



Banca Popolare di Sondrio

Società cooperativa per azioni - Fondata nel 1871
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146° FINANCIAL YEAR

Sondrio, 1st January 2016

To our more than 186,000 shareholders

Dear Shareholder, Dear Friend,

it is only fitting to begin this letter by paying tribute to the memory of the honorary president of the bank, Cavaliere del Lavoro Ragionier Piero Melazzini, who passed away on the 30th November 2015 at the age of 84. In the drafting of this "Letter to Shareholders and Friends", the traditional vehicle of communication so dear to him, a feeling of deep sadness is inevitable.

The end and beginning of the year are generally days for family moments of serenity in the privacy of our homes. They are also an opportunity for reflection on the 365 days left behind, on what has been achieved and on what could have been.

2015 will be remembered as a year of bloody wars in the Middle East, particularly in Syria, and in several African countries, including Libya which has to be especially remembered for its closeness to Italy. These conflicts have caused mass migration to Europe, creating serious difficulties. The terrorist attacks of recent months and particularly those of Paris will be also vividly remembered because, in addition to numerous deaths, they spread fear and insecurity around the world. Against this backdrop of turmoil the special Holy Year of Mercy has been inaugurated by Pope Francesco, who, in his message to the nations, called on us to overcome fear, to encourage dialogue and to keep open the door of our hearts.

With regard to Italy, it finally managed to show the plus sign in terms of GDP. The employment situation, although actually showing slight signs of improvement compared to the previous year, remained critical, particularly as far as young people are concerned. We hope that production and consumption will increase adequately in order to consolidate the recovery, bringing social peace and stability.

Now we come to our, your bank, that over the past year has been hard at work, thanks to its professional and helpful staff: more than three thousand motivated collaborators have worked daily with harmonised purpose and dedication for the good of the company.

To appreciate the solidity of the company, the articles published in the specialized national press speak volumes; we are placed among the solid, safe banking groups, with good profitability and high levels of efficiency. Banca Popolare di Sondrio is one of 14 Italian financial institutions among the 123 European ones supervised by the European Central Bank. It is a phase that we follow with great commitment, stimulated to do better in the interest of our shareholders, customers and of the communities we serve.

With the Supervisory Authorities we maintain, as is our tradition, a constant and collaborative dialogue, based on fairness and transparency, aimed at achieving our respective institutional objectives.

Providing credit for the economy is our main business; saving is its lifeblood. Since it is the fruit of labour, we feel a strong responsibility to facilitate and defend this in the implementation of the dictates of the Italian Constitution.

Trust is the cornerstone on which the bank / customer relationship rests, and in order to secure this trust, we make sure we deserve it.

The roughly 186,000 shareholders are convinced of the professional skills of this Popolare as well as its good future prospects: a solid, cohesive base, which we hope will continue to grow.

Deposits and loans are the main items of credit intermediaries. 2015 was no exception. We were actively engaged as usual both in the collecting of money in various forms, and in the cautious and prudent lending to businesses and households to support the local areas of operation. Our services have been considered appropriate both in content and method of delivery as well as being supported by technological innovation. The problem of non-performing loans, remnant of the long-standing crisis, is still present and of which we assure a prudential assessment, even though signs of improvement are evident.

The hard work, combined with mindful corporate decisions, produced a satisfactory final result, coming from the day-to-day activities, that will balance the expectations of shareholders with the needs of self-financing, and, therefore, fuel the growth process. And all this has been achieved despite the heavy costs incurred as a contribution to the resolution of banking crises which the press has been widely reporting recently.

Thanks also to the financial strength and the positive business trend, in contrast with the system, we opened six new branches - the agencies of Alba (CN), Padua, the two in Milan, respectively the n. 37 Corso Vercelli and n. 38 at the Catholic University of The Sacred Heart, those of Abbiategrasso (MI) and Rapallo (GE) – and as a consequence the branch network at year-end rose to 333. Numerous treasury branches and 21 branches of the foreign subsidiary “SUISSE” have also to be added to our network. Besides, the significant activities of the “virtual online bank” allow us to reach customers in the areas and economic contexts not covered by the branch network. Around the world, in 33 countries, we have 36 offices, able to give assistance and support to our customers. At Group level then, a truly impressive network!

Our customers have had the opportunity to access the different products of Arca SGR, Arca Vita and Alba Leasing. We are also pleased to remember the new prepaid payment card, called “Carta + mazienda”, destined for companies and professional firms. Meetings, seminars and missions were organized to assist businesses interested in developing trade and financial relations with foreign counterparts.

The subsidiaries Banca Popolare di Sondrio (Suisse) SA and Factorit Spa have worked well, with positive final results.

As usual Banca Popolare di Sondrio has devoted time and resources to cultural promotion, and did so with its usual enthusiasm, fully aware too of our limits.

Among the various initiatives, one cannot fail to mention “Il Notiziario”, issued quarterly and always eagerly awaited by many loyal readers for the varied essays of broad cultural interest; it is also worth mentioning the conferences held at our headquarters. The public session held in February by the industrialist, cavaliere del lavoro, Aldo Bonomi on “Networks of companies: a development opportunity for Italian companies”, was followed in September by a meeting with the Cavaliere del Lavoro Dr. Antonio Patuelli, president of the Italian Banking Association, who entertained the audience on the burning question of “For the recovery”.

The 91st World Savings Day was celebrated with the arrival in Sondrio, on the 6th of November, of the honorary president of the Accademia della Crusca Professor Francesco Sabatini. In the morning he gave a talk on the Italian language in the presence of about five hundred students and their teachers at the Policampus of Sondrio and in the evening in our conference room Besta, he captivated a large audience with his exquisite literacy. Thus Sondrio on the 6th of November experienced a full immersion in culture.

The bank has not forgotten those in need, those who suffer. It has in fact taken action to settle some difficult social situations and has allocated funds, thanks to the Conto Corrente Solidarietà, to AISLA, UNICEF, AVIS, AIRC and ADMO. Among the charity initiatives, it's worth highlighting the significant intervention in favour of the new Teatro Sociale di Sondrio.

Dear Shareholder, Dear Friend,

each moment in time has its difficulties, but also its opportunities; we feel an obligation to ensure continuous improvement, working with acumen and financial viability. Our programs draw nourishment, example and strength from a past and a present of which we are proud, and that are appropriately updated looking to the future. They may well be repetitive at times, if you will, because the provision of credit is an ancient art, but they are also effective and harbingers of results. We intend to continue to support the real economy in all areas where we are established, giving priority to households and small and medium sized businesses, without neglecting the others. We want to evolve and develop, steering and managing the changes in the primary interest of Shareholders and Customers, and of the areas we serve. We want to be masters of our destiny and to continue to be the safe, efficient, fair and trustworthy bank we have always been.

With these aims, we wish you and your loved ones a Happy New Year and, looking forward to meeting you next spring in Bormio at the Annual General Meeting, we send our best regards.

*Chief Executive Officer and General manager
(Mario Alberto Pedranzini)*



*Chairman
(Francesco Venosta)*

