

PRESS RELEASE / NOTICE

NOTICE PURSUANT TO ARTICLE 102, PARAGRAPH 1, OF LEGISLATIVE DECREE 24 FEBRUARY 1998 NO. 58, AND ARTICLE 37, PARAGRAPH 1, OF CONSOB REGULATION 14 MAY 1999 NO. 11971

Modena - 7 November 2019. Following the communication by means of which on March 5, 2019 (the "**Project Announcement Date**") the further rationalization of the shareholding of Banco di Sardegna S.p.A. ("**BdS**" or the "**Issuer**") was disclosed to the market, BPER Banca S.p.A. ("**BPER**" or the "**Offeror**") hereby notifies, pursuant to Article 102, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, as subsequently modified (the "**CFA**"), and Article 37, paragraph 1, of Consob Regulation no. 14 May 1999, n. 11971, as subsequently modified (the "**Issuers' Regulation**"), its decision to launch a public voluntary exchange offer (the "**Offer**") over the totality of the Saving Shares of the Issuer owned by parties other than BPER (the "**BdS Savings Shares**"), listed on the Stock Exchange Market ("**MTA**") managed and organised by Borsa Italiana S.p.A., ("**Borsa Italiana**").

The legal framework as well as the essential terms of the Offer are described below. For a complete description and evaluation of the Offer, please refer to the offer document that will be published in accordance with the terms and conditions provided for by applicable law (the "**Offer Document**").

1. THE OFFEROR AND CONTROLLING SUBJECTS

The Offeror is BPER Banca S.p.A., a bank incorporated under the laws of the Republic of Italy as a *società per azioni*, with ordinary shares listed on the MTA market, parent Company of the BPER Banca S.p.A. Banking Group, having a share capital equal to Euro 1,542,925,305.00, fully subscribed and paid up, having its Head office in Modena, Via San Carlo no. 8/20, Tax code and registration number in Modena Companies Register no. 01153230360, VAT number no. 03830780361, registered in the Register of Banks no. 4932, in the Register of Banking Group with ABI code 5387.6 since 7 August 1992, in the Single Register of Insurance Intermediaries under no. D000027105 and member of the Interbank Deposit Protection Fund and of the National Guarantee Fund.

As of the date hereof, the Offeror is not controlled by any subject pursuant to Article 93 of the CFA.

2. PERSONS ACTING IN CONCERT WITH THE OFFEROR IN RELATION TO THE OFFER

In relation to the Offer, there are no parties acting in concert with the Offeror pursuant to Article 101-*bis*, Paragraphs 4, 4-*bis* and 4-*ter*, of the CFA and/or Article 44-*quater* of the Issuers' Regulations.

3. THE ISSUER

The Issuer is Banco di Sardegna S.p.A., a bank incorporated under the laws of the Republic of Italy as a *società per azioni*, with Savings Shares listed on the MTA market, subject to the direction and coordination of BPER Banca S.p.A and part of the BPER Banca banking Group, having its registered office in Cagliari, Viale Bonaria, 33, 09125, Italy, Tax code and registration number in Cagliari Companies Register no. 01564560900, VAT number no. 03830780361, registered in the Register of Banks no. 5169, in the Single Register of Insurance Intermediaries under no. D000026958 and member of the Interbank Deposit Protection Fund and of the National Compensation Fund.

As of the date hereof, the corporate capital of the Issuer is equal to Euro 155,247,762.00, fully subscribed and paid up, divided into no. 51,749,254 shares each having a par value equal to Euro 3, of which:

- (i) no. 43,981,509 are unlisted ordinary shares;

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- (ii) no. 1,167,745 are unlisted preferred shares;
- (iii) no. 6,600,000 are savings shares.

As of the date hereof, the Issuer does not own any treasury shares and has not issued any category of shares other than the ordinary, preferred and savings shares.

4. FINANCIAL PRODUCTS COVERED BY THE OFFER

The Offer is launched over no. 3,378,586 BdS Savings Shares, equal to all the outstanding Savings Shares of BdS which are not already owned by the Offeror. Any Saving Shares owned from time to time by the Offeror are excluded from the Offer.

Following this notice, as well as during the Acceptance Period (as defined below), as extended, as the case may be, the Offeror reserves its right to purchase BdS Savings Shares in the open market (and, therefore, outside the context of the Offer) to the extent allowed by applicable law and, therefore, the number of Bds Savings Shares subject to the Offer may consequently decrease. Any purchase made in the open market will be disclosed pursuant to Article 41, paragraph 2, letter c) of the Issuers' Regulation.

The Bds Savings Shares tendered to the offer shall be freely transferrable to the Offeror and free from any burdens encumbrance of any kind and nature, in *rem*, contractual or personal.

The Offer is addressed, indistinctly and on equal terms, to all the shareholders owning BdS Savings Shares.

As of the date hereof, the Issuer has not issued any bond which may be converted in BdS shares, warrants and/or financial instruments granting voting rights, even limited to specific matters, in the ordinary and extraordinary shareholders' meeting of the Issuer, and/or any other financial instrument granting to third parties the right to purchase Savings Shares or voting rights, even of limited nature.

5. CONSIDERATION AND TOTAL COUNTERVALUE OF THE OFFER

For each of the BdS Savings Shares tendered to the Offer, the Offeror will pay to the shareholders a consideration equal to no. 2.33 BPER newly issued ordinary shares, with full dividend rights and the same characteristics of the BPER ordinary shares outstanding at the date of the issuance (the "**Consideration**"). Therefore, any person adhering to the Offer will receive no. 7 BPER newly issued ordinary shares for every no. 3 BdS Savings Shares tendered to the Offer.

On the basis of the official price of the BdS Savings Shares and the BPER ordinary shares as recorded on November 6, 2019, the Consideration expresses a valorization equal to approximately Euro 9.82 per BdS Savings Share.

The Consideration includes a premium of 5.0% compared to the official closing price per BdS Savings Share recorded on November 6, 2019 (*i.e.*, the last trading day before the announcement of the Offer), equal to Euro 9.36 per BdS Savings Share, as well as a premium of 36.0% compared to the official closing price per Bds Savings Share, recorded on March 5, 2019 (*i.e.*, the last trading day before the Project Announcement Date) (source: Borsa Italiana).

The data included in the table below refers to the average weighted prices in relation to the volumes traded during the reference period, starting from November 6, 2019 (*i.e.*, the last trading day before the date of this notice) and March 5, 2019 (*i.e.*, the last trading day before the Project Announcement Date) (source: Borsa Italiana).

Period of Reference	Weighted average price (*) (Euro)	Price v. Weighted average price
November 6, 2019	9,36	5,0%
1 month	8,74	12,4%
3 months	8,25	19,1%
6 months	8,32	18,1%

(*) *Weighted daily volume average of the official prices. Source: Borsa Italiana.*

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Period of Reference	Weighted average price (*) (Euro)	Price v. Weighted average price
March 5, 2019	7,22	36,0%
1 month	7,39	33,0%
3 months	7,46	31,7%
6 months	7,20	36,5%

(*) *Weighted average of official prices by daily volumes. Source: Borsa Italiana.*

The Consideration shall be deemed net of taxes, expenses, remunerations and fees, which shall be borne by the Offeror. The ordinary or substitute tax on capital gains, if applicable, shall be paid by the persons adhering to the offers.

The maximum total disbursement by the Offeror, in case of total take-up of the Offer, *i.e.*, by all the addressees of the same, will be equal to no. 7,883,368 BPER shares, corresponding to an increase of the corporate capital of the Offeror equal to Euro 23,650,104 plus a share premium equal to Euro 4,178,185, for a total amount of Euro 27,828,289 (the "**Maximum Disbursement**"). In such a case, the shareholders of BdS adhering to the Offer would jointly own around 1.5% of the corporate capital of the Offeror.

In light of the nature of the Consideration, the Offer is launched following an extraordinary shareholders' meeting of BPER held on 4 July 2019, which granted the Offeror's Board of Directors the power, pursuant to Article 2443 of the Italian Civil Code, to be exercised by June 30, 2020, to increase, in one or more tranches, in divisible way, with the exclusion of the preemption right pursuant to Article 2441, Paragraph 4, first line, of the Italian Civil Code, the corporate capital for a total maximum amount equal to Euro 40,993,513.60, including the share premium, if any, to be calculated pursuant to Article 2441, Paragraph 6, of the Italian Civil Code – also in light of the exchange *ratio* between the BdS Savings Shares and the BPER newly issued ordinary shares – through the issuance of a maximum amount of shares equal to no. 7,883,368, without express par value, which may be also issued with a value lower than the par value as of the date of the relevant issuance, having ordinary dividend rights and the same characteristics of the BPER ordinary shares outstanding at the date of issuance, in connection with the Offer (the "**Capital Increase Power**").

On November 7, 2019, by virtue of the Capital Increase Power, the Board of Directors of BPER resolved, *inter alia*, to launch the Offer and to exercise the Capital Increase Power (the "**Capital Increase**").

For the purposes of the Capital Increase through the contribution in kind of BdS Savings Shares, the Offeror avails itself of the provisions of Articles 2343-*ter* and 2343-*quater* of the Italian Civil Code for the evaluation of the Savings shares to be contributed and, therefore, has appointed EY Advisory S.p.A. as independent expert pursuant to Article 2343-*ter*, Paragraph 2, letter b) of the Italian Civil Code, which issued, in view of the above mentioned meeting of the Offeror's Board of Directors held on November 7, 2019, its valuation report related to the BdS Savings Shares as at November 5, 2019.

For the purposes of the Capital Increase, in addition to the valuation report pursuant to Article 2343-*ter*, Paragraph 2, letter b) of the Italian Civil Code, also the report of the Offeror's Directors pursuant to Article 2441, Paragraph 6, of the Italian Civil Code and the fairness opinion issued by Deloitte & Touche S.p.A., the Offeror's external auditor, pursuant to Article 2441, Paragraph 6, of the Italian Civil Code and Article 158 of the CFA, will also be published.

6. REASONS OF THE OFFER

The Offer is aimed at:

- (i) simplifying the capital structure of BdS, pursuing cost Savings for the same and, indirectly, for BPER, by revoking the BdS Savings Shares from listing and trading on the MTA (*delisting*) after the Offer, if the relevant conditions are met;
- (ii) benefitting from the positive effects on BPER's CET1 thanks to the reduction of the minority shareholdings and the capital increase required for the share exchange;
- (iii) facilitating the operational rationalization of the BPER Banking Group;

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- (iv) allowing the holders of BdS Saving Shares to liquidate their investment in a security characterized by a lack of liquidity, offering in exchange BPER ordinary shares characterized by a higher market liquidity, less volatility and the related administrative rights.

7. INTENTION TO REVOKE FROM THE TRADING THE SHARES SUBJECT TO THE OFFER

The Offer is aimed at promoting, where the conditions are met, the revocation of the BdS Savings Shares from the MTA listing (delisting).

At the end of the Offer, it is not excluded that there will be a shortage of free float such as not to ensure the normal trading of BdS Savings Shares. In this case, Borsa Italiana may suspend and/or revoke the BdS Saving Shares from listing and trading pursuant to Article 2.5.1 of Borsa Italiana Regulation, exception being made in case the Offeror decides to restore a free float suitable to ensure a regular trading trend.

In this regard, it should be noted that even in case of a lack of free float, the Offeror does not have the intention to put in place any measure aimed at restoring the minimum free float conditions for a regular performance of the trading of the BdS Savings Shares, being the Offeror not obliged in this regard.

If, at the end of the Offer, considering the number of BdS Savings Shares tendered to the Offer and taking into account, *inter alia*, the market conditions at that date, it is not possible to proceed with the delisting of the BdS Savings Shares, the Offeror may consider proposing to BdS' competent corporate bodies, without prejudice to the decisions of such bodies, the conversion of the BdS Savings Shares into BdS preferred shares not listed on any market.

In the event the BdS Savings Shares are revoked from listing and trading, it should be noted that the relevant owners, who have not adhered to the Offer, will become owners of financial instruments that are not traded on any regulated market, with consequent difficulties in liquidating their investment in the future.

Even in the absence of that revocation, if the conversion of the BdS Savings Shares into BdS preferred shares is approved, the owners of the BdS Savings Shares who have not adhered to the Offer, as well as - if the relevant conditions are met – those who have not exercised their withdrawal right, would be holders of financial instruments not traded on any regulated market, with consequent difficulties in liquidating their investment in the future.

8. CONDITIONS TO WHICH THE OFFER IS SUBJECT

The completion of the Offer is not subject to the occurrence of specific conditions.

9. SHAREHOLDINGS IN THE ISSUER HELD BY THE OFFEROR, ALSO THROUGH LONG POSITIONS

As of the date of this communication, the Offeror exercises direction and coordination activities over the Issuer and holds:

- (a) no. 43,981,509 ordinary shares, equal to 100% of the Issuer's share capital represented by ordinary shares;
- (b) no. 1,153,153 preferred shares, equal to approximately 98.7% of the Issuer's share capital represented by the preferred shares;
- (c) no. 3,221,414 Savings Shares, equal to approximately 48.8% of the Issuer's share capital represented by the Savings Shares.

The Offeror exercises the voting rights relating to the shares referred to in points (a) and (b) above.

Without prejudice to the foregoing, the Offeror does not hold any further shareholding (including in derivative financial instruments) conferring a long position on the Savings shares nor other financial products of the Issuer.

10. COMMUNICATIONS OR APPLICATIONS FOR AUTHORISATION

The launch of the Offer is not in itself subject to a prior authorization.

For completeness, it should be noted that - in relation to the modifications to Article 5 of the Offeror's By-Laws, relating to the Capital Increase Power and the Capital Increase - the European Central Bank, with the authorisation dated May 31 and June 12, 2019, has ascertained, pursuant to Articles 56 and 61 of Legislative Decree no. 385

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dated September 1, 1993, that they are not in conflict with the principle of safe and prudent management.

11. PERIOD OF ADHESION

The acceptance period for the Offer (the "**Acceptance Period**") will be agreed with Borsa Italiana pursuant to the applicable legal provisions and unless an extension occurs.

In compliance with the limits imposed by applicable legislation (and, in particular, within the limits and according to the procedures provided for by Article 43 of the Issuers' Regulation), the Offeror reserves the right to extend the Acceptance Period, the maximum duration of which may not exceed forty trading days, pursuant to Article 40, Paragraph 2, letter b), of the Issuers' Regulation.

The BdS Savings Shares tendered to Offer will remain bound to the Offer until the date of payment of the Consideration and the persons who adhered to the Offer may exercise all the patrimonial and administrative rights granted to the abovementioned BdS Savings Shares, but they shall not assign, in whole or in part, or in any case carry out disposal acts (including pledges or other encumbrances or restrictions) concerning the BdS Savings Shares tendered to the Offer. During the same period no interest on the Consideration will be due by the Offeror.

12. MARKETS ON WHICH THE OFFER IS LAUNCHED

The Offer is addressed, indistinctly and on equal terms, to all the owners of the BdS Savings Shares and will be exclusively promoted on the Italian market, the only market on which the BdS Savings Shares are listed.

The Offer will not be promoted or disseminated in the United States of America, Canada, Japan or Australia - or in any other country in which such distribution is not permitted without the authorisation of the relevant competent authorities (the "**Other Countries**") - using communication or international trade measures (including, but not limited to, the postal network, fax, telex, e-mail, telephone and internet) of the United States of America, Canada, Japan and Australia or the Other Countries - nor through any other structure of any of the financial intermediaries of the United States of America or Canada, Japan, Australia or the Other Countries, nor in any other way.

Copies of this communication, the Offer Document, or parts thereof, as well as a copy of any subsequent document that the Offeror will issue in relation to the Offer, are not sent and shall not be sent, nor in any way transmitted, or otherwise distributed, directly or indirectly, in the United States of America or to any *U.S. Person*, as defined by the *U.S. Securities Act* of 1933, as subsequently amended.

Neither this communication, nor the Offer Document, nor the subsequent documents that the Offeror will issue in relation to the Offer may be intended as an offer of financial instruments in the United States of America, Canada, Japan, Australia or the Other Countries. None of the financial instruments may be offered or sold in the United States of America - or Canada, Japan, Australia or the Other Countries - without specific authorization in accordance with the provisions of applicable local law of those States or of the Other Countries or without any exception from the same provisions.

Acceptance of the Offer by persons residing in Countries other than Italy may be subject to specific obligations or restrictions provided for by applicable law or regulations. It is the sole responsibility of the addressees of the Offer to comply with such rules and, therefore, before accepting the Offer, they shall verify the existence and the applicability of such provisions, by contacting their own consultants.

13. MODIFICATIONS TO THE OFFER

In compliance with the limits imposed by applicable legislation and, in particular, with the limits and procedures set forth in Article 43 of the Issuers' Regulations, the Offeror reserves the right to make changes to the Offer no later than the day prior to the date established for the closing of the Acceptance Period. In the event of amendments to the Offer, the end of the Acceptance Period may not take place within a period of less than three working days from the date of publication of the amendment.

14. WEBSITE

The announcements and any document relating to the Offer will be published on the Offeror's website, www.bper.it, as well as on the Issuer's website, www.bancodisardegna.it.

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15. CONSULTANTS

The Offeror is assisted by:

- Equita SIM S.p.A., as financial advisor;
- Legance - Avvocati Associati, as legal advisor.

BPER Banca S.p.A.

The press release is also available in the 1INFO storage device.

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