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## **PRESS RELEASE**

### **THE BOARD OF DIRECTORS OF BPER BANCA HAS APPROVED A STRATEGIC PROJECT AIMED AT FAVORING THE DIMENSIONAL GROWTH OF THE GROUP WITH A SIGNIFICANT INCREASE IN TERMS OF MARKET SHARE AND CUSTOMER BASE**

### **EXECUTION OF AN AGREEMENT WITH THE INTESA SANPAOLO GROUP FOR THE ACQUISITION OF A GOING CONCERN CONSISTING OF BANKING BRANCHES PREVAILINGLY LOCATED IN NORTHERN ITALY**

### **RIGHTS ISSUE TO SUPPORT THE ACQUISITION WITH A PRE- UNDERWRITING COMMITMENT OF MEDIOBANCA – BANCA DI CREDITO FINANZIARIO S.P.A.**

### **EXPECTED POSITIVE EFFECTS ON PROFITABILITY AND ASSET QUALITY. FINANCIAL SOUNDNESS CONFIRMED**

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BPER Banca S.p.A., head office in Modena, via San Carlo, 8/20 - Tax Code and Modena Companies Register no. 01153230360 – Company belonging to the BPER BANCA GROUP VAT, VAT no. 03830780361 – Share capital Euro 1,561,883,844 - ABI Code 5387.6 - Register of Banks no. 4932 - Member of the Interbank Deposit Guarantee Fund and of the National Guarantee Fund - Parent Company of the BPER Banca S.p.A. Banking Group - Register of Banking Groups no. 5387.6 - Tel. 059.2021111 - Telefax 059.2022033 - e-mail: servizio.clienti@bper.it - Certified e-mail (PEC): bper@pec.gruppobper.it - bper.it - istituzionale.bper.it

**BPER has entered into an agreement with Intesa Sanpaolo pursuant to which, upon completion of the voluntary public exchange offer launched by the same Intesa Sanpaolo on the entire share capital of UBI Banca, BPER will purchase a going concern composed of approximately 1.2 million clients distributed on 400/500 banking branches, prevailingly located in northern Italy, and of assets, liabilities and other legal relationships referable to such clients. The transaction will be funded by means of a rights issue in an estimated maximum amount of €1.0 billion.**

**Potential benefits of the transaction:**

- **enhancement of the distribution network of the BPER Group with particular reference to the Lombardia region with the achievement of a market share higher than 6%;**
- **increase of the customer base of more than 40%;**
- **improvement of the operational efficiency due to the integration of a network of branches without central structures;**
- **absence of restrictions related to distribution agreements with subsequent full exploitation of the product factories of the Group.**

**Main financial effects of the transaction:**

- **increase of the credit portfolio of approximately 40% and of the total assets above €100 billion;**
- **further improvement of the credit quality with a pro forma gross NPE ratio estimated, based on 2019 data, in reduction from 11.1% to approximately 10% and estimated at 8.2% at the end of 2020 thanks to the ongoing management actions, well below the 9% estimated by the Business Plan at the end of 2021;**
- **expected profitability of the investment comprised between 15-20%;**
- **confirmation of the financial soundness of the BPER Group with a pro forma consolidated CET 1 ratio Fully Phased estimated above 12.5% in 2020 and above 13% in 2021.**

Alessandro Vandelli, Chief Executive Officer of BPER Banca, has commented as follows: “*The perfection of the acquisition of the going concern represents an important opportunity for the Group to enhance its competitive position in the more productive and dynamic areas of the country. The transaction will enable us to increase our customer base of more than 40% and to achieve a general re-balancing of the presence of the Group on the national territory towards economically strong areas which, as of today, are only partially covered. The agreement provides for the integration of a network of branches without central structures favoring an improvement of the operational efficiency. Moreover, the absence of restrictions related to distribution agreements allows a full exploitation of the potential of our product factories. Finally, our long-standing experience in the management of banking integrations will significantly reduce the execution risk arising out of the transaction*”.

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Modena, 17 February 2020. The Board of Directors of BPER Banca S.p.A. ("BPER Banca"), during the meeting held today, approved the execution of an agreement with Intesa Sanpaolo S.p.A. ("Intesa Sanpaolo"), pursuant to which BPER Banca will purchase a going concern (the "Going Concern") from the Intesa Sanpaolo Group, subject to, *inter alia*, the completion of the voluntary public exchange offer (the "Exchange Offer") launched by the same Intesa Sanpaolo on the entire share capital of UBI Banca S.p.A. ("UBI Banca") pursuant to Article 102 of the TUF as announced to the market today.

The perimeter of the Going Concern will include (i) between 400 and 500 banking branches, prevailingly located in northern Italy (with a specific focus on the Lombardia region), (ii) an aggregate amount of net credits against customers equal to at least €20 billion and (iii) Risk-Weighted Assets (RWA) not higher than € 15.5 billion.

The consideration for the acquisition of the Going Concern shall be equal to 0.55 times the amount of the CET1 of the Going Concern, which will be determined by applying the CET1 ratio Fully Phased of UBI Banca to the RWA of the Going Concern<sup>1</sup>.

The acquisition of the Going Concern is subject to, among others, the settlement of the Exchange Offer and the obtainment of the supervisory and antitrust clearances necessary for the transfer of the Going Concern.

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### **Strategic rationale of the transaction**

From a strategic standpoint, the potential acquisition of the Going Concern from the Intesa Sanpaolo Group results in line with the objectives of the BPER Group aimed at dimensional growth, increase of the profitability and improvement of the asset quality, while maintaining at the same time a sound financial position. The most relevant benefits include:

- dimensional growth and improvement of the competitive position in Italy;
- increase of the customer base of more than 40% and of significant market shares in economically relevant areas such as Lombardia (above 6%) and Piemonte, where the Group has currently limited coverage;
- acquisition of a going concern exclusively represented by banking branches (between 400 and 500 branches) with a significant concentration in northern Italy;
- growth of the operating size with an increase of the credit portfolio of more than 40% and of the total assets of around 30% (total assets post-deal higher than € 100 billion);
- realization of significant cost/revenue synergies deriving from the increase of cross-selling of products by the BPER Group across a broader customer base and from rationalization activities;
- acquisition of a distribution network without central structures or middle/back offices with a consequential mitigation of the execution risks.

<sup>1</sup> The determination of such parameters will occur at a specific reference date, which is currently expected to be 30 June 2020.

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## **The Rights Issue**

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In relation to the acquisition of the Going Concern, the Board of Directors of BPER Banca has resolved to submit to the Extraordinary Shareholders' Meeting, subject to the prior authorization of the competent authorities, the proposal to authorize the Board of Directors to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, in divisible form and against payment, in one or more tranches, up to an aggregate maximum amount (including any share premium) equal to € 1.0 billion, through the issuance of new ordinary shares with no par value to be offered in option to the existing shareholders pursuant to Article 2441, paragraph 1 of the Italian Civil Code (the "Rights Issue") and to approve the relevant amendments to the by-laws.

## **Underwriting syndicate**

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In the context of the Rights Issue, Mediobanca – Banca di Credito Finanziario S.p.A. will act as Sole Global Coordinator and Sole Bookrunner on the basis of a pre-underwriting agreement entered into with BPER Banca and concerning the commitment – subject to conditions in line with market practice for similar transactions – to enter into an underwriting agreement for the subscription of the newly issued shares which would remain unsubscribed upon completion of the offering up to an aggregate maximum amount equal to € 1.0 billion.

## **Estimated time for the execution of the Rights Issue**

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Subject to the approval of the Extraordinary Shareholders' Meeting of BPER, to the obtainment of the necessary authorizations from the competent Authorities and the occurrence of the other conditions precedent provided by the agreement between BPER Banca and Intesa Sanpaolo, it is expected that the offer of the newly issued shares in option to the current shareholders could be carried out in the second half of 2020.

In the context of the transaction BPER is assisted by Rothschild & Co, as financial advisor and from Chiomenti Studio legale, as legal advisor.

**BPER Banca S.p.A.**

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Please note that as of **18 February 2020 at 15.00 (CET)** a conference call will be held to illustrate in detail the transaction described in this press release.

The conference call will be held in English and will be chaired by **Alessandro Vandelli, the Chief Executive Officer.**

To join the conference call, dial the following telephone number:

**ITALY: +39 02 8020911**

**UK: +44 1212 818004**

**USA: +1 718 7058796**

A set of slides to support the presentation will be available on the same day, before the start of the presentation and the conference call, in the Investor Relations area of the Bank's website <https://istituzionale.bper.it>.

This press release is also available in the 1INFO storage device.

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