



PRESS RELEASE

Banco BPM exercises a Call option on 81% of the share capital of Bipiemme Vita, the joint venture with Covéa in the bancassurance sector, ahead of the timetable of the company's internalisation with respect to the guidelines of the 2021-2024 Strategic Plan.

Milan, 12 April 2022 - Banco BPM's Board of Directors today resolved to exercise the option for the purchase from the partner Covéa Coopération SA of 81% of the share capital of Bipiemme Vita S.p.A., an insurance company operating in the life sector, in which Banco BPM already holds a 19% interest. In turn, Bipiemme Vita holds the entire share capital of Bipiemme Assicurazioni S.p.A., operating in the non-life sector.

The transaction marks an acceleration in the strategy of Banco BPM Group's 2021-2024 Plan announced to the market on 5 November 2021, which envisaged the internalisation of the insurance business by the end of 2023¹, and is incorporated in the agreements with the Covéa Group, as amended on 25 June 2021, which recognise Banco BPM's right to purchase, through the exercise of a call option, 100% of the share capital of Bipiemme Vita in the period between 8 September 2021 and 31 December 2023.

The actual operating and organisational structure of Bipiemme Vita and Bipiemme Assicurazioni, operating independently of the current parent company, will enable the BPM Group to develop its insurance business in-house; this structure will also allow for the scalability of the platform and prospectively, the subsequent integration of Vera Vita and Vera Assicurazioni, in which Banco BPM currently has a 35% interest, implementing the agreements in place with Cattolica Assicurazioni - currently part of the Generali Group - which envisage a call option in favour of Banco BPM for the purchase of the residual 65% of both companies, to be exercised as from 1 January 2023.

The price of the call exercise referred to 81% of the share capital of Bipiemme Vita, based on the corresponding level of Unrestricted Tier 1 as at 30 June 2021, is estimated at approximately Euro 310 million.

After the closing, in the context of the transactions for the optimisation of the company's equity, an extraordinary dividend of Euro 120 million is expected to be disbursed, drawn from the retained earnings reserves, to Banco BPM as sole shareholder.

Taking into account the benefits of the application of the Danish Compromise, to be calculated following the release of the relevant authorisation by the ECB, the option exercise would have a positive effect estimated in the region of +5 bps (basis points) on the CET 1 Ratio; excluding these benefits, the exercise of the call option would, instead, determine a negative impact estimated at -32 bps on the Group's CET 1 Ratio².

The exercise of the call option relating to 81% of the share capital of Bipiemme Vita, earlier than the date of 31 December 2023 envisaged in the Strategic Plan, will accelerate the benefits outlined in

¹ In this regard, the Bank's press release on 5 November indicated that, due to the purchase options set forth in the agreements with Covéa and Cattolica Assicurazioni, "Banco BPM is guaranteed the strategic option, entirely at its discretion, to fully insource the bancassurance business or, alternatively, to enter into new partnerships that guarantee its stakeholders with the same creation of value".

² Estimated impacts on the pro-forma data as at 31 December 2021, both fully phased and phased-in



the Group's business plan with reference to Bancassurance, with a positive effect on the net Group profit, estimated at approximately Euro 29 million for 2023.³

The completion of Banco BPM's acquisition of the equity investment held by Covéa Coopération SA in Bipiemme Vita resulting from the exercise of the call option is subject to the legal authorisations from the competent Authorities and is indicatively expected by July. With the exercise of the call option, Banca will also initiate the process for the recognition of the financial conglomerate by IVASS and the ECB and to obtain, again from the ECB, benefits from the prudential treatment of the participatory investment envisaged by the rules of the so-called "Danish Compromise".

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³ Data before impact of PPA and IFRS17.