

## PRESS RELEASE

### **Boards of Directors approve the planned merger of Banca Popolare di Marostica into Banca Popolare dell'Alto Adige, to be submitted to the respective Shareholders' Meetings**

**Bolzano and Marostica, 24 October 2014** - At today's meeting, the Boards of Directors of Banca Popolare dell'Alto Adige – Società cooperativa per Azioni (“**BPAA**”) and Banca Popolare di Marostica Società Cooperativa per Azioni a Responsabilità Limitata (“**BPM**”, referred to along with BPAA as the “**Banks**”), unanimously approved the plan for the merger of BPM into BPAA (“**Merger**”) as part of a broader integration agreement (the “**Agreement**”).

The Agreement, which was also entered into today, contains the guidelines and primary agreements concerning the integration between the two Banks which, while continuing to operate in the tradition of cooperative banks and ensuring that they maintain their local identities, will give rise to a new bank with strong roots in north-eastern Italy which can also constitute a base for further growth in the same region. The integration plan also seeks to create value for BPAA and BPM stakeholders, particularly their shareholders, employees, customers and local communities.

The business combination will involve the implementation of a highly strategic business plan that leverages the complementary nature of the two Banks.

The Merger will result in the strategic creation of a cooperative bank with around 200 branches with strong roots in highly complementary communities:

- second bank in Trentino Alto Adige with a market share of 8.8%;
- seventh bank in Veneto with a market share of 3.2%;
- sixth bank in the province of Vicenza with a market share of 6.2%.

Also with a view to best enhancing and protecting the two Banks' links with their traditional local communities, two regional hubs will be established. They will report to the general management and have commercial management, lending and support duties as well as other specific responsibilities:

- Aldo Adige Regional Hub based in Bolzano. This hub will be responsible for the post-merger bank branches in the province of Bolzano, Trento and Belluno (total branches: 104);
- Veneto Regional Hub based in Marostica. This hub will be responsible for the post-merger bank branches in the province of Vicenza, Padua, Treviso, Venice and Pordenone (total branches: 90).

After the Merger, a foundation named “Fondazione Banca Popolare di Marostica” will be established to manage cultural, educational, training, recreation, social and healthcare assistance or scientific research activities for the benefit of the civil and social fabric of BPM's traditional communities.

The Banks' shareholders will benefit from the synergies expected to be achieved with the Merger and reinforce their relations with the bank by participating in its governance after the Merger. In particular, mechanisms will be adopted to guarantee that BPM's shareholder base will be adequately represented on the bank's board of directors after the Merger, including by making the required amendments to the incorporating bank's articles of association.

The reference customers and communities will be able to benefit from a larger bank that still manages to maintain its local identity. Indeed, its local roots will be reinforced through the creation of a structure of regional/commercial management hubs to maintain high service levels and a close connection with the banks' traditional customers and communities.

Employees will benefit from additional opportunities for professional growth as well as specific Agreement provisions that protect the jobs and individual pay policies of the BPM employees that will become employees of BPAA pursuant to article 2112 of the Italian Civil Code, also with a view to safeguarding and leveraging their professional skills and on-site presence.

The transaction will be carried out through the merger of BPM into BPAA with the issue by the incorporating company of new shares to be assigned to BPM shareholders in exchange for their BPM shares.

The financial conditions of the Merger are reported below:

- Exchange ratio of 2.656 newly-issued BPAA shares for every 1 BPM ordinary share;
- The new BPAA ordinary shares that will be issued and assigned in the share swap as part of the Merger will not bear rights to any dividend that the BPAA ordinary shareholders' meeting may resolve upon with reference to the year ended 31 December 2014;
- As part of the Merger, BPM will distribute part of its available reserves to its shareholders in a unit amount corresponding to Euro 23.00 per BPM ordinary share issued, excluding any treasury shares held by BPM in its portfolio;
- Through a bonus issue of newly issued shares, BPAA will assign 0.117 BPAA ordinary share for every BPAA share assigned in the share swap to the BPM shareholders that will become BPAA shareholders as a result of the Merger and which continue to hold the BPAA shares assigned in the share swap without interruption for 36 months after the Merger becomes effective. This right to the bonus issue of BPAA shares will not be attributed to shareholders that dispose of even part of the shares received in the share swap within 12 months of the effective Merger date, and will be reduced proportionally in the case of the partial sale of shares received in the share swap between the end of the twelfth month and the thirty-sixth month after the effective Merger date.

The transaction will become effective for accounting and tax purposes on the date on which the Merger begins to have legal effect, i.e., the date of the last of the registrations of the merger deed in the applicable business registers or the subsequent date specified in such deed.

The transaction is subject to authorisation by the Bank of Italy and the clearance of the Italian Antitrust Authority.

The Merger documents will be submitted and published within legal terms, in view of the Banks' shareholders' meetings which are expected to take place in the first quarter of 2015.

In this transaction, BPAA received economic and financial support from Rothschild and legal support from the Carbonetti e Associati law firm.

BPM was supported by Gualtieri e Associati and by the Albina Candian & Partners law firm.

The Trifirò & Partners law firm provided assistance in the area of labour law.

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