



Banca Popolare di Sondrio

Società cooperativa per azioni – founded in 1871
Head office: Piazza Garibaldi 16, 23100 Sondrio, Italy
Sondrio Companies Register no. 00053810149.
Official List of Banks no. 842.

Parent Company of the Banca Popolare di Sondrio Group - Official List of Banking Groups no. 5696.0.

Official List of Cooperative Banks no. A160536.

Member of the Interbank Deposits Protection Fund

Fiscal code and VAT number: 00053810149

Share capital: € 1,360,157,331 - Reserves: € 1,034,954,284

(figures approved at the shareholders' meeting held on 28/4/2018)

PRESS RELEASE

BANCA POPOLARE DI SONDRIO FULLY SATISFIES ECB-IMPOSED PRUDENTIAL REQUIREMENTS.

The BPS has announced that it has received from the ECB, at the end of the Annual Supervisory Review and Evaluation Process (SREP) held during 2018, notification of its decision concerning the supervisory prudential requirements to which it must comply on a consolidated basis with effect from 1st March, 2019.

The minimum level of Common Equity Tier 1 ratio required is 9.25%, calculated as the sum of the minimum requirement Pillar 1 (4.5%) plus the additional requirement of Pillar 2 (2.25%) and the capital conservation buffer (2.5%). The total capital ratio required is equal to 12.75% calculated as the sum of the minimum requirement Pillar 1 (8%) the additional requirement of Pillar 2 (2.25%) and the capital conservation buffer (2.5%). The increase, compared with the figures published in November 2017 which fixed the minimum capital levels for 2018, is 0.875% for both parameters following the increase in the conservation buffer of 0.625%, which applies to all the intermediaries and the additional Pillar 2 requirement, 0.25%, limited to the BPS Group.

On September 30th 2018, the BPS Group's CET1 ratio and total capital ratio calculated on the 'phased-in' basis was 11.71% and 13.42% respectively, well above the aforementioned thresholds.

Worthy of note are the 'fully phased' ratios that reached 11.59% (CET 1 ratio) and 13.27% (total capital ratio) which are also higher than the minimum requirements previously mentioned.

No additional specific requirements are necessary with regard to funding and liquidity.

As well as these quantitative requirements, the SREP Decision also includes qualitative requirements and non-binding supervision recommendations.

Regarding the provisioning of the stock of NPLs existing as of March 31st, 2018, the ECB recommends between the end of 2020 and 2025 (for guaranteed loans) and 2024 (non-guaranteed loans) a progressive increase in provisioning along the lines of the Addendum to Guidelines for Banks on NPLs laid down by the ECB. The BPS believes that, given the current high levels of provisioning, both ongoing and planned activities, the economic impact and levels of capital are fully sustainable.

Sondrio, 6th February 2019

Banca Popolare Di Sondrio scpa

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