

BPER:

Gruppo

BPER strategic growth

Creating shareholder value through the acquisition of a sizeable going concern

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Agenda

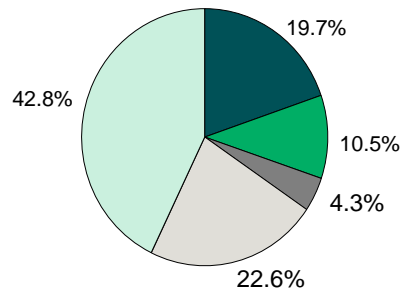
- 1 BPER at a glance
- 2 Overview of the Transaction
- 3 Strategic rationale
- 4 Preliminary identification of the going concern
- 5 Expected impacts
- 6 Closing remarks

BPER at a glance

One of the largest banking groups in Italy focused on traditional business

#6th banking group by total asset

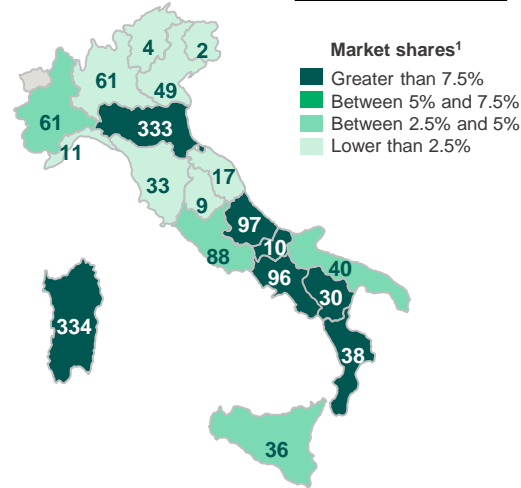
Key shareholders



- Unipol Gruppo
- Fondazione di Sardegna
- Other Bank Foundations
- Other institutionals
- Other shareholders

Branches network

N. branches: 1,349



% on total

North West	10%
North East	29%
Center	18%
South & islands	43%

Widespread national presence and strong multi-regional footprint

Key financials

Key financials 2019²

P&L (€m)

Total banking income	2,276
Operating expenses	(1,687)
LLPs	(449)
Profit before taxes	417
Net income	380

B/S (€bn)

	Gross	Net
Loans to customers	55.3	52.0
o/w Performing	49.2	49.0
o/w NPEs	6.1	3.0
Direct deposits	58.1	
Indirect deposits	117.4	

Asset quality

	Gross	Net
NPE ratio	11.1%	5.8%
NPE Coverage		51.0%

Regulatory capital (€bn)

CET1 capital FL	4.2
RWAs FL	34.6
CET1 ratio FL (%)	12.0%

Notes

- 1 Market share by branches
- 2 Including contribution from Unipol Banca and Arca SGR since 1st July 2019

Overview of the Transaction

Acquisition of a going concern from Intesa Sanpaolo including up to #400-500 branches, c. #1.2m clients and €20-23bn of loans significantly enhancing competitive positioning in Italy

On 17 February 2020, the Board of Directors of BPER Banca approved the execution of an agreement with Intesa Sanpaolo, pursuant to which BPER will purchase a going concern from Intesa Sanpaolo (the “**Transaction**”), subject to, inter alia, the completion of the voluntary public exchange offer launched by the same Intesa Sanpaolo on the entire share capital of UBI Banca

Overview of the going concern perimeter

- **Loans to customers:** €20-23bn
 - **RWA:** maximum €15.5bn¹
 - **Clients:** +#1.2m
 - **Branches:** #400-500 (mainly located in northern Italy, with a specific focus on Lombardia)
 - **Asset quality:** in line with UBI at the reference date²
 - **Allocated capital:** in line with UBI CET1 ratio at the reference date² (12.3% as of FY'19)
 - **Only including assets and liabilities strictly related to the branches acquired** (i.e. not including head office and central structures, and no obligations envisaged with reference to current distribution agreements)
- Key guiding principles*

The going concern perimeter has been preliminary identified based on public information and is subject to changes provided that the abovementioned criteria are all met

Transaction highlights

- Acquisition in **cash**
- **Price consideration** equal to **0.55x CET1** of the going concern allocated capital at the reference date²
- **Capital increase via rights issue up to max €1bn** to finance the Transaction
 - **Pre-underwriting agreement signed** with Mediobanca with reference to the entire rights issue amount

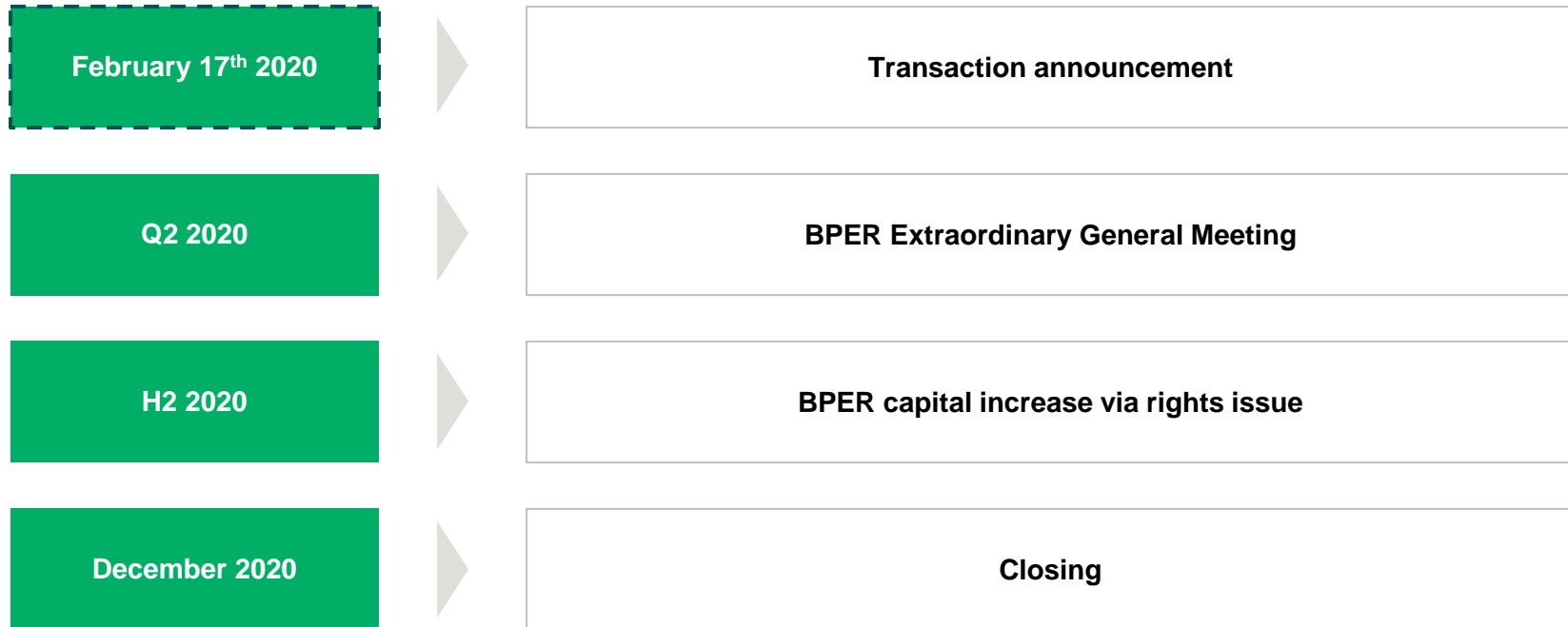
Notes

1 Including credit and operational risk RWA

2 The determination of such parameters will occur at a specific reference date, which is currently expected to be 30 June 2020.

Overview of the Transaction

Preliminary timetable



Strategic rationale

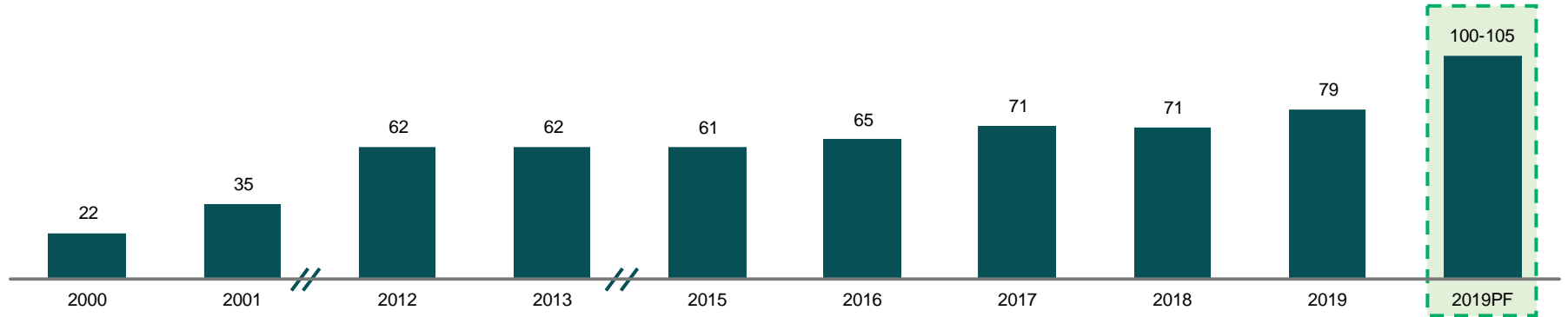
Paving the way for further sound and sustainable growth

- 1 **Creating shareholders value enhancing profitability, improving asset quality and maintaining a strong capital position**
- 2 **Significant scale increase**
- 3 **Strengthening of group presence in the more productive and dynamic areas of the country (in particular Lombardy)**
- 4 **Operating efficiency benefits (no head/back office legacy)**
- 5 **Further potential value creation through cross selling of BPER products to the newly acquired customers (no obligations envisaged with reference to current distribution agreements)**

Strategic rationale

BPER has a successful M&A track-record given it has achieved significant scale and strengthened its performance and balance sheet also through the acquisition and merger of a number of banks

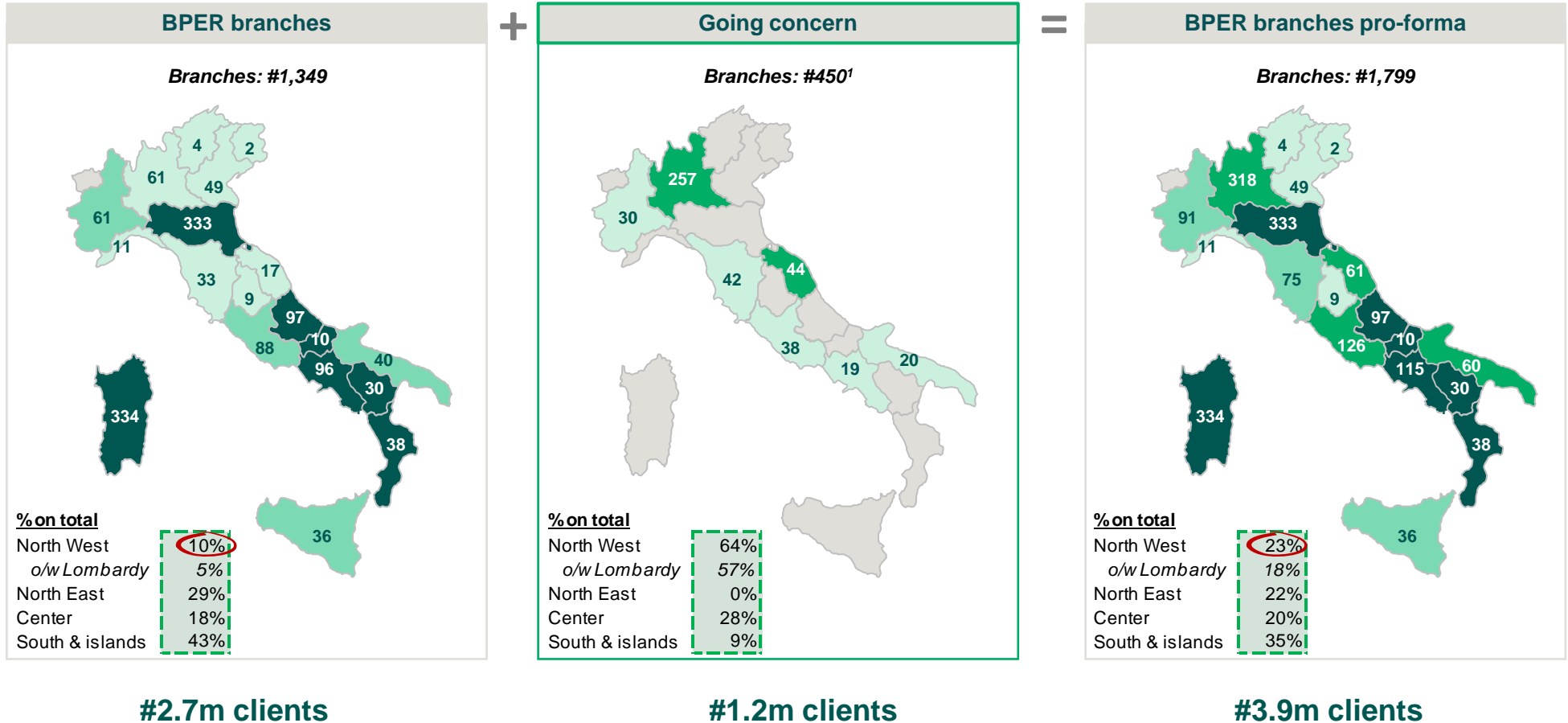
Total assets evolution 2000-2019 (€bn)



Target	Banco di Sardegna	CRB CASSA DI RISPARMIO DI RIVA	Cassa di Risparmio di Salerno	CARIFE Cassa di Risparmio di Firenze	Unipol BANCA	Strategic Growth
Total assets (€bn)	9.7	1.4	1.1	2.6	11.4	21-26
% on BPER total assets ¹	45%	2%	2%	4%	16%	~30%
Branches (#)	430	22	24	105	258	400-500
% on BPER branches ¹	70%	2%	2%	9%	21%	~33%

Preliminary identification of the going concern

Highly complementary branches network which will significantly enlarge BPER “multi-regional presence” in the wealthiest northern Italian regions



Notes

1 Based on the mid point of the range of branches potentially included in the going concern (#400-500)

Market shares

- Greater than 7.5%
- Between 5% and 7.5%
- Between 2.5% and 5%
- Lower than 2.5%

Preliminary identification of the going concern

Sizeable add-on with solid profitability confirming a clear strategic path

Contractual agreements signed

Loans to customers (net)	MIN €20bn	–	MAX €23bn
RWA (Cap)	Incl. credit risk, operational risk and other RWA		MAX €15.5bn
CET1 ratio (%)	In line with UBI ¹		12.3%
Branches	MIN #400	–	MAX #500

Key B/S items (current estimate)

Loans to customers (net)	MIN €20bn	–	MAX €23bn
o/w Bonis	€19.0bn		€21.9bn
o/w NPE	€1.0bn		€1.1bn
Deposits	MIN ² €18.0bn	–	MAX ³ €20.7bn
Indirect deposits	MIN ² €24.5bn	–	MAX ³ €28.1bn

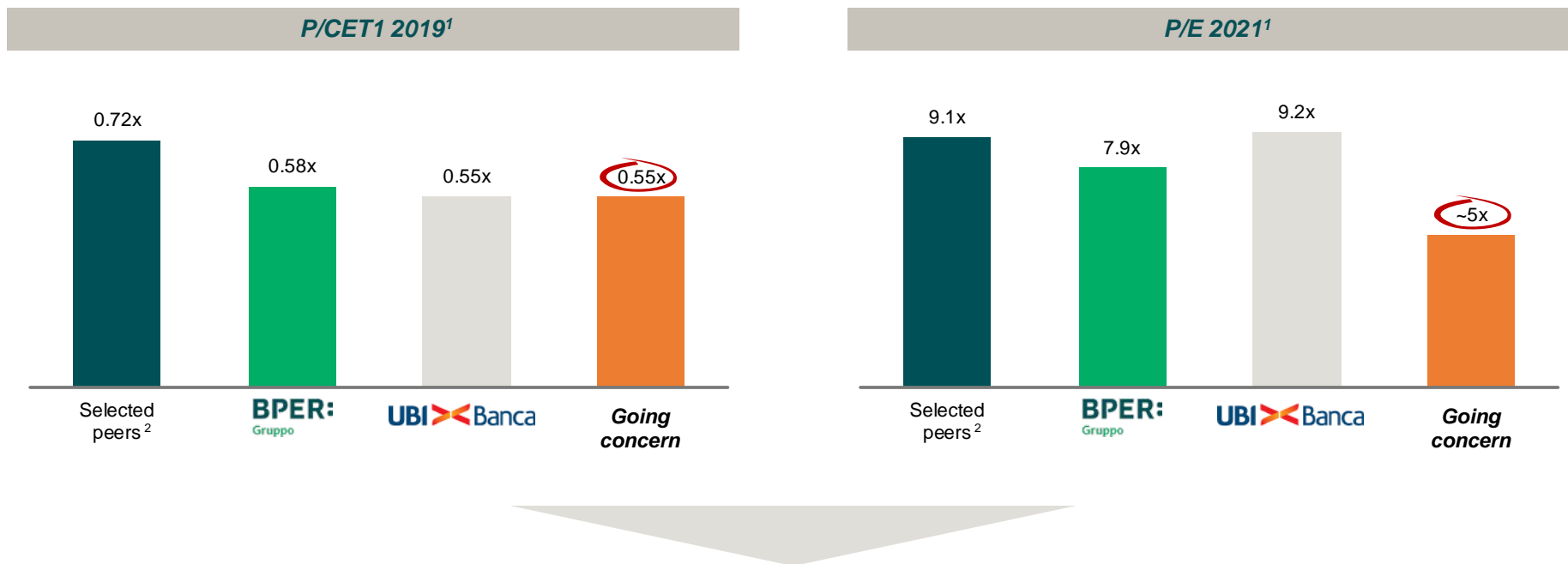
As envisaged in contractual agreements with ISP

Notes

- 1 At last reporting date before closing of the Transaction (currently envisaged at 30.06.20)
- 2 Based on €20bn of loans to customers
- 3 Based on €23bn of loans to customers

Preliminary identification of the going concern

Compelling pricing which represents a discount to average trading multiples observed for key peers



Transaction implied multiples significantly lower vs Italian listed banks average for a going concern which is characterized by a lean cost structure and a compelling profitability

Further value upside for BPER shareholders from potential synergies

Notes

- 1 Bloomberg as of 17.02.20
- 2 Include Intesa Sanpaolo, UniCredit, UBI, BancoBPM and Credem

Preliminary identification of the going concern

Expected internal financial metrics – Sensitivity analysis to credit risk RWA density and loans to customers

PRICE PAID for the going concern (€m)

		Loans to customers (€bn)		
		20.0	21.5	23.0
Credit risk RWA density	40%	669	711	750
	45%	737	783	827
	56% ¹	892	950	1,005

NET INCOME of the going concern (€m)

		Loans to customers (€bn)		
		20.0	21.5	23.0
Credit risk RWA density	40%	154	167	180
	45%	152	165	177
	56% ¹	148	160	172

Estimated assuming a P/CET1 of 0.55x applied on allocated capital @12.3%² of going concern RWA³

Notes

- 1 Preliminary estimated based UBI Banca individual credit risk weight based on latest available report
- 2 In line with UBI CET1 ratio. It will be based on UBI last reporting date before closing of the Transaction (currently envisaged at 30.06.20)
- 3 Including credit risk RWA, operational risk RWA equal to €1.5bn and other RWA mainly related to real estate and other assets (assuming a 100% risk weight)

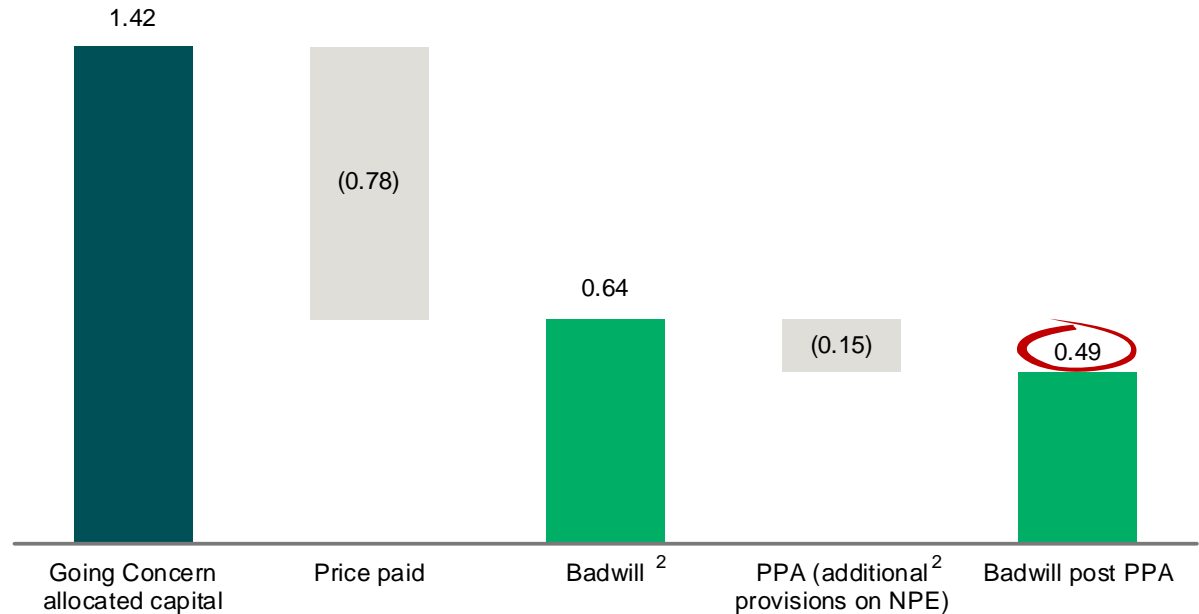
Preliminary identification of the going concern

Expected internal financial metrics – Price consideration and badwill generated

Key assumptions

- Loans to customers: €21.5bn
 - Credit risk RWA density: 45%
 - Total RWA: €11.6bn¹
 - Net income: €165m
 - Price consideration: 0.55x CET1 capital
-
- Additional loan loss provisions: €150mln (gross) at BPER level to increase going concern coverage
 - Full badwill recognition assumed at BPER**

Price consideration and badwill generated (€bn)



Notes

- Including credit risk RWA, operational risk RWA equal to €1.5bn and other RWA mainly related to real estate and other assets (assuming a 100% risk weight)
- Gross of tax

Preliminary identification of the going concern

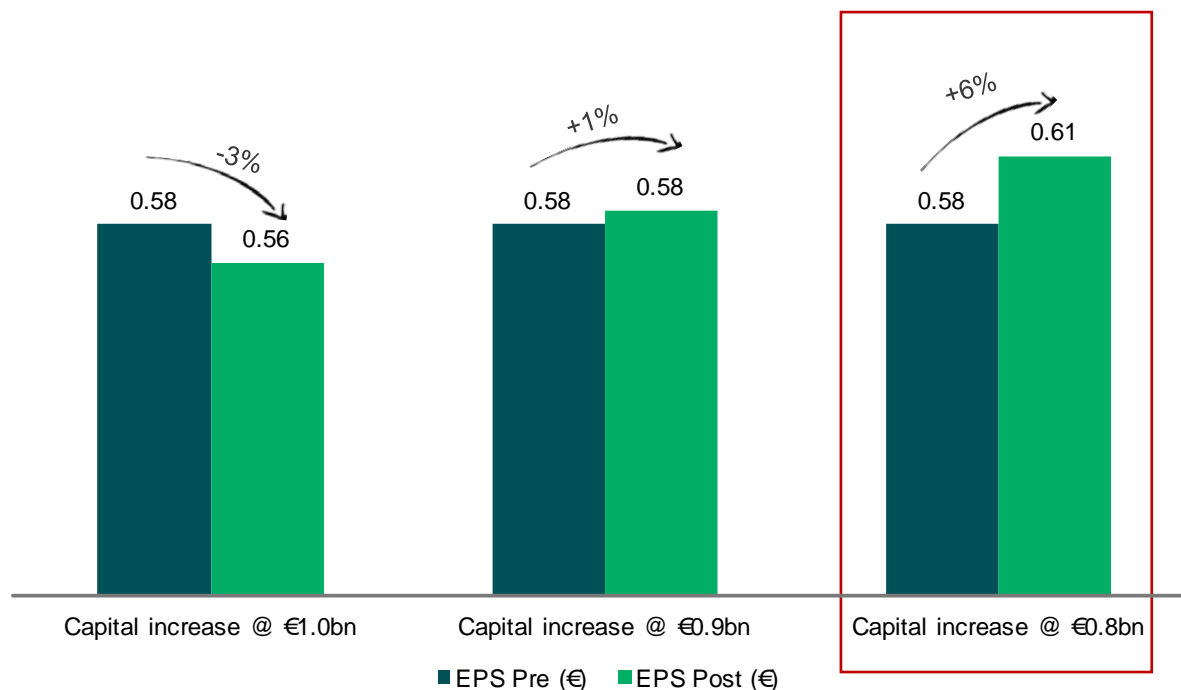
Expected internal financial metrics – EPS accretion / (dilution)

Key assumptions

- **Capital increase:** €0.8bn-€1bn
- **Discount to TERP:** 20-25%
- **Issue price** based on 17.02.20 BPER closing price
- **BPER standalone net income 2021E** based on latest consensus (€300m)
- **Going concern net income:** €165m

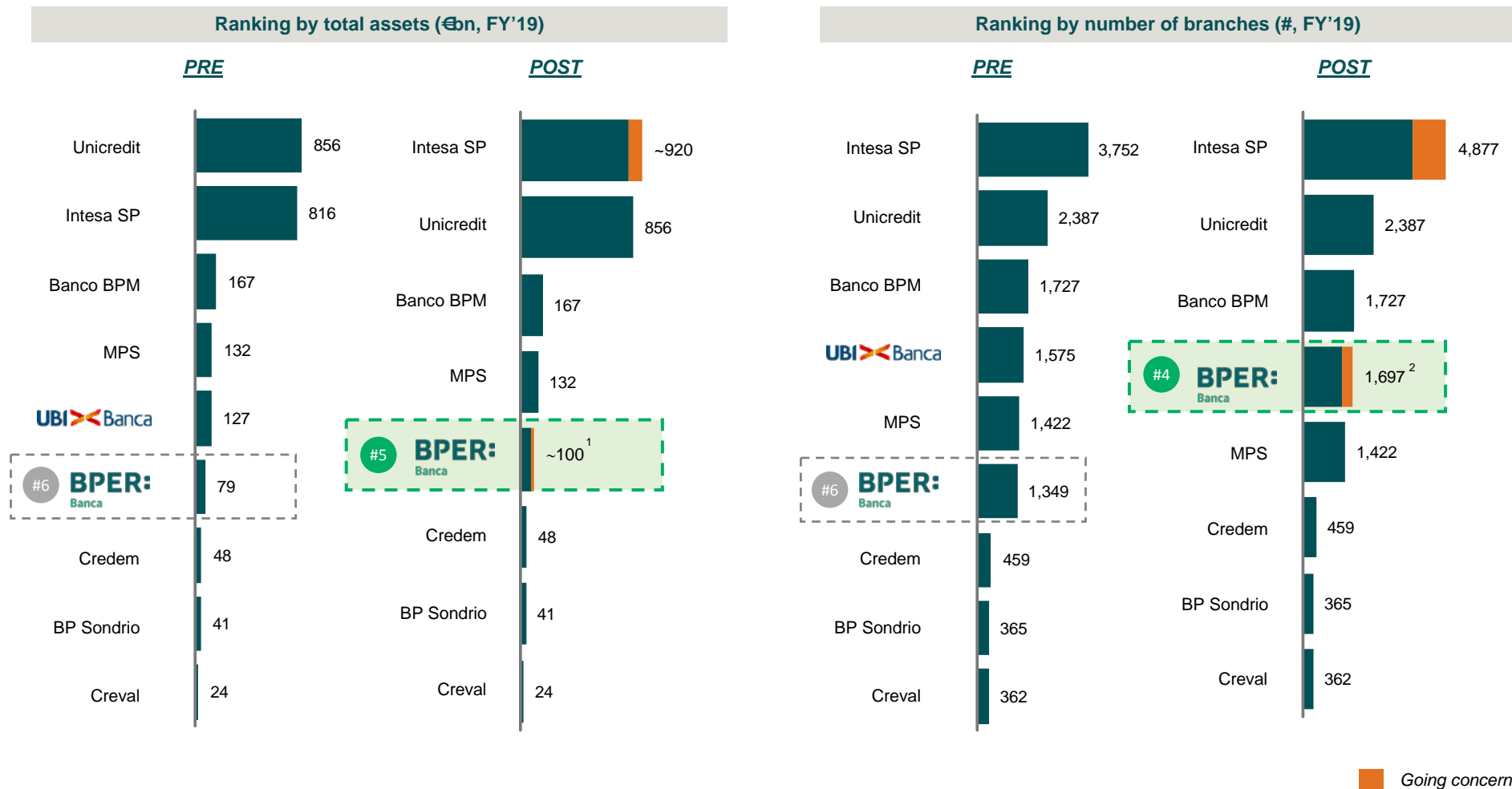
Going concern return on investment¹ in the range of c. 15-20% on the basis of loans to customers included in the perimeter and related RWA density

EPS accretion / (dilution) as of 2021^{1,2}



Expected impacts

BPER to become the 5th largest Italian banking group by total assets and 4th by branches



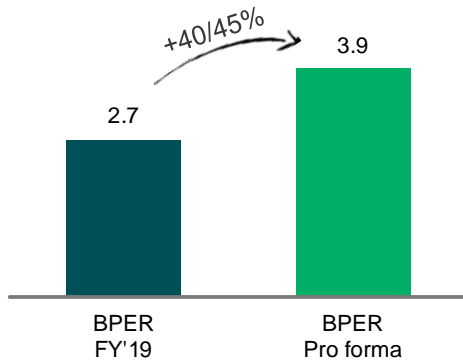
Notes

- 1 Based on the mid point of the range of loans to customers potentially included in the going concern (€20-23bn)
- 2 Based on the mid point of the range of branches potentially included in the going concern (#400-500) net of already defined closures within the business plan horizon

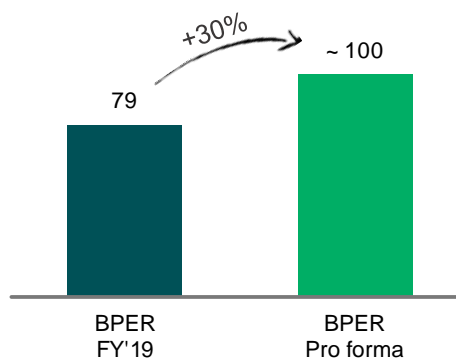
Expected impacts

Increased scale and attractive financial impacts enhancing group KPIs¹

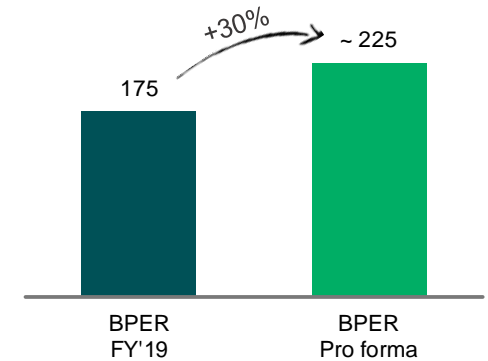
Clients (#m)



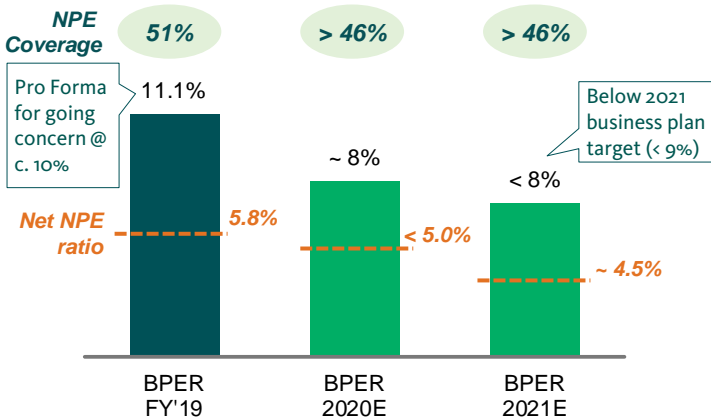
Total assets (€bn)



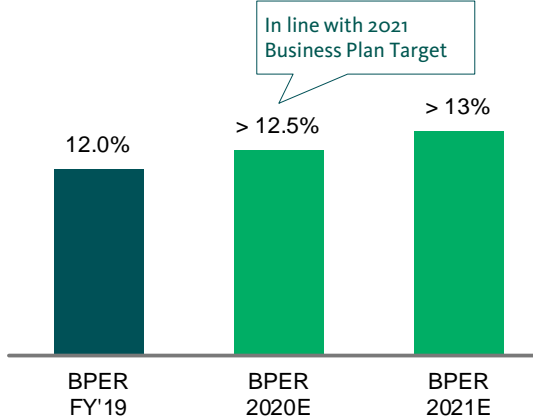
Total deposits² (€bn)



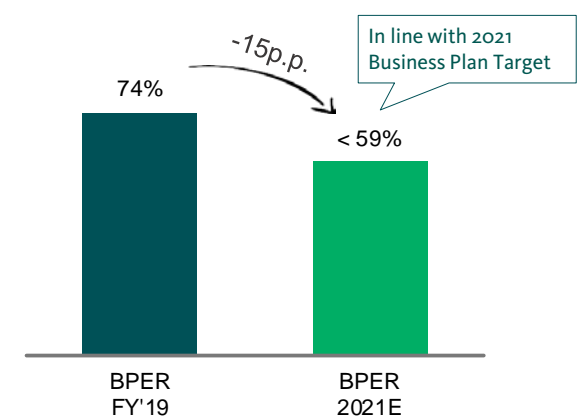
Gross NPE ratio



CET1 ratio FL



Cost / income



Notes

- 1 Preliminary estimate of the going concern figures based on publicly available information assuming an amount of loans to customers equal to c. €21.5bn and RWA credit risk density at 45%
- 2 Includes direct and indirect deposits

Paving the way for further sound and sustainable growth

- **Further growth and business development** through the acquisition of c. #1.2m clients and #400-500 branches
- **Operating efficiency benefits** (no head/back office legacy)
- **Potential value creation through cross selling of BPER products** to the newly acquired customers (no obligations envisaged with reference to current distribution agreements)
- **De-risking acceleration and solid capital position** - gross NPE ratio at c. 8% (<5% net) and CET1 ratio FL > 12.5% by 2020YE

Significant scale increase

- BPER to become the **5th largest Italian banking group by total assets**
- **Highly complementary branches network** which will significantly **strengthen the group presence in the more productive and dynamic areas of the country** (market share in Lombardy >6%)

Value creation for shareholders

- **Compelling pricing** which represents a discount to average trading multiples observed for key peers
- **High return on investment (c. 15-20%)**
- **Accretion in EPS by c. 6% in 2021**

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