5 years	From over 5 years to 10 years	Over 10	Unspecified duration
<b>1. Cash assets</b>	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
<b>2. Cash liabilities</b>	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>	-	<b>3,534,349</b>	<b>326,570</b>	<b>326,532</b>	<b>1,220,680</b>	<b>286,886</b>	<b>11,706</b>	-
3.1 With underlying securities	-	174	-	-	-	-	-	-
- Options	-	174	-	-	-	-	-	-
+ Long positions	-	8	-	-	-	-	-	-
+ Short positions	-	166	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities	-	3,534,175	326,570	326,532	1,220,680	286,886	11,706	-
- Options	-	112,732	101,910	209,928	1,031,726	263,778	-	-
+ Long positions	-	56,366	50,955	104,964	515,863	131,889	-	-
+ Short positions	-	56,366	50,955	104,964	515,863	131,889	-	-
- Other derivatives	-	3,421,443	224,660	116,604	188,954	23,108	11,706	-
+ Long positions	-	2,928,460	112,090	56,841	94,483	11,554	5,853	-
+ Short positions	-	492,983	112,570	59,763	94,471	11,554	5,853	-





## 1. Regulatory trading book: distribution by residual maturity (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives

Currency: OTHER CURRENCIES

Type/Residual duration	Sight	Up to 3 months	3 to 6 months	6 to 12 months	From over 1 year to 5 years	From over 5 years to 10 years	Over 10	Unspecified duration
<b>1. Cash assets</b>	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
<b>2. Cash liabilities</b>	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>	-	<b>3,779,276</b>	<b>118,978</b>	<b>146,582</b>	<b>67,188</b>	-	-	-
3.1 With underlying securities	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities	-	3,779,276	118,978	146,582	67,188	-	-	-
- Options	-	38,578	16,076	36,388	27,190	-	-	-
+ Long positions	-	19,289	8,038	18,194	13,595	-	-	-
+ Short positions	-	19,289	8,038	18,194	13,595	-	-	-
- Other derivatives	-	3,740,698	102,902	110,194	39,998	-	-	-
+ Long positions	-	661,541	51,634	56,669	20,003	-	-	-
+ Short positions	-	3,079,157	51,268	53,525	19,995	-	-	-

## 2. Supervisory trading book: distribution of exposures in capital securities and equity indices for the main countries of the listing market

Type of transactions/Listing index	Listed					Unlisted
	ITALY	FRANCE	SPAIN	GERMANY	OTHER COUNTRIES	
<b>A. Capital securities</b>						
- long positions	21,547	3,959	1,525	7,367	141	-
- short positions	-	-	-	-	-	-
<b>B. Purchase/sale transactions not yet settled in capital securities</b>						
- long positions	-	-	-	-	-	-
- short positions	-	-	-	-	-	-
<b>C. Other derivatives on capital securities</b>						
- long positions	38	-	-	-	-	-
- short positions	1	-	-	-	-	-
<b>D. Derivatives on stock indices</b>						
- long positions	-	-	-	-	-	-
- short positions	7,432	-	-	-	-	-



### 3. Trading book for supervisory purposes – internal models and methodologies for the analysis of sensitivity

Here we show the year-end figures for VaR split between rate risk and price risk, and between transactions explicitly foreseen in tables above and other transactions for which the calculation is carried out in any case.

#### Value at Risk (VaR), end of period

	(in thousands of euro)
<b>1. Cash assets</b>	<b>-</b>
1.1 Debt securities	-
1.2 Other assets	-
<b>2. Cash liabilities</b>	<b>-</b>
2.1 Repurchase agreements	-
2.2 Other liabilities	-
<b>3. Financial derivatives</b>	<b>201</b>
3.1 With underlying securities	-
- Options	-
+ Long positions	1
+ Short positions	-
- Other derivatives	-
+ Long positions	-
+ Short positions	-
3.2 Without underlying securities	201
- Options	-
+ Long positions	51
+ Short positions	54
- Other derivatives	201
+ Long positions	236
+ Short positions	188
<b>Total interest rate risk</b>	<b>201</b>
<b>A. Capital securities</b>	<b>796</b>
- Long positions	796
- Short positions	-
<b>B. Purchase/sale transactions not yet settled in capital securities</b>	<b>-</b>
- Long positions	-
- Short positions	-
<b>C. Other derivatives on capital securities</b>	<b>198</b>
- Long positions	207
- Short positions	28
<b>D. Derivatives on stock indices</b>	<b>104</b>
- Long positions	-
- Short positions	104
<b>Total Price risk transactions tab.2</b>	<b>812</b>
<b>UCITS</b>	<b>1,431</b>
<b>Total Price risk</b>	<b>2,296</b>
<b>Global trading (net of exchange and commodities)</b>	<b>2,121</b>

## Interest-rate risk

Information on average, minimum and maximum VaR is provided below.

### Interest rate Value at Risk (VaR)

	(in thousands of euro)
Medium	197
Minimum	57
Maximum	479

With regard to the distribution of VaR during the year, the average, total, general and specific interest rate VaR for each of the twelve months in 2024 is shown below.

January	128
February	166
March	232
April	297
May	219
June	229
July	249
August	175
September	163
October	186
November	117
December	206

With reference to the debt securities included in the management trading portfolio, the number of days in which the theoretical losses exceeded the VaR was 1 out of 201 total observations. There was no exceedance with regard to actual losses and theoretical model losses.

With reference to debt securities (not present at the end of 2024) and tax credits in the supervisory trading portfolio, forward exchange rate contracts, interest rate options and interest rate swaps (excluding the interest rate swaps used by the Parent Company to hedge the interest rate risk arising from the disbursement of fixed-rate loans "Macro Fair Value Hedging" and the interest rate swaps that the Parent Company enters into with primary financial counterparties to hedge similar interest rate swaps that Banca Popolare di Sondrio (SUISSE) SA enters into with the Parent Company to hedge the loans disbursed by the subsidiary), we report below the data from the ALM procedure, similar to those reported in section 1.2.2 below for the banking book. Please note that the outcomes below refer to the hypothetical rate movement scenarios in use for the monthly risk analyses, including:

- the six scenarios described in the "Regulatory Technical Standards EBA/RTS/2022/10";
- two hypothetical scenarios for the shift of rates aimed respectively at capturing future market expectations ("ongoing") and specific particularly adverse situations that have occurred in the past ("historical").



*Effects of a change in interest rates over a twelve-month period on the future net interest income.*

Future net interest income means the difference between future interest income and future interest expense, calculated on existing transactions and on transactions to be settled on the reference date, possibly renewed while maintaining constant volumes.

In thousands of euro	Change in net interest income				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
Exposure to risk					
shock up parallel shift	2,382	1,983	1,005	4,208	991
shock down parallel shift	-2,190	-1,625	-3,754	-477	-689
steepener shock shift	137	-534	-1,280	137	-432
flattener shock shift	318	1,038	318	2,341	669
short shock up shift	998	1,657	948	3,775	931
short shock down shift	-822	-1,334	-3,367	-470	-662
ongoing shift	29	-442	-1,003	29	-496
Historical	2,092	3,120	1,618	7,319	1,584
Worst case scenario	-2,190	-1,625	-3,754	-477	-689

*Effects of a change in interest rates on the pre-tax future profit over a twelve-month period.*

Pre-tax future profit means the difference between future revenues and future costs calculated on existing transactions and on transactions to be settled on the reference date, possibly renewed while maintaining constant volumes.

In thousands of euro	Change in pre-tax profit				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
Exposure to risk					
shock up parallel shift	-17,827	-585	-17,827	3,916	991
shock down parallel shift	19,258	1,161	-3,457	19,258	-689
steepener shock shift	6,941	143	-1,000	6,941	-432
flattener shock shift	-9,882	-77	-9,882	2,001	669
short shock up shift	-14,614	-185	-14,614	3,349	931
short shock down shift	15,472	584	-2,928	15,472	-662
ongoing shift	933	-178	-583	933	-496
Historical	-24,831	-176	-24,831	6,647	1,584
Worst case scenario	-24,831	-585	-24,831	933	-689

*Effects of a change in interest rates on equity.*

Equity means the difference between the current value of asset and liability items calculated on existing transactions and on the transactions to be settled at the reference date in the event of inertial volumes.

In thousands of euro Exposure to risk	Change in equity value				
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	31/12/2023
shock up parallel shift	-20,823	-3,387	-20,823	336	434
shock down parallel shift	22,319	3,877	20	22,319	-24
steepener shock shift	7,541	1,712	432	7,541	478
flattener shock shift	-10,959	-2,189	-10,959	-369	-321
short shock up shift	-16,452	-3,002	-16,452	-206	-132
short shock down shift	17,314	3,269	429	17,314	372
ongoing shift	1,317	898	216	2,283	378
Historical	-31,003	-9,034	-31,003	-2,779	-2,713
Worst case scenario	-31,003	-9,034	-31,003	-2,779	-2,713

## Price risk

Information on average, minimum and maximum VaR is provided below.

### Price Value at Risk (VaR)

	(in thousands of euro)
Medium	1,994
Minimum	1,209
Maximum	2,971

As regards the distribution of VaR during the year, we indicate below the average value of the price VaR in each of the twelve months of 2024.

January	1,661
February	1,985
March	1,553
April	1,402
May	1,454
June	1,358
July	1,298
August	2,648
September	2,819
October	2,685
November	2,541
December	2,514

With reference to capital securities and mutual funds included in the management trading portfolio, there was 1 day in which actual losses, theoretical losses and theoretical model losses exceeded the VaR out of 255 total observations.



## 1.2.2 Interest rate risk and price risk - Banking book

### QUALITATIVE INFORMATION

#### A. General aspects, management and measurement of interest rate risk and price risk

For the Parent Company, reference should be made to the corresponding section of the Company's explanatory notes.

For Factorit S.p.a., interest rate risk is caused by the different times and methods used in repricing the interest rate on assets and liabilities. The presence of diversified fluctuations in interest rates leads to a variation in the expected net interest income, as well as a change in the present value of the assets and liabilities; this in turn alters the economic value of the items at risk. Note that the characteristics of Factorit assets and liabilities mean that the impact of a change in market rates on the present value of its assets and liabilities is quite marginal. The high level of rotation of the loans and receivables and the fact that the funding is exclusively short-term, which ensure frequent repricing very close to each other, make it possible to maintain lending and funding terms in line with current market conditions.

Banca della Nuova Terra s.p.a. is exposed to interest rate risk linked to its lending operations to customers and to its limited investment in securities, partially offset by fixed-term deposits with the Parent Company.

For Sinergia Seconda s.r.l., there are limited exposures to interest rate risk linked to current account relationships with the Parent Company while Popso Covered Bond s.r.l., consolidated synthetically with the Parent Company, contributes, albeit minimally, to the exposures included in the analyses carried out for the company's financial statements.

At the investee company Banca Popolare di Sondrio (SUISSE), the main source of interest rate risk is represented by fixed-rate lending transactions (mortgages), maturity funding transactions from banks and on-demand funding transactions from customers with appropriate maturity modelling.

From a Group perspective, the internal processes for measuring, controlling and managing the interest rate risk of the banking book make use of two separate monitoring systems managed by the Parent Company, using an integrated database at consolidated level, based respectively on:

- an internal model for the daily calculation of the Value at Risk (VaR), which is also used for the analysis of exposure to price risk;
- an analysis of sensitivity to interest rate risk based on the strategic Asset & Liability Management (ALM) methodologies.

The daily calculation of VaR is used to monitor the consolidated financial assets classified as "other financial assets mandatorily measured at fair value" and the "financial assets measured at fair value through other comprehensive income", excluding the investments made by the pension funds; the internal process for the control and management of interest rate and price risk, as well as the related methodology, are much the same as those detailed in the company's notes. As already indicated in the corresponding section of the Notes, for "financial assets measured at amortised cost", a risk metric is in force that is more representative of the typical risk profile of this type of investment.

The analysis of sensitivity using strategic ALM methodologies read the corresponding section of the explanatory notes. Similarly, the internal processes for managing and controlling interest rate risk adopt a system of metrics composed of two indicators called "primary" and two risk indicators called "complementary" whose respective threshold systems are defined by the Board of Directors and a third group of risk indicators called "operational" whose limits are established by the Risk Committee, consistently with the risk propensity established by the board of directors. The indicators classified as primary are represented by the "Supervisory Outlier Test on EVE" and "Supervisory Outlier Test on NII" metrics described in the "Final report on guidelines on the management of interest rate risk and credit spread risk arising from non-trading book activities" published on 20 October 2022 by the European Banking Authority and in the "Regulatory Technical Standards EBA/RTS/2022/10". As regards the "complementary" and "operational" indicators, please refer to the information provided in the corresponding section of the company's notes.

These indicators are monitored monthly, with the exception of the two indicators relating to the

"Supervisory Outlier Test" for which monitoring is quarterly.

The process of monitoring interest-rate risk in relation to the banking book is supported by the preparation of suitable internal information, covering both the situation at specific dates and trends. This information is provided to the competent bodies and functions, either on request or with a fixed frequency, together with the risk analyses and measurements carried out.

With regard to the activity of "stress testing" reference should be made to the corresponding section of the company's notes to the financial statements.

The source of price risk for Banca Popolare di Sondrio (SUISSE) SA lies in capital securities and mutual funds shown under "other financial assets mandatorily measured at fair value" or "financial assets measured at fair value through other comprehensive income".

The measurement and control of price risk essentially involves application of a Parent Company's internal model for the calculation of Value at Risk (VaR) with the characteristics described in corresponding section of the notes.

With regard to the monitoring of investments, the model used covers the equity investments of the Parent Company, excluding investments in Banca Popolare di Sondrio (SUISSE) SA, Factorit s.p.a., Popso Covered Bond s.r.l., Sinergia Seconda s.r.l. and Banca della Nuova Terra s.p.a.; there is also the equity security owned by the Swiss subsidiary classified as "Equity investments".

## **B. Fair value hedging**

For the Parent Company, reference should be made to the corresponding section of the Company's explanatory notes.

Loans of significant amounts with similar characteristics granted by the subsidiary Banca Popolare di Sondrio (SUISSE) SA are normally hedged against rate risk by arranging interest-rate swaps (IRS) via the Parent Company.

## **C. Cash flow hedging**

The Group has not carried out cash flow hedging operations.





## QUANTITATIVE INFORMATION

### 1. Banking book: distribution by residual maturity (by repricing date) of financial assets and liabilities

Currency: OTHER CURRENCIES

Type/Residual duration	Sight	Up to 3 months	3 to 6 months	6 to 12 months	From over 1 year to 5 years	From over 5 years to 10 years	Over 10 years	Unspecified duration
<b>3. Financial derivatives</b>	-	<b>6,389</b>	-	-	<b>3,825</b>	-	-	-
3.1 With underlying securities	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities	-	6,389	-	-	3,825	-	-	-
- Options	-	2,564	-	-	-	-	-	-
+ Long positions	-	1,282	-	-	-	-	-	-
+ Short positions	-	1,282	-	-	-	-	-	-
- Other derivatives	-	3,825	-	-	3,825	-	-	-
+ Long positions	-	3,825	-	-	-	-	-	-
+ Short positions	-	-	-	-	3,825	-	-	-
<b>4. Other off-balance sheet transactions</b>	<b>118,320</b>	-	-	-	-	-	-	-
+ Long positions	59,160	-	-	-	-	-	-	-
+ Short positions	59,160	-	-	-	-	-	-	-

This table only shows financial derivatives as an interest rate risk sensitivity analysis based on internal models is provided for cash assets and liabilities.

### 2. Banking book: internal models and other sensitivity analysis methods

#### Interest-rate risk

With reference to the assets and liabilities generating the interest margin other than debt securities and tax credits in the regulatory trading portfolio, forward contracts on exchange rates, options on interest rates and interest rate swaps subject to the disclosure on the regulatory trading portfolio - as defined in the qualitative information relating to this section - we report below the data resulting from the ALM procedure.

Please note that the outcomes below refer to the hypothetical rate movement scenarios in use for the monthly risk exposure analyses, including:

- the six scenarios described in the "Regulatory Technical Standards EBA/RTS/2022/10";
- two hypothetical scenarios for the shift of rates aimed respectively at capturing future market expectations ("ongoing") and specific particularly adverse situations that have occurred in the past ("historical").

An updated version of the behavioural models relating to mortgages and installment loans was adopted for the end of the period at 12/31/2024.

*Effects of a change in interest rates over a twelve-month period on the future net interest income.*

Future net interest income means the difference between future interest income and future interest expense, calculated on existing transactions and on transactions to be settled on the reference date, possibly renewed while maintaining constant volumes.

In thousands of euro Exposure to risk	Change in net interest income				31/12/2023
	from 01/01/2024 to 31/12/2024				
	at the end of the period	average	minimum	maximum	
shock up parallel shift	110,338	119,029	103,155	146,238	94,138
shock down parallel shift	-76,022	-83,657	-108,730	-69,837	-70,248
steepener shock shift	-17	2	-19,830	19,142	-6,334
flattener shock shift	47,840	43,649	19,182	75,212	39,358
short shock up shift	82,026	79,116	52,008	117,274	67,879
short shock down shift	-35,988	-40,801	-69,108	-16,679	-39,866
ongoing shift	9,665	-7,975	-25,742	9,665	-19,094
Historical	140,239	135,726	88,966	197,095	109,431
Worst case scenario	-76,022	-83,657	-108,730	-69,837	-70,248

*Effects of a change in interest rates on the pre-tax future profit over a twelve-month period.*

Pre-tax future profit means the difference between future revenues and future costs calculated on existing transactions and on transactions to be settled on the reference date, possibly renewed while maintaining constant volumes.

In thousands of euro Exposure to risk	Change in pre-tax profit					31/12/2023
	from 01/01/2024 to 31/12/2024					
	at the end of the period	average	minimum	maximum		
shock up parallel shift	-11,770	38,231	-11,770	80,450	25,953	
shock down parallel shift	72,415	13,955	-26,563	72,415	9,844	
steepener shock shift	20,069	16,961	-7,650	40,293	12,672	
flattener shock shift	8,681	14,068	-14,659	52,991	9,543	
short shock up shift	6,443	25,647	-4,828	75,140	18,439	
short shock down shift	42,832	14,890	-25,180	42,832	11,581	
ongoing shift	13,777	5,890	-8,933	15,250	6,341	
Historical	1,934	39,464	-11,890	120,605	22,417	
Worst case scenario	-11,770	5,890	-26,563	15,250	6,341	

*Effects of a change in interest rates on equity.*

Equity means the difference between the current value of asset and liability items calculated on existing transactions and on the transactions to be settled at the reference date in the event of inertial volumes.

In thousands of euro Exposure to risk	Change in equity value				
	from 01/01/2024 to 31/12/2024				31/12/2023
	at the end of the period	average	minimum	maximum	
shock up parallel shift	-91,916	85,837	-91,916	165,441	111,892
shock down parallel shift	35,621	-109,126	-184,438	35,621	-126,987
steepener shock shift	255,347	151,195	107,843	255,347	148,148
flattener shock shift	-104,864	-14,629	-104,864	23,010	-63,195
short shock up shift	-80,024	16,340	-80,024	65,641	-18,967
short shock down shift	276,374	107,907	42,054	276,374	98,114
ongoing shift	-16,098	-29,464	-45,430	-16,098	-12,834
Historical	6,984	91,910	6,984	165,936	43,350
Worst case scenario	-104,864	-109,126	-184,438	-16,098	-126,987



With respect to debt securities classified as "financial assets mandatorily measured at fair value", "financial assets measured at fair value through other comprehensive income", information on the average, minimum and maximum VaR is given below.

#### Interest rate Value at Risk (VaR)

	(in thousands of euro)
Medium	4,268
Minimum	2,990
Maximum	5,774

With regard to the distribution of VaR during the year, the average interest rate VaR for each month in 2024 is shown below.

January	5,275
February	5,534
March	5,076
April	4,854
May	4,517
June	4,117
July	3,686
August	3,320
September	3,057
October	3,776
November	4,362
December	3,744

## Price risk

With reference to the closing date, we report above all the VaR figures of capital securities (shares and mutual funds) classified as "other financial assets mandatorily measured at fair value" or "financial assets measured at fair value through other comprehensive income", net of any investments servicing pensions and similar obligations of employees and real estate funds, as well as the figure for investments.

### Value at Risk (VaR), end of period

	(in thousands of euro)
Capital securities	2,035
Mutual funds	3,828
<b>Total</b>	<b>5,871</b>
<b>Equity investments</b>	<b>5,027</b>

The following information is provided about the average, minimum and maximum VaR regarding the capital securities (shares and mutual funds) classified among the "other financial assets mandatorily measured at fair value" and the "financial assets measured at fair value through other comprehensive income", excluding any relevant investments by the pension and real estate funds.

### Price Value at Risk (VaR)

	(in thousands of euro)
Medium	4,465
Minimum	2,856
Maximum	5,874

With regard to the distribution of VaR during the year, the average VaR for each month in 2024 is presented below.

January	4,512
February	4,187
March	3,502
April	3,554
May	3,878
June	4,035
July	4,240
August	5,241
September	5,194
October	4,944
November	5,070
December	5,200



### 1.2.3 Exchange risk

#### QUALITATIVE INFORMATION

##### A. General aspects, management and measurement of exchange risk

For the Parent Company, reference should be made to the corresponding section of the Company's explanatory notes.

Exchange risk is marginal for Factorit s.p.a., given the company's policy of systematic hedging of foreign currency amounts. This risk mainly exists, but for limited volumes, in: commissions and interest income not offset by interest expense expressed in currencies other than the euro, as well as guarantees in foreign currency for transactions in euro. Sinergia Seconda S.r.l., Popso Covered Bond S.r.l. and Banca della Nuova Terra S.p.a. are not exposed to exchange risk, as they do not have assets or liabilities in foreign currencies.

Except with regard to securities held in its proprietary portfolio, Banca Popolare di Sondrio (SUISSE) SA enters into currency transactions to satisfy customers' requirements and to cover transitory treasury mismatches.

The measurement and control of exchange risk at year-end essentially involves application of the Parent Company's internal model for the calculation of Value at Risk (VaR) with the characteristics described in the corresponding section of the Company's explanatory notes.

In particular, the model used covers the financial instruments exposed to exchange risk included in the Parent Company's investment book and all assets and liabilities in foreign currency (excluding gold), on and off the balance sheet, pertaining to the subsidiaries, which are shown on table 1 below. Any intercompany relations are eliminated.

The forward contracts on exchange rates, financial derivatives (in a strict sense), debt securities and capital securities are treated analytically, whereas the overall difference of the other items by individual currency is treated as a deposit (positive or negative) with a maturity of one day.

There is a management monitoring system dedicated to foreign exchange positions of a structural nature with the same features described in the corresponding section of the company's notes.

##### B. Hedging of exchange risk

For the Parent Company, reference should be made to the corresponding section of the Company's explanatory notes.

For the Swiss subsidiary, operations are homogeneous with that carried out by the Parent Company. The subsidiary's Exchange Office administers the positions and matches the exchange risk in the interbank market, while maintaining residual exposures within the limits established in the internal regulations.



## QUANTITATIVE INFORMATION

### 1. Distribution of assets, liabilities and derivatives by foreign currency

Items	Currency					
	US dollars	English pound	Japanese yen	Swiss franc	Canadian dollars	Other currencies
<b>A. Financial assets</b>	<b>917,186</b>	<b>85,209</b>	<b>50,703</b>	<b>6,734,035</b>	<b>40,826</b>	<b>105,607</b>
A.1 Debt securities	2,813	-	-	25,286	-	-
A.2 Capital securities	32,369	-	-	20,650	-	-
A.3 Loans to banks	501,004	44,651	47,220	9,949	40,584	102,208
A.4 Loans to customers	366,517	39,693	3,422	5,768,504	-	58
A.5 Other financial assets	14,483	865	61	909,646	242	3,341
<b>B. Other assets</b>	<b>9,289</b>	<b>1,567</b>	<b>248</b>	<b>123,610</b>	<b>332</b>	<b>851</b>
<b>C. Financial liabilities</b>	<b>1,116,701</b>	<b>95,792</b>	<b>50,194</b>	<b>3,608,994</b>	<b>42,000</b>	<b>112,306</b>
C.1 Payables to banks	353,534	35,342	2104	1,040,658	831	22,032
C.2 Payables to customers	763,167	60,450	48,090	2,470,734	41,169	90,274
C.3 Debt securities	-	-	-	97,602	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
<b>D. Other liabilities</b>	<b>4,068</b>	<b>95</b>	<b>1</b>	<b>441,503</b>	<b>-</b>	<b>5</b>
<b>E. Financial derivatives</b>	<b>954,968</b>	<b>87,400</b>	<b>5,525</b>	<b>2,712,270</b>	<b>16,463</b>	<b>336,665</b>
- Options	88,740	-	210	526	-	31,318
+ Long positions	44,370	-	105	263	-	15,659
+ Short positions	44,370	-	105	263	-	15,659
- Other derivatives	866,228	87,400	5,315	2,711,744	16,463	305,347
+ Long positions	550,962	48,581	2,120	22,847	8,628	156,049
+ Short positions	315,266	38,819	3,195	2,688,897	7,835	149,298
<b>Total assets</b>	<b>1,521,807</b>	<b>135,357</b>	<b>53,176</b>	<b>6,880,755</b>	<b>49,786</b>	<b>278,166</b>
<b>Total liabilities</b>	<b>1,480,405</b>	<b>134,706</b>	<b>53,495</b>	<b>6,739,657</b>	<b>49,835</b>	<b>277,268</b>
<b>Net balance (+/-)</b>	<b>41,402</b>	<b>651</b>	<b>(319)</b>	<b>141,098</b>	<b>(49)</b>	<b>898</b>



## 2. Internal models and other methodologies for the sensitivity analysis

With reference to the closing date, we report above all the VaR figures split between the transactions explicitly foreseen in table 1 and the other transactions on which the calculation is carried out.

### Value at Risk (VaR), end of period

	(in thousands of euro)
Debt securities	240
Capital securities	314
Net balance between other assets and liabilities	24,263
Financial derivatives	23,528
- Options	-
+ Long positions	390
+ Short positions	397
- Other derivatives	23,528
+ Long positions	23,364
+ Short positions	2,664
<b>Total transactions table 1</b>	<b>930</b>
- Interest Rate Swap	2
+ Long positions	2
+ Short positions	-
<b>Total</b>	<b>929</b>
<b>Details of the principal currencies</b>	
US Dollar	776
Pound Sterling	42
Japanese Yen	9
Swiss Franc	674
Canadian Dollar	0
Other currencies	0
<b>Total</b>	<b>929</b>
<b>Structural exchange position</b>	<b>1,264</b>

Information on average, minimum and maximum VaR is provided below.

### Exchange rate Value at Risk (VaR)

	(in thousands of euro)
Medium	1,962
Minimum	427
Maximum	5,608

As regards the distribution of VaR during the year, we indicate below the average value of the currency VaR in each of the twelve months of 2024.

January	4,277
February	2,429
March	1,579
April	1,274
May	1,219
June	1,403
July	1,953
August	2,557
September	2,811
October	2,079
November	1,002
December	879

## 1.3 Derivative instruments and related hedging policy

### 1.3.1. Trading derivatives

#### A. Financial derivatives

#### A.1 Trading financial derivatives: period-end notional amounts

Underlying assets/Types of derivatives	31/12/2024				31/12/2023			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With settlement agreements	Without settlement agreements			With settlement agreements	Without settlement agreements	
1. Debt securities and interest rates	-	-	371,958	-	-	-	530,840	-
a) Options	-	-	97,845	-	-	-	83,076	-
b) Swaps	-	-	274,113	-	-	-	447,764	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Capital securities and stock indices	-	-	86,405	-	-	-	106,858	-
a) Options	-	-	86,405	-	-	-	106,858	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currency and gold	-	-	3,814,733	-	-	-	3,928,900	-
a) Options	-	-	153,684	-	-	-	145,073	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	3,661,049	-	-	-	3,783,827	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	-	-	26,479	-	-	-	29,853	-
5. Other	-	-	-	-	-	-	-	-
Total	-	-	4,299,575	-	-	-	4,596,451	-





## A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

Types of derivatives	Total 31/12/2024				Organised markets	Total 31/12/2023			
	Over the counter			Central counterparties		Over the counter			Organised markets
	Without central counterparties	With settlement agreements	Without settlement agreements			Without central counterparties	With settlement agreements	Without settlement agreements	
1. Positive fair value									
a) Options	-	-	3,597	-	-	-	3,057	-	
b) Interest rate swaps	-	-	4,240	-	-	-	7,469	-	
c) Cross currency swaps	-	-	-	-	-	-	-	-	
d) Equity swaps	-	-	-	-	-	-	-	-	
e) Forwards	-	-	27,520	-	-	-	11,977	-	
f) Futures	-	-	-	-	-	-	-	-	
g) Other	-	-	548	-	-	-	213	-	
Total	-	-	35,905	-	-	-	22,716	-	
2. Negative fair value									
a) Options	-	-	3,018	-	-	-	2,444	-	
b) Interest rate swaps	-	-	3,500	-	-	-	6,235	-	
c) Cross currency swaps	-	-	-	-	-	-	-	-	
d) Equity swaps	-	-	-	-	-	-	-	-	
e) Forwards	-	-	9,512	-	-	-	60,703	-	
f) Futures	-	-	-	-	-	-	-	-	
g) Other	-	-	531	-	-	-	195	-	
Total	-	-	16,561	-	-	-	69,577	-	

### A.3 OTC trading financial derivatives - notional values, positive and negative gross fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial corporations	Other parties
<b>Contracts which are not part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	205,085	200	166,673
- positive fair value	-	3,815	-	1,092
- negative fair value	-	1,670	1	2,487
<b>2) Capital securities and stock indices</b>				
- notional value	-	86,405	-	-
- positive fair value	-	729	-	-
- negative fair value	-	168	-	-
<b>3) Currency and gold</b>				
- notional value	-	3,316,911	10,157	487,665
- positive fair value	-	24,505	97	5,120
- negative fair value	-	6,173	49	5,482
<b>4) Commodities</b>				
- notional value	-	13,240	-	13,240
- positive fair value	-	161	-	387
- negative fair value	-	379	-	152
<b>5) Other</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>Contracts which are part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>2) Capital securities and stock indices</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3) Currency and gold</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Other</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-



#### A.4 Residual life of OTC financial trading derivatives: notional values

Underlying/Residual life	Up to 1 year	1 to 5 years	Over 5	Total
A.1 Financial derivatives on debt securities and interest rates	59,087	220,868	92,003	371,958
A.2 Financial derivatives on capital securities and stock indices	86,405	-	-	86,405
A.3 Financial derivatives on currencies and gold	3,743,916	70,817	-	3,814,733
A.4 Financial derivatives on commodities	26,479	-	-	26,479
A.5 Other financial derivatives	-	-	-	-
<b>Total 31/12/2024</b>	<b>3,915,887</b>	<b>291,685</b>	<b>92,003</b>	<b>4,299,575</b>
<b>Total 31/12/2023</b>	<b>4,260,693</b>	<b>256,060</b>	<b>79,698</b>	<b>4,596,451</b>

#### B. Credit derivatives

There were no credit derivatives at the reporting date.

#### 1.3.2 Accounting hedges

##### QUALITATIVE INFORMATION

On first-time application of IFRS 9, the Group exercised the option provided by the standard to continue to fully apply the rules of IAS 39 for each type of hedging (micro and macro). Therefore, the provisions of IFRS 9 on hedging do not apply.

#### A. Fair value hedging

For the Parent Company, reference should be made to the corresponding section of the Company's explanatory notes. Loans of non-significant amounts with similar characteristics granted by the subsidiary Banca Popolare di Sondrio (SUISSE) SA are normally hedged against rate risk by arranging interest-rate swaps (IRS) via the Parent Company. The purpose of hedging the interest rate risk is to realign differences in the banking book caused by changes in the fair value of loans to customers due to changes in the interest rate curve (interest rate risk).

The derivatives are not listed on regulated markets, but traded in the context of OTC circuits.

#### B. Cash flow hedging

The Group has not carried out cash flow hedging operations.

#### C. Hedges of foreign investments

The Group did not carry out hedging operations on foreign investments.

#### D. Hedging Instruments

Generally speaking, in the hypothesis of "fair value hedges", the sources of ineffectiveness of a hedging relationship, during its period of validity, can be related to:

- mismatch between the notional amount of the derivative and the underlying hedged item recognised at the time of the initial designation or generated thereafter, such as in the case of partial loan repayments;
- inclusion of the value of the variable leg of the hedging derivative in the effectiveness test.

During the year, no elements were found that might have caused the hedges to be ineffective, giving the possibility of continuing to apply the hedge accounting rules.

During the year, the Group did not use dynamic hedges, as defined by IFRS 7, paragraph 23C.

## E. Elements hedged

### Fixed-rate loans

The Banca Popolare di Sondrio Group currently has accounting hedges, macro fair value hedge type, on fixed rate loans through the use of plain vanilla IRS to hedge the interest rate risk for the entire duration of the underlying.

The portfolio of hedged fixed-rate loans is open-ended, i.e. it is dynamically made up of the fixed-rate instruments managed at an aggregate level through the hedging derivatives entered into over time.

The effectiveness of the Macro Fair Value Hedge (MFVH) on fixed-rate loans is periodically verified on the basis of specific prospective and retrospective tests. The prospective test aims to verify that for each time interval defined by the Parent Company, the sensitivity of the underwritten hedging transactions (approximated by the "meta-loan" developed on the basis of the fixed leg of the derivative) is lower than the sensitivity of the hedged loans. This is intended to ensure that derivative instruments entered into for hedging purposes do not create overhedging for specific maturity intervals. The retrospective tests, on the other hand, on the one hand aim at verifying that within the potential hedging perimeter a sub-portfolio is identified and that this sub-portfolio presents a Delta Present Value higher than the Delta Present Value of the meta-loan, on the other hand, it is periodically verified, throughout the life of the transaction, that the ratio of the change in fair value of the hedged item to the hedging instrument is within the range 80%-125%.

For the subsidiary Banca Popolare di Sondrio (SUISSE) SA, loans are also hedged against the risk of interest rate fluctuations by entering into IRS contracts.



## QUANTITATIVE INFORMATION

### A. Hedging financial derivatives

#### A.1 Hedging financial derivatives: period-end notional amounts

Underlying assets/Types of derivatives	Total 31/12/2024				Organised markets	Total 31/12/2023			
	Over the counter		Without settlement agreements	Without settlement agreements		Over the counter		Without settlement agreements	Organised markets
	Central counterparties	With settlement agreements				Without settlement agreements	Without settlement agreements		
1. Debt securities and interest rates	-	-	59,243	-	-	-	64,002	-	
a) Options	-	-	-	-	-	-	-	-	
b) Swaps	-	-	59,243	-	-	-	64,002	-	
c) Forwards	-	-	-	-	-	-	-	-	
d) Futures	-	-	-	-	-	-	-	-	
e) Other	-	-	-	-	-	-	-	-	
2. Capital securities and stock indices	-	-	-	-	-	-	-	-	
a) Options	-	-	-	-	-	-	-	-	
b) Swaps	-	-	-	-	-	-	-	-	
c) Forwards	-	-	-	-	-	-	-	-	
d) Futures	-	-	-	-	-	-	-	-	
e) Other	-	-	-	-	-	-	-	-	
3. Currency and gold	-	-	-	-	-	-	-	-	
a) Options	-	-	-	-	-	-	-	-	
b) Swaps	-	-	-	-	-	-	-	-	
c) Forwards	-	-	-	-	-	-	-	-	
d) Futures	-	-	-	-	-	-	-	-	
e) Other	-	-	-	-	-	-	-	-	
4. Commodities	-	-	-	-	-	-	-	-	
5. Other	-	-	-	-	-	-	-	-	
Total	-	-	59,243	-	-	-	64,002	-	



## A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

Positive and negative fair value										Change in value used to recognise hedge ineffectiveness	
Types of derivatives	Total 31/12/2024				Organised markets	Total 31/12/2023				Total 31/12/2024	Total 31/12/2023
	Over the counter			Over the counter							
	Without central counterparties			Without central counterparties							
	Central counterparties	With settlement agreements	Without settlement agreements	Central counterparties		With settlement agreements	Without settlement agreements	Organised markets			
Positive fair value											
a) Options	-	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	1	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	1	-	-	-	-
Negative fair value											
a) Options	-	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	2,426	-	-	-	1,924	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	2,426	-	-	-	1,924	-	-	-	-



### A.3 OTC hedging financial derivatives - notional values, positive and negative gross fair values by counterparty

Underlying assets	Central counterparties	Banks	Other financial corporations	Other parties
<b>Contracts which are not part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	59,243	-	-
- positive fair value	-	-	-	-
- negative fair value	-	2,426	-	-
<b>2) Capital securities and stock indices</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3) Currency and gold</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Other</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>Contracts which are part of settlement agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>2) Capital securities and stock indices</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3) Currency and gold</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Other</b>				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

#### A.4 Residual life of OTC hedging financial derivatives: notional amounts

Underlying/Residual life	Up to 1 year	1 to 5 years	Over 5	Total
A.1 Financial derivatives on debt securities and interest rates	4,543	21,546	33,153	59,242
A.2 Financial derivatives on capital securities and stock indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
<b>Total 31/12/2024</b>	<b>4,543</b>	<b>21,546</b>	<b>33,153</b>	<b>59,242</b>
<b>Total 31/12/2023</b>	<b>4,696</b>	<b>21,879</b>	<b>37,427</b>	<b>64,002</b>

#### B. Hedging credit derivatives

This case does not exist for the Group; the relevant tables are therefore omitted.

#### C. Non-hedging derivative instruments

This case does not exist for the Group; the relevant tables are therefore omitted.

#### D. Instruments hedged

This case does not exist for the Group; the relevant tables are therefore omitted.

#### E. Effects of hedging transactions on equity

This case does not exist for the Group; the relevant tables are therefore omitted.





### 1.3.3 Other information on derivative instruments (trading and hedging)

#### A. Financial and credit derivatives

##### A.1 OTC financial and credit derivatives: net fair value by counterparty

	Central counterparties	Banks	Other financial corporations	Other parties
<b>A. Financial derivatives</b>				
<b>1) Debt securities and interest rates</b>				
- notional value	-	264,328	200	166,673
- net positive fair value	-	6,035	-	1,092
- net negative fair value	-	1,876	1	2,487
<b>2) Capital securities and stock indices</b>				
- notional value	-	86,405	-	-
- net positive fair value	-	729	-	-
- net negative fair value	-	168	-	-
<b>3) Currency and gold</b>				
- notional value	-	3,316,911	10,157	487,665
- net positive fair value	-	24,505	97	5,120
- net negative fair value	-	6,173	49	5,482
<b>4) Commodities</b>				
- notional value	-	13,240	-	13,240
- net positive fair value	-	161	-	387
- net negative fair value	-	379	-	152
<b>5) Other</b>				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
<b>B. Credit derivatives</b>				
<b>1) Purchase of protection</b>				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
<b>2) Sale of protection</b>				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-

## 1.4 Banking group - Liquidity risk

### QUALITATIVE INFORMATION

#### A. General aspects, management processes and methods of measuring liquidity risk

For the Parent Company, reference should be made to the corresponding section of the Company's notes.

The Group's overall strategy for managing liquidity risk, with its low propensity for risk, manifests itself in the decision to favour, from a prudential perspective, the balance of the structure by maturity of assets and liabilities over the pursuit of increasing levels of profitability.

The coverage of expected liquidity requirements is checked and monitored on a continuous basis and timely action is taken in the markets to ensure the appropriate availability of funds.

In this context, the Parent Company acts as the subsidiary's counterparty of choice in the raising of funds and in the investment of any cash surpluses.

The liquidity reserves in the form of assets eligible as collateral at the European Central Bank are mostly held by the Parent Company; the total value of the assets in question, net of haircuts, amounts to 14,901 million euro, 9,832 million euro were free (including 2,859 million euro of A.Ba.Co. Loans) and 5,069 million euro used as collateral or pledges.

The portfolio of the subsidiary Banca della Nuova Terra spa consists of securities issued by the Italian government and characterised by a high degree of liquidity. As regards the Swiss subsidiary, it holds a bond portfolio mainly composed of securities eligible as collateral at the European Central Bank.

The Parent Company carries out daily monitoring of liquidity risk at a consolidated level. The subsidiaries oversee it through the use of monitoring tools suitable for detecting the operations performed; in the case of Banca Popolare di Sondrio (Suisse) SA, they comply with the rules laid down by the Swiss Supervisory Authority.

The following disclosures are provided in accordance with the requirements of IFRS 7.39.



## QUANTITATIVE INFORMATION

### 1. Distribution by residual contractual maturity of financial assets and liabilities

Currency: EURO

Items/Time bands	Sight	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	From over 1 year to 5 years	Over 5	Unspecified duration
<b>Cash assets</b>	<b>4,674,992</b>	<b>620,563</b>	<b>925,733</b>	<b>1,860,198</b>	<b>3,479,749</b>	<b>2,107,764</b>	<b>2,708,391</b>	<b>15,876,393</b>	<b>10,688,561</b>	<b>360,094</b>
A.1 Government securities	-	-	81,352	253,583	389,606	98,154	277,490	4,946,313	3,661,000	-
A.2 Other debt securities	18,933	-	2,523	53,787	50,534	154,697	219,030	2,203,183	640,651	-
A.3 Mutual funds	379,098	-	-	-	-	-	-	-	-	-
A.4 Loans	4,276,961	620,563	841,858	1,552,828	3,039,609	1,854,913	2,211,871	8,726,897	6,386,910	360,094
- Banks	49,963	891	1,145	402	120,757	1,389	21,920	-	-	331,185
- Customers	4,226,998	619,672	840,713	1,552,426	2,918,852	1,853,524	2,189,951	8,726,897	6,386,910	28,909
<b>Cash liabilities</b>	<b>31,472,579</b>	<b>1,865,697</b>	<b>1,391,058</b>	<b>2,772,195</b>	<b>1,950,185</b>	<b>789,330</b>	<b>789,771</b>	<b>4,063,153</b>	<b>1,278,614</b>	<b>-</b>
B.1 Deposits and current accounts	29,805,038	649,561	1,150,165	1,269,212	1,048,070	545,599	267,070	395,517	-	-
- Banks	495,859	-	-	-	-	-	66	394,017	-	-
- Customers	29,309,179	649,561	1,150,165	1,269,212	1,048,070	545,599	267,004	1,500	-	-
B.2 Debt securities	65,577	29,264	-	16,868	131,243	230,851	235,496	3,285,638	1,181,160	-
B.3 Other liabilities	1,601,964	1,186,872	240,893	1,486,115	770,872	12,880	287,205	381,998	97,454	-
<b>Off-balance sheet transactions</b>	<b>1,871,375</b>	<b>928,674</b>	<b>622,431</b>	<b>2,404,973</b>	<b>478,225</b>	<b>292,481</b>	<b>202,792</b>	<b>263,644</b>	<b>395,312</b>	<b>-</b>
C.1 Financial derivatives with exchange of capital	-	116,616	616,120	2,308,479	216,951	102,570	126,466	64,852	-	-
- Long positions	-	58,809	86,628	157,955	108,984	51,557	64,731	32,432	-	-
- Short positions	-	57,807	529,492	2,150,524	107,967	51,013	61,735	32,420	-	-
C.2 Financial derivatives without exchange of capital	10,257	-	-	-	32	77	245	-	-	-
- Long positions	5,666	-	-	-	16	-	-	-	-	-
- Short positions	4,591	-	-	-	16	77	245	-	-	-
C.3 Deposits and loans to be received	807,851	807,851	-	-	-	-	-	-	-	-
- Long positions	807,851	-	-	-	-	-	-	-	-	-
- Short positions	-	807,851	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to make loans	1,053,267	4,207	6,311	96,494	261,242	189,834	76,081	198,792	395,312	-
- Long positions	58,914	-	-	40,119	141,935	95,520	25,635	193,298	395,312	-
- Short positions	994,353	4,207	6,311	56,375	119,307	94,314	50,446	5,494	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Item B.1 – Deposits and current accounts reports due to banks and customers allocated to the specific line items.

The breakdown by maturity is based on the residual life of assets and liabilities, being the difference between the reporting date and the maturity dates of each transaction. In the event of repayment plans, the residual maturity of each payment has been considered. Mutual funds units are conventionally assigned to the "on demand" segment. The deposit with the Bank of Italy as a compulsory reserve is shown under loans and receivables with banks within unspecified duration. Non-performing loans are allocated to the pertinent time bands on the basis of forecasts for the recovery of the underlying cash flows made by the Bank for financial statements purposes. Irrevocable commitments to grant loans include all of the irrevocable commitments, whether or not certain to be called on, relating to lines of credit granted to banks and customers.



## 1. Distribution by residual contractual maturity of financial assets and liabilities

Currency: OTHER CURRENCIES

Items/Time bands	Sight	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	From over 1 year to 5 years	Over 5	Unspecified duration
<b>Cash assets</b>	<b>393,594</b>	<b>404,223</b>	<b>207,150</b>	<b>177,470</b>	<b>490,894</b>	<b>484,117</b>	<b>873,363</b>	<b>2,851,729</b>	<b>1,155,285</b>	<b>327</b>
A.1 Government securities	-	-	-	-	-	1,063	2,813	12,532	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	11,690	-	-
A.3 Mutual funds	44,834	-	-	-	-	-	-	-	-	-
A.4 Loans	348,760	404,223	207,150	177,470	490,894	483,054	870,550	2,827,507	1,155,285	327
- Banks	198,453	248,704	124,459	25,877	84,723	71,673	19,466	-	-	-
- Customers	150,307	155,519	82,691	151,593	406,171	411,381	851,084	2,827,507	1,155,285	327
<b>Cash liabilities</b>	<b>3,129,901</b>	<b>89,969</b>	<b>184,270</b>	<b>213,242</b>	<b>343,417</b>	<b>131,641</b>	<b>79,204</b>	<b>375,611</b>	<b>478,824</b>	<b>-</b>
B.1 Deposits and current accounts	3,120,181	89,549	182,778	174,342	245,552	92,856	59,779	311,826	477,602	-
- Banks	221,377	48,201	124,653	30,773	31,646	16,541	21,386	311,695	477,602	-
- Customers	2,898,804	41,348	58,125	143,569	213,906	76,315	38,393	131	-	-
B.2 Debt securities	589	385	643	1,697	5,056	7,103	17,487	63,403	1,222	-
B.3 Other liabilities	9,131	35	849	37,203	92,809	31,682	1,938	382	-	-
<b>Off-balance sheet transactions</b>	<b>119,642</b>	<b>120,583</b>	<b>884,450</b>	<b>2,481,101</b>	<b>301,910</b>	<b>119,747</b>	<b>146,617</b>	<b>67,188</b>	<b>-</b>	<b>-</b>
C.1 Financial derivatives with exchange of capital	-	120,583	883,609	2,478,855	298,790	118,980	146,584	67,188	-	-
- Long positions	-	59,782	660,847	2,229,453	148,644	59,308	71,723	33,598	-	-
- Short positions	-	60,801	222,762	249,402	150,146	59,672	74,861	33,590	-	-
C.2 Financial derivatives without exchange of capital	196	-	-	15	4	-	33	-	-	-
- Long positions	98	-	-	-	-	-	-	-	-	-
- Short positions	98	-	-	15	4	-	33	-	-	-
C.3 Deposits and loans to be received	70,772	-	-	-	-	-	-	-	-	-
- Long positions	35,386	-	-	-	-	-	-	-	-	-
- Short positions	35,386	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to make loans	48,674	-	841	2,231	3,116	767	-	-	-	-
- Long positions	23,774	-	-	-	-	-	-	-	-	-
- Short positions	24,900	-	841	2,231	3,116	767	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital exchange	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-



## Self-securitisation transactions

Credit self-securitisations are transactions carried out with the objective of achieving an improvement in liquidity risk management by optimising the amount of assets immediately available to meet liquidity needs. The Parent Company's direct and full underwriting of the securities issued by the vehicles, while not allowing it to obtain direct liquidity from the market, nevertheless provides securities that can be used for refinancing operations with the ECB and for repurchase agreements on the market, improving the safety margin against the liquidity risk of the parent company. These disposals did not have any economic impact on the financial statements: receivables continue to be shown under assets, while subscribed securities are not represented.

On 16 June 2023, a securitisation transaction was finalised by the Parent Company as part of the management of medium- and long-term interbank funding. The transaction consisted in the non-recourse assignment of a granular portfolio of performing loans granted to SMEs, guaranteed or unsecured, amounting to 1,554 million euro, pursuant to Law 130/1999, to the vehicle company, named Centro delle Alpi SME S.r.l., which was set up for this purpose. On 2 May 2024, a further disposal of receivables to the vehicle was made. The sale concerned a granular portfolio of unsecured performing loans granted to SMEs amounting to 1,528 million euro.

The transaction involved the total issuance by the SPV of three tranches of securities for 3,199.97 million euro:

- a senior tranche of 2,288.2 million euro, broken down as follows:
  - Class A1 - Nominal Value = 941.6 million euro
  - Class A2 - Nominal Value = 73 million euro
  - Class A3 - Nominal Value = 1,182 million euro
  - Class A4 - Nominal Value = 91.6 million euro

The above securities are rated A by the Standard & Poor's and DBRS Morningstar rating agencies. The classes also became ECB-eligible.

- a mezzanine tranche - rated BB (high) by DBRS Morningstar and BBB by Standard & Poor's - amounting to 288 million euro nominal value.
- a junior tranche, amounting to 623.77 million euro nominal value, non-rated.

The senior, mezzanine and junior securities were underwritten by Banca Popolare di Sondrio, so no derecognition was made from the balance sheet of the loans. In fact, the Bank retained the credit risk associated with the securitised portfolio and the related benefits; consequently, in the separate financial statements of the originator bank, the loans continue to be recognised as "Assets sold and not derecognised"; the consideration received from the sale is recognised as a balancing entry to a payable to the vehicle company, net of the securities subscribed by the bank itself.

Among the main strategic objectives pursued is that of equipping the Parent Company with an instrument capable of extending the maturities of funding and thus strengthening the correlation between the latter and the mass of medium/long-term loans, as well as that of potentially using part of these securities to diversify the sources of long-term funding.

The bank performs on behalf of the special purpose vehicle Centro delle Alpi SME srl the activity of "servicer", i.e. the service of management, administration and collection of mortgages; it acts on behalf of the special purpose vehicle but is the sole counterparty of the customers and, in return for this service, servicing fees are collected.

As at 31 December 2024, the value of outstanding securities subscribed by the Parent Company was unchanged at 1,529 million euro for senior securities, 251.6 million euro for mezzanine securities and 544.9 million euro for junior securities.

## 1.5 Banking group - Operational risks

### QUALITATIVE INFORMATION

#### A. General aspects, operational risk measurement and management

The operational risk represents the risk of suffering losses from the inadequacy or malfunctioning of procedures, human resources and internal systems, or from external events.

This category also includes losses caused by fraud, human error, operational interruptions, system downtime, contractual non-performance and natural catastrophes; the scope of operational risk includes legal risks (including conduct risks) and IT risk, but excludes strategic and reputational risks.

"Section 5 - Operational Risks" in the Separate Financial Statements of the Parent Company Banca Popolare di Sondrio explains the system of operational risk management adopted at Group level, which is applied by the subsidiaries, each in proportion to the nature and size of its activity.

### QUANTITATIVE INFORMATION

The most significant impacts in absolute terms are mainly represented by loss events attributable to errors/failures in the relationships established with counterparties other than customers, adoption of improper business and market practices, as well as contested violations of regulatory/contractual obligations. These types of losses are mainly prudential provisions to the Provision for Risks and Charges for legal proceedings/compensation claims against Group companies.

Also contributing to the total amount of losses were disbursements arising from fraudulent actions by third parties (where possible mitigated through dedicated insurance policies), mainly in connection with a cyber fraud event that occurred at the subsidiary Factorit (resulting in the execution of fraudulent payment orders), as well as reimbursements to customers using online payment services who were victims of cyber attacks; the latter case has grown significantly, and in relation to it, provisions were made in the year to cover related claims for damages.

Lastly, economic events attributable to errors/delays in the conduct of operations, as well as system failures and business interruptions, are highlighted.

The following table shows the operational losses recognised over the past five years (2020-2024) as part of the Loss Data Collection process, according to the regulatory classification for operational risk events (Event Type):

- *Internal fraud* - Events involving fraud, embezzlement or circumvention of the law by the Bank's own staff to obtain personal benefits that involve damage (in the form of monetary losses) that would be borne by the Bank.
- *External fraud* - Events of fraud, embezzlement or circumvention of the law by external/third parties to obtain personal benefits that involve damage to the Bank.
- *Employment and safety at work* - Events attributable to acts that do not comply with the law or agreements on employment, health and safety at work.
- *Customers, products and professional practices* - Events due to non-compliance/negligence in the application of laws, codes, rules of conduct and professional obligations towards customers or due to defects in the nature or characteristics of products, services and models.
- *Damage from external events* - Events involving damage or destruction of property due to accidents, natural disasters or other vandalism.
- *Operational interruptions and system malfunctions* - Events attributable to interruption of business continuity and unavailability / malfunctioning of the information systems used to support company operations.
- *Execution, delivery and management of processes* - Events due to errors, shortages and unintentional delays in the execution of daily operations, in the management of processes and relationships with counterparties other than customers (e.g. commercial counterparties, suppliers of goods and services).


**Banca Popolare di Sondrio Group – Sources of operational losses (accounting period: 01/01/2020 – 31/12/2024)**

Event Type	Number of operational loss events (%)	Impacts of operational loss events (%)
- Internal fraud	0.17	0.04
- External fraud	16.78	17.77
- Employment practices and workplace safety	0.44	0.31
- Customers, products and professional practices	27.61	34.70
- Damage from external events	9.39	0.73
- Operational interruptions and system malfunctions	0.72	3.63
- Execution, delivery and management of processes	44.89	42.82
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## 1.6 Sovereign risk

### 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 December 2024 amounted to 10,219 million euro and was structured as follows:

- a) Italian government securities: 5,794 million euro;
- b) Securities of other issuers: 4,012 million euro;
- c) Loans to government departments: 70 million euro;
- d) Loans to other public administrations and miscellaneous entities: 343 million euro.

The table below shows the book value of the Group's total debt securities exposure to sovereign states as at 31 December 2024, by portfolio.

(thousands of euro)	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Book value
<b>Government securities</b>				
Italy	–	197,550	5,596,936	5,794,486
France	–	626,398	484,435	1,110,833
Spain	–	678,058	960,054	1,638,112
Germany	–	301,829	444,826	746,655
Austria	–	99,595	50,455	150,050
<b>Other Securities from public bodies</b>				
- Italy	–	–	111,662	111,662
- Other	45,814	157,037	51,688	254,539
<b>Total</b>	<b>45,814</b>	<b>2,060,467</b>	<b>7,700,056</b>	<b>9,806,337</b>

The table does not include GACS-assisted securitisation securities.

With regard to government securities exposures, the following table provides information on maturity, by portfolio:

(thousands of euro)	Within 1 year	from 1 to 5 years	Over 5	Total
Financial assets measured at fair value through other comprehensive income (Item 30)	574,912	1,127,132	201,386	<b>1,903,430</b>
Financial assets measured at amortised cost (Item 40)	258,013	3,785,815	3,492,877	<b>7,536,705</b>





## PART F – Information on consolidated equity

### Section 1 – Consolidated equity

#### A. QUALITATIVE INFORMATION

A healthy banking system is absolutely in the public interest, and the solvency and reliability of banks requires them to maintain appropriate capital resources. Such resources must be sufficient for Group to absorb any losses without prejudicing the rights of depositors, bearing in mind that losses also affect the Bank's reputation.

Banca Popolare di Sondrio as Parent Company carries out the activity of coordination and guidance on the companies belonging to the Group, worrying about the adequacy of the capital of each subsidiary and setting any lines to be adopted. The Group's asset size is constantly monitored and periodically brought to the attention of the Directors and Supervisory Bodies.

The need for adequate capital was made even more evident by the crisis and the actions of the Supervisory Authorities.

The economic/financial crisis has brought the equity levels of banks into sharp focus following the large losses recorded, the explosion of expected losses caused by the recession, the deterioration of loan quality and the uncertain value of assets. Said need is made even more relevant by the ongoing tensions linked to the persistence of high levels of inflation, the Russian-Ukrainian conflict, the energy crisis and lastly the tensions in the Middle East. Without forgetting, at the same time, the need to support the economy in order to stimulate a recovery. Recent events that have affected the banking system are evidence of this. Supervisory Bodies are focusing more and more on the capital adequacy of banks.

The Group has always made every effort to have an adequate and suitable level of capital to enable its operations to grow steadily and to protect against risk in accordance with the requirements of the supervisory regulations. In line with its status as a cooperative bank, the capitalisation policy of the Parent Company has been identified as the instrument that, by creating the role of shareholder/customer, has made it possible to pursue the strategy of autonomous growth decided by management.

By resolution of the shareholders' meeting of 29 December 2021, the Bank, in accordance with the provisions of Law No. 33 of 24 March 2015, converted from a cooperative company limited by shares to a joint-stock company. The transformation into a joint-stock company has not undermined the founding principles that underpin the Bank's activities.

This is why the history of the Bank features periodic increases in capital, carried out in ways that are technically straightforward and transparent, so that the shareholders can immediately understand the terms of the operation. Based on this premise, we have never issued innovative capital instruments and the repeated increases have always been taken up en masse.

The financial resources raised by such operations, together with the reserves built up in accordance with the articles of association, have enabled the Group to expand its activities harmoniously and to look forward to future challenges with a certain tranquillity.

The last increase in share capital took place in 2014 through a combined bonus and rights issue with the receipt for the cash portion of 343 million euro.

Capital adequacy is constantly checked and periodically brought to the attention of the Administrative and Control Bodies. Furthermore, in accordance with the CCRR and CRD regulations, it is also assessed in relation to the Group's ability to resist in situations of hypothetical stress events in particularly adverse conditions.



## B. QUANTITATIVE INFORMATION

In addition to as described below, for information on the component parts and size of the Group's capital and equity refer to Part B, Liabilities, sections 14 and 13 of these notes to the financial statements.

### B.1 Analysis of consolidated equity by type of company

Items/Values	Prudential consolidation	Insurance companies	Other companies	Eliminations and adjustments from consolidation	Total
<b>1. Share capital</b>	<b>1,360,161</b>	-	<b>10</b>	-	<b>1,360,171</b>
<b>2. Share premiums</b>	<b>78,934</b>		-	-	<b>78,934</b>
<b>3. Reserves</b>	<b>2,007,826</b>		<b>(3,260)</b>	<b>156,387</b>	<b>2,160,953</b>
<b>4. Equity instruments</b>					-
<b>5. Treasury shares</b>	<b>(25,220)</b>		-	-	<b>(25,220)</b>
<b>6. Valuation reserves:</b>	<b>2,667</b>	-	<b>199</b>	<b>3,693</b>	<b>6,559</b>
- Capital securities measured at fair value through other comprehensive income	64,443	-	-	-	64,443
- Hedge of capital securities measured at fair value through other comprehensive income					-
- Financial assets (other than capital securities) measured at fair value through other comprehensive income	(5,330)	-	-	-	(5,330)
- Property, equipment and investment property	11,940	-	-	-	11,940
- Intangible assets					-
- Hedges of foreign investments					-
- Cash-flow hedges					-
- Hedging instruments (non-designated elements)					-
- Exchange rate differences	-	-	-	399	399
- Non-current assets and groups of assets held for sale					-
- Financial liabilities measured at fair value through profit or loss (changes in own creditworthiness)					-
- Actuarial profits (losses) related to defined-benefit pension plans	(68,386)	-	7	-	(68,379)
- Portions of valuation reserves related to subsidiaries carried at equity	-	-	-	3,294	3,294
- Financial revenues or costs relating to insurance contracts issued					-
- Financial revenues or costs relating to outward reinsurance					-
- Special revaluation regulations	-	-	192	-	192
<b>7. Profit (loss) for the year</b>	<b>555,150</b>	-	<b>4,366</b>	<b>15,426</b>	<b>574,942</b>
<b>Total</b>	<b>3,979,518</b>	-	<b>1,315</b>	<b>175,506</b>	<b>4,156,339</b>



## B.2 Valuation reserve of financial assets measured at fair value through other comprehensive income: breakdown

Assets/Amounts	Prudential consolidation		Insurance companies		Other companies		Eliminations and adjustments from consolidation		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	5,459	(13,998)	-	-	-	-	-	-	5,459	(13,998)
2. Capital securities	68,658	(4,215)	-	-	-	-	-	-	68,658	(4,215)
3. Loans	3,209	-	-	-	-	-	-	-	3,209	-
<b>31/12/2024</b>	<b>77,326</b>	<b>(18,213)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,326</b>	<b>(18,213)</b>
<b>31/12/2023</b>	<b>75,816</b>	<b>(44,128)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,816</b>	<b>(44,128)</b>

## B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: changes in the year

	Debt securities	Capital securities	Loans
<b>1. Opening balance</b>	<b>(29,046)</b>	<b>64,245</b>	<b>(3,511)</b>
<b>2. Positive changes</b>	<b>28,142</b>	<b>3,416</b>	<b>6,720</b>
2.1 Increases in fair value	20,567	3,416	6,720
2.2 Adjustments for credit risk	486	-	-
2.3 Transfer to income statement of negative reserves from disposals	7,089	-	-
2.4 Transfer to other components of equity (capital securities)	-	-	-
2.5 Other changes	-	-	-
<b>3. Negative changes</b>	<b>(7,635)</b>	<b>(3,218)</b>	<b>-</b>
3.1 Reductions in fair value	(1,179)	(3,167)	-
3.2 Write-backs for credit risk	(632)	-	-
3.3 Transfer to income statement from positive reserves: from disposal	(5,824)	-	-
3.4 Transfer to other components of equity (capital securities)	-	(51)	-
3.5 Other changes	-	-	-
<b>4. Closing balance</b>	<b>(8,539)</b>	<b>64,443</b>	<b>3,209</b>

## B.4 Valuation reserves relating to defined-benefit plans: changes in the year

The valuation reserve relating to the defined-benefit plans is negative by 68.379 million euro. This amount derives from the recognition of the related actuarial gains and losses and the associated deferred taxation.

## Section 2 – Capital and capital adequacy ratios

The disclosure on own funds and capital adequacy is represented in the document "Disclosure to the Public - Pillar 3 at 31 December 2024" prepared on the basis of the regulatory provisions established by Circular No. 285 of 17 December 2013 and subsequent updates, issued by the Bank of Italy, and by Regulation (EU) No. 575/2013 of the European Parliament and Council of 26 June 2013 (CRR), as amended. The document contains consolidated information and is made available on the company website at [www.popso.it](http://www.popso.it) in the "Investor Relations" section of the institutional website.

## PART G – Business Combinations involving companies or business units

### Section 1 – Transactions realised after the end of the year

#### Business combination

Company Name	Transaction date	Transaction cost	Acquired interest	Total revenues (a)	Profit/(loss) of the Company (b)
Rajna Immobiliare S.r.l.	29/10/2024	0.6	50%	0.121	0.032

(a) Revenues for the full year 2024. Revenues reported from the date of acquisition and included in the consolidated result of the Banca Popolare di Sondrio Group amounted to 0.030 million.

(b) Profit/Loss of the Company for the entire year 2024. Profit/Loss for the year resulting from the financial statements of companies prepared in accordance with the National Accounting Standards issued by the OIC. The profit recognised from the date of acquisition and included in the consolidated result of the Banca Popolare di Sondrio Group amounted to 0.017 million.

#### Acquisition of Rajna Immobiliare S.r.l.

##### Description of the transaction

On 29 October 2024 was the acquisition by the parent company Banca Popolare di Sondrio S.p.a. of 50% of the share capital of Rajna Immobiliare S.r.l. (hereinafter "Rajna"), real estate company in which the Bank already held a 50% stake.

The consideration paid for the capital acquisition amounted to 0.6 million euro.

##### Accounting for the business combination using the acquisition method under IFRS 3

The acquisition of control of the Company took the form of a business combination to be accounted for according to the provisions of IFRS 3, which requires the application of the acquisition method. Under this method, the purchaser must proceed to:

- identify the purchaser and the date of acquisition;
- determine the cost of the acquisition, including the fair value of the interest already held;
- allocate the cost of the acquisition ('Purchase Price Allocation', 'PPA') by recognising the assets, liabilities and contingent liabilities deemed identifiable of the acquired company at their fair values at that date, including any identifiable intangible assets not recognised in the financial statements of the acquired company. Any excess of the cost of the combination that is not allocated to the individual assets and liabilities acquired must be recognised under assets as goodwill; otherwise, the negative difference, resulting from accounting for the combination at favourable prices, is recognised in the income statement as negative goodwill (badwill). Specifically, paragraph 45 of IFRS 3 provides that in the event that *«If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall also recognise additional assets or liabilities. However, the measurement period shall not exceed one year from the acquisition date»*. It should be noted that the acquisition is being definitively accounted for in these financial statements.

##### Identification of the acquirer and date of acquisition and determination of the acquisition cost

In the Rajna acquisition transaction, the acquiring party is Banca Popolare di Sondrio. The acquisition date is a relevant element for the accounting of the transaction as it is the reference date for determining the fair values of the assets and liabilities acquired as well as the date from which the economic results of the acquired entity are incorporated into the consolidated income statement of the acquiring entity. The transaction was finalised on 29 October 2024. It is therefore from that date that Banca Popolare di Sondrio, holding 100% of the company's share capital, acquired control as defined by IFRS 10, and that the



respective economic results are consolidated on a line-by-line basis.

With reference to the determination of the cost of the acquisition, it is necessary to take into account the interests already held by Banca Popolare di Sondrio in Rajna before taking control, and that therefore, the transaction in question qualified as a business combination realised in several stages; consequently, the cost of the acquisition was determined by taking into account the sum of the cash consideration transferred for the majority interests and the fair value of the interests already held. To summarise, the total acquisition cost amounted to 1.327 million euro, of which 0.727 million euro related to the fair value of the interest already held by Banca Popolare di Sondrio and 0.6 million referred to the cash consideration transferred for the acquisition of the majority stake.

### **The fair value of assets and liabilities acquired and the PPA Process**

As mentioned above, the accounting for the combination requires measuring the identifiable assets acquired and liabilities assumed at their respective fair values, including contingent liabilities and any identifiable intangible assets not recognised in the financial statements of the acquiree. What remains after this allocation must be recognised as goodwill, which represents a payment made by the acquirer in anticipation of future economic benefits from assets that cannot be individually identified and separately recognised. From the analysis of the financial statements and following the information provided by the company, at the date of acquisition, certain differences emerged between the book values resulting from the reference accounting situation and the relevant fair values, in relation to the company's real estate, which led to the recognition of a revaluation of 0.908 million euro. There were no specific intangible assets previously unrecognised in the company's financial statements.

The comparison between the total acquisition cost and the equity revalued at fair value, amounting to 1.454 million euro, showed badwill recognised in the income statement under item "230 Other operating expenses/income" of 0.127 million euro.

## **Section 2 – Transactions realised after the end of the year**

### **2.1 Business combinations**

There have been no business combinations after 31 December 2024 and up to the date of approval of these Consolidated Financial Statements.

## **Section 3 – Retrospective adjustments**

In the year 2024, no adjustments were recognised in connection with business combinations that occurred in the same or previous years.

## PART H – Transactions with related parties

### 1. Information on the remuneration of managers with strategic responsibilities

The following table provides information on remuneration for the year, regardless of whether or not it was paid, paid in 2024 to key management personnel as required by IAS 24, in line with the provisions of Bank of Italy Circular 262 of 22 December 2005 (and subsequent updates), which provides for the inclusion of remuneration paid to members of the Board of Statutory Auditors.

Key managers are the individuals within the Banca Popolare di Sondrio Group who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities.

(thousands of euro)	
Fees	6,703
Bonuses and other incentives	478
Non-monetary benefits	193
Other remuneration	225
Employment termination indemnities	-
Payments in shares	557
<b>Total</b>	<b>8,156</b>

In accordance with the provisions of Article 123-ter of Legislative Decree 58/1998, as amended, and Article 84-quater of the Issuers' Regulation (Consob Resolution No. 11971/1999, as amended), the Parent Company has made available both at its registered office and on its website the "Report on Remuneration Policy and Compensation Paid".

### 2. Related-party disclosures

In accordance with Consob Resolution No. 17221 of 12.3.2010 and subsequent amendments, by resolution of the Board of Directors on 11 November 2010, the Bank adopted its own Internal Regulation on related party transactions.

This regulation was last updated by resolution of the Board of Directors on 07 May 2024 and is published on the company website at [www.institutional.popso.it](http://www.institutional.popso.it).

A related party is understood as being a person in a certain position who could exercise an influence over the Parent Company such as to condition, directly or indirectly, the way that it operated to favour their own personal interests.

Related parties have been identified in accordance with IAS 24 and with the above mentioned Consob Regulation. Related parties are:

1. Subsidiary companies, parent companies and companies under joint control.
2. Companies that can exercise significant influence over the reporting bank.
3. Associated companies and their subsidiaries.
4. Joint ventures in which the reporting bank holds an investment.
5. Managers with strategic responsibilities within the bank or its parent company.
6. Close family members of the parties listed in point 5.
7. Subsidiary companies, companies under joint control by one of the parties listed in points 5 and 6.
8. Pension funds of employees and any other entity related to them.

Close family members are defined as follows: the spouse (not legally separated) or cohabiting partner; the children and dependant relatives of the person concerned, of the spouse (not legally separated) and of the companion; the parents, second degree relatives and others living with the person concerned.

A situation of significant influence is presumed to exist if one holds, directly or indirectly, 20% or more of the votes exercisable at the shareholders' meeting of the investee, or 10% in the case of companies with shares listed on regulated markets, unless the contrary can be clearly demonstrated.



Relations with companies in which investments are held are conducted as part of normal operations and mainly relate to current accounts, deposit accounts and loans. These relations are regulated from a Group perspective and are normally in line with the conditions applied to the Parent Company in the reference markets and may differ from those that the subsidiary could see applied to it acting autonomously.

Other relations with other related parties, excluding the above companies, are also settled on the market terms applying to the individual transactions, or on terms in line with those applied to employees, if applicable.

Related parties with administration, management and control functions, are applied a special approval procedure for the granting of bank credit laid down in art. 136 of the CBA. This makes the transaction subject to the unanimous approval of the Board of Directors.

With reference to the most significant related party transactions resolved upon by the competent bodies of the bank in the period from 1 January to 31 December 2024, in compliance with the disclosure requirements set forth in Article 5 of the aforementioned Consob Regulation, please refer to the chapter "Related Party Transactions" of the Directors' Report.

During 2024 and in the current year, no positions or transactions deriving from atypical or unusual operations have arisen. According to Consob Circular DEM/1025564 of 6 April 2001, atypical and/or unusual transactions are those – not arising in the ordinary course of business – that may raise doubts about the completeness of the disclosures in the financial statements, conflicts of interests, the protection of the corporate assets or the safeguarding of the shareholders, by virtue of their magnitude, the nature of the counterparties, the methods for determining the transfer price or the timing of the transaction.

The balance sheet and income statement figures as at 31 December 2024 are shown below for related parties as defined above on the basis of IAS 24:

(thousands of euro)	Assets	Liabilities	Income	Charges	Guarantees given and commitments	Guarantees received
Directors	414	10,355	9	347	105	497
Auditors	512	195	10	5	392	1,576
Management	-	1,286	-	43	540	-
Family members	1,042	2,947	65	80	230	5,040
Associated companies	698,872	87,519	14,232	2,207	73,073	612
Other	118,270	1,657	4,230	-	3,492	-
<b>Totals</b>	<b>819,110</b>	<b>103,959</b>	<b>18,546</b>	<b>2,682</b>	<b>77,832</b>	<b>7,725</b>

Other includes positions with Unipol Group, which exercises significant influence over the Group.

Assets and liabilities mainly refer to item 40 "Financial assets measured at amortised cost - b) loans to customers" and item 10 "Financial liabilities measured at amortised cost - b) amounts due to customers" and have a percentage incidence of 1.89% and 0.26%, respectively. Income and expenses mainly relate to interest and commission items and account for 0.72% and 0.26%, respectively.

The exposure to associated companies is attributable for 45 million euro to Arca Vita spa, 135 million euro to Arca Holding spa and 431 million euro to Alba Leasing spa.

## PART I – Equity-settled share-based payment agreements

### QUALITATIVE INFORMATION

#### 3. Description of payment agreements based on own equity instruments

Banca Popolare di Sondrio S.p.A., as Parent Company, prepares the annual Report on remuneration policy and compensation paid pursuant to the Supervisory Provisions of the Bank of Italy (Circular No. 285/2013, 37th update, Part One, Title IV, Chapter 2 "Remuneration and Incentive Policies and Practices"), Article 450 of the CRR (EU Regulation No.876/2019), Article 123-ter of Legislative Decree 58/1998 and subsequent amendments, Article 84-quater and Annex 3A of the Consob Issuers' Regulation approved by resolution No. 11971 of 14 May 1999 and subsequent amendments and additions.

Consistent with the remuneration policies approved by the Shareholders' Meeting and in compliance with the remuneration and incentive provisions of the Bank of Italy, a variable remuneration system based partly on cash payments and partly through the free assignment of shares was defined.

The system is aimed at fostering competitiveness and good governance of the Group. The remuneration, in particular of those who hold relevant roles within the company organisation, tends to attract and retain individuals with professionalism and skills appropriate to the company's needs. At the same time, remuneration systems are defined in line with the bank's corporate objectives and values, including sustainable finance objectives that take into account, *inter alia*, environmental, social and governance (ESG) factors, and with the Group's long-term strategies and prudent risk management policies, including strategies for monitoring and managing non-performing loans, consistent with the provisions on the supervisory review process.

Circular No. 285/2013 in order to ensure that remuneration and incentive systems meet the fundamental objectives of regulation: linkage with risks, compatibility with capital and liquidity levels, medium- to long-term orientation, and compliance with rules, provides for a series of criteria that the variable remuneration component must meet. In particular, the variable component must be balanced, i.e., at least 50% of the variable remuneration paid to the 'Key Personnel' must be allocated through the assignment of shares or financial instruments linked to them (pursuant to Article 114-bis of Legislative Decree 58 of 24 February 1998) and paid by means of spot payment systems ("up-front") or deferred for a period of not less than 4-5 years so as to take into account the trend over time of the risks assumed by the Group (so-called malus mechanisms).

In compliance with the aforementioned regulatory provisions, at 31 December 2024, the Banca Popolare di Sondrio Group had:

- **Short-term remuneration plan on an annual basis - 2024:** the Plan identifies the recipients, the reasons for adopting the plan and the approval process and timeframe for awarding the instruments. The 2024 Plan, provided for in the Group's Remuneration Policies, was approved by the Board of Directors on 15 March 2024.

As to the characteristics of the instruments granted, the Plan provides for the possible free assignment of ordinary shares of Banca Popolare di Sondrio upon the occurrence of certain predefined conditions. The implementation period of the 2024 Plan is between the period of the final results for the financial year 2024 and the year of the possible award of the last tranche of shares. Considering the 5-year deferral period established by the Remuneration Policies, the 2024 Plan can be concluded in 2030. The Plan provides for a one-year action retention period for possible beneficiaries.

- **Long-Term Compensation Plan 2023-2025:** the Plan identifies the recipients, the reasons for adopting the plan and the approval process and timeframe for awarding the instruments. As to the characteristics of the instruments granted, the Plan provides for the possible free assignment of ordinary shares of Banca Popolare di Sondrio upon the occurrence of certain predefined conditions. The implementation period of the Plan linked to the 2023 - 2025 Long-Term Bonus System is between the period of the final results for the financial year 2025 and the year of the possible award of the last tranche of shares (2031). Considering the 5-year deferral period established by the Remuneration





Policies, the Plan linked to the Long-Term Bonus System, measured at the end of the validity period of the business plan (2025) can be concluded in 2031. The Plan provides for a one-year action retention period for possible beneficiaries.

## QUANTITATIVE INFORMATION

For both plans (short-term and long-term), the allocation of the financial instruments is conditional on the authorisation by the Shareholders' Meeting to the Parent Company's Board of Directors for the use of the treasury shares already held. The 2024 Incentive Plan was approved by the Board of Directors on 15 March 2024. On 15 March 2024, the market price of the Banca Popolare di Sondrio share, traded on the Euronext Milan Market, was 6.70 euro.

### 1. Changes in the year

The determination of the short-term variable remuneration referred to 2023 entailed the assignment, in 2024, of 56,879 Banca Popolare di Sondrio S.p.A. shares.

Taking into account the previous stock of treasury shares in addition to the deliveries of shares made during 2024 as part of the implementation of the remuneration and incentive policies, at 31 December 2024, the Group held 3,630,116 treasury shares.

With reference to the Short-Term Remuneration Plan on an annual basis - 2024, the variable remuneration will be resolved and paid in 2025; when presenting the financial statements for the year 2024, an estimate of the disbursement was made by recording a provision in the income statement with a balancing entry in equity for the portion attributable in shares in the amount of 0.9 million euro.

With reference to the 2023-2025 Long-Term Remuneration Plan, the exact identification of the shares to be granted is subject to the achievement of the expected results and the determinations of the Board of Directors. For the year 2024, the cost share for the year was estimated by recording a provision of 0.4 million euro in the income statement with a contra-entry in shareholders' equity.

### 4. Other information

For detailed information on the contents of the *Short-Term Compensation Plan on an annual basis - 2024 and the Long-Term Compensation Plan 2023-2025*, please refer to the Information Documents drafted pursuant to Article 84-bis of the Regulation on Issuers and Article 114-bis of the Consolidated Law on Finance, available to the public at the Bank's registered office, on the Bank's website [www.popso.it](http://www.popso.it) - Institutional website > Investor relations > Shareholders' Meeting.

## PART L – Segment reporting

The segment reporting was prepared in accordance with IFRS 8 - Operating segments.

Each segment is identified in consideration of the nature of the products and services offered and the type of reference customer, so as to present internally adequately homogeneous characteristics in terms of risk and profitability.

Even though this classification reflects the lines of business envisaged under the Standardised Approach for calculating the minimum capital requirement for operational risk, it is based substantially on internal practice for the subdivision of activities used to apply corporate policies and to evaluate their results.

Geographical distribution is based on the distribution of branches throughout Italy and Switzerland.

### A.1 Distribution by activity sectors: economic data

The following segments are discussed:

- Corporate: these comprise "non-financial companies" and "producer households"; the figures shown here relate to credit and loans, deposits, leasing and payment services. Revenues from currency transactions with resident and non-resident customers are also significant to this segment.
- Individuals and other customers: these comprise "consumer households", "public administrations", "finance companies" and "non-profit organisations"; the results reported derive from routine transactions with these customers, including the taking of deposits, intermediation in savings transactions, the granting of long-term loans and consumer credit, the provision of collection and payment services, the issue of credit and debit cards and other ancillary functions.
- Securities: this sub-segment comprises the results of transactions with customers involving direct trading in, the acceptance of instructions, the placement of financial instruments, insurance and pension product, and the management of portfolios.
- Central functions: this sub-segment reports the results deriving from the management of own portfolio of securities and equity investments, currency transactions on own account, and treasury management activities. In addition, it includes certain residual activities not classified elsewhere since the revenues earned are not significant.

The following tables show the pre-tax results of each individual segment for 2024 and 2023.

Interest income and expense include a notional element to reflect the contribution to the financial margin made by each segment.

This aspect is managed by using a multiple internal transfer rate ("treasury pool"), considering both currency and duration, which keeps assets and liabilities in balance and which is settled within the "central functions" segment.

Administrative expenses are allocated directly to the various segments, wherever possible; in other cases, they are allocated using suitable drivers that essentially reflect the scale of the activities concerned.

The "reconciliation" column is used for the tie-in to the financial statements.



Items	Corporate	Individuals and other customers	Securities	Central functions	Total	Reconciliation	31/12/2024
Interest income	1,173,115	1,348,576	-	1,654,828	4,176,519	-2,058,487	2,118,032
Interest expense	-831,932	-1,138,330	-	-1,116,153	-3,086,415	2,058,487	-1,027,928
<b>Net interest income</b>	<b>341,183</b>	<b>210,246</b>	<b>-</b>	<b>538,675</b>	<b>1,090,104</b>	<b>-</b>	<b>1,090,104</b>
Fee and commission income	203,797	85,622	137,332	29,126	455,877	-384	455,493
Fee and commission expense	-6,825	-8,672	-6,341	1,315	-20,523	-468	-20,991
Dividends and similar income	38	-	-	6,463	6,501	-	6,501
Net trading income	-	-841	-	125,348	124,507	-	124,507
Net hedging gains (losses)	-	-	-	2	2	-	2
Gains/losses from sales or repurchases	7,053	-286	-	7,800	14,567	-	14,567
Net gains/losses on financial assets and liabilities measured at fair value	-8,674	-811	-	1,733	-7,752	-	-7,752
<b>Total income</b>	<b>536,572</b>	<b>285,258</b>	<b>130,991</b>	<b>710,462</b>	<b>1,663,283</b>	<b>-852</b>	<b>1,662,431</b>
Net adjustments to financial assets	-173,130	-24,220	-	-2,111	-199,461	-	-199,461
<b>Net financial income</b>	<b>363,442</b>	<b>261,038</b>	<b>130,991</b>	<b>708,351</b>	<b>1,463,822</b>	<b>-852</b>	<b>1,462,970</b>
Administrative expenses	-144,196	-205,574	-66,883	-170,507	-587,160	-73,255	-660,415
Net accruals to provisions for risks and charges	3,569	-25,266	-	-1,054	-22,751	-	-22,751
Depreciation and net impairment losses on property, equipment and investment property	-10,799	-15,924	-5,197	-24,524	-56,444	-	-56,444
Amortisation and net impairment losses on intangible assets	-4,954	-7,363	-2,408	-5,204	-19,929	-	-19,929
Other operating income/expense	-826	4,021	-12	22,358	25,541	74,107	99,648
Net gains (losses) on equity investments	-	-	-	44,706	44,706	-	44,706
Net result of fair value measurement of property, equipment and investment property and intangible assets	-	-	-	-3,100	-3,100	-	-3,100
Value adjustments of goodwill	-	-	-	-4,365	-4,365	-	-4,365
Gains/losses on sale of investments	-	-	-	410	410	-	410
<b>Gross result</b>	<b>206,236</b>	<b>10,932</b>	<b>56,491</b>	<b>567,071</b>	<b>840,730</b>	<b>-</b>	<b>840,730</b>

Items	Corporate	Individuals and other customers	Securities	Central functions	Total	Reconciliation	31/12/2023
Interest income	937,906	1,039,165	-	1,489,052	3,466,123	-1,654,098	1,812,025
Interest expense	-700,855	-869,181	-	-959,132	-2,529,168	1,654,098	-875,070
<b>Net interest income</b>	<b>237,051</b>	<b>169,984</b>	<b>-</b>	<b>529,920</b>	<b>936,955</b>	<b>-</b>	<b>936,955</b>
Fee and commission income	191,062	87,556	120,509	25,001	424,128	-561	423,567
Fee and commission expense	-6,546	-9,338	-6,009	1,330	-20,563	-444	-21,007
Dividends and similar income	30	-	-	7,622	7,652	-	7,652
Net trading income	-	-	-	112,979	112,979	2	112,981
Net hedging gains (losses)	-	-	-	-76	-76	-	-76
Gains/losses from sales or repurchases	4,961	-524	-	2,128	6,565	-	6,565
Net gains/losses on financial assets and liabilities measured at fair value	-1,779	1,097	-	5,890	5,208	-	5,208
<b>Total income</b>	<b>424,779</b>	<b>248,775</b>	<b>114,500</b>	<b>684,794</b>	<b>1,472,848</b>	<b>-1,003</b>	<b>1,471,845</b>
Net adjustments to financial assets	-175,276	-27,182	-	6,741	-195,717	-	-195,717
<b>Net financial income</b>	<b>249,503</b>	<b>221,593</b>	<b>114,500</b>	<b>691,535</b>	<b>1,277,131</b>	<b>-1,003</b>	<b>1,276,128</b>
Administrative expenses	-132,624	-191,008	-62,094	-171,042	-556,768	-65,390	-622,158
Net accruals to provisions for risks and charges	-41,698	-14,616	-	-3,156	-59,470	-	-59,470
Depreciation and net impairment losses on property, equipment and investment property	-10,417	-15,229	-5,057	-23,133	-53,836	-	-53,836
Amortisation and net impairment losses on intangible assets	-4,815	-6,846	-2,245	-4,741	-18,647	-	-18,647
Other operating income/expense	4,432	2,598	-40	28,179	35,169	66,393	101,562
Net gains (losses) on equity investments	-	-	-	38,524	38,524	-	38,524
Net result of fair value measurement of property, equipment and investment property and intangible assets	-	-	-	-2,288	-2,288	-	-2,288
Gains/losses on sale of investments	-	-	-	469	469	-	469
<b>Gross result</b>	<b>64,381</b>	<b>-3,508</b>	<b>45,064</b>	<b>554,347</b>	<b>660,284</b>	<b>-</b>	<b>660,284</b>

Below is a breakdown of commission income by services rendered, defined from a management perspective, and by IFRS 8 operating segment, in line with the disclosure requirements introduced by IFRS 15.



Type of services	Corporate	Individuals and other customers	Securities	Central functions	Reconciliation	2024	2023
<b>FEE AND COMMISSION INCOME</b>	<b>203,797</b>	<b>85,622</b>	<b>137,332</b>	<b>29,126</b>	<b>(384)</b>	<b>455,493</b>	<b>423,567</b>
<b>Guarantees given</b>	<b>34,083</b>	<b>6,733</b>	-	-	-	<b>40,816</b>	<b>37,501</b>
<b>Management, Brokerage and Consulting</b>	-	-	<b>137,332</b>	-	-	<b>137,332</b>	<b>120,509</b>
<i>of which assets under administration</i>	-	-	39,956	-	-	39,956	38,291
<i>of which assets under management</i>	-	-	65,135	-	-	65,135	55,166
<i>of which insurance inflows</i>	-	-	32,241	-	-	32,241	27,052
<b>Collection and payment services</b>	<b>48,799</b>	<b>36,313</b>	-	<b>22,849</b>	-	<b>107,961</b>	<b>100,472</b>
<b>Keeping and management of current accounts</b>	<b>33,644</b>	<b>16,310</b>	-	-	-	<b>49,954</b>	<b>48,037</b>
<b>Other fees and commissions</b>	<b>87,271</b>	<b>26,266</b>	-	<b>6,277</b>	<b>(384)</b>	<b>119,430</b>	<b>117,048</b>
<i>of which loans</i>	76,078	19,799	-	-	-	95,877	94,600
<i>of which third-party products</i>	3,901	2,197	-	-	-	6,098	5,224
<i>of which other</i>	7,292	4,270	-	6,277	(384)	17,455	17,224
<b>FEE AND COMMISSION EXPENSE</b>	<b>(6,825)</b>	<b>(8,672)</b>	<b>(6,341)</b>	<b>1,315</b>	<b>(468)</b>	<b>(20,991)</b>	<b>(21,007)</b>
<b>NET FEE AND COMMISSION INCOME</b>	<b>196,972</b>	<b>76,950</b>	<b>130,991</b>	<b>30,441</b>	<b>(852)</b>	<b>434,502</b>	<b>402,560</b>

It should be noted that the breakdown by services is made according to management logic and therefore, the breakdown differs from the individual items of the financial statements required by Schedule 262/2005 for the breakdown of commission income.

## A.2 Distribution by activity sector: financial data

Items	Corporate	Individuals and other customers	Securities	Central functions	31/12/2024
Financial assets	20,802,244	18,295,358	-	10,162,841	49,260,443
Other assets	-	-	-	6,668,726	6,668,726
Property, equipment and investment property	114,947	167,574	54,537	326,519	663,577
Intangible assets	5,575	8,843	2,936	18,482	35,836
Financial liabilities	12,309,431	32,244,988	-	6,193,609	50,748,028
Other liabilities	28,869	14,870	-	1,257,332	1,301,071
Provisions	174,111	147,774	26,112	75,147	423,144
Guarantees given	4,694,800	474,761	-	289,031	5,458,592
Commitments	17,542,283	4,899,905	49,466	727,232	23,218,886

Items	Corporate	Individuals and other customers	Securities	Central functions	31/12/2023
Financial assets	20,181,412	16,873,574	-	12,757,540	49,812,526
Other assets	-	-	-	7,194,409	7,194,409
Property, equipment and investment property	117,593	166,693	54,581	338,207	677,074
Intangible assets	4,910	7,692	2,631	22,523	37,756
Financial liabilities	12,061,995	30,381,558	-	9,938,434	52,381,987
Other liabilities	17,914	8,474	-	1,107,023	1,133,411
Provisions	176,387	127,761	25,345	67,586	397,079
Guarantees given	4,473,892	499,984	-	228,396	5,202,272
Commitments	15,866,773	4,279,517	40,267	831,348	21,017,905

### A.3 Distribution by activity sector: comment

The results of the various sub-segments are discussed below.

**Corporate sector:** particularly noteworthy is the contribution of "Factorit", which showed a positive result of 48,753 thousand euro in this area, up from the previous year (+25.8%) mainly due to the significant growth in net interest income and net commissions.

This sector contributes 24.5% of overall results.

Financial assets and financial liabilities amount to 20,802 million euro and 12,309 million euro respectively.

With respect to total income, net adjustments for the impairment of financial assets represent 32.3% of the total, while administrative expenses absorb 26.9%.

The comparison with the previous year shows a significant increase in the segment result (+141,855 thousand euro), essentially related to the Parent Company's contribution and mainly attributable to the synergic operation of the following factors:

- significant increase in net interest income (+43.9%) against a backdrop of growing lending and funding spreads;
- significant increase in commission flows (+6.7%);
- positive contribution (+7,053 thousand euro) from the result of the sale of impaired loans (item "Gain/loss on sale");
- loss recognised on receivables measured at fair value (-8,674 thousand euro);
- slight decrease in net value adjustments on financial assets (-1.2%);
- significant increase in administrative expenses (+8.7%);
- decrease in net provisions and reserves for risks and charges, positive by +3,569 thousand euro.

**Individuals and other customers:** the sector contributes +1.3% of overall results.

Financial assets and financial liabilities amount to 18,295 million euro and 32,245 million euro respectively.

Net value adjustments for the impairment of financial assets represent 8.5% of the total income, while administrative expenses absorb 72.1%.

The comparison with the previous year shows a significant improvement in the segment result (14,440 thousand euro), essentially related to the Parent Company and mainly attributable to the synergic operation of the following factors:

- significant increase in net interest income (+23.7%), against a backdrop of an increase in the lending spread and substantial stability in the funding spread, in which larger and appreciably higher volumes were recorded;
- slight decrease in commission flows (-2.2%);
- loss recognised on receivables measured at fair value (-811 thousand euro);
- significant decrease in value adjustments related to financial assets (-10.9%);
- significant increase in administrative expenses (+7.6%);
- marked increase in net provisions and reserves for risks and charges, with a negative contribution of 25.3 million euro.

**Securities sector:** This sector contributes 6.7% of overall results.

Compared to total income, administrative expenses affect the amount of 51.1%.

The comparison with the previous year highlights a significant improvement in the sector result (+25.4%), mainly due to the contribution of the Parent Company, where an increase of +10,438 thousand euro was recorded, thanks in particular to the positive performance of the sectors relating to investment funds and insurance policies.

**Central structure:** the sector contributes 67.5% of overall results.

The comparison with the previous year shows a slight increase in the result (+2.3%), largely due to the contribution of the Parent Company, where essentially a positive trend in net interest income was recorded, due in particular to growth in the coupon flow from the proprietary portfolio, together with the increase in dividends from investment.



## **B. Distribution by geographical areas**

The geographical distribution was made on the basis of the location of the branches; the representation according to the alternative criterion, based on the residence of the counterparties, does not lead to significant differences.

For the Parent Company, branches are aggregated into two geographical areas, "Northern Italy" and "Central Italy", since there is a significance difference in the respective customer profiles, while products, services, commercial and management policies are all the same.

In fact, in terms of intermediated volumes, in Northern Italy the most significant market shares pertain to "non-financial companies" and "consumer and producer households" while in Central Italy the "public administration" sector assumes particular importance.

The differences between the Parent Company and the Swiss subsidiary regarding the types of customer served, the products and services provided, and commercial and operational policies adopted make the separate representation of the "Swiss" operations area significant.

## B.1 Distribution by geographical areas: economic data

Items	Northern Italy	Central-Southern Italy	Switzerland	Total	Reconciliation	31/12/2024
Interest income	3,637,439	389,093	153,593	4,180,125	-2,062,093	2,118,032
Interest expense	-2,644,698	-316,657	-130,175	-3,091,530	2,063,602	-1,027,928
<b>Net interest income</b>	<b>992,741</b>	<b>72,436</b>	<b>23,418</b>	<b>1,088,595</b>	<b>1,509</b>	<b>1,090,104</b>
Fee and commission income	369,897	61,606	29,462	460,965	-5,472	455,493
Fee and commission expense	-18,586	-2,833	-2,684	-24,103	3,112	-20,991
Dividends and similar income	63,705	38	138	63,881	-57,380	6,501
Net trading income	45,515	-	78,991	124,506	1	124,507
Net hedging gains (losses)	-3	-	9	6	-4	2
Gains/losses from sales or repurchases	18,009	-3,442	-	14,567	-	14,567
Net gains/losses on financial assets and liabilities measured at fair value	-9,460	-1,114	2,822	-7,752	-	-7,752
<b>Total income</b>	<b>1,461,819</b>	<b>126,690</b>	<b>132,156</b>	<b>1,720,665</b>	<b>-58,234</b>	<b>1,662,431</b>
Net adjustments to financial assets	-192,335	-6,768	-1,140	-200,243	782	-199,461
<b>Net financial income</b>	<b>1,269,484</b>	<b>119,922</b>	<b>131,016</b>	<b>1,520,422</b>	<b>-57,452</b>	<b>1,462,970</b>
Administrative expenses	-454,195	-55,027	-80,410	-589,632	-70,783	-660,415
Net accruals to provisions for risks and charges	-23,771	151	-75	-23,695	944	-22,751
Depreciation and net impairment losses on property, equipment and investment property	-51,223	-3,100	-5,978	-60,301	3,857	-56,444
Amortisation and net impairment losses on intangible assets	-14,957	-1,417	-2,930	-19,304	-625	-19,929
Other operating income/expense	30,963	1,159	241	32,363	67,285	99,648
Net gains (losses) on equity investments	-16,736	-	-	-16,736	61,442	44,706
Net result of fair value measurement of property, equipment and investment property and intangible assets	-3,100	-	-	-3,100	-	-3,100
Value adjustments of goodwill	-	-	-	-	-4,365	-4,365
Gains/losses on sale of investments	410	-	-	410	-	410
<b>Gross result</b>	<b>736,875</b>	<b>61,688</b>	<b>41,864</b>	<b>840,427</b>	<b>303</b>	<b>840,730</b>





Items	Northern Italy	Central-Southern Italy	Switzerland	Total	Reconciliation	31/12/2023
Interest income	2,986,216	311,655	135,146	3,433,017	-1,620,992	1,812,025
Interest expense	-2,137,482	-263,650	-95,930	-2,497,062	1,621,992	-875,070
<b>Net interest income</b>	<b>848,734</b>	<b>48,005</b>	<b>39,216</b>	<b>935,955</b>	<b>1,000</b>	<b>936,955</b>
Fee and commission income	343,154	57,418	28,381	428,953	-5,386	423,567
Fee and commission expense	-18,365	-2,830	-2,683	-23,878	2,871	-21,007
Dividends and similar income	44,100	-	44	44,144	-36,492	7,652
Net trading income	48,584	-	64,416	113,000	-19	112,981
Net hedging gains (losses)	-55	-	-4	-59	-17	-76
Gains/losses from sales or repurchases	5,405	1,160	-	6,565	-	6,565
Net gains/losses on financial assets and liabilities measured at fair value	4,966	655	-413	5,208	-	5,208
<b>Total income</b>	<b>1,276,523</b>	<b>104,408</b>	<b>128,957</b>	<b>1,509,888</b>	<b>-38,043</b>	<b>1,471,845</b>
Net adjustments to financial assets	-149,836	-38,804	-7,562	-196,202	485	-195,717
<b>Net financial income</b>	<b>1,126,687</b>	<b>65,604</b>	<b>121,395</b>	<b>1,313,686</b>	<b>-37,558</b>	<b>1,276,128</b>
Administrative expenses	-442,086	-41,448	-75,816	-559,350	-62,808	-622,158
Net accruals to provisions for risks and charges	-56,284	-3,640	-279	-60,203	733	-59,470
Depreciation and net impairment losses on property, equipment and investment property	-48,703	-3,017	-5,805	-57,525	3,689	-53,836
Amortisation and net impairment losses on intangible assets	-14,726	-1,413	-2,008	-18,147	-500	-18,647
Other operating income/expense	39,254	1,410	419	41,083	60,479	101,562
Net gains (losses) on equity investments	-587	-	-	-587	39,111	38,524
Net result of fair value measurement of property, equipment and investment property and intangible assets	-2,288	-	-	-2,288	-	-2,288
Gains/losses on sale of investments	469	-	-	469	-	469
<b>Gross result</b>	<b>601,736</b>	<b>17,496</b>	<b>37,906</b>	<b>657,138</b>	<b>3,146</b>	<b>660,284</b>

## B.2 Distribution by geographical area: balance sheet

Items	Northern Italy	Central-Southern Italy	Switzerland	31/12/2024
Financial assets	39,249,808	3,919,373	6,091,262	49,260,443
Other assets	5,662,126	-	1,006,600	6,668,726
Property, equipment and investment property	573,104	33,157	57,316	663,577
Intangible assets	29,166	1,549	5,121	35,836
Financial liabilities	34,579,986	9,586,937	6,581,105	50,748,028
Other liabilities	1,237,945	10,165	52,961	1,301,071
Provisions	352,587	44,194	26,363	423,144
Guarantees given	4,325,576	891,818	241,198	5,458,592
Commitments	19,332,337	3,620,700	265,849	23,218,886

Items	Northern Italy	Central-Southern Italy	Switzerland	31/12/2023
Financial assets	40,268,786	3,507,029	6,036,711	49,812,526
Other assets	6,307,530	-	886,879	7,194,409
Property, equipment and investment property	595,297	34,557	47,220	677,074
Intangible assets	31,841	1,373	4,542	37,756
Financial liabilities	37,600,298	8,363,991	6,417,698	52,381,987
Other liabilities	1,075,181	6,725	51,505	1,133,411
Provisions	332,034	44,124	20,921	397,079
Guarantees given	4,099,876	854,834	247,562	5,202,272
Commitments	17,559,339	3,146,458	312,108	21,017,905

## Disclosure of information State by State pursuant to Circular 285 of 17 December 2013 on "Supervisory provisions for Banks"

This information is available (in Italian) in the "Governance" section, "Corporate documents" sub-section of the website [www.popso.it](http://www.popso.it).



## PART M – Information on Leasing

### Section 1 – Lessee

#### QUALITATIVE INFORMATION

Contracts that fall within the application of IFRS 16 can be grouped into three distinct categories:

- a) real estate, which is the most relevant case with its appurtenances (e.g. parking spaces even if they have a marginal incidence);
- b) cars;
- c) other types, including the rental of IT equipment

In accordance with IFRS 16, the rights held under licence agreements have been excluded from the scope of application of the standard. They continue to be recognised under IAS 38 – Intangible assets.

The lease contracts mainly relate to buildings used as bank branches and generally have a duration of more than 48 months, typically 72 or 108 months, with automatic renewal options. For contracts with indefinite useful life, as provided for by existing policies, the useful life was defined on the basis of the duration historically recognised for the contract at the date of first-time application of IFRS 16. In the absence of this information, it is set equal to that of the contract to which it is strictly functional, if any, or to that of contracts that have similar characteristics.

Lease instalments are revised annually from the second year of the contract to reflect 75% or 100% of the change in the consumer price index for the families of blue- and white-collar workers.

Lease contracts for cars and IT equipment typically have a four-year term without the exercise of renewal and/or purchase options and payment on a monthly basis.

Checks for indicators of potential impairment are carried out consistently with the criteria for other Property, equipment and investment property (e.g. existence of plans to divest or negotiate branches, presence of disused branches). There was no evidence of any impairment in the right-of-use asset.

In line with the disclosures required by paras. 51, 53 and 59 of IFRS 16, the following supplementary information is provided:

- variable lease payments: situations involving variable lease payments are marginal for disclosure purposes, as this practice is rare in contracts signed by the Group;
- extension and termination options: contracts signed by the Group generally envisage giving 6 months' notice of termination. Most contracts for the lease of branch premises require payment of the cost of restoring them to their original condition if the lease is terminated. This amount is not very relevant;
- guarantees on the residual value: the Group does not provide guarantees on the residual value;
- leases not yet signed: the Group has not made any lease commitments of significant amount;
- sale and leaseback transactions: the Group has no sales plans or leaseback agreements in place.

Part B of the Notes to the financial statements provides information about leased right-to-use assets (Tables 9.1 - 9.6 Part B, Assets) and lease liabilities (Tables 1.1 - 1.6 Part B, Liabilities and equity). In particular, right-to-use assets total 141 million euro, while lease liabilities total 146 million euro.

Part C of the Notes to the financial statements contains the information required by paragraph 53 of IFRS 16 about the interest charged on lease liabilities and the income earned from sub-leasing transactions. See those sections for further details.

Consistently with the provisions of IFRS 16, the Group makes use of the exemptions allowed by the standard for short-term leases and leases of low-value assets, the costs of which, during 2024, amount to 0.158 million euro.

## QUANTITATIVE INFORMATION

As required by paragraph 53 of IFRS 16, the following information is provided: carrying amount of right-to-use assets at the reporting date and the depreciation charge on right-to-use assets by category of underlying asset.

	2024				2023
Assets/Values	Buildings	Cars	Other	Total	Total
Initial right-of-use	158,593	128	161	158,882	167,522
Depreciation for the financial year	(22,511)	(64)	(77)	(22,652)	(22,598)
Other changes	5,016	99	92	5,207	13,958
<b>Closing carrying amount</b>	<b>141,098</b>	<b>163</b>	<b>176</b>	<b>141,437</b>	<b>158,882</b>

As regards the Other changes during the year, the impact is due to recalculation of the right-of-use following the ISTAT changes and the opening/closing of contracts.

## Section 2 – Lessor

### QUALITATIVE INFORMATION

The Group is party to operational leases on buildings. These operational lease contracts do not transfer to the lessee substantially all the risks and benefits deriving from ownership of the assets, which remain with the lessor. In the case of operational lease contracts, the lessor recognises the lease instalments in the income statement on an accruals basis.

### QUANTITATIVE INFORMATION

#### 1. Balance sheet and income statement information

Reference should be made to the contents of Part C of these consolidated notes Table 16.2 (Other operating income: breakdown) for information on other income deriving from operating leases.

#### 3. Operating leasing

The maturities of the payments to be received are summarised below.

##### 3.1 Maturities of payments to be received

	2024	2023
Time band	Lease payments receivable	Lease payments receivable
Up to 1 year	108	116
From over 1 year to 2 years	109	119
From over 2 year to 3 years	110	123
From over 3 year to 4 years	110	126
From over 4 year to 5 years	111	131
Over 5 years	336	402
<b>Total</b>	<b>884</b>	<b>1,017</b>

##### 3.2 Other information

No other information to be reported.



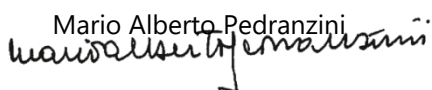
**CERTIFICATES AND  
OTHER REPORTS**

## Certification of the consolidated Financial Statements at 31 December 2024 pursuant to article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended


1. The undersigned Mario Alberto Pedranzini in his capacity as Chief Executive Officer and Simona Orietti in her capacity as Financial Reporting Manager of Banca Popolare di Sondrio S.p.A., attest, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998:
  - the adequacy, in relation to the characteristics of the enterprise,
  - the effective application of the administrative and accounting procedures as the basis for preparation of the consolidated Financial Statements in 2024.
2. The evaluation of the adequacy and effective application of the administrative and accounting procedures for the formation of the consolidated financial statements at 31 December 2024 are based on a model, defined by Banca Popolare di Sondrio S.p.A., which makes reference to the principles of the "Internal Control - Integrated Framework (CoSO)", and, for the IT component, those defined in the "Control Objective for IT and Related Technologies (Cobit)", which represent reference frameworks for the internal control system and for financial reporting generally accepted at international level.
3. It is also certified that:
  - 3.1 The consolidated financial statements at 31 December 2024:
    - a) have been prepared in compliance with the international financial reporting standards recognised by the European Community pursuant to Regulation (CE) 1606/2002 of the European Parliament and by the Council on 19 July 2002;
    - b) agree with the balances on the books of account and the accounting entries;
    - c) provide a true and fair view of the equity, economic and financial situation of the Issuer and the whole of the companies included in the scope of consolidation.
  - 3.2 The Report on Operations includes reliable analysis on the performance, result of operations and the business of the issuer and of all entities included in the consolidated financial statements as well as description of principal risks and uncertainties to which they are exposed.

Sondrio, 11 March 2025

Managing Director

Mario Alberto Pedranzini  


Financial Reporting Manager

Simona Orietti  




## Certification of Sustainability Reporting pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of 24 February 1998

1. The undersigned Mario Alberto Pedranzini as Chief Executive Officer and Simona Orietti as Financial Reporting Manager of Banca Popolare di Sondrio S.p.A., certify, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the Sustainability Report included in the Consolidated Report on Operations has been prepared:
  - a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;
  - b) with the specifications adopted in accordance with Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Sondrio, 11 March 2025

Managing Director

Mario Alberto Pedranzini

Financial Reporting Manager

Simona Orietti



## **REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS**



# Banca Popolare di Sondrio S.p.A.

Consolidated financial statements as at December 31, 2024

Independent auditor's report  
pursuant to article 14 of Legislative Decree n. 39,  
dated January 27, 2010, and article 10 of EU Regulation n.  
537/2014



Shape the future  
with confidence

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# Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Shareholders of  
Banca Popolare di Sondrio S.p.A.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Banca Popolare di Sondrio Group (the "Group"), which comprise the balance sheet as at December 31, 2024, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows statement for the year then ended and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38, dated February 28, 2005 and article 43 of Legislative Decree n.136, dated August 18, 2015.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Banca Popolare di Sondrio S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

Key audit matter	Audit responses
<p>Classification and measurement of loans to customers, Loans</p> <p>Loans measured at amortised cost, presented in item 40 b) of the balance sheet, amount to approximately Euro 34,242 million and represent about 60% of total assets.</p> <p>The classification and valuation of loans is relevant for the audit both as the value of loans is significant for the consolidated financial statements as a whole and as the value of the related impairment losses is determined by the Directors through the use of estimates that have a high degree of complexity and subjectivity, also linked to the potential worsening of credit risk due to current and prospective economic and financial risks.</p> <p>Among these, the following matters are particularly relevant:</p> <ul style="list-style-type: none"> <li>• the identification and calibration of parameters for determining the significant increase in credit risk compared to the initial detection date, for the purpose of allocating exposures in <i>Stage 1</i> and <i>Stage 2</i> (performing loans);</li> <li>• the definition of valuation models applied for the calculation of statistical expected credit losses based on historical observation of data for each risk class and <i>forward looking</i> factors;</li> <li>• the identification impairment evidence, with subsequent classification of exposures in <i>Stage 3</i> (non-performing loans);</li> <li>• for loans classified in <i>Stage 3</i>, the determination of the criteria used for estimating the expected cash flows according to the recovery strategy.</li> </ul> <p>Information on the evolution of the quality, classification and measurement of loans is provided within Part A - Accounting Policies, in Part B - Information on the balance sheet, in Part C - Information on the Income Statement and in Part E - Information on risks and related hedging policies of the notes to the financial statements.</p>	<p>In relation to this key aspect, our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• updating the understanding of the <i>policies</i>, processes and controls implemented by the Group in relation to the classification and measurement of loans and performing compliance procedures on the key controls, including those relating to IT safeguards, in order to verify its operational effectiveness;</li> <li>• performing comparative analysis of the portfolio and the related coverage ratios, with reference to the most significant deviations from the previous year balances;</li> <li>• understanding of the methodology underlying the valuation models used to calculate statistical expected losses;</li> <li>• performing substantive procedures, on sample basis, aimed at verifying the proper classification and measurement of performing and non performing loans;</li> <li>• the verification, through analysis of the supporting documentation, of the accounting of the disposal of loans carried out during the year;</li> <li>• the assessment of the adequacy of the disclosure provided in the notes to the financial statements.</li> </ul> <p>The procedures described above have also been carried out with the support of experts from the EY network on models for the evaluation of financial instruments and IT systems.</p>

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38 dated February 28, 2005 and article 43 of Legislative Decree n.136, dated August 18, 2015, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Banca Popolare di Sondrio S.p.A. or to cease operations, or have no realistic alternative but to do so.

The Board of statutory auditors ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

## Additional information pursuant to article 10 of EU Regulation n. 537/2014

The shareholders of Banca Popolare di Sondrio S.p.A., in the general meeting held on April 29, 2017, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the Board of statutory auditors ("Collegio Sindacale") in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

## Report on compliance with other legal and regulatory requirements

### Opinion on the compliance with the provisions of Delegated Regulation (EU) no. 815/2019

The Directors of Banca Popolare di Sondrio S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulation (EU) n. 815/2019 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statement as of December 31, 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statement as at December 31, 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in the XHTML-format and have been marked-up, in all material aspects, in compliance with the provisions of Delegated Regulation.

### Opinion and statement pursuant to article 14, paragraph 2, subparagraphs e), e-bis) and e-ter) of Legislative Decree n. 39 dated January 27, 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998

The Directors of Banca Popolare di Sondrio S.p.A., are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of the Group as at December 31, 2024 including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate

Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;

- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the consolidated financial statements of Banca Popolare di Sondrio Group as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Milan, April 8, 2025

EY S.p.A.

Signed by: Mauro Iacobucci, Auditor

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*



## **REPORT OF THE INDEPENDENT AUDITORS ON THE SUSTAINABILITY REPORT**



# Banca Popolare di Sondrio S.p.A.

Independent auditor's report on the limited assurance  
of the consolidated sustainability report in accordance with  
Article 14-bis of Legislative Decree n. 39, dated 27 January  
2010



Shape the future  
with confidence

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# Independent auditor's limited assurance report of the consolidated sustainability report in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010

(Translation from the original Italian text)

To the shareholders of  
Banca Popolare di Sondrio S.p.A.

## Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree n. 125 dated 6 September 2024 (hereinafter "Decree") on the consolidated sustainability report of Banca Popolare di Sondrio Group (hereinafter "Group") for the year ended on 31 December 2024, prepared in accordance with Article 4 of the Decree, included in the specific section of the Directors' report on the Group of Banca Popolare di Sondrio Group.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- The Banca Popolare di Sondrio Group consolidated sustainability report for the year ended on 31 December 2024, has not been prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (*European Sustainability Reporting Standards*, hereinafter also referred to as "ESRS");
- the information included in the paragraph "2.1 Disclosure pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)" of the consolidated sustainability report has not been prepared, in all material respects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter "Taxonomy Regulation").

## Elements underlying the conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("*Principio di Attestazione della Rendicontazione di sostenibilità*") – SSAE (Italia). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "*Auditor's responsibility for the Assurance on the consolidated sustainability reporting*" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the consolidated sustainability report according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy) 1, under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

EY S.p.A.  
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
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Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

## Other Matters – Comparative information

The consolidated sustainability report for the year ended on 31 December 2024 contains, in the specific section "*Disclosure pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)*", the comparative information set forth in the Taxonomy Regulation related to the year ended on 31 December 2023, which has not been subjected to verification.

## Responsibility of the Directors and Those Charged with Governance for the consolidated sustainability report

The directors are responsible for the development and implementation of procedures used to identify the information included in the consolidated sustainability report in accordance with the requirements of the ESRS (hereinafter the "Materiality assessment process") and for the description of such procedures in the paragraph "*Description of processes to identify and assess material impacts, risks and opportunities*" of the consolidated sustainability report.

The directors are also responsible for the preparation of the consolidated sustainability report, which contains the information identified through the Materiality assessment process, in accordance with the requirements of Article 4 of the Decree, including:

- compliance with ESRS;
- compliance with Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "*Disclosure pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)*".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the consolidated sustainability reporting in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The Statutory board of auditors ("*Collegio Sindacale*") is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

## Inherent limitations in preparing the sustainability statement

For the purposes of reporting forward-looking information in accordance with the ESRS, Directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future event, as regards to both the materialization of the event and the extent and timing of its manifestation, the variations between the actual values and the prospective information could be significant.

Disclosures regarding Scope 3 emissions are subject to greater inherent limitations compared to those on Scope 1 and 2 emissions, given the lack of availability and relative accuracy related of information used to define Scope 3 emissions information, both quantitative and qualitative, relating to the value chain.

## Auditor's responsibility for the Assurance of the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the consolidated sustainability report is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected

that they, individually or in the aggregate, could influence the decisions made by users based on the consolidated sustainability report.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Sustainability Reporting Assurance Standard ("*Principio di Attestazione della Rendicontazione di Sostenibilità*") – SSAE (Italia), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the consolidated sustainability report and assuming full responsibility for the conclusions regarding the consolidated sustainability report.

#### Summary of the work performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the consolidated sustainability report were based on our professional judgment and included interviews, primarily with the Banca Popolare di Sondrio S.p.A. and Group's personnel responsible for preparing the information included in the consolidated sustainability report, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the consolidated sustainability report;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning sustainability issues, based on the information acquired therein, elaboration of considerations regarding any contradictory elements that may highlight the existence of sustainability issues not considered by the company in the process of assessing materiality;
- identifying the information for which there is a likelihood of a significant error risk;
- defining and performing procedures, based on our professional judgment, to address the identified significant error risks;
- understanding the process implemented by the Group to identify eligible exposures and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the consolidated sustainability report;



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- cross-checking the information reported in the consolidated sustainability report with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the consolidated sustainability report in accordance with the ESRS;
- obtaining the representation letter.

Milan, April 8, 2025

EY S.p.A.

Signed by: Mauro Iacobucci, Auditor

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*



## EXTRAORDINARY PART



**Agenda item1):** Proposal to amend Article 49 of the Articles of Association. Related and consequent resolutions.

**Explanatory Report of the Board of Directors of Banca Popolare di Sondrio spa drafted pursuant to Article 125-ter of Legislative Decree 24 February 1998 No. 58 (TUF), as amended, and Article 72 and Schedule No. 3 of Annex 3A of the Regulations adopted by Consob Resolution No. 11971 of 14 May 1999, as amended (Issuers' Regulation)**

Shareholders,

The purpose of this report (hereinafter, the "Report") drafted pursuant to Article 125-ter TUF and Article 72 and Schedule no. 3 of Annex 3A of the Issuers' Regulations, is to provide an illustration of the proposed amendment to the Articles of Association of Banca Popolare di Sondrio s.p.a. (hereinafter, the "Bank") that the Board of Directors of the Bank submits for your approval.

\* \* \*

## **1. Justification for the proposed amendment to the Articles of Association**

The proposal to amend Article 49 of the Articles of Association, concerning the possibility for the Bank to pay interim dividends, will be submitted for approval to the Extraordinary Shareholders' Meeting convened for 30 April 2025.

It should be noted, in this regard, that pursuant to Article 2433-*bis* , paragraph 2 of the Civil Code, the possibility of distributing interim dividends is subject to a provision in the Articles of Association expressly recognising this right, so that in the absence of such a provision, it is precluded from proceeding in this direction.

The proposal to introduce a new paragraph in Article 49 of the Articles of Association is aimed at enabling the Bank to assess this possibility and to expand the strategic levers and margins of manoeuvre available to the Board of Directors with regard to dividend policy, in line with the provisions of the Articles of Association of the main issuers of securities listed on the FTSE MIB index.

The amendment to the Articles of Association in question, if resolved, will allow the possibility of distributing interim dividends to be considered within the framework of the new Business Plan covering the three-year period 2025-2027.

It is understood that, should the proposed amendment to the Articles of Association be approved by the Meeting, any future board resolutions concerning the distribution of interim dividends may only be adopted within the limits set forth by Article 2433-*bis* of the Civil Code and, in any case, subject to the verification of the existence of the prerequisites set forth by the regulations in force from time to time, as well as in compliance with the general principle of sound and prudent management that characterises entities subject to prudential supervision.

\* \* \*

## **2. Comparison of the article of the Articles of Association whose amendment is proposed in the current and proposed text**

Below is the Article of the Articles of Association with evidence of the proposed changes to the text

of the current Articles of Association.

Current text

**Article 49**

**Profit allocation**

1. From the net profit resulting from the annual financial statements approved by the Ordinary Shareholders' Meeting, the portion allocated to legal reserve is taken, to the extent established by law.
2. The remaining profit is allocated as follows:
  - a) to the shareholders, by way of dividend, in the amount that, upon proposal of the Board of Directors, is determined in a prudent manner by the Shareholders' Meeting;
  - b) the remainder, upon proposal of the Board of Directors and according to the resolutions of the Ordinary Shareholders' Meeting, may be allocated to the establishment of a fund for the support of works and initiatives of a cultural or social nature, with particular regard to the territories served by the company, and to the establishment and/or increase of extraordinary and/or other reserves.

Proposed amendment

**Article 49**

**Profit allocation**

1. From the net profit resulting from the annual financial statements approved by the Ordinary Shareholders' Meeting, the portion allocated to legal reserve is taken, to the extent established by law.
2. The remaining profit is allocated as follows:
  - a) to the shareholders, by way of dividend, in the amount that, upon proposal of the Board of Directors, is determined in a prudent manner by the Shareholders' Meeting;
  - b) the remainder, upon proposal of the Board of Directors and according to the resolutions of the Ordinary Shareholders' Meeting, may be allocated to the establishment of a fund for the support of works and initiatives of a cultural or social nature, with particular regard to the territories served by the company, and to the establishment and/or increase of extraordinary and/or other reserves.
3. **The Board of Directors may approve the distribution of interim dividends, in the manner and within the limits allowed by the legislation in force at the time.**

**Comment**

The new paragraph of Article 49 of the Articles of Association is intended to allow the Board of Directors to decide on interim dividends, thereby expanding the strategic levers and margins of manoeuvre available to the Board of Directors with regard to dividend policy, in line with the provisions of the Articles of Association of the main issuers of securities listed on the FTSE MIB index.

\* \* \*





### **3. Information on the recurrence of the right of withdrawal: no right of withdrawal in relation to the proposed amendment to the articles of association**

Pursuant to Article 72, paragraph 1, of the Issuers' Regulation and as indicated in Schedule 3 of Annex 3A of the same Regulation, it should be noted that the proposed amendment to Article 49 of the Bank's Articles of Association does not give rise to the right of withdrawal either pursuant to Article 2437 of the Civil Code or pursuant to Article 9 of the Articles of Association.

\* \* \*

### **4. Authorisations**

The proposed amendment to the Articles of Association was submitted, pursuant to Articles 56 and 61 of Legislative Decree 1 September 1993 no. 385 (TUB), to the European Central Bank, which, in a ruling of 27 February 2025, stated that it was not contrary to sound and prudent management.

\* \* \*

### **5. Proposed resolution to the Extraordinary General Meeting**

In light of the above, the Board of Directors of the Bank submits the following proposed resolution to the Extraordinary Shareholders' Meeting:

"The Extraordinary Shareholders' Meeting of Banca Popolare di Sondrio SpA, having taken note of the Explanatory Report of the Board of Directors on the proposed amendment of the Articles of Association, in consideration of the provisions of Article 56 of the Consolidated Banking Act

hereby resolves

- to amend Article 49 of the Articles of Association, approving the change in the text as set forth in the Explanatory Report, for the reasons stated therein;
- to confer on the Board of Directors, and on its behalf the Chair and the Managing Director, also jointly and severally, within the limits of the law, any and all powers to provide whatever is necessary for the implementation and full execution of this resolution, with any and all powers necessary and appropriate for this purpose, none excluded and excepted, including the power to make any amendments, additions or deletions of a non-substantial nature to this resolution that are necessary for its registration in the Companies Register, including any amendment necessary or opportune for technical-legal reasons or required by the competent Authorities, declaring as of now that the action has been taken and is valid".

*Sondrio, 20 March 2025*

THE BOARD OF DIRECTORS





## **RESOLUTIONS OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**

Of 30 April 2025 (in a single call)

## AGENDA

## ORDINARY PART

- 1) Financial Statements at 31 December 2024:
  - a) Presentation of the financial statements at 31 December 2024: Directors' report on operations; report of the Board of Statutory Auditors; related and consequent resolutions; presentation of the consolidated financial statements at 31 December 2024 and of the related directors' report on operations;
  - b) Allocation of the profit for the financial year 2024 and distribution of the dividend; related and consequent resolutions;
- 2) Resolutions on remuneration matters:
  - a) Annual report on remuneration policy and compensation paid:
    - a1) approval of the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group;
    - a2) approval by non-binding resolution of the remuneration paid in the financial year 2024;
  - b) Approval of the 2025 compensation plan based on financial instruments, pursuant to article 114-bis of Legislative Decree 58/98 (Consolidated Finance Act);
  - c) Approval of the 2025-2027 Long-term compensation plan based on financial instruments, pursuant to article 114-bis of Legislative Decree 58/98 (Consolidated Finance Act);
  - d) Authorisation for the use of treasury shares already held in service of the 2025 Compensation plan based on financial instruments, pursuant to article 114-bis of Legislative Decree 58/98, Consolidated Finance Act, and/or to service the 2025-2027 Long-term compensation plan based on financial instruments, pursuant to article 114-bis of Legislative Decree 58/98 (Consolidated Finance Act);
- 3) Appointment of five Directors for the three-year period 2025-2027;
- 4) Determination of directors' compensation.

## EXTRAORDINARY PART

Proposal to amend article 49 of the Articles of Association; related and consequent resolutions.



*Point 1) on the agenda*

*Letter a)*

The Meeting, having heard the directors' report on operations during 2024; having noted the report of the Board of Statutory Auditors and that of the Independent Auditors; having taken as read the balance sheet, the income statement, the explanatory notes and, in addition, the financial statements of the subsidiary and associated companies,

approved:

- the directors' report on operations;
- the financial statements at 31 December 2024 in the results shown in the balance sheet and income statement and the related notes; financial statements that show a profit for the year of 510,516,920.23 euro;

took note of:

- the consolidated financial statements at 31 December 2024 and the related directors' report on operations.

*Letter b)*

The Shareholders' Meeting, recalling the resolutions taken when approving the financial statements at 31 December 2024, having heard the report on the proposed allocation of the profit for the year; having acknowledged the report of the Board of Statutory Auditors and that of the independent auditors, approved the allocation of the profit for the year of € 510,516,920.23, as proposed by the Board of Directors in accordance with the law and the articles of association, and more specifically resolved:

- a) to pay a dividend of 0.80 euro to each of the 453,385,777 shares in circulation at 31/12/2024 with dividend rights as from 01/01/2024, transferring to the extraordinary reserve the amount of the dividends due to any treasury shares held by the Bank on the working day prior to going ex-coupon, for a total amount of € 362,708,621.60
- b) to allocate the residual profit:
- to the charity fund € 500,000.00
  - to the unavailable reserve pursuant to Legislative Decree 38/2005 (Art. 6(1)) € 12,561,267.69
  - to the extraordinary reserve € 134,747,030.94

In accordance with the Stock Exchange calendar, the dividend was paid from 21 May 2025, going ex-coupon No. 47 on 19 May 2025.

*Point 2) on the agenda**Letter a1)*

The Shareholders' Meeting approved, with a binding vote, the 2025 Remuneration Policies of the Banca Popolare di Sondrio Banking Group contained in the first section of the Annual report on remuneration policy and compensation paid, and acknowledged the Public Disclosure required by the supervisory regulations on remuneration and incentive policies and practices contained in the annex to the Annual report on remuneration policy and compensation paid, as well as the information received on the activities carried out by the Remuneration Committee.

*Letter a2)*

The Meeting approved, by non-binding vote, the second section of the Annual report on remuneration policy and compensation paid for 2024.

*Letter b)*

The Meeting approved the 2025 compensation plan based on financial instruments, pursuant to article 114-bis of Legislative Decree 58/98 (Consolidated Law on Finance), as described in the Information Document relating to the 2025 Share-based Remuneration Plan, and granted the Board of Directors, with the right to sub-delegate, all powers necessary to the actual implementation of the aforesaid Plan, to be exercised in accordance with the relevant Information Document.

*Letter c)*

The Meeting approved the 2025-2027 Long-term compensation plan based on financial instruments, pursuant to article 114-bis of Legislative Decree 58/98 (Consolidated Finance Act), as described in the Information Document relating to the 2025-2027 Long-term compensation plan based on financial instruments, and granted the Board of Directors, with the right to sub-delegate, all powers necessary to the actual implementation of the aforementioned Plan, to be exercised in accordance with the relevant Information Document.

*Letter d)*

The Meeting authorised the Board of Directors to use, to service the 2025 Compensation plan based on financial instruments and/or to service the 2025-2027 Long-term compensation plan based on financial instruments and within the limits of their terms, Banca Popolare di Sondrio ordinary shares already held by the Bank up to a total value maximum of 1,550,000 euro. The number of shares used to service the above Plans shall be determined with reference to the closing price struck on the date on which the Board of Directors resolves to assign the variable remuneration.

The Board of Directors, and the Managing Director, on its behalf, was also granted all powers needed to implement this resolution, as well as to make any changes to it that might be needed or suggested by the Supervisory Authorities or those that manage the market.

*Point 3) on the agenda*

The Shareholders' Meeting appointed the following persons as board directors for the three-year period 2025-2027, pursuant to the articles of association: Maria Letizia Ermetes, (independent director), Christian Montaudò (independent director), Salvatore Providenti (independent director), Franco Giuseppe Riva (independent director) - drawn from "List no. 1" submitted by 12 shareholders -, Francesco Venosta - drawn from "List no. 2" submitted by 8 shareholders.

*Point 4) on the agenda*

The Shareholders' Meeting determined the remuneration of the directors in compliance with the Remuneration Policies contained in Section I - Remuneration Policies 2025 of the BPS Banking Group - of the "Annual report on remuneration policy 2025 and compensation paid in 2024".



## THE PROGRESS OF BANCA POPOLARE DI SONDRIO IN THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

Year	Financial investments euro	Loans and receivables with customers euro	Fiduciary assets euro	Equity (capital and reserves) euro	Profit for the year euro	Dividend euro
1871	26	93	37	47	1	0.001
1875	109	675	569	181	21	0.002
1880	46	1,024	777	360	33	0.002
1885	213	1,431	1,161	410	42	0.002
1890	459	1,805	1,646	457	49	0.002
1895	840	1,380	1,631	453	36	0.002
1900	860	1,627	1,987	465	43	0.002
1905	940	2,330	2,834	504	53	0.002
1910	1,460	3,717	4,738	563	68	0.003
1915	2,425	3,399	5,178	658	59	0.002
1920	7,906	9,100	22,320	1,232	186	0.005
1925	9,114	35,692	39,924	2,303	523	0.006
1930	12,899	43,587	54,759	3,230	561	0.006
1935	21,402	30,912	53,190	3,543	339	0.004
1940	24,397	32,808	57,064	3,091	312	0.002
1945	112,239	101,840	191,619	6,491	817	0.002
1950	608,460	892,440	1,359,864	50,496	10,834	0.041
1955	1,413,363	2,372,139	3,573,499	262,122	25,998	0.124
1960	3,474,898	5,864,314	9,124,181	495,960	45,997	0.150
1965	6,564,058	9,861,955	18,238,851	670,265	60,044	0.170
1970	11,228,709	21,140,462	34,440,002	1,577,469	86,800	0.196
1975	49,247,998	46,458,454	103,136,018	4,940,413	336,351	0.284
1980	248,877,713	135,350,391	386,128,259	44,618,760	2,298,768	0.620
1981	303,227,605	149,856,755	435,958,220	70,294,839	3,543,126	0.878
1982	434,505,499	168,991,589	564,440,308	93,988,765	5,876,973	0.930
1983	551,731,767	201,889,280	722,876,267	105,498,725	9,795,722	1.394
1984	657,323,707	244,311,938	885,640,690	117,286,747	11,754,271	1.911
1985	669,773,787	327,572,423	985,454,131	123,347,208	13,332,058	2.582
1986	854,978,708	381,346,894	1,108,118,326	129,106,270	13,582,958	2.169
1987	954,429,924	407,643,937	1,205,007,005	134,486,897	13,588,657	2.169
1988	950,465,324	510,164,638	1,285,408,512	139,730,318	13,665,548	2.272
1989	958,277,398	634,760,956	1,431,120,712	145,100,954	13,984,014	2.324
1990	919,261,388	819,877,375	1,567,539,101	170,006,961	14,919,668	1.653
1991	886,480,827	1,014,385,379	1,708,284,250	192,743,654	16,018,859	1.653
1992	1,162,262,510	1,202,265,949	2,151,786,340	198,979,714	16,304,997	1.704
1993	1,675,065,908	1,441,158,530	2,862,510,529	250,913,662	17,860,906	1.136
1994	1,438,251,891	1,701,208,296	2,922,731,483	258,100,923	16,976,601	1.136
1995	1,828,374,994	1,903,530,111	3,401,567,857	335,480,368	18,688,353	0.413
1996	1,817,497,737	2,120,842,006	3,590,238,215	345,127,951	20,685,619	0.439
1997	1,730,940,393	2,485,706,688	3,844,781,082	353,507,281	20,796,084	0.439
1998	2,005,202,039	2,990,333,100	4,343,203,973	535,162,454	24,784,724	0.196
1999	1,993,529,114	3,724,763,745	5,058,960,710	557,555,696	30,555,532	0.232
2000	2,043,141,602	4,443,945,484	5,829,901,035	576,036,331	38,428,768	0.300
2001	2,618,137,267	5,579,546,805	7,374,954,358	731,304,438	46,064,525	0.180
2002	3,218,789,508	6,246,734,925	8,626,473,276	752,369,741	46,703,800	0.190
2003	2,827,584,863	7,117,211,453	9,139,503,657	773,957,639	60,117,119	0.230
2004	3,492,730,224	8,078,424,234	10,498,481,204	1,031,391,991	73,210,556	0.170
2005	4,029,597,013	9,197,849,967	11,928,279,967	1,119,500,111	85,178,406	0.190
2006	4,216,404,673	10,560,504,042	13,316,179,364	1,231,012,722	107,113,135	0.230
2007	5,174,395,815	12,402,268,867	15,844,113,698	1,592,235,650	130,823,404	0.220
2008	5,260,646,663	14,936,103,083	18,469,073,506	1,492,021,195	13,735,247	0.030
2009	4,794,397,579	16,711,080,589	19,779,755,056	1,683,715,881	190,674,454	0.330
2010	5,063,550,816	18,247,861,145	21,243,136,724	1,722,830,035	133,319,754	0.210
2011	5,742,516,051	20,606,382,386	24,261,565,885	1,676,472,699	57,283,707	0.090
2012	7,098,208,844	22,390,051,929	27,490,789,964	1,711,323,846	25,822,369	0.033
2013	8,696,206,457	20,843,577,225	27,752,052,266	1,773,767,299	48,831,672	0.050
2014	11,078,365,152	20,535,826,086	29,329,977,518	2,221,418,922	97,552,111	0.060
2015	10,945,940,157	20,021,406,321	28,704,284,801	2,334,513,952	100,064,082	0.070
2016	11,185,303,807	21,331,910,550	30,252,182,840	2,334,785,742	80,047,620	0.060
2017	15,201,247,408	21,819,028,458	34,664,943,911	2,426,948,619	118,400,102	0.070
2018	14,716,303,975	21,483,735,791	33,770,793,630	2,366,819,712	83,623,117	0.050
2019	12,258,037,925	22,314,013,776	33,139,673,205	2,517,571,741	100,695,191	0.000
2020	15,725,255,450	24,097,378,444	41,392,257,234	2,641,048,692	75,045,078	0.060
2021	18,378,602,771	25,039,636,995	45,539,331,233	2,831,986,698	212,099,145	0.200
2022	17,320,911,729	26,711,957,796	48,509,904,000	2,872,857,462	212,901,668	0.280
2023	17,754,599,125	26,973,237,775	46,820,066,615	3,178,641,981	392,765,866	0.560
<b>2024</b>	<b>16,755,054,451</b>	<b>27,947,716,731</b>	<b>45,690,745,755</b>	<b>3,464,321,454</b>	<b>510,516,920</b>	<b>0.800</b>

The figures for the years prior to 1993 have not been adjusted for consistency with those of subsequent years, which are aggregated with different criteria following the regulatory changes that have occurred.



