



PRESS RELEASE

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Merger of Cassa di Risparmio di Cento in Credem kicks off

Following the approval of the Plan for the Merger by Incorporation of the Cassa di Risparmio di Cento S.p.A. in Credito Emiliano S.p.A., having received today the fairness opinion issued by the Accounting Expert appointed by the court, it started the process of filing the related documentation with the competent Company Registers of Reggio Emilia and Ferrara.

MAIN STRATEGIC GUIDELINES OF THE AGREEMENT

The deal will create relevant synergies to both companies, thanks to the strong local roots of the Cassa di Risparmio di Cento and the wide and competitive range of specialist services offered by the Credem Group.

Caricento, headquartered in the Ferrara province, is an important banking group, controlled by the Cassa di Risparmio di Cento Foundation, which has been providing support to the territory for over 160 years. As of the end of 2020, it served over 71 thousand customers throughout 408 people, a network of 42 branches and 5 Private and Wealth Management Centers, mainly distributed within the areas of Ferrara, Modena, Bologna and Ravenna, with Total Deposits from Customers and total Loans to Customers equal to €4.1 billion and €3.0 billion, respectively.

Despite the effects of the pandemic, the 2020 financial statements closed with a net profit of €4.1 million and a significant improvement in capital ratios, confirmed by the increase in the CET1 ratio to 15.04%. The asset quality affirmed, with an incidence of gross non-performing loans on total gross loans of 7.3% and a coverage level of 53.6% (59% including write-offs).

The **Credem Group**, one of the main Italian banking institutions and one of the most solid in Europe, is present in 19 regions with 598 branches, business centers, small business centers and financial shops, 6,288 employees, 839 financial consultants and 490 between agents and collaborators of Avvera. The Group operates with 14 companies specialized in different business sectors such as wealth management, leasing, factoring, retail loans, insurance.

At the end of 2020, it recorded a net profit up to €201.6 million, maintaining the high soundness of the Group, protecting all stakeholders, with a CET1 Ratio of the Banking Group⁽¹⁾ of 15.59%, up by 76 basis points despite the 9.8% increase in loans to customers. The Supervisory CET1 Ratio⁽¹⁾, calculated on the Credemholding perimeter, stood at 14% with 644 bps margin compared to the minimum regulatory level (including the additional SREP requirement⁽²⁾ assigned by the European Central Bank) of 7,56% for 2020 (lowest requirement among European commercial banks directly supervised by the ECB). Asset quality, in December 2020, was confirmed at the highest levels in the industry with the ratio between gross non-performing loans and gross loans (Gross NPL Ratio⁽³⁾) further reduced, despite being already at the top of the market, to 2.9%, with coverage levels among the highest in the industry (coverage level including shortfall⁽⁴⁾ at 61% on non-performing loans).

Thanks to the integration of the two entities:

- Credem Group will accelerate its growth in territories that are only partially covered, thanks the significant market shares of Cassa di Risparmio di Cento in Ferrara province and to its presence in the areas of Bologna, Modena and Ravenna;
- Cassa di Risparmio di Cento will benefit from the wide and competitive range of services offered by Credem, that will facilitate the support of the territory growth and that will furtherly enhance its customers' satisfaction;
- shareholders of both banks will obtain greater returns from their investment thanks to the synergies that will be created in terms of higher revenues, for the wider range of services to customers, and lower costs, through to the adoption of a single IT platform owned by Credito Emiliano.
- employees will benefit from the opportunities offered by a diversified Banking Group, of national dimensions and strongly oriented towards encouraging the development of its people.

STRUCTURE OF THE OPERATION

The merger by incorporation of Cassa di Risparmio di Cento into Credito Emiliano, is expected to take place with a share swap of 0.64 of Credito Emiliano shares for each share of the Cassa di Risparmio di Cento.

This share swap will allow the shareholders of Cassa di Risparmio di Cento to have a share listed on the MTA of the Italian Stock Exchange, recognizing a 50% premium compared to the average value of the two shares in the four months prior to the official communication of the transaction (23 October 2020)⁽⁵⁾. At current stock market values, the shareholder of Cassa di Risparmio di Cento will receive an additional benefit of more than 16%⁽⁶⁾, equal to a total

increase, compared to the prices prior to the announcement of the operation, of more than 95%⁽⁷⁾.

The newly issued shares will have the same characteristics of Credem outstanding shares and the current shareholders of Cassa di Risparmio di Cento will hold approximately 2.62% of Credem Group.

The merger will be submitted, as per art. 2502 of the Italian Civil Code, to the approval of the Shareholders' Meetings that will be convened in extraordinary session, in compliance with the legal deadlines. The Shareholders' Meetings of Credito Emiliano S.p.A. will also be called to approve the amendment of art. 5 of the Articles of Association regarding the Capital Increase related to the operation.

BENEFITS FOR THE STAKEHOLDERS OF CASSA DI RISPARMIO DI CENTO

The deal will have important and positive effects for all stakeholders of the Cassa di Risparmio di Cento.

Customers and the local area will benefit from the support of a Banking Group which, in the last 10 years, has nearly doubled its market share by increasing customer loans, without extraordinary transactions, by over 46%⁽⁸⁾, proving the willingness to support the economic development and the needs of its Corporate and Private customers. Similarly, Direct Customer Funding, in the same period, increased by 97%⁽⁹⁾ supported by the quality of the products and services offered.

This result was made possible by investing in people, which remains the real competitive advantage of Credem, the first Italian bank certified for wage and work equality (Equal Salary certification) and permanently among the best Italian companies for working conditions (Top Employer certification). In this sense, the main objective of the operation is not to generate efficiency through the merger of the commercial networks, but to invest in growth, as highlighted by the historical evolution of the Credito Emiliano Group that grew from 5,544 employees in 2010 to 6,219 (+19%).

Cento, May 17, 2021

CREDITO EMILIANO SPA
(Chairman)

Lucio Iginio Zanon di Valgiurata

CASSA DI RISPARMIO DI CENTO
(Chairman)

Giuseppe Pallotta

NOTES:

(1) by article 11(2), 11(3), and 13(2) of the EU Regulation No. 575/2013 (CRR), banks controlled by a financial holding shall meet the requirements set by such Regulation on the basis of the consolidated statements of the financial holding. In light of these rules on capital ratios, the consolidation perimeter of the Group changed, within the framework set by the prudential supervision. Therefore, capital ratios were calculated on Credemholding, which holds 78.6% of Credem Spa share capital. Pursuant to art. 26(2) of EU Regulation No. 575/2013 of 26 June 2013 (CRR), interim profits were not included into the calculation of own funds. Credem Group's Periodic Financial Reporting was not subject to external auditing;

(2) see SREP press release ;

(3) calculated as a ratio between Total Gross NPLs (€854,2 milion) and Gross Loans to Customers (€30,198.8 milion);

(4) shortfall is calculated as the difference between ELBE – Expected Loss Best Estimate (which represents the best estimate of the expected loss for each credit exposure, given its stage and the current economic environment) and Net Adjustments to Loans. The shortfall amount is considered in the calculation of comprehensive coverages on Non Performing Loans both in the "Addendum to the ECB Guidance to banks on Non Performing Loans" and in the draft law proposed by the European Commission aimed at introducing minimum coverage on Non Performing Loans;

(5) the average value of the share price of Cassa di Risparmio di Cento in the four months prior to the official communication of the transaction was €1.80 and that of Credem €4.22.

(6) the price of the Credem share was €5.50 as at May 13,2021, the price of the Cassa di Risparmio di Cento share was €3.02;

(7) this percentage increase refers to a value of the Caricento share equal to €3.52, obtained by multiplying the exchange of 0.64 by the value of the Credito Emiliano share as at May 13,2021 equal to €5.50;

(8) net loans to customers amounted to €19,995 million at December 31, 2011 and to €29,299 million at December 31, 2020;

(9) customer deposits and securities of €15,599 million at 31 December 2011 and €30,819 million at 31 December 2020.