



NEWS RELEASE

Banco BPM launches a strategic reorganization process in the Bancassurance sector

Agreements with Gruppo Unipol and Gruppo Aviva terminated

Verona, 30 June 2017 – In line with its Strategic Plan and in light of the natural expiration of the former Banco Popolare Group's partnerships with the Unipol Group for the Life business (Life JV) and with the Aviva Group for the protection business (Protection JV), respectively, the Banco BPM Group has started a global process to rationalize its product factories; such project aims to extract the best business synergies and to standardize the service level offered by its distribution networks to its customers. The expiration of the term to revoke the Bancassurance agreements of the former Banco Popolare Group on June 30, 2017 has offered the opportunity to review the rationale underlying such partnerships with our current partners, Unipol for the life business (Life JV) and Aviva for the protection business (Protection JV.)

Such discussions, also in light of different views on the current market situation, have led to the decision to terminate both partnerships. The termination of the two partnerships (which in both cases is triggered by the cancellation of the distribution agreements, expiring on 31 December 2017) offers Banco BPM the opportunity to launch a new strategic process aimed at identifying a new strategic setup in the Bancassurance sector, in line with the Group's goals in terms of business development in the insurance sector and achievement of efficiency gains, with ongoing attention to customers.

As part of the outlined process, primary insurance companies have expressed their interest in evaluating such partnership with Banco BPM.

Yesterday, the Board of Directors of Banco BPM acknowledged the termination by Popolare Vita of the distribution agreement with the former Banco Popolare network.

Popolare Vita is the insurance company dedicated to the Life JV between Gruppo Unipol, which owns 50%+1 of Popolare Vita's shares through UnipolSai Assicurazioni, and Banco BPM Group, which holds the remaining share capital. Popolare Vita owns 100% of the share capital of The Lawrence Life Dac, an Irish-based life-insurance company. In 2016, the two companies collected roughly Euro 2.1bn of GWP, with total technical reserves of about Euro 10.3bn.

Also yesterday, Unipolsai Assicurazioni announced the exercise of the put option on its stake in Popolare Vita versus Banco BPM; such exercise is based on the terms of the shareholders' agreement entered on 7 September 2007 by the former Banco Popolare (now Banco BPM) and Fondiaria - Sai (now UnipolSai Assicurazioni). Under this agreement,



the purchase price will be defined through a regulated procedure, which, among other, foresees that two independent experts (an investment bank or an international accounting firm, and an actuarial firm) will be selected from a shortlist of candidates to define the strike price, based on agreed methodologies. The parties may, instead, agree on a mutually shared valuation, thereby avoiding such process.

Yesterday, the Board of Directors of Banco BPM also approved and communicated to Avipop Assicurazioni and Avipop Vita the termination of the distribution agreements.

Avipop Assicurazioni is an insurance company dedicated to the Protection JV between Gruppo Aviva, which owns 50%+1 of Avipop Assicurazioni's shares through Aviva Italia Holding, and Banco BPM Group, which holds the remaining share capital. In 2016, Avipop Assicurazioni collected GWP for Euro 77m, and the company owns 100% of the share capital of Avipop Vita, a life-insurance company, whose GWP in 2016 amounted to Euro 92.4m.

Under the shareholders' agreement entered on 14 December 2007 by the former Banco Popolare and Aviva, Aviva has the right to exercise a put option over the entire stake held in Avipop Assicurazioni. As for the partnership in the life business, the agreements require that the price will be defined on the basis of agreed criteria and methodologies by two independent experts (an investment bank or an international accounting firm, and an actuarial firm) selected from a shortlist of candidates. Also in this case, the parties may, however, agree on a mutually shared valuation and avoid such process.

The transfer of the shares, following the exercise of the above-mentioned put options, is subject to the standard authorizations by the competent authorities.

The impact on the Bank's capital position, once the entire Bancassurance reorganization process is completed, will, on one hand, depend on the prices that shall be determined for the exercise of the put options with our current partners and, on the other hand, by the price recognized by the new strategic partner/s that will be selected for the new Bancassurance agreements. Based on the bank's preliminary estimates and on the current discussions ongoing with interested parties, and in the light also of the levers available to set up the new partnerships, as things stand, the overall impact on the Group's capital ratios upon completion of the rationalization process is expected to be not significant.

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