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This is a courtesy translation from Italian to English of the Report titled "*Rel... ex art. 2343-ter, comma 2, lettera b) del codice civile con riferimento a mas... 453.385.777 azioni ordinarie di Banca Popolare di Sondrio S.p.A. oggetto d... possibile conferimento in natura nell'ambito dell'Offerta Pubblica di Scambio volontaria totalitaria promossa da BPER Banca S.p.A. in data 6 febbraio 2025 ai sensi e per gli effetti degli artt. 102 e 106, comma 4, del D.Lgs 24 febbraio 1998 n. 58 come successivamente modificato*" dated March 14th, 2025.

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Milan, March 14th, 2025

BPER Banca S.p.A.
Via San Carlo 8/20
41121 Modena

Report according to article no. 2343-ter, paragraph 2, letter b) of the Italian Civil Code with reference to maximum no. 453,385,777 ordinary shares of Banca Popolare di Sondrio S.p.A. to be contributed in kind in the context of the Voluntary Public Exchange Offer promoted by BPER Banca S.p.A. on February 6th, 2025, pursuant to and for the purposes of articles 102 and 106, paragraph 4, of Legislative Decree no. 58 dated February 24th, 1998, as subsequently amended

BPER Banca S.p.A. has engaged PricewaterhouseCoopers Business Services S.r.l. Deals – Financial Services division ("**PwC**" or "**PwC Deals**") to issue a report according to article no. 2343-ter, paragraph 2, letter b), of the Italian Civil Code with reference to the fair value of maximum no. 453,385,777 ordinary shares of Banca Popolare di Sondrio S.p.A. to be contributed in kind in the context of the Voluntary Public Exchange Offer, pursuant to and for the purposes of articles 102 and 106, paragraph 4, of Legislative Decree no. 58 dated February 24th, 1998, as subsequently amended ("**Testo Unico della Finanza**" or "**TUF**"), on all of the ordinary shares of Banca Popolare di Sondrio S.p.A., announced by BPER Banca S.p.A. on February 6th, 2025, through a communication pursuant to article 102, paragraph 1 of the TUF, as well as to article 37 of the Regulation implementing the TUF, adopted by Consob with resolution no. 11971 of May 14th, 1999, as subsequently amended the "**Issuers' Regulation**"), and promoted by filing the offer document with Consob on February 26th, 2025, as released on the same date pursuant to article 37-ter of the Issuers' Regulation (the "**Engagement**").

The structure of the report (the "**Report**") is described in the following pages.

PricewaterhouseCoopers Business Services Srl

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1. INTRODUCTION

1.1. Scope of the Report and terms of our Engagement

On February 6th, 2025, BPER Banca S.p.A. (“**BPER**” or the “**Offeror**”) announced that, pursuant to and for the purposes of the article 102, paragraph 1, of the TUF, as well as article 37 of the Issuers’ Regulation, has adopted the decision to launch a Voluntary Public Exchange Offer pursuant to and for the purposes of articles 102 and 106, paragraph 4, of the TUF (the “**Offer**”), on all of the ordinary shares of Banca Popolare di Sondrio S.p.A. (the “**Issuer**” or “**BPSO**”), – listed on Euronext Milan organized and managed by Borsa Italiana S.p.A. (the “**Notice**”).

In particular, the Offer relates to no. 453,385,777 ordinary shares of the Issuer (i.e. all shares issued by BPSO), including the treasury shares held, directly or indirectly, by BPSO (the “**Issuer’s Shares**”).

For each Issuer’s Share tendered to the Offer, BPER will recognise a consideration, subject to the adjustments reported in the Offer (according to paragraph 3.2.1 of the Notice), equal to no. 1.450 newly issued ordinary shares of the Offeror (the “**Consideration**”). Therefore, according to the Notice, for each no. 20 (twenty) Issuer’s Shares tendered to the Offer, no. 29 (twenty-nine) newly issued ordinary shares of the Offeror will be recognised in exchange.

In case of full acceptance of the Offer, the shareholders of the Issuer who accepted the Offer (or who in any case contribute BPSO shares to BPER for the fulfilment of the sell-out obligation and/or squeeze-out pursuant to articles 108 and 111 of the TUF, if applicable) will receive a maximum no. 657,409,377 of newly issued ordinary shares issued by the Offeror as a result of a share capital increase reserved to the Offer (the “**Share Capital Increase**”). At the settlement of the Consideration, the newly issued ordinary shares (maximum no. 657,409,377) will represent approximately 31.6% of the Offeror’s share capital, assuming that the Share Capital Increase will be entirely subscribed. With regard to the Share Capital Increase, on February 6th, 2025, BPER’s Board of Directors resolved to submit at the shareholders meeting of the Offeror in extraordinary session – called for April 18th, 2025 – the proposal to grant the Board of Directors of BPER, with the power, pursuant to article no. 2443 of the Italian Civil Code (the “**Delegated Powers**”), to resolve upon and carry out the Share Capital Increase reserved to the Offer, which can be carried out on one or more occasions and also in one or more tranches, to be executed through the contribution in kind of the Issuer’s Shares delivered in acceptance of the Offer (the “**Contribution in kind**”), with the exclusion of pre-emption rights pursuant to article 2441, paragraph 4 of the Italian Civil Code, by issuing maximum no. 657,409,377 of ordinary shares of the Offeror, with ordinary rights and the same characteristics as the ordinary shares already outstanding at the date of the issuance.

The Offeror’s Board of Directors also resolved, pursuant to article 2440, paragraph 2, of the Italian Civil Code, to avail itself of the provisions of articles 2343-ter and 2343-quater of the Italian Civil Code for the appraisal of the Issuer’s Shares to be contributed.

In this context, the scope of our Engagement is to issue a report according to article 2343-ter, paragraph 2, letter b) of the Italian Civil Code with reference to the fair value the Issuer’s Shares to be contributed in kind within the Offer (the “**Services**”).

The scope of this Report concerns no. 453,385,777 ordinary shares of BPSO (including treasury shares), on which the Offer was promoted and which constitutes, at the present date, the entire share capital of BPSO. This means that the valuation concerns the total number of shares that, collectively, constitute BPSO’s entire share capital, rather than a single share. It also assumes a transaction involving at least the acquisition of control over BPSO in the form of dominant influence (refer to paragraph 1.2 and to the Notice for further details on the thresholds conditions of the Offer).

In the context of our Engagement, we will refer to the relevant valuation practice and applicable Italian valuation principles (PIV).

The Issuer's Shares to be contributed were analysed without taking into account any future extraordinary and not reasonably foreseeable events and on a going concern basis.

The Issuer's Shares were examined on a stand-alone basis, without taking into account any possible synergies and/or diseconomies coming from the acquisition and reflecting only the average premium paid in similar public tender offers.

The performance of the Services may not be considered as an involvement of PwC in the management and activities of BPER nor in the decision making in relation to the convenience and feasibility of the Offer.

We obtained written confirmation that, according to the BPER's legal representatives, no significant information essential to our work has been withheld.

1.2. Legal conditions and reasons for the Offer

As previously described, the Offer was launched on maximum no. 453,385,777 ordinary shares of the Issuer, with ordinary rights, listed on Euronext Milan, organised and managed by Borsa Italiana S.p.A., representing the total share capital of BPSO, including the treasury shares, held directly or indirectly, by BPSO. BPER will pay the Consideration for each Issuer's Shares tendered to the Offer (equal to 1.450 newly issued ordinary shares of the Offeror in execution of the Share Capital Increase reserved to the Offer).

On the basis of the official price of the Offeror's shares recorded at the market close on February 5th, 2025, (equal to Euro 6.570 *cum dividend*), the Consideration corresponds to a value equal to Euro 9.527 (rounded to the third decimal place) for each Issuer's Share.

Such valuation incorporates a premium of 6.6% with respect to the official price of the Issuer's Shares recorded at the market close on February 5th, 2025, (equal to Euro 8.934). The mentioned premium reaches 10.3%, with respect to the official weighted average price of the Issuer's Shares recorded three months prior to February 5th, 2025.

In case the Offer is entirely accepted, the Issuer shareholders will receive a maximum no. 657,409,377 of newly issued ordinary shares issued by the Offeror as a result of the Share Capital Increase.

The Offer is subject to the necessary authorisations from the competent authorities as illustrated in paragraph 1.4 of the Notice.

On February 26th, 2025, BPER announced to the market that it has filed with Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to and for the purposes of article 102, paragraph 3, of the TUF, as well as article 37-ter of the Issuers' Regulation - the offer document, intended for publication (the "**Offer Document**"). Regarding the terms of the Offer, its effectiveness is subordinated to the purchase of a stake at least equal to 50% plus 1 (one) ordinary share of the Issuer's share capital; the latter represents a threshold which may be partially waived in the instance where the stake the Offeror detains as a result of the Offer be at least equal to 35% plus 1 (one) ordinary share of the Issuer's share capital.

1.3. Reference date

The reference date of the present Report is Decembre 31st, 2024, which is the date of the latest

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financial statements of the Issuer, approved by BPSO's Board of Directors and communicated to the market on February 6th, 2025.

Market parameters used in the context of the valuation analyses have been updated close to the date of issuance of this Report.

The Report can be used for the purposes of article 2343-ter, paragraph 2, letter b) of the Italian Civil Code provided that the aforesaid reference date does not precede by more than six months the Contribution in kind of Issuer's Shares in the Offeror, in execution of the Share Capital Increase, without prejudice of any subsequent updates required by the Offeror's Board of Directors in exercising the Delegated Powers.

1.4. Sources of information

In drafting the Offer, the Offeror relied exclusively on information and data publicly disclosed by the Issuer. Likewise, for the purposes of our Engagement, PwC did not have access to any private information concerning the Issuer and, therefore, analyses have been exclusively based on publicly available information.

This aspect characterizes both contents and results of this Report, with regards to the methodological choices made, our findings and results.

For the purposes of the Report, the main sources of information used in our analysis are listed below:

- Communication pursuant to article 102, paragraph 1, of the TUF, as well as article 37 of the Issuer's Regulation issued by BPER on February 6th, 2025;
- Press Release issued by BPSO on February 6th, 2025 regarding the approval by the Board of Directors of the preliminary consolidated results as of December 31st, 2024;
- Press Release issued by BPSO on February 7th, 2025;
- Press Release issued by BPSO on February 11th, 2025;
- Press Release issued by BPER on February 13th, 2025, regarding the deposit of an information document on a related parties transaction of major importance pursuant to article 5 and compliant to the schemes in Annex 4 of the Regulation adopted by Consob Resolution no. 17221 of March 12th, 2010, as subsequently amended;
- Press Release dated February 25th, 2025, issued by BPSO;
- Press Release pursuant to article 37-ter, paragraph 3, of the Issuer's Regulation issued by BPER on February 26th, 2025;
- Press release issued by the Issuer on March 12th, 2025, regarding the approval of the separate and consolidated financial statements as of December 31st, 2024;
- Press release issued by the Issuer on March 12th, 2025, regarding the approval of the 2025–2027 business plan;
- Document titled "2025–2027 Business Plan – Our Way Forward," issued by BPSO on March 12th, 2025 (the "**Business Plan**");
- Draft explanatory report of the Board of Directors of BPER prepared pursuant to article 2441, paragraph 6, of the Italian Civil Code and article 70, paragraph 4, of the Issuers' Regulation, as well as article 125-ter of the TUF;

- Consolidated and separate financial statements of BPSO as of December 31st, 2023, subject to a full audit by EY S.p.A., which issued its independent auditors' report on April 5th, 2024;
- Consolidated half-year financial report of BPSO as of June 30th, 2024, subject to a limited audit by EY S.p.A. which issued its independent auditors' report on August 6th, 2024;
- Interim consolidated financial report of BPSO as of September 30th, 2024;
- Press Release and presentation of the consolidated results as of December 31st, 2024, (including dividend per share, regulatory capital ratios, and risk-weighted assets) of BPSO preliminary approved by the Board of Directors of BPSO on February 6th, 2025 and confirmed on March 11th, 2025;
- Estimates provided by data provider regarding the expected financial and economic performance of BPSO for the current and future financial years, based on analyst consensus ("**Consensus Estimates**" and, together with the Business Plan, the "**Prospective Information**").

For the purposes of our analysis, we used additional publicly available information sources to gather further information.

1.5. Assumptions and limitations

Our analyses were developed based on the assumptions and limitations set out below:

- By nature, valuation work is not the result of application of methods and formulas but rather the result of a complex process of analysis and estimation that in many cases is subjective;
- The analyses were based on publicly available information and documents related to BPSO. Management of the Issuer is responsible for the quality and correctness of data and information;
- The valuation analyses were based on the last consolidated balance sheet of BPSO as of December 31st, 2024, issued by BPSO on February 6th, 2025. In the context of our Engagement, we did not have access to the management of BPSO nor to the independent audit company. The analyses assume that the independent auditors' report will express a positive opinion without exceptions and observations that could affect the amount of net assets of BPSO and its economic prospects. Our work did not include an audit conducted in accordance with generally accepted auditing standards on financial statements of BPSO nor any form of assurance on potential liabilities (tax, contractual or social security liabilities) not included in in the financial statements of the Issuer on December 31st, 2024. Thus, PwC does not express any opinion nor other forms of certification on financial-economic data of BPSO or on any other information;
- The analysis of the Issuer's Shares has been developed on a going concern basis;
- BPSO has been analysed without taking into account any future extraordinary and not reasonably foreseeable events, with reference to the current situation and to the expected development known at the date of this Report;
- In relation to the Prospective Information, PwC did not perform any audit conducted in accordance with generally accepted auditing standards nor any due diligence activities. The Prospective Information is based on assumptions of future events and BPSO's actions, and is characterized by subjectivity and uncertainty and, in particular, by the risk that predicted

events and actions by which they are originated may not occur or occur in different measure and timing from those predicted. Therefore, the differences between predicted and actual results may be material; In the context of our analysis on Prospective Information, we take no responsibility for the achievement of projected or predicted results or balances;

- The performance of the Services may not be considered as an involvement of PwC in the management and activities of BPER, nor in the decision making in relation to the convenience and feasibility of the Offer;
- The valuation methods used in our analyses required the application of a complex evaluation process, which involved, in particular, the choice of a plurality of financial market parameters, as for example: interest rates, volatility indexes, market multiples, transactions multiples and other data related to a financial market that is characterized by significant fluctuations. The last update of valuation and market parameters has been performed close to the issue of the Report. It cannot be excluded that the persistence of the emergency related to the wars between Russia and Ukraine and the instability in the Middle-East and its unforeseeable evolution, will affect the domestic and international macroeconomic outlook and, consequently, the fair value of BPSO;
- Given the scope of our Engagement, which exclusively coincides with the purpose of article 2343-ter, paragraph 2, letter b), of the Italian Civil Code, our Report does not intend to replace the independent judgement of BPSO shareholders regarding the conditions of the Offer launched by BPER, nor could in any way become a recommendation to accept the Offer itself;
- In the context of our work, we do not express our valuation opinions on the fair value of BPER shares, on the fairness from a financial point of view of the Consideration offered and on the issue price of the Offeror's new shares;
- The Services do not include an audit conducted in accordance with generally accepted auditing standards, nor an examination of internal controls nor other review. Therefore, PwC does not express any opinion or any other form of assurance on the financial statements of the Issuer or on any other financial information;
- The Services did not include the provision of legal and tax advices and therefore PwC does not assume any liability concerning legal and tax issues or contractual interpretation;
- The numbers shown in the Report may contain rounding errors. Any inconsistencies and/or differences between the figures in the Report are the result of such rounding.

We obtained written confirmation that, according to BPER's legal representative, no significant information essential to our work has been withheld.

1.6. Performed work

For the purposes of our Engagement, we have performed the following activities:

- Analysis of the collected information and data;
- Analysis of BPSO consolidated financial and economic data as of December 31st, 2024, according to the relative press release and the presentation of preliminary results of BPSO approved by the Issuer's Bord of Directors on February 6th, 2025;
- Selection of the best valuation methodologies deemed applicable and able to capture the key value drivers of BPSO, considering also the doctrine and best valuation practice in the

reference sector;

- Selection of the market and valuation parameters relevant to our valuation exercise;
- Building of valuation models and sensitivity analysis with reference to valuation exercises, in order to verify potential impacts regarding some valuation parameters;
- Analyses of valuation results and predisposition of a valuation summary;
- Preparation of the present Report.

1.7. Restriction to the use of the Report

The Report cannot be used for purposes other than those stated in paragraph 1.1 “Scope of the Report and Terms of our Engagement” and in article 2343-ter, paragraph 2, letter b), of the Italian Civil Code. We do not accept or assume any liability for any damage deriving from any unauthorized or improper use of the Report.

1.8. Main difficulties encountered in estimating Issuer’s Shares fair value

The analysis of the Issuer’s Shares fair value and our conclusions must be interpreted according to the following difficulties encountered during our work:

- ***Use of Prospective Information***. Issuer’s Shares fair value was estimated using Prospective Information, which by nature contains elements of uncertainty. In particular, changes in the macro-economic scenario and/or in the specific market context may significantly affect the underlying hypotheses and assumptions, which in turn may have an impact on the Prospective Information;
- ***Desk valuation approach***. The valuation analysis conducted have been elaborated through the use of publicly available information, following a desk valuation approach, without having access to the management of BPSO. PwC has not conducted analysis of correctness and accuracy and, thus, does not accept any responsibility concerning such information reported in the Report. Therefore, we cannot exclude the possibility that, would we have had full access to the management of BPSO, the results of our analysis could have diverted significantly from those shown in the Report.
- ***Complexity of the valuation methodologies and discretion in the choice of the applied valuation parameters***. Each valuation methodology adopted for the purpose of the analysis shown in the present Report is characterised by inherent limits. The valuation methods adopted required the application of a complex and articulated evaluation process, which involved the choice of a plurality of financial market parameters which, by their nature, are subject to fluctuations, even significant, within the context of different valuation scenarios which have been adapted to the specific situation. Thus, the results of such analysis are sensitive to the work hypothesis formulated. The adoption of an integrated valuation approach built on the application of different valuation methodologies, in line with the best valuation practices, together with the development of sensitivity analysis, has allowed to adequately manage the characteristics of each selected methodology, to verify the robustness of the results obtained by the application of the single valuation methodologies and to elaborate a view on the basis of the overall picture of the results obtained.

- ***Uncertainty in the current economic situation and financial markets volatility.*** The current economic situation characterized by remarkable uncertainty is at the root of the substantial volatility in financial market prices, further stressed by the persistence of the armed conflict between Russia and Ukraine and the instability in the Middle-East, together with the announcement of relevant consolidation operations and reorganisation of the Italian banking sector. Thus, such context is at the root of high volatility in the financial markets. As of today, the developments of such context are unpredictable, therefore, any related economic, financial, political and consequences cannot be foreseen. To counteract on such difficulty, reference was made to financial market parameters which have been updated close to the issue of the Report and to averages of financial market prices measured with reference to diverse time periods in order to reflect the current market context in the valuation analyses, and, at the same time, in order to mitigate the effects of significant short-term fluctuations in stock market prices connected to extraordinary or speculative events.

2. DESCRIPTION OF THE ASSET TO BE CONTRIBUTED

2.1. BPSO Profile

Founded in 1871, BPSO is the parent company of an Italian banking group ("**BPSO Group**") which offers to its clients (families, professionals, small and medium enterprises, public entities etc.) banking, financial and insurance services. BPSO is listed on Euronext Milan, organized and managed by Borsa Italiana S.p.A. and its stock is included in the FTSE MIB and FTSE Italia All-Share indexes.

In the domestic market, BPSO operates through a network of over 500 branches with multiregional coverage, under its own brand as well as the brands of other companies within the BPSO Group. In particular, BPSO Group operates through the following companies:

- Factorit S.p.A., a company specializing in factoring services, including the payment of receivables through *pro solvendo* and *pro soluto* methods, or by advancing payments;
- BNT Banca S.p.A., a company providing financial support to the agricultural and agri-food sectors, families and individuals, through salary-backed or pension-backed loans, along with payment delegation services;
- Sinergia Seconda S.r.l., a company operating in the real estate sector, primarily providing services related to the banking activities and initiatives of the BPSO Group;
- Popso Covered Bond S.r.l., a company that supports the issuance of covered banking bonds;
- PrestiNuova S.r.l. – Agenzia in attività finanziaria, company specializing in lending services, particularly focusing on salary-backed and pension-backed loans.

Moreover, BPSO Group operates also at international level through Banca Popolare di Sondrio (Suisse) SA, a Swiss bank with over 20 operational units – including branches, agencies, and offices – located in Switzerland and abroad and a Direct Banking virtual branch.

As of December 31st, 2024, BPSO share capital consists of no. 453,385,777 ordinary shares with no nominal value. BPSO owns, directly and indirectly, no. 3,630,116 treasury shares.

2.2. BPSO consolidated balance sheet and income statement as of December 31st, 2024

BPSO consolidated balance sheet and income statement as of December 31st, 2024 are reported below as well as actual data as of December 31st, 2023 for comparison.

BPSO Consolidated Income Statement

Income Statement (€m)	FY 2024	FY 2023
Interest income	2,118.0	1,812.0
Interest expense	(1,027.9)	(875.1)
Interest margin	**1,090.1**	**937.0**
Fees and commission income	455.5	423.6
Fees and commission expenses	(21.0)	(21.0)
Net fee and commission income	**434.5**	**402.6**
Dividends and similar income	6.5	7.7
Net profit from trading activities	124.5	113.0
Net profit from hedging activities	0.0	(0.1)
Profit / (loss) from repurchase or sale of assets	14.6	6.6
Other financial assets and liabilities at FV through profit or loss	(7.8)	5.2
Operating income	**1,662.4**	**1,471.8**
Net losses/write-backs on credit impairment	(195.5)	(202.3)
Gains / (losses) from contractual changes with no cancellations	(4.0)	6.6
Net profit from financial activities	**1,463.0**	**1,276.1**
Net profit from financial and insurance activities	**1,463.0**	**1,276.1**
Personnel expenses	(321.5)	(300.3)
Other administrative expenses	(338.9)	(321.9)
Net provisions for risks and charges	(22.8)	(59.5)
Net value adjustments/write-backs on property, plant and equipment	(56.4)	(53.8)
Net value adjustments/write-backs on intangible assets	(19.9)	(18.6)
Other operating income / (expenses)	99.6	101.6
Operating expenses	**(659.9)**	**(652.5)**
Other expenses/income	37.7	36.7
Profit / (loss) before tax from continuing operations	**840.7**	**660.3**
Tax (expenses) / income for the year from continuing operations	(265.8)	(199.1)
Parent Company's profit / (loss) for the year	**574.9**	**461.2**

Source: Press Release of BPSO related to FY2024 consolidated results.

With reference to preliminary results of financial year ended December 31st, 2024, BPSO realized operating income equal to Euro 1,662.4m, higher than 13% with respect to the result registered in 2023 (equal to Euro 1,471.8m). This increase is attributable both to a growth of the interest margin that reaches Euro 1,090.1m in 2024 (*versus* Euro 937.0m in 2023), and to an increase of net fee and commission income equal to Euro 434.5m in 2024 (from Euro 402.6m in 2023).

Net losses/write-backs on credit impairment amount to Euro 195.5m in 2024, showing a 3% decrease compared to Euro 202.3m recorded in 2023.

Operating expenses amount to Euro 659.9m in 2024, including Euro 321.5m in personnel expenses and Euro 338.9m in other administrative expenses. Compared to Euro 652.5m in 2023, operating costs remain essentially in line.

In light of the above results and net of tax effects, BPSO closed 2024 with a net profit of Euro 574.9m (compared to Euro 461.2m in the previous year).

As disclosed to the market on February 6th, 2025, Board of Directors of BPSO proposed to the shareholders' meeting a dividend distribution of Euro 0.80 per share.

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This is a courtesy translation from Italian to English of the Report titled "*Rel... ex art. 2343-ter, comma 2, lettera b) del codice civile con riferimento a mas... 453.385.777 azioni ordinarie di Banca Popolare di Sondrio S.p.A. oggetto d... possibile conferimento in natura nell'ambito dell'Offerta Pubblica di Scambio volontaria totalitaria promossa da BPER Banca S.p.A. in data 6 febbraio 2025 ai sensi e per gli effetti degli artt. 102 e 106, comma 4, del D.Lgs 24 febbraio 1998 n. 58 come successivamente modificato*" dated March 14th, 2025.

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BPSO Consolidated Balance Sheet

Assets (€m)	FY 2024	FY 2023
Cash and cash equivalents	3,738.2	4,546.6
Financial assets at FV through profit or loss	739.9	691.0
a) financial assets held for trading	*174.0*	*150.1*
b) financial assets designated at FV	-	-
c) other financial assets mandatorily at FV	*565.8*	*540.9*
Financial assets at FV through OCI	2,656.3	3,212.6
Financial assets at amortized cost	45,459.4	45,530.8
a) due from banks	*2,136.0*	*2,122.1*
b) loans to customers	*43,323.5*	*43,408.8*
Hedging derivatives	-	0.0
Fair value change of financial assets in hedged portfolios	2.1	1.8
Equity investments	402.8	376.4
Tangible assets	663.6	677.1
Intangible assets	35.8	37.8
of which: goodwill	*12.6*	*17.0*
Tax assets	190.0	260.8
a) current	*1.8*	*1.4*
b) deferred	*188.3*	*259.4*
Non-current assets and disposal groups classified as held for sale	108.6	-
Other assets	2,631.9	2,387.0
Total assets	**56,628.6**	**57,721.8**

Source: Press Release of BPSO related to FY2024 consolidated results.

As of December 31st, 2024, BPSO total assets amount to Euro 56,628.6m, slightly lower than Euro 57,721.8m recorded in 2023). Total assets mainly include:

- Cash and cash equivalents for Euro 3,738.2, decreasing compared to previous year (Euro 4,546.6m);
- Financial assets at FV through profit or loss amounting to Euro 739.9m, compared to Euro 691.0m as of December 31st, 2023;
- Financial assets at FV through other comprehensive income amounting to Euro 2,656.3m, compared to Euro 3,212.6m as of December 31st, 2023;
- Financial assets at amortized cost, amounting to Euro 45,459.4m (consistent with the 2023 figures), consisting of Euro 43,323.5m in loans to customers and of Euro 2,136.0m in due from banks. With reference to asset quality, as of December 31st, 2024, the incidence of net non-performing loans on total loans to customers is equal to 1.3% (1.6% as of December 31st, 2023);
- Equity investments increased from Euro 376.4m in 2023 to Euro 402.8m;
- Tangible assets amounted to Euro 663.6m, compared to Euro 677.1m as of December 31st, 2023;
- Intangible assets amounted to Euro 35.8m, compared to Euro 37.8m as of December 31st, 2023;

- Tax assets totalling Euro 190.0m (down from Euro 260.8m in 2023 to) and mainly composed by deferred taxes (Euro 188.3m);
- Other assets equal to Euro 2,631.9m, showing an increase compared to 2023 (Euro 2,387.0m).

Total liabilities and equity (€m)	FY 2024	FY 2023
Financial liabilities at amortised cost:	50,729.0	52,310.5
a) due to banks	6,228.6	9,917.7
b) due to customers	39,346.4	37,916.3
c) debt securities issued	5,154.1	4,476.5
Financial liabilities held for trading	16.6	69.6
Hedging derivatives	2.4	1.9
Tax liabilities	72.4	71.4
a) current	41.5	42.0
b) deferred	30.9	29.4
Liabilities associated with assets classified as held for sale	0.0	-
Other liabilities	1,228.6	1,062.1
Provision for post-employment benefits	32.6	33.5
Allowances for risks and charges	390.6	363.6
a) commitments and warranties	88.8	96.2
b) retirement and similar obligations	189.4	179.0
c) other provisions for risk and charges	112.3	88.4
Valuation reserves	6.6	(16.2)
Equity instruments issued other than capital	-	-
Reserves	2,161.0	1,950.6
Share premiums	78.9	78.9
Share capital	1,360.2	1,360.2
Treasury shares (-)	(25.2)	(25.4)
Profit / (Loss) for the year (+/-)	574.9	461.2
Parent Company's shareholders' equity	**4,156.3**	**3,809.3**
Minority shareholders' equity (+/-)	0.0	0.0
Total liabilities and shareholders' equity	**56,628.6**	**57,721.8**

BPSO total liabilities as of December 31st, 2024 include:

- Financial liabilities at amortized cost for Euro 50,729.0m, in reduction compared to 2023 value equal to Euro 52,310.5m, consisting of due to customers for Euro 39,346.4m, debt securities issued for Euro 5,154.1m and due to banks for Euro 6,228.6m;
- Financial liabilities held for trading equal to Euro 16.6m, decreasing compared to 2023 amount (equal to Euro 69.6m);
- Hedging derivatives equal to Euro 2.4m, showing an increase compared to 2023 amount (equal to Euro 1.9m);
- Tax liabilities equal to Euro 72.4m, basically unchanged from previous year;
- Provision for post-employment benefits for Euro 32.6m and allowances for risks and charges for Euro 390.6m compared to, respectively, Euro 33.5m and Euro 363.6m as of December 31st, 2023;

- Other liabilities equal to Euro 1,228.6m, increasing from Euro 1,062.1m in 2023.

BPSO consolidated shareholders' equity as of December 31st, 2024 amounts to Euro 4,156.3m and mainly consists of:

- Share capital for Euro 1,360.2m;
- Share premiums for Euro 78.9m and reserves for Euro 2,161.0m;
- Treasury shares for Euro -25.2m;
- Net profit for the period, equal to Euro 574.9m.

As of December 31st, 2024, Common Equity Tier 1 ("CET1") Ratio of BPSO reaches 15.2% (*fully phased)* up from 15.1% at the of 2023, while Total Capital Ratio is 18.0% (*fully phased*) showing an increase of about 50 bps respect to the previous year (17.5%).

2.3. Business Plan

Below are the estimates included in BPSO's Business Plan presented to the market on March 12th, 2025.

In particular, the key expected economic and financial figures for the current year (2025) and the final forecast year (2027) are reported below, compared with the same figures as of December 31, 2024.

BPSO Business Plan 2025-2027 (€bn)	*2024 A*	*2025 E*	*2027 E*	*CAGR 24'-27'*
Core revenues	1.52	1.45	1.53	*0.2%*
o/w Net interest income	*1.09*	*1.00*	*1.03*	*(1.9%)*
o/w Net fee and commission income	*0.43*	*0.45*	*0.50*	*5.1%*
Result of financial activity	0.13	0.12	0.11	*(6.0%)*
Total Revenues	**1.66**	**1.60**	**1.64**	***(0.3%)***
Net adjustments to loans and fin.assets	(0.18)	(0.16)	(0.15)	*(7.4%)*
Operating Costs	(0.65)	(0.67)	(0.68)	*1.9%*
Profit before tax	**0.84**	**0.90**	**0.85**	***0.5%***
Net profit	**0.57**	**0.65**	**0.58**	***0.5%***
Net loans to customers	35.0	34.8	38.6	*3.3%*
Direct customers funding	44.5	43.6	44.4	*0.0%*
Indirect deposits (incl. Insurance deposit)	54.3	55.0	59.9	*3.3%*
Financial assets	12.8	13.0	13.2	*1.1%*
ROE (%)	16.0%	17.0%	14.0%	
Cost/Income (%)	39.0%	42.0%	42.0%	
CoR (bps)	53.0	45.0	38.0	
Dividend payout (%)	63.0%	85.0%	85.0%	
CET1 Ratio (%)	15.4%	15.4%	14.4%	
Total Capital Ratio (%)	18.2%	18.1%	16.9%	
Net NPL ratio (%)	1.1%	1.2%	1.1%	

Any discrepancies between the economic and financial data for the year 2024 presented in Section 2.2 and in this section are solely due to different reclassifications carried out by BPSO's Management.

BPSO Management's forecasts include:

- An increase in net customer loans, expected to reach €38.6 billion in 2027 (CAGR 2024-2027: +3.3%).
- Stability in direct funding, projected at €44.4 billion by the end of the forecast period.
- Growth in indirect funding, including insurance-related deposits, reaching €59.9 billion (CAGR 2024-2027: +3.3%).
- A slight increase in operating income, reaching €1.53 billion in 2027 (CAGR 2024-2027: +0.2%), with a decline in net interest income to €1.03 billion (CAGR 2024-2027: -1.9%), offset by growth in net fees and commissions, expected to reach €0.50 billion by the end of the plan (CAGR 2024-2027: +5.1%).
- A decline in financial asset profitability, expected to decrease to €0.11 billion (CAGR 2024-2027: -6.0%).
- A broadly stable net interest and other banking income, projected at €1.64 billion in 2027 (CAGR 2024-2027: -0.3%).
- An increase in operating costs, reaching €0.68 billion (CAGR 2024-2027: +1.9%), with a cost/income ratio rising from 39% in 2024 to 42% in 2027, mainly due to higher personnel expenses (CAGR 2024-2027: +3%), linked to an increase in the workforce over the plan period (+233 employees).
- A reduction in loan loss provisions, from €0.18 billion in 2024 to €0.15 billion in 2027.
- As a result of these trends, net income is expected to grow slightly (CAGR 2024-2027: +0.5%), reaching €0.58 billion by the end of the forecast period, with an expected ROE of 14% and a dividend payout ratio increasing from 63% in 2024 to 85% in the following years.
- The expected CET1 ratio is 14.4% in 2027.

3. ISSUER'S SHARES FAIR VALUE ESTIMATION

3.1. Introduction

This Report concerns no. 453,385,777 ordinary shares of BPSO (including treasury shares), on which the Offer was promoted and that currently represent the entire share capital of BPSO. This implies that:

- the valuation concerns the total number of shares constituting the entire share capital of BPSO and therefore not a single share;
- the valuation perspective corresponds to that of a market player acquiring the entire share capital of BPSO. This approach considers the company on a stand-alone basis and from a going concern perspective, thus excluding any specific synergies that a specific buyer might achieve through a potential integration.

On the basis of our Engagement, the scope of this Report consists in the expression of an autonomous and independent opinion, pursuant to the article 2343-ter, paragraph 2, letter b) of the Italian Civil Code and, therefore, aimed at verifying that the value of Issuer's Shares to be contributed is not less than the value attributed for the purpose of the share capital increase, inclusive of the share premium.

The purpose of the valuation is to prevent that the value of the net assets of the transferee company is artificially increased due to an overestimation of the assets to be contributed in kind. However, the economic rationale of the Offer has also to be considered as it represents an offer for the acquisition of all BPSO shares. In this type of transaction, the contribution in kind takes place at the consideration offered by the bidder, which must represent an adequate counterpart for the potential transferor, under penalty of not adhering to the Offer. Therefore, even if it is generally accepted that the valuations in the context of contributions in kind are inspired by the prudence concept, in particular with reference to the assessment of current value, and by limiting the recognition of components with a potential nature, in the context of public exchange offers, the prudence should consider the fact that the contribution in kind takes place only if the consideration is deemed convenient by both parties (offeror/transferee and shareholders/transferor). Therefore, prudence must be intended as the verification that the consideration recognized in the Offer is a recoverable amount, based on the information available and in accordance with reasonable and acceptable expectations, regardless of specific benefits coming from the integration, i.e., the consideration itself expresses the recoverable amount for a generic market participant that acquires all BPSO shares.

Consequently, based on the aforesaid reasons, the valuations have been carried out regardless of the net synergies and specific integration costs communicated by BPER, considering instead appropriate to reflect the average premia paid in similar transactions.

3.2. Valuation methodologies

The valuation methodologies used to determine the economic value of a company may be summarized as follows:

- Methods based on expected dividends from the investments (Dividend Discount Model Method);
- Methods based on the expected financial return on the investment, i.e. the cash flows it is expected to produce in the future, from the reference date until its final liquidation (Discounted Cash Flow Method or "**DCF**");
- Methods based on the earnings the investment is expected to produce in the future (Earnings-Based Method);
- Methods based on the current "net asset value" (Assets-Based Method);
- Methods that combine the main elements of the Earnings and Assets-Based Methods (Mixed asset-income method, Economic Profit Method);
- Methods based on the analysis of comparable companies (Market Multiples Method, Regression Analysis Method and Transaction Multiples Method);
- Stock Market Prices Method and analysts' Target Price (methodologies considered relevant for listed companies).

The corporate doctrine and professional practice agree that the choice of the evaluation criteria depends on the purpose of the transaction that requires the assessment, the nature of the company, the business sector in which it operates and the quantity and quality of the available information.

In order to determine the fair value of BPSO ordinary shares we selected the appropriate valuation methodologies considering the scope of our Engagement, the distinctive features of the Issuer, the overall reference context and the available information.

In this context, the analyses were exclusively performed on the basis of public information. We have taken into consideration the historical economic and financial results achieved by BPSO, the Prospective Information as well as Stock Market Prices. Based on this information, in order to perform our analysis, we have considered appropriate to use a plurality of methodologies.

In particular, we have considered:

- Stock Market Prices Method;
- Market Multiples Method;
- Regression Analysis Method;
- Dividend Discount Model in its Excess Capital version (the "**DDM**").

The fair value of the Issuer's Shares was estimated on an *"ex dividend"* basis, taking into account the timing of the transaction which will be performed after the dividend payment. Therefore, the results obtained by applying the selected criteria have been reduced by the dividend per share of BPSO, equal to Euro 0.80.

Furthermore, having regard to the economic substance of the proposed transaction as a whole which, as illustrated, represents an offer for the acquisition of the entire share capital of the Issuer, it was deemed appropriate to add, where applicable, a control premium to the fair value calculated on a stand-alone perspective in order to take into account the surplus value that can be generated for the majority shareholder, quantified on the basis of empirical evidence of similar transactions and of doctrine studies.

A brief description of the adopted methods as well as their application is provided below.

3.3. Stock Market Prices Method

The Stock Market Prices Method consists in recognizing a company's share value equal to the one attributed by the stock market where shares are traded.

According to this method, stock prices of a company's liquid equity securities listed on efficient markets represent a reliable indicator of the value of that company, since they tend to reflect all the existing public information related to the company itself. The level of stock prices expresses the result of a systematic negotiation process between market operators and, thus, reflects their vision regarding the profitability, financial strength, risk and the expected growth of the company being valued.

In this context, share prices of a company are considered to be significant when the markets in which are traded are characterized by a high level of efficiency, the liquidity of the share is high and when the reference period is such as to neutralize possible exceptional events which produce short-term fluctuations or speculative tensions.

In this specific case, the method has been applied by considering:

- the average closing market prices of BPSO's shares on different time horizon to reflect in the valuation information enough updated about the company being valued and about financial markets trends and, at the same time, neutralize possible extraordinary events that may create short term fluctuations of speculative tensions;

- the application of a control premium to the results obtained with reference to the stock market calculations within the time periods described above, in order to consider that these prices express a value per share from a minority stake perspective.

3.4. Market Multiples Method

The Market Multiples Method is based on the analysis of the stock market performance of comparable listed companies and the subsequent application of the multiples deriving from this analysis to the corresponding financial figures of the company to be valued.

Market multiples are calculated as ratios between the market capitalization of the comparable listed companies and the relative earnings, asset and financial values deemed to be significant.

The application of this method comprises the following steps:

- Identification of comparable companies: the selection of an adequate sample of comparable companies ("**Comparables**" or "**Peers**") represents one of the main steps of this method. The relevance of the results is strictly linked to the consistence of the sample. In selecting the comparable companies, different factors, such as reference sector, operating risk, company size, geographical diversification, profitability, financial data reliability and the relative trading volume on stock markets are usually considered.
- Determination of the reference timeframe: the determination of the reference timeframe has the purpose to neutralize extraordinary events, short-term fluctuations and speculative market tensions. At the same time, it has the purpose of reflecting information available to the market. This phase involves, in particular, the choice between the use of an average value for a specific time period or the application of a punctual value.
- Identification of the most relevant market multiples: there are several ratios that can be used for application of the market multiples method. The choice of the most appropriate multiples is done on the basis of the characteristics of the industry and of the sample to be examined.
- Application of multiples to the examined companies: the multiples obtained from the analysis of the sample of peers are applied to the corresponding earnings, assets or financial items of the company to be valued.

For the purposes of Market Multiples application, the multiple used is Price/Earnings ("**P/E**"). This multiple represents a commonly accepted and used indicator both nationally and internationally and is in line with professional practice applied in bank valuation.

In particular, P/E multiple was estimated based on (i) stock prices registered close to the issuance of this Report and observed on different time horizons and (ii) Peers expected net earnings based on market analysts' consensus.

3.5. Regression Analysis Method

The Regression Analysis Method (hereinafter also "**Value Map**") estimates the equity value of a company on the basis of the existing correlation between the foreseen profitability of net equity and the relative premium or discount shown by stock prices compared to the book value of comparable listed companies.

This method consists in the analysis of the existing correlation between the profitability of a company (expressed, in this specific case, in terms of Return on Tangible Equity, "**ROTE**") expected by the market and the ratio between the market capitalization and the tangible book value of a sample of comparable listed companies ("**P/TBV**" multiple). This ratio can be approximated through a regression analysis of the ROTE and the P/TBV multiple for a significant sample of companies. Having calculated the parameters of this ratio and assessed if they are statistically significant, they can be applied to expected ROTE and to the tangible book value of the company to be valued in order to calculate its theoretical market value.

The application of the Regression Analysis Method involves the following key steps:

- selection of a sample of companies for the Regression Analysis;
- determination of the time period to be considered for the ROTE;
- calculation of the ROTE and the P/TBV multiple for each sampled company;
- choice of the statistical regression to be applied;
- calculation of the ROTE and the tangible book value of the bank to be valued;
- application, if statistically relevant, of the statistical regression parameters to determine an indicative market value for the bank to be valued.

As anticipated, in consideration of the operational and business characteristics of BPSO, the Value Map was applied, therefore, by relating the multiple P/TBV to the ROTE.

Consistently with the application of other valuation methodologies, even for the purpose of the Regression Analysis, reference was made to the average stock prices observed on different time horizons prior to the issuance date of the Report.

3.6. Dividend Discount Model – Excess Capital

The DDM assumes that a bank's economic value is equal to the sum of the:

- present value of future dividend flows potentially distributable to shareholders, for a predetermined time horizon, consistent with maintaining an adequate level of regulatory capital; and
- present value of the terminal value calculated assuming a perpetual constant growth rate for dividend flows beyond the explicit time horizon.

The DDM methodology therefore estimates the value of a bank's economic capital based on the following formula:

$$\boldsymbol{W = DIV_a + TV_a}$$

dove:

- *W*: represents the economic value of the bank to be valued;

- DIV_a: represents the present value of dividends potentially distributable over the explicit time horizon, maintaining an adequate level of regulatory capital;
- TV_a: represents the determination of the bank’s terminal value.

The DDM methodology has been applied based on the basis of:

- Shareholders’ equity and capital requirements of BPSO on December 31st, 2024;
- Economic and financial cash flows and risk weighted assets for the period 2025-2027 derived from the Prospective Information.

The application of this method involves the following steps:

Phase 1. Identification of the dividend flows potentially distributable over the explicit forecast period

For the determination of cash flows for the period 2025-2027, reference was made to the Prospective Information of BPSO, as defined in paragraph 1.4.

Furthermore, for the estimation of the maximum distributable cash flows, we defined a minimum level of capitalization necessary to guarantee bank’s operativity corresponding to a CET 1 Ratio Target of 14.1% in line with the average of the CET 1 Ratio derived from the sample of comparable banks as of December 31st, 2024.

Phase 2. Determination of the discount rate

The discount rate (“**Costo of Equity**” o “**Ke**”) represents the expected return of the industry in which the company operates, and it is calculated using the Capital Asset Pricing Model, though the following formula:

$$\boldsymbol{K_e = R_f + \beta \cdot (R_m - R_f)}$$

where:

- R_f: represents the “risk-free rate”, i.e. the return of risk-free investments, and it was determined on the basis of 10-year Italian government bond gross yields (estimated equal to 3.6%);
- β: represents the correlation factor between the effective return of an equity security and the overall return of the reference equity market (measuring the volatility of the share with respect to the market portfolio). The ß factor used is equal to 1.2 and was determined on the basis of historical data from a sample of listed Italian and European companies operating in the banking sector;
- $R_m - R_f$: represents the “market premium”, i.e. the premium for the risk of investing in shares compared to a “risk-free” investment (in this case, the risk premium applied is equal to 6.0%).

By applying the methodology shown, the discount rate obtained is equal to 10.9%.

Phase 3. Determination of the terminal value

The terminal value was calculated by applying the Gordon formula, assuming a long-term growth rate equal to the long-term expected inflation rate for Italy and the expected Ke, as described above.

The fair value of BPSO was determined adding the terminal value to value of the 2025-2027 distributable cash flows.

Finally, a sensitivity analysis on valuation parameters has been performed assuming variations of some reference valuation parameters.

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4. CONCLUSIONS

Taking into account the scope of our Engagement, as outlined in paragraph 1.1, the assumptions and limitations in paragraph 1.5, the difficulties encountered in our work in paragraph 1.8 and considering the results obtained with the application of the valuation methodologies summarized above, it is possible to conclude that, as at the issuance date of this Report and on the basis of financial statements as at December 31st, 2024, BPSO fair value per share is not lower than Euro 10.285 (*ex dividend* and including the control premium).

Milan, March 14th, 2025

PricewaterhouseCoopers Business Services S.r.l.

Gian Luca Di Martino
(Partner)