



Pillar 3 Report

Public Disclosures

Banca Popolare di Sondrio Group

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Sondrio Companies Register no. 00053810149

Official List of Banks no. 842

Parent Company of the Banca Popolare di Sondrio Banking Group,

Official List of Banking Groups under no. 5696.0

Member of the Interbank Deposit Guarantee Fund

Tax code and VAT number: 00053810149

Share capital: € 1,360,157,331; Reserves: € 1,380,852,212

(Figures approved at the Shareholders' meeting of 30 April 2022)

Stock listed on the Mercato Telematico Azionario (MTA or Screen-Traded Market)

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Introduction

The “Basel III” regulatory framework transposed into the European Union regulatory system has been in force since 1 January 2014:

- Regulation (EU) no. 575/2013 (Capital Requirements Regulation, known as “CRR”) of the European Parliament and Council of 26 June 2013 governing the prudential requirements for credit institutions and investment firms (“Pillar 1” provisions) and the rules on public disclosures by institutions (“Pillar 3” provisions);
- Directive 2013/36/EU (Capital Requirements Directive, known as “CRD IV”) of the European Parliament and Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;

On 7 June 2019, following publication in the Official Journal of the European Union, the following reform package introducing significant changes to the Union's regulatory framework was issued:

- Regulation (EU) no. 2019/876 of the European Parliament and Council of 20 May 2019, which amends Regulation (EU) no. 575/2013 relating to prudential requirements for credit institutions and investment firms, with regard to the leverage ratio, the net stable funding ratio, the own funds requirements and eligible liabilities, counterparty risk, market risk, exposures to central counterparties, exposures to undertakings for the collective investment of transferable securities, large exposures, reporting and disclosure obligations and Regulation (EU) no. 648/2012 (“CRR II”) ¹;
- Directive (EU) 2019/878 of the European Parliament and Council of 20 May 2019, which amends Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (“CRD V”) ¹.

These measures transposed into the European Union the set of prudential reforms approved by the Basel Committee for Banking Supervision in recent years (the so-called “Basel 3” framework and subsequent developments and additions to the regulatory framework conventionally referred to as “Basel 4”). The CRR and its subsequent amendments have direct effect on the EU Member States, while the rules contained in the CRD IV and its subsequent amendments provide for their transposition into the various national laws.

The relevant regulatory framework throughout the EU is completed with the execution measures contained in Regulatory or Implementing Technical Standards (RTS and ITS) adopted by the European Commission on the proposal of the European Supervisory Authorities (ESA).

The prudential regime applicable to financial institutions is based on three “Pillars”.

“Pillar 1” (*Minimum prudential requirements*) imposes specific capital requirements to all supervised entities designed to cope with the typical risks of banking and finance, providing for alternative

¹ Except as expressly provided for by the two provisions, the “CRR II” standards have been applied since 28 June 2021, while the “CRD V” was expected to be transposed by the member states of the European Union by 28 December 2020.

calculation methods, characterised by different levels of complexity. This is integrated by the imposition of constraints on excessive leverage, new requirements and supervisory arrangements for liquidity risk and the integration of provisions under the bank resolution framework (MREL-TLAC).

“Pillar 2” (*Supervisory review process*) requires banks to equip themselves with strategies and internal processes in order to verify the adequacy of both capital (ICAAP - Internal Capital Adequacy Assessment Process) and liquidity positions (ILAAP - Internal Liquidity Adequacy Assessment Process) in a current and future perspective, as well as carrying out a clear and independent assessment of the risks to which they are exposed in relation to their operations and their reference markets, also considering risk profiles other than those recognised by the Pillar 1 capital requirements. Verifying the reliability and consistency of the results of these two processes and adopting, if necessary, appropriate corrective measures, is up to the Supervisory Authorities as part of their Supervisory Review and Evaluation Process (SREP). Increasing importance is also attributed to corporate governance structures and internal control frameworks as determining factors for the stability of individual institutions as well as of the financial system as a whole.

“Pillar 3” (*Market discipline*) establishes specific public disclosure requirements to allow market participants to assess banks' capital strength and exposure to risks more accurately, as well as of their risk management and control systems. In this regard, the main developments have concerned the introduction of broader transparency requirements for supervised entities, given the market's need for more and more information on the qualitative composition of intermediaries' regulatory capital and the ways in which they quantify their own capital ratios.

With the issuance of the CRR II Regulation, public disclosure requirements provided for by the “Pillar 3” of prudential regulations have undergone a thorough revision. New publication requirements, effective from 28 June 2021, were detailed in the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021, published on 21 April 2021 in the Official Journal of the European Union, which established innovative technical standards of implementation regarding the publication of information to the public by entities.

This measure implemented with the force of law the draft implementing technical standards drawn up by the European Banking Authority (EBA) aimed at a comprehensive review of the framework for fulfilling “Pillar 3” obligations, in execution of the amendments to the set of rules provided for by CRR II. The measure (ITS/2020/04) instituted a new organic set of rules governing the models for the publication of “Pillar 3” disclosures, aimed at rationalising the existing regulatory framework, while at the same time increasing the level of clarity and standardisation of the disclosures to be published². The new framework has provided an integrated, comprehensive and uniform set of rules, formats and schedules with the aim of ensuring high quality and comparable public disclosures.

² The new technical standards developed by the EBA replaced the uniform disclosure models included in a number of previous ones: a) regulatory technical standards (RTS) and implementing technical standards (ITS) issued by the European Commission on public disclosure of information regarding own funds, leverage, capital buffers, committed and uncommitted balance sheet assets and systemically important indicators; b) guidelines issued by the EBA on disclosure requirements under Part Eight of the CRR (mainly applicable to systemically important institutions), on liquidity coverage ratio (LCR) disclosures as well as on disclosure requirements regarding entities' remuneration policies, systemically important indicators, impaired exposures and exposures subject to concession measures.

Templates and tables provided are applied according to the entity's classification in terms of size and complexity. Starting from the reporting of 30 June 2021 Banca Popolare di Sondrio Group publishes its information in adherence to the aforementioned Implementing Regulations.

Following the latest revision of the “Pillar 3” regulatory framework, public disclosure obligations by entities are now regulated by:

- the CRR, Part Eight “Disclosure by institutions” (articles 431 – 455) and Part Ten, Title I, Chapter 1 “*Own funds requirements, unrealised gains and losses measured at fair value and deductions*” (article 473-bis) and Chapter 3 “*Transitional provisions for disclosure of own funds*” (article 492), as amended by Regulation (EU) 2019/876 (“CRR II”);
- the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to the publication by entities of information to the public;
- the Bank of Italy Circular no. 285 of 17 December 2013, Part Two “*Application in Italy of the CRR*”, Chapter 13 “*Public disclosures*”;
- the following Guidelines issued by the EBA, which have remained in force:
 - EBA/GL/2014/14 Guidelines on the materiality, proprietary, confidentiality and on disclosure frequency under articles 432, paragraphs 1 and 2, and 433 of the CRR;
 - EBA/GL/2018/01 Guidelines on uniform disclosures under article 473-bis of the CRR as regards the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds.

Regulation (EU) 2022/631 of 13 April 2022 has also taken force, amending the Implementing Technical Standards laid down by the Implementing Regulation (EU) No 637/2021 on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with article 448 of CRR II (paragraph 1, points a) and b)).

Within the context created by the spread of the COVID-19 pandemic, the following additional regulations were issued:

- EU Regulation 2020/873 of 24 June 2020 (CRR Quick-fix), amending Regulations (EU) no. 575/2013 and (EU) 2019/876 with regard to certain adjustments in response to the pandemic (CRR Quick-fix), some relating to the public disclosure requirements governed by those provisions.
- the following Guidelines issued by the EBA:
 - EBA/GL/2020/07 Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis;
 - EBA/GL/2020/12 Guidelines amending the Guidelines EBA/GL/2018/01 on uniform disclosures under article 473-bis of the CRR on the transitional period for mitigating the

impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR “quick fix” in response to the COVID-19 pandemic³.

These Guidelines, issued by the EBA in response to the epidemiological emergency, were implemented by the Bank of Italy in the national set of rules with a communication dated 8 September 2020. With these Public Disclosures, Banca Popolare di Sondrio Group (also referred to as the “Group”) intends to fulfil the disclosure requirements envisaged in the above-mentioned Pillar 3 legislation. The frequency of disclosure conforms to the rules dictated by article 433-bis of CRR/CRR II for the category of listed “large institutions”.

This document has been prepared by Banca Popolare di Sondrio S.p.A., the Parent Company, on a consolidated basis with reference to the scope of consolidation used for supervisory purposes and is available in the “Investor Relations” section of the Bank’s website (<https://istituzionale.popso.it>), sub-section “Pillar 3”. The document is also accompanied by the Certification of the Manager responsible for preparing the Company’s accounting documents of the Parent Company Banca Popolare di Sondrio S.p.A., pursuant to Article 154-bis, paragraph 2, of Legislative Decree 58/98 (Consolidated Law on Finance, “TUF”).

In compliance with article 434 of the CRR/CRR II (“Means of disclosure”), if similar information has already been published in other equivalent documents, reference is made to the document in which such piece of information is disclosed.

* * *

NOTE:

All the amounts indicated in the sections of this Disclosure, except where expressly indicated, are shown in thousands of euro. Any failure to reconcile between the figures shown in this document depends solely on rounding.

Any significant change with respect to previous publication periods are mentioned in this document.

In order to provide only significant information for users, the publication of data or information considered irrelevant or not applicable to the Group is omitted. In such cases, the elements left out and the reasons for the publication omission are specified.

³ The Guidelines amend the EBA/GL/2018/01 Guidelines to take into account the impacts on own funds of the regulatory amendments introduced by the CRR Quick-fix. The main amendments relate to: i) the extension of the disclosure period due to the extension of the transitional arrangements for IFRS 9 and the introduction of additional qualitative disclosure requirements aimed at covering decisions taken as part of the discretions provided for in article 473-bis of the CRR, as amended by the CRR Quick-fix; ii) the introduction of new disclosure requirements relating to the transitional prudential treatment provided for unrealised gains and losses on exposures to certain counterparties measured at fair value with an impact on other comprehensive income (FVOCI).

Summary of information published in accordance with CRR/CRR II requirements

The following summary table links the articles of Regulation (EU) no. 575/2013 ("CRR"), as amended by (UE) Regulation no. 876/2019 ("CRR II"), to the relevant disclosure requirements for Banca Popolare di Sondrio Group, integrated by the respective disclosure frequency and the sections of this document in which qualitative or quantitative information required by the "Pillar 3" regulations are reported with regard to the Group's situation as at 30 June 2022.

Art. CRR/ CRR II	Article description	Frequency of publication	Section Public Disclosures as at 30 June 2022
Art. 431	Disclosure requirements and policies	-	
Art. 432	Non-material, proprietary or confidential information	-	
Art. 433	Frequency and scope of disclosures	-	
Art. 433-bis	Disclosure by large institutions	-	
Art. 433-ter	Disclosure by small and non-complex entities	-	
Art. 433-quater	Disclosure by other institutions	-	
Art. 434	Means of disclosure	-	
Art. 435	Disclosure of risk management objectives and policies	Annual	
Art. 436	Disclosure of the scope of application	Quarterly/ Half-yearly <i>Scope of consolidation</i>	1 - Scope of application
		Annual <i>Full art. 436</i>	
Art. 437	Disclosure of own funds	Half-yearly <i>lett. a)</i>	3 - Disclosure of own funds
		Annual <i>Full art. 437</i>	
Art. 437-bis	Disclosure of own funds and eligible liabilities	Annual (Disclosure obligation in force from 01/01/2024)	
Art. 438	Disclosure of own funds requirements and risk-weighted exposure amounts	Quarterly <i>lett. d) and h)</i>	2 - Disclosure of key metrics and overview of risk-weighted exposure amounts
		Half-yearly <i>lett. e)</i>	10 - Disclosure of the use of the IRB approach to credit risk 11 - Disclosure of exposures to counterparty risk
		Annual <i>Full art. 438</i>	

Art. CRR/ CRR II	Article description	Frequency of publication	Section Public Disclosures as at 30 June 2022
Art. 439	Disclosure of exposures to counterparty risk	Half-yearly <i>lett. e) to l)</i>	11 - Disclosure of exposures to counterparty risk
		Annual <i>Full art. 439</i>	
Art. 440	Disclosure of countercyclical capital buffers	Half-yearly/Annual	4 - Disclosure of capital reserves
Art. 442	Disclosure of exposures to credit risk and dilution risk	Half-yearly <i>points c), e), f) and g)</i>	7 - Disclosure of exposures to credit risk
		Annual <i>Full art. 442</i>	
Art. 443	Disclosure of encumbered and unencumbered assets	Annual	
Art. 444	Disclosure of the use of the Standardised Approach	Half-yearly <i>lett. e)</i>	9 - Disclosure of the use of the standardised approach to credit risk
		Annual <i>Full art. 444</i>	
Art. 445	Disclosure of exposure to market risk	Half-yearly/Annual	13 - Disclosure of the use of the standardised approach to market risk
Art. 446	Disclosure of operational risk management	Annual	
Art. 447	Disclosure of key metrics	Quarterly/Half- yearly/Annual	2 - Disclosure of key metrics and overview of risk-weighted exposure amounts
Art. 448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Half-yearly <i>par. 1, lett. a) and b)</i>	14 - Disclosure of exposures to interest rate risk on positions not held in the trading book
		Annual <i>Full art. 448</i>	
Art. 449	Disclosure of exposure to securitisation positions	Half-yearly <i>lett. j), k) and l)</i>	12 - Disclosure of exposure to securitisation positions
		Annual <i>Full art. 449</i>	
Art. 449-bis	Disclosure of environmental, social and governance risks (ESG risks)	Annual in 2022, Half-yearly from 2023	
Art. 450	Disclosure of remuneration policy	Annual	
Art. 451	Disclosure of the leverage ratio	Half-yearly <i>par. 1, lett. a) and b)</i>	5 - Disclosure of the leverage ratio
		Annual <i>Full art. 451</i>	
Art. 451-bis	Disclosure of liquidity requirements	Quarterly <i>par. 2</i>	6 - Disclosure of liquidity requirements
		Half-yearly <i>par. 3</i>	
		Annual <i>Full art. 451-bis</i>	

Art. CRR/ CRR II	Article description	Frequency of publication	Section Public Disclosures as at 30 June 2022
Art. 452	Disclosure of the use of the IRB approach to credit risk	Half-yearly <i>lett. g)</i>	10 - Disclosure of the use of the IRB approach to credit risk
		Annual <i>Full art. 452</i>	
Art. 453	Disclosure of the use of credit risk mitigation techniques	Half-yearly <i>lett. f) to j)</i>	8 - Disclosure of the use of credit risk mitigation techniques 9 - Disclosure of the use of the standardised approach to credit risk 10 - Disclosure of the use of the IRB approach to credit risk
		Annual <i>Full art. 453</i>	
Art. 473-bis	Introduction of IFRS 9	Quarterly/Half-yearly/Annual	2 - Disclosure of key metrics and overview of risk-weighted exposure amounts

As of the reporting date of this Disclosure, the following articles of Regulation (EU) no. 575/2013, as amended by Regulation (EU) no. 876/2019, to which it would be subject as a listed “large institution” pursuant to article 433-bis of the same EU provision, are not relevant for Banca Popolare di Sondrio Group:

- Art. 441 - Disclosure of indicators of global systemic importance
- Art. 454 - Disclosure of the use of Advanced Measurement Approaches to operational risk
- Art. 455 - Use of internal market risk models

Section 1 - Scope of application (art. 436 CRR/CRR II)

These Public Disclosures have been prepared by the Parent Company in relation to Banca Popolare di Sondrio Banking Group, which, at the reference date, is made up as follows:

Company Name		Status	Registered office	Operative office
1	Banca Popolare di Sondrio SpA	Bank – Parent Company	Sondrio	Sondrio
2	Banca Popolare di Sondrio (SUISSE) SA	Swiss bank (registered in the Lugano Commercial Register) – wholly-owned	Lugano (CH)	Lugano (CH)
3	Factorit SpA	Factoring company (registered in the Register of Financial Intermediaries pursuant to art. 106 of the CBA) – wholly-owned	Milano	Milano
4	Sinergia Seconda S.r.l.	Real estate company – wholly-owned	Milano	Milano
5	Popso Covered Bond S.r.l.	SPV for the issue of covered bonds – 60% held	Conegliano Veneto (TV)	Conegliano Veneto (TV)
6	Banca della Nuova Terra SpA	Bank – Wholly-owned	Sondrio	Milan
7	PrestiNuova S.r.l. - Agenzia in Attività Finanziaria	Financial Agency – Wholly owned (100%) by Banca della Nuova Terra SpA	Roma	Roma

The scope of consolidation of the disclosure is determined in accordance with the prudential supervisory regulations currently in force and provides for full consolidation of the subsidiaries mentioned above, as banking, financial or service companies controlled directly by the Parent Company.

Section 2 - Disclosure of key metrics and overview of risk-weighted exposure amounts (art. 438, 447 and 473-bis CRR/CRR II)

The following tables provide a summary of the performance of some Banca Popolare di Sondrio Group key figures, represented by main prudential and regulatory metrics envisaged by CRR/CRR II regulations. The additional Pillar 2 requirements to which the Group is subject by virtue of regulatory provisions or decisions of the Supervisory Authority are also represented.

Table 1 - Template EU KM1 - Key metrics template (1 of 2)

		a	b
		30/06/2022	31/03/2022
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	3,164,186	3,099,270
2	Tier 1 capital	3,164,186	3,099,270
3	Total capital	3,722,275	3,656,357
Risk-weighted exposure (amounts)			
4	Total risk-weighted exposure amount	20,849,490	20,225,929
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	15.1763 %	15.3233 %
6	Tier 1 ratio (%)	15.1763 %	15.3233 %
7	Total capital ratio (%)	17.8531 %	18.0776 %
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.7700 %	2.7700 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.5581 %	1.5581 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.0775 %	2.0775 %
EU 7d	Total SREP own funds requirements (%)	10.7700 %	10.7700 %
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5000 %	2.5000 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	0.0026 %	0.0018 %
EU 9a	Systemic risk buffer (%)	-	-
10	Global Systemically Important Institution buffer (%)	-	-
EU 10a	Other Systemically Important Institution buffer	-	-
11	Combined buffer requirement (%)	2.5026 %	2.5018 %
EU 11a	Overall capital requirements (%)	13.2726 %	13.2718 %
12	CET1 available after meeting the total SREP own funds requirements (%)	9.1182 %	9.2651 %
Leverage ratio			
13	Leverage ratio total exposure measure	59,793,592	55,997,252
14	Leverage ratio	5.2919 %	5.5347 %
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0000 %	3.2790 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	-	-
EU 14e	Overall leverage ratio requirement (%)	3.0000 %	3.2790 %

Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	10,905,487	10,445,425
EU 16a	Cash outflows - Total weighted value	10,361,286	10,396,268
EU 16b	Cash inflows - Total weighted value	4,217,353	5,163,806
16	Total net cash outflows (adjusted value)	6,143,933	5,232,462
17	Liquidity coverage ratio (%)	188.5102 %	212.5557 %
Net Stable Funding Ratio			
18	Total available stable funding	38,526,715	40,129,572
19	Total required stable funding	30,430,150	32,424,465
20	NSFR ratio (%)	126.6071 %	123.7632 %

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00; Leverage ratio calculation: Template C 47.00; Liquidity coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 75.01 - C 76.00

Table 2 - Template EU KM1 - Key metrics template (2 of 2)

		c	d	e
		31/12/2021	30/09/2021	30/06/2021
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	3,163,255	3,051,706	3,066,344
2	Tier 1 capital	3,173,556	3,059,104	3,074,806
3	Total capital	3,784,789	3,383,934	3,425,313
Risk-weighted exposure (amounts)				
4	Total risk-weighted exposure amount	20,042,635	18,463,957	18,355,373
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	15.7826 %	16.5279 %	16.7054 %
6	Tier 1 ratio (%)	15.8340 %	16.5680 %	16.7515 %
7	Total capital ratio (%)	18.8837 %	18.3272 %	18.6611 %
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.0000 %	3.0000 %	3.0000 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.6875 %	1.6875 %	1.6875 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.2500 %	2.2500 %	2.2500 %
EU 7d	Total SREP own funds requirements (%)	11.0000 %	11.0000 %	11.0000 %
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5000 %	2.5000 %	2.5000 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.0007 %	0.0014 %	0.0021 %
EU 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-
11	Combined buffer requirement (%)	2.5007 %	2.5014 %	2.5021 %
EU 11a	Overall capital requirements (%)	13.5007 %	13.5014 %	13.5021 %
12	CET1 available after meeting the total SREP own funds requirements (%)	9.5951 %	10.3404 %	10.5179 %
Leverage ratio				
13	Leverage ratio total exposure measure	54,362,126	53,401,150	52,652,000
14	Leverage ratio	5.8378 %	5.7285 %	5.8399 %
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.2740 %	3.2840 %	3.2860 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	-	-	-

EU 14e	Overall leverage ratio requirement (%)	3.2740 %	3.2840 %	3.2860 %
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	9,561,024	8,757,262	8,396,953
EU 16a	Cash outflows - Total weighted value	10,344,584	10,040,423	9,615,741
EU 16b	Cash inflows - Total weighted value	6,106,095	6,412,180	6,031,582
16	Total net cash outflows (adjusted value)	4,238,489	3,628,243	3,584,159
17	Liquidity coverage ratio (%)	234.2043 %	245.0845 %	238.5352 %
Net Stable Funding Ratio				
18	Total available stable funding	40,681,347	39,577,697	38,885,020
19	Total required stable funding	30,892,952	29,896,843	30,230,235
20	NSFR ratio (%)	131.6849 %	132.3809 %	128.6296 %

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00; Leverage ratio calculation: Template C 47.00; Liquidity coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 75.01 - C 76.00

Capital requirements

Banking groups must comply with the following minimum capital requirements:

- Common Equity Tier 1 (CET1) ratio of 4.5%;
- Tier 1 Ratio of 6%;
- Total Capital Ratio of 8%.

The following capital reserves (known as “buffers”) have to be added to these minimum ratios provided by the CRR with the aim of providing supervised entities with high quality capital to be used in times of market tension to prevent malfunctions of the banking system and avoid interruptions to the credit disbursement process, as well as to face risks deriving from the systemic relevance of certain banks at a global or domestic level.

Each additional capital reserve plays a specific role, in particular:

- *Capital Conservation Buffer*: made up of an additional 2.5% of Common Equity Tier 1 Capital, intended to safeguard the minimum amount of regulatory capital under adverse market conditions.
- *Countercyclical Capital Buffer*: this is also made up of Tier 1 Capital to protect the banking sector at times of excessive lending growth; following measures by the competent supervisory bodies, it could be set up during periods of economic expansion to cope with any losses that might arise during the downward phases of the cycle, based on a specific coefficient established at a national level. The countercyclical coefficient for exposures to Italian counterparties, which is reviewed by the Bank of Italy on a quarterly basis, remained unchanged at 0% also in the third quarter of 2022.
- *Global Systemically Important Institution Buffer (G-SII buffer) and Other Systemically Important Institution Buffer (O-SII buffer)*: reserves consisting of Common Equity Tier 1 capital; applied to Global Systemically Important Institutions (G-SII) and Other Systemically Important Institutions (O-SII) to account for the increased risks they potentially pose to the stability of the financial system. The buffer for G-SIIs can vary between a minimum of 1% and a maximum of 3.5%, whereas for O-SIIs a non-binding maximum threshold of 2% is foreseen.

- *Systemic Risk Buffer*: additional reserve of an amount equal to at least 1% of risk-weighted exposures, established by each individual EU Member State in order to mitigate long-term non-cyclical macro-prudential risks and, in this way, cope with the negative effects of unexpected systemic crises.

The sum of regulatory requirements and additional reserves determines the minimum level of capital conservation required for banks and banking groups (known as the “combined buffer requirement”). From 1 January 2019, for Banca Popolare di Sondrio Group these minimum capital levels are as follows:

- Common Equity Tier 1 (CET1) ratio of 7%
- Tier 1 Ratio of 8.5%
- Total Capital Ratio of 10.5%.

Banks that do not hold capital reserves to the minimum extent required are subject to distribution limits; in addition, they must adopt a capital conservation plan that indicates measures to be taken in order to re-establish the amount of capital needed to maintain their reserves above the required minimum within a reasonable period of time.

On 2 February 2022, on the basis of the review activity conducted during the annual SREP (Supervisory Review and Evaluation Process), the European Central Bank, abandoning the previous pragmatic approach linked to the COVID-19 crisis, announced the new minimum capital ratios applicable to Banca Popolare di Sondrio Group as from 1 March 2022. The new additional Pillar 2 Requirement (“P2R”), to be held in the form of Common Equity Tier 1 (CET1) at least for 56.25% and Tier 1 (T1) capital for at least 75%, has been set at 2.77% and includes a share of 0.02% as an increase in the Pillar 2 requirement for impaired exposures. Accordingly, minimum capital levels to be met by the Group⁴ include:

- a minimum requirement for Common Equity Tier 1 Ratio equal to 8.56%, made up of the sum of the Pillar 1 regulatory requirement (4.50%), the amount of Capital Conservation Buffer for the current year (2.50%) and the additional Pillar 2 Requirement - P2R (1.56%);
- a minimum requirement for Tier 1 Ratio of 10.58%, being the sum of the Pillar 1 regulatory requirement (6.0%), the amount of Capital Conservation Buffer for the current year (2.50%) and the additional Pillar 2 Requirement (2.08%);
- a minimum requirement for Total Capital Ratio of 13.27%, being the sum of the Pillar 1 regulatory requirement (8.0%), the amount of Capital Conservation Buffer for the current year (2.50%) and the additional Pillar 2 Requirement (2.77%).

In addition to these minimum ratios is a “Pillar 2 Guidance” (P2G), which aims to be a guideline to the prospective evolution of the Group's capital position. The latter target parameter, assigned by the Supervisor as a result of the SREP process, however, assumes a confidential nature and, unlike the abovementioned binding capital requirements, is not publicly disclosed, as it is an element which, also according to the Supervisory approach, is not relevant for the calculation of distributable dividends.

⁴ The minimum requirements are calculated net of the contribution from the Group's specific countercyclical capital buffer.

Further information on the performance of the Group's capital ratios in relation to minimum requirements is provided in Section 3 of this Disclosure.

Leverage and liquidity requirements

Banca Popolare di Sondrio Group is also subject to minimum requirements in relation to:

- Leverage Ratio;
- Liquidity Coverage Ratio (LCR);
- Net Stable Funding Ratio (NSFR).

For further information on the first coefficient please refer to Section 5, while for the second and third ratios please refer to Section 6 of this Disclosure.

* * *

The chart below provides the values of regulatory own funds, risk-weighted assets (RWA), capital ratios and leverage ratio of the Group registered as at 30 June 2022 and in the four previous quarters taking into account the full adoption of the rules for the gradual introduction of IFRS 9, compared with the same figures calculated in case of transitional arrangements or applicable temporary treatments absence.

Table 3 - Template EU IFRS9 - FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR (1 of 2)

		30/06/2022	31/03/2022	31/12/2021	30/09/2021	30/06/2021
<i>Available capital (amounts)</i>						
1	Common Equity Tier 1 (CET1) capital	3,164,186	3,099,270	3,163,255	3,051,706	3,066,344
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,150,635	3,077,438	3,138,875	3,034,155	3,049,798
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	3,164,186	3,099,270	3,163,255	3,051,706	3,066,344
3	Tier 1 capital	3,164,186	3,099,270	3,173,556	3,059,104	3,074,806
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,150,635	3,077,438	3,149,177	3,041,553	3,058,260
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	3,164,186	3,099,270	3,173,556	3,059,104	3,074,806
5	Total capital	3,722,275	3,656,357	3,784,789	3,383,934	3,425,313
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,708,724	3,634,526	3,760,409	3,366,383	3,408,767
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	3,722,275	3,656,357	3,784,789	3,383,934	3,425,313
<i>Risk-weighted assets (amounts)</i>						
7	Total risk-weighted assets	20,849,490	20,225,929	20,042,635	18,463,957	18,355,373

8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20,842,406	20,218,490	20,035,857	18,453,781	18,345,311
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Source: COREP reporting framework - Capital Adequacy: Templates C 01.00-C05.01 and Leverage ratio calculation: Template C 47.00

Table 4 - Template EU IFRS9 - FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR (2 of 2)

		30/06/2022	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.1763 %	15.3233 %	15.7826 %	16.5279 %	16.7054 %
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.1165%	15.2209 %	15.6663 %	16.4419 %	16.6244 %
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15.1763 %	15.3233 %	15.7826 %	16.5279 %	16.7054 %
11	Tier 1 (as a percentage of risk exposure amount)	15.1763 %	15.3233 %	15.8340 %	16.5680 %	16.7515 %
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.1165%	15.2209 %	15.7177 %	16.4820 %	16.6705 %
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15.1763 %	15.3233 %	15.8340 %	16.5680 %	16.7515 %
13	Total capital (as a percentage of risk exposure amount)	17.8531 %	18.0776 %	18.8837 %	18.3272 %	18.6611 %
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.7941%	17.9762 %	18.7684 %	18.2422 %	18.5811 %
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	17.8531 %	18.0776 %	18.8837 %	18.3272 %	18.6611 %
Leverage ratio						
15	Leverage ratio total exposure measure	59,793,592	55,997,252	54,362,126	53,401,150	52,652,000
16	Leverage ratio	5.2919 %	5.5347 %	5.8378 %	5.7285 %	5.8399 %
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.2692 %	5.4957 %	5.7930 %	5.6957 %	5.8084 %
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	5.2919 %	5.5347 %	5.8378 %	5.7285 %	5.8399 %

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00-C05.01 and Leverage ratio calculation: Template C 47.00

Transitional IFRS 9 provisions

As at 30 June 2022 the Group's own funds, capital and leverage ratios are calculated in application of the transitional provisions set out in Regulation (EU) 2017/2395 of 12 December 2017, as

amended by Regulation (EU) 2020/873 of 24 June 2020 (so-called CRR “Quick-fix”)⁵, aimed at containing the capital impacts of the adoption, effective 1 January 2018, of the new accounting standard IFRS 9, appropriately amending and supplementing Regulation (EU) no. 575/2013 (“CRR”). The adoption of transitional arrangements by banks was optional and could be either “integral” or “partial” depending on whether it concerned all regulatory provisions or only a portion of them.

These amendments are applicable from 1/1/2018 to 31/12/2024 and allow intermediaries to temporarily include in their Common Equity Tier 1 Capital (CET1) calculation an additional amount to “neutralize” the potentially significant impact of the possible increase in provisions to cover expected losses on financial instruments that would probably result from the immediate adoption of the new accounting standards.

The total amount related to these additional loss provisions, calculated net of tax effects, is included in the regulatory capital as a positive item and broken down into:

- a “static” component, representing the increase in credit risk adjustments during the first-time adoption of the new accounting standards; it is calculated as the difference between the amount of impairment losses on financial assets at 31/12/2017 (determined in accordance with the previous IAS 39) and the expected credit losses calculated at 1 January 2018 (date of FTA of IFRS 9); this component remains constant throughout the entire transitional period;
- a “dynamic” component, measuring further increases in credit risk adjustments that could occur at each subsequent accounting date over the transitional period, i.e. with respect to expected credit loss provisions in place at 1 January 2018 (changes in loss allowances for lifetime expected credit losses on financial assets that are credit-impaired are excluded).

This additional amount is applied to the value of the Common Equity Tier 1 capital of entities that choose to adhere to the aforementioned transitional provisions according to a percentage of eligibility (so-called “adjustment percentage”) progressively decreasing over time.

The amount of the value adjustments included as a positive element of CET1 is therefore “neutralised” in the calculation of capital ratios through the application of a scaling factor with the effect of limiting the amount of new write-downs which, in relation to positions treated according to the standardised method, are deducted from the exposure value used to calculate risk-weighted assets (RWA). This would ensure that those institutions applying transitional arrangements would not benefit from both an increase in their Common Equity Tier 1 capital, due to said compensatory adjustments, and a reduced risk exposure amount.

EU regulations have given banks the right to adopt the transitional IFRS 9 regime in an “integral” manner, i.e. including both “static” and “dynamic” components, or in a “partial” manner, i.e. including only the “static” component. Any institution that decided to apply transitional provisions, in part or in full, had to make a specific communication to the competent Supervisory Authority by 1 February 2018.

⁵ Regulation (EU) 2020/873 amended the previous transitional provisions with regard to both the time period and the eligibility percentages. The additional adjustments related to the entry into force of the IFRS 9 accounting standard continue to be calculated according to the percentages already provided for by the previous regulations, while, for those related to the COVID-19 emergency, they are applied to the value of CET1 capital taking into account a decreasing percentage of calculation 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.

Given the above, Banca Popolare di Sondrio Group has chosen to take advantage of these transitional arrangements on an “integral” basis, i.e. with reference to both additional credit risk provisions for expected credit losses on performing and credit-impaired financial instruments observed at the time of FTA of IFRS 9 (the “static” component), as well as to the increase in impairment losses recorded excluding credit-impaired instruments (only positions classified into Stage 1 and Stage 2) at each reference date following FTA of IFRS 9 (the “dynamic” component). The decision of the Group was communicated to the European Central Bank within the time allowed.

Lastly, it is recalled that, in light of the possible effects of the COVID-19 pandemic, Regulation (EU) 2020/873 of 24 June 2020 (so-called CRR Quick-fix) granted supervised entities the further right, for the three-year period 2020-2022, to mitigate, for prudential purposes, the cumulative effects of profits and losses not yet realised starting from 1 January 2020 on performing exposures to central governments and public sector entities classified in the portfolio of “Financial assets measured at fair value through other comprehensive income” (FVOCI). In particular, the complete elimination of the effects was envisaged for the year 2020, with decreasing percentages in the following two years (70% in 2021 and 40% in 2022), through a corresponding increase in Common Equity Tier 1 (CET1) capital.

Banca Popolare di Sondrio Group has decided not to take advantage of this further temporary treatment.

Figures reported in the tables above (Tables 3 and 4) demonstrate how the impacts on the Group's capital adequacy, in the event of immediate and full recognition of the effects of the accounting standard, would remain fully limited also at 30 June 2022. The differentials between capital solvency and financial leverage ratios calculated taking into account the compensatory adjustments granted by the IFRS 9 transitional regime and those available to the Group in case it had not opted for this possibility remain substantially in line with those observed in the previous quarter.

As indicated, the Group does not benefit from the temporary treatment granted by Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 (CRR “Quick-fix”) and implemented in article 468 of the CRR. Therefore, values shown in the tables do not indicate any impact related to this temporary regime as at 30 June 2022.

* * *

The table below provides an overview of the Group's risk-weighted exposures (RWA or TREAs) and capital absorption as at 30 June 2022, broken down by exposure type and calculation method required by prudential regulations.

Table 5 - Template EU OV1 - Overview on risk-weighted exposures (RWA)

		RWA		Capital requirements
		a	b	a
		30/06/2022	31/03/2022	30/06/2022
1	Credit risk (excluding CCR)	17,886,499	17,221,432	1,430,920
2	Of which the standardised approach	9,998,339	9,383,071	799,867
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	-	-	-
EU 4a	Of which: equities under the simple riskweighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	7,888,160	7,838,361	631,053
6	Counterparty credit risk - CCR	194,211	191,194	15,537
7	Of which the standardised approach	54,216	52,756	4,337
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	419	304	33
EU 8b	Of which credit valuation adjustment - CVA	20,175	17,286	1,614
9	Of which other CCR	119,401	120,847	9,552
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	231,507	198,661	18,521
17	Of which SEC-IRBA approach	136,478	-	10,918
18	Of which SEC-ERBA (including IAA)	-	102,577	-
19	Of which SEC-SA approach	84,249	85,138	6,740
EU 19a	Of which 1250%	10,780	10,946	862
20	Position, foreign exchange and commodities risks (Market risk)	929,258	1,006,626	74,341
21	Of which the standardised approach	929,258	1,006,626	74,341
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,608,016	1,608,016	128,641
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	1,608,016	1,608,016	128,641
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	192,104	918,995	15,368
29	Total	20,849,490	20,225,929	1,667,959

Source: COREP reporting framework - Capital Adequacy: Templates C 02.00 - C 07.00 - C 04.00 - C 08.01 - C 10.01 - C 13.01 - C 14.00 - C 14.01 - C 34.10 - C 34.02

In the last quarter the Group's total weighted assets have expanded. Credit risk exposures showed a particularly vigorous rise thanks to the positive dynamics of lending volumes registered by all components of the Group: credit RWAs, even taking into account the capital requirement optimisations promoted or implemented during the period (e.g. new synthetic securitisation transaction, obtaining the GACS guarantee scheme on the "POP NPLS 2021" securitisation; refer to Section 12 below for further details) showed a brisk trend compared to March, especially in the "Corporate" and "Public Sector Entities" segments. Capital needs from market risks declined as a result of a reduction in foreign currency positions in the portfolio, with a benefit in terms of the size of foreign exchange exposures, and of a decrease in requirements related to investments in UCITs, penalised by unfavourable prudential risk-weights. The capital requirement covering operational risks is stable and is updated annually at 31/12 as per regulatory requirements. Finally, credit valuation adjustment (CVA) risks remain scarcely material.

Section 3 - Disclosure of own funds (art. 437 CRR/CRR II)

The components of regulatory own funds: main characteristics

The key elements of regulatory own funds consist of:

- Common Equity Tier 1 Capital (CET1)
- Additional Tier 1 capital (Additional Tier 1 - AT1)
- Tier 2 Capital (T2).

CET1 and AT1 constitute Tier 1 Capital (T1) which, added to Tier 2, gives Total Own Funds.

Common Equity Tier 1 Capital (CET1)

The Common Equity Tier 1 Capital (CET1) is made up of the following positive and negative components:

- Share capital and related share premium reserve
- Profit reserves
- Valuation reserves as per Accumulated Other Comprehensive Income
- Other reserves
- Previous CET1 instruments subject to transitional instructions (grandfathering)
- Non-controlling interests
- Prudential filters
- Deductions.

Prudential filters are (positive or negative) regulatory adjustments to financial statement items aimed at granting the quality of own funds, reducing the potential volatility caused by applying IAS/IFRS. Prudential filters exclude from CET1 the valuation reserve generated by cash flow hedges and the unrealised gains/losses arising from changes in own creditworthiness (liabilities under the fair value option and derivative liabilities).

For Banca Popolare di Sondrio Group the main Deductions to which common equity capital is subject consist of goodwill and other intangible assets and, with effect from 30 June 2019, of any excess of expected losses quantified through risk parameters calculated using internal models over total net impairment losses recognised in financial statements (shortfall), referring to the regulatory portfolios for which Supervisory Authorities have approved the use of the Advanced Internal Rating Based Approach (IRB) to estimate credit risk capital requirement for ("Corporate" and "Retail" portfolios).

Additional significant deductions from CET1 are:

- deferred tax assets (DTA) that rely on future profitability and not deriving from temporary differences;

- deferred tax assets that rely on future profitability and arise from temporary differences (deducted for the amount that exceeds the thresholds provided for in the regulations);
- significant investments in equity instruments issued by financial sector entities (deducted for the amount that exceeds the thresholds provided for in the regulations);
- non-significant investments in equity instruments issued by financial sector entities (deducted for the amount that exceeds the thresholds provided for in the regulations);
- any deduction exceeding the availability of Additional Tier 1 Capital.

Additional Tier 1 Capital (AT1)

The Additional Tier 1 Capital (AT1) consists of the following positive and negative components:

- Equity instruments and related premiums
- Previous AT1 instruments subject to transitional instructions (grandfathering)
- Instruments issued by subsidiaries and included in AT1
- Deductions.

Tier 2 Capital (T2)

The Tier 2 Capital (T2) consists of the following positive and negative elements:

- Equity instruments, subordinated loans and related premiums
- Previous T2 instruments subject to transitional instructions (grandfathering)
- Instruments issued by subsidiaries and included in T2
- Surplus on expected losses of recognised value adjustments, within the limit of 0.60% of weighted exposures for credit risk according to the A-IRB approach
- Deductions.

Transitional arrangements

At 30 June 2022 the Group's own funds were calculated applying the prudential regulations that came into force with the CRR on 1 January 2014, as subsequently amended and supplemented, which transposed the new capital standards defined by the Basel Committee for Banking Supervision ("Basel 3 Framework" and subsequent evolutions and additions to the regulatory framework conventionally referred to as "Basel 4").

Supervisory rules established transitional provisions, which are still in progress, characterised by a progressive introductory period ("phase-in") of part of the regulations on own funds and capital requirements, during which, for example, only a percentage of certain elements are deducted from/ included in Tier 1 Capital, while residual elements are otherwise included in/deducted from Additional Tier 1 Capital and Tier 2 Capital or considered as part of risk weighted assets.

As already indicated in Section 2 above, at 30 June 2022 the Group's own funds and prudential capital ratios were calculated in accordance with the transitional arrangements set out in Regulation

(EU) 2017/2395 of 12 December 2017, as partially amended by Regulation (EU) 2020/873 of 24 June 2020, designed to mitigate the impact of the introduction of IFRS 9.

Lastly, it is recalled that, in light of the possible effects of the COVID-19 pandemic, Regulation (EU) 2020/873 of 24 June 2020 (CRR Quick-fix) granted supervised entities the right, only for the three-year period 2020-2022, to mitigate for prudential purposes the cumulative effects of profits and losses not yet realised starting from 1 January 2020 on performing exposures to central governments and public sector entities classified in the portfolio of “Financial assets measured at fair value through other comprehensive income” (FVOCI). At 30 June 2022, the Group decided not to take advantage of this temporary treatment.

Conditions for the inclusion of interim or year-end earnings

With reference to Regulation (EU) no. 575/2013 (“CRR”), on 4 February 2015 the European Central Bank issued a Decision establishing the procedures to be followed by banks or banking groups subject to its direct supervision (Regulation (EU) no. 468/2014) with regard to the inclusion in Common Equity Tier 1 Capital (CET1) of interim or year-end earnings before a formal decision-making act is taken to confirm the results.

They can only be included (art. 26 CRR) with the prior approval of the Competent Authority, which in this case is the ECB, which verifies if the following conditions are met:

- earnings must be checked and certified by the Independent Auditors of the bank or banking group;
- the bank or banking group must deliver a specific declaration referring to such earnings with regard to the accounting standards applied and the inclusion of foreseeable charges and dividends, the latter calculated on the basis of specific methodologies as indicated.

The Decision also provides the certification model that banks or banking groups must adopt for requesting the authorisation.

* * *

The table below provides an illustrative diagram of the main components of the Group's regulatory capital at the reporting date, indicating the values of the capital ratios and the minimum requirements to which they are subject.

Table 6 - Template EU CC1 - Composition of regulatory own funds (1 of 7)

		30/06/2022		31/12/2021	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common equity tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	1,439,135	160. SHARE PREMIUM ACCOUNTS 170. SHARE CAPITAL	1,439,162	160. SHARE PREMIUM ACCOUNTS 170. SHARE CAPITAL
	<i>Of which: ordinary shares</i>	1,439,135		1,439,162	
2	Retained earnings	-		-	
3	Accumulated other comprehensive income (and other reserves)	1,768,920	150. RESERVES 120. VALUATION RESERVES	1,580,280	150. RESERVES 120. VALUATION RESERVES
EU-3a	Funds for general banking risk	-		-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-		-	
5	Minority interests (amount allowed in consolidated CET1)	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)	48,236	190. MINORITY SHAREHOLDERS' EQUITY (+/-)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	55,839	200. PROFIT (LOSS) FOR THE PERIOD	176,146	200. PROFIT (LOSS) FOR THE PERIOD
6	COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	3,263,893		3,243,824	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 7 - Template EU CC1 - Composition of regulatory own funds (2 of 7)

		30/06/2022		31/12/2021	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	(4,206)		(4,711)	
8	Intangible assets (net of related tax liability) (negative amount)	(31,897)	100. INTANGIBLE ASSETS	(31,013)	100. INTANGIBLE ASSETS
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(4,666)	110. TAX ASSETS	(6,299)	110. TAX ASSETS
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-		-	
12	Negative amounts resulting from the calculation of expected loss amounts	-		-	
13	Any increase in equity that results from securitised assets (negative amount)	-		-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-		-	
15	Defined-benefit pension fund assets (negative amount)	-		-	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(36,595)	180. TREASURY SHARES (-)	(36,147)	180. TREASURY SHARES (-)
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(20,673)	70. EQUITY INVESTMENTS	(15,597)	70. EQUITY INVESTMENTS

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 8 - Template EU CC1 - Composition of regulatory own funds (3 of 7)

		30/06/2022		31/12/2021	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-		-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-		-	
EU-20c	of which: securitisation positions (negative amount)	-		-	
EU-20d	of which: free deliveries (negative amount)	-		-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-		-	
22	Amount exceeding the 17,65% threshold (negative amount)	-		-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-		-	
25	of which: deferred tax assets arising from temporary differences	-		-	
EU-25a	Losses for the current financial year (negative amount)	-	200. PROFIT (LOSS) FOR THE PERIOD	-	200. PROFIT (LOSS) FOR THE PERIOD
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-		-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-		-	
27a	Other regulatory adjustments	(1,670)		13,199	
28	TOTAL REGULATORY ADJUSTMENTS TO COMMON EQUITY TIER 1 (CET1)	(99,707)		(80,569)	
29	COMMON EQUITY TIER 1 (CET1) CAPITAL	3,164,186		3,163,255	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 9 - Template EU CC1 - Composition of regulatory own funds (4 of 7)

		30/06/2022		31/12/2021	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts	-		-	
31	of which: classified as equity under applicable accounting standards	-		10,301	
32	of which: classified as liabilities under applicable accounting standards	-	10. FINANCIAL LIABILITIES AT AMORTISED COST	-	10. FINANCIAL LIABILITIES AT AMORTISED COST
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	-		-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-		-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-		-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)	10,301	190. MINORITY SHAREHOLDERS' EQUITY (+/-)
35	of which: instruments issued by subsidiaries subject to phase out	-		-	
36	ADDITIONAL TIER 1 (AT1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	-		10,301	
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-		-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-		-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-		-	
42a	Other regulatory adjustments to AT1 capital	-		-	
43	TOTAL REGULATORY ADJUSTMENTS TO ADDITIONAL TIER 1 (AT1) CAPITAL	-		-	
44	ADDITIONAL TIER 1 (AT1) CAPITAL	-		10,301	
45	TIER 1 CAPITAL (T1 = CET1 + AT1)	3,164,186		3,173,556	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 10 - Template EU CC1 - Composition of regulatory own funds (5 of 7)

		30/06/2022		31/12/2021	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments					
46	Capital instruments and the related share premium accounts	517,266	10. FINANCIAL LIABILITIES AT AMORTISED COST	554,188	10. FINANCIAL LIABILITIES AT AMORTISED COST
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-		-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-		-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-		-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	190. MINORITY SHAREHOLDERS' EQUITY (+/-)	13,735	190. MINORITY SHAREHOLDERS' EQUITY (+/-)
49	of which: instruments issued by subsidiaries subject to phase out	-		-	
50	Credit risk adjustments	47,448		46,600	
51	TIER 2 (T2) CAPITAL BEFORE REGULATORY ADJUSTMENTS	564,714		614,524	
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(6,456)		(3,149)	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-		-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-		-	
EU-56b	Other regulatory adjustments to T2 capital	(169)		(142)	
57	TOTAL REGULATORY ADJUSTMENTS TO TIER 2 (T2) CAPITAL	(6,625)		(3,291)	
58	TIER 2 (T2) CAPITAL	558,089		611,232	
59	TOTAL CAPITAL (TC = T1 + T2)	3,722,275		3,784,789	
60	TOTAL RISK EXPOSURE AMOUNT	20,849,490		20,042,635	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 11 - Template EU CC1 - Composition of regulatory own funds (6 of 7)

		30/06/2022		31/12/2021	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers					
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.1763 %		15.7826 %	
62	Tier 1 (as a percentage of total risk exposure amount)	15.1763 %		15.8340 %	
63	Total capital (as a percentage of total risk exposure amount)	17.8531 %		18.8837 %	
64	Institution CET1 overall capital requirements	8.5608 %		8.6882 %	
65	of which: capital conservation buffer requirement	2.5000 %		2.5000 %	
66	of which: countercyclical buffer requirement	0.0026 %		0.0007 %	
67	of which: systemic risk buffer requirement	-		-	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-		-	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.5581 %		1.6875 %	
68	COMMON EQUITY TIER 1 AVAILABLE TO MEET BUFFER (AS A PERCENTAGE OF RISK EXPOSURE AMOUNT)	9.1182 %		9.5951 %	
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	308,051		307,691	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	317,142		315,452	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	76,841		40,116	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

Table 12 - Template EU CC1 - Composition of regulatory own funds (7 of 7)

		30/06/2022		31/12/2021	
		a	b	a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Applicable caps on the inclusion of provisions in TIER 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-		-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-		-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	322,204		313,546	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	47,448		46,600	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements	-		-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		-	
82	Current cap on AT1 instruments subject to phase out arrangements	-		-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		-	
84	Current cap on T2 instruments subject to phase out arrangements	-		-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		-	

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 02.00 - C 03.00 - C 04.00 - C 05.01 - C 05.02

The following table displays the reconciliation of the elements making up regulatory capital, as well as the filters and deductions applied to them, indicated in the previous table with the relevant items in the Group's balance sheet at the reference date, taking into account the differences in the areas of consolidation for balance sheet and prudential purposes.

Table 13 - Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		30/06/2022			31/12/2021		
		A	b	c	a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements							
70.	EQUITY INVESTMENTS	338,868	403,890	19	339,333	388,276	19
100.	INTANGIBLE ASSETS	37,636	31,897	8	31,013	31,013	8
	- Goodwill	18,001	12,632	8	12,632	12,632	8
	- Other intangible assets	19,635	19,265	8	18,381	18,381	8
110.	TAX ASSETS	336,818	336,693	10	330,343	330,304	10
b)	Advanced	333,634	333,628	10	321,685	321,681	10
TOTAL ASSETS		713,322	772,480		700,689	749,593	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements							
10.	FINANCIAL LIABILITIES AT AMORTISED COST	48,925,373	48,928,556	32,46	50,178,641	50,178,641	32,46
c)	Securities issued	3,536,325	3,536,325	32,46	3,700,303	3,700,303	32,46
120.	VALUATION RESERVES	(17,034)	(17,232)	3	32,437	32,243	3
150.	RESERVES	1,791,778	1,790,072	3	1,555,718	1,555,216	3
160.	SHARE PREMIUM ACCOUNTS	78,978	78,978	1	79,005	79,005	1
170.	SHARE CAPITAL	1,360,157	1,360,157	1	1,360,157	1,360,157	1
180.	TREASURY SHARES (-)	(25,384)	(25,384)	16	(25,457)	(25,456)	16
190.	MINORITY SHAREHOLDERS' EQUITY (+/-)	4	(5)	5, 34, 48	104,583	104,573	5, 34, 48
Shareholders' Equity							
200.	PROFIT (LOSS) FOR THE PERIOD	105,061	108,023	5a	268,634	267,122	5a
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		52,218,933	52,223,165		53,553,718	53,551,501	

Source: Consolidated balance sheet, FINREP reporting framework

Note: Total assets and liabilities are the sum of only the items listed in the table.

The portion of first-half profits net of an estimate of distributable dividends contributes to the composition of equity as at 30 June 2022. The share of period profits calculated among the regulatory capital positive elements was authorised by the European Central Bank in compliance with the provisions of art. 26, para. 2 of Regulation (EU) no. 575 of 26/6/2013 ("CRR") for the purpose of determining the Common Equity Tier 1 Capital.

The Group's highest-quality capital resources remained stable during the reference period: the positive effect of the retained profits generated by the business activities were set against factors that reduced the availability of core capital, including the decrease in FVOCI reserves on investment securities measured at fair value as a result of the unfavourable dynamics of financial markets following the outbreak of the Russian-Ukrainian conflict and, in part, securities sales with capital gains. In the first half-year the additional Tier 1 capital component (AT1) was cancelled due to the elimination of third-party equity interests in the subsidiary Factorit, following the purchase of the remaining 39.5% stake from the minority shareholder Banco BPM. As a result of the expansion of

risk-weighted asset volumes described in the previous section, at 30 June 2022 phased-in CET1 Ratio and Tier 1 Ratio both stood at 15.18%, down on both the figures registered at the end of the previous year and in the first quarter of 2022.

Tier 2 capital declined compared to the value registered at the end of 2021 due, on the one hand, to the loss of the portion of Factorit's debt capital eligible for Tier 2 because of the full acquisition of control over the company and, on the other hand, to the application of the gradual exclusion from equity of subordinated securities issued in the past, resulting in the regular decline in the eligible values of subordinated issues, one of which expired at the end of March. Additional capital trends, added to the influence of Tier 1 capital and total RWA dynamics, explain the observed decrease in the phased-in Total Capital Ratio, which stood at 17.85% as at 30 June 2022 (18.88% as at 31 December 2021 and 18.08% as at 31 March 2022).

Section 4 - Disclosure of capital reserves (art. 440 CRR/CRR II)

The imposition of additional capital buffers with respect to minimum requirements is designed to provide banks with high-quality capital to be used in times of market tension to prevent general disruptions of the banking system and avoid interruptions in the credit disbursement process, as well as to face possible risks arising from the systemic relevance of certain financial institutions at global or domestic level.

In this context, the countercyclical capital buffer (CCyB) has the purpose of protecting the banking sector in the phases of excessive credit growth; its imposition, in fact, allows significant banking entities, during phases of possible overheating of the credit cycle, to accumulate Common Equity Tier 1 capital to better absorb future losses in a downturn.

As established in Article 140 (1) of Directive 2013/36/EU ("CRD IV"), supervised entities are required to hold a countercyclical capital buffer equal to their overall risk exposure (in terms of risk weighted assets) multiplied by a specific countercyclical coefficient. The European legislation on the countercyclical buffer was implemented in Italy with Bank of Italy Circular no. 285/2013.

Like the other national authorities designated by individual member states of the Single Supervisory Mechanism, Bank of Italy has the obligation to determine quarterly the countercyclical coefficient applicable for the Italian banking system regulations and to monitor the congruity of the analogous coefficients applied by other countries, both EU and non-EU. The specific countercyclical coefficient of each supervised institution is equal to the weighted average of the coefficients applied in the countries where it has significant credit exposures.

The Bank of Italy has set at 0% the countercyclical buffer coefficient to be applied to the exposures held by intermediaries with Italian counterparties at 30 June 2022.

The tables below show the geographical distribution of credit exposures relevant for the purposes of determining the Group's specific countercyclical capital buffer and the main elements used to calculate the amount of the buffer at the reporting date.

Table 14 - Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (1 of 2)

	a	b	c	d	e	f
	<i>Exposures in the banking book</i>		<i>Exposures in the trading book</i>		<i>Exposures in securitisation</i>	<i>Total exposure value</i>
	<i>Exposure value under SA approach</i>	<i>Exposure value under AIRB approach</i>	<i>Sum of long and short positions</i>	<i>Exposure value under internal models</i>		
Italy	6,057,163	25,805,234	16,711	-	1,667,272	33,546,380
Bulgaria	205	712	-	-	-	917
Czech (Republic)	2,533	-	-	-	-	2,533
Hong Kong	0	310	-	-	-	310
Luxembourg	3,753	133,430	-	-	-	137,183
Norway	274	1,037	-	-	-	1,311
Slovakia	1,950	1,620	-	-	-	3,569
Other countries	6,347,863	579,178	-	-	-	6,927,041
TOTAL	12,413,742	26,521,520	16,711	-	1,667,272	40,619,245

Source: COREP reporting framework - Breakdown of credit exposures relevant for the calculation of the countercyclical buffer by country: Template C 09.04

Table 15 - Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (2 of 2)

	g	h	i	j	k	l	m
	<i>Own funds requirement</i>						
	<i>of which: generic credit exposures</i>	<i>of which: credit exposures of the trading book</i>	<i>of which: securitisation positions in the banking book</i>	<i>Total</i>	<i>Risk-weighted exposure amounts</i>	<i>Weighting factors of own fund requirement</i>	<i>Countercyclical coefficient</i>
Italy	1,008,329	1,337	18,521	1,028,187	12,852,334	78.9823 %	0,0000%
Bulgaria	26	-	-	26	327	0.0020 %	0.5000 %
Czech (Republic)	203	-	-	203	2,533	0.0156 %	0.5000 %
Hong Kong	2	-	-	2	20	0.0001 %	1.0000 %
Luxembourg	6,110	-	-	6,110	76,380	0.4694 %	0.5000 %
Norway	47	-	-	47	582	0.0036 %	1.5000 %
Slovakia	195	-	-	195	2,443	0.0150 %	1.0000 %
Other countries	267,025	-	-	267,025	3,337,814	20.5121 %	0,0000%
TOTAL	1,281,937	1,337	18,521	1,301,795	16,272,434	100,0000 %	

Source: COREP reporting framework - Breakdown of credit exposures relevant for the calculation of the countercyclical buffer by country: Template C 09.04

Table 16 - Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		a
1	Total risk exposure amount (RWA)	20,849,490
2	Specific countercyclical coefficient of the institution	0.0026 %
3	SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER REQUIREMENT OF THE INSTITUTION	550

Source: COREP reporting framework - Amount of exposure to risk: Template C 02.00 and Memorandum Items: Template C 04.00

Compared to the previous disclosure at the end of 2021, as at 30 June 2022 the Group's specific countercyclical coefficient increased, resulting, along with the mentioned increase in the total risk exposure (RWA), in an increase in the related capital requirement.

Section 5 - Disclosure of leverage ratio (art. 451 CRR/CRR II)

Regulation (EU) no. 575/2013 (“CRR”), as partially amended by Delegated Regulation (EU) no. 2015/62, brought into effect from 1 January 2014 introducing the requirement for supervised entities to calculate a specific Leverage Ratio in order to limit the build-up of an excessive leverage, namely a particularly high level of indebtedness compared with Own Funds which can make a bank vulnerable.

The indicator, which was implemented as part of the Basel 3 framework, is a simple backstop measure aimed at complementing the traditional risk-based capital requirements. The main objectives of its calculation and monitoring are to:

- prevent unsustainable leverage accumulation and, hence, mitigate the impact of sudden deleveraging processes, as experienced during the last global financial crisis;
- act as a constraint against model risk and measurement errors related to current systems to calculate risk-weighted assets, underlying the way in which capital ratios are determined.

The Leverage Ratio is calculated quarterly as the ratio between a measure of high-quality capital (Tier 1 Capital) and an exposure measure, expressed as a percentage. The exposure measure includes both on-balance sheet exposures and off-balance sheet items; the latter, which are calculated by applying defined “credit conversion factors” to the relevant notional amount of each OBS item, mainly consist of credit commitments (e.g. disbursements related to undrawn portions of credit lines available to customers), guarantees and exposures in derivative instruments.

To cope with the risk of excessive leverage, banks must have company policies and procedures aimed at identifying, managing and adequately monitoring the exposure.

The Group, in order to manage and contain the risk of excessive leverage, has included the Leverage Ratio among key indicators of its Risk Appetite Framework. RAF governance arrangements provide appropriate escalation mechanisms to ensure an adequate and timely response to the exceeding of established limits and trigger levels. In addition, the Group, with a view to conservative management of risks, pays special attention to the dynamics of assets and the potential erosion of the capital base due to the recognition of expected or realised losses.

Regulation (EU) no. 876/2019 (“CRR II”) of the European Parliament and of the Council of 20 May 2019, in amending the disposals of the “CRR”, introduced from 28 June 2021 a minimum Pillar 1 leverage requirement of 3% that all banks operating within the EU are required to meet on an ongoing basis.

On 10 February 2022 the European Central Bank, after the end of the extraordinary needs related to the COVID-19 pandemic, announced the withdrawal, from 1 April 2022, of the possibility granted to significant institutions to exclude certain exposures to central banks, with the consequent reinstatement of the system prior to the health crisis⁶.

⁶ Until the reporting date of 31 March 2022, the Group had made use of the option to temporarily exclude exposures to central banks from its leverage ratio. It had therefore been required to meet an Adjusted Leverage Ratio higher than the minimum limit defined by the CRR.

The tables below summarise the main information on the Group's Leverage Ratio as at 30 June 2022 specifically concerning:

- reconciliation of the measure of overall exposure to the denominator of the ratio and the accounting assets as per the latest published consolidated financial statement;
- breakdown of the components of the overall exposure measure, as well as information on the value assumed by the ratio and the minimum leverage requirements applicable;
- breakdown of on-balance sheet exposures that constitute the ratio overall exposure measure.

Table 17 - Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		30/06/2022	31/12/2021
		a	b
		Applicable amount	Applicable amount
1	Total assets as per published financial statements	54,660,518	55,016,149
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(14,109)	(2,059)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-	(5,661,365)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	94,880	78,281
9	Adjustment for securities financing transactions (SFTs)	259,495	196,209
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	4,836,482	4,806,038
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-	-
12	Other adjustments	(43,674)	(71,127)
13	TOTAL EXPOSURE MEASURE	59,793,592	54,362,126

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 40.00 - C 47.00 and FINREP reporting framework - Balance sheet: Template F 01.00

Table 18 - Template EU LR2 - LRCOM: Leverage ratio common disclosure (1 of 2)

		CRR leverage ratio exposures	
		30/06/2022	31/12/2021
		a	b
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	54,431,207	49,175,323
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)	54,431,207	49,175,323
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	78,183	34,653
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	13,026	4,655
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	72,470	68,287
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	105,134	76,960
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	TOTAL DERIVATIVES EXPOSURES	268,812	184,556
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	259,495	196,209
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES	259,495	196,209

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 40.00 - C 47.00 and FINREP reporting framework - Balance sheet: Template F 01.00

Table 19 - Template EU LR2 - LRCOM: Leverage ratio common disclosure (2 of 2)

		CRR leverage ratio exposures	
		30/06/2022	31/12/2021
		a	b
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	20,638,040	20,399,632
20	(Adjustments for conversion to credit equivalent amounts)	(15,803,961)	(15,593,594)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	OFF-BALANCE SHEET EXPOSURES	4,834,079	4,806,038
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(TOTAL EXEMPTED EXPOSURES)	-	-
Capital and total exposure measure			
23	TIER 1 CAPITAL	3,164,186	3,173,556
24	TOTAL EXPOSURE MEASURE	59,793,592	54,362,126
Leverage ratio			
25	Leverage ratio	5,2919%	5.8378 %
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5,2919%	5.8378 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5,2919%	5.2872 %
26	Regulatory minimum leverage ratio requirement (%)	3.0000 %	3.2740 %
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.0000 %	3.2740 %
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional arrangements	Transitional arrangements

Source: COREP reporting framework - Capital Adequacy: Templates C 01.00 - C 40.00 - C 47.00 and FINREP reporting framework - Balance sheet: Template F 01.00

Table 20 - Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		30/06/2022	31/12/2021
		a	b
		CRR leverage ratio exposures	CRR leverage ratio exposures
EU-1	TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS, AND EXEMPTED EXPOSURES), OF WHICH:	54,431,207	49,175,323
EU-2	Trading book exposures	140,851	174,990
EU-3	Banking book exposures, of which:	54,290,356	49,000,333
EU-4	Covered bonds	221,260	228,699
EU-5	Exposures treated as sovereigns	15,109,455	12,405,660
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	931,732	454,478
EU-7	Institutions	3,161,215	2,986,107
EU-8	Secured by mortgages of immovable properties	11,533,688	11,599,135
EU-9	Retail exposures	4,721,300	4,657,413
EU-10	Corporates	12,830,011	11,869,862
EU-11	Exposures in default	763,304	836,449
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	5,018,391	3,962,531

Source: COREP reporting framework - Exposures by Leverage Ratio: Template C 43.00

As noted above, as at 30 June 2022, Decision ECB/2021/27 of 18 June 2021, which allowed the exclusion of central bank items from the measure of total exposure used for the calculation of the Leverage Ratio, is no longer in force.

As a result of the aforementioned regulatory change, the Group's indicator, calculated by applying the transitional criteria in force for the current year (phased-in), decreased by approximately 55 basis points compared to the year-end figure and by 24 basis points in the last quarter. The effect is mainly due to the increase in asset volumes in the denominator following the removal of the said exemption (with the previous rules, the Leverage Ratio would have stood at 5.61%).

Section 6 - Disclosure of liquidity requirements (art. 451 bis CRR/CRR II)

The Group regularly monitors its exposure to liquidity risk and the adequacy of the related management and mitigation systems from a current, forward-looking and stressed perspective, using metrics calculated for both regulatory and internal purposes, the latter defined on the basis of operational specificities and the range of activities performed by the Group.

At an operational level, liquidity management is carried out by Group companies through dedicated business structures; in this context, the Parent Company acts as a fund-raising preferential counterparty for its subsidiaries, intervening to cover part of their liquidity needs, as well as in the eventual use of liquidity surplus.

In compliance with the provisions stated by EU regulations, Banca Popolare di Sondrio calculates and monitors at a consolidated level the key liquidity indicators Liquidity Coverage Ratio and Net Stable Funding Ratio.

The Liquidity Coverage Ratio (LCR) represents the short-term liquidity coverage requirement determined in accordance with Part Six of the “CRR” Regulation, as subsequently supplemented by Delegated Regulation (EU) 2015/61 of 10 October 2014, which in turn was partially amended by Delegated Regulation (EU) 2018/1620 of 13 July 2018. It is the ratio of the stock of high-quality liquid assets to the total amount of net cash outflows (algebraic sum of inflows and expected cash outflows) over the next 30 calendar days. The benchmark aims to ensure the ability of banking firms to survive a severe, short-term shock by ensuring that they maintain an adequate level of high-quality liquid assets that can be readily converted into cash to meet the very short-term needs that could arise under a particularly acute liquidity stress scenario. This ratio is subject to a minimum regulatory requirement of 100%.

The Net Stable Funding Ratio (NSFR) represents the net stable medium to long-term funding ratio determined in accordance with Part Six of the “CRR” Regulations, as amended by the “CRR II” Regulations dated 20 May 2019, the application of which started with effect from the reporting date of 30 June 2021. This is the ratio of the available amount of stable funding to the required amount of stable funding. It is intended as an additional mechanism of the LCR index with a view to favouring a more stable and longer-term financing of company assets, offsetting the incentives that banking institutions would have to finance their stock of liquid assets with short-term funds due to expire immediately after the 30-day horizon. In particular, the NSFR requirement, which should always be kept equal to or higher than 100%, is such as to ensure that long-term assets are financed with at least a minimum amount of stable liabilities in relation to the respective liquidity risk profiles.

Overall, the Group's liquidity conditions are adequate both in the short term (“operational liquidity”) and in the long term (“structural liquidity”), with broad compliance with the minimum levels imposed by regulations for LCR and NSFR ratios.

The tables below show the quarterly trend of the average monthly values of the Liquidity Coverage Ratio (LCR) of the Group and of the main aggregates making up the ratio (liquidity reserve, liquidity outflows and inflows, high quality liquid assets).

Table 21 - Template EU LIQ1 - Liquidity Coverage Ratio (1 of 2)

		a	b	c	d
		Total unweighted value (average)			
EU 1a	Quarter ending on 30/06/2022	30/06/2022	31/03/2022	31/12/2021	30/09/2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)				
CASH - OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	16,825,935	16,390,119	15,958,136	15,521,761
3	Stable deposits	10,644,258	10,420,676	10,199,895	9,976,252
4	Less stable deposits	6,147,191	5,929,928	5,712,544	5,493,901
5	Unsecured wholesale funding	18,457,338	18,592,979	18,663,569	18,246,095
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	4,076,964	4,104,526	4,197,096	4,247,218
7	Non-operational deposits (all counterparties)	14,339,708	14,446,201	14,442,061	13,980,403
8	Unsecured debt	40,667	42,252	24,412	18,474
9	Secured wholesale funding				
10	Additional requirements	649,290	632,081	600,211	562,432
11	Outflows related to derivative exposures and other collateral requirements	13,704	10,845	8,543	7,525
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	635,586	621,236	591,668	554,907
14	Other contractual funding	3,465	3,557	3,600	3,615
15	Other contingent funding obligations	12,873,222	12,674,577	12,443,043	12,273,176
16	TOTAL CASH OUTFLOWS				
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	346,580	532,837	672,160	686,775
18	Inflows from fully performing exposures	3,880,743	4,847,318	5,812,900	6,141,092
19	Other cash inflows	4,030,585	3,899,076	3,782,548	3,683,615
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
EU-19b	(Excess inflows from a related specialised credit institution)				
20	TOTAL CASH INFLOWS	8,257,909	9,279,232	10,267,608	10,511,482
EU-20a	Fully exempt inflows	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-
EU-20c	Inflows subject to 75% cap	8,257,909	9,279,232	10,267,608	10,511,482
TOTAL ADJUSTED VALUE					
EU-21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO (%)				

Source: COREP reporting framework - Liquidity coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 76.00

NOTE: The figures in the table are calculated as a simple (unweighted) average of the end-of-month observations over the twelve months preceding the end of each quarter

Table 22 - Template EU LIQ1 - Liquidity Coverage Ratio (2 of 2)

		e	f	g	h
		<i>Total weighted value (average)</i>			
EU 1a	Quarter ending on 30/06/2022	30/06/2022	31/03/2022	31/12/2021	30/09/2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	10,905,487	10,445,425	9,561,024	8,757,262
CASH - OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	1,338,367	1,299,691	1,261,053	1,221,366
3	Stable deposits	532,213	521,034	509,995	498,813
4	Less stable deposits	806,154	778,657	751,059	722,553
5	Unsecured wholesale funding	8,384,752	8,475,396	8,482,791	8,241,018
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	973,925	982,476	1,006,999	1,020,826
7	Non-operational deposits (all counterparties)	7,370,161	7,450,668	7,451,380	7,201,718
8	Unsecured debt	40,667	42,252	24,412	18,474
9	Secured wholesale funding	313	313	313	313
10	Additional requirements	134,771	126,434	121,820	113,716
11	Outflows related to derivative exposures and other collateral requirements	13,704	10,845	8,543	7,525
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	121,066	115,589	113,276	106,191
14	Other contractual funding	1,469	1,562	1,607	1,600
15	Other contingent funding obligations	501,616	492,872	477,001	462,410
16	TOTAL CASH OUTFLOWS	10,361,286	10,396,268	10,344,584	10,040,423
CASH - INFLOWS					
17	Secured lending (e.g. reverse repos)	-	-	-	-
18	Inflows from fully performing exposures	3,388,547	4,362,921	5,328,717	5,654,369
19	Other cash inflows	828,805	800,885	777,378	757,811
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	TOTAL CASH INFLOWS	4,217,353	5,163,806	6,106,095	6,412,180
EU-20a	Fully exempt inflows	-	-	-	-
20b	Inflows subject to 90% cap	-	-	-	-
EU-20c	Inflows subject to 75% cap	4,217,353	5,163,806	6,106,095	6,412,180
TOTAL ADJUSTED VALUE					
EU-21	LIQUIDITY BUFFER	10,905,487	10,445,425	9,561,024	8,757,262
22	TOTAL NET CASH OUTFLOWS	6,143,933	5,232,462	4,238,489	3,628,243
23	LIQUIDITY COVERAGE RATIO (%)	188.5102 %	212.5557 %	234.2043 %	245.0845 %

Source: COREP reporting framework - Liquidity coverage: Templates C 72.00 - C 73.00 - C 74.00 - C 76.00

NOTE: The figures in the table are calculated as a simple (unweighted) average of the end-of-month observations over the twelve months preceding the end of each quarter

From the evidence reported in the previous templates in the last twelve months it is possible to observe a downward trend in the average levels of the liquidity ratio, which, in any case, remained positioned at values well above the minimum regulatory requirement (100%) throughout the period.

A significant contribution to the recent LCR coefficient trend was given by the progressive decline in on-demand funding volumes with relevant cash outflows attributable, in particular, to corporate

counterparties and public sector institutions, that have been partially compensated by the increase in retail customers deposits. Minor impacts, yet significant in absolute terms, are related to the decline in term deposits and bond maturities in the first half of the year, only partly offset by new issues. The Bank also expanded its lending volumes to the real economy in the form of loans, advances and factoring operations; these amounts, together with those eroded by the contraction in funding, reduced the level of deposits towards the Central Bank.

The trends underlying the development in the LCR are reflected in a progressive increase in average cash outflows net of the denominator, determined by applying the liquidity outflow and inflow adjustment factors envisaged by the prudential provisions to all the demand items or those with maturity within 30 days, so as to incorporate stress effects of both a systemic and idiosyncratic nature in the calculation of the coefficient. Specifically, the change originated from the decline in inflows, which was an effect of the aforementioned upsurge in lending activity. The level of high-quality liquid assets, included in the liquidity buffer in the numerator, was in turn negatively impacted by the unfavourable economic situation, burdened by the post-pandemic effects and the Russian-Ukrainian conflict, resulting in a loss of market value of the financial instruments in the portfolio.

The high-quality liquid assets ("HQLA") are held by the Group mainly in EUR, to cover any financial needs in this currency; they remain predominantly made up of instruments issued by eligible sovereign entities classified in the "EHQLA" category (Level 1)⁷, recognised as being of extremely high liquidity and credit quality pursuant to Delegated Regulation (EU) 2015/61. These are mainly securities issued by the Italian Republic, accompanied by investments in bonds issued by other sovereign countries (particularly Spain, France and Germany), supranational entities, credit institutions and companies. The subsidiary Banca Popolare di Sondrio (SUISSE), in turn, holds its own bond portfolio, which is mainly composed of national Central Bank eligible securities, integrated by cash amounts in CHF deposited with it, aimed at balancing the specific liquidity requirements.

Risks associated with the concentration of funding sources are mitigated by the Group by maintaining a consistent retail funding base, which is by definition adequately diversified; further funding sources are represented by national and international private entities and companies as well as by banking counterparties, from which the Group has never had problems in raising money at market conditions, due its high reputation.

Liquidity risks related to derivative exposures prove to be limited overall, given the risk strategy pursued by the Group which provides for a "back-to-back" hedging of all open positions related to transactions with customers.

The charts below provide the value of the Group's Net Stable Funding Ratio (NSFR) at the reference date and the breakdown of its main components (AFS - amount of available stable financing and RSF - amount of required stable financing).

⁷ The rules for calculating the LCR split high quality liquid assets ("HQLA") into three categories, considered in decreasing order of liquidity: "Level 1" ("EHQLA"), "Level 2A" and "Level 2B". Gradually increasing prudential haircuts are applied to these categories, in addition to limits in terms of composition.

Table 23 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 30/06/2022

		30/06/2022				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,248,523	17,266	-	547,279	3,795,802
2	Own funds	3,248,523	17,266	-	547,279	3,795,802
3	Other capital instruments		-	-	-	-
4	Retail deposits		17,710,842	81,353	628,384	17,190,150
5	Stable deposits		10,974,687	1,111	899	10,427,907
6	Less stable deposits		6,736,154	80,243	627,485	6,762,243
7	Wholesale funding		11,867,335	4,930,709	6,833,003	13,566,221
8	Operational deposits		3,667,368	-	-	1,833,684
9	Other wholesale funding		8,199,967	4,930,709	6,833,003	11,732,537
10	Interdependent liabilities		-	-	-	-
11	Other liabilities	102,980	3,915,545	10,294	2,135,712	2,140,859
12	NSFR derivative liabilities	102,980				
13	All other liabilities and capital instruments not included in the above categories		3,915,545	10,294	2,135,712	2,140,859
14	TOTAL AVAILABLE STABLE FUNDING (ASF)					38,526,715

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00 - C 84.00

Table 24 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 30/06/2022

		30/06/2022				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					2,781,707
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		12,628,586	1,563,728	21,177,525	23,894,913
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,734,362	81,090	637,586	951,567
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		8,407,786	1,186,620	9,831,605	20,334,986
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		254,129	309,816	2,658,313	8,713,970
22	Performing residential mortgages, of which:		199,134	220,303	7,866,192	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		195,642	216,522	7,774,840	-

24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	1,287,304	75,714	2,842,143	2,608,361
25	Interdependent assets	-	-	-	-
26	Other assets	823,748	65,791	3,377,720	3,512,156
27	Physical traded commodities	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	39,200	33,320
29	NSFR derivative assets	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	138,369	-	-	6,918
31	All other assets not included in the above categories	685,379	65,791	3,338,520	3,471,918
32	Off-balance sheet items	4,257,975	20,000	545,722	241,373
33	TOTAL RSF				30,430,150
34	NET STABLE FUNDING RATIO (%)				126.6071 %

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00- C 84.00

The table shows that the NSFR coefficient of the Group as at 30 June 2022 was higher than the minimum regulatory requirement (100%).

The Group's available amount of stable funding (AFS) – consisting mainly of retail deposits and, secondarily, of net funds received from the European Central Bank – exceeded the level of the required amount of stable funding (RSF) primarily related to volumes of customer loans.

Table 25 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 31/03/2022

		31/03/2022				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,194,643	30,928	-	547,014	3,741,658
2	Own funds	3,194,643	30,928	-	547,014	3,741,658
3	Other capital instruments		-	-	-	-
4	Retail deposits		17,376,292	320,624	477,360	16,949,666
5	Stable deposits		10,899,612	2,028	523	10,357,082
6	Less stable deposits		6,476,680	318,596	476,837	6,592,585
7	Wholesale funding		11,874,385	110,564	11,552,777	15,685,282
8	Operational deposits		3,546,830	-	-	1,773,415
9	Other wholesale funding		8,327,555	110,564	11,552,777	13,911,867
10	Interdependent liabilities		-	-	-	-
11	Other liabilities	76,796	3,205,951	10,219	1,974,442	1,979,552
12	NSFR derivative liabilities	76,796				
13	All other liabilities and capital instruments not included in the above categories		3,205,951	10,219	1,974,442	1,979,552
14	TOTAL AVAILABLE STABLE FUNDING (ASF)					40,129,572

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00 - C 84.00

Table 26 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 31/03/2022

		31/03/2022				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					5,505,666
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		51,075	53,939	1,122,557	1,043,435
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		11,367,932	1,637,067	19,452,026	22,336,937
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		299,482	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,618,585	145,301	653,819	988,328
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		7,269,511	1,222,454	9,405,688	18,615,351
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		215,679	268,811	2,511,345	7,643,980
22	Performing residential mortgages, of which:		253,668	189,523	6,368,348	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		251,588	187,331	6,305,371	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		926,686	79,789	3,024,171	2,733,259
25	Interdependent assets		-	-	-	-
26	Other assets		481,629	100,548	3,122,685	3,286,202
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	39,200	33,320
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		95,465			4,773
31	All other assets not included in the above categories		386,164	100,548	3,083,485	3,248,109
32	Off-balance sheet items		4,361,981	-	654,386	252,225
33	TOTAL REQUIRED STABLE FUNDING (RSF)					32,424,465
34	NET STABLE FUNDING RATIO (%)					123.7632 %

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00 - C 84.00

Table 27 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 31/12/2021

		31/12/2021				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,242,266	9,748	44,440	560,193	3,802,460
2	Own funds	3,242,266	9,748	44,440	560,193	3,802,460
3	Other capital instruments		-	-	-	-
4	Retail deposits		17,150,104	327,680	554,874	16,817,652
5	Stable deposits		10,651,016	4,430	518	10,123,192
6	Less stable deposits		6,499,088	323,249	554,356	6,694,460
7	Wholesale funding		12,575,821	86,561	11,570,043	16,042,734
8	Operational deposits		4,773,925	-	-	2,386,963
9	Other wholesale funding		7,801,896	86,561	11,570,043	13,655,771
10	Interdependent liabilities		-	-	-	-
11	Other liabilities	84,260	3,055,470	10,284	1,626,397	1,631,539
12	NSFR derivative liabilities	84,260				
13	All other liabilities and capital instruments not included in the above categories		3,055,470	10,284	1,626,397	1,631,539
14	TOTAL AVAILABLE STABLE FUNDING (ASF)					40,681,347

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00 - C 84.00

Table 28 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 31/12/2021

		31/12/2021				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					4,439,577
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		46,660	54,823	1,167,410	1,078,559
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		10,962,159	1,569,279	19,261,697	22,168,509
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,493,600	87,014	554,814	847,681
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		7,039,312	1,193,302	9,389,910	18,531,616
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		185,940	233,736	2,474,310	7,510,592
22	Performing residential mortgages, of which:		183,744	216,843	6,270,262	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		182,475	215,465	6,242,717	-

24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	1,245,504	72,120	3,046,711	2,789,212
25	Interdependent assets	-	-	-	-
26	Other assets	281,331	76,379	2,827,851	2,965,117
27	Physical traded commodities	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	39,200	33,320
29	NSFR derivative assets	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	92,502	-	-	4,625
31	All other assets not included in the above categories	188,828	76,379	2,788,651	2,927,172
32	Off-balance sheet items	4,075,234	73,000	646,221	241,189
33	TOTAL REQUIRED STABLE FUNDING (RSF)				30,892,952
34	NET STABLE FUNDING RATIO (%)				131.6849 %

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00 - C 84.00

Table 29 - Template EU LIQ2: Net Stable Funding Ratio (1 of 2) - 30/09/2021

		30/09/2021				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,144,080	19,825	-	309,143	3,453,223
2	Own funds	3,144,080	19,825	-	309,143	3,453,223
3	Other capital instruments	-	-	-	-	-
4	Retail deposits	-	16,479,192	177,857	780,293	16,288,019
5	Stable deposits	-	10,322,677	4,982	1,347	9,812,624
6	Less stable deposits	-	6,156,515	172,874	778,945	6,475,395
7	Wholesale funding	-	16,483,779	163,067	11,290,947	17,865,600
8	Operational deposits	-	3,758,494	-	-	1,879,247
9	Other wholesale funding	-	12,725,284	163,067	11,290,947	15,986,353
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities	7,760	3,061,591	10,958	1,965,375	1,970,854
12	NSFR derivative liabilities	7,760	-	-	-	-
13	All other liabilities and capital instruments not included in the above categories	-	3,061,591	10,958	1,965,375	1,970,854
14	TOTAL AVAILABLE STABLE FUNDING (ASF)					39,577,697

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00 - C 84.00

Table 30 - Template EU LIQ2: Net Stable Funding Ratio (2 of 2) - 30/09/2021

		30/09/2021				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					4,385,169
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		52,754	56,306	1,225,073	1,134,012
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		11,632,216	1,327,391	18,288,497	21,311,933
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		729,439	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,747,200	51,634	338,208	638,745
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		7,073,613	1,003,986	9,208,803	18,089,810
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		151,514	217,874	2,437,524	7,090,956
22	Performing residential mortgages, of which:		201,150	172,108	5,895,092	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		198,208	168,934	5,835,686	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		880,814	99,663	2,846,393	2,583,378
25	Interdependent assets		-	-	-	-
26	Other assets		3,927,438	54,619	2,690,942	2,834,476
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	39,200	33,320
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		27,579			1,379
31	All other assets not included in the above categories		3,899,858	54,619	2,651,742	2,799,777
32	Off-balance sheet items		3,942,334	73,000	588,265	231,252
33	TOTAL RSF					29,896,843
34	NET STABLE FUNDING RATIO (%)					132.3809 %

Source: COREP reporting framework - Net Stable Funding Ratio: Templates C 80.00 - C 81.00 - C 84.00

Section 7 - Disclosure of exposures to credit risk (art. 442 CRR/CRR II)

This section provides multiple disclosures, referring to the situation of the banking Group's portfolio of credit exposures as at 30 June 2022, concerning:

- the dynamics and composition of performing, non-performing and forborne exposures - including assets acquired as part of execution processes for the recovery of impaired loans - as well as provisions and adjustments on these types of exposures and the amounts of guarantees received;
- the distribution of exposures by credit quality, counterparty segment, geographical area, economic sector and residual maturity;
- exposures subject to measures applied in response to the effects of the COVID-19 crisis (payment moratoria and public guarantee schemes on new loans).

**Table 31 - Template EU CR1 - Performing and non-performing exposures and related provisions
(1 of 3)**

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			of which STAGE 1	of which STAGE 2		of which STAGE 2	of which STAGE 3
005	Cash balances at central banks and other demand deposits	4,731,281	4,725,302	5,979	-	-	-
010	Loans and advances	32,399,125	29,917,783	2,065,686	1,803,111	-	1,585,309
020	Central banks	-	-	-	-	-	-
030	General governments	803,972	779,388	24,528	400	-	400
040	Credit institutions	419,092	416,780	2,312	-	-	-
050	Other financial corporations	2,767,723	2,751,648	9,461	33,550	-	31,030
060	Non-financial corporations	17,213,995	15,550,480	1,387,132	1,320,524	-	1,144,885
070	Of which SMEs	9,408,802	8,162,211	1,002,889	885,214	-	743,969
080	Households	11,194,344	10,419,487	642,252	448,637	-	408,993
090	Debt securities	12,998,772	12,814,535	111,118	1,500	-	-
100	Central banks	-	-	-	-	-	-
110	General governments	10,407,975	10,375,780	-	-	-	-
120	Credit institutions	1,148,225	1,069,647	63,148	-	-	-
130	Other financial corporations	1,098,198	1,024,735	47,969	-	-	-
140	Non-financial corporations	344,374	344,374	-	1,500	-	-
150	Off-balance-sheet exposures	21,058,315	12,906,617	767,802	203,862	-	123,905
160	Central banks	50,000	-	-	-	-	-
170	General governments	731,870	580,566	17,255	-	-	-
180	Credit institutions	745,971	170,656	4,228	-	-	-
190	Other financial corporations	1,372,980	1,264,869	848	15,669	-	15,277
200	Non-financial corporations	16,204,979	9,297,576	643,861	179,796	-	101,913
210	Households	1,952,514	1,592,949	101,610	8,397	-	6,715
220	TOTAL AS AT 30/06/2022	71,187,493	60,364,237	2,950,584	2,008,473	-	1,709,213
	TOTAL AS AT 31/12/2021	71,556,405	61,714,622	2,536,423	2,091,136	-	1,781,375

Source: FINREP reporting framework - Breakdown of financial assets by instrument and counterparty: Templates F 04.03.1 - F 04.04.1 - F 04.09 - F 04.10 - F 18.00

**Table 32 - Template EU CR1 - Performing and non-performing exposures and related provisions
(2 of 3)**

	g	h	i	j	k	l
	<i>Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions</i>					
	<i>Performing exposures – accumulated impairment and provisions</i>			<i>Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions</i>		
	<i>of which STAGE 1</i>	<i>of which STAGE 2</i>		<i>of which STAGE 2</i>	<i>of which STAGE 3</i>	
005 Cash balances at central banks and other demand deposits	(315)	(166)	(150)	-	-	-
010 Loans and advances	(116,627)	(44,923)	(69,105)	(1,042,330)	-	(918,408)
020 Central banks	-	-	-	-	-	-
030 General governments	(2,265)	(1,594)	(672)	(398)	-	(398)
040 Credit institutions	(302)	(259)	(43)	-	-	-
050 Other financial corporations	(10,473)	(9,416)	(1,057)	(20,031)	-	(17,511)
060 Non-financial corporations	(59,187)	(15,319)	(42,658)	(790,482)	-	(684,034)
070 Of which SMEs	(44,174)	(9,111)	(33,999)	(484,862)	-	(403,728)
080 Households	(44,400)	(18,336)	(24,677)	(231,420)	-	(216,465)
090 Debt securities	(6,081)	(2,708)	(3,373)	-	-	-
100 Central banks	-	-	-	-	-	-
110 General governments	(1,491)	(1,491)	-	-	-	-
120 Credit institutions	(3,630)	(755)	(2,876)	-	-	-
130 Other financial corporations	(755)	(257)	(498)	-	-	-
140 Non-financial corporations	(204)	(204)	-	-	-	-
150 Off-balance-sheet exposures	(29,501)	(23,310)	(6,169)	(25,339)	-	(10,293)
160 Central banks	-	-	-	-	-	-
170 General governments	(612)	(611)	(1)	-	-	-
180 Credit institutions	(215)	(155)	(61)	-	-	-
190 Other financial corporations	(2,451)	(2,444)	(7)	(402)	-	(210)
200 Non-financial corporations	(14,186)	(9,421)	(4,745)	(24,026)	-	(9,595)
210 Households	(12,036)	(10,679)	(1,355)	(911)	-	(488)
220 TOTAL AS AT 30/06/2022	(152,524)	(71,107)	(78,798)	(1,067,670)	-	(928,700)
TOTAL AS AT 31/12/2021	(145,414)	(74,347)	(68,584)	(1,064,063)	-	(930,563)

Source: FINREP reporting framework - Breakdown of financial assets by instrument and counterparty: Templates F 04.03.1 - F 04.04.1 - F 04.09 - F 04.10 - F 18.00

NOTE: The total of line 220 includes items 005, 010, 090 and 150.

Table 33 - Template EU CR1 - Performing and non-performing exposures and related provisions (3 of 3)

		<i>m</i>	<i>n</i>	<i>o</i>
		<i>Accumulated partial write-off</i>	<i>Collateral and financial guarantees received</i>	
			<i>On performing exposures</i>	<i>On non-performing exposures</i>
005	Cash balances at central banks and other demand deposits	-	88	-
010	Loans and advances	(118,210)	21,748,321	699,086
020	Central banks	-	-	-
030	General governments	-	345,119	-
040	Credit institutions	-	113,731	-
050	Other financial corporations	-	966,935	9,030
060	Non-financial corporations	(117,610)	10,268,465	489,718
070	Of which SMEs	(3,841)	7,097,910	376,095
080	Households	(600)	10,054,070	200,338
090	Debt securities	-	-	-
100	Central banks	-	-	-
110	General governments	-	-	-
120	Credit institutions	-	-	-
130	Other financial corporations	-	-	-
140	Non-financial corporations	-	-	-
150	Off-balance-sheet exposures		774,248	13,604
160	Central banks		-	-
170	General governments		26,566	-
180	Credit institutions		7,947	-
190	Other financial corporations		52,514	0
200	Non-financial corporations		549,352	12,744
210	Households		137,869	860
220	TOTAL AS AT 30/06/2022	(118,210)	22,522,656	712,690
	TOTAL AS AT 31/12/2021	(136,526)	23,841,805	831,037

Source: FINREP reporting framework - Breakdown of financial assets by instrument and counterparty: Templates F 04.03.1 - F 04.04.1 - F 04.09 - F 04.10 - F 18.00

Table 34 - Template EU CR1-A: Maturity of exposures

		<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
		<i>Net exposure value</i>					
		<i>On demand</i>	<i><= 1 year</i>	<i>> 1 year <= 5 years</i>	<i>> 5 years</i>	<i>No stated maturity</i>	<i>Total</i>
1	Loans and advances	4,336,965	8,166,757	8,317,695	11,395,799	13,055,641	45,272,856
2	Debt securities	1,113	734,269	5,637,965	6,584,679	36,165	12,994,191
3	TOTAL AS AT 30/06/2022	4,338,078	8,901,026	13,955,660	17,980,478	13,091,806	58,267,048

Source: processing of accounting and reporting data

NOTE: The net value of undated exposures associated with "Loans and advances" includes the amount of endorsement credits and loan commitments outstanding at the reporting date

The table above shows the exposures as at 30 June 2022 in the form of loans and advances and debt securities by maturity. These exposures are mainly concentrated in the category with maturities between 1 and 5 years. The distribution of exposure volumes across time buckets is broadly consistent with the one observed in December 2021.

Table 35 - Template EU CR2 - Changes in the stock of non-performing loans and advances

		30/06/2022
		a
		Gross carrying amount
010	INITIAL STOCK OF NON-PERFORMING LOANS AND ADVANCES	1,875,969
020	Inflows to non-performing portfolios	174,377
030	Outflows from non-performing portfolios	(247,236)
040	Outflow due to write-off	(55,787)
050	Outflow due to other situations	(191,449)
060	FINAL STOCK OF NON-PERFORMING LOANS AND ADVANCES	1,803,111

Source: FINREP reporting framework - Incoming and outgoing non-performing exposures: Template F 24.01

During the year inflows to non-performing portfolios included new entries in non-performing portfolios for about 174 million euro. Total outflows from non-performing portfolios amounted to around 247 million euro, of which 56 million due to write-offs and 191 million due to other circumstances. The main components of the latter are: returns to performing status during the first part of the year for about 39 million euro, outflows due to partial or total repayment of loans for 122 million euro and outflows due to the liquidation of collateral in the amount of 19 million euro.

Table 36 - Template EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries

		30/06/2022	
		a	b
		Gross carrying amount	Related net accumulated recoveries
010	INITIAL STOCK	1,875,969	
020	Inflows to non-performing portfolios	174,377	
030	Outflows from non-performing portfolios	(247,236)	
040	Outflow to performing portfolio	(38,722)	
050	Outflow due to loan repayment, partial or total	(121,546)	
060	Outflow due to collateral liquidation	(18,702)	12,750
070	Outflow due to taking possession of collateral	-	-
080	Outflow due to sale of instruments	(9,385)	2,365
090	Outflow due to risk transfer	(2,375)	1,250
100	Outflow due to write-off	(55,787)	
110	Outflow due to other situations	(719)	
120	Outflow due to reclassification as held for sale	-	
130	FINAL STOCK	1,803,111	

Source: FINREP reporting framework - Incoming and outgoing non-performing exposures: Template F 24.01

Compared to last December the overall quality of the Group's credit portfolio improved. Both the stock of non-performing exposures on the balance sheet and their share of total loans declined during the period. Coverage of non-performing loans, based on prudent provisioning policies, increased further during this period. The coverage of the performing portfolio, while slightly decreasing, includes specific credit risk allowances ("IFRS 9 *prudential add-on*") for the developments expected to result from the enduring conflict between Russia and Ukraine, without prejudice to the Group's very limited exposure towards the geographical area involved.

Table 37 - Template EU CQ1 - Credit quality of forborne exposures (1 of 2)

		a	b	c	d
		Gross carrying amount/nominal amount of exposures with forbearance measures			
		Performing forborne	Non-performing forborne		
			Of which defaulted		Of which impaired
005	Cash balances at central banks and other demand deposits	-	-	-	-
010	Loans and advances	577,819	811,441	811,441	796,251
020	Central banks	-	-	-	-
030	General governments	-	-	-	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	270	14,478	14,478	14,478
060	Non-financial corporations	367,302	585,829	585,829	572,982
070	Households	210,247	211,134	211,134	208,791
080	Debt securities	-	-	-	-
090	Loan commitments given	7,150	10,238	10,238	10,238
100	TOTAL AS AT 30/06/2022	584,969	821,679	821,679	806,489
	TOTAL AS AT 31/12/2021	716,892	868,507	868,507	849,848

Source: FINREP reporting framework - Information on forborne exposures: Template F 19.00

Table 38 - Template EU CQ1 - Credit quality of forborne exposures (2 of 2)

		e	f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
005	Cash balances at central banks and other demand deposits	-	-	-	-
010	Loans and advances	(22,961)	(434,959)	866,966	353,377
020	Central banks	-	-	-	-
030	General governments	-	-	-	-
040	Credit institutions	-	-	-	-
050	Other financial corporations	(6)	(10,576)	97	76
060	Non-financial corporations	(12,678)	(324,887)	572,875	248,437
070	Households	(10,277)	(99,496)	293,993	104,864
080	Debt securities	-	-	-	-
090	Loan commitments given	(107)	-	5,216	4,248
100	TOTAL AS AT 30/06/2022	(23,068)	(434,959)	872,181	357,626
	TOTAL AS AT 31/12/2021	(27,728)	(424,563)	1,006,976	410,234

Source: FINREP reporting framework - Information on forborne exposures: Template F 19.00

Forborne exposures showed a slight increase compared with 31 December 2021, both in the performing and in the non-performing part of the loan portfolio.

Table 39 - Template EU CQ2 - Quality of forbearance

		30/06/2022	31/12/2021
		a	b
		<i>Gross carrying amount of forborne exposures</i>	<i>Gross carrying amount of forborne exposures</i>
010	Loans and advances that have been forborne more than twice	199,150	190,737
020	Non-performing forborne loans and advances that failed to meet the nonperforming exit criteria	529,375	475,901

Source: FINREP reporting framework- Forbearance management and forbearance quality: Template F 26.00

At 30 June 2022, exposures that have been subject to forbearance measures more than twice represented 14% of the total forbearance measures arranged by the Group. With regard to forbearance measures related to non-performing borrowers, 65% are positions that did not meet the criteria to exit the impaired status despite the end of the cure period.

Table 40 - Template EU CQ4 - Quality of non-performing exposures by geography (1 of 2)

	a	b	c	d
	<i>Gross carrying/nominal amount</i>			
	<i>Of which: non-performing</i>		<i>Of which: subject to impairment</i>	
		<i>Of which: defaulted</i>		
ON-BALANCE-SHEET EXPOSURES	47,202,508	1,804,611	1,804,611	46,740,241
Italy	38,543,763	1,720,956	1,720,956	38,123,238
Switzerland	4,661,457	73,972	73,972	4,660,450
Spain	1,716,731	366	366	1,716,731
France	531,310	80	80	530,371
Monaco	297,238	477	477	297,238
United states	90,850	0	0	90,850
Germany	220,899	2,675	2,675	202,876
Luxembourg	163,047	-	-	152,656
Others	977,212	6,085	6,085	965,831
OFF-BALANCE-SHEET EXPOSURES	21,262,178	203,862	203,862	
Italy	19,537,872	203,812	203,812	
Switzerland	515,325	0	0	
Spain	19,493	-	-	
France	109,832	-	-	
Monaco	443,297	0	0	
United states	20,320	-	-	
Germany	33,155	-	-	
Luxembourg	17,571	-	-	
Others	565,312	50	50	
TOTAL	68,464,685	2,008,473	2,008,473	46,740,241

Source: FINREP reporting framework - Geographical breakdown of activities: Templates F 20.04 - F 20.05

Table 41 - Template EU CQ4 - Quality of non-performing exposures by geography (2 of 2)

	e	f	g
	<i>Accumulated impairment</i>	<i>Provisions on off-balance sheet commitments and financial guarantees given</i>	<i>Accumulated negative changes in fair value due to credit risk on nonperforming exposures</i>
ON-BALANCE-SHEET EXPOSURES	(1,153,356)		(11,683)
Italy	(1,113,443)		(11,683)
Switzerland	(32,207)		-
Spain	(482)		-
France	(218)		-
Monaco	(695)		-
United states	(74)		-
Germany	(2,061)		-
Luxembourg	(3)		-
Others	(4,173)		-
OFF-BALANCE-SHEET EXPOSURES		54,841	
Italy		54,027	
Switzerland		420	
Spain		3	
France		25	
Monaco		244	
United states		3	
Germany		6	
Luxembourg		9	
Others		104	
TOTAL	(1,153,356)	54,841	(11,683)

Source: FINREP reporting framework - Geographical breakdown of activities: Templates F 20.04 - F 20.05

The table shows the countries to which the Group's total cash and off-balance sheet exposures exceed the 0.2% materiality threshold of the total portfolio.

At 30 June 2022 the majority of the Group's exposures (both on- and off-balance sheet items) related to counterparties resident in Italy. They account for more than 80% of total on-balance sheet exposures and about 90% of off-balance sheet exposures. The concentration of domestic exposures on the sub-set of non-performing loans is even more marked: 96% and 99.9%, respectively, are the percentages of incidence calculated on the impaired segment alone.

As for the Group's risk profile in relation to the current geo-political context and, in particular, to the ongoing military conflict between Russia and Ukraine, exposures towards these two countries remain low (0.1% of gross balance sheet exposure as at 30 June).

Table 42 - Template EU CQ5 - Credit quality of loans and advances by industry

		a	b	c	d	e	f
		<i>Gross carrying amount</i>					
		<i>Of which: non-performing</i>					
				<i>Of which: defaulted</i>	<i>Of which: loans and advances subject to impairment</i>	<i>Accumulated impairment</i>	<i>Accumulated negative changes in fair value due to credit risk on non- performing exposures</i>
010	Agriculture, forestry and fishing	279,006	5,984	5,984	264,315	(2,753)	-
020	Mining and quarrying	117,550	8,058	8,058	117,550	(5,798)	-
030	Manufacturing	5,361,393	165,822	165,822	5,335,452	(109,721)	(2,048)
040	Electricity, gas, steam and air conditioning supply	504,297	4,377	4,377	490,045	(2,694)	-
050	Water supply	203,718	4,910	4,910	203,718	(2,620)	-
060	Construction	1,754,424	349,825	349,825	1,699,563	(226,903)	(2,577)
070	Wholesale and retail trade	3,113,060	160,071	160,071	3,073,560	(103,789)	(209)
080	Transport and storage	815,819	20,867	20,867	813,481	(12,387)	(149)
090	Accommodation and food service activities	1,002,594	85,793	85,793	982,285	(50,555)	(304)
100	Information and communication	393,107	41,807	41,807	392,280	(32,510)	(23)
110	Financial and insurance activities	214,499	26,699	26,699	211,347	(15,099)	-
120	Real estate activities	2,555,569	343,741	343,741	2,487,428	(203,259)	(2,959)
130	Professional, scientific and technical activities	951,823	53,741	53,741	940,335	(39,860)	(1,307)
140	Administrative and support service activities	352,469	19,058	19,058	349,668	(10,228)	(102)
150	Public administration and defence, compulsory social security	126	-	-	126	0	-
160	Education	24,277	601	601	24,062	(381)	-
170	Human health services and social work activities	328,286	2,608	2,608	325,824	(3,199)	-
180	Arts, entertainment and recreation	176,200	14,741	14,741	175,416	(8,158)	(54)
190	Other services	386,302	11,821	11,821	384,769	(10,022)	-
200	TOTAL AS AT 30/06/2022	18,534,519	1,320,524	1,320,524	18,271,222	(839,936)	(9,732)
	TOTAL AS AT 31/12/2021	17,317,055	1,381,806	1,381,806	17,042,976	(834,272)	(11,067)

Source: FINREP reporting framework - Breakdown by NACE codes of loans and advances: Template F 06.01

As at 30 June 2022 the business sectors in which the exposure at portfolio level is mainly concentrated are: Manufacturing (29% of total exposure), Wholesale and Retail Trade (16.7% of total exposure) and Real Estate (13.78% of total exposure). With reference to the impaired segment

alone, the prevailing segments are: Real Estate (26% of total impaired exposures), Construction (26.4% of total impaired exposures) and Wholesale and Retail Trade (12% of total impaired exposures).

Table 43 - Template EU CQ6 - Collateral valuation - loans and advances (1 of 2)

		a	b	c	d	e
		Loans and advances				
		Performing		Non performing		
				Of which past due > 30 days < 90 days		Unlikely to pay that are not past due or are past due <= 90 days
010	Gross carrying amount	34,202,236	32,399,125	35,536	1,803,111	659,202
020	Of which secured	20,166,893	18,638,344	30,325	1,528,549	569,465
030	Of which secured with immovable property	13,115,856	12,002,859	22,602	1,112,997	402,103
040	Of which instruments with LTV higher than 60% and lower or equal to 80%	4,456,073	4,273,492		182,580	98,439
050	Of which instruments with LTV higher than 80% and lower or equal to 100%	370,245	265,008		105,237	22,962
060	Of which instruments with LTV higher than 100%	475,341	174,289		301,052	35,619
070	Accumulated impairment for secured assets	(912,190)	(87,379)	(1,286)	(824,811)	(201,566)
080	Collateral					
090	Of which value capped at the value of exposure	16,512,425	15,936,173	25,591	576,252	295,967
100	Of which immovable property	13,569,005	13,008,201	21,470	560,804	285,985
110	Of which value above the cap	22,426,641	20,083,027	43,870	2,343,614	948,005
120	Of which immovable property	21,039,730	18,814,537	43,757	2,225,192	939,405
130	Financial guarantees received	5,934,981	5,812,148	3,143	122,834	69,239
140	Accumulated partial write-off	(118,210)	(2)	-	(118,208)	(20,148)

Source: FINREP reporting framework - Loans and advances: Templates F 23.02 - F 23.03 - F 23.04 - F 23.05 - F23.06

Table 44 - Template EU CQ6 - Collateral valuation - loans and advances (2 of 2)

		f	g	h	i	j	k	l
Loans and advances								
Non performing								
Past due > 90 days								
			<i>Of which past due >90 days ≤ 180 days</i>	<i>Of which: past due > 180 days ≤ 1 year</i>	<i>Of which: past due > 1 year ≤ 2 years</i>	<i>Of which: past due > 2 years ≤ 5 years</i>	<i>Of which: past due > 5 years ≤ 7 years</i>	<i>Of which : past due > 7 years</i>
010	Gross carrying amount	1,143,908	73,659	115,061	239,220	236,627	164,239	315,103
020	Of which secured	959,084	62,680	92,869	182,976	186,577	143,049	290,932
030	Of which secured with immovable property	710,894	42,781	68,263	144,222	131,131	103,738	220,759
040	Of which instruments with LTV higher than 60% and lower or equal to 80%	84,141						
050	Of which instruments with LTV higher than 80% and lower or equal to 100%	82,276						
060	Of which instruments with LTV higher than 100%	265,433						
070	Accumulated impairment for secured assets	(623,245)	(26,894)	(45,052)	(108,573)	(117,819)	(100,652)	(224,255)
080	Collateral							
090	Of which value capped at the value of exposure	280,285	23,209	37,261	62,823	62,089	36,779	58,125
100	Of which immovable property	274,819	22,450	35,334	62,305	60,345	36,321	58,065
110	Of which value above the cap	1,395,609	78.997	144.459	300.882	328.085	141.587	401.599
120	Of which immovable property	1,285,787	82.908	129.236	274.917	314.490	133.635	350.601
130	Financial guarantees received	53,595	11,816	10,248	11,336	6,636	5,274	8,285
140	Accumulated partial write-off	(98,061)	-	-	(9,484)	(42,096)	(7,641)	(38,840)

Source: FINREP reporting framework - Loans and advances: Templates F 23.02 - F 23.03 - F 23.04 - F 23.05 - F23.06

At 30 June 2022 guaranteed exposures represented more than a half of total performing loans and advances disbursed by the Group (about 57%); guaranteed exposure rose to approximately 85% for the impaired portion of the portfolio (approximately 70% as at 31/12/2021). It should also be noted that, for the part of the credit portfolio guaranteed by real estate assets (about 38% in terms of total exposure), only a fraction equal to 16% of total exposures had a loan-to-value (LTV) ratio higher than 60%.

Table 45 - Template EU CQ7- Collateral obtained by taking possession and execution processes

		30/06/2022		31/12/2021	
		a	b	a	b
		<i>Collateral obtained by taking possession</i>		<i>Collateral obtained by taking possession</i>	
		<i>Value at initial recognition</i>	<i>Accumulated negative changes</i>	<i>Value at initial recognition</i>	<i>Accumulated negative changes</i>
010	Property, plant and equipment (PP&E)	-	-	-	-
020	Other than PP&E	21,312	(1,004)	41,620	(3,396)
030	Residential immovable property	8,562	(1,004)	8,927	(3,396)
040	Commercial Immovable property	-	-	-	-
050	Movable property (auto, shipping, etc.)	-	-	-	-
060	Equity and debt instruments	-	-	-	-
070	Other collateral	12,750	-	32,694	-
080	TOTAL	21,312	(1,004)	41,620	(3,396)

Source: FINREP reporting framework - Guarantees obtained by taking possession accumulated: Template F 13.03.1

Similar to historical observations, the main contributions to the above figures came from the enforcement of collaterals (real guarantees) obtained by the Group on a voluntary basis or in the context of legal proceedings.

Table 46 - Template EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown (1 of 2)

		a	b	c	d	e	f
		<i>Debt balance reduction</i>		<i>Total collateral obtained by taking possessions</i>			
				<i>Foreclosed <= 2 years</i>			
		<i>Gross carrying amount</i>	<i>Accumulated negative changes</i>	<i>Value at initial recognition</i>	<i>Accumulated negative changes</i>	<i>Value at initial recognition</i>	<i>Accumulated negative changes</i>
010	Collateral obtained by taking possession classified as PP&E	-	-	-	-		
020	Collateral obtained by taking possession other than that classified as PP&E	28,587	(1,004)	21,312	(1,004)	20,493	(439)
030	<i>Residential immovable property</i>	9,616	(1,004)	8,562	(1,004)	7,743	(439)
040	<i>Commercial immovable property</i>	-	-	-	-	-	-
050	<i>Movable property (auto, shipping, etc.)</i>	-	-	-	-	-	-
060	<i>Equity and debt instruments</i>	-	-	-	-	-	-
070	<i>Other collateral</i>	18,971	-	12,750	-	12,750	-
080	TOTAL AS AT 30/06/2022	28,587	(1,004)	21,312	(1,004)	20,493	(439)
	TOTAL AS AT 31/12/2021	41,620	(3,396)	41,620	(3,396)	40,831	(3,189)

Source: FINREP reporting framework - Incoming and outgoing guarantees obtained by taking possession: Templates F 25.03 - F 25.02

Table 47 - Template EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown (2 of 2)

		g	h	i	j	k	l
		<i>Total collateral obtained by taking possessions</i>					
		<i>Foreclosed > 2 years <= 5 years</i>		<i>Foreclosed > 2 years <= 5 years</i>		<i>Foreclosed > 2 years <= 5 years</i>	
		<i>Value at initial recognition</i>	<i>Accumulate d negative changes</i>	<i>Value at initial recognition</i>	<i>Accumulate d negative changes</i>	<i>Value at initial recognition</i>	<i>Accumulated negative changes</i>
010	Collateral obtained by taking possession classified as PP&E						
020	Collateral obtained by taking possession other than that classified as PP&E	819	(565)	-	-	-	-
030	<i>Residential immovable property</i>	819	(565)	-	-	-	-
040	<i>Commercial immovable property</i>	-	-	-	-	-	-
050	<i>Movable property (auto, shipping, etc.)</i>	-	-	-	-	-	-
060	<i>Equity and debt instruments</i>	-	-	-	-	-	-
070	<i>Other collateral</i>	-	-	-	-	-	-
080	TOTAL AS AT 30/06/2022	819	(565)	-	-	-	-
	TOTAL AS AT 31/12/2021	790	(206)	-	-	-	-

Source: FINREP reporting framework - Incoming and outgoing guarantees obtained by taking possession: Templates F 25.03 - F 25.02

At 30 June 2022 collaterals obtained by taking possession and through execution processes were quite marginal in terms of numbers. The recovery activity conducted according to these methods focuses almost entirely on residential properties with foreclosure date no later than two years with respect to the possession of the property.

Information on exposures subject to measures applied as a result of the COVID-19 crisis

The tables below contain information, as at 30 June 2022, regarding the Group's exposures subject to measures applied to face the economic consequences of the COVID-19 pandemic, i.e. legislative and non-legislative moratoria for loan repayments and public guarantees on new loans granted.

Tables formats comply with the uniform schemes provided for by the EBA/GL/2020/07 "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis" of 2 June 2020. In particular, the following are included:

- exposures benefiting from payment moratoria complying with the characteristics defined in the "EBA/GL/2020/02 guidelines on legislative and non-legislative moratoria on loan payments applied in response to the COVID-19 crisis" ("general payment moratoria"), granted on the basis of laws, decrees, regulatory measures, agreements and memoranda of understanding, however named, related to the pandemic emergency;
- new loans to customers backed by guarantee schemes provided by the state or other public entity or, in any case, backed by disbursements of state funds in order to deal with the negative economic consequences of the pandemic.

Table 48 - Template 1: Information on loans and advances subject to legislative and non-legislative moratoria (1 of 2)

This table is not published because as at 30 June 2022 the Group had no exposures subject to moratoria in accordance with the EBA/GL/2020/02 Guidelines.

Table 49 - Template 1: Information on loans and advances subject to legislative and non-legislative moratoria (2 of 2)

This table is not published because as at 30 June 2022 the Group had no exposures subject to moratoria in accordance with the EBA/GL/2020/02 Guidelines.

Table 50 - Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (1 of 2)

		a	b	c	d
		Number of obligors	Gross carrying amount		
			Of which: legislative moratoria	Of which: expired	
1	Loans and advances for which moratorium was offered	18,628	3,886,023		
2	Loans and advances subject to moratorium (granted)	18,577	3,867,909	2,515,969	3,867,909
3	of which: Households		1,143,869	343,142	1,143,869
4	of which: Collateralised by residential immovable property		673,555	99,402	673,555
5	of which: Non-financial corporations		2,596,254	2,117,277	2,596,254
6	of which: Small and Medium-sized Enterprises		2,082,600	1,827,558	2,082,600
7	of which: Collateralised by commercial immovable property		1,362,206	1,219,822	1,362,206

Source: ECB COVID-19 reporting package - COVID-19 Moratoria and State Guarantees template (EBA)

Table 51 - Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (2 of 2)

		e	f	g	h	i
		Gross carrying amount				
		Residual maturity of moratoria				
		<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered					
2	Loans and advances subject to moratorium (granted)	-	-	-	-	-
3	of which: Households	-	-	-	-	-
4	of which: Collateralised by residential immovable property	-	-	-	-	-
5	of which: Non-financial corporations	-	-	-	-	-
6	of which: Small and Medium-sized Enterprises	-	-	-	-	-
7	of which: Collateralised by commercial immovable property	-	-	-	-	-

Source: ECB COVID-19 reporting package - COVID-19 Moratoria and State Guarantees template (EBA)

At 30 June 2022 the Group granted moratoria on loans for a total exposure of 3.9 billion euro. The amount of moratoria with suspension still under way had fallen to zero as at that date. More in detail, the Group granted:

- legislative moratoria for a total exposure of 2.5 billion euro;
- moratoria promoted by trade associations for a total exposure of 1.4 billion euro;
- moratoria granted on the initiative of a Group company (non-legislative and non-associational) for a total exposure of 392 million euro, of which about 129 million euro referring to retail customers and the rest, about 263 million euro, to non-financial corporations.

The economic sectors that have submitted more requests for moratoria include, in addition to households, industries such as Food and Accommodation, Construction, Manufacturing, Wholesale and Retail Trade.

Table 52 - Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
		Gross carrying amount	Maximum amount of the guarantee that can be considered	Gross carrying amount	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes	2,820,316	30,792	2,330,772	15,562
2	of which: Households	243,338			-
3	of which: Collateralised by residential immovable property	-			-
4	of which: Non-financial corporations	2,556,133	25,070	2,088,219	8,800
5	of which: Small and Medium-sized Enterprises	-			-
6	of which: Collateralised by commercial immovable property	-			-

Source: ECB COVID-19 reporting package - COVID-19 Moratoria and State Guarantees template (EBA)

At 30 June 2022 new loans and advances secured by public guarantee schemes disbursed by the Group totalled 2.8 billion euro, of which 2.6 billion towards non-financial corporations and the remaining towards households. Almost all the disbursements were performing exposures.

Section 8 - Disclosure of the use of credit risk mitigation techniques (art. 453 CRR/CRR II)

This section summarises the Group's exposures as at 30 June 2022 in the form of loans and advances disbursed and debt securities held for investment purposes, covered and not covered by guarantees - collateral or financial - acquired as credit risk mitigation (CRM) instruments recognised under applicable accounting rules, regardless of whether such techniques are deemed to be permissible forms of credit protection under current prudential regulations.

Table 53 - Template EU CR3 - CRM Techniques - Overview

		Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees		
				which secured by credit derivatives		
		a	b	c	d	e
1	Loans and advances	15,326,837	22,447,406	16,512,425	5,934,981	-
2	Debt securities	12,994,191	-	-	-	
3	TOTAL AS AT 30/06/2022	28,321,028	22,447,406	16,512,425	5,934,981	-
4	Of which non- performing exposures	63,194	699,086	576,252	122,834	-
EU-5	Of which defaulted	63,194	699,086	576,252	122,834	-
	TOTAL AS AT 31/12/2021	31,499,810	21,370,892	16,047,798	5,323,094	-

Source: FINREP reporting framework - Breakdown of loans and advances, collateral for loans and advances: Templates F 05.01 - F 13.01 - F 18.00

As at 30 June 2022 44% of the exposures were covered by CRM techniques (about 40% as at 31 December 2021). Of the latter, 72% of the total secured was backed by collateral (75% as at 31/12/2021) and 28% of the total was secured by personal guarantees (25% as at 31/12/2021).

In 2021 no risk hedging transactions using credit derivatives were made.

Section 9 - Disclosure of the use of the standardised approach to credit risk (art. 444 and 453 CRR/CRR II)

The table below shows, for each of the Group's exposure classes as at 30 June 2022, the effect of the credit risk mitigation (CRM) techniques recognised for the quantification of capital requirements for credit risk under the "Standardised Approach". The relative RWA density is also measured for each regulatory class, as a concise indicator of the riskiness of each portfolio of exposures.

Table 54 - Template EU CR4 - Standardised approach - Credit Risk Exposure and CRM effects

Exposures class	Exposures before CCF and CRM		Exposures post CCF and post CRM		RWAs and RWA density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWA density
	A	b	c	d	e	f
1 Central governments or central banks	14,819,434	58,338	18,061,192	20,900	944	0.0052 %
2 Regional governments or local authorities	55,986	71,089	56,201	8,839	15,093	23.2062 %
3 Public sector entities	875,746	352,866	875,537	31,978	509,064	56.0943 %
4 Multilateral development banks	148,363	-	294,556	1,394	-	-
5 International organizations	136,992	15,557	136,992	279	-	-
6 Institutions	3,152,033	843,730	3,184,930	256,823	1,356,295	39.4071 %
7 Corporates	3,384,857	1,008,808	3,224,371	311,771	3,102,484	87.7364 %
8 Retail	874,712	368,061	574,206	24,699	337,155	56.2953 %
9 Secured by mortgages on immovable property	4,576,070	6,303	4,576,070	2,211	1,892,752	41.3420 %
10 Exposures in default	56,771	5	55,257	5	57,068	103.2678 %
11 Higher-risk categories	78,917	562	78,917	112	118,545	150.0000 %
12 Covered bonds	221,260	-	221,260	-	32,797	14.8227 %
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investments undertakings	822,323	359,547	822,323	12,581	717,419	85.9283 %
15 Equity	554,045	-	554,045	-	894,234	161.4008 %
16 Other items	1,879,032	13,665	1,879,032	6,832	964,492	51.1432 %
17 TOTAL AS AT 30/06/2022	31,636,541	3,098,530	34,594,887	678,423	9,998,339	28.3453 %
TOTAL AS AT 31/12/2021	33,222,395	3,022,123	35,913,258	702,511	9,421,127	25.7297 %

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

Key:

- *Pre-CCF and pre-CRM exposure*: the value of the on-balance sheet or off-balance sheet exposure calculated after the application of loan impairments, deductions and write-offs defined in the Framework but before the application of credit conversion factors (CCF) and the effect of CRM techniques
- *Post-CCF and post-CRM exposure*: the value of the on-balance sheet or off-balance sheet exposure calculated after the application of the loan impairments, deductions and write-offs defined in the Framework as well as after the application of credit conversion factors (CCF) and the effect of CRM techniques
- *RWA density*: an indicator measuring the average weighting of credit risk assets, given by the ratio of the weighted exposure amount (RWA) to the amount of on-balance sheet/off-balance sheet exposures calculated after taking into account the effects of credit risk mitigation techniques (CRM) and the application of credit conversion factors (CCF)

The following templates show the breakdown by asset class and risk weight of the Group's exposures being part of the calculation of capital requirements for credit risk at 30 June 2022 under the "Standardised Approach".

Table 55 - Template EU CR5 - Standardised Approach (1 of 3)

Exposures classes	Classes of credit worthiness (Weighting Factors)					
	0%	2%	4%	10%	20%	35%
	a	b	c	d	e	f
1 Central governments or central banks	18,079,641	-	-	-	940	-
2 Regional governments or local authorities	-	-	-	-	62,433	-
3 Public sector entities	-	-	-	-	498,063	-
4 Multilateral development banks	295,950	-	-	-	-	-
5 International organizations	137,270	-	-	-	-	-
6 Institutions	-	-	-	-	2,019,282	-
7 Corporates	-	-	-	-	49,809	51,804
8 Retail	-	-	-	-	-	218,539
9 Secured by mortgages on immovable property	-	-	-	-	-	4,067,387
10 Exposures in default	-	-	-	-	-	-
11 Higher-risk categories	-	-	-	-	-	-
12 Covered bonds	-	-	-	132,549	82,712	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investments undertakings	259,013	-	-	414	24,074	-
15 Equity	-	-	-	-	-	-
16 Other items	1,012,344	-	-	-	30,363	-
17 TOTAL AS AT 30/06/2022	19,784,219	-	-	132,964	2,767,677	4,337,730
TOTAL AS AT 31/12/2021	22,348,801	-	-	135,294	2,301,577	4,035,954

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

Table 56 - Template EU CR5 - Standardised Approach (2 of 3)

Exposures classes	Classes of credit worthiness (Weighting Factors)					
	50%	70%	75%	100%	150%	250%
	g	h	i	j	k	l
1 Central governments or central banks	1,511	-	-	-	-	-
2 Regional governments or local authorities	-	-	-	2,607	-	-
3 Public sector entities	-	-	-	409,451	-	-
4 Multilateral development banks	-	-	-	-	-	-
5 International organizations	-	-	-	-	-	-
6 Institutions	940,065	-	-	482,404	1	-
7 Corporates	528,011	83,069	-	2,800,290	23,158	-
8 Retail	-	-	380,365	-	-	-
9 Secured by mortgages on immovable property	6,796	-	150,955	353,143	-	-
10 Exposures in default	-	-	-	51,650	3,612	-
11 Higher-risk categories	-	-	-	-	79,030	-
12 Covered bonds	5,999	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investments undertakings	74,208	-	-	396,635	65,833	388
15 Equity	-	-	-	327,253	-	226,792
16 Other items	-	-	-	766,316	-	76,841
17 TOTAL AS AT 30/06/2022	1,556,591	83,069	531,321	5,589,748	171,634	304,021
TOTAL AS AT 31/12/2021	1,218,981	81,004	556,432	5,493,469	164,549	267,308

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

Table 57 - Template EU CR5 - Standardised Approach (3 of 3)

Exposures classes	Classes of credit worthiness (Weighting Factors)			Total	Without rating
	370%	1250%	Altri		
	m	n	o	p	q
1 Central governments or central banks	-	-	-	18,082,092	490,640
2 Regional governments or local authorities	-	-	-	65,040	65,040
3 Public sector entities	-	-	-	907,514	622,929
4 Multilateral development banks	-	-	-	295,950	-
5 International organizations	-	-	-	137,270	-
6 Institutions	-	-	-	3,441,752	1,007,877
7 Corporates	-	-	-	3,536,142	2,100,424
8 Retail	-	-	-	598,904	598,904
9 Secured by mortgages on immovable property	-	-	-	4,578,281	4,578,281
10 Exposures in default	-	-	-	55,262	55,262
11 Higher-risk categories	-	-	-	79,030	79,030
12 Covered bonds	-	-	-	221,260	33,938
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-
14 Collective investments undertakings	-	14,338	-	834,904	625,146
15 Equity	-	-	-	554,045	554,045
16 Other items	-	-	-	1,885,864	1,885,864
17 TOTAL AS AT 30/06/2022	-	14,338	-	35,273,310	12,697,382
TOTAL AS AT 31/12/2021	-	12,402	-	36,615,769	12,438,118

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

Section 10 - Disclosure of the use of the IRB approach to credit risk (art. 438, 452 and 453 CRR/CRR II)

On 27 May 2019 the European Central Bank authorised Banca Popolare di Sondrio Group to adopt its internal rating models for the purpose of measuring the capital requirements for credit risk (Advanced IRB Approach - A-IRB) relating to “Corporate” and “Retail” regulatory portfolios, with effects starting from the supervisory reporting at 30 June 2019.

The initial model validation scope included exclusively the Parent Company Banca Popolare di Sondrio Spa. The subsidiaries Factorit Spa and Banca Popolare di Sondrio (SUISSE) SA are included in a multi-year roll-out program, which also envisages the extension of advanced metrics for risk exposures comprised in the “Institutions - Intermediaries” regulatory portfolio.

More specifically, the Group has been authorised by ECB to make use of its own internal rating models to estimate the following credit risk parameters:

- PD (Probability of Default), the probability that a borrower will not be able to meet his credit obligations;
- LGD (Loss Given Default), the estimated loss rate associated with a position at the time of default of a borrower;
- EAD (Exposure at Default), the estimated borrower's expected credit exposure at the time of default⁸.

The extension does not include some exposures, which are subject to a request for authorisation for permanent partial use of the standardised approach (PPU perimeter, Permanent Partial Use). These are specifically included in the following regulatory portfolios:

- “Equity instruments and securitisations”, “Governments and central banks”, “Public sector and territorial entities” and “Enterprises - residual exposures” (including specialised loans) related to the entire Group;
- “Enterprises”, “SME - Enterprises” related to the corporate scope of the subsidiary Banca Popolare di Sondrio (SUISSE) SA;
- All portfolios falling within the corporate scope of the subsidiaries Sinergia Seconda Srl and Banca della Nuova Terra Spa.

On 19 October 2021 the European Central Bank authorised the Group to use the modified A-IRB parameters in order to implement EBA guidelines on the application of the new harmonised definition of default under article 178 of Regulation (EU) no. 575/2013. The main changes included:

- the updating of the default definition for the purpose of model calibration;
- the updating of time series for the purpose of model calibration.

⁸ The authorisation received by the Supervisory Authority only concerned the EAD model for “Retail” regulatory portfolio. The development of a similar model for “Corporate” counterparties will be included in the multi-year roll-out plan.

In addition, on 17 September 2021, the Group formulated application for “model change” according to the roll-out plan authorised by the Supervisor. Having completed the related supervisory assessment, the Group is awaiting formal authorisation for the release of the new models.

The rating system and the roll-out plan for internal models are monitored by the Bank, which produces a quarterly report on the coverage of the rating system and monitoring of the roll-out plan and PPU portfolios. The outcomes are presented to the Board of Directors at least annually.

* * *

The tables below show, for each exposure class envisaged at regulatory level, the values as at 30 June 2022 of the main parameters used by the Group to calculate capital requirements for credit risk under the “Advanced IRB Approach” (A-IRB). In particular, the following are specified per individual counterparty PD value range:

- information on the value of the nominal exposure (on- and off-balance sheet) and EAD;
- information on the number of debtors corresponding to each PD range;
- information on the weighted average PD, weighted average LGD, weighted average credit conversion factor (CCF) and weighted average maturity of exposures;
- information on risk-weighted exposure amounts (RWA) and the RWA density associated with the exposures;
- information on the expected loss quantified on the exposures based on the risk parameters produced by the rating system;
- information on the specific impairment and provisions made in the balance sheet in respect of exposures.

Table 58 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates (1 of 2)

<i>PD range</i>	<i>On-balance sheet exposures</i>	<i>Off-balance-sheet exposures pre-CCF</i>	<i>Exposure weighted average CCF</i>	<i>Exposure post CCF and post CRM</i>	<i>Exposure weighted average PD (%)</i>	<i>Number of obligors</i>
A	b	c	d	e	f	g
Total as exposure						
0.00 to < 0.15	667,567	1,334,767	3.3000 %	1,102,567	0.1080 %	27,027
0.00 to < 0.10	113,828	337,988	5.1000 %	285,177	0.0590 %	11,777
0.10 to < 0.15	553,738	996,779	2.6000 %	817,390	0.1250 %	15,250
0.15 to < 0.25	3,107,340	4,482,373	1.6000 %	3,819,127	0.1830 %	22,618
0.25 to < 0.50	3,665,884	3,339,488	2.3000 %	4,446,193	0.4030 %	27,950
0.50 to < 0.75	2,439,850	2,530,254	2.5000 %	3,082,611	0.6380 %	15,042
0.75 to < 2.50	4,243,893	3,673,911	3.2000 %	5,436,491	1.6260 %	32,271
0.75 to < 1.75	2,400,436	1,815,018	2.6000 %	2,879,298	1.1810 %	19,383
1.75 to < 2.50	1,843,457	1,858,893	3.8000 %	2,557,193	2.1280 %	12,888
2.50 to < 10.00	2,344,499	1,542,948	2.9000 %	2,797,312	4.7380 %	19,252
2.50 to < 5.00	1,525,799	992,698	3.0000 %	1,820,117	3.6150 %	12,662
5.00 to < 10.00	818,700	550,250	2.9000 %	977,195	6.8290 %	6,590
10.00 to < 100.00	998,265	373,352	4.2000 %	1,155,252	21.2770 %	9,326
10.00 to < 20.00	608,396	297,717	4.3000 %	735,756	12.9510 %	4,602
20.00 to < 30.00	132,938	40,445	3.9000 %	148,837	23.5130 %	1,266
30.00 to < 100.00	256,931	35,190	3.8000 %	270,659	42.6820 %	3,458
100.00 (default)	1,658,714	202,078	2.1000 %	1,700,919	100.0000 %	6,479
TOTAL AS AT 30/06/2022	19,126,012	17,479,171	22.1000 %	23,540,472	9.4026 %	159,965

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Key:

- *On-balance-sheet exposure*: original value of the on-balance sheet exposure without taking into account loan impairments and the application of credit conversion factors (CCF)
- *Pre-CCF off-balance sheet exposure*: original value of the off-balance sheet exposure without taking into account loan impairments and the application of credit conversion factors (CCF). Off-balance sheet exposures include all committed but undrawn amounts and all off-balance sheet items listed in Annex I of the CRR
- *Post-CCF and post-CRM exposure*: the value of the on-balance sheet or off-balance sheet exposure calculated in accordance with the CRR provisions governing the use of the IRB approach after application of credit conversion factors (CCF)

Table 59 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates (2 of 2)

<i>PD range</i>	<i>Exposure weighted average LGD (%)</i>	<i>Exposure weighted average maturity (years)</i>	<i>Risk weighted exposure amount after supporting factors</i>	<i>Density of risk weighted exposure amount</i>	<i>Expected loss amount</i>	<i>Value adjustments and provisions</i>
a	h	i	j	k	l	m
Total as exposure						
0.00 to < 0.15	19.5570 %	2	75,451	6.8432 %	231	(762)
0.00 to < 0.10	20.6900 %	2	8,555	3.0000 %	38	(180)
0.10 to < 0.15	19.1620 %	2	66,895	8.1840 %	193	(582)
0.15 to < 0.25	23.5470 %	2	744,502	19.4940 %	1,651	(2,890)
0.25 to < 0.50	20.1190 %	2	1,021,995	22.9858 %	3,508	(5,882)
0.50 to < 0.75	21.2000 %	2	973,125	31.5682 %	4,045	(6,513)
0.75 to < 2.50	19.8280 %	3	2,379,687	43.7725 %	17,724	(25,644)
0.75 to < 1.75	19.1150 %	2	995,246	34.5656 %	6,544	(9,683)
1.75 to < 2.50	20.6310 %	3	1,384,440	54.1391 %	11,180	(15,961)
2.50 to < 10.00	18.0950 %	3	1,411,264	50.4507 %	22,468	(29,660)
2.50 to < 5.00	18.7850 %	3	941,783	51.7430 %	11,912	(17,317)
5.00 to < 10.00	16.8110 %	3	469,481	48.0437 %	10,557	(12,342)
10.00 to < 100.00	16.9180 %	3	785,784	68.0184 %	40,299	(36,633)
10.00 to < 20.00	17.4940 %	3	522,280	70.9854 %	15,839	(17,234)
20.00 to < 30.00	16.6070 %	3	89,504	60.1353 %	5,921	(5,559)
30.00 to < 100.00	15.5220 %	4	174,001	64.2878 %	18,539	(13,839)
100.00 (default)	44.2030 %	2	496,353	29.1815 %	718,387	(1,022,732)
TOTAL AS AT 30/06/2022	22.0658 %	2	7,888,160	33.5089 %	808,313	(1,130,714)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Key:

- *RWA density*: indicator that measures the average risk weighting of credit risk assets, given by the ratio of the weighted exposure amount (RWA) after application of the supporting factors to the value of post-CCF and post-CRM exposures
- *Expected loss amount*: expected credit loss on on-balance sheet or off-balance sheet exposures calculated in accordance with article 158 of the CRR based on actual risk parameters used in the internal rating system
- *Impairment and provisions*: the sum of general and specific loan impairments, provisions, and further reductions in own funds related to exposures assigned to each category of PD range

Table 60 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Central governments and central banks

This template is not published due to the absence of significant exposures treated with the IRB approach in the specific counterparty segment.

Table 61 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Institutions

This template is not published due to the absence of significant exposures treated with the IRB approach in the specific counterparty segment.

Table 62 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Corporates - SME (1 of 2)

<i>PD range</i>	<i>On-balance sheet exposures</i>	<i>Off-balance-sheet exposures pre-CCF</i>	<i>Exposure weighted average CCF</i>	<i>Exposure post CCF and post CRM</i>	<i>Exposure weighted average PD (%)</i>	<i>Number of obligors</i>
a	b	c	d	e	f	g
Corporates - SME						
0.00 to < 0.15	163,791	455,729	0.7000 %	195,663	0.1190 %	518
0.00 to < 0.10	1,676	18,569	0.6000 %	2,807	0.0700 %	87
0.10 to < 0.15	162,115	437,160	0.7000 %	192,856	0.1200 %	431
0.15 to < 0.25	993,986	1,530,298	0.8000 %	1,117,122	0.1830 %	1,618
0.25 to < 0.50	649,470	882,529	0.9000 %	730,361	0.3870 %	985
0.50 to < 0.75	719,791	496,690	1.3000 %	782,219	0.5930 %	906
0.75 to < 2.50	1,506,878	986,806	2.0000 %	1,707,940	1.6610 %	1,587
0.75 to < 1.75	730,644	593,906	1.9000 %	841,699	1.1910 %	868
1.75 to < 2.50	776,234	392,900	2.3000 %	866,241	2.1170 %	719
2.50 to < 10.00	706,879	398,068	2.2000 %	793,063	4.6530 %	812
2.50 to < 5.00	395,246	154,116	1.4000 %	417,241	3.3770 %	416
5.00 to < 10.00	311,633	243,951	2.6000 %	375,822	6.0700 %	396
10.00 to < 100.00	400,876	161,709	3.2000 %	452,911	21.8900 %	309
10.00 to < 20.00	254,183	140,354	3.3000 %	301,166	12.2070 %	194
20.00 to < 30.00	56,709	6,040	1.7000 %	57,709	26.4700 %	43
30.00 to < 100.00	89,984	15,315	2.6000 %	94,036	50.0890 %	72
100.00 (default)	723,670	76,402	1.2000 %	733,107	100.0000 %	392
TOTAL AS AT 30/06/2022	5,865,342	4,988,230	12.3000 %	6,512,386	13.9313 %	7,127

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 63 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Corporates - SME (2 of 2)

<i>PD range</i>	<i>Exposure weighted average LGD (%)</i>	<i>Exposure weighted average maturity (years)</i>	<i>Risk weighted exposure amount after supporting factors</i>	<i>Density of risk weighted exposure amount</i>	<i>Expected loss amount</i>	<i>Value adjustments and provisions</i>
a	h	i	j	k	l	m
Corporates - SME						
0.00 to < 0.15	25.3700 %	2	30,615	15.6469 %	59	(174)
0.00 to < 0.10	28.8660 %	2	217	7.7145 %	1	(8)
0.10 to < 0.15	25.3190 %	2	30,399	15.7623 %	59	(166)
0.15 to < 0.25	23.6400 %	2	199,210	17.8324 %	483	(765)
0.25 to < 0.50	24.6740 %	2	203,706	27.8911 %	702	(2,000)
0.50 to < 0.75	22.5960 %	3	257,630	32.9357 %	1,049	(1,795)
0.75 to < 2.50	19.9750 %	3	727,553	42.5983 %	5,539	(7,346)
0.75 to < 1.75	21.8700 %	3	354,365	42.1011 %	2,201	(3,220)
1.75 to < 2.50	18.1340 %	3	373,189	43.0814 %	3,338	(4,126)
2.50 to < 10.00	18.3960 %	3	402,071	50.6985 %	6,860	(10,911)
2.50 to < 5.00	17.0000 %	3	176,260	42.2442 %	2,381	(6,091)
5.00 to < 10.00	19.9450 %	3	225,810	60.0844 %	4,479	(4,820)
10.00 to < 100.00	18.4420 %	3	343,966	75.9456 %	18,606	(13,190)
10.00 to < 20.00	18.2280 %	3	215,431	71.5323 %	6,598	(6,850)
20.00 to < 30.00	17.2580 %	3	45,809	79.3805 %	2,637	(1,864)
30.00 to < 100.00	19.8530 %	4	82,725	87.9718 %	9,371	(4,476)
100.00 (default)	41.7120 %	2	202,372	27.6047 %	292,720	(431,929)
TOTAL AS AT 30/06/2022	23.7556 %	3	2,367,123	36.3480 %	326,019	(468,111)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 64 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Corporates - Specialised Lending

This template is not published due to the absence of significant exposures treated with the IRB approach in the specific counterparty segment.

Table 65 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Corporates - Others (1 of 2)

<i>PD range</i>	<i>On-balance sheet exposures</i>	<i>Off-balance-sheet exposures pre-CCF</i>	<i>Exposure weighted average CCF</i>	<i>Exposure post CCF and post CRM</i>	<i>Exposure weighted average PD (%)</i>	<i>Number of obligors</i>
a	b	c	d	e	f	g
Corporates - Others						
0.00 to < 0.15	57,208	184,177	0.6000 %	68,443	0.1200 %	64
0.00 to < 0.10	0	205	-	0	0.0700 %	3
0.10 to < 0.15	57,208	183,972	0.6000 %	68,443	0.1200 %	61
0.15 to < 0.25	1,393,332	2,486,109	1.4000 %	1,753,445	0.1850 %	356
0.25 to < 0.50	1,317,245	1,850,647	1.5000 %	1,591,775	0.3900 %	175
0.50 to < 0.75	662,810	1,561,743	2.1000 %	984,282	0.5900 %	163
0.75 to < 2.50	745,697	1,961,715	2.9000 %	1,313,529	1.7540 %	243
0.75 to < 1.75	434,593	788,846	1.5000 %	551,948	1.1980 %	126
1.75 to < 2.50	311,103	1,172,869	3.8000 %	761,581	2.1570 %	117
2.50 to < 10.00	598,710	794,021	2.1000 %	762,568	3.7880 %	185
2.50 to < 5.00	504,763	623,845	2.3000 %	646,028	3.3710 %	108
5.00 to < 10.00	93,948	170,176	1.3000 %	116,540	6.1010 %	77
10.00 to < 100.00	84,372	92,304	4.1000 %	122,492	12.1520 %	55
10.00 to < 20.00	79,402	91,358	4.1000 %	117,270	11.2100 %	37
20.00 to < 30.00	2,036	647	3.0000 %	2,233	20.7980 %	11
30.00 to < 100.00	2,934	299	1.8000 %	2,989	42.6720 %	7
100.00 (default)	321,868	70,929	1.9000 %	335,414	100.0000 %	196
TOTAL AS AT 30/06/2022	5,181,241	9,001,645	16.6000 %	6,931,947	6.0238 %	1,437

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 66 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Corporates - Others (2 of 2)

PD range	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
a	h	i	j	k	l	m
Corporates - Others						
0.00 to < 0.15	27.2210 %	2	13,595	19.8630 %	22	(9)
0.00 to < 0.10	24.8970 %	4	0	22.2222 %	-	0
0.10 to < 0.15	27.2210 %	2	13,595	19.8630 %	22	(9)
0.15 to < 0.25	27.4620 %	2	492,176	28.0691 %	891	(1,299)
0.25 to < 0.50	28.4730 %	2	650,637	40.8749 %	1,768	(1,540)
0.50 to < 0.75	28.4370 %	2	542,842	55.1510 %	1,679	(1,894)
0.75 to < 2.50	29.8560 %	2	1,216,115	92.5838 %	6,968	(8,662)
0.75 to < 1.75	28.5950 %	2	402,192	72.8677 %	1,909	(1,707)
1.75 to < 2.50	30.7700 %	3	813,923	106.8728 %	5,058	(6,955)
2.50 to < 10.00	24.1580 %	2	650,738	85.3350 %	6,686	(5,642)
2.50 to < 5.00	25.6570 %	2	570,809	88.3566 %	5,565	(4,638)
5.00 to < 10.00	15.8470 %	2	79,929	68.5851 %	1,121	(1,003)
10.00 to < 100.00	25.8070 %	2	175,887	143.5913 %	3,637	(2,072)
10.00 to < 20.00	26.4430 %	2	172,118	146.7711 %	3,427	(1,882)
20.00 to < 30.00	10.7200 %	3	1,480	66.2619 %	50	(172)
30.00 to < 100.00	12.1220 %	4	2,289	76.5993 %	161	(18)
100.00 (default)	51.8320 %	1	108,969	32.4877 %	167,196	(231,982)
TOTAL AS AT 30/06/2022	29.0703 %	2	3,850,958	55.5538 %	188,847	(253,099)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 67 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Secured by immovable property SME (1 of 2)

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors
a	b	c	d	e	f	g
Retail - Secured by immovable property SME						
0.00 to < 0.15	128,078	4,327	3.2000 %	129,451	0.1190 %	1,432
0.00 to < 0.10	9,913	2,064	3.0000 %	10,522	0.0700 %	92
0.10 to < 0.15	118,166	2,263	3.4000 %	118,929	0.1230 %	1,340
0.15 to < 0.25	421,269	7,829	5.0000 %	425,186	0.1810 %	3,970
0.25 to < 0.50	115,707	3,455	5.0000 %	117,451	0.3080 %	1,062
0.50 to < 0.75	69,097	2,403	3.1000 %	69,836	0.6510 %	364
0.75 to < 2.50	331,679	7,513	4.7000 %	335,177	1.3570 %	2,308
0.75 to < 1.75	201,779	4,146	5.2000 %	203,940	1.0520 %	1,436
1.75 to < 2.50	129,901	3,366	4.0000 %	131,237	1.8310 %	872
2.50 to < 10.00	192,348	4,683	3.2000 %	193,834	4.0910 %	1,347
2.50 to < 5.00	152,747	2,559	5.6000 %	154,168	3.5660 %	1,142
5.00 to < 10.00	39,602	2,124	0.3000 %	39,665	6.1340 %	205
10.00 to < 100.00	158,544	1,584	7.1000 %	159,676	22.1460 %	1,241
10.00 to < 20.00	75,207	544	9.2000 %	75,709	11.5430 %	643
20.00 to < 30.00	36,624	115	5.7000 %	36,692	21.0060 %	293
30.00 to < 100.00	46,713	925	6.1000 %	47,274	40.0100 %	305
100.00 (default)	117,198	1,196	-	117,198	100.0000 %	666
TOTAL AS AT 30/06/2022	1,533,921	32,989	31.3000 %	1,547,808	10.7751 %	12,390

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 68 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Secured by immovable property SME (2 of 2)

PD range	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
a	h	i	j	k	l	m
Retail - Secured by immovable property SME						
0.00 to < 0.15	11.9350 %	-	3,562	2.7519 %	18	(51)
0.00 to < 0.10	18.4130 %	-	282	2.6804 %	1	(10)
0.10 to < 0.15	11.3620 %	-	3,280	2.7582 %	17	(41)
0.15 to < 0.25	10.7330 %	-	15,132	3.5589 %	83	(297)
0.25 to < 0.50	15.2890 %	-	8,829	7.5174 %	57	(181)
0.50 to < 0.75	18.3670 %	-	10,126	14.5003 %	84	(278)
0.75 to < 2.50	13.6690 %	-	61,136	18.2399 %	636	(1,730)
0.75 to < 1.75	13.5270 %	-	31,665	15.5267 %	299	(836)
1.75 to < 2.50	13.8890 %	-	29,471	22.4561 %	338	(894)
2.50 to < 10.00	13.4740 %	-	66,265	34.1863 %	1,114	(2,217)
2.50 to < 5.00	12.2530 %	-	44,413	28.8082 %	670	(1,617)
5.00 to < 10.00	18.2230 %	-	21,851	55.0893 %	443	(600)
10.00 to < 100.00	12.4460 %	-	90,771	56.8471 %	4,608	(6,379)
10.00 to < 20.00	12.0850 %	-	38,391	50.7089 %	1,070	(1,975)
20.00 to < 30.00	11.7970 %	-	21,306	58.0666 %	912	(1,850)
30.00 to < 100.00	13.5290 %	-	31,074	65.7310 %	2,627	(2,554)
100.00 (default)	33.2830 %	-	61,996	52.8988 %	34,323	(49,486)
TOTAL AS AT 30/06/2022	14.3869 %	-	317,818	20.5334 %	40,922	(60,618)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 69 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates Retail - Secured by immovable property non-SME (1 of 2)

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors
a	b	c	d	e	f	g
Retail - Secured by immovable property non-SME						
0.00 to < 0.15	125,405	3,918	4.8000 %	127,284	0.1090 %	1,717
0.00 to < 0.10	43,089	536	4.9000 %	43,351	0.0490 %	699
0.10 to < 0.15	82,316	3,382	4.8000 %	83,933	0.1400 %	1,018
0.15 to < 0.25	-	-	-	-	-	-
0.25 to < 0.50	1,155,280	9,244	7.5000 %	1,162,216	0.4470 %	10,410
0.50 to < 0.75	647,938	6,435	6.3000 %	651,988	0.7400 %	5,748
0.75 to < 2.50	869,475	11,845	8.2000 %	879,163	1.6140 %	7,302
0.75 to < 1.75	578,528	8,931	8.1000 %	585,785	1.2200 %	4,935
1.75 to < 2.50	290,947	2,915	8.3000 %	293,378	2.4000 %	2,367
2.50 to < 10.00	373,878	1,963	8.4000 %	375,536	6.8570 %	3,221
2.50 to < 5.00	198,350	1,124	7.6000 %	199,209	4.8100 %	1,711
5.00 to < 10.00	175,528	839	9.5000 %	176,327	9.1690 %	1,510
10.00 to < 100.00	149,248	387	4.9000 %	149,438	25.9250 %	1,274
10.00 to < 20.00	91,618	108	7.4000 %	91,699	18.9900 %	733
20.00 to < 30.00	-	-	-	-	-	-
30.00 to < 100.00	57,630	279	3.9000 %	57,740	36.9400 %	541
100.00 (default)	121,537	296	-	121,537	100.0000 %	698
TOTAL AS AT 30/06/2022	3,442,760	34,088	40.1000 %	3,467,161	6.0677 %	30,370

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 70 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Secured by immovable property non-SME (2 of 2)

PD range	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
a	h	i	j	k	l	m
Retail - Secured by immovable property non-SME						
0.00 to < 0.15	8.7850 %	-	3,088	2.4264 %	12	(48)
0.00 to < 0.10	8.8430 %	-	577	1.3312 %	2	(14)
0.10 to < 0.15	8.7560 %	-	2,511	2.9921 %	10	(34)
0.15 to < 0.25	-	-	-	-	-	-
0.25 to < 0.50	8.7830 %	-	81,861	7.0435 %	457	(967)
0.50 to < 0.75	8.7770 %	-	65,161	9.9942 %	423	(924)
0.75 to < 2.50	8.6580 %	-	142,182	16.1725 %	1,226	(2,594)
0.75 to < 1.75	8.6910 %	-	80,949	13.8189 %	621	(1,198)
1.75 to < 2.50	8.5920 %	-	61,233	20.8718 %	605	(1,396)
2.50 to < 10.00	8.7240 %	-	137,643	36.6525 %	2,254	(4,097)
2.50 to < 5.00	8.6400 %	-	61,838	31.0418 %	828	(1,645)
5.00 to < 10.00	8.8190 %	-	75,805	42.9913 %	1,426	(2,452)
10.00 to < 100.00	9.3940 %	-	87,728	58.7053 %	3,582	(6,586)
10.00 to < 20.00	9.7390 %	-	55,324	60.3329 %	1,696	(3,334)
20.00 to < 30.00	-	-	-	-	-	-
30.00 to < 100.00	8.8440 %	-	32,404	56.1204 %	1,886	(3,252)
100.00 (default)	24.7050 %	-	44,258	36.4155 %	26,654	(51,527)
TOTAL AS AT 30/06/2022	9.3283 %	-	561,923	16.2070 %	34,609	(66,743)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 71 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Qualifying revolving (1 of 2)

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors
a	b	c	d	e	f	g
Retail - Qualifying revolving						
0.00 to < 0.15	7,536	86,978	6.0000 %	59,824	0.0840 %	9,736
0.00 to < 0.10	2,962	54,538	5.9000 %	35,313	0.0450 %	6,441
0.10 to < 0.15	4,574	32,440	6.1000 %	24,511	0.1400 %	3,295
0.15 to < 0.25	-	-	-	-	-	-
0.25 to < 0.50	37,942	81,000	5.6000 %	83,879	0.4390 %	6,377
0.50 to < 0.75	12,607	19,590	5.0000 %	22,535	0.7400 %	1,198
0.75 to < 2.50	29,079	39,589	5.0000 %	49,135	1.6210 %	2,997
0.75 to < 1.75	18,299	28,557	4.9000 %	32,447	1.2200 %	1,804
1.75 to < 2.50	10,780	11,032	5.1000 %	16,688	2.4000 %	1,193
2.50 to < 10.00	13,166	9,223	5.5000 %	18,530	6.8480 %	1,316
2.50 to < 5.00	6,762	5,268	5.5000 %	9,838	4.8060 %	712
5.00 to < 10.00	6,404	3,954	5.4000 %	8,692	9.1600 %	604
10.00 to < 100.00	2,886	942	7.0000 %	3,653	25.9850 %	363
10.00 to < 20.00	1,781	574	6.8000 %	2,230	18.9900 %	199
20.00 to < 30.00	-	-	-	-	-	-
30.00 to < 100.00	1,105	368	7.4000 %	1,424	36.9400 %	164
100.00 (default)	2,177	435	-	2,177	100.0000 %	223
TOTAL AS AT 30/06/2022	105,394	237,756	34.1000 %	239,733	2.4099 %	22,210

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 72 - Template EU CR6 – IRB Approach: Exposures to or secured by corporates - Retail - Qualifying revolving (2 of 2)

PD range	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
a	h	i	j	k	l	m
Retail - Qualifying revolving						
0.00 to < 0.15	13.7940 %	-	467	0.7814 %	7	(13)
0.00 to < 0.10	13.7010 %	-	165	0.4676 %	2	(5)
0.10 to < 0.15	13.9280 %	-	302	1.2336 %	5	(8)
0.15 to < 0.25	-	-	-	-	-	-
0.25 to < 0.50	14.1680 %	-	2,662	3.1731 %	52	(95)
0.50 to < 0.75	14.2290 %	-	1,083	4.8058 %	24	(42)
0.75 to < 2.50	14.1950 %	-	4,215	8.5786 %	113	(242)
0.75 to < 1.75	14.2020 %	-	2,284	7.0376 %	56	(118)
1.75 to < 2.50	14.1810 %	-	1,932	11.5750 %	57	(123)
2.50 to < 10.00	14.1980 %	-	4,276	23.0787 %	180	(309)
2.50 to < 5.00	14.1850 %	-	1,841	18.7127 %	67	(122)
5.00 to < 10.00	14.2130 %	-	2,436	28.0200 %	113	(187)
10.00 to < 100.00	14.1450 %	-	1,586	43.4251 %	134	(151)
10.00 to < 20.00	14.2040 %	-	905	40.5864 %	60	(83)
20.00 to < 30.00	-	-	-	-	-	-
30.00 to < 100.00	14.0520 %	-	681	47.8712 %	74	(68)
100.00 (default)	26.3400 %	-	35	1.6242 %	571	(1,100)
TOTAL AS AT 30/06/2022	14.1985 %	-	14,325	5.9755 %	1,081	(1,951)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 73 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Other SME (1 of 2)

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors
a	b	c	d	e	f	g
Retail - Other SME						
0.00 to < 0.15	135,101	534,918	4.7000 %	388,041	0.1030 %	12,552
0.00 to < 0.10	37,470	237,881	4.3000 %	139,312	0.0700 %	3,271
0.10 to < 0.15	97,631	297,037	5.1000 %	248,729	0.1210 %	9,281
0.15 to < 0.25	298,754	458,137	4.9000 %	523,374	0.1810 %	17,884
0.25 to < 0.50	168,198	328,925	5.1000 %	335,918	0.3290 %	5,224
0.50 to < 0.75	223,559	381,816	4.9000 %	410,775	0.6320 %	4,126
0.75 to < 2.50	580,188	517,193	5.2000 %	850,119	1.4820 %	12,857
0.75 to < 1.75	317,363	289,882	5.1000 %	464,063	1.1310 %	7,076
1.75 to < 2.50	262,825	227,312	5.4000 %	386,056	1.9050 %	5,781
2.50 to < 10.00	373,074	287,294	5.6000 %	533,560	4.4480 %	8,196
2.50 to < 5.00	225,850	173,911	5.8000 %	327,793	3.4360 %	5,862
5.00 to < 10.00	147,224	113,383	5.1000 %	205,766	6.0610 %	2,334
10.00 to < 100.00	179,396	110,585	5.5000 %	240,582	20.9030 %	5,212
10.00 to < 20.00	90,185	60,336	6.4000 %	129,010	11.8250 %	2,544
20.00 to < 30.00	37,569	33,643	4.3000 %	52,204	22.1220 %	1,069
30.00 to < 100.00	51,642	16,606	4.5000 %	59,368	39.5580 %	1,599
100.00 (default)	274,333	50,529	3.8000 %	293,410	100.0000 %	3,679
TOTAL AS AT 30/06/2022	2,232,602	2,669,397	39.7000 %	3,575,780	10.7691 %	69,730

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 74 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Other SME (2 of 2)

<i>PD range</i>	<i>Exposure weighted average LGD (%)</i>	<i>Exposure weighted average maturity (years)</i>	<i>Risk weighted exposure amount after supporting factors</i>	<i>Density of risk weighted exposure amount</i>	<i>Expected loss amount</i>	<i>Value adjustments and provisions</i>
a	h	i	j	k	l	m
Retail - Other SME						
0.00 to < 0.15	25.1790 %	-	20,098	5.1794 %	97	(335)
0.00 to < 0.10	29.8870 %	-	6,400	4.5942 %	29	(81)
0.10 to < 0.15	22.5420 %	-	13,698	5.5073 %	68	(254)
0.15 to < 0.25	20.6420 %	-	37,984	7.2575 %	194	(529)
0.25 to < 0.50	26.9310 %	-	45,154	13.4420 %	300	(789)
0.50 to < 0.75	26.2050 %	-	79,720	19.4072 %	669	(1,297)
0.75 to < 2.50	21.7050 %	-	186,762	21.9689 %	2,740	(4,143)
0.75 to < 1.75	22.5000 %	-	97,686	21.0502 %	1,200	(2,174)
1.75 to < 2.50	20.7480 %	-	89,075	23.0732 %	1,541	(1,969)
2.50 to < 10.00	19.1850 %	-	129,116	24.1989 %	4,574	(5,242)
2.50 to < 5.00	18.6620 %	-	75,771	23.1156 %	2,098	(2,678)
5.00 to < 10.00	20.0190 %	-	53,344	25.9247 %	2,476	(2,564)
10.00 to < 100.00	18.1050 %	-	79,884	33.2045 %	9,177	(7,420)
10.00 to < 20.00	17.6130 %	-	36,018	27.9188 %	2,669	(2,599)
20.00 to < 30.00	19.5200 %	-	20,909	40.0526 %	2,323	(1,673)
30.00 to < 100.00	17.9290 %	-	22,957	38.6691 %	4,186	(3,148)
100.00 (default)	54.0740 %	-	73,878	25.1790 %	153,255	(193,556)
TOTAL AS AT 30/06/2022	24.9721 %	-	652,596	18.2504 %	171,006	(213,311)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 75 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Other non-SME (1 of 2)

<i>PD range</i>	<i>On-balance sheet exposures</i>	<i>Off-balance-sheet exposures pre-CCF</i>	<i>Exposure weighted average CCF</i>	<i>Exposure post CCF and post CRM</i>	<i>Exposure weighted average PD (%)</i>	<i>Number of obligors</i>
a	b	c	d	e	f	g
Retail - Other non-SME						
0.00 to < 0.15	50,448	64,720	12.9000 %	133,861	0.1020 %	3,936
0.00 to < 0.10	18,719	24,195	14.5000 %	53,872	0.0470 %	2,370
0.10 to < 0.15	31,729	40,525	11.9000 %	79,989	0.1400 %	1,566
0.15 to < 0.25	-	-	-	-	-	-
0.25 to < 0.50	222,043	183,689	11.0000 %	424,593	0.4420 %	7,875
0.50 to < 0.75	104,047	61,578	9.2000 %	160,976	0.7400 %	3,837
0.75 to < 2.50	180,897	149,250	8.1000 %	301,429	1.6190 %	8,057
0.75 to < 1.75	119,231	100,751	8.0000 %	199,416	1.2200 %	4,955
1.75 to < 2.50	61,666	48,499	8.3000 %	102,012	2.4000 %	3,102
2.50 to < 10.00	86,443	47,698	7.0000 %	120,222	6.6990 %	6,014
2.50 to < 5.00	42,081	31,875	7.4000 %	65,841	4.7310 %	3,869
5.00 to < 10.00	44,361	15,822	6.3000 %	54,382	9.0810 %	2,145
10.00 to < 100.00	22,942	5,841	5.9000 %	26,500	24.2920 %	1,934
10.00 to < 20.00	16,020	4,443	5.9000 %	18,673	18.9900 %	799
20.00 to < 30.00	-	-	-	-	-	-
30.00 to < 100.00	6,922	1,398	6.1000 %	7,828	36.9400 %	1,135
100.00 (default)	97,932	2,292	0.6000 %	98,075	100.0000 %	1,337
TOTAL AS AT 30/06/2022	764,753	515,067	54.7000 %	1,265,657	9.5327 %	32,990

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

Table 76 - Template EU CR6 - IRB Approach: Exposures to or secured by corporates - Retail - Other non-SME (2 of 2)

<i>PD range</i>	<i>Exposure weighted average LGD (%)</i>	<i>Exposure weighted average maturity (years)</i>	<i>Risk weighted exposure amount after supporting factors</i>	<i>Density of risk weighted exposure amount</i>	<i>Expected loss amount</i>	<i>Value adjustments and provisions</i>
a	h	i	j	k	l	m
Retail - Other non-SME						
0.00 to < 0.15	11.0330 %	-	4,024	3.0061 %	15	(132)
0.00 to < 0.10	11.0380 %	-	914	1.6972 %	3	(62)
0.10 to < 0.15	11.0310 %	-	3,110	3.8877 %	12	(70)
0.15 to < 0.25	-	-	-	-	-	-
0.25 to < 0.50	9.1190 %	-	29,146	6.8645 %	173	(310)
0.50 to < 0.75	9.9190 %	-	16,563	10.2892 %	117	(283)
0.75 to < 2.50	10.3470 %	-	41,723	13.8418 %	502	(927)
0.75 to < 1.75	10.5060 %	-	26,106	13.0911 %	258	(430)
1.75 to < 2.50	10.0360 %	-	15,618	15.3095 %	244	(497)
2.50 to < 10.00	10.1460 %	-	21,155	17.5968 %	801	(1,242)
2.50 to < 5.00	9.9500 %	-	10,850	16.4797 %	303	(525)
5.00 to < 10.00	10.3830 %	-	10,305	18.9493 %	498	(717)
10.00 to < 100.00	8.7490 %	-	5,961	22.4935 %	554	(835)
10.00 to < 20.00	9.0230 %	-	4,092	21.9120 %	320	(511)
20.00 to < 30.00	-	-	-	-	-	-
30.00 to < 100.00	8.0940 %	-	1,869	23.8805 %	234	(323)
100.00 (default)	44.8050 %	-	4,845	4.9397 %	43,669	(63,153)
TOTAL AS AT 30/06/2022	12.5707 %	-	123,418	9.7513 %	45,830	(66.882)

Source: COREP reporting framework - Credit risk, IRB approach to capital requirements breakdown by PD range: Template C 08.03

The following table shows the impact of credit derivatives recognised as credit risk mitigation (CRM) techniques on the values at 30 June 2022 of the Group's risk-weighted exposures (RWA) and credit risk capital requirements measured under the "Advanced IRB Approach", broken down by relevant category of regulatory exposure.

Table 77 - Template EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques

		30/06/2022		31/12/2021	
		<i>Pre-credit derivatives risk weighted exposure amount</i>	<i>Actual risk weighted exposure amount</i>	<i>Pre-credit derivatives risk weighted exposure amount</i>	<i>Actual risk weighted exposure amount</i>
		a	b	a	b
1	Exposures under FIRB	-	-	-	-
2	Central governments and central banks	-	-	-	-
3	Institutions	-	-	-	-
4	Corporates	-	-	-	-
4,1	of which - Corporates SMEs	-	-	-	-
4,2	of which - Corporates Specialised lending	-	-	-	-
5	Exposures under AIRB	7,888,160	7,888,160	7,752,467	7,752,467
6	Central governments and central banks	-	-	-	-
7	Institutions	-	-	-	-
8	of which - Corporates	6,218,081	6,218,081	6,179,060	6,179,060
8,1	of which - Corporates SMEs	2,367,123	2,367,123	2,350,573	2,350,573
8,2	of which Corporates - Specialised lending	-	-	-	-
9	Retail	1,670,079	1,670,079	1,573,407	1,573,407
9,1	of which Retail – SMEs - Secured by immovable property collateral	317,818	317,818	311,901	311,901
9,2	of which Retail – non-SMEs - Secured by immovable property collateral	561,923	561,923	522,086	522,086
9,3	of which Retail – Qualifying revolving	14,325	14,325	12,328	12,328
9,4	of which Retail – SMEs - Other	652,596	652,596	609,312	609,312
9,5	of which Retail – Non-SMEs- Other	123,418	123,418	117,780	117,780
10	TOTAL (including FIRB exposures and AIRB exposures)	7,888,160	7,888,160	7,752,467	7,752,467

Source: COREP reporting framework - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.01

As at 30 June 2022 no risk hedging transactions using credit derivatives were in place.

The table below shows, for each exposure class relevant for the measurement of the credit risk capital requirements under the “Advanced IRB Approach”, the portion of the Group’s exposures at 30 June 2022 covered by real and personal credit risk mitigation (CRM) techniques. It also shows the amounts of risk-weighted exposures (RWA), including any reduction due to the existence of credit protection, with and without the application of the “Substitution Approach”⁹.

⁹ Under the Advanced IRB Approach, banks may recognise the effects of personal guarantees and, more generally, personal credit protection instruments by adjusting the risk parameters associated with the guaranteed exposure, provided certain minimum requirements for such guarantees are met. Specifically, it is possible to replace the PD or risk weight of the principal debtor with those of the guarantor, or to change the LGD of the covered credit exposure (so-called “substitution approach”).

Table 78 - Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques (1 of 3)

A-IRB	Total exposures	Credit risk Mitigation techniques				
		Part of exposures covered by Financial Collaterals (%)	Funded credit Protection (FCP)			
			Part of exposures covered by Other eligible collaterals (%)			
			Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	
	a	b	c	d	e	f
1 Central governments and central banks	-	-	-	-	-	-
2 Institutions	-	-	-	-	-	-
3 Corporates	13,444,333	2.2102 %	22.8201 %	22.0208 %	-	0.7993 %
3,1 Of which Corporates – SMEs	6,512,386	3.2259 %	40.7638 %	39.4281 %	-	1.3358 %
3,2 Of which Corporates – Specialised lending	-	-	-	-	-	-
3,3 Of which Corporates – Other	6,931,947	1.2560 %	5.9624 %	5.6671 %	-	0.2953 %
4 Retail	10,096,139	2.5694 %	54.4669 %	54.4410 %	-	0.0260 %
4,1 Of which Retail – Immovable property SMEs	1,547,808	0.0074 %	96.5224 %	96.5210 %	-	0.0014 %
4,2 Of which Retail – Immovable property non-SMEs	3,467,161	0.0056 %	94.6209 %	94.6209 %	-	-
4,3 Of which Retail – Qualifying revolving	239,733	-	-	-	-	-
4,4 Of which Retail – Other SMEs	3,575,780	3.8947 %	16.5195 %	16.4467 %	-	0.0728 %
4,5 Of which Retail – Other non-SMEs	1,265,657	9.4680 %	10.5651 %	10.5651 %	-	-
5 TOTAL	23,540,472	2.3642 %	36.3929 %	35.9253 %	-	0.4676 %

Source: COREP reporting framework - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.01

Table 79 - Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques (2 of 3)

A-IRB	Credit risk Mitigation techniques					
	Funded credit Protection (FCP)			Unfunded credit Protection (UFCP)		
	Part of exposures covered by Other funded credit protection (%)					
	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	
	g	h	i	j	k	l
1	Central governments and central banks	-	-	-	-	-
2	Institutions	-	-	-	-	-
3	Corporates	-	-	-	10.8286 %	-
3,1	Of which Corporates – SMEs	-	-	-	15.5345 %	-
3,2	Of which Corporates – Specialised lending	-	-	-	-	-
3,3	Of which Corporates – Other	-	-	-	6.4075 %	-
4	Retail	0.0005 %	-	0.0005 %	8.9735 %	-
4,1	Of which Retail – Immovable property SMEs	-	-	-	0.6466 %	-
4,2	Of which Retail – Immovable property non-SMEs	-	-	-	0.1964 %	-
4,3	Of which Retail – Qualifying revolving	-	-	-	-	-
4,4	Of which Retail – Other SMEs	0.0014 %	-	0.0014 %	21.6616 %	-
4,5	Of which Retail – Other non-SMEs	-	-	-	9.0540 %	-
5	TOTAL	0.0002 %	-	0.0002 %	10.0330 %	-

Source: COREP reporting framework - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.01

Table 80 - Template EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques (3 of 3)

A-IRB		Credit risk Mitigation methods in the calculation of RWEAs	
		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		m	n
1	Central governments and central banks		-
2	Institutions		-
3	Corporates	7.060.273	6,218,081
3,1	Of which Corporates – SMEs	3.073.273	2,367,123
3,2	Of which Corporates – Specialised lending		-
3,3	Of which Corporates – Other	3.987.000	3,850,958
4	Retail	1.953.438	1,670,079
4,1	Of which Retail – Immovable property SMEs	383.353	317,818
4,2	Of which Retail – Immovable property non-SMEs	668.481	561,923
4,3	Of which Retail – Qualifying revolving	14.296	14,325
4,4	Of which Retail – Other SMEs	754.686	652,596
4,5	Of which Retail – Other non-SMEs	132.621	123,418
5	TOTAL	9.013.711	7,888,160

Source: COREP reporting framework - Credit and counterparty risks, IRB approach to capital requirements: Template C 08.01

The table reported below provides the changes in risk-weighted exposure (RWA) amounts calculated according to the “Advanced IRB Approach” compared to the previous disclosure period, giving further details about key factors that significantly contributed to the changes.

Table 81 - Template EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

		RWA
		a
1	RISK WEIGHTED EXPOSURE AMOUNT AS AT THE END OF THE PREVIOUS REPORTING PERIOD	7,838,361
2	Asset size	59,915
3	Asset quality	19,872
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	25,234
8	Other	81,256
9	RISK WEIGHTED EXPOSURE AMOUNT AS AT THE END OF THE REPORTING PERIOD	8,024,638

Source: COREP reporting framework - Flow statements for credit risk, IRB approach to capital requirements: Template C 08.04

* * *

Given the Group's absence of material exposures towards specialised lending and equity instruments treated under the "Simple Risk-Weighted Method" at the reference date, the charts falling under the disclosure reporting requirements to which the Group would be subject pursuant to art. 438(e) of the CRR are not published:

Template EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach

Section 11 - Disclosure of exposures to counterparty risk (art. 438 and 439 CRR/CRR II)

The tables below show the Group's exposure profile to Counterparty Credit Risk (CCR) as at 30 June 2022 according to a variety of disclosures, including:

- an overview of the approaches adopted by the Group to quantify its capital requirements for counterparty risk and the main parameters used in each method;
- all derivative transactions subject to the capital requirement on credit valuation adjustment (CVA) risk;
- a breakdown of exposures to counterparty risk by type of regulatory portfolio and risk weight;
- information on any parameters used to calculate capital requirements for counterparty risk under the IRB approach;
- the composition of collateral (cash, sovereign debt, corporate bonds, etc.) provided or received by the Group as collateral for the purpose of supporting or reducing exposures to counterparty risk arising from derivative transactions or SFT (Securities Financing Transactions), including transactions cleared through a central counterparty (CCP);
- the total exposure for any credit derivative transactions (purchased or sold);
- the dynamics of change in the risk-weighted exposure amounts to counterparty risk (RWA) determined according to the “Internal Models Approach”;
- an account of exposures to central counterparties due to transactions, margins and contributions to collateral funds and the associated capital requirements.

Table 82 - Template EU CCR1 - Analysis of CCR exposure by approach (1 of 2)

		a	b	c	d
		<i>Replacement cost (RC)</i>	<i>Potential future exposure (PFE)</i>	<i>EEPE</i>	<i>Alpha used for computing regulatory exposure value</i>
EU-1	EU - Original Exposure Method (for derivatives)	-	-		
EU-2	EU - Simplified SA-CCR (for derivatives)	13,026	71,294		
1	SA-CCR (for derivatives)	55,845	38,440		
2	IMM (for derivatives and SFTs)			-	-
2a	Of which securities financing transactions netting sets			-	
2b	Of which derivatives and long settlement transactions netting sets			-	
2c	Of which from contractual cross-product netting sets			-	
3	Financial collateral simple method (for SFTs)				
4	Financial collateral comprehensive method (for SFTs)				
5	VaR for SFTs				
6	TOTAL				

Source: COREP reporting framework - Size of the derivatives business: Template C34.02

Key:

- *SA-CCR simplified*: simplified standardised approach (applicable to derivatives)
- *SA-CCR*: standardised approach (applicable to derivatives)
- *IMM*: Internal Model Method (applicable to derivatives and SFT)
- *Replacement Cost (RC) and Potential Future Exposure (PFE)*: amounts calculated: a) in accordance with article 282(3) and (4) of part three, title II, chapter 6, section 5 of the CRR in the case of the original exposure method; b) in accordance with article 281 of part three, title II, chapter 6, section 5 of the CRR in the case of the simplified SA-CCR method; c) in accordance with articles 275 and 278 of part three, title II, chapter 6, sections 4 and 5 of the CRR in the case of the SA-CCR Method.
- *Effective expected positive exposure (Effective EPE)*: a technique for estimating the future credit exposure of transactions exposed to counterparty risk as a weighted average - over a defined time period - of the expected values of credit exposures, where the weights are represented by the ratio of the fraction of the predefined time period relevant to the individual expected exposure with respect to the entire time period considered. Effective EPE for a set of assets subject to netting is defined in article 272(22) of the CRR and calculated in accordance with article 284(6) of the CRR. The Effective EPE shown in the table is that applied for the determination of own funds requirements in accordance with article 284(3) of the CRR, i.e. Effective EPE calculated using current market data or Effective EPE calculated using a stress calibration, whichever results in a higher own funds requirement.

Table 83 - Template EU CCR1 - Analysis of CCR exposure by approach (2 of 2)

		e	f	g	h
		<i>Exposure value pre-CRM</i>	<i>Exposure value post-CRM</i>	<i>Exposure value</i>	<i>RWEA</i>
EU-1	EU - Original Exposure Method (for derivatives)	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	118,160	118,160	118,160	40,942
1	SA-CCR (for derivatives)	131,998	131,967	132,517	54,216
2	IMM (for derivatives and SFTs)	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>	-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>	-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>	-	-	-	-
3	Financial collateral simple method (for SFTs)	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)	256,439	264,320	264,320	78,459
5	VaR for SFTs	-	-	-	-
6	TOTAL	506,597	514,447	514,997	173,617

Source: COREP reporting framework - Size of the derivatives business: Template C34.02

Key:

- *SA-CCR simplified*: simplified standardised approach (applicable to derivatives)
- *SA-CCR*: standardised approach (applicable to derivatives)
- *IMM*: Internal Model Method (applicable to derivatives and SFT)
- *Pre-CRM exposure value*: the exposure value for assets subject to the CCR calculated taking into account the effect of netting, but excluding any other credit risk mitigation techniques (e.g. collateral posted as margin). In the case of SFT, the securities component is not taken into account in determining the value of the pre-CRM exposure if collateral is received and therefore does not reduce the value of the exposure. Conversely, the securities component of SFT is taken into account in determining the value of the pre-CRM exposure on a regular basis if collateral is provided. In addition, collateralised transactions are treated as unsecured, i.e. no margining effects are applied. The pre-CRM exposure value does not take into account the deduction for any CVA loss incurred.
- *Post-CRM exposure value*: the exposure value for assets subject to the CCR calculated taking into account applicable credit risk mitigation techniques in accordance with part three, title II, chapters 4 and 6 of the CRR. In accordance with article 273(6) of the CRR, any CVA loss incurred is not deducted from the value of the post-CRM exposure.
- *Exposure value*: the exposure value for assets subject to the CCR used for the purposes of calculating the related capital requirement, determined by applying the effects of credit risk mitigation techniques in accordance with part three, title II, chapters 4 and 6 of the CRR and considering the deduction of any CVA loss incurred. The exposure value for transactions for which a specific unfavourable correlation risk has been identified shall be determined in accordance with article 291 of the CRR. In cases where more than one CCR method is used for an individual counterparty, the incurred CVA loss, deducted at the counterparty level, shall be allocated to the exposure value of the different netting sets of assets in each CCR method reflecting the proportion of the post-CRM exposure value of the respective netting sets of assets to the counterparty's total post-CRM exposure value.

Table 84 - Template EU CCR2 - CVA capital charge

		30/06/2022		31/12/2021	
		a	b	a	b
		Exposure value	RWAs	Exposure value	RWAs
1	TOTAL PORTFOLIOS SUBJECT TO THE ADVANCED METHOD	-	-	-	-
2	(i) VaR component (including the 3x multiplier)		-		-
3	(ii) SVaR component (including the 3x multiplier)		-		-
4	ALL PORTFOLIOS SUBJECT TO THE STANDARDISED METHOD	211,575	20,175	142,192	11,835
EU-4	Based on the original exposure method	-	-	-	-
5	TOTAL SUBJECT TO THE CVA CAPITAL CHARGE	211,575	20,175	142,192	11,835

Source: COREP reporting framework - Credit assessment adjustment risk (CVA risk): Template C25.00

Table 85 - Template EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights (1 of 2)

		Classes of credit worthiness (Weighting Factors)					
Exposure classes		a	b	c	d	e	f
		0%	2%	4%	10%	20%	50%
1	Central governments or central banks	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	11,755	-	-	297,775	165,053
7	Corporates	-	-	-	-	-	21
8	Retail	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-
11	TOTAL AS AT 30/06/2022	-	11,755	-	-	297,775	165,073
	TOTAL AS AT 31/12/2021	-	-	-	-	172,758	160,491

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07.00

Table 86 - Template EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights (2 of 2)

Exposure classes		Classes of credit worthiness (Weighting Factors)					
		g	h	i	j	k	l
		70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	5,982	-	-	5,982
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	-	1,378	-	-	475,961
7	Corporates	-	-	1,103	-	-	1,124
8	Retail	-	3,968	-	-	-	3,968
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	162	-	-	162
11	TOTAL AS AT 30/06/2022	-	3,968	8,626	-	-	487,198
	TOTAL AS AT 31/12/2021	-	1,973	8,877	-	-	344,099

Source: COREP reporting framework - Credit and counterparty risks, standardised approach to capital requirements: Template C 07

Table 87 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale: Central governments and central banks

This template is not published due to the absence of significant exposures subject to counterparty risk in the specific segment.

Table 88 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale: Institutions

This template is not published due to the absence of significant exposures subject to counterparty risk in the specific segment.

Table 89 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale: Corporates (1 of 2)

	a	b	c
<i>PD scale</i>	<i>Exposure value</i>	<i>Exposure weighted average PD (%)</i>	<i>Number of obligors</i>
0.00 to < 0.15	1,746	0.1200 %	6
0.15 to < 0.25	10,585	0.1539 %	30
0.25 to < 0.50	8,089	0.3900 %	23
0.50 to < 0.75	3,831	0.5900 %	11
0.75 to < 2.50	2,757	1.7092 %	19
2.50 to < 10.00	11,875	5.9719 %	8
10.00 to < 100.00	281	51.5800 %	1
100.00 (Default)	80	100.0000 %	1
SUBTOTAL (Exposure classes CORPORATES)	39,244	2.6846 %	99

Source: COREP reporting framework - Counterparty risk, IRB approach to capital requirements - PD ranges: Template C 34.07

Table 90 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale: Corporates (2 of 2)

	d	e	f	g
<i>PD scale</i>	<i>Exposure weighted average LGD (%)</i>	<i>Exposure weighted average maturity</i>	<i>RWEA</i>	<i>Density of risk weighted exposure amount</i>
0.00 to < 0.15	24.9835 %	1	236	13.5082 %
0.15 to < 0.25	25.2318 %	1	1,913	18.0733 %
0.25 to < 0.50	25.2829 %	1	2,206	27.2687 %
0.50 to < 0.75	24.9807 %	1	1,513	39.4949 %
0.75 to < 2.50	25.5248 %	2	1,871	67.8603 %
2.50 to < 10.00	24.8954 %	1	11,754	98.9757 %
10.00 to < 100.00	24.8970 %	5	372	132.3690 %
100.00 (Default)	34.6900 %	5	13	16.6089 %
SUBTOTAL (Exposure classes CORPORATES)	25.1426 %	1	19,878	50.6510 %

Source: COREP reporting framework - Counterparty risk, IRB approach to capital requirements - PD ranges: Template C 34.07

Table 91 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale: Retail (1 of 2)

	a	b	c
<i>PD scale</i>	<i>Exposure value</i>	<i>Exposure weighted average PD (%)</i>	<i>Number of obligors</i>
0.00 to < 0.15	20	0.0911 %	21
0.15 to < 0.25	102	0.2000 %	11
0.25 to < 0.50	47	0.4392 %	16
0.50 to < 0.75	27	0.6131 %	6
0.75 to < 2.50	108	1.1718 %	13
2.50 to < 10.00	1	4.4474 %	5
10.00 to < 100.00	5	11.6184 %	4
100.00 (Default)	1	100.0000 %	3
SUBTOTAL (Exposure classes RETAIL)	310	1.2477 %	79
TOTAL AS AT 30/06/2022	39,554	2.6730 %	178

Source: COREP reporting framework - Counterparty risk, IRB approach to capital requirements - PD ranges: Template C 34.07

Table 92 - Template EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale: Retail (2 of 2)

	d	e	f	g
<i>PD scale</i>	<i>Exposure weighted average LGD (%)</i>	<i>Exposure weighted average maturity</i>	<i>RWEA</i>	<i>Density of risk weighted exposure amount</i>
0.00 to < 0.15	21.3215 %	-	1	4.0355 %
0.15 to < 0.25	23.7940 %	-	9	9.2936 %
0.25 to < 0.50	12.0709 %	-	4	8.4689 %
0.50 to < 0.75	23.7049 %	-	5	17.9801 %
0.75 to < 2.50	22.2538 %	-	25	23.2188 %
2.50 to < 10.00	12.8168 %	-	0	17.9759 %
10.00 to < 100.00	14.1700 %	-	1	21.7081 %
100.00 (Default)	24.0360 %	-	0	8.4626 %
SUBTOTAL (Exposure classes RETAIL)	21.1219 %	-	45	14.6332 %
TOTAL AS AT 30/06/2022	25.1110 %	1	19,923	50.3680 %

Source: COREP reporting framework - Counterparty risk, IRB approach to capital requirements - PD ranges: Template C 34.07

Table 93 - Template EU CCR5 - Composition of collateral for CCR exposures (1 of 2)

		a	b	c	d
		<i>Collateral used in derivative transactions</i>			
COLLATERAL TYPE		<i>Fair value of collateral received</i>		<i>Fair value of posted collateral</i>	
		<i>Segregated</i>	<i>Unsegregated</i>	<i>Segregated</i>	<i>Unsegregated</i>
1	Cash – domestic currency	-	13,440	55,716	82,621
2	Cash – other currencies	-	2,907	-	53,293
3	Domestic sovereign debt	-	-	-	-
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	-
7	Equity securities	-	-	-	-
8	Other collateral	-	-	-	-
9	TOTAL AS AT 30/06/2022	-	16,347	55,716	135,914

Source: COREP reporting framework - Composition of guarantees for counterparty risk: Template C 34.08

Table 94 - Template EU CCR5 - Composition of collateral for CCR exposures (2 of 2)

		e	f	g	h
		<i>Collateral used in SFTs</i>			
COLLATERAL TYPE		<i>Fair value of collateral received</i>		<i>Fair value of posted collateral</i>	
		<i>Segregated</i>	<i>Unsegregated</i>	<i>Segregated</i>	<i>Unsegregated</i>
1	Cash – domestic currency	-	-	-	-
2	Cash – other currencies	-	-	-	-
3	Domestic sovereign debt	-	-	-	585,298
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	-
7	Equity securities	-	-	-	362
8	Other collateral	-	-	-	85,713
9	TOTAL AS AT 30/06/2022	-	-	-	671,373

Source: COREP reporting framework - Composition of guarantees for counterparty risk: Template C 34.08

Table 95 - Template EU CCR6 - Credit derivatives exposures

This template is not published due to the absence of exposures related to credit derivative transactions.

Table 96 - Template EU CCR7 - RWEA flow statements of CCR exposures under the IMM

This template is not published due to the absence of counterparty risk exposures treated according to the “Internal Model Method” (IMM).

Table 97 - Template EU CCR8 - Exposures to CCPs

		30/06/2022	
		a	b
		Exposure value	RWEA
1	EXPOSURES TO QCCPS (TOTAL)		419
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	11,755	235
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	11,755	235
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	9,232	184
10	Unfunded default fund contributions	-	-
11	EXPOSURES TO NON-QCCPS (TOTAL)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Source: COREP reporting framework - Exposures to central counterparties: Template C 34.10

Key:

- QCCP: Qualifying Central Counterparty. Entity licensed to act as a central counterparty (including by way of derogation) and authorised by the relevant regulatory and/or supervisory body to act as such for the products it offers. QCCP status requires that the CCP be established and supervised in a jurisdiction where the relevant regulatory and/or supervisory body has determined and publicly notified that it will apply to the CCP, on an ongoing basis, national standards and rules that comply with the Principles for Financial Market Infrastructures jointly issued by the Committee on Payment and Settlement Systems (CPSS) and the International Organisation of Securities Commissions (IOSCO).

Section 12 - Disclosure of exposure to securitisation positions (art. 449 CRR/CRR II)

Own securitisations

In 2020, as part of a broader programme of interventions on impaired loans, Banca Popolare di Sondrio completed two securitisation transactions of non-performing loans.

With regard to the first transaction, called “Diana”, a portfolio of non-performing loans with a gross value of 999.7 million euro (74% of which are secured loans) was sold on a massive scale, with economic effect from 1 April 2019, to the securitisation vehicle called “DIANA” set up pursuant to Law 130/99, which in turn issued three tranches of ABS notes for a total of 274 million euro (27.4% of the gross value of the loans sold):

- a senior tranche, rated BBB/Baa2/BBB by DBRS Morningstar, Moody's and Scope Ratings, respectively, for 235 million euro, corresponding to 23.5% of the gross value of the loans sold. This tranche has structural characteristics of eligibility for the GACS State guarantee;
- a mezzanine tranche of 35 million euro, equal to 3.5% of the gross value of the loans sold;
- a junior tranche of 4 million euro.

All the notes issued were underwritten by Banca Popolare di Sondrio at the closing of the transaction, and most of them were then offered on the market for subscription. Senior securities were entirely retained by the bank; for these, coverage by the Italian State through the GACS scheme was requested and obtained. In order to achieve the deconsolidation of the loans sold for accounting purposes in accordance with the applicable sector regulations, 95% of the mezzanine and junior tranches were placed with institutional investors.

The second securitisation transaction, called “POP NPLS 2020”, was completed by Banca Popolare di Sondrio together with other 14 participating banks as part of a multi-originator initiative coordinated by Luzzatti S.c.p.a., a company for the management of extraordinary transactions set up by a pool of participating cooperative banks. In particular, a portfolio of non-performing loans with a gross value of 371.8 million euro (71% of which are secured loans) was sold, effective from 1 January 2020, to the securitisation vehicle named “POP NPLs 2020 S.r.l.”, which in turn issued three tranches of ABS for a total of 125.69 million euro (33.8% of the gross value of the loans sold), of which:

- a senior tranche, rated BBB by the agencies DBRS Morningstar and Scope Ratings, amounting to 109.78 million euro, corresponding to 29.5% of the gross value of the loans sold. The tranche in question, kept in the portfolio by Banca Popolare di Sondrio, has structural characteristics that make it eligible for the GACS state guarantee;
- a mezzanine tranche of 11.36 million of euro, rated CCC by DBRS Morningstar and CC by Scope Ratings, corresponding to 3.1% of the gross value of the loans sold;
- a junior tranche of 4.55 million euro, equal to 1.2% of the gross value of the loans sold.

95% of the mezzanine and junior tranches were placed with institutional investors, while the remaining 5% was retained by the selling bank, in compliance with current regulatory obligations. For the senior notes, coverage from the Italian State was requested and obtained by the Bank through the GACS scheme.

On 23 December 2021, following the de-risking and asset quality improvement strategy pursued, the Bank concluded an additional securitisation transaction of Non-performing loans called “POP NPLS 2021” together with 11 other participating institutions. The transaction entailed the sale, with economic effect as of 1 January 2021, of a portfolio with a gross value of 420.9 million euro (consisting of 57% secured loans) to the securitisation vehicle named “Luzzatti POP NPLs 2021 S.r.l” established pursuant to Law no. 130/1999, which, in turn, issued relative to Banca Popolare di Sondrio three tranches of ABS notes totalling 115.62 million euro (27.47% of the gross value of the transferred loans), of which:

- a senior tranche, which was assigned a rating of BBB by DBRS Morningstar and ARC Ratings, for an amount of 97.71 million euro, corresponding to 23.21% of the gross value of the loans sold. This tranche, retained by the Bank, has structural features of GACS eligibility;
- a mezzanine tranche of 12.79 million euro, equal to 3.04% of the gross value of the loans sold;
- a junior tranche of 5.12 million euro, equal to 1.21% of the gross value of the loans sold.

In order to obtain the deconsolidation of the loans sold, in accordance with the provisions of the applicable sector regulations, 95% of the mezzanine and junior tranches were placed with institutional investors while the remaining 5% was withheld by the selling bank. Banca Popolare di Sondrio could therefore achieve the derecognition of the portfolio of non-performing loans disposed. For senior notes, coverage from the Italian State was requested and obtained through GACS.

On 14 June 2022 the Bank also entered a synthetic securitisation transaction with the EIB Group on a selected portfolio of eligible loans (unsecured and mortgage) disbursed to corporate counterparties for a total of 958 million euro. The transaction, in which the EIF (European Investment Fund) and the EIB (European Investment Bank) respectively play the role of underwriter ultimate guarantor, is promoted with the resources of the pan-European Guarantee Fund (EGF), an instrument launched in 2020 by the European Union and specifically dedicated to combating the economic difficulties and production slowdowns caused by the COVID-19 pandemic.

The transaction involved the granting by the EIB Group of a guarantee of 48 million euro on the junior tranche of the securitisation from the European Guarantee Fund.

Through securitisation the Bank acquires, in a synthetic and therefore aggregate form, coverage of “first losses” that may occur on a well-identified portfolio of loans. The complex financial structure contributes to mitigate credit risks present in the portfolio of exposures subject to the transaction, allowing a significant reduction in risk-weighted assets (RWA) and consequently freeing up financial resources, which can also be allocated to the writing of new loans for the benefit of the economic system. It is with this primary objective that the EIF and the EIB operate, in line with the Guarantee Fund's own strategic mission of encouraging and facilitating EU businesses access to credit, overcoming the economic fallout caused by the pandemic.

Third-party securitisations

As an investor the Group holds exposures in ABS related to traditional (not synthetic) securitisations, all “senior” type, not STS (Simple, Transparent and Standardised)¹⁰ and deriving from third-party transactions. This kind of investments, entirely held for purposes other than trading, are classified for accounting purposes in “Financial assets measured at fair value” and “Financial assets measured at amortised cost”. No guarantees or credit lines are provided on these transactions.

As regards the methods of calculating risk-weighted exposures, please note that the assets deriving from third-party securitisations are subject to a specific capital requirement in the context of credit and counterparty risk, determined by the Group in application of the SEC-SA standardised methodology (art. 261 of Regulation (EU) 2401/2017, as amended).

Since the ABS securities held in portfolio do not have an external credit rating (ECAI rating) but given full knowledge of the assets underlying the related investments, the aforementioned SEC-SA methodology is applicable, which is largely based on the availability of information on the riskiness of the underlying assets from which the related capital requirement derives. This latter element, together with the presence of other information related to the securitisation (such as, for example, attachment/detachment points), allows the application of the calculation algorithm foreseen by the SEC-SA approach.

* * *

The tables below show the Group's exposure to securities deriving from its own and third-party securitisations as at 30 June 2022.

¹⁰ Regulation (EU) 2401/2017 represents the general framework on the prudential treatment of securitisation transactions. In this context, a specific framework is established for Simple, Transparent and Standardised securitisations, so-called STS (Simple, Transparent and Standardised) securitisations, which meet particular requirements.

Table 98 - Template EU-SEC1 - Securitisation exposures in the non-trading book (1 of 3)

	a	b	c	d	e
	<i>Institution acts as originator</i>				
	<i>Traditional</i>				<i>Synthetic</i>
	<i>STS</i>		<i>Non-STS</i>		
	<i>of which SRT</i>		<i>of which SRT</i>		
1 TOTAL EXPOSURES	-	-	862	862	909,855
2 Retail (total)	-	-	862	862	-
3 Residential mortgage	-	-	-	-	-
4 Credit card	-	-	-	-	-
5 Other retail exposures	-	-	862	862	-
6 Re-securitisation	-	-	-	-	-
7 Wholesale (total)	-	-	-	-	909,855
8 Loans to corporates	-	-	-	-	909,855
9 Commercial mortgage	-	-	-	-	-
10 Lease and receivables	-	-	-	-	-
11 Other wholesale	-	-	-	-	-
12 Re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 99 - Template EU-SEC1 - Securitisation exposures in the non-trading book (2 of 3)

	f	g	h	i	j
	<i>Institution acts as originator</i>		<i>Institution acts as sponsor</i>		
	<i>Synthetic</i>		<i>Traditional</i>		<i>Synthetic</i>
	<i>Of which SRT</i>	<i>Sub-total</i>	<i>STS</i>	<i>Non-STS</i>	
1 TOTAL EXPOSURES	909,855	910,717	-	-	-
2 Retail (total)	-	862	-	-	-
3 Residential mortgage	-	-	-	-	-
4 Credit card	-	-	-	-	-
5 Other retail exposures	-	862	-	-	-
6 Re-securitisation	-	-	-	-	-
7 Wholesale (total)	909,855	909,855	-	-	-
8 Loans to corporates	909,855	909,855	-	-	-
9 Commercial mortgage	-	-	-	-	-
10 Lease and receivables	-	-	-	-	-
11 Other wholesale	-	-	-	-	-
12 Re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 100 - Template EU-SEC1 - Securitisation exposures in the non-trading book (3 of 3)

		k	l	m	n	o
		<i>Institution acts as sponsor</i>	<i>Institution acts as investor</i>			
		<i>Sub-total</i>	<i>Traditional</i>		<i>Synthetic</i>	<i>Sub-total</i>
			<i>STS</i>	<i>Non-STS</i>		
1	TOTAL EXPOSURES	-	-	424,656	-	424,656
2	Retail (total)	-	-	24,632	-	24,632
3	Residential mortgage	-	-	-	-	-
4	Credit card	-	-	-	-	-
5	Other retail exposures	-	-	24,632	-	24,632
6	Re-securitisation	-	-	-	-	-
7	Wholesale (total)	-	-	400,025	-	400,025
8	Loans to corporates	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	-
10	Lease and receivables	-	-	400,025	-	400,025
11	Other wholesale	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Investments in traditional securitisations in the portfolio do not include Asset-Backed Commercial Paper (ABCP) programs¹¹.

Table 101 - Template EU-SEC2 - Securitisation exposures in the trading book

This template is not subject to publication given the absence of exposures to securitisation included in the trading book.

¹¹ An Asset-Backed Commercial Paper (ABCP) is a short-term money market debt instrument secured by a package of loans. ABCP are issued by a vehicle (SPV) and are sold through placement agents.

Table 102 - Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (1 of 3)

		a	b	c	d	e
		Exposure values (by RW bands/deductions)				
		RW ≤20%	RW >20% to 50%	RW >50% to 100%	RW >100% to <1250%	1250% RW/ deductions
1	TOTAL EXPOSURES	909,855	-	-	-	862
2	Traditional transactions	-	-	-	-	862
3	Securitisation	-	-	-	-	862
4	Retail underlying	-	-	-	-	862
5	Of which STS	-	-	-	-	-
6	Wholesale	-	-	-	-	-
7	Of which STS	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-
9	Synthetic transactions	909,855	-	-	-	-
10	Securitisation	909,855	-	-	-	-
11	Retail underlying	-	-	-	-	-
12	Wholesale	909,855	-	-	-	-
13	Re-securitisation	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 103 - Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (2 of 3)

		f	g	h	i	j	k
		Exposure values (by regulatory approach)				RWEA (by regulatory approach)	
		SEC- IRBA	SEC- ERBA (including IAA)	SEC- SA	1250% RW /deductions	SEC-IRBA	SEC- ERBA (including IAA)
1	TOTAL EXPOSURES	909,855	-	-	862	136,478	-
2	Traditional transactions	-	-	-	862	-	-
3	Securitisation	-	-	-	862	-	-
4	Retail underlying	-	-	-	862	-	-
5	Of which STS	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-
9	Synthetic transactions	909,855	-	-	-	136,478	-
10	Securitisation	909,855	-	-	-	136,478	-
11	Retail underlying	-	-	-	-	-	-
12	Wholesale	909,855	-	-	-	136,478	-
13	Re-securitisation	-	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 104 - Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (3 of 3)

		l	m	n	o	EU-p	EU-q
		RWEA (by regulatory approach)			Capital charge after cap		
		SEC-SA	1250% RW	SEC- IRBA	SEC- ERBA (including IAA)	SEC-SA	1250% RW
1	TOTAL EXPOSURES	-	10,780	10,918	-	-	862
2	Traditional transactions	-	10,780	-	-	-	862
3	Securitisation	-	10,780	-	-	-	862
4	Retail underlying	-	10,780	-	-	-	862
5	Of which STS	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-
9	Synthetic transactions	-	-	10,918	-	-	-
10	Securitisation	-	-	10,918	-	-	-
11	Retail underlying	-	-	-	-	-	-
12	Wholesale	-	-	10,918	-	-	-
13	Re-securitisation	-	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 105 - Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (1 of 3)

		a	b	c	d	e	f
		Exposure values (by RW bands/deductions)				Exposure values (by regulatory approach)	
		RW ≤20%	RW >20% to 50%	RW >50% to 100%	RW >100% to <1250%	1250% RW/ deductions	SEC- IRBA
1	TOTAL EXPOSURES	400,025	-	-	24,632	-	-
2	Traditional transactions	400,025	-	-	24,632	-	-
3	Securitisation	400,025	-	-	24,632	-	-
4	Retail underlying	-	-	-	24,632	-	-
5	Of which STS	-	-	-	-	-	-
6	Wholesale	400,025	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-
9	Synthetic transactions	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 106 - Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (2 of 3)

		g					h					i					j					k				
		Exposure values (by regulatory approach)										RWEA (by regulatory approach)														
		SEC-ERBA (including IAA)					SEC-SA					1250% RW/ deductions					SEC-IRBA					SEC-ERBA (including IAA)				
1	TOTAL EXPOSURES	-				424,656					-					-					-					
2	Traditional transactions	-				424,656					-					-					-					
3	Securitisation	-				424,656					-					-					-					
4	Retail underlying	-				24,632					-					-					-					
5	Of which STS	-				-					-					-					-					
6	Wholesale	-				400,025					-					-					-					
7	Of which STS	-				-					-					-					-					
8	Re-securitisation	-				-					-					-					-					
9	Synthetic transactions	-				-					-					-					-					
10	Securitisation	-				-					-					-					-					
11	Retail underlying	-				-					-					-					-					
12	Wholesale	-				-					-					-					-					
13	Re-securitisation	-				-					-					-					-					

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 107 - Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (3 of 3)

		l		m		n		o		EU-p		EU-q	
		RWEA (by regulatory approach)						Capital charge after cap					
		SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW						
1	TOTAL EXPOSURES	294,204	-	-	-	6,740	-						
2	Traditional transactions	294,204	-	-	-	6,740	-						
3	Securitisation	294,204	-	-	-	6,740	-						
4	Retail underlying	234,200	-	-	-	1,940	-						
5	Of which STS	-	-	-	-	-	-						
6	Wholesale	60,004	-	-	-	4,800	-						
7	Of which STS	-	-	-	-	-	-						
8	Re-securitisation	-	-	-	-	-	-						
9	Synthetic transactions	-	-	-	-	-	-						
10	Securitisation	-	-	-	-	-	-						
11	Retail underlying	-	-	-	-	-	-						
12	Wholesale	-	-	-	-	-	-						
13	Re-securitisation	-	-	-	-	-	-						

Source: COREP reporting framework - Detailed information on securitisation: Templates C 14.00 - C 14.01

Table 108 - Template EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		a	b	c
		<i>Exposures securitised by the institution - Institution acts as originator or as sponsor</i>		
		<i>Total outstanding nominal amount</i>	<i>Total amount of specific credit risk adjustments made during the period</i>	
			<i>Of which exposures in default</i>	
1	TOTAL EXPOSURES	2,749,230	-	1,360
2	Retail (total)	1,792,422	-	-
3	Residential mortgage	-	-	-
4	Credit card	-	-	-
5	Other retail exposures	1,792,422	-	-
6	Re-securitisation	-	-	-
7	Wholesale (total)	956,808	-	1,360
8	Loans to corporates	956,808	-	1,360
9	Commercial mortgage	-	-	-
10	Lease and receivables	-	-	-
11	Other wholesale	-	-	-
12	Re-securitisation	-	-	-

Source: COREP reporting framework - Detailed information on securitisation: Template C 14.00

Key:

- *SEC-SA (Standardised Approach)*: basic approach to determining the capital requirement for credit risk on securitisation exposures under Regulation (EU) 2401/2017.
- *SEC-IRBA (Internal Rating Based Approach)*: an approach to determining the capital requirement for credit risk on securitisation exposures required by Regulation (EU) 2401/2017 based on the use of internal ratings.
- *SEC-ERBA (External Rating Based Approach)*: basic approach to determining the capital requirement for credit risk on securitisation exposures under Regulation (EU) 2401/2017.
- *IAA (Internal Assessment Approach)*: an approach used to calculate the weight of exposures arising from Asset-Backed Commercial Paper (ABCP) programs without an external rating. The weighting factors depend on the "equivalent external rating".

Section 13 - Disclosure of the use of the standardised approach to market risk (art. 445 CRR/CRR II)

This section provides quantitative evidence on the components of the market risk capital requirement based on the use of the supervisory “Standardised Approach” to which the Group is subject as at 30 June 2022.

Table 109 - Template EU MR1 - Market risk (standardised approach)

	30/06/2022	31/12/2021
	a	b
	RWEAs	RWEAs
Outright products		
1 Interest rate risk (general and specific)	321,208	230,894
2 Equity risk (general and specific)	404,848	472,280
3 Foreign exchange risk	198,365	202,120
4 Commodity risk	2,815	2,569
Options		
5 Simplified approach	-	-
6 Delta-plus approach	2,021	1,431
7 Scenario approach	-	-
8 Securitisation (specific risk)	-	-
9 TOTAL	929,258	909,293

Source: COREP reporting framework - Capital Adequacy: Template C 02.00 and Market risk: Templates C 18.00 - C 21.00 - C 22.00 - C 23.00

The Group does not adopt the “Internal Model Approach” (IMA) for measuring its exposures to market risk for the purposes of determining its regulatory capital requirements. Therefore, the following Pillar 3 disclosure template to which the Group would be subject pursuant to article 438, point h) of the CRR is not subject to publication:

Template EU MR2-B - RWA flow statements of market risk exposures under the IMA

Section 14 - Disclosure of exposures to interest rate risk on positions not held in the trading book (art. 448 CRR/CRR II)

The interest rate risk on the banking portfolio is the possibility that an unexpected change in market interest rates could negatively affect the economic value of equity (calculated as the difference between the economic value of assets and liabilities that generate interest income) and the Group's profitability.

The set of assets and liabilities included in the related measurements coincides with instruments generating net interest income other than debt securities belonging to the regulatory trading portfolio, foreign exchange forwards, interest rate options and interest rate swaps belonging to the regulatory trading portfolio.

The following table shows the effects of a change in rates on the future net interest income¹² over twelve months and on the economic net value of equity¹³, obtained with reference to the date 30 June 2022 based on hypothetical scenarios of interest rate movements, which include:

- parallel changes in interest rates of +/-200 basis points;
- the alternative scenarios defined in “*Annex III - Standardised interest rate shock scenarios*” of the “*Guidelines EBA/GL/2018/02 on the management of interest rate risk arising from non-trading activities*” published on 19 July 2018 by the European Banking Authority (EBA);

The measures set out in the table below are in line with what the Bank reported for supervisory reporting purposes under the SSM Short-Term Exercise (STE).

The change in the economic value of total equity is calculated as the sum of the changes obtained in each currency identified as material by weighting at 50% any positive contributions pursuant to paragraphs 113 and 114 of Guidelines EBA/GL/2018/02.

The change in future net interest income over a 12-month period is calculated on each currency identified as material by weighting any positive contributions at 100% using scenarios of parallel rate changes of 200 basis points up or down for each material currency.

¹² “Future net interest income” is understood as being the difference between the future interest revenues and the future interest expense, based solely on transactions outstanding at the reference date, possibly renewed with the same volumes.

¹³ “Economic net equity value” is defined as the difference between the present value of total assets and liabilities, computed only for transactions outstanding on the reference date, assuming inertial volumes.

Table 110 - Template EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios	a	b
	Changes of the economic value of equity	Changes of the net interest income
	<i>Current period</i>	<i>Current period</i>
1. Parallel up	(378,185)	38,004
2. Parallel down	263,818	(39,657)
3. Steepener	11,070	
4. Flattener	(74,363)	
5. Short rates up	(195,128)	
6. Short rates down	111,278	

Source: internal information

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

The undersigned Maurizio Bertoletti, as Manager responsible for preparing the Company's accounting documents of Banca Popolare di Sondrio Società per Azioni, taking account of the provisions of article 154-bis, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, certifies that the accounting information contained in this document agrees with the underlying accounting entries, records and documentation.

Sondrio, 6 September 2022

Signed Maurizio Bertoletti

*Manager responsible for preparing
the Company's accounting documents*



Glossary

ABS – Asset Backed Securities

Debt securities generally issued in securitisation transactions by a Special Purpose Vehicle (SPV) guaranteed by portfolios of various types of assets (mortgage loans, consumer loans, receivables from credit card transactions, etc.) and intended solely to satisfy the rights incorporated in the financial instruments. The repayment of principal and the payment of interest are conditioned by the performance of the assets subject to securitisation and by any additional guarantees backing the transaction. ABS securities are divided into different tranches (senior, mezzanine, junior) based on the priority attributed to them in the repayment of principal and interest.

Securitisation

Transaction involving the transfer of asset portfolios to a special purpose vehicle and the issue by the latter of securities with varying degrees of subordination in bearing any losses incurred on the underlying assets.

Common Equity Tier 1 (CET1) Ratio

Prudential capital adequacy coefficient expressed by the ratio between Common Equity Tier 1 capital (CET1) and total risk exposure amount represented by risk-weighted assets (RWAs).

EAD – Exposure At Default

Expected exposure at the time of insolvency of the counterparty of a risk position.

EBA – European Banking Authority

European Banking Authority. Regulatory body of the European Union, based in London, established by Regulation 1093/2010/EU to replace the Committee of European Banking Supervisors (in abbreviated form, “CEBS”).

ECAI – External Credit Assessment Institutions

External agencies for the assessment of creditworthiness recognised by the Supervisory Authorities, specialised in providing rating service to banks that adopt the Standardised Approach for measuring the capital requirement against credit risk.

Fair value

Fair value. Value for which an asset could be exchanged or a liability settled in an orderly market transaction between knowledgeable and independent parties.

GACS

Securitisation guarantee on non-performing loans. Italian state guarantee scheme to facilitate the disposal of non-performing bank loans through securitisation transactions. Admission to the GACS, granted by decree of the Ministry of Economy and Finance, is envisaged only for tranches of senior ABS (securities with the lowest degree of subordination) issued as part of the securitisation.

IAS/IFRS

International Accounting Standards (IAS) issued by the International Accounting Standard Board (IASB), a body in which the accounting professionals of the major countries worldwide are represented, with the European Union, the IOSCO (International Organisation of Securities Commissions) and the Basel Committee on Banking Supervision taking part as observers. This body, which inherited the legacy of the International Accounting Standards Committee (IASC), aims to promote the harmonisation of the accounting rules for the preparation of company financial statements. With the transformation of the IASC into IASB, it was decided, among other things, to call the new accounting standards “International Financial Reporting Standards” (IFRS).

IFRS 9 (Financial instruments)

International accounting standard which, from 1 January 2018, replaced IAS 39 “Financial Instruments: Recognition and Measurement”. It applies to all financial instruments that can be classified as assets and liabilities in the balance sheet, having regard to the classification and measurement criteria and the methods for determining impairment adjustments.

ICAAP – Internal Capital Adequacy Assessment Process

Internal process to evaluate capital adequacy, as provided for by the “Pillar 2” rules of prudential supervisory regulations, which financial institutions are required to implement to determine an adequate level of internal capital to cope with all relevant risks; these may differ from those covered by the total regulatory capital requirements (“Pillar 1”), as they are part of an individual assessment - both current and prospective - that takes into account the business strategies and the evolution of the macro-economic context, also under stress conditions.

ILAAP – Internal Liquidity Adequacy Assessment Process

Internal process for evaluating the adequacy of the governance and management mechanisms in place to face current and prospective liquidity risks, consisting in the processes for the identification, measurement, management and monitoring of liquidity implemented by the financial institutions.

IRB - Internal Rating Based Approach

Methods Based on Internal Ratings. They can be distinguished between a “basic” (F-IRB, Foundation Internal Rating-Based Approach) and an “advanced” approach (A-IRB, Advanced Internal Rating-Based Approach) in relation to the credit risk parameters that the banks are allowed to estimate internally. In particular, the Advanced IRB method involves internal estimation of all the main risk parameters (PD, LGD, EAD, CCF and, where required, actual maturity) used in the weighting formulas for calculating the capital requirement for credit risk. Adoption of IRB methods for the purpose of calculating capital requirements is subject to authorisation from the Supervisory Authority, after verification of compliance with a set of organisational and quantitative requirements.

LCR – Liquidity Coverage Ratio

Short-term liquidity coverage indicator determined according to Part 6 of Regulation (EU) no. 575/2013 of 26 June 2013 (“CRR”). The coefficient aims to ensure that intermediaries hold an amount of high-quality liquid reserves, readily convertible into cash, sufficient to cover liquidity outflows for a period of at least 30 days, even in a scenario of particularly severe liquidity stress. The indicator is calculated as the ratio between the stock of high-quality liquid assets (HQLA) and total net cash outflows scheduled in the 30 calendar days following the observation date, determined under particularly acute stress assumptions. The parameter must always remain at or above the minimum level of 100%.

Leverage Ratio

Prudential ratio introduced by the Basel 3 framework with the aim of containing the degree of financial leverage in the banking sector, which complements the traditional risk-based capital requirements with a metric based on financial aggregates not weighted for risk. It is obtained as the ratio between Tier 1 Capital and Total Exposure, the latter being the sum of on-balance and off-balance sheet exposures.

LGD – Loss Given Default

Loss rate in the event of insolvency of a borrower, determined as the ratio between the expected loss on a credit exposure due to the default of the counterparty and the estimated residual exposure at the time of default.

General payment moratorium

Measure to suspend payment obligations connected to a credit agreement, applied to a debtor in financial difficulty in compliance with the following characteristics defined by the EBA/GL/2020/02 Guidelines:

- a) a moratorium is based on the applicable national legislation (“legislative moratorium”) or on a non-legislative initiative that provides for the reduction of payments promoted by an institution within the framework of an industrial or sector moratorium scheme agreed or coordinated within the banking sector or a significant part of it, possibly in agreement with the public authorities, so that participation in this type of scheme is open and that in this context the credit institutions concerned adopt similar payment reduction measures (“non-legislative moratorium”);
- b) a moratorium applies to a large group of debtors pre-defined on the basis of broad criteria, where a criterion to determine the scope of the moratorium should allow a debtor to take advantage of the moratorium without its

creditworthiness being subjected to rating. Such criteria include, for example, exposure class and subclass, industry sector, product ranges or geographical location. While, on the one hand, the scope of the moratorium may be limited only to non-performing debtors who did not encounter payment difficulties prior to the application of the moratorium, on the other hand it should not be limited solely to debtors in financial difficulties before the outbreak of the COVID-19 pandemic;

- c) the moratorium only provides for changes to the payment plan, in particular by suspending, postponing or reducing payments of principal, interest or entire instalments, for a predefined and limited period of time; there are no changes to any other terms and conditions of the loans, such as the interest rate;
- d) the moratorium is offered to all exposures that are subject to the same conditions for the modification of the payment plan, even if the moratorium is not mandatory for debtors;
- e) the moratorium does not apply to new loan agreements granted after the date of its announcement;
- f) the moratorium was initiated to address the COVID-19 pandemic and applied before 30 September 2020; however, this deadline may be revised depending on how the current situation of the pandemic evolves.

Separate general payment moratoria can be applied to broad and diverse segments of borrowers or exposures.

NSFR – Net Stable Funding Ratio

Regulatory long-term liquidity indicator envisaged by the Basel 3 frameworks. It is intended as a mechanism aimed at complementing the LCR index with a view to favouring more stable and longer-term financing of assets, offsetting the incentives that banking and financial institutions would have to finance their stock of liquid assets with short-term funds that expire immediately after the 30-day horizon. The index is calculated as the ratio between the available amount of stable funding (ASF) and the required amount of stable funding (RSF). This parameter, which should always be kept equal to or greater than 100%, is structured in such a way as to ensure that long-term assets are financed with at least a minimum amount of stable liabilities in relation to the respective liquidity risk profiles.

OTC – Over The Counter

Specific attribute of transactions in derivative instruments traded “over the counter”, i.e. concluded directly between parties without recourse to an organised market.

PD – Probability of Default

Probability that a counterparty becomes insolvent within a given time horizon.

ECL – Expected Credit Loss

Losses that on average are expected to be incurred on a financial instrument, a loan or a portfolio; it represents the average value of the statistical distribution of losses, resulting from the product of three elements: the Exposure At Default (EAD), the Probability of Default (PD) and the Loss Given Default (LGD). As required by accounting principles set by IFRS 9, it is calculated over a time horizon of 12 months for positions classified in Stage 1 and over the entire residual life of the instrument for positions classified in Stage 2 and Stage 3.

Subordinated loan

An unsecured bond/loan characterised by a subordination clause which, in the event of liquidation of the issuer, gives the subscribers a right to repayment, but only once any privileged and general creditors have been satisfied in full.

Rating

Synthetic estimate of a debtor's ability to fulfil its credit commitments issued by specialised agencies (external rating) or by the bank itself (internal rating) on the basis of aspects such as financial solvency and growth prospects.

RWA – Risk-Weighted Assets

RWEA – Risk-Weighted Exposure Amounts

TREA – Total Risk Exposure Amount

Risk-Weighted Assets (RWA) On-balance sheet and off-balance sheet assets classified and weighted for their associated risks, established in accordance with the regulations issued by supervisory authorities in relation to calculation of capital ratios of banks.

SREP – Supervisory Review and Evaluation Process

Prudential review and assessment process with which the Supervisory Authorities periodically assess the ICAAP of financial institutions and its results. Through the SREP the Authority: a) analyses the risk profiles of a supervised entity, individually and in an aggregate perspective, also under stress conditions, and the related contribution to systemic risk; b) evaluates its corporate governance system, the functionality of its internal bodies, its organisational structure and the internal control system; c) verifies compliance of the institution with the set of prudential rules applicable.

Tier 1 Ratio

Prudential capital adequacy coefficient expressed by the ratio between Tier 1 Capital and total risk exposure amount represented by risk-weighted assets (RWA).

Total Capital Ratio

Prudential capital adequacy coefficient expressed by the ratio between Total Capital and total risk exposure amount represented by Risk-Weighted Assets (RWA).