



Banca Popolare di Sondrio

FOUNDED IN 1871



CONSOLIDATED INTERIM REPORT AT 31 MARCH 2025



**Banca Popolare
di Sondrio**

FOUNDED IN 1871

CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 31 MARCH 2025

Banca Popolare di Sondrio S.p.A.

Joint-stock company

Head Office and General Management: ITALY - 23100 Sondrio (SO) - Piazza Garibaldi 16

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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 - Reserves: € 1,740,955,502

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



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BOARD OF DIRECTORS

Chair	PIERLUIGI MOLLA
Deputy Chair	LINO ENRICO STOPPANI*
Managing Director	MARIO ALBERTO PEDRANZINI**
Directors	LORETTA CREDARO*
	MARIA LETIZIA ERMETES
	ROBERTO GIAY
	MARIA CHIARA MALAGUTI
	CHRISTIAN MONTAUDO
	SÉVERINE MÉLISSA HARMINE NEERVOORT
	SALVATORE PROVIDENTI
	GIUSEPPE RECCHI
	FRANCO GIUSEPPE RIVA
	SILVIA STEFINI
	FRANCESCO VENOSTA
	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

* Members of the Executive Committee

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

INFORMATION ON OPERATIONS

Note. The amounts contained in this interim report on operations are represented using the euro as the accounting currency; comparisons in percentage terms refer for the balance sheet part to the homogenous data at the end of 2024 and for the income statement part to the homogenous data at 31 March 2024; any exceptions are explained. Because most of the figures in the text and tables are rounded to the nearest million or thousand euro, the percentages may differ marginally from those that would result from a comparison of the same amounts expressed in different units.

INTRODUCTION

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

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

Our Group decided to give priority to market disclosure and therefore, in continuity with the past, this consolidated interim report as at 31 March 2025 has been prepared in accordance with the recognition and measurement criteria set forth in the IAS/IFRS adopted by the European Community at present.

This consolidated interim report has not been independently audited.

BASIS OF PREPARATION

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

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

For detailed information concerning the application of accounting standards, please refer to the consolidated financial statements as at 31 December 2024.

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

The balance sheet is compared with the balance sheet in the financial statements as at 31 December 2024.

The income statement is compared with the income statement for the period ended 31 March 2024.

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

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS AND ALTERNATIVE PERFORMANCE INDICATORS

The Group's main balance sheet and income statement figures and indicators at 31 March 2025 are shown below.

RESULTS IN BRIEF

(in millions of euro)	31/03/2025	31/12/2024	Change %
Balance sheet figures			
Loans and receivables with customers*	35,880	35,027	2.44
Loans and receivables with customers measured at amortised cost	35,660	34,792	2.49
Loans and receivables with customers measured at fair value through profit or loss	220	235	-6.30
Loans and receivables with banks	2,011	2,136	-5.86
Financial assets that do not constitute loans	13,228	12,768	3.60
Equity investments	416	403	3.32
Total assets	55,866	56,629	-1.35
Direct funding from customers	43,823	44,500	-1.52
Indirect funding from customers	52,440	52,149	0.56
Direct funding from insurance premiums	2,248	2,190	2.65
Customer assets under administration	98,511	98,839	-0.33
Other direct and indirect funding	14,865	16,345	-9.05
Equity	4,323	4,156	4.00
Income statement			
Net interest income	272	267	1.89
Total income**	419	409	2.49
Profit from continuing operations	252	210	20.21
Profit (Loss) for the period	173	145	19.34
Capital ratios ***			
CET1 Capital ratio	14.3% (***)	15.4%	
Total Capital ratio	16.8% (***)	18.2%	
Other information on the Banking Group			
Number of employees	3,716	3,705	
Number of branches	381	381	

* 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

*** Capital ratios are presented considering the part of the period's profit available for self-financing, with its inclusion in own funds subject to the Supervisory Authority approval. It is important to note that the Bank has opted to utilise the provisions of EU Implementing Regulation 2024/3117, which in establishing the technical specifications for executing the new prudential supervisory regulations effective from 1 January 2025 (the so-called Basel 4) permits reporting templates relating to 31 March 2025 to be submitted to the Supervisory Authority by 30 June 2025, thus allowing for possible refinement of the data before submission.

ALTERNATIVE PERFORMANCE INDICATORS

Key ratios	31/03/2025	31/12/2024
Equity/Direct funding from customers	9.86%	9.34%
Shareholders' equity/ Loans to customers	12.05%	11.87%
Equity/Financial assets	32.68%	32.55%
Equity/Total assets	7.74%	7.34%
Profitability indicators	31/03/2025	31/03/2024
Cost/Income	37.67%	36.85%
Net interest income/Total income	64.88%	65.26%
Administrative expenses/Total income	38.21%	36.77%
Net interest income/Total assets	0.49%	0.47%
Net financial income/Total assets	0.71%	0.65%
Profit for the year/Total assets	0.31%	0.26%
Asset quality indicators	31/03/2025	31/12/2024
NPL ratio	2.86%	2.93%
Texas ratio	8.72%	9.66%
Net bad loans/Equity	1.09%	1.06%
Net bad loans/Loans to customers	0.13%	0.13%
Loans to customers/Direct funding from customers	81.88%	78.71%
Cost of credit	0.25%	0.53%

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.

THE BANCA POPOLARE DI SONDRIO BANKING GROUP

The Banca Popolare di Sondrio Banking Group comprises:

Parent Company:

Banca Popolare di Sondrio spa - Sondrio.

Group Companies:

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

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

- *Factorit spa - Milan.*

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

- *Sinergia Seconda srl - Milan*

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

- *Banca della Nuova Terra spa - Sondrio*

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

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

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

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

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

SCOPE OF CONSOLIDATION AND METHODOLOGY

The interim report presents the economic and financial position at 31 March 2025 of the Banca Popolare di Sondrio Banking Group, which comprises the Parent Company, Banca Popolare di Sondrio (SUISSE) SA, Factorit spa, Sinergia Seconda srl, Banca della Nuova Terra spa, PrestiNuova srl - Agenzia in Attività Finanziaria and Popso Covered Bond srl and the entities that are controlled by the Group pursuant to IFRS 10.

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

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 ⁽¹⁾	Sondrio	2,064	100
Servizi Internazionali e Strutture Integrate 2000 srl ⁽¹⁾	Milan	75	100
PrestiNuova srl - Agenzia in Attività Finanziaria	Rome	100 ⁽³⁾	100
Immobiliare Borgo Palazzo srl ⁽¹⁾	Milan	10 ⁽²⁾	100
Immobiliare San Paolo srl ⁽¹⁾	Tirano	10 ⁽²⁾	100
Rajna Immobiliare srl ⁽¹⁾	Sondrio	20	100
Rent2Go srl ⁽¹⁾	Monza	12,050	100
Popso Covered Bond srl	Conegliano	10	60
Centro delle Alpi SME srl ⁽¹⁾	Conegliano	10	-
Centro delle Alpi RE ⁽¹⁾	Milan	69,913	100

⁽¹⁾ equity investments not included in the banking group

⁽²⁾ held by Sinergia Seconda srl

⁽³⁾ held by Banca della Nuova Terra spa

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

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

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

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

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

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

After applying the equity method, the Group assesses whether it is necessary to recognise an impairment loss on its investment in associates or joint ventures. At each reporting date, the Group assesses whether there is objective evidence that the investments in associates or joint ventures have suffered impairment. In this case,

the Group calculates the amount of the impairment as the difference between the recoverable value of the associate or joint venture and its carrying amount in its financial statements, recognising this difference in the profit or loss for the year under the heading "portion pertaining to the result of associates and joint ventures".

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

EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD:

Company Name	Head office	Share capital (in thousands)	% holding
Alba Leasing spa	Milan	357,953	19.264
Arca Vita spa	Verona	208,279	14.837
Arca Holding spa	Milan	50,000	34.715
Unione Fiduciaria spa	Milan	5,940	24.000
Polis Sgr spa	Milan	5,200	19.600
Liquid Factory Sbrl	Sondrio	84	4.559

TRANSLATION OF FINANCIAL STATEMENTS IN CURRENCIES OTHER THAN THE EURO

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

SUBSEQUENT EVENTS

No events have taken place between the reference date for this consolidated interim report and the date of its approval by the Board of Directors on 6 May 2025 that would require the adjustment of such approved information, and nothing of significance has occurred that would require additional disclosures.

INTERNATIONAL CONTEXT

The first quarter of the year brought an escalation in the already serious state of geopolitical uncertainty. The persistent conflicts in Ukraine and the Middle East were exacerbated by notable new protectionist policies, which particularly affected countries with a considerable trade surplus with the United States.

During the early part of 2025, the worldwide economy began to exhibit signs of deceleration, notably within the United States, where the Gross Domestic Product decreased. The chance of a trade war escalation greatly amplifies the risks to the economic outlook, impacting both GDP growth—where estimates have been notably downgraded—and global trade.

Oil prices were influenced by weak global demand and an increase in supply from OPEC. Similarly, natural gas prices decreased considerably over concerns about the state of the global economy.

At the beginning of the year, the Eurozone exhibited moderate economic activity. The weakness of investments was offset by a modest rise in consumption, although this was also influenced by a decline in household confidence. Regarding the different sectors, services maintained their growth, whereas manufacturing experienced a rebound. Nonetheless, the forecast for the forthcoming months depends on resolving the trade tariff issues with the US Administration.

Inflation confirmed a downward trend. For its part, the European Central Bank further lowered interest rates on two occasions, with a 25 basis points cut in both January and March.

In Italy, GDP experienced moderate growth in the first quarter, driven by consumption dynamics that were bolstered by the resilience of employment, while investments faced stagnation or downturn.

Industrial activity finally stopped the downturn that had persisted since the latter half of 2023, while services stagnated.

The Swiss economy commenced the new year with modest growth. Global uncertainties, particularly in trade relations, are affecting the Swiss economy's outlook. Recent forecasts predict growth of less than 1.5% this year, which is below the historical average.

With inflation on a downward trend, the Swiss National Bank decided to ease its monetary policy, reducing the SNB's policy rate by 0.25% in March.

CONSOLIDATED BALANCE SHEET

FUNDING

In the context outlined above, our Group has recorded a slightly negative trend in direct funding which, comprising balance sheet liability items 10b "customer deposits" and 10c "securities issued", stood at EUR 43,823 million, down 1.52% compared to the end of 2024.

DIRECT FUNDING FROM CUSTOMERS

(thousands of euro)	31/03/2025	Compos. %	31/12/2024	Compos. %	Change %
Current accounts and sight deposits	31,214,319	71.22	32,181,375	72.31	-3.01
Fixed-term deposits	5,341,580	12.19	5,486,445	12.33	-2.64
Repo transactions	1,716,574	3.92	1,471,044	3.31	16.69
Lease liabilities	147,616	0.34	146,293	0.33	0.9
Bonds	5,156,020	11.77	5,088,450	11.43	1.33
Bank drafts and similar	95,793	0.22	65,633	0.15	45.95
Other payables	151,162	0.34	61,251	0.14	146.79
Total	43,823,064	100.00	44,500,491	100.00	-1.52

TOTAL FUNDING

(thousands of euro)	31/03/2025	Compos. %	31/12/2024	Compos. %	Change %
Total direct funding from customers	43,823,064	38.66	44,500,491	38.64	-1.52
Total direct funding from insurance premiums	2,248,496	1.98	2,190,375	1.9	2.65
Total indirect funding from customers	52,439,845	46.25	52,148,558	45.27	0.56
- <i>Asset management</i>	8,588,284	16.38	8,311,642	15.94	3.33
- <i>Assets under administration</i>	43,851,561	83.62	43,836,916	84.06	0.03
Total	98,511,405	86.89	98,839,424	85.81	-0.33
Due to banks	5,520,331	4.87	6,228,550	5.41	-11.37
Indirect funding from banks	9,344,749	8.24	10,116,411	8.78	-7.63
Grand total	113,376,485	100.00	115,184,385	100.00	-1.57

Indirect customer deposits, at market values, totalled EUR 52,440 million, up 0.56% compared to the end of 2024, while insurance deposits rose to EUR 2,248 million (+2.65%).

Total funding from customers therefore amounted to EUR 98,511 million.

Deposits from banks amounted to EUR 5,520 million, compared to EUR 6,229 million in the previous year (-11.37%).

Securities under administration entrusted to us by banks fell from EUR 10,116 million to EUR 9,345 million, -7.63%.

Total funding from customers and banks therefore amounted to EUR 113,376 million, -1.57%.

As for the individual components, current accounts and sight deposits, down 3.01% to EUR 31,214 million, accounted for 71.22% of all direct funding. Bonds increased by 1.33%, to EUR 5,156 million. Fixed-term deposits amounted to EUR 5,342 million (-2.64% compared to the end of 2024). Repurchase agreements amounted to EUR 1,717 million, +16.69%. Bank drafts added up to EUR 96 million, +45.95%. The item represented by leasing liabilities, referring to rental contracts represented on the basis of the provisions of IFRS 16, amounted to EUR 148 million, while other funding rose from EUR 61 million to EUR 151 million.

Asset management

The beginning of 2025 has been promising for the Italian asset management sector. Indeed, data compiled by Assogestioni at the end of February shows that the system experienced positive net inflows which, aided by the market effect, drove assets under management to a new record high. Regarding product type, the positive trend from the previous months persisted for bond funds, supported by still relatively attractive yields to maturity. In contrast, equity, balanced, and flexible funds displayed a negative balance, indicating a more cautious attitude among investors. This caution is also due to emerging uncertainties in the backdrop, such as the United States trade policy and the international geopolitical landscape.

Total assets managed in various forms by our Group stood at EUR 8,588 million (+3.33% compared to the end of 2024), of which EUR 6,399 million (+3.25%) related to mutual investment funds and Sicav (including Popso (SUISSE) Investment Fund Sicav) and asset management for EUR 2,190 million (+3.55%).

LOANS TO CUSTOMERS

Loans to customers of our Group experienced a modest increase, totalling EUR 35,880 million – a 2.44% rise from the end of 2024. The ratio of loans to customers/direct funding from customers has thus risen to 81.88%, from 78.71%.

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 and securities from securitisation transactions. 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.

(thousands of euro)	31/03/2025	Compos. %	31/12/2024	Compos. %	Change %
Current accounts	3,269,842	9.11	3,247,989	9.27	0.67
Mortgage loans	21,238,933	59.19	20,946,893	59.80	1.39
Repo transactions	499,426	1.39	-	-	n.a.
Personal loans and assignments of one-fifth of salary or pension	613,692	1.71	600,549	1.71	2.19
Factoring	4,008,110	11.17	4,501,801	12.85	-10.97
Other loans	5,718,340	15.95	5,164,986	14.76	10.71
Fixed-yield securities	532,128	1.48	565,205	1.61	-5.85
Total	35,880,471	100.00	35,027,423	100.00	2.44

The principal item consists of mortgage and unsecured loans that, following a slight increase of 1.39% to EUR 21,239 million, now represent 59.19% 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. This was followed by other financing (advances, grants, etc.), which amounted to EUR 5,718 million, +10.71%, or 15.95% of financing. Personal loans increased, +2.19% to EUR 614 million, and current accounts rose slightly, +0.67% to EUR 3,270 million. Factoring decreased to EUR 4,008 million and fixed-yield securities to EUR 532 million. 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 non-performing loans decreased by 6.07% to EUR 374 million. This aggregate is 1.04% (1.14% at the end of 2024) of loans to customers. The gross NPL Ratio decreased from 2.93% to 2.86%.

The coverage level remains high at 64.48% from 62.28% at the end of 2024.

The following table gives an overview of performing and non-performing loans.

NON-PERFORMING AND PERFORMING LOANS TO CUSTOMERS

(thousands of euro)		31/03/2025	31/12/2024	Absolute changes	Changes %
Non-performing loans	Gross exposure	1,052,841	1,055,377	-2,536	-0.24
	Value adjustments	678,907	657,281	21,626	3.29
	Net exposure	373,934	398,096	-24,162	-6.07
Bad loans	Gross exposure	314,183	303,557	10,626	3.50
	Value adjustments	267,245	259,448	7,797	3.01
	Net exposure	46,938	44,109	2,829	6.41
Unlikely-to-pay	Gross exposure	664,281	646,868	17,413	2.69
	Value adjustments	395,126	378,259	16,867	4.46
	Net exposure	269,155	268,609	546	0.20
Non-performing past due exposures	Gross exposure	74,377	104,952	-30,575	-29.13
	Value adjustments	16,536	19,574	-3,038	-15.52
	Net exposure	57,841	85,378	-27,537	-32.25
Performing loans	Gross exposure	35,803,964	34,926,842	877,122	2.51
	Value adjustments	297,427	297,515	-88	-0.03
	Net exposure	35,506,537	34,629,327	877,210	2.53
Total loans and receivables with customers	Gross exposure	36,856,805	35,982,219	874,586	2.43
	Value adjustments	976,334	954,796	21,538	2.26
	Net exposure	35,880,471	35,027,423	853,048	2.44
Impaired loans classified as assets held for sale	Gross exposure	189,913	211,546	-21,633	-10.23
	Value adjustments	93,917	102,953	-9,036	-8.78
	Net exposure	95,996	108,593	-12,597	-11.60

Net bad loans, adjusted for write-downs, amounted to EUR 47 million, +6.41% and correspond to 0.13% of total loans to customers. Value adjustments amounted to EUR 267 million (+3.01%), representing 85.06% of the gross amount of such loans compared to 85.47% of the previous year.

Unlikely-to-pay loans, net of value adjustments, did not change significantly and amounted to EUR 269 million (+0.20%), corresponding to 0.75% of total loans to customers. The related adjustments, with the current coverage ratio of 59.48%, amounted to EUR 395 million, +4.46% compared to the end of 2024; in the previous year the coverage ratio was 58.48%.

Net non-performing past due loans, determined in accordance with supervisory regulations, amounted to EUR 58 million (-32.25% compared to the end of 2024), and represent 0.16% of total loans to customers.

The coverage ratio for performing loans stood at 0.83%, closely matching the level of 31 December 2024 (0.85%); the provisioning for stage 2 positions reduced to 5.6%, down from 6.0% as at 31 December 2024.

As already specified in the Report to the financial statements at 31 December 2024 (in the "ECB supervisory activities" section), the Authority 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 29 April 2025, by the ECB's Final

decision, which imposes requirements and makes recommendations. The requirements focus on: bolstering the Board of Directors' effectiveness, refining management level structure and operations, enhancing risk management and internal audit roles, and optimising credit risk management processes.

Considering the requirements and recommendations set out by the ECB, various projects were planned and initiated to ensure timely compliance. 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. With reference to profiles of potential reclassification for the purposes of supervisory reporting, which involve only a portion of the sample examined by the Supervisory Authority (for a gross cash equivalent value as at 31 March 2025 of approximately EUR 158 million and a net value of about EUR 113 million), the Bank continues its discussions with the ECB, also in relation to the events following the start of the inspection and the methodologies already updated as a result of the inspection activity. At present, these positions are performing positively. Should the Bank proceed with all reclassifications as suggested by the ECB, the net Non-Performing Loans (net NPL ratio) to total loans would shift from 1.04% on 31 March 2025 to 1.36% (the gross NPL ratio would rise from 2.9% to 3.3%).

In any case, with reference to the positions selected by the ECB, the set of ongoing and planned interventions will not lead to the detection of significant additional effects on the income statement compared to those already detected.

TREASURY AND TRADING OPERATIONS

The net interbank position was EUR 3,509 million negative at 31 March 2025 compared to EUR 4,092 million negative at the end of 2024. Cash and cash equivalents amounted to EUR 1,952 million compared to EUR 3,738 million.

In the period under review, Treasury operations, on the lending side, still favoured the use of the Deposit Facility at the ECB, remunerated at 2.50% as at 31 March 2025 (2.75% until 11 March and 3% until 4 February) and risk-free. On the funding side, operations continued 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 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 refinanceable at the ECB, including Abaco, net of the haircuts applied, amounts to 15.6 billion as at 31 March 2025, of which 10.7 billion free and 4.9 billion committed.

The portfolio of financial assets totalled EUR 13,228 million, up by 3.60% compared to 31 December 2024.

Financial assets held for trading increased by 31.48% compared to 31 December 2024 and amounted to EUR 229 million. The increase is attributable to trading in US dollar government bonds. The equity component, on the other hand, decreased by 59.46% while the UCI component decreased by 6.30%. During the quarter, operations mainly focused on equities and units in UCIs, in addition to Italian and foreign government bonds. UCIs, 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.

Financial assets mandatorily measured at fair value amounted to EUR 338 million, up from 31 December 2024 (+2.29%). The portfolio remains mainly focused on euro-denominated UCIs 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 an increase of 6.38% compared to the end of 2024, reaching EUR 2,826 million. More specifically, the exposure to Italian government bonds was further lightened, which now stands at EUR 148 million (-25.18%). Conversely, exposure to foreign government bonds, particularly those from the Eurozone, rose by 15.83%. Bank bonds and equity securities remained largely static, whereas other bonds experienced a negative shift of 20.71% compared to the previous year.

Financial assets measured at amortised cost amounted to EUR 9,835 million, up 2.37% compared to 31 December 2024. The total amount of government bonds was around EUR 7.6 billion, slightly up compared to 7.5 billion at the end of 2024. Throughout this period, investments in the Treasury Credit Certificates (CCT) segment were further curtailed in favour of fixed-rate securities.

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

(thousands of euro)	31/03/2025	31/12/2024	Change %
Financial assets held for trading	228,829	174,038	31.48
- Foreign government securities	93,225	-	n.a.
- Equity securities	14,002	34,540	-59.46
- Mutual funds	97,068	103,593	-6.30
- Derivatives	24,534	35,905	-31.67
Other financial assets mandatorily measured at fair value	338,342	330,771	2.29
- Bank bonds	33,371	34,532	-3.36
- Other bonds	46,596	45,814	1.71
- Mutual funds	258,375	250,425	3.17
Financial assets measured at fair value through other comprehensive income	2,825,626	2,656,254	6.38
- Italian government securities	147,805	197,550	-25.18
- Foreign government securities	1,975,861	1,705,880	15.83
- Equity securities	93,785	93,484	0.32
- Bank bonds	407,648	406,437	0.30
- Other bonds	200,527	252,903	-20.71
Financial assets measured at amortised cost	9,835,367	9,607,226	2.37
- Italian government securities	5,864,119	5,596,936	4.77
- Foreign government securities	1,787,747	1,939,769	-7.84
- Bank bonds	1,125,948	1,076,127	4.63
- Other bonds	1,057,553	994,394	6.35
Total	13,228,164	12,768,289	3.60

ESG securities, mostly green and social bonds, amount to approximately 2.1 billion.

The duration of the government bond portfolio stands at 5 years and 4 months, while the modified duration is at 2.91% (source Skipper Informatica), both increasing compared to 31 December 2024. Overall, including bonds (net of securitisations), the modified duration is 2.90%, an increase compared to the end of 2024.

EQUITY INVESTMENTS

The equity investments totalled EUR 416 million, reflecting a growth of 3.32%, primarily attributed to the valuation of the investees' equity.

PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY AND INTANGIBLE ASSETS

Property, equipment and investment property and intangible assets amounted to EUR 694 million compared to EUR 699 million at the end of 2024. The former added up to a total of EUR 659 million compared to EUR 664 million (-0.75%), and the latter amounted to EUR 36 million (-0.19%).

Intangible assets encompass about EUR 13 million of goodwill. An impairment test is performed annually, or whenever indicators of impairment are identified, to assess any potential impairment losses. The test was conducted during the preparation of the consolidated financial statements as of 31 December 2024. As at 31 March 2025, no indicators of impairment were identified.

OTHER PROVISIONS

These consist of the severance indemnities (TFR), which decreased from EUR 32.6 million to EUR 32.2 million, and the provisions for risks and charges, which added up to EUR 386 million, -1.27% from the end of 2024. In particular, there was a decrease in the provision for commitments and guarantees given, which fell from EUR 89 million to EUR 86 million, and a substantial stability in the provision for pensions and similar obligations, amounting to EUR 189 million compared to EUR 189.4 million at the end of 2024, while other provisions for risks and charges decreased from EUR 112.3 million to EUR 111 million.

EQUITY

Shareholders' equity at 31 March 2025, inclusive of valuation reserves and the profit for the year, amounts to EUR 4,322.575 million. Compared with the total at 31 December 2024 of EUR 4,156.325 million, this represents an increase of EUR 166.250 million (+4%). The change essentially derives positively from the accounting of the profit for the year, as well as reserves. The Shareholders' Meeting held on 30 April 2025, called to approve the financial statements for the year 2024 and the allocation of profit, resolved to distribute a dividend paid from 21 May 2025 of EUR 0.80 for each of the shares outstanding.

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 EUR 79,037 million, with an increase of EUR 103 thousand, due to positive differences between the unloading price and the corresponding book value of the shares sold.

The item reserves rose to EUR 2,729.247 million; the increase of EUR 568,294 million resulted mainly from the allocation of part of the profit for the financial year 2024.

The item valuation reserves, 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 EUR 5.854 million, a decrease compared to the end of 2024, when it was positive for EUR 6.559 million. Treasury shares in portfolio amounting to EUR 25.030 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. For the Group, these minimum limits are respectively equal to 7% for the CET 1 Ratio, 8.50% for the Tier 1 Capital Ratio and 10.50% for the Total Capital Ratio (sum of the minimum CRR requirements and the Capital Conservation Buffer). The European Central Bank, by virtue of its powers, based on the evidence gathered as part of the supervisory review and evaluation process (SREP), has also the authority to set customised capital and/or liquidity ratios for each intermediary subject to Community supervision.

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 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.

To harmonise the methods of measurement and oversight of capital requirements across different European financial institutions, the new prudential supervisory rules (commonly referred to as Basel 4) were implemented starting 1st January 2025. The latest regulation, which amends Regulation (EU) No. 575/2023 and Directive (EU) 2013/36, introduces significant modifications to the computation of Risk Weighted Assets (RWA) for the first pillar risks, including credit risk, market risk, operational risks, and Credit Value Adjustment risk (CVA).

It is worth noting that according to the EU Implementing Regulation 2024/3117, which sets the technical specifications for the new prudential supervisory legislation, the reporting templates dated 31 March 2025 can be submitted to the Supervisory Authority by 30 June 2025.

The key goals of the new European regulation (CRD6 / CRR3) mainly focus on three main domains:

- Credit risk, an area where regulation has been updated by limiting the scope of model applications for the so-called Low Default Portfolios, eliminating the possibility of using Advanced-IRB approaches for the segments "Banks", "Financial Institutions" and "Large Corporate", and IRB approaches for exposures in the segment "Equity". Concurrently, the Standard approach has been enhanced, rendering it more detailed and sensitive to risk;
- Operational risks, for which the possibility of using internal models for regulatory purposes has been abolished;
- Market risk, an area experiencing a review of trading book rules (Fundamental Review of the Trading Book, FRTB) with the aim of simplifying market risk assessment models by encouraging greater standardisation through the application of common rules.

The implementation of the new legislation, alongside the positive trajectory of loans to the Corporate sector, has caused a decrease in capital ratios, which still remain at high levels, with a substantial margin when compared to regulatory requirements. Specifically, the phased-in CET1 ratio is at 14.3% and the phased-in Total Capital ratio is at 16.8%¹.

Consolidated own funds for supervisory reporting purposes, including part of the profit as at 31 March 2025, amounted to 4,315.566 million (phased-in).

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 2024:

- capital/direct funding from customers 9.86% vs. 9.34%;
- capital/customer loans 12.05% vs. 11.87%;
- capital/financial assets 32.68% vs. 32.55%;
- capital/total assets 7.74% vs. 7.34%;
- net bad loans/capital 1.09% vs. 1.06%.

¹ Capital ratios are presented considering the part of the period's profit available for self-financing, with its inclusion in own funds subject to Supervisory Authority's approval. It is important to note that the Bank has opted to utilise the provisions of EU Implementing Regulation 2024/3117, which in establishing the technical specifications for executing the new prudential supervisory regulations effective from 1st January 2025 (the so-called Basel 4) permits reporting templates relating to 31 March 2025 to be submitted to the Supervisory Authority by 30 June 2025, thus allowing for possible refinement of the data before submission.

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 31.03.2025	3,608,320	144,699
Consolidation adjustments	-5,117	-5,117
Difference with respect to the carrying amounts of equity investments in:		
- companies consolidated on a line-by-line basis	530,876	20,438
- companies valued using the equity method	188,496	13,290
Balance at 31.03.2025, as reported in the consolidated financial statements	4,322,575	173,310

CONSOLIDATED INCOME STATEMENT

As of 31 March 2025, the Group recorded a profit of EUR 173.310 million, marking an increase compared to the comparative period's result of EUR 145.228 million, representing a growth of 19.34%.

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.

Net interest income increased by 1.89%, coming in at EUR 272.066 million compared to EUR 267.015 million. The trade margin has shown resilience despite a significant decline in market rates. The property portfolio's contribution remains substantial, though declining, while the portion related to tax credit stock is increasing.

The net fee and commission income totalled EUR 115.438 million, marking an 8.02% increase thanks to enhanced activities in securities placement and order execution, distribution of insurance products, issuance of guarantees, and financing operations.

The result of financial activities was positive for EUR 32.945 million compared to EUR 35.491 million in the comparison period (-7.17%).

Dividends received were EUR 0.352 million, showing a decline from EUR 0.983 million as of 31 March 2024 (-64.19%). The result of trading activities was positive for EUR 23.356 million compared to EUR 27.054 million in the comparison period (-13.67%). Gains on sales or repurchases amounted to EUR 9.449 million, compared to EUR 8.412 million in March 2024.

The result from other financial assets measured at fair value was negative, equal to EUR 1.449 million, which was substantially in line with the result for the comparison period (losses equal to EUR 1.189 million). In this context, the segment concerning loans to customers registered a negative figure of EUR 1.268 million, compared to losses of EUR 2.011 million as of March 2024.

Net banking income thus amounted to EUR 419.352 million, +2.49%.

The adjustments/write-backs for credit risk on the exposures to customers, banks, and securities totalled EUR 22.501 million, compared with EUR 42.814 million, -47.44%. Managerial overlays, in particular related to the future update of AIRB models and so-called novel risks, amounted to EUR 50.2 million, almost stable compared to the end of 2024.

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 EUR 24.039 million and consisted almost entirely of adjustments relating to financial assets measured at amortised cost;
- Item 140, relating to profits/losses from contractual modifications without cancellations, resulting from changes made to contractual cash flows, was negative for EUR 1.632 million in the reporting year.

Net adjustments also include a write-back on commitments and guarantees of EUR 3.170 million, compared with a write-back of EUR 5.703 million in the comparison period, and losses on disposals of receivables of EUR 0.1 million.

The ratio of net adjustments to loans and receivables with customers/loans and receivables with customers (annualized cost of credit) was 0.25%, compared to 0.51% at the end of March 2024.

Financial income increased from EUR 366.355 million to EUR 396.851 million, +8.32%.

KEY FIGURES OF THE CONSOLIDATED INCOME STATEMENT

(thousands of euro)	31/03/2025	31/03/2024	Absolute changes	Changes %
Net interest income	272,066	267,015	5,051	1.89
Dividends	352	983	-631	-64.19
Net fee and commission income	115,438	106,869	8,569	8.02
Result of financial activities [a]	32,945	35,491	-2,546	-7.17
Result of other financial assets and liabilities measured at FVTPL [b]	-1,449	-1,189	-260	21.87
<i>of which LOANS</i>	-1,268	-2,011	743	-36.95
<i>of which OTHER</i>	-181	822	-1,003	-122.02
Total income	419,352	409,169	10,183	2.49
Net adjustments [c]	-22,501	-42,814	20,313	-47.44
Net financial income	396,851	366,355	30,496	8.32
Personnel expenses [d]	-80,779	-76,633	-4,146	5.41
Other administrative expenses [e]	-79,468	-73,812	-5,656	7.66
Other operating income/expense [d]	22,870	17,328	5,542	31.98
Net accruals to provisions for risks and charges [f]	-4,184	-1,083	-3,101	286.33
Adjustments to property, equipment and investment property and intangible assets	-16,394	-16,590	196	-1.18
Operating costs	-157,955	-150,790	-7,165	4.75
Operating profit (loss)	238,896	215,565	23,331	10.82
Charges for stabilising the banking system [e]	-	-20,001	20,001	-100.00
Net gains (losses) on equity investments and other investments [g]	13,361	14,279	-918	-6.43
Profit (loss) before tax	252,257	209,843	42,414	20.21
Current income taxes	-78,947	-64,615	-14,332	22.18
Profit (loss)	173,310	145,228	28,082	19.34
(Profit) loss attributable to non-controlling interests	-	-	-	n.a.
Profit (loss) attributable to the Parent Company	173,310	145,228	28,082	19.34

Notes:

[a] The result of financial activities is made up of the sum of items 80 - 90 - 100 in the income statement net of losses from the sale of receivables in the amount of EUR 0.086 million.

[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 in the income statement including the losses on disposals of receivables for EUR 0.086 million.

[d] Personnel expenses and other operating income have been stated net of the income generated by the post-employment benefits fund of EUR 1.664 million.

[e] Charges for stabilising the banking system have been separated from other administrative expenses and presented separately.

[f] Net allocations to provisions for risks and charges refer to item 200 b).

[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.

Operating costs increased to EUR 157.955 million from EUR 150.790 million, +4.75%.

The ratio of operating costs to income from banking activities, otherwise known as the cost/income ratio, was equal to 37.67%, while the ratio of operating costs to total assets totalled 1.13%. As for the individual components, administrative expenses amounted to EUR 160.247 million, +6.52%; of these, personnel expenses increased from EUR 76.633 to EUR 80.779 million (+5.41%), mainly due to contractual adjustments and the increase in personnel for new hires in the period, while other administrative expenses increased from EUR 73.812 to EUR 79.468 million (+7.66%) and incorporated the growth of IT costs.

The item “net provisions for risks and charges” reflected provisions of EUR 4.184 million compared to provisions of EUR 1.083 million recognized in the first quarter of 2024. The depreciation of property, equipment and investment property and the amortisation of software amounted to EUR 16.394 million compared with EUR 16.590 million. Other income, net of other operating expenses, amounted to EUR 22.870 million, +31.98%.

Charges for stabilising the banking system, shown separately, were nil, due to the discontinuation of the contribution to the Fondo Interbancario di Tutela dei Depositi, compared to EUR 20 million recognised in the first quarter of 2024. The aggregate profits/losses on equity and other investments showed a positive balance of EUR 13.361 million, compared with EUR 14.279 million, -6.43%.

Profit before income taxes therefore totalled EUR 252.257 million, +20.21%. After deducting income taxes of EUR 78.947 million, the profit for the year was EUR 173.310 million, +19.34%.

The tax rate, understood as the ratio between income taxes and pre-tax result, stood at 31.3%.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT QUARTER BY QUARTER

(thousands of euro)	2025	2024			
	I Quarter	IV Quarter	III Quarter	II Quarter	I Quarter
Net interest income	272,066	276,530	275,516	271,043	267,015
Dividends	352	151	3,128	2,239	983
Net fee and commission income	115,438	116,749	105,089	105,795	106,869
Result of financial activities [a]	32,945	31,712	33,758	30,820	35,491
Result of other financial assets and liabilities measured at FVTPL [b]	-1,449	-7	-356	-6,200	-1,189
<i>of which LOANS</i>	-1,268	-238	-2,466	-4,770	-2,011
<i>of which OTHER</i>	-181	231	2,110	-1,430	822
Total income	419,352	425,135	417,135	403,697	409,169
Net adjustments [c]	-22,501	-42,124	-39,435	-60,520	-42,814
Net financial income	396,851	383,011	377,700	343,177	366,355
Personnel expenses [d]	-80,779	-84,749	-78,073	-74,934	-76,633
Other administrative expenses [e]	-79,468	-95,447	-72,931	-75,431	-73,812
Other operating income/expense [d]	22,870	27,587	25,047	22,578	17,328
Net accruals to provisions for risks and charges [f]	-4,184	-2,038	-5,479	-21,424	-1,083
Adjustments to property, equipment and investment property and intangible assets	-16,394	-23,972	-17,977	-17,834	-16,590
Operating costs	-157,955	-178,619	-149,413	-167,045	-150,790
Operating profit (loss)	238,896	204,392	228,287	176,132	215,565
Charges for stabilising the banking system [e]	-	-	-2	-1,294	-20,001
Net gains (losses) on equity investments and other investments [g]	13,361	6,360	14,541	2,471	14,279
Profit (loss) before tax	252,257	210,752	242,826	177,309	209,843
Current income taxes	-78,947	-67,701	-74,497	-58,975	-64,615
Profit (loss)	173,310	143,051	168,329	118,334	145,228
(Profit) loss attributable to non-controlling interests	-	-	-	-	-
Profit (loss) attributable to the Parent Company	173,310	143,051	168,329	118,334	145,228

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.

OTHER INFORMATION

HUMAN RESOURCES

As at 31 March 2025, the Group had 3,730 employees, an increase of 102 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.

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, closed the first quarter of 2025 with a positive performance of 36.61%, marking a reference price on 31 March 2025 of 11.12 euro, compared to 8.14 euro at the end of 2024. During the reporting period, the share marked an intraday low and high of EUR 7.855 on 2 January and EUR 11.88 on 26 March, respectively. The FTSE MIB index in the same period recorded an increase equal to 11.31%, while the sectoral index Ftse Italia All-Share Banks was up by 24.83%.

The average daily volume of securities traded on Borsa Italiana's Euronext Milan market in the first three months of the year was 2.597 million, up from 2.142 million in the same period of 2024.

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



Treasury shares of the Banca Popolare di Sondrio

With regard to treasury shares held, it should be noted that as at 31 March 2025 the Parent Company held 3,565,256 shares, down 31,959 shares compared to the end of 2024 as a result of the assignments made in implementation of the remuneration policies of the Banca Popolare di Sondrio Banking Group, in addition to the 26,535 shares held by Banca Popolare di Sondrio (SUISSE) SA. The balance sheet value was EUR 25.030 million.

The shareholder structure as at 31 March 2025 consisted of 131,894 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 13 February 2025, 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.

S&P GLOBAL RATINGS – issued on 16/02/2025	RATING
STAND ALONE CREDIT PROFILE	BBB-
LONG-TERM ISSUER CREDIT RATING	BBB-
SHORT-TERM ISSUER CREDIT RATING	A-3
LONG-TERM RESOLUTION COUNTERPARTY RATING	BBB
SHORT-TERM RESOLUTION COUNTERPARTY RATING	A-2
SENIOR PREFERRED DEBT	BBB-
TIER 2 SUBORDINATED DEBT	BB
OUTLOOK	Positive

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

Morningstar DBRS - released on 23/10/2024	RATING
LONG-TERM ISSUER RATING	BBB
SHORT-TERM ISSUER RATING	R-2 (high)
LONG-TERM SENIOR DEBT	BBB
SHORT-TERM DEBT	R-2 (high)
LONG-TERM DEPOSITS	BBB (high)
SHORT-TERM DEPOSITS	R-1 (low)
SUBORDINATED DEBT	BB (high)
TREND	Stable
Scope Ratings - issued on 17/4/2024	RATING
ISSUER RATING	BBB
OUTLOOK	Stable

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.

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

INFORMATION ON EXPOSURE TO SOVEREIGN DEBT

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

In this regard, the overall exposure of the banking group at 31 March 2025 amounted to EUR 10,700 million and was structured as follows:

- a) Italian government securities: EUR 6,012 million;
- b) Securities of other issuers: EUR 4,203 million;
- c) Loans to government departments: EUR 76 million;
- d) Loans to other public administrations and miscellaneous entities: EUR 409 million.

DISTRIBUTION BY GEOGRAPHICAL AREAS

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

The latter's contribution to the Group can be summarised in the following figures: Suisse accounts for 8.28% of direct customer deposits, 13.52% of loans to customers, 6.04% of net commissions and 2.00% of net interest income.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

On 4 April 2025, as part of its annual review process, Fitch Ratings declared its decision to maintain the current ratings of the Bank. Specifically, the Bank's long-term issuer rating was affirmed at "BBB-", maintaining its investment-grade status and placed under Positive Rating Watch (RWP).

On 10 April 2025, after completing its annual review process, Scope Ratings confirmed Banca Popolare di Sondrio's issuer rating at "BBB", thereby upholding its investment-grade classification. The agency also decided to improve the outlook from stable to positive.

On 18 April 2025, S&P Global Ratings confirmed Banca Popolare di Sondrio's issuer rating at investment grade "BBB-". The agency also confirmed the positive outlook on the ratings.

In relation to the three aforementioned decisions, dedicated press releases have been published and are accessible on the Banca Popolare di Sondrio's website at <https://istituzionale.popso.it/it/comunicati-ed-eventi-societari/comunicati>

Regarding the expected management developments, the present macroeconomic environment, despite being influenced by ongoing international tensions and uncertainty surrounding the implementation of protectionist policies, offers Italy the opportunity to envisage maintaining a moderate growth in economic activity. With respect to monetary policy, the expected trajectory of inflation trends is likely to permit the European Central Bank to further cut interest rates, thereby concluding the easing phase initiated in June of last year. In light of these dynamics, it is anticipated that our Group, buoyed by the favourable conditions of its core operations, the containment of operating cost growth, and effective risk management, will meet the objectives set out in the newly introduced 2025-2027 Business Plan for this year.

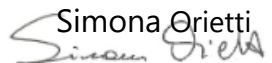
Sondrio, 06 May 2025

THE BOARD OF DIRECTORS

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

Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act, the Manager responsible for preparing the Company's accounting documents, Simona Orietti, declares that the accounting information contained in this consolidated interim report as at 31 March 2025 corresponds to the documented results, books and accounting records.

Financial Reporting Manager

Simona Orietti


CONSOLIDATED FINANCIAL STATEMENTS

AT 31 MARCH 2025

CONSOLIDATED BALANCE SHEET

(thousands of euro)

ASSET ITEMS		31/03/2025	31/12/2024
10.	Cash and cash equivalents	1,952,225	3,738,224
20.	Financial assets measured at fair value through profit or loss	787,441	739,876
	a) financial assets held for trading	228,829	174,038
	c) other financial assets mandatorily measured at fair value	558,612	565,838
30.	Financial assets measured at fair value through other comprehensive income	2,825,626	2,656,254
40.	Financial assets measured at amortised cost	46,380,447	45,459,416
	a) Receivables from banks	2,010,826	2,135,962
	b) Loans and receivables with customers	44,369,621	43,323,454
60.	Change in value of macro-hedged financial assets (+/-)	1,458	2,139
70.	Equity investments	416,148	402,758
90.	Tangible assets	658,592	663,577
100.	Intangible assets	35,767	35,836
	of which:		
	- goodwill	12,632	12,632
110.	Tax assets	187,569	190,030
	a) current	1,352	1,776
	b) prepaid	186,217	188,254
120.	Non-current assets and groups of assets held for sale	95,996	108,593
130.	Other assets	2,524,884	2,631,879
TOTAL ASSETS		55,866,153	56,628,582

LIABILITIES AND EQUITY		31/03/2025	31/12/2024
10.	Financial liabilities measured at amortised cost	49,343,396	50,729,041
	a) Due to banks	5,520,331	6,228,550
	b) Customer deposits	38,571,252	39,346,409
	c) Securities issued	5,251,813	5,154,082
20.	Financial liabilities held for trading	30,195	16,561
40.	Hedging derivatives	1,683	2,426
60.	Tax liabilities	143,895	72,423
	a) current	114,338	41,501
	b) deferred	29,557	30,922
70.	Liabilities associated with assets held for sale	127	3
80.	Other liabilities	1,606,484	1,228,645
90.	Employee severance indemnities	32,188	32,577
100.	Provisions for risks and charges	385,596	390,567
	a) commitments and guarantees given	85,622	88,827
	b) pension and similar obligations	189,016	189,432
	c) other provisions for risks and charges	110,958	112,308
120.	Valuation reserves	5,854	6,559
150.	Reserves	2,729,247	2,160,953
160.	Share premiums	79,037	78,934
170.	Share capital	1,360,157	1,360,157
180.	Treasury shares (-)	(25,030)	(25,220)
190.	Non-controlling interests (+/-)	14	14
200.	Profit (Loss) for the period (+/-)	173,310	574,942
TOTAL LIABILITIES AND EQUITY		55,866,153	56,628,582

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

ITEMS	31/03/2025	31/03/2024
10. INTEREST AND SIMILAR INCOME	462,058	547,032
<i>of which: interest income calculated using the effective interest method</i>	443,913	542,349
20. INTEREST AND SIMILAR EXPENSES	(189,992)	(280,017)
30. NET INTEREST INCOME	272,066	267,015
40. FEE AND COMMISSION INCOME	121,429	112,626
50. FEE AND COMMISSION EXPENSE	(5,991)	(5,757)
60. NET FEE AND COMMISSION INCOME	115,438	106,869
70. DIVIDENDS AND SIMILAR INCOME	352	983
80. NET TRADING INCOME	23,356	27,054
90. NET HEDGING GAIN (LOSS)	54	25
100. GAINS (LOSSES) FROM SALES OR REPURCHASES OF:	9,449	8,412
<i>a) financial assets measured at amortised cost</i>	5,771	2,882
<i>b) financial assets measured at fair value through other comprehensive income</i>	3,678	4,905
<i>c) financial liabilities</i>	-	625
110. NET GAINS/LOSSES ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	(1,449)	(1,189)
<i>b) other financial assets mandatorily measured at fair value</i>	(1,449)	(1,189)
120. TOTAL INCOME	419,266	409,169
130. NET ADJUSTMENTS/WRITE-BACKS FOR CREDIT RISK RELATED TO:	(23,953)	(47,848)
<i>a) financial assets measured at amortised cost</i>	(23,983)	(47,916)
<i>b) financial assets measured at fair value through other comprehensive income</i>	30	68
140. GAINS/LOSSES FROM CONTRACTUAL AMENDMENTS NOT RESULTING IN DERECOGNITION	(1,632)	(669)
150. NET FINANCIAL INCOME	393,681	360,652
180. BALANCE OF FINANCIAL AND INSURANCE MANAGEMENT	393,681	360,652
190. ADMINISTRATIVE EXPENSES:	(161,911)	(173,057)
<i>a) personnel expenses</i>	(82,443)	(79,244)
<i>b) other administrative expenses</i>	(79,468)	(93,813)
200. NET ALLOCATIONS TO PROVISIONS FOR RISKS AND CHARGES	(1,014)	4,620
<i>a) commitments for guarantees given</i>	3,170	5,703
<i>b) other net provisions</i>	(4,184)	(1,083)
210. DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(12,471)	(13,061)
220. AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(3,923)	(3,529)
230. OTHER OPERATING INCOME/EXPENSE	24,534	19,939
240. OPERATING COSTS	(154,785)	(165,088)
250. GAINS (LOSSES) ON EQUITY INVESTMENTS	13,271	13,994
280. GAINS (LOSSES) ON SALES OF INVESTMENTS	90	285
290. PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS	252,257	209,843
300. INCOME TAXES FOR THE YEAR FROM CURRENT OPERATIONS	(78,947)	(64,615)
310. POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS	173,310	145,228
330. PROFIT (LOSS) FOR THE PERIOD	173,310	145,228
340. (PROFIT) LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	-
350. PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	173,310	145,228

	Basic earnings per share (basic EPS) – euro	0.390	0.323
	Diluted earnings per share (diluted EPS) – euro	0.390	0.323

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(thousands of euro)

ITEMS	31/03/2025	31/03/2024
10. Profit (loss) for the period	173,310	145,228
Other income items net of income taxes that will not be reclassified to profit or loss		
20. Equity securities measured at fair value through other comprehensive income	347	10,392
70. Defined benefit plans	411	1,385
90. Share of valuation reserves of equity investments measured at equity	5	(1)
Other income items net of income taxes that may be reclassified subsequently to profit or loss		
120. Exchange rate differences	(457)	(1,680)
150. Financial assets (other than capital securities) measured at fair value through other comprehensive income	(1,106)	(8,865)
170. Share of valuation reserves of equity investments measured at equity	95	2,137
200. Total other income items net of income taxes	(705)	3,368
210. Other comprehensive income (Item 10+200)	172,605	148,596
220. Consolidated comprehensive income attributable to non-controlling interests	-	-
230. Consolidated other comprehensive income attributable to the parent company	172,605	148,596

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)

	Balance at 31.12.2024		Changes in opening balances		Balance at 1.1.2025		Allocation of prior year result		Changes during the year										Equity attributable to the Group at 31.03.2025		Equity attributable to non-controlling interests at 31.03.2025	
									Equity transactions													
									Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in interests held	Other comprehensive income at 31.03.2025			
Share capital																						
a) ordinary shares	1,360,171	-	1,360,171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,360,157	14	-
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premiums	78,934	-	78,934	-	-	-	103	-	-	-	-	-	-	-	-	-	-	-	-	79,037	-	-
Reserves																						
a) from earnings	2,124,151	-	2,124,151	574,942	-	(6,648)	-	-	-	-	-	-	-	-	-	-	-	-	-	2,692,445	-	-
b) other	36,802	-	36,802	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,802	-	-
Valuation reserves	6,559	-	6,559	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(705)	5,854	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(25,220)	-	(25,220)	-	-	-	262	(72)	-	-	-	-	-	-	-	-	-	-	-	(25,030)	-	-
Profit for the year	574,942	-	574,942	(574,942)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173,310	173,310	-	-
Equity attributable to the Group	4,156,325	-	4,156,325	-	-	(6,648)	365	(72)	-	-	-	-	-	-	-	-	-	-	172,605	4,322,575	-	-
Equity attributable to non-controlling interests	14	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)

	Balance at 31.12.2023	Changes in opening balances	Balance at 1.1.2024	Allocation of prior year result		Changes during the year										Equity attributable to the Group at 31.03.2024	Equity attributable to non-controlling interests at 31.03.2024		
				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	Changes in interests held	Other comprehensive income at 31.03.2024					
Share capital																			
a) ordinary shares	1,360,171	-	1,360,171	-	-	-	-	-	-	-	-	-	-	-	-	1,360,157	14		
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Share premiums	78,949	-	78,949	-	-	-	-	-	-	-	-	-	-	-	-	78,949	-		
Reserves																			
a) from earnings	1,914,752	-	1,914,752	(461,162)	-	(24,606)	-	-	-	-	-	-	-	-	-	2,351,308	-		
b) other	35,894	-	35,894	-	-	-	-	-	-	-	-	-	-	-	-	35,894	-		
Valuation reserves	(16,222)	-	(16,222)	-	-	-	-	-	-	-	-	-	-	-	3,368	(12,854)	-		
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Treasury shares	(25,418)	-	(25,418)	-	-	-	41	(52)	-	-	-	-	-	-	-	(25,429)	-		
Profit for the year	461,162	-	461,162	(461,162)	-	-	-	-	-	-	-	-	-	-	145,228	145,228	-		
Equity attributable to the Group	3,809,274	-	3,809,274	-	-	(24,606)	41	(52)	-	-	-	-	-	-	148,596	3,933,253	-		
Equity attributable to non-controlling interests	14	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-	14		

