

CREVAL AND PITAGORA ENTER INTO AN INDUSTRIAL PARTNERSHIP IN THE SALARY-BACKED LOAN MARKET

A TERM SHEET WAS SIGNED FOR THE PURCHASE BY CREVAL OF 9.9% OF THE SHARE CAPITAL OF PITAGORA AND THE DEFINITION OF A LONG-TERM DISTRIBUTION AGREEMENT

PITAGORA - CASSA DI RISPARMIO DI ASTI GROUP - CONSOLIDATES AS A LEADING OPERATOR IN THE SALARY-BACKED LOAN MARKET, WITH ITS MORE THAN 70 DIRECT BRANCHES AND MORE THAN 50 SALES AGREEMENTS WITH BANKS AND INTERMEDIARIES

Sondrio, Asti, 9 August 2018 – Credito Valtellinese S.p.A. ("**Creval**"), Cassa di Risparmio di Asti S.p.A. ("**CR Asti**") and Bonino 1934s.r.l. ("**Bonino**") signed today a Term Sheet ("**Term Sheet**") concerning the essential terms and conditions that will regulate: (i) the purchase by Creval of a 9.9% equity investment ("**Equity investment**") in the share capital of Pitagora S.p.A. ("**Pitagora**"); by signing at the same time the shareholders' agreements that will envisage, among other things, the representation of Creval in the Board of Directors of Pitagora, as well as (ii) the revision and renewal for five years of the existing sales agreement by and between Pitagora and Creval for the promotion of salary-backed loan agreements ("**CQS**"), with important objectives of disbursement on the Creval network ("**Sales Agreement**").

The purchase of the Equity investment and the signing of the Sales Agreement (together, the "**Transaction**") represent, as a whole, an important opportunity for Creval to increase its exposure to the CQS market, a growing market that could also benefit, in the future, from a significant revision - in a favourable sense - of the levels of capital absorption. The increase in Creval's exposure will take place through: (i) the acquisition of an equity investment in the share capital of a leading operator in the sector, with the consequent expected return also in the light of the business plan of Pitagora; (ii) the expected increase of the disbursed CQS through the Creval branches, thanks also to the commercial support provided by Pitagora, and (iii) the granting of funding lines that may be granted to Pitagora, contributing to the recovery of net interest income at the end of the de-risking process carried out by Creval.

Therefore, for Creval, the Transaction is part of the progressive strengthening and expansion of the offer dedicated to retail customers and - in line with the provisions of the 2018-2020 Strategic Plan - may lead to an increase in comprehensive income to be achieved in particular through the development of Creval's penetration in the consumer credit market and the consequent increase in the capacity to generate fees and commissions.

For CR Asti, Bonino and Pitagora, the purpose of the transaction is to enable Pitagora to achieve a more rapid growth in size by increasing its loans, thanks to the development of the Sales Agreement with the Creval network.

Pitagora is a financial intermediary specialised in salary-backed loans, it is one of the main players on the market, it has a multifunctional network that covers the entire country and has been developing for years an innovative business model aimed at banks and the retail market. During 2017, Pitagora developed a turnover of approximately EUR 430 million, with a net profit of EUR 10.9 million and, as from 31 December 2017, equity of EUR 57.1 million.

Subject to the completion of the usual due diligence activities and the definition of final agreements in the light of what has already been agreed in the Term Sheet, the closing of the Transaction is expected by November 2018.

The acquisition of the Equity investment will have negligible effects (approximately 1bps) on the level of Creval's fully loaded CET1 ratio as at 31 March 2018.

Creval availed itself of the assistance of Equita SIM S.p.A. for the financial aspects and of Studio Legale Galbiati, Sacchi e Associati for the legal aspects.

CR Asti, Bonino e Pitagora were assisted by Pedersoli Studio Legale and *Fieldfisher* for the legal aspects.

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Fine Comunicato n.0105-139

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