



# Banca Popolare di Sondrio

Società cooperativa per azioni - fondata nel 1871  
Sede sociale e direzione generale: I - 23100 Sondrio So - Piazza Garibaldi 16  
Iscritta al Registro delle Imprese di Sondrio al n. 00053810149  
Iscritta all'Albo delle Banche al n. 842  
Capogruppo del Gruppo bancario Banca Popolare di Sondrio, iscritto all'Albo dei Gruppi bancari al n. 5696.0  
Iscritta all'Albo delle Società Cooperative al n. A160536  
Aderente al Fondo Interbancario di Tutela dei Depositi  
Codice fiscale e Partita IVA: 00053810149  
Al 31/12/2014: Capitale Sociale € 1.360.157.331 - Riserve € 833.958.444  
(dati approvati dall'Assemblea dei soci del 18/4/2015)

## Press Release

**15 March 2016: Board of Directors' approval of solo and consolidated results; proposed dividend; Annual General Meeting.**

### Consolidated accounts of Banca Popolare di Sondrio Group for the year 2015

The Board of Directors of Banca Popolare di Sondrio examined and approved the solo and consolidated accounts for the year 2015. The Board fully confirmed the preliminary consolidated accounts with a net profit of € 129.3 million (+ 12.24% compared to 2014) as reported in the press release dated 10 February 2016.

### Accounts of Banca Popolare di Sondrio scpa (Parent company) for the year 2015

- Banca Popolare di Sondrio scpa (Parent company) solo net profit for the period totals € 100.1 million, + 2.58% compared to 2014. This result is driven by income from core business operations with no significant impact from positive extraordinary items and is instead impacted by the contributions paid to the Resolution Fund.
- Gross dividend per share increased from € 0.060 to € 0.070.
- Over € 1.5 bn in new mid- and long-term loans to households and corporates.
- Net loans and receivables impairment losses decreased by 16%.
- Tight control on costs: cost-to-income ratio 41.97%.
- Network expansion with the opening of 6 new branches.
- Increased headcount: + 50 staff.
- Stronger Group capital ratios:
  - CET1 Ratio at 10.49% from 9.75%
  - Total Capital Ratio at 13.44% from 11.28%

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In the period under review the economy began to recover, although slowly and unevenly. Against this background, the bank kept operating in line with its mission, consistently fostering its relationship with local economies, small and medium enterprises, and retail customers.

Such engagement has led to satisfactory results: **net profit** amounts to € 100.064 mn, + 2.58% compared to 2014. Led by core business results, it does not benefit significantly from positive extraordinary items. Rather, it is impacted by the extraordinary contribution to the national Resolution Fund of the value of € 27.4 mn paid by the Group in relation to the resolution procedures regarding four Italian banks. Moreover, the Group paid ordinary contributions to the same Resolution Fund and to the Interbank Deposit Protection Fund for a total amount of € 12 mn.

At 31 December 2015, **direct deposits** from customers amounted to € 26,627 mn, - 1.47% compared to 31 December 2014. While end-year data show a slight decrease year on year, the yearly average has increased by over 5%. **Indirect deposits** at market value amounted to € 26,635 mn, - 0.75%. **Insurance deposits** totalled € 1,100 mn, + 22.54%. **Total customer deposits** therefore amounted to € 54,361 mn, - 0.72%.

**Loans and receivable with customers** amounted to € 20,021 mn, - 2.50% compared to 31 December 2014. This overall contraction resulted from two opposite components: the maturity of a few important positions during the year and new funding to households and corporates. **Non-performing exposures** (NPE) amounted to € 2,298 mn, + 14.14%. New mid- and long-term loan volumes to households and corporates accounted for more than € 1.5 bn. Within NPE **net bad loans**, still affected by the difficult economic environment, amounted to € 730 mn, + 20.02%. They accounted for 3.65% of total customer loans. The coverage ratio of net bad loans was 61.05%, compared to 59.88% at 31 December 2014. The coverage ratio reached 71.59% if past payables write-offs for which the bank keeps a track record were included.

**Financial assets** (derivatives and securities owned) amounted to € 8,455 mn, - 6.83% compared to 31 December 2014. Total value of equity investments was € 489 mn, + 18.72%.

These results are due to a positive development of business operations. The low interest rate environment led to a relative contraction of net interest income, while the result from financial operations remained positive. **Net impairment losses** significantly decreased in absolute terms, notwithstanding the prudent criteria adopted and the pursued objective to increase NPE relative coverage.

With regard to the income statement, **net interest income** amounts to € 479.5 mn, - 7.89% compared to the previous year. **Net fee and commission income** amounts to € 249.8 mn, + 3.12%. **Dividends** amount to € 16.3 mn, + 0.19%.

Results from **securities and foreign exchange operations** are € 191.9 mn, + 1.30%. Total income is at € 937.4 mn, - 3.21%.

**Net impairment losses** amount to € 400.5 mn ( - 15.43%), of which impairments of customer loans and receivables are € 381.4 mn ( - 16.00%), impairments of securities in the Available For Sale portfolio are € 8.2 mn, impairments for subordinated bonds in the Held To Maturity portfolio are € 10 mn, and other net impairments losses related to

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other financial transactions are € 0.9 mn. Net **financial income** is € 536.9 mn + 8.49%.

**Total operating costs** resulting from administrative expenses, provisioning, depreciation on property and on intangible assets, and other net operating income, amount to € 393.5 mn, + 18.40%. Such an increase is mainly due to the onerous contribution to the national Resolution Fund. Staff cost amount to € 181.2 mn, (+ 3.23%), other administrative expenses to € 253.5 mn, (+ 22.84%). Other net operating income decreased by 2.22% to € 69.2 mn, net accruals to provisions for risk and charges increased to € 2.1 mn, against a decrease by € 3.4 mn in 2014. **Equity investments and other investments** produced a profit of € 0.6 mn. **Pre-tax profit from continuing operations** amounts to € 144.1 million, - 11.05%. After deducting **income taxes** (€ 44.0 mn), the resulting **net profit** for 2015 amounts to € 100.1 mn, + 2.58%.

At 31 December 2015, **total equity** including net profit for the period amounted to € 2,335 mn, + 5.09% compared to 31 December 2014.

At 31 December 2015, the **capital ratios** calculated on a consolidated basis and with a *phase-in* approach (i.e. the Common Equity Tier 1 Ratio, the Tier1 Ratio and the Total Capital Ratio) are significantly higher than the minimum requirements established by Banca Popolare di Sondrio Group's Supervisory Authority. These ratios are at 10.49%, 10.50% and 13.44% respectively. These ratios are calculated using a standardized approach, therefore they do not result from a validated internal rating model-based calculation. In the course of the year the European Central Bank completed the Supervisory Review and Evaluation Process (SREP) and determined a minimum Common Equity Tier 1 (CET1) ratio requirement of 9.25%.

At end-2015, network branches were 333. Of these, 6 opened during the year: one in Alba (Cuneo province), one in Padua, two in Milan (branch 37 in corso Vercelli and branch 38 in the Università Cattolica del Sacro Cuore), one in Abbiategrasso (Milan province), and one in Rapallo (Genoa province).

At 31 December 2015, total staff employed by the Parent company was 2,646, with an increase of 50 headcount compared to the previous year.

With regard to the near future, the latest macroeconomic data suggest a significant reduction in the growth forecast for the current year.

The vulnerability of the economic outlook to a number of risks means that the economy should keep recovering at a reduced pace. Levels of demand are low and the inflation rate correspondingly remain well below target levels, notably because of the sharp decline in commodity prices (including oil), while risks to financial stability remain high. Such a complex global situation can certainly not be solved by Euro monetary policies alone. In this context, we consider that, in the absence of unforeseeable financial markets events, our bank can still develop its operations and maintain or even improve its own profitability.

It will be difficult to replicate the results from financial operations next year or to forecast the evolution of net interest income, even though the latter will benefit from a stabilization of the cost of funding. On the positive side, the growth of commissions, the reduction of impairment losses and the control over operating costs will favorably impact future results.

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### **Proposed dividend for Banca Popolare di Sondrio scpa's shareholders**

The Board of Directors decided to propose to the AGM the distribution of a gross dividend **per share of € 0.070** (was € 0.060 in 2014). In compliance with applicable law, coupon n. 38 will be paid on 25 May 2016, the **ex-coupon date being 23 May 2016**.

According to the Board of Directors' proposal, total distributed profit would amount to € 31.7 mn. Dividends will be subject to applicable taxation: most notably, dividends paid to natural persons will be subject to a withholding tax of 26%. It is proposed that the remainder will be allocated to reserves for € 68.3 million and to the charity fund for € 0.1 million. At end 2015, shareholders were 185,479, an increase by 170 compared to end-2014.

### **Call of the Annual General Meeting of Banca Popolare di Sondrio scpa**

The Annual General Meeting of Banca Popolare di Sondrio scpa is scheduled on first call on Friday 22 April 2016 at 10:00 am at the bank's headquarters in piazza Garibaldi 16 in Sondrio, and on second call on Saturday 23 April 2016 at 10:30 am at the «Pentagono» center in via Manzoni 22, Bormio (Sondrio).

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#### DECLARATION

Pursuant to art. 154 bis, para. 2, of the Consolidated Finance Law, the Financial Reporting Officer Mr Maurizio Bertoletti certifies that the accounting information contained in this press release accurately reflects the underlying documents, registers and accounting entries.

signed: Maurizio Bertoletti, Financial Reporting Officer

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Sondrio, 15 March 2016

Appendices:

Statement of financial position and income statement (Parent company and consolidated).

*This translation of the original Italian press release is provided for convenience only. In case of discrepancy, the Italian version prevails.*

# CONSOLIDATED ACCOUNTING REPORTS AS AT 31 DECEMBER 2015

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of euro)

Assets	31/12/2015	31/12/2014
10. Cash and cash equivalents	766.097	264.482
20. Financial assets held for trading	1.859.435	2.338.630
30. Financial assets at fair value through profit or loss	94.495	84.702
40. Available-for-sale financial assets	6.321.023	6.498.605
50. Held-to-maturity investments	125.777	148.620
60. Loans and receivables with banks	980.339	1.088.388
70. Loans and receivables with customers	23.996.543	24.011.925
80. Hedging derivatives	-	-
100. Equity investments	198.176	155.986
120. Property, equipment and investment property	324.180	254.303
130. Intangible assets	22.246	21.572
of which:		
- goodwill	7.847	7.847
140. Tax assets	491.938	403.851
a) current	64.592	10.691
b) deferred	427.346	393.160
b1) of which as per Law 214/2011	379.570	346.451
160. Other assets	357.399	347.783
<b>Total assets</b>	<b>35.537.648</b>	<b>35.618.847</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(in thousands of euro)**

Liability and Equity	31/12/2015	31/12/2014
10. Due to banks	2.302.136	2.314.035
20. Due to customers	26.347.209	26.310.842
30. Securities issued	3.181.186	3.406.198
40. Financial liabilities held for trading	48.709	56.136
60. Hedging derivatives	53.483	45.562
80. Tax liabilities	68.208	61.778
a) current	4.059	2.104
b) deferred	64.149	59.674
100. Other liabilities	678.166	722.835
110. Post-employment benefits	43.374	44.915
120. Provisions for risks and charges:	165.725	166.849
a) pensions and similar obligations	117.912	117.043
b) other provisions	47.813	49.806
140. Valuation reserves	89.416	47.941
170. Reserves	930.273	829.959
180. Share premium	79.005	79.005
190. Share capital	1.360.157	1.360.157
200. Treasury shares (-)	(25.322)	(25.031)
210. Equity attributable to minority interests	86.623	82.463
220. Profit for the period	129.300	115.203
<b>Total liabilities and equity</b>	<b>35.537.648</b>	<b>35.618.847</b>

**CONSOLIDATED INCOME STATEMENT**  
(in thousands of euro)

Items	31/12/2015	31/12/2014
10. Interest and similar income	796.812	959.077
20. Interest and similar expense	(253.441)	(368.154)
<b>30. Net interest income</b>	<b>543.371</b>	<b>590.923</b>
40. Fee and commission income	324.504	322.022
50. Fee and commission expense	(21.036)	(22.001)
<b>60. Net fee and commission income</b>	<b>303.468</b>	<b>300.021</b>
70. Dividends and similar income	2.860	3.524
80. Net trading income	65.714	99.818
90. Net hedging income	(495)	129
100. Net gains from sales or repurchases of:	140.034	94.154
a) loans and receivables	-	-
b) available-for-sale financial assets	139.926	95.505
c) held-to-maturity instruments	-	-
d) financial liabilities	108	(1.351)
110. Net gains on financial assets and liabilities at fair value through profit or loss	6.731	5.187
<b>120. Total income</b>	<b>1.061.683</b>	<b>1.093.756</b>
130. Net impairment losses on:	(409.135)	(481.895)
a) loans and receivables	(389.983)	(464.084)
b) available-for-sale financial assets	(8.203)	(19.308)
c) held-to-maturity instruments	(9.965)	-
d) other financial transactions	(984)	1.497
<b>140. Net financial income</b>	<b>652.548</b>	<b>611.861</b>
150. Net insurance premiums	-	-
160. Other net insurance income (expense)	-	-
<b>170. Net financial income and insurance income</b>	<b>652.548</b>	<b>611.861</b>
180. Administrative expenses:	(517.805)	(457.273)
a) personnel expenses	(235.800)	(223.125)
b) other administrative expenses	(282.005)	(234.148)
190. Net accruals to provisions for risks and charges	982	1.934
200. Depreciation and net impairment losses on property, equipment and investment property	(18.117)	(17.037)
210. Amortisation and net impairment losses on intangible assets	(13.926)	(13.357)
220. Other net operating income	80.533	73.849
<b>230. Operating costs</b>	<b>(468.333)</b>	<b>(411.884)</b>
240. Share of profits of investees	13.719	6.715
250. Net fair value losses on property, equipment and intangible assets measured at fair value	(1.496)	-
260. Goodwill impairment losses	-	(1.112)
270. Net gains on sales of investments	7	27
<b>280. Pre-tax profit from continuing operations</b>	<b>196.445</b>	<b>205.607</b>
290. Income taxes	(58.945)	(80.325)
<b>300. Post-tax profit from continuing operations</b>	<b>137.500</b>	<b>125.282</b>
310. Post-tax profit (loss) from discontinued operations	-	-
<b>320. Net profit (loss) for the period</b>	<b>137.500</b>	<b>125.282</b>
330. Net profit (loss) of the period attributable to minority interests	(8.200)	(10.079)
<b>340. Net profit (loss) for the period attributable to the owners of parent bank</b>	<b>129.300</b>	<b>115.203</b>

# BANCA POPOLARE DI SONDRIO SCPA (PARENT COMPANY)

## ACCOUNTING REPORTS AS AT 31 DECEMBER 2015

### STATEMENT OF FINANCIAL POSITION (in euro)

Assets	31/12/2015	31/12/2014
10. Cash and cash equivalents	96.965.094	108.352.180
20. Financial assets held for trading	1.851.494.461	2.341.476.201
30. Financial assets at fair value through profit or loss	158.697.872	88.358.337
40. Available-for-sale financial assets	6.319.477.580	6.496.843.763
50. Held-to-maturity investments	125.776.716	148.620.141
60. Loans and receivables with banks	2.001.898.271	1.591.500.904
70. Loans and receivables with customers	20.021.406.321	20.535.826.086
100. Equity investments	488.595.257	411.565.806
110. Property, equipment and investment property	170.965.705	159.370.059
120. Intangible assets	12.959.574	11.917.167
130. Tax assets	447.243.565	360.228.837
a) current	61.750.270	8.105.885
b) deferred	385.493.295	352.122.952
b1) of which as per Law 214/2011	353.003.389	320.197.761
150. Other assets	322.957.663	319.159.596
<b>Total assets</b>	<b>32.018.438.079</b>	<b>32.573.219.077</b>



**STATEMENT OF FINANCIAL POSITION**  
**(in euro)**

Liability and Equity	31/12/2015	31/12/2014
10. Due to banks	2.077.164.130	2.305.353.629
20. Due to customers	23.614.087.733	23.733.700.374
30. Securities issued	3.013.032.938	3.290.923.515
40. Financial liabilities held for trading	97.310.098	98.098.533
80. Tax liabilities	48.309.394	45.844.815
b) deferred	48.309.394	45.844.815
100. Other liabilities	633.552.831	679.296.184
110. Post-employment benefits	40.864.317	42.441.900
120. Provisions for risks and charges:	159.602.686	156.141.205
a) pensions and similar obligations	117.912.386	117.042.900
b) other provisions	41.690.300	39.098.305
130. Valuation reserves	85.111.584	44.266.836
160. Reserves	735.497.376	665.468.678
170. Share premium	79.005.128	79.005.128
180. Share capital	1.360.157.331	1.360.157.331
190. Treasury shares (-)	(25.321.549)	(25.031.162)
200. Profit for the period	100.064.082	97.552.111
<b>Total liabilities and equity</b>	<b>32.018.438.079</b>	<b>32.573.219.077</b>

**INCOME STATEMENT**  
**(in euro)**

Items	31/12/2015	31/12/2014
10. Interest and similar income	704.049.473	859.665.284
20. Interest and similar expense	(224.584.075)	(339.105.440)
<b>30. Net interest income</b>	<b>479.465.398</b>	<b>520.559.844</b>
40. Fee and commission income	264.627.405	257.984.748
50. Fee and commission expense	(14.837.612)	(15.747.499)
<b>60. Net fee and commission income</b>	<b>249.789.793</b>	<b>242.237.249</b>
70. Dividends and similar income	16.272.895	16.242.011
80. Net trading income	45.584.573	90.113.864
100. Net gains from sales or repurchases of:	140.033.949	94.154.389
a) loans and receivables	(91)	-
b) available-for-sale financial assets	139.926.360	95.504.969
d) financial liabilities	107.680	(1.350.580)
110. Net gains on financial assets and liabilities at fair value through profit or loss	6.293.949	5.186.918
<b>120. Total income</b>	<b>937.440.557</b>	<b>968.494.275</b>
130. Net impairment losses on:	(400.487.707)	(473.560.652)
a) loans and receivables	(381.403.319)	(454.076.144)
b) available-for-sale financial assets	(8.202.923)	(19.307.623)
c) held-to-maturity instruments	(9.965.039)	-
d) other financial transactions	(916.426)	(176.885)
<b>140. Net financial income</b>	<b>536.952.850</b>	<b>494.933.623</b>
150. Administrative expenses:	(434.650.707)	(381.864.998)
a) personnel expenses	(181.209.011)	(175.541.214)
b) other administrative expenses	(253.441.696)	(206.323.784)
160. Net accruals to provisions for risks and charges	(2.134.105)	3.455.337
170. Depreciation and net impairment losses on property, equipment and investment property	(13.548.252)	(12.750.956)
180. Amortisation and net impairment losses on intangible assets	(12.317.392)	(11.913.001)
190. Other net operating income	69.211.415	70.782.043
<b>200. Operating costs</b>	<b>(393.439.041)</b>	<b>(332.291.575)</b>
210. Share of profits of investees	577.727	(648.217)
240. Net gains on sales of investments	7.080	10.768
<b>250. Pre-tax profit from continuing operations</b>	<b>144.098.616</b>	<b>162.004.599</b>
260. Income taxes	(44.034.534)	(64.452.488)
<b>270. Post-tax profit from continuing operations</b>	<b>100.064.082</b>	<b>97.552.111</b>
<b>290. Net profit (loss) for the period</b>	<b>100.064.082</b>	<b>97.552.111</b>