PRESS RELEASE

CARIGE: PRIVATE SOLUTION FORMALISED

Genoa 9 August 2019 – Banca Carige informs that a binding framework agreement has been entered into today with the parties involved in the Group's capital strengthening effort: the Italian Interbank Deposit Protection Fund (FITD), the Voluntary Intervention Scheme of FITD (VIS), the banking group 'Cassa Centrale Banca - Credito Cooperativo Italiano' (CCB), the asset management company owned by the Ministry of Economy and Finance 'Società per la Gestione di Attività'(SGA) and other leading financial institutions.

The transaction will allow the Bank to be secured and relaunched in its footprint areas, based on the Strategic Plan prepared by its Temporary Administrators.

In consideration of its strong industrial outreach, the framework agreement marks a milestone in the Group's turnaround and business combination process.

The Bank's turnaround and relaunch will leverage on a set of strategic initiatives:

1) radical derisking of the Bank's loan book, via almost full-scale disposal of the non-performing portfolio (EUR 3.1 bn out of total EUR 3.5 bn in GBV), for which the Temporary Administrators have received a binding offer from SGA;

2) a substantial capital raise, for the execution of which the Temporary Administrators have entered into today's framework agreement with FITD, VIS, CCB and other financial institutions;

3) a commercial relaunch and efficiency-boosting plan to win back revenues and put the bank back on the track of long-term profitability and sustainability.

The Bank's recapitalisation scheme will consist in:

(i) a EUR 700 mln share capital increase, broken down into different tranches, respectively reserved for: (a) VIS in the amount of EUR 313.2 mln, against conversion of the subordinated bonds subscribed for in November 2018; b) CCB for an amount of EUR 63 mln; c) the Bank's current shareholders for an amount of EUR 85 mln, in proportion to their respective shareholdings; (d) FITD for an amount of EUR 238.8 mln.

FITD has additionally formalised an underwriting commitment with respect to the tranche reserved for the Bank's current shareholders (referred to under item b above), in the event of full or partial failure of their subscription.

(ii) the issuance of warrants to be assigned free of charge to those current shareholders who will subscribe to the shares reserved for them (with a concurrent dedicated share capital increase in which the warrants will be exercised) at a ratio of 1 warrant for every 4 new shares subscribed; when exercised, these warrants will allow for the purchase of new shares at a 50 percent discount.

(iii) the issuance of EUR 200 mln worth of new subordinated bonds, classified as Tier 2 capital, in relation to which binding commitments have already been acquired in excess of the planned issuance amount from multiple private and public financial institutions.

Furthermore, VIS is currently defining the criteria and mechanisms to assign, upon completion of the transaction, EUR 10 mln worth of free-of-charge shares to the Bank's current shareholders who own a number of shares below a certain threshold.

Finally, as part of the agreements by and between the parties, VIS and FITD have granted CCB a call option on all of the Bank's ordinary shares that will be held by VIS and FITD after the execution of

the capital increase. This option shall be exercisable by CCB in the period between 1 July 2020 and 31 December 2021.

This set of capital strengthening, risk mitigation and efficiency boosting measures will enable the Bank to achieve industry-aligned KPIs over the next few years, reflected in an NPE ratio of less than 5% and a Total Capital ratio of over 15%. The implementation of the Strategic Plan, in all of its components, is the pre-requisite for the achievement of capital, profitability and efficiency objectives.

Banca Carige's capital strengthening within the set time horizon is functional for ending temporary administration and reconstituting the Bank's day-to-day management bodies. The effort is subject to the necessary authorisations being obtained from the relevant authorities and approval being given by the Shareholders' Meeting, soon to be convened.

More detailed terms and conditions for the capital strengthening effort will be set out in the Shareholders' Meeting documentation, which will be made available by the deadlines and under the terms provided by law.

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