



NEWS RELEASE

CLOSED THE DEAL BETWEEN BANCO BPM AND CATTOLICA ASSICURAZIONI

Banco BPM strengthens its presence in the insurance business, a strategic sector with a partner of primary standing

Reached one more goal of the Strategic Plan, fifteen months after the creation of Banco BPM

Milan, 29 March 2018 – Further to the news releases published on 28 September 2017 and 14 November 2017, since the conditions precedent have occurred and the required authorizations have been issued by the competent authorities, today Banco BPM SpA has finalized:

- the purchase from Aviva Italia Holding S.p.A. of 50% + 1 share of Avipop Assicurazioni S.p.A., at a price of 267.9 million euro (the amount includes the 2017 and 2018 share of profit paid out to Aviva Italia Holding);
- the purchase from UnipolSai Assicurazioni of 50% + 1 share of Popolare Vita S.p.A., at a price of 535.5 million euro.

Upon completion of the above transactions, whereby Banco BPM has acquired 100% of the share capital of Avipop Assicurazioni and Popolare Vita (the "Insurance Companies"), we hereby announce also that, further to the releases published on 3 and 9 November 2017, Banco BPM and Cattolica Assicurazioni today have finalized the sale to the latter of 65% of the share capital of the Insurance Companies and the start of a 15-year P&C and life insurance business partnership.

The Insurance Companies and their subsidiaries will undergo a rebranding process, further to which they will be named Vera Vita (former Popolare Vita), Vera Financial Ltd (former The Lawrence Life DAC), Vera Assicurazioni (former Avipop Assicurazioni), and Vera Protezione (former Avipop Vita).

The closing of the deal with Cattolica Assicurazioni takes place following the approval by the competent Supervisory Authorities.

The value recognized by Cattolica Assicurazioni, in keeping with the contract provisions, amounts to 853.4 million euro¹.

Moreover, as agreed, the ordinary dividends of the Insurance Companies for financial year 2017 (89.1 million euro) are fully attributable to Banco BPM.

¹ In line with common practice, this value is subject to possible adjustments tied to the verification activity.

The sale of the shareholdings to Cattolica Assicurazioni generates an estimated total capital gain of approx. 190 million² net of tax effect. The estimated positive impact on the Common Equity Tier 1 ratio at 31 December 2017 comes in at +16 basis points³.

The agreement between Banco BPM and Cattolica is with reference to the perimeter of "ex Banco Popolare", while the partnership with Covéa will continue in relation to the network of "ex BPM".

The CEO of Banco BPM, Giuseppe Castagna, has remarked:

"The agreement entered with Cattolica Assicurazioni allows us to build a solid and long-lasting partnership, within the scheduled timeline, with a player of primary standing in the insurance business, with growth prospects that are going to create value for both Companies.

This is a result that once again allows us to increase our presence in a strategic sector, creating a new Italian brand featuring the size and strength of a domestic player while staying close to our territories, in line with the tradition of our two Institutions.

The initiative we are communicating today is part of the business development goals set out in the strategic plan and launched already in the first fifteen months after the formation of Banco BPM."

KPMG Advisory S.p.A. acted as sole financial advisor for Banco BPM while Studio Gatti Pavesi Bianchi acted as legal advisor to the Deal.

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² Since to date the net income at the date of the sale is in the making and still unknown, the estimate has been carried out by making reference to the carrying amount of the companies at 31 December 2017.

³ Ceteris paribus, the estimate reflects the impact of the closing of the bancassurance partnerships reorganization on the Common Equity Tier 1 ratio at 31 December 2017 calculated under the fully-loaded regime (11.92%).