



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 31/12/2016: Capitale Sociale € 1.360.157.331 - Riserve € 947.325.264 (dati approvati dall'Assemblea dei soci del 29/4/2017)

Press Release

BANCA POPOLARE DI SONDRIO ANNOUNCES THE SIGNING OF A LETTER OF INTENT WITH FONDAZIONE CASSA DI RISPARMIO DI CENTO IN ORDER TO EXAMINE THE POSSIBLE ACQUISITION OF THE CONTROLLING STAKE OF CASSA DI RISPARMIO DI CENTO, HEADQUARTERED IN THE PROVINCE OF FERRARA

Following approval by the the respective administrative bodies, Banca Popolare di Sondrio ("**BPS**") and Fondazione Cassa di Risparmio di Cento ("**Fondazione**"), the controlling shareholder of Cassa di Risparmio di Cento ("**Cassa**") with a total share of approximately 67% of the share capital, signed a non-binding letter of intent to further investigate the possible acquisition of the majority of Cassa's share capital by BPS, which would assume its control.

The letter of intent contains the Fondazione's exclusive commitment with respect to the acquisition of Cassa until 31st December 2017. During this period, BPS intends to carry out the necessary investigations, as well as the usual activities of verification and due diligence. At the same time, BPS and the Fondazione will negotiate binding agreements for the proposed operation, which will contain the final terms and conditions.

The agreements between the parties provide for the possible acquisition to be sequenced in two phases. In the first phase, BPS would acquire at least 51% of Cassa's share capital from the Fondazione with payment in part through cash and in part through an exchange with BPS shares.

In the second phase, BPS would define the appropriate technicalities to allow both other shareholders of Cassa and the Fondazione (for the remainder of the shares still in its possession) to exchange or to receive BPS shares in exchange for those of Cassa in economic terms substantially in line with those applied in the first phase, subject to appropriate adjustments. This in order to

increase the participation of BPS in the share capital of the Cassa to at least 67% and potentially up to 100%.

Cassa di Risparmio di Cento is a solid local actor of limited size, with total assets, as of December 2016, of around 2.8 billion euros which correspond approximately to one-tenth of BPS' assets; it has been operating for over 150 years in the area of Cento and in the provinces of Ferrara, Bologna, Ravenna and Modena, with a total of 49 branches, about 430 employees and more than 85,000 customers.

Over the years, Cassa has demonstrated a strong and resilient business model that has been able to produce profitable returns even in the challenging economic environment of the last decade, generating a return on equity (ROE), over the last three years, averaging around 1.6%, with a CET1 indicator of 12.4% and a ratio of gross non-performing exposures on gross loans of approximately 13.5%.

The operation is motivated by the belief of BPS and of the Fondazione, subject to the necessary confirmation over the coming months, that the potential acquisition will imply a substantial value creation for both institutions and, in particular, will be an opportunity for growth through both the activation of additional revenue synergies and benefits for the structure of the services, given economies of scale at Group level.

This initiative represents an opportunity for BPS to extend its activities in Emilia Romagna, a region with a strong industrial, agricultural and advanced service economy, consistently with the bank's development strategy.

At the same time, the operation can give an opportunity of growth to Cassa within the BPS Group, with benefits for all the stakeholders (the region, the employees, customers and shareholders) active in the local area in which the latter historically operates, with limited execution risk thanks to the coherence between the parties' business culture and business models and the industrial, organizational and geographical complementarities.

The possible acquisition here described is subordinated to the occurrence of a number of conditions, including the positive outcome of the usual verification and due diligence activities, the agreement among the parties on the contracts binding for the deal, as well as the release of the authorizations and/or permissions by the competent Authorities.

Sondrio, 14th October 2017

Company contacts: Paolo Lorenzini, Head of External Relations, phone +39-0342-528212, e-mail "paolo.lorenzini@popso.it". Website address "www.popso.it".

The English translation is provided only for the convenience of the reader. In the event of discrepancies the Italian original text shall prevail.