

PRESS RELEASE

AGREEMENT BETWEEN BANCO BPM AND CATTOLICA ON THE SALE OF A MAJORITY STAKE IN AVIPOP ASSICURAZIONI AND POPOLARE VITA AND THE ESTABLISHMENT OF A LONG-TERM PARTNERSHIP IN LIFE AND NON-LIFE BANCASSURANCE

- **BANCO BPM and CATTOLICA ASSICURAZIONI announced today that they have reached an agreement for the sale of a 65% stake in Avipop Assicurazioni and Popolare Vita to Cattolica Assicurazioni, for a total consideration of Euro 853.4 million.**
- **The agreement envisages the establishment of a 15 years strategic partnership between Gruppo Banco BPM and Cattolica Assicurazioni.**

Milan-Verona, 3 November 2017 – Following the press releases issued on 17 and 31 October 2017, Banco BPM and Cattolica Assicurazioni announced today that they have reached an agreement for the establishment of a long term strategic partnership in Life and Non-Life bancassurance.

The agreement foresees the acquisition by Cattolica of a 65% stake in Avipop Assicurazioni SpA and Popolare Vita SpA (the "Insurance Companies") and the establishment of a 15-year Life and Non-Life bancassurance partnership on the former Banco Popolare network.

The total consideration is based on a 100% valuation % of Popolare Vita equal to Euro 789.6 million, and on a 100% valuation of Avipop Assicurazioni equal to Euro 475.0 million.

In particular, out of the Euro 853.4 million total consideration that will be paid to Banco BPM for the sale of a 65% stake in the Insurance Companies Euro 544.6 million will be recognised for the sale of a 65% stake in Popolare Vita (of which Euro 89.6 million by way of an extraordinary dividend paid by Popolare Vita to the shareholder Banco BPM ahead of Closing) and Euro 308.8 million for the sale of a 65% stake in Avipop Assicurazioni.

Cattolica will have management control of the Insurance Companies. Banco BPM will keep holding veto powers on significant strategic matters. Cattolica will appoint the CEO of the Insurance Companies, while Banco BPM will appoint the General Manager.

Cattolica will finance this transaction with internal resources and by accessing the debt capital markets. The transaction will be accretive on Cattolica's earnings, while the designed financing structure will preserve its solid capital ratios.

The transaction will allow Banco BPM to maintain a capital buffer deemed sufficient to sustain the capital impacts expected from the repurchase of the stakes in the Insurance Companies currently held by Aviva and UnipolSAI, to streamline the Bancassurance partnership setup of the Group, to improve the synergies between the two joint-ventures on the former Banco Popolare network that will refer to a single partner and maintain a significant pro-quota contribution from the expected earnings of the Insurance Companies.

The signing of the legal documentation is expected by the end of the exclusivity period (9 November 2017).

The Closing of the transaction, subject to regulatory approvals, is expected to take place in 1H 2018 and is in any case subject to the purchase by Banco BPM of the remainder of the shares of the Insurance Companies.

KPMG acted as Sole Financial Adviser, Gatti Pavesi Bianchi Studio Legale as Legal Adviser for Banco BPM.

UBS Investment Bank acted as Sole Financial Adviser, Gianni Origoni Grippo Cappelli & Partners as Legal Adviser for Cattolica Assicurazioni.

Gruppo Banco BPM was established on 1 January 2017 as a result of the merger of two major cooperative banks, Banco Popolare and Banca Popolare di Milano, which, following the concurrent transformation into joint-stock company, have created a solid, profitable and sustainable banking group. With 25,000 employees and 2,300 branches, Gruppo Banco BPM is the third-largest banking group in Italy, serving 4 million customers through an extensive distribution network and a multi-channel model, with a leadership position in Northern Italy, and in particolare in Lombardy, Veneto and Piedmont.

Cattolica Assicurazioni was founded in Verona in 1896 as a cooperative and is now the parent company of a group of 7 subsidiaries operating in Italy both in Life and Non-Life. The Group operates across all market segments through an extensive distribution network covering the whole national territory, and composed of bancassurance agreements and a network of proprietary agencies. As of 30 June 2017 the Group had Euro 2.6 billion GWP and a Solvency II ratio of 187%.

Popolare Vita offers traditional Life and Unit-linked insurance products, also through the Irish-based, 100%-owned subsidiary **The Lawrence Life**. As of 31 December 2016, Popolare Vita and its subsidiary had Euro 2,130 million GWP and Euro 42 million net income.

Avipop Assicurazioni offers Non Life and Temporary Life insurance products, also through the 100%-owned subsidiary **Avipop Vita**. As of 31 December 2016 Avipop Assicurazioni and its subsidiary had Euro 169 million GWP and Euro 23 million net income.



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