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Oggetto : Banco BPM exercises call option versus
Cattolica Assicurazioni on 65% of the
capital of Vera Vita and Vera Assicurazioni

Testo del comunicato

Vedi allegato.



PRESS RELEASE

Banco BPM exercises call option versus Cattolica Assicurazioni on 65% of the capital of Vera Vita and Vera Assicurazioni

The exercise of the call option shall enable Banco BPM to:

- **create one of the leading domestic captive groups in Life Bancassurance;**
- **expand the range of "Life" products available to customers and increase the integrated offering in Wealth Management;**
- **increase commission income with a significant impact on the Group's profitability;**
- **achieve significant synergies among the Group's product factories through the increase in "Life" insurance assets.**

From a regulatory perspective, the transaction shall allow to take advantage of the benefits deriving from the application of the Danish Compromise

Verona, 29 May 2023 – Banco BPM announces that today it has exercised the call option (the "**Call Option**"), provided for in the agreements signed in 2021 with Cattolica Assicurazioni, on 65% of the share capital of Vera Vita S.p.A. and Vera Assicurazioni S.p.A., companies, respectively operating in the life and non-life businesses, in which Banco BPM already holds a 35% stake. Vera Vita, in turn, holds the entire share capital of Vera Financial DAC, an insurance company under Irish law, while Vera Assicurazioni holds 100% of the share capital of Vera Protezione S.p.A.

The transaction is part of the strategy to strengthen the Banco BPM Group's business model, which – in line with the Strategic Plan 2021-2024 announced to the market on November 5, 2021, and with the subsequent decisions taken by the Bank's Board of Directors during 2022 and disclosed to the market on 3 August and 23 December 2022 – envisages the internalization of the "Life" insurance business, already initiated with the acquisition of the entire share capital of the company Banco BPM Vita from Covéa, and the activation of a strategic partnership with Crédit Agricole Assurances S.A. ("**CAA**"), a Crédit Agricole Group company, in the bancassurance, Non-Life/Protection sectors.

Specifically, the exercise of the Call Option will enable: (i) the creation of one of the leading captive Life Bancassurance Groups in Italy, (ii) the proposition of an integrated Wealth Management offering for customers (Asset Management, Life Insurance, Retirement) and of a strengthened and homogenized Life product range for all Banco BPM Group customers, (iii) the expansion of the commission base, with a significant impact on the Group's profitability and a capital absorption that shall be able to take advantage of the benefits of obtaining the Danish Compromise, and (iv) the increase in "Life" insurance assets attributable to the Banco BPM financial conglomerate, which will enable important synergies to be achieved between product factories.

The exercise price of the Call Option was defined, in accordance with the agreements with Cattolica Assicurazioni, based on the sum of the following:

- 65% of the companies' Own Funds as of 31/12/2022, net of T2 instruments, totaling € 332.5 million;
- a fixed component of € 60 million.

These elements lead to valuing the exercise price of the Call Option for the repurchase of both shareholdings at a total of € 392.5 million, to which must be added 65% of the companies' operating income accrued from 1/1/2023 until the date of the closing.

The transaction is also prodromal to the execution of the agreements with CAA, formalized through the signing of a binding term-sheet on 22 December 2022¹. This includes:

- (i) CAA's acquisition of the 65% stake in Banco BPM Assicurazioni S.p.A. (a company active in the non-life sector currently wholly owned by Banco BPM through Banco BPM Vita S.p.A.) and, subject to the repurchase by Banco BPM of the stake currently held by Cattolica Assicurazioni, of 65% in Vera Assicurazioni (and, indirectly, in Vera Protezione), as well as
- (ii) the launch of a 20-year commercial partnership in the Non-Life/Protection sector which will have as its objective the preparation of insurance products to be placed by both the Banco BPM Network and the network of Agos, a leading company in the Consumer Credit sector in Italy, belonging to the Crédit Agricole Group, which controls a 61% stake in its capital, and is 39% owned by Banco BPM. In this regard, among other things, it was agreed to extend the term for the exercise of the put option referring to a 10% stake in the capital of Agos Ducato held by Banco BPM, at the already agreed exercise price of Euro 150 million, for a period of two additional years, i.e. until 31/7/2025².

Regarding the effects on capital ratios resulting from the purchase from Cattolica of 65% of Vera Vita and Vera Assicurazioni and the simultaneous sale to CAA of 65% of Vera Assicurazioni and Banco BPM Assicurazioni, an impact of -15bps is estimated in the hypothesis of non-application of the Danish Compromise; the benefits of the Danish Compromise remain confirmed to the extent communicated to the market on 8 May 2023, conservatively quantified at 58bps.

The closing of the transaction with Cattolica Assicurazioni for the purchase of the 65% of Vera Vita and Vera Assicurazioni covered by the Call Option, to be finalized at the same time as the execution of the described agreements with CAA in the Non-Life/Protection sector, is indicatively expected during the last quarter of 2023, subject to the issuance of the prescribed legal authorizations by the competent Authorities.

Contacts:

Investor Relations

Roberto Peronaglio
+39 0294772108

investor.relations@bancobpm.it

Communication

Matteo Cidda
+39 02 77 00 7438

matteo.cidda@bancobpm.it

Press Office

Marco Grassi
+39 045 8675048

marco.grassi@bancobpm.it

¹ The signing of the final agreements implementing the contents of the term-sheet took place last 12 May.

² The extension of the put option exercise period is effective immediately, having been deferred from July 2023 to January 2024; the further extension until July 2025 is conditional on the execution of the closing of the acquisition by CAA of the stakes in Banco BPM Assicurazioni and in Vera Assicurazioni.

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