

## PRESS RELEASE

### **Proposal for mandatory conversion of savings shares into ordinary shares**

The Board of Directors of Banco di Desio e della Brianza S.p.A. ("**Banco Desio**" or the **Company**"), which met today, in order to comply with the recommendations set forth in the "Opinion of the European Banking Authority on the prudential treatment of legacy instruments", EBA/Op/2020/17, 21 October 2020, for the purpose of simplifying the Company's capital structure and governance, resolved to submit to the Shareholders' Meeting a proposal for the mandatory conversion of the Company's savings shares into ordinary shares (the "**Conversion**"), with the simultaneous elimination of the nominal value of the shares and related amendments to the Articles of Association.

This Proposal provides for a conversion ratio of:

- 0.88 ordinary shares for each savings share assuming the prior distribution of the 2019 dividends (for the undistributed portion) and the 2020 dividends (*ex-dividend*); or
- 0.90 ordinary shares for each savings share assuming no prior distribution of the 2019 dividends (for the undistributed portion) and the 2020 dividends (so-called "*cum dividend*"),

according to the terms set out below. No cash settlement is required.

Therefore, the Board of Directors has resolved to convene the Extraordinary Shareholders' Meeting on 4 October 2021, in first call, and, if necessary, on 5 October 2021, in second call, to approve the proposal for a Mandatory Conversion, the elimination of the nominal value of the shares and the related amendments to the Articles of Association, as well as any additional amendments to the Articles of Association as described at the end of this press release. The Special Meeting of Savings Shareholders called to resolve, in accordance with the law and the Articles of Association, on the Conversion and the related amendments to the Articles of Association, has been convened by today's Board of Directors for the same dates. For further information, please refer to the notices of Shareholders' Meetings which will be made available to the public today as required by law and which may be consulted on the Bank's website at [www.bancodesio.it](http://www.bancodesio.it), in the Home/La Banca/Governance/Shareholders' Meetings section, as well as on the 1Info storage platform at [1info.it](http://1info.it).

In equity terms, and assuming a full conversion, the estimate is to achieve a marginal positive effect on the Fully Loaded ratios of the CRR Group "Brianza Unione", essentially due to a marginal increase in the CRR consolidation share of Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A.<sup>1</sup>.

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<sup>1</sup>The consolidation share, pursuant to articles 11 and 99 of EU Regulation no. 575/2013 ("CRR") of Brianza Unione, increases from the current 49.882% to 49.933% in the event of a "*cum dividend*" conversion (conversion ratio 0.9x) or to 49.944% in the event of an "*ex dividend*" conversion (conversion ratio 0.88x).

It should be noted that, in view of the Bank of Italy's emergency recommendations, which first prohibited and ultimately limited the possibility for banks to proceed with dividend distributions, as per the resolution of the Company's Shareholders' Meeting of 15 April 2021 - to which reference should be made - part of the 2019 dividends and the 2020 dividends due, respectively, pursuant to the Articles of Association, to ordinary and savings shares, may be paid after 30 September of this year if allowed by the reference legal and regulatory framework and the recommendations of the Supervisory Authority, and positively assessed by the competent corporate bodies of Banco Desio. Therefore, the terms and conditions of the Conversion are related to those of the payment of dividends and, considering that the Conversion is expected to be finalised by 31 December 2021 for the reasons stated above, two alternative conversion ratios have been identified, depending on whether the effective date of the Conversion is subsequent to the payment of dividends (the so-called *ex-dividend* conversion ratio) or at the effective date of the Conversion the dividends have not yet been paid (the so-called *cum dividend* conversion ratio).

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The conversion ratio, in both the aforementioned assumptions, was determined by the Board of Directors also on the basis of the report drawn up by the independent financial advisor EY Advisory S.p.A., appointed by the Company. The conversion ratio incorporates an implicit premium on the price of the savings shares, placed (both *ex dividend* and *cum dividend*) above a market range which, based on an analysis of stock market prices, is between 0.79x and 0.85x *ex dividend* and between 0.80x and 0.86x *cum dividend*.

The Conversion is subject to the issue (prior to the approval by the Extraordinary Shareholders' Meeting) of the Bank of Italy's assessment provision, pursuant to articles 56 and 61 of the Consolidated Law on Banking, regarding the amendments to the articles of association relating to the Conversion transaction; if approved by the Extraordinary Shareholders' Meeting, the Conversion shall be effective provided that it is also approved by the Special Meeting of Savings Shareholders. Banco Desio shall announce the fulfilment or non-fulfilment of such requirements as provided for by law.

The proposed Conversion makes it appropriate to eliminate the nominal value of the Company's shares, in order to avoid the reduction of the capital as a result of the Conversion itself. In any case, the absence of an indication of the nominal value of the shares guarantees flexibility in the configuration of the items that make up equity and in transactions involving the share capital.

Since the resolution approving the Conversion implies a change in the Articles of Association concerning the voting and participation rights of the outstanding savings shares, the savings shareholders who will not have participated in the approval of the relevant resolution of the Special Meeting shall be entitled to exercise their withdrawal right pursuant to art. 2437, paragraph 1, letter g), of the Italian Civil Code. The liquidation value of each savings share was calculated in accordance with art. 2437-ter, paragraph 3, of the Italian Civil Code and set at Euro 2.422, equal to the arithmetic mean of the closing prices of the Company's savings shares

on the market in the six months prior to the date of publication of the notice of call of the Special Meeting of Savings Shareholders (i.e. today's date).

If some Savings Shareholders exercise their withdrawal right, it will be necessary to liquidate their holdings in accordance with the liquidation procedure provided for in art. 2437-*quater* of the Italian Civil Code. In the context of this procedure, the Company may be required to repurchase the shares of the withdrawing Shareholders which have not been purchased by the other Shareholders to whom they will be offered under option in accordance with the law or possibly placed on the market at the liquidation value. In light of this, the authorisation to allocate any shares acquired in the context of the aforementioned procedure shall also be submitted to the Extraordinary Shareholders' Meeting.

The Conversion (if approved by the Shareholders' Meetings) will result in a dilution of the voting rights of the Ordinary Shareholders of approximately 9.46% in the event of an *ex-dividend* conversion ratio and 9.68% in the event of a *cum dividend* conversion ratio (in both cases in the scenario of no withdrawals and therefore of maximum dilution).

It should be noted that the controlling shareholder Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. (on the basis of the information available to the Company, owner of a stake representing 50.44% of the ordinary shares and 44.69% of the savings shares) communicated to Banco Desio that (i) it intends to vote at the Company's Shareholders' Meetings in favour of the Conversion proposal and of the related resolution proposals and (ii) in compliance with the relevant regulations, in particular with regard to *internal dealing* and the *blocking periods* provided therein, it intends to proceed with the purchase on the market of a number of Banco Desio ordinary and/or savings shares for a maximum amount such as to maintain its controlling interest unchanged also as a result of the dilution arising from the Conversion transaction. Even taking into account the above, no significant changes in the ownership structure of the Company are expected to result from the Conversion.

The effective date of the Conversion must be agreed upon with Borsa Italiana and disclosed by means of a specific notice posted on the Company's website and in at least one national newspaper, pursuant to art. 72, paragraph 5, of the Consob Issuers' Regulations. In the same communication, the Company shall disclose details on the procedures for the assignment of ordinary shares as a result of the conversion ratio, and on the management of the remainders resulting from the same ratio. On the same date, the savings shares shall be delisted from the Mercato Telematico Azionario, organised and managed by Borsa Italiana, and the ordinary shares resulting from the Conversion shall be admitted to trading on the Mercato Telematico Azionario, organised and managed by Borsa Italiana.\*\*\*

Today's Board also resolved to submit to the Extraordinary Shareholders' Meeting further amendments to the Articles of Association aimed, in particular, at (i) greater flexibility in structuring the system of delegated powers (allowing for the appointment of either a Chief Executive Officer or a General Manager, or both, which in this case must be combined in the same person); (ii) introducing, also at the level of the Articles of Association, *whitewash* regulations for transactions with related parties, in line with the provisions of Banco Desio's Procedure for Transactions with Related Parties; (iii) allowing, in the context of both

Shareholders' and Board meetings, the participation of all right holders, also by means of remote connection, not requiring the necessary co-presence of the Chairman and the Notary, in line with established practice during the pandemic and as expressly permitted by recent notarial maxims and (iv) governing the independence requirements of the directors by referring to the provisions of the law, including regulations and supervisory provisions, as well as *pro tempore* corporate regulatory provisions, applicable and in force, in order to have a flexible forecast available.

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The documentation relating to all proposed resolutions shall be made available to the public within the time limits and in the manner provided for by the regulations in force.

Desio, 17 June 2021

**BANCO DI DESIO E DELLA BRIANZA S.p.A.**  
The Chair

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