

JOINT PRESS RELEASE

BANCO DI DESIO E DELLA BRIANZA S.P.A. BANCA POPOLARE DI SPOLETO S.P.A.

- **The Boards of Directors of Banco di Desio e della Brianza and of Banca Popolare di Spoleto have approved a plan for the geographic streamlining of the Group's network, directed at strengthening the role of BPS as the Group's bank in "central Italy", by the transfer to Banca Popolare di Spoleto of 32 branches of Banco di Desio e della Brianza situated in the regions of Tuscany and Lazio**
- **The Board of Directors of Banca Popolare di Spoleto has approved the issue of Warrants to be assigned free of charge to the bank's shareholders, with the exclusion of the shareholder Banco di Desio e della Brianza**

Desio, 18 December 2014 – The Boards of Directors of Banco di Desio e della Brianza S.p.A. ("**Banco Desio**") and of Banca Popolare di Spoleto S.p.A. ("**BPS**") met today and approved, *inter alia*, consistently with the provisions of the investment agreement executed on 1 April 2014 (the "**Investment Agreement**"); on the same date, they also communicated to the market a plan directed at streamlining the network of the Banco Desio Group and at strengthening the role of BPS as the bank of the Banco di Desio e della Brianza Banking Group (the "**Group**") in "central Italy". The Transfer of the Business Unit is also directed at leveraging as well as enhancing the "*Banca Popolare di Spoleto*" brand, which will therefore become the Group's sole brand active in the territory of central Italy, exploiting its strong recognition in this geographic area.

In particular, the operation entails the transfer (the "**Transfer**"), from Banco Desio to BPS, of a business unit consisting of 32 branches (the "**Business Unit**") situated in the territory of Italy, of which 11 branches in the Tuscany Region and 21 branches in the Lazio Region. The plan is directed at strengthening the perimeter of the distribution network of BPS, enabling the bank to strengthen its role in "central Italy" and, in particular, in the Tuscany Region (where it expands from 3 to 14 branches) and in the Lazio Region (from 17 to 38 branches). This should entail benefits of various kinds due mainly to efficiency and profitability objectives, benefits in terms of cost synergy and organisational simplification, taking particularly into account the complementary nature of the current networks of BPS and of the Group.

In line with the aforementioned plan to streamline the Group's network, the Boards of Directors of Banco Desio and of BPS also approved the sale, from BPS to Banco Desio, of the sole bank branch of BPS in the city of Milan (the "**Branch Trade**").

The Board of Directors of BPS also approved to propose to the Extraordinary Shareholders' Meeting the issue, subject to the effectiveness of the Transfer resolution, of a maximum number of 11,104,626 "*Banca Popolare di Spoleto S.p.A. 2015 – 2017 Warrants*" (the "**BPS Warrants**") to be assigned free of charge

to the holders of BPS ordinary shares – other than Banco Desio - in the proportion of 330 BPS Warrants for every 853 BPS ordinary shares held and which entitled to the subscription of newly issued BPS ordinary shares in the proportion of one ordinary share for 1 BPS Warrant exercised, at a unit subscription price of Euro 1.812.

The issue of the BPS Warrants will be submitted for the approval of the Extraordinary Shareholders' Meeting in accordance with the Investment Agreement that provides, as was announced to the market on 1 April 2014, that the BPS Warrants (a) shall be assigned free of charge to all BPS shareholders, other than Banco Desio, since Banco Desio shall waive the assignment of the share to which it would be entitled and (b) shall have the following main characteristics: (i) maturity, until 30 June 2017; (ii) period of exercise, from 30 June 2015 to 30 June 2017; (iii) exercise ratio, 1 BPS Warrant valid for the subscription of 1 new ordinary share; and (iv) price for the subscription of the conversion shares Euro 1.812 (equal to the subscription price of the BPS shares subscribed by Banco Desio and by BPS employees to be applied to the Bank's share capital increases resolved on 16 June 2014).

It should be pointed out that, in accordance with the Investment Agreement, Banco Desio undertook: (i) to cause BPS to convene an Extraordinary Shareholders' Meeting to approve the emission of the BPS Warrant; and (ii) to vote in favour of said approval. In relation to the shareholders' agreements contained in the Investment Agreement with respect to the issue of the BPS Warrants, please refer to the essential information published on the website of the Bank at the address www.bpspoletto.it – investor relations section.

Transfer Operation

For the purposes of the Transfer Operation, subject to the obtainment of the prescribed authorisation, the Shareholders' Meeting of BPS, which shall be convened to approve the financial statements as at 31 December 2014, shall also be called upon to approve, as an extraordinary meeting, the share capital increase proposal, with the exclusion of the option right in accordance with Article 2441, Fourth Paragraph, first period, of the Italian Civil Code, reserved to Banco Desio for a total amount of Euro 90,628,000 (the “**Capital Increase in Support of the Transfer**”), by issuing a total number of 50,015,453 newly issued ordinary shares (the “**New Shares**”), to be freed by the Transfer of the Business Unit, regularly entitled to dividends and having the same characteristics as those outstanding at the issue date.

The Boards of Directors of Banco Desio and of BPS, in setting the terms and conditions of the Business Unit Transfer, adopted the appropriate procedures to safeguard the interest of their respective shareholders. With particular reference to BPS, appropriate procedures were adopted to protect the share capital of BPS, also taking into account the exclusion of the option right in favour of Banco Desio and therefore, for the purposes of appraising the Business Unit, Banco Desio appointed, in accordance with Article 2343-ter, Paragraph 2, Letter b) of the Italian Civil Code, Professor Mario Massari (the “**Independent Expert**”) as an independent expert with adequate and proven professionalism. The Independent Expert delivered to Banco Desio and to BPS his Business Unit appraisal report, which contains the following conclusion: “*the value of the Business Unit to be transferred, as at 30 September 2014, is estimated to be Euro 90.6 million. On the basis of said value, the capital increase supporting the transfer to be resolved by the Shareholders' Assembly of the transferee, may be no greater than Euro 90.6 million.*”

The Board of Directors di BPS set to Euro 1.812 the unit issue price of the New Shares (the “**Issue Price of the New Shares**”).

The Issue Price of the New Shares was set equal to the subscription price of the BPS shares subscribed by Banco Desio and by the BPS employees to be applied to the increases of the share capital of BPS resolved

on 16 June 2014, in consideration of the absence of significant scenario changes or new events that may have appreciably altered the appraisal of BPS relative to the one provided by the Investment Agreement.

The Subscription Price of the New Shares shall be subject to the fairness opinion issued, in accordance with Article 158 of the Italian Consolidated Finance Law (TUF), by the independent auditing firm Deloitte & Touche S.p.A.

At the completion of the Transfer, Banco Desio will hold 128,240,177 ordinary shares of BPS, equal to 81.71% of the share capital.

The Group's interest in the successful completion of the Transfer is aligned with the specific interests of the minority shareholders of BPS. The Transfer has a significant strategic value, in that it enables BPS to expand its own customer base, in consideration of its deep commercial penetration in the reference market, creating the condition for a significant consolidation and a more rapid return to profitability, also in order to compete in a highly competitive market environment.

The Board of Directors of Banco Desio and of BPS also resolved, consistently with the plan for streamlining the Group's network, the terms of the Branch Trade, which is expected to be carried out simultaneously with the effectiveness of the Transfer. In particular, the sale from BPS to Banco Desio shall involve the sole bank branch owned by BPS in the city of Milan, for a cash consideration of Euro 448,000.

The value of the bank branch to be traded was determined on the basis of its financial position as at 30 September 2014 prepared by the BPS Financial Reporting Manager and applying the same criteria adopted for the appraisal of the transferred Business Unit.

The Financial Position for the Transfer as at 30 September 2014 is summarised below:

Assets		Liabilities	
Assets to be transferred		Liabilities to be transferred	
	<i>Amounts in Euro</i>		<i>Amounts in Euro</i>
10. Cash and cash equivalents	€ 3,222,560	10. Due to banks	€ 10,608,676
70. Receivables from customers	€ 1,095,267,379	20. Due to customers	€ 1,060,430,814
110. Tangible assets	€ 5,718,186	30. Outstanding securities	€ 832,625
120. Intangible assets	€ 8,128,212	100. Other liabilities	€ 6,668,463
<i>of which Goodwill</i>	<i>€ 8,067,721</i>	110. Employee severance indemnity	€ 674,112
130. Tax assets:	€ 2,543,450		
b) prepaid			
150. Other assets	€ 45,735,403		
TOTAL ASSETS	€ 1,160,615,191	TOTAL LIABILITIES	€ 1,079,214,690
		NET BOOK VALUE OF THE TRANSFER	€ 81,400,501

Guarantees and Commitments		Indirect deposits	
a) Committed credit facilities	€ 45,040,438	a) Insurance policies	€ 157,588,000
b) Guarantees received	€ 4,203,207,629	b) Securities deposits	€ 972,704,605
c) Bills to be received/deliver	€ 1,959,569		
Total	€ 4,250,207,636	Total	€ 1,130,292,605

The scope of the transfer includes the employment agreements with the branch employees, which as at 30 September 2014 were 224.

The scope of the Business Unit and of the Milan Branch excludes:

- the financial assets and the payables relating to the bonds issued by Banco Desio;
- the net doubtful loans;
- the provisions for litigation (given that Banco Desio shall retain its liability for disputes and shall continue to manage the related risk).

For additional information, please refer to the Related Party Disclosure Document (as defined below), to the Significant Transactions Disclosure Documents (as defined below) and to the Report of the Board of Directors of BPS on the agenda item of the Extraordinary Meeting of BPS Shareholders to be convened to approve the Capital Increase in Support of the Transfer, which shall be made available to the public on the BPS Website, www.bpspoletto.it - investor relations section within the time interval prescribed by current laws and regulations.

In addition, the Capital Increase in Support of the Transfer qualifies as a “*significant*” transaction, i.e. a capital increase by transfer in kind, in accordance with Article 70, Sixth Paragraph, of the regulations adopted by Consob with its resolution no. 11971 of 14 May 1999 as amended (the “**Issuers’ Regulations**”) and with Annex 3B of said Issuers’ Regulations. Therefore, BPS shall make available to the public, within the terms and in the ways prescribed by current laws and regulations, (hence, in the fifteen days preceding the shareholders' meeting), a disclosure document prepared in accordance with Annex 3B of the Issuers’ Regulations and pertaining to the Capital Increase in Support of the Transfer (the “**Significant Transactions Disclosure Document**”).

Issue of the BPS Warrants

For the purposes of the issue of the BPS Warrants, subject to the obtainment of the prescribed authorisations, the Shareholders' Meeting of BPS, which shall be convened to approve the financial statements as at 31 December 2014 shall also called upon to approve, in its extraordinary portion, (i) the issue, subject to the effectiveness of the Transfer resolution, of a maximum number of 11,104,626 BPS Warrants to be assigned free of charge to holders of BPS ordinary shares - other than Banco Desio - in proportion to the BPS ordinary shares held; and (ii) the consequent capital increase, in accordance with Article 2441, Paragraph five, of the Italian Civil Code, by payment and in tranches, for a maximum total amount of Euro 20,121,582.31, through the issue, also in several rounds, of a maximum number of 11,104,626 BPS ordinary shares without par value, having regular dividend entitlement and having the same characteristics as those outstanding at the issue date, intended exclusively and irrevocably for the exercise of the subscription right to which bearers of BPS Warrants are entitled.

The BPS Warrants entitle to the subscription of newly issued BPS ordinary shares in the proportion of 1 ordinary share for every BPS Warrant exercised, at a unit subscription price of Euro 1.812.

The BPS Warrants shall be exercisable by those entitled from 30 June 2015 to 30 June 2017, in accordance with the terms and conditions indicated in the related regulations.

The Subscription Price of the newly issued shares deriving from the exercise of the BPS Warrants shall be subject to the fairness opinion issued, in accordance with Article 158 of the Italian Consolidated Finance Law (TUF), by the independent auditing firm Deloitte & Touche S.p.A.

The free assignment of the BPS Warrants enables holders of BPS ordinary shares other than Banco Desio, with a financial commitment that may be diluted over time, to actively participate in the development

plan of BPS following the closure of the extraordinary administration procedure and the entry of BPS in the Banco di Desio e della Brianza Banking Group. Moreover, if the BPS Warrants are exercised, the consequent share capital increase would have the effect of contributing the Bank's strengthening of shareholders' equity, necessary to perform its ordinary activity.

Disclosure on compliance with the laws and regulations pertaining transactions with related parties

With regard to Banco Desio, the Transfer and the Branch Trade, inasmuch as they are transactions carried out with a subsidiary company (BPS), are intercompany transactions of “*greater importance*” by virtue of the provisions of the procedure that regulations related party transactions, approved by the Board of Directors on 25 November 2010, as amended (the “**Banco Desio Procedure**”). The Committee for Transactions with Related Parties of Banco Desio (the “**Banco Desio Committee**”) examined the Transfer and the Branch Trade transactions and it was involved in the preliminary phase of the transactions also through the receipt of comprehensive and timely information flows. Moreover, for this purpose, it appointed its own independent expert, to assist it in providing support for the expression of the opinion required by the Banco Desio Committee. On 15 December 2014, the Banco Desio Committee unanimously issued a reasoned opinion in favour of the Transfer and Branch Trade transaction.

With regard to BPS, since as stated Banco Desio controls BPS and exercises direction and coordination in accordance with Article 61 of Italian Legislative Decree no. 385 of 1 September 1993, as Parent Company of the Banco di Desio e della Brianza Banking Group, and taking into account that the Transfer and Branch Trade transaction are transactions with related parties with “*greater importance*”, the Committee for Transactions with Related Parties of Banco Desio (the “**BPS Committee**”) was involved in the preliminary phase of the transactions also through the reception of comprehensive and timely information flows and on 18 December 2014 it unanimously issued a reasoned favourable opinion, also in accordance with Article 14, Paragraph 1 of the Related Party Regulations. In particular, the BPS Committee evaluated whether there is an interest for BPS and for its shareholders in the completion of the Transfer and Branch Trade transactions, and whether the conditions of the transactions are advantageous and substantially correct.

In accordance with the provision of Article 5 of the Related Party Regulations, within the times and in the ways prescribed by current laws and regulations, BPS shall make available to the public a disclosure document pertaining to the Transfer and Branch Trade transactions prepared in accordance with Annex 4 of the Related Party Regulations (the “**Related Party Disclosure Document**”). For the sake of completeness, with reference to Banco Desio, it is specified that, in view of the absence in BPS of significant interests of other related parties of Banco Desio, the Transfer and the Trade of the Milan Branch are exempt from this latter disclosure requirement, by virtue of the provisions of the Banco Desio Procedure.

BANCO DI DESIO E DELLA BRIANZA SPA

The Chairman

BANCA POPOLARE DI SPOLETO SPA

The Chairman

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