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## PRESS RELEASE

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### **AFTER CAPITAL STRENGTHENING, NEW SREP REQUIREMENTS ASSIGNED BY THE ECB FOR 2020: P2R LOWERED BY 50 BPS**

#### ***STAKE IN DOCK JOINED IN TECH SRL SOLD TO IBM***

*Genoa, 10 June 2020* – Banca Carige informs that, further to completion of the annual Supervisory Review and Evaluation Process (SREP) as at the reporting date of 31 December 2019 and in consideration of the significant information received after that date, the European Central Bank (“ECB”) has communicated its final decision (the “SREP *decision*”) concerning the prudential requirements that the Bank is expected to comply with on a consolidated basis.

The major derisking effort carried out to date and the capital strengthening completed at the end of 2019 have allowed the Bank to reduce its NPE portfolio to a level below the 2019 target assigned by the ECB and to achieve risk indicators aligned to the average of the Italian banks directly supervised by the ECB. The Supervisory Authority reflected this important achievement in a 50 bps reduction of the *Pillar 2* additional own funds requirement (“P2R”) with respect to the previous requirement set forth in the 2017 SREP decision.

The minimum level of *Common Equity Tier 1 ratio* that the Bank is required to meet is 9.75%, reflecting the sum of a *Pillar 1* minimum requirement of 4.5%, a *Pillar 2* additional own funds requirement of 2.75% and a Capital Conservation Buffer of 2.50%.

As a result, the *Total SREP Capital Requirement* (“TSCR”), inclusive of a minimum *Pillar 1* requirement of 8% plus the *Pillar 2* additional own funds requirement, is 10.75%. The Bank is subject to an *Overall Capital Requirement* (OCR) of 13.25%.

The ECB additionally notified Banca Carige that the *Pillar 2* additional own funds requirement may be held in the form of 56.25% of CET1 capital and 75% of Tier 1 capital, as a minimum.

As far as prudential requirements are concerned, having assessed the arrangements, strategies, processes and mechanisms implemented by the Bank to ensure risk coverage, the ECB has concluded that no additional liquidity requirements are necessary.

In the same letter, with specific reference to the coverage of Non-Performing Exposures (“NPEs”), the Bank was recommended by the ECB to phase in a gradual adjustment of the coverage of the stock of exposures classified as NPEs on 31 March 2018 (as part of a complementary approach to the expectations set out in the Addendum to the ECB Guidance to banks on Non-Performing Exposures generated as of April 2018). In particular, for secured NPEs older than 7 years, it is recommended that a 40% coverage is achieved by year end 2020, with a linear adjustment path to full coverage by year end 2026; for unsecured NPEs older than 2 years, it is recommended that a 50% coverage is achieved by year end 2020, with a linear adjustment path to full coverage by year end 2025.

Banca Carige additionally informs that, acknowledging IBM’s intention to acquire Carige’s entire shareholding in Dock Joined in Tech Srl (“Dock”), the Board of Directors has resolved to proceed with the finalisation of the deed of sale.

Banca Carige recalls that the Group's ICT system was outsourced on 1 June 2018 to the Newco, Dock Joined in Tech Srl, 81% owned by IBM and 19% by the Bank. As part of the talks between the parties, IBM has recently expressed its interest in exercising the call option on the Bank's shareholding.

The initiative arises from IBM's will to open up the market for Dock to expand its customer base by pursuing new business opportunities through a better enhancement of its resources.

In light of the collaboration and partnership that distinguishes the relationship between IBM and the Carige Group, the Bank has expressed its willingness to accept the request received.

The change in Dock's ownership structure deriving from the transaction, with IBM to acquire 100% of the company, will have no impact on the agreement for the provision of ICT services to the Carige Group.

The consideration for the transaction amounts to EUR 2.1 mln and was determined by Deloitte Financial Advisory Srl based on the estimated book value of Carige's shareholding in Dock.

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