



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
Capitale Sociale € 1.360.157.331 - Riserve € 983.893.092
(dati approvati dall'Assemblea dei soci del 27/4/2019)

PRESS RELEASE

Board of Directors of 9 April 2020: approval of solo and consolidated 2019 financial results; decision regarding the dividend policy; annual Members' meeting to be held by June 11th 2020, with a precise date made known shortly.

The Board of Directors of Banca Popolare di Sondrio, chaired by Prof. Avv. Francesco Venosta, has today examined and approved the solo and consolidated 2019 financial results, confirming entirely the preliminary results – € 137.4 millions Group's net income (+24%) – and balance sheet and income statement schedules approved on the 7th of February 2020, made public on the same date with a press release, to which reference is made.

The Board of Directors took note of the ECB's decision of the 27th of March 2020, with which the Supervisor, because of the current emergency situation due to coronavirus, has recommended supervised institutions not to proceed with the payment of dividends until at least 1 October 2020 and in any case not to irrevocably undertake to pay the same with reference to the 2019 and 2020 financial years. Consequently, the Board resolved to allocate the profit for the year entirely to reserves, except for the portion destined for the charity fund and to postpone for later evaluation, after 1 October 2020 or following a possible new communication from the ECB and in any case after ascertaining the disappearance of the uncertainties caused by the pandemic, the verification of the existence of favorable conditions for the distribution of a part of what is set aside under the aforementioned reserves. It goes without saying that any distribution must be approved by the Members' meeting, for the purpose convened.

Finally, the Board of Directors has decided that the annual Members' Meeting, as already communicated to the market and represented in the annual calendar of corporate events, will be held by 11 June 2020, following an appropriate call to be held in a forthcoming Board of Directors.

The related notice of meeting, similarly to the documentation required by law, will be published within the terms established by law.

At the end of the meeting, the Group's CEO Mario Alberto Pedranzini declared:

“”” The good results achieved in 2019 allowed us to further improve the already remarkable capital position. The primary quality component of the Group's capital, the CET1 to be clear, now exceeds 16%, placing us at the top of the system. They are strong foundations on which to build our action to support the reference economies, alongside citizens and businesses, to help them overcome the crisis and support them in the recovery.

The seriousness of the health emergency and the consequent necessary measures to restrict economic and social activities adopted by the authorities are unprecedented.

It is hoped that the sacrifices borne by the community will allow us to return, albeit gradually, to normal, making use of the huge resources made available for recovery.

The liquidity injection of the ECB and the action of the Italian government require banks to exercise the role of transmission belt. Implementing the decrees pragmatically, with professionalism, timeliness and a sense of responsibility, means making available to the System, proven beyond measure, a multiplier of the resources allocated.

We will do our best, focusing on our strengths: informed evaluation and operational correctness.

For the first time in our history, more than one hundred years old, accepting the recommendation of the Supervisory Authority, we have decided to stop the tradition of timely distribution of the dividend. We are confident that our members will understand the reasons for this as a prerequisite for rebirth.

Never as in this serious hour do we feel the commitment to continue making credit, while guaranteeing sustainability for our bank.

Thanks to the extraordinary availability of employees and the efficient technological infrastructures developed over the years, we will continue to guarantee essential services with a spirit of service and a sense of duty. """"

COMPARISON DATA EXPOSURE

In the attached financial statements, the balance sheet and income statement figures of the comparative period, referring to 31/12/2018, which do not include the effects deriving from the application of IFRS 16 are not comparable on a consistent basis with those of the reference period.

DECLARATION

The manager responsible for preparing the company's financial reports, Maurizio Bertoletti, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Signed:

Maurizio Bertoletti, manager responsible for preparing the company's financial reports.

DECISION OF THE BANK'S BOARD OF ARBITRATORS

It is hereby informed that the Board of Arbitrators of Banca Popolare di Sondrio rejected the motions for the admission to membership filed by Amber Capital UK LLP and Amber Capital Italia Sgr spa.

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Sondrio, 9 April 2020

Attachments:

summary of the main consolidated results;

main consolidated financial statements indicators;

consolidated aggregates and credit quality indicators;

consolidated aggregates and capital adequacy indicators;

consolidated balance sheet and income statement formats;

reclassified consolidated income statement.

The English translation is provided solely for the benefit of the reader and in the case of discrepancies the Italian version will prevail.



RESULTS IN BRIEF

(in million of euro)	31/12/2019	31/12/2018	Change %
Balance sheet			
Loans to customers	27,387	25,845	5.97
Loans and receivables with customers measured at amortised cost	27,096	25,604	5.83
Loans and receivables with customers measured at fair value through profit or loss	291	241	21.07
Loans and receivables with banks	1,067	1,321	-19.19
Financial assets that do not constitute loans	9,723	11,065	-12.13
Equity investments	295	221	33.31
Total assets	41,146	41,128	0.04
Direct funding from customers	32,622	31,063	5.02
Indirect funding from customers	33,764	30,182	11.87
Direct funding from insurance premiums	1,608	1,410	14.00
Customer assets under administration	67,993	62,655	8.52
Other direct and indirect funding	10,068	10,524	-4.33
Equity	2,842	2,651	7.19
Income statement			
Net interest income	460	508	-9.40
Total income	903	866	4.28
Profit from continuing operations	195	143	36.66
Profit for the year	137	111	24.03
Capital ratios			
CET1 Capital ratio	15.75%	12.03%	
Total Capital ratio	18.64%	13.61%	
Free capital	1,832	1,228	
Other information on the banking group			
Number of employees	3,299	3,254	
Number of branches	365	362	



ALTERNATIVE PERFORMANCE INDICATORS

	31/12/2019	31/12/2018
Key ratios		
Equity/Direct funding from customers	8.71%	8.53%
Equity/Loans and receivables with customers	10.38%	10.26%
Equity/Financial assets	29.23%	23.96%
Equity/Total assets	6.91%	6.45%
Profitability indicators		
Cost/Income ratio	57.32%	58.06%
Net interest income/Total income	50.97%	58.66%
Administrative expenses/Total income	58.17%	60.24%
Net interest income/Total assets	1.12%	1.24%
Net financial income/Total assets	1.67%	1.52%
Net profit for the year/Total assets	0.33%	0.27%
Asset quality indicators		
Texas ratio	56.00%	70.71%
Net non-performing loans/Equity	23.51%	28.69%
Net non-performing loans/Loans and receivables with customers	2.44%	2.94%
Loans and receivables with customers/Direct funding from customers	83.95%	83.20%
Cost of credit	0.78%	0.93%



LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES
31/12/2019

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(12.58%)	3,732,063	2,158,087	(5.75%)	1,573,976	57.83%
of which Bad loans	(7.63%)	2,264,503	1,596,444	(2.44%)	668,059	70.50%
of which Unlikely to pay	(4.72%)	1,401,400	552,225	(3.1%)	849,175	39.41%
of which Past due	(0.22%)	66,160	9,417	(0.21%)	56,742	14.23%
Performing exposures	(87.42%)	25,937,252	123,831	(94.25%)	25,813,421	0.48%
Total loans to customers	(100%)	29,669,315	2,281,918	(100%)	27,387,397	7.69%

LOANS TO CUSTOMERS - NON PERFORMING AND PERFORMING EXPOSURES
31/12/2018

(in thousands of euro)	Gross exposure		Impairment losses	Net exposure		Coverage
Non performing exposures	(14.75%)	4,171,707	2,320,944	(7.16%)	1,850,763	55.64%
of which Bad loans	(8.77%)	2,481,444	1,721,031	(2.94%)	760,413	69.36%
of which Unlikely to pay	(5.6%)	1,585,177	579,483	(3.89%)	1,005,694	36.56%
of which Past due	(0.37%)	105,086	20,430	(0.33%)	84,656	19.44%
Performing exposures	(85.25%)	24,111,603	117,644	(92.84%)	23,993,959	0.49%
Total loans to customers	(100%)	28,283,310	2,438,588	(100%)	25,844,722	8.62%



CAPITAL RATIOS 31/12/2019

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	3,259,886	3,255,514
of which Common Equity Tier 1 capital (CET1)	2,762,327	2,757,955
of which Additional Tier 1 capital (AT1)	9,191	9,191
of which Tier 2 capital (T2)	488,368	488,368
RWA	17,224,426	17,223,800
CET 1 ratio	16.04%	16.01%
Tier 1 ratio	16.09%	16.07%
Total capital ratio	18.93%	18.90%
Leverage ratio	6.13%	6.12%

(Own funds recalculated on the basis of the decision, recommended by the European Central Bank, to suspend or cancel the payment of dividends)

CAPITAL RATIOS 31/12/2018

(in thousands of euro)	Phased-in	Fully-phased
Total own funds	2,980,861	2,947,215
of which Common Equity Tier 1 capital (CET1)	2,635,696	2,602,050
of which Additional Tier 1 capital (AT1)	9,042	9,042
of which Tier 2 capital (T2)	336,123	336,123
RWA	21,909,360	21,881,910
CET 1 ratio	12.03%	11.89%
Tier 1 ratio	12.07%	11.93%
Total capital ratio	13.61%	13.47%
Leverage ratio	5.85%	5.78%



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS		31/12/2019	31/12/2018
10.	CASH AND CASH EQUIVALENTS	1,826,427	1,577,163
20.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	905,705	858,069
	a) financial assets held for trading	214,466	251,044
	b) financial assets designed at fair value	-	-
	c) financial assets mandatorily at fair value through profit or loss	691,239	607,025
30.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2,591,229	4,423,618
40.	FINANCIAL ASSETS AT AMORTISED COST	34,200,066	32,873,554
	a) loans and receivables with banks	1,067,458	1,320,621
	b) loans and receivables with customers	33,132,608	31,552,933
50.	HEDGING DERIVATIVES	-	-
60.	FAIR VALUE CHANGE IN HEDGED FINANCIAL ASSETS (+/-)	-	-
70.	EQUITY INVESTMENTS	294,609	220,957
80.	TECHNICAL RESERVES OF REINSURERS	-	-
90.	PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	548,172	328,161
100.	INTANGIBLE ASSETS	31,186	33,259
	of which:		
	- goodwill	12,632	12,632
110.	TAX ASSETS	419,295	465,040
	a) current	4,971	31,834
	b) deferred	414,324	433,206
120.	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	-	-
130.	OTHER ASSETS	329,500	348,364
TOTAL ASSETS		41,146,189	41,128,185

CHAIRMAN
Francesco Venosta

STATUTORY AUDITORS
Piergiuseppe Forni, Chairman
Laura Vitali - Luca Zoani



LIABILITY AND EQUITY		31/12/2019	31/12/2018
10.	FINANCIAL LIABILITIES AT AMORTISED COST	36,949,458	37,228,347
	a) due to banks	4,327,709	6,165,836
	b) due to customers	29,816,997	28,630,307
	c) securities issued	2,804,752	2,432,204
20.	FINANCIAL LIABILITIES HELD FOR TRADING	67,019	57,211
30.	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	-	-
40.	HEDGING DERIVATIVES	11,320	16,826
50.	FAIR VALUE CHANGE IN HEDGED FINANCIAL LIABILITIES (+/-)	-	-
60.	TAX LIABILITIES	46,050	29,767
	a) current	16,843	4,252
	b) deferred	29,207	25,515
70.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	-
80.	OTHER LIABILITIES	821,434	760,091
90.	PROVISION FOR POST-EMPLOYMENT BENEFITS	43,789	43,222
100.	PROVISIONS FOR RISKS AND CHARGES:	270,298	248,850
	a) loans commitments and	43,411	46,163
	b) pensions and similar	179,965	160,734
	c) other provisions	46,922	41,953
110.	TECHNICAL RESERVES	-	-
120.	VALUATION RESERVES	(6,885)	(34,452)
121.	OF WHICH RELATED TO DISCONTINUED OPERATIONS	-	-
130.	REDEEMABLE SHARES	-	-
140.	EQUITY INSTRUMENTS	-	-
150.	RESERVES	1,297,442	1,160,683
155.	OF WHICH INTERIM DIVIDENDS	-	-
160.	SHARE PREMIUM	79,005	79,005
170.	SHARE CAPITAL	1,360,157	1,360,157
180.	TREASURY SHARES (-)	(25,374)	(25,375)
190.	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	95,041	93,049
200.	PROFIT (LOSS) FOR THE PERIOD (+/-)	137,435	110,804
TOTAL LIABILITIES AND EQUITY		41,146,189	41,128,185

MANAGING DIRECTOR AND GENERAL MANAGER
Mario Alberto Pedranzini

MANAGER IN CHARGE
Maurizio Bertolotti



CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

ITEMS		31/12/2019	31/12/2018
10.	INTEREST AND SIMILAR INCOME	573,801	624,515
	of which: interest calculated using the effective interest method	565,590	618,122
20.	INTEREST AND SIMILAR EXPENSE	(113,426)	(116,380)
30.	NET INTEREST INCOME	460,375	508,135
40.	FEE AND COMMISSION INCOME	343,620	336,146
50.	FEE AND COMMISSION EXPENSE	(21,343)	(20,485)
60.	NET FEE AND COMMISSION INCOME	322,277	315,661
70.	DIVIDENDS AND SIMILAR INCOME	3,554	29,097
80.	NET TRADING INCOME	69,248	19,826
90.	NET HEDGING INCOME	11	(95)
100.	NET GAINS FROM SALES OR REPURCHASES OF:	35,756	5,486
	a) financial assets at amortized cost	23,056	2,122
	b) financial assets at fair value through other comprehensive income	12,286	3,381
	c) financial liabilities	414	(17)
110.	NET GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	12,072	(11,857)
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	12,072	(11,857)
120.	TOTAL INCOME	903,293	866,253
130.	NET IMPAIRMENT LOSSES FOR CREDIT RISK RELATING TO:	(212,537)	(237,313)
	a) financial assets at amortized cost	(214,073)	(241,283)
	b) financial assets at fair value through other comprehensive income	1,536	3,970
140.	NET GAINS FORM CONTRACTUAL CHANGES WITHOUT DERECOGNITION	(3,288)	(2,839)
150.	NET FINANCIAL INCOME	687,468	626,101
160.	NET INSURANCE PREMIUMS	-	-
170.	OTHER NET INSURANCE INCOME (EXPENSE)	-	-
180.	NET FINANCIAL INCOME AND INSURANCE INCOME	687,468	626,101
190.	ADMINISTRATIVE EXPENSES:	(525,460)	(521,858)
	a) personnel expenses	(253,689)	(240,542)
	b) other administrative expenses	(271,771)	(281,316)
200.	NET ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES	(9,439)	(10,967)
	a) commitments for guarantees given	2,834	(11,926)
	b) other net provisions	(12,273)	959
210.	DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY	(41,104)	(17,715)
220.	AMORTISATION AND NET IMPAIRMENT LOSSES ON INTANGIBLE ASSETS	(17,916)	(17,274)
230.	OTHER NET OPERATING INCOME	76,194	64,839
240.	OPERATING COSTS	(517,725)	(502,975)
250.	SHARE OF PROFITS OF INVESTEEES	25,529	19,903
260.	NET FAIR VALUE LOSSES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED	(290)	(368)
270.	GOODWILL IMPAIRMENT LOSSES	-	-
280.	NET GAINS ON SALES OF INVESTMENTS	14	26
290.	PRE-TAX PROFIT FROM CONTINUING OPERATIONS	194,996	142,687
300.	TAXES ON INCOME FOR THE YEAR FOR CONTINUING OPERATIONS	(55,522)	(28,725)
310.	POST-TAX PROFIT FROM CONTINUING OPERATIONS	139,474	113,962
320.	POST-TAX PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-	-
330.	NET PROFIT (LOSS) FOR THE PERIOD	139,474	113,962
340.	NET (PROFIT) LOSS OF THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS	(2,039)	(3,158)
350.	NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT BANK	137,435	110,804
	EARNINGS PER SHARE	0.303	0.244
	DILUTED EARNINGS PER SHARE	0.303	0.244



CONSOLIDATED SUMMARY INCOME STATEMENT

(in thousands of euro)	31/12/2019	31/12/2018	(+/-)	% change
Net interest income	460,375	508,135	-47,760	-9.40
Dividends and similar income	3,554	29,097	-25,543	-87.79
Net fee and commission income	322,277	315,661	6,616	2.10
Net gains on financial assets	117,087	13,360	103,727	776.40
Total income	903,293	866,253	37,040	4.28
Net impairment losses	-212,537	-237,313	24,776	-10.44
Net gains form contractual changes without derecognition	-3,288	-2,839	-449	15.82
Net financial income	687,468	626,101	61,367	9.80
Personnel expenses	-245,182	-238,966	-6,216	2.60
Other administrative expenses	-271,771	-281,316	9,545	-3.39
Other net operating income	67,687	63,263	4,424	6.99
Net accruals to provisions for risks and charges	-9,439	-10,967	1,528	-13.93
Depreciation and amortisation on tangible and intangible assets	-59,020	-34,989	-24,031	68.68
Operating costs	-517,725	-502,975	-14,750	2.93
Operating result	169,743	123,126	46,617	37.86
Share of profits of investees and net gains on sales of investments	25,253	19,561	5,692	29.10
Pre-tax profit from continuing operations	194,996	142,687	52,309	36.66
Income taxes	-55,522	-28,725	-26,797	93.29
Net profit (loss) for the period	139,474	113,962	25,512	22.39
Net (profit) loss of the period attributable to minority interests	-2,039	-3,158	1,119	-35.43
Net profit (loss) for the period attributable to the owners of Paren	137,435	110,804	26,631	24.03

Notes: The result of financial activities is made up of the sum of items 80-90-100 and 110 in the income statement. Personnel expenses and other operating income have been reclassified, netting them off against the proceeds of the post-employment benefits fund of € 8.507 million.