



PRESS RELEASE

BANCO BPM LAUNCHES PROJECT TO ENHANCE THE PAYMENTS BUSINESS

Potential partnership will cover POS management ("Merchant Acquiring") and credit card distribution ("Issuing")

Overall value potential, consisting of the sum of "upfront" and "running" components and considering growth options, of more than €2 billion in terms of NPV

Milan, 18 April 2023 - The Board of Directors of Banco BPM, which met today, has resolved to proceed with a project to enhance the payments business aimed at defining a potential partnership with a leading market operator that shall focus on both Merchant Acquiring and POS management as well as on the Issuing and distribution of payment cards.

With its customer base, Banco BPM qualifies today as one of the leading players, having generated – for both Issuing and Acquiring – about €53 billion of transaction volumes of sales and withdrawals in FY 2022, up 11% on 2021, relying on more than 140,000 POS and about 4.4 million payment cards.

The non-binding expressions of interest received so far by the Bank from leading market players show that the payments business has the capacity to express an overall value potential of more than €2 billion in terms of NPV, taking into account both the upfront components and those related to the present value of running fees – more than €140 million pre-tax in 2022 – as well as future growth options. In this context, the guidelines for the partnership are expected to be as follows:

- Signing of a long-term exclusive distribution agreement encompassing both the issuing and the merchant acquiring business
- Preservation of running commission levels
- Collection of an upfront component involving benefits also in terms of capital
- Introduction of mechanisms enabling the Bank to further extract value from prospective growth

The Board of Directors has mandated the Chief Executive Officer to continue the ongoing interlocutions with the aim of identifying, by the first half of this year, the potential partner and to define a binding Term Sheet.

As part of the project, which is subject to any legal approvals, the Bank is being assisted by Bain & Company as industrial advisor and by Legance as legal advisor.

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