



# 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

### Letter to the over 168,000 shareholders of “Banca Popolare di Sondrio”

At the end of the first half of the year, “Banca Popolare di Sondrio” sends to its shareholders, also to his “Friends”, currently over 168,000, the usual mid-year letter which is attached to this press release.

Sondrio, 28 June 2019

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149<sup>th</sup> FINANCIAL YEAR

Sondrio, 1<sup>st</sup> July 2019

## To the over 168,000 shareholders

*Dear Member and Friend,*

*the past six months lead us, likewise to the past, to make the point on the corporate performance of the period with some remarks, at least to share some thoughts on what is to be done in the remaining semester.*

*First of all, it should be noted that, worldwide, geopolitical and commercial tensions have been carrying a significant weight on the economy. The economic slowdown in China, beyond forecasts, is emblematic, and this is also due to new, heavy customs duties imposed by the United States of America on the Asian giant, not to mention the complicated process of the United Kingdom leaving the European Union, not yet defined in time and manner. The US economy, on the other hand, has been going forward at a good pace.*

*In the Eurozone, growth has been slowing down, starting with Germany, considered the locomotive of the Old Continent. This state of things has led the Governing Council of the European Central Bank to maintain expansionary conditions, leaving rates unchanged throughout 2019.*

*Italy had been growing in the past few years, although slowly, after reacting to the infamous 2008 crisis. From the second half of 2018 Italy entered a declining phase, which also continued in the first half of 2019. Elements of uncertainty, in addition to a constantly high spread, have raised the volatility of financial markets. This does not mean that everything went wrong. Actually - referring to the real economy - there are healthy, dynamic, innovative companies, especially in northern Italy, with a lively export, which have been performing well. Examples can be found in the fields of mechanics, fashion, design, food, tourism and so forth. Unemployment has slightly decreased, falling to around 10.4%. Youth unemployment, above all, is still too high, with about 30% of girls and boys looking for a job. A very positive news is the assignment to Milan-Cortina, on June 24th, of the 2026 Winter Olympic Games. The event is of extraordinary importance: great visibility will come along with beneficial effects on labour and investments, which will not only benefit those places directly affected by winter sports where the competitions will take place - among them is the district of Sondrio with its famous slopes of Alta Valtellina - but the entire country. Credits go to those who believed and fought for this award.*

*Let us now turn to what happened in the first six months of the year to our bank.*

*At the Shareholders' Meeting, held on April 27th in Bormio, three thousand five hundred shareholders approved the financial statements with a very large majority, closed with a net profit of 83.623 million euros. The net profit for the year of the Group reached 110.8 million. The subsidiaries Banca Popolare di Sondrio (SUISSE) SA, Factorit SpA, Banca della Nuova Terra SpA and PrestiNuova SpA contributed to its achievement. The Shareholders' Meeting also approved the gross unit dividend of € 0.05, corresponding to a return of 1.9% on the value of the security, based on the price at the end of 2018.*

*Despite the difficult economic and financial context, which characterizes the current year, the bank did not rest, but, on the contrary, it carried out an intense and profitable activity, as well as its subsidiaries did.*

*With the required prudence, credit facilities and loans were granted to families and creditworthy companies, investing locally, as far as possible, the savings collected in the covered areas.*

*Customers were able to diversify their investments according to their expectations, their financial culture and the risk appetite of each individual: the so-called managed savings and the many financial and insurance products offered by us.*

*The European Central Bank validated our internal rating system, relating to corporate and retail customer segments (whose exposure, at the end of March, amounted to over 20 billion). We can finally draw the expected benefits, regarding both the expansion of loans and the acceleration of the derisking process.*

*We have reserved the appropriate attention to non-performing loans (NPL). It is a sector to which we are dedicating every rightful effort, giving priority in terms of attention and intervention. The degree of their coverage is higher than that of the system, but this does not exempt us from the commitment to further improve it. The aim is to significantly reduce the stock, also by reducing, given the impossibility of eliminating it, the transfer of credits from the "performing" state to that of impaired.*

*It is worth mentioning the rescue of Cossi Costruzioni, a company based in Sondrio, achieved with the effective involvement of the Bank, with the collaboration of other parties and with the contribution of Salini Impregilo Spa Group. The good outcome of the operation protected our credit and allowed to avoid bankruptcy of a historic enterprise in Valtellina, which is a good expression of the ability of Valtellina entrepreneurship. It has, among other things, averted the dismissal of almost two hundred local employees, who are appreciated everywhere for their hard work and skills.*

On June 24, the merger by incorporation of "PrestiNuova SpA" into "Banca della Nuova Terra SpA", both of which we fully own, was implemented. A little over a year from the start, Banca della Nuova Terra SpA is succeeding in the activity of granting loans guaranteed by the assignment of one fifth of the salary or pension or assisted by a payment delegation. It is a new sector for us, which we approached with enthusiasm to assist individuals, interested in loans for their personal needs; it is new as well the new renting activity (long-term rental), carried out through Rent2Go Srl, a joint venture of which we are a part, established together with Autotorino Group and Barchetti Group.

The staff at the Service Center - Organization, Security and IT – took action with usual professionalism and chose valuable IT innovations, aimed at effectively enriching and expanding the range of online services through Scrigno Internet Banking.

Seminars and various meetings have been promoted by the International Department and have been successful. The bank was awarded with the following treasury services on behalf of the Bank of Italy: the execution of payment in euros outside the SEPA region and the execution of payments in over 25 foreign currencies. We hereby mention these two services, among the others, for the customer high reputation and to point out the peculiarity of our wide range offer in the payment system.

Similarly, the other departments have done their part very well.

Working with prudence, professionalism and commitment, in favour of local economies, with people and for people, is the practise we have always followed, which, among other things, allowed us and still allows us to achieve profits even in particularly challenging economic situations. Our way of working is under the lens of everyday life, thanks to us we were assigned, last month, of two flattering awards from the economic and financial magazine "Milano Finanza" under "Milano Finanza Global Awards 2019". This is the "Premio Creatori di Valore" as "Best Bank of the Lombardy Region", in addition to the "Premio Guido Carli / Lombard", assigned ad personam as "Best Cooperative Banker".

As for the cultural aspects, to which the bank has devoted the usual attention and commitment, Il Notiziario shall be pointed out, at least for the reputation of the authors and publications, the diversification of the issues covered, and the appreciation aroused in its many readers. The first publication of the year of the magazine contained, among other things, a significant monograph on Umberto Veronesi, a prominent oncological research scientist from Milan, whose work is a beacon of insights and discoveries, which revolutionized the approach to the disease. It is the essay that occupied the space dedicated to culture in the 2018 Financial Report of our Swiss subsidiary.

We contributed to the sixth edition of the "Festival of creative culture", conceived and proposed by the Italian Banking Association, by organizing, at our library Luigi Credaro, the meeting "Intelligences - Between natural and technological evolutions, between mind and emotions in order to know ourselves and the future that surrounds us "; with the intention of honoring the memory of Leonardo da Vinci on the Five Hundredth Anniversary of his death. This event followed the realization of the wall calendar, dedicated to this great character of the past. The conference at our "Sala Besta" last June 21, held by Professor Pinin Brambilla Barcilon on the theme "Restoration of the Ultima Cena", crowned our Leonardesque commemorative initiatives. The event was a great success.

The conference of May 28, 2019 by Professor Marco Fortis, professor at the Catholic University "Sacro Cuore" of Milan and director of the Edison Foundation, promoted jointly with the subsidiary Arca Fondi SGR, was attended by a large and attentive audience at "Teatro Sociale" in Sondrio. The conference focused on the presentation of the book "Italy does not deserve a new crisis".

The speech of Professor Fortis, was a confidence and optimism booster about the entrepreneurial skills of Italian companies.

We created a special edition of the book "The places of wine of Valtellina". It is a volume that recalls the fatigue of Valtellina winemakers, from whose effort high-quality wines are born, renowned and appreciated everywhere.

Dear Member and Friend,

we are the solid and profitable bank of all time, willing to listen to those who need our support.

With our strong history, we are aware that the future is closely connected to the past. Looking back, to adapt to the new context by looking ahead, is what we do, trying to seize the right time.

We thank each and every one of you for being close to our and your bank, and we wish for each of you a break, a moment in which we stop our daily activities. We wish you then happy holidays with a warm greeting.

The Chief Executive Officer and General Manager  
(Mario Alberto Pedranzini)



The President  
(Francesco Venosta)



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