



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
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 communicates that the board of directors resolved to submit to the shareholders' meeting the attribution of the powers ex art. 2443 of Italian civil code to increase the share capital, with the exclusion of option rights, for a maximum total amount equal to 40 million euros, to serve the possible execution of the purchase of Cassa di Risparmio di Cento.

Banca Popolare di Sondrio ("**BPS**") announces that, at its meeting on 25 March 2018, the Board of Directors resolved to convene the extraordinary Shareholders' Meeting, in first session on 27 April 2018 and in second session 28 April 2018, to resolve to attribute to the Board of Directors the powers, pursuant to art. 2443 of Italian Civil Code, to increase paid-in share capital, with the exclusion of option rights pursuant to art. 2441, fourth paragraph, first sentence of the Italian Civil Code, for a total maximum amount of 40 million Euros, including the possible premium, by issuing ordinary shares to be freed with contribution of assets in kind. Provided the maximum amount, the size of the share capital increase will be determined by the Board of Directors, in the exercise of its powers, to the extent strictly necessary (and reasonably less than maximum) to meet the requirements for the delivery of newly issued securities against the contribution of the shares of Cassa di Risparmio di Cento.

This resolution proposal is made in view of the finalization of the agreements between BPS and Cassa di Risparmio di Cento Foundation ("**Foundation**"), controlling shareholder of Cassa di Risparmio di Cento ("**CRC**"), for the acquisition by BPS of CRC itself. In this regard, BPS communicates that the negotiations with the Foundation are at an advanced stage and, where the parties agree to mutual satisfaction on all the terms and conditions of the transaction, it is

expected that the binding agreements be signed during the next weeks.

As communicated at the time of signing the letter of intent between BPS and Foundation, the transaction would provide for the acquisition of the CRC in two steps. In the first phase BPS would acquire 51% of the capital of CRC from the Foundation for an exchange with BPS shares and, for a small part, by paying a cash consideration. The proposal of attributing to the Board the powers to increase the share capital would be precisely at the service of this stock exchange. In the second phase, indicatively by the end of 2020, BPS would define the modalities techniques suitable to allow the other shareholders of CRC and the Foundation, for the remaining part of shares still in its possession, to exchange or receive BPS shares in exchange for CRC shares at economic conditions substantially in line with those applied in the first phase, subject to the appropriate adjustments, so as to increase the shareholding of BPS in the share capital of CRC at least 67% and potentially up to 100%.

With regard to the above, we also inform that the Board of Directors, at the same meeting of 25 March 2018, conferred on the Managing Director and the President of BPS the powers to proceed to the definition and finalization of the contractual documentation for the purchase transaction of the CRC described above. Finally, it is specified that the exercise of the proxy pursuant to art. 2443 of Italian Civil Code to increase the share capital with exclusion of option rights, where approved by the extraordinary Shareholders' Meeting of BPS, as well as subordinated to the definition between BPS and the Foundation of binding agreements for the operation described above and the related terms and conditions that would be provided for therein, it would also be subject to the release by the competent authorities of the authorization provided for by the applicable legal provisions.

BANCA POPOLARE DI SONDRIO

Sondrio, 25th march 2018

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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.