

**BPER:**  
Gruppo

# BEST WAY

Business Equity Sustainability Trust

**STRATEGIC PLAN**  
**2019-2021**

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# Agenda

## Introduction to BPER Group

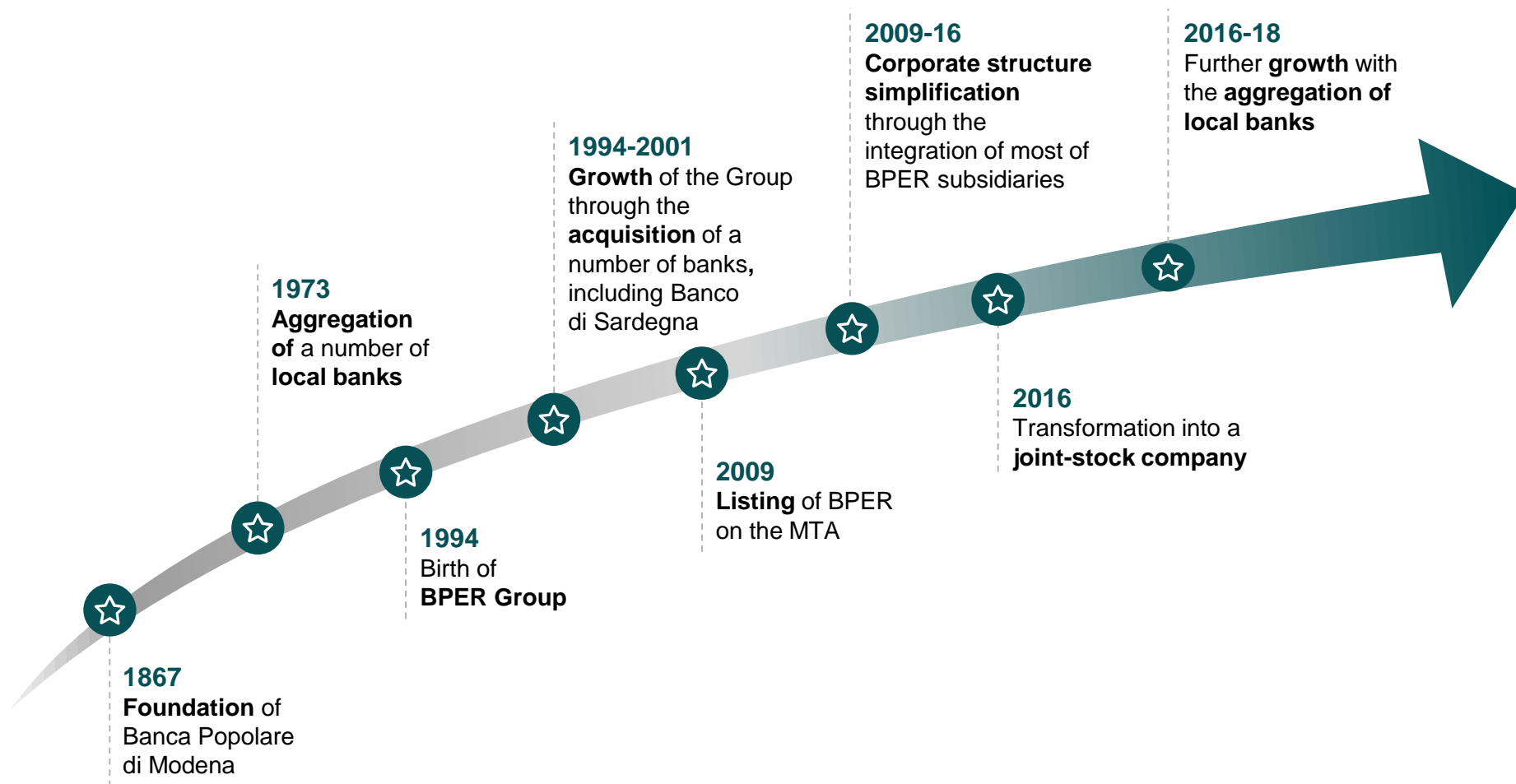
Industrial Plan 2019-21

The key initiatives of Industrial Plan 2019-21

Key financial targets

Appendix

# BPER Group: over 150 years of history, continuously evolving



# A clear path undertaken over the past 3 years



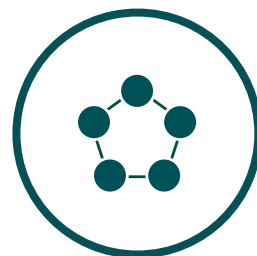
## Focus on de-risking and solid capital position

- Set-up of **BPER Credit Management** (company focused on NPLs management)
- **Gross NPE ratio at 13.8%** (11.6% post extraordinary transactions), **~-10 pp** vs the **June 2016 peak**
- **CET1 and Tier 1 ratio** fully phased FY 2018 equal to, respectively, **~11.9% and 12.0%**



## Development of the commercial model

- Introduction of dedicated teams and service models
- Transformation of **Banca di Sassari** into a **product factory** specialized in **consumer credit**
- **Renewal** of the **Bancassurance agreement** with UnipolSai



## Simplification and optimization of the operating model

- **Review** of back-office operations
- **Delaying** of HQ and central structures<sup>1</sup>
- **Optimization** of the branch network



## Evolution of the distribution model

- Footprint rationalization (**180<sup>2</sup> branches closed**) and implementation of the **hub&spoke** model
- Introduction of **cashlight branches (143 branches involved)**
- Development of a **multi-channel** distribution model

1. Simplification of the number of organizational units  
2. Of which 50 closures of Carife

# Three strategic transactions announced in February 2019

Increased scale, value creation, acceleration of de-risking and capital strength confirmed



## Description

- Acquisition of all ordinary and preference shares held by Fondazione di Sardegna in **Banco di Sardegna** ("BdS") in exchange of **new BPER shares and with a convertible AT1 instrument** issued by BPER

- **Cash acquisition of 100% of Unipol Banca**
- **Cash disposal of ~ € 1.0 billion gross bad loans portfolio** to Unipol Group

- **Acquisition in cash with Banca Popolare di Sondrio of 39.99% of Arca SGR**
- **BPER's stake in Arca SGR increasing to 57%**

## Strategic rationale for BPER Group

- Significant improvement in the level of **regulatory capital**
- Acceleration of the **cost optimization process** for BdS
- Further **simplification** of the Group structure

- **Acquisition of a "clean" bank** with no legacy issues
- **Increase scale and client base.** Broaden distribution footprint
- **Acceleration** of asset quality **de-risking**
- Significant **value creation**

- **Enhancement of Arca SGR as a key player in Italian asset management** space, further strengthening its **competitive positioning** and contributing to developing its **distribution and industrial capabilities**

**Transaction not included in 2019-21 Industrial Plan**

## Potential upside

- Acceleration of the **multi-channel strategy** (branches, "MyUnipol Banca" online bank, contact center, network of financial advisors)
- **Assurbanking**: development of an innovative approach to the distribution of banking products through insurance channels
- **Strengthening of consumer credit** (Finitalia-UnipolSai partnership) together with Banca di Sassari
- **Development of Arca SGR's distribution and industrial capabilities**, also considering the possibility to open to new investors who can contribute to the development of the distribution channels or to the further diversification and optimization of its production and innovation capabilities

# The starting point of the Industrial Plan 2019-21

Increased sales thanks to the three strategic transactions

	BPER 2018 <sup>1</sup>	BPER 2018 PF <sup>2</sup>	Variation
Gross customer loans (€B)	51	57	+13%
Total funding (€B)	91	148	+63%
Operating income (€M)	2,163	2,506	+16%
Pre-tax income (€M)	346	510	+48%
# Clients (M)	2.2	2.7	+23%
# Employees	11,615	13,815	+19%
# Branches	1,218	1,476	+21%
Gross NPE ratio (%)	13.8%	11.6%	-2.2pp
CET 1 ratio fully phased (%)	11.9%	11.4%	-0.5pp
Tier 1 ratio fully phased (%)	12.0%	11.8%	-0.2pp

1. FY2018 reported data

2. *Pro-forma* for the strategic transactions announced on the 8<sup>th</sup> February 2019: transaction with Unipol Gruppo and the acquisition of the Fondazione di Sardegna Minorities in Banco di Sardegna. The impacts exclude the increase of BPER's stakes in Arca SGR

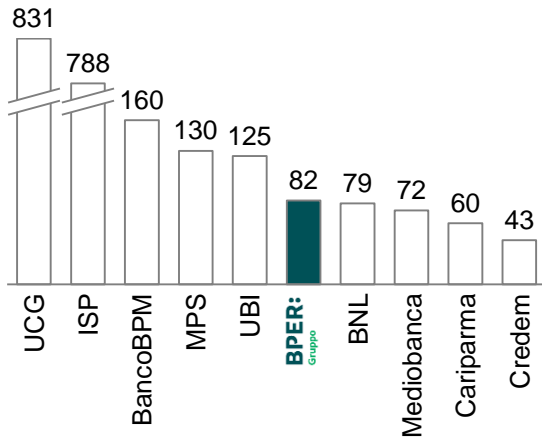
# BPER: a strong and establish Group with a solid client base

BPER data *pro-forma* for Unipol Banca

## BPER: Gruppo

### One of the largest banking Groups in Italy

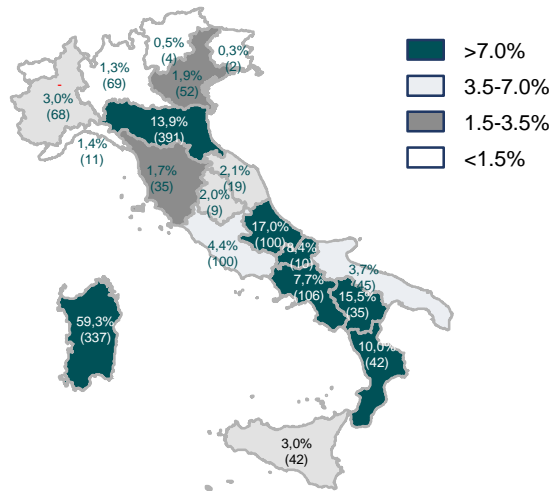
Total assets 2018<sup>1</sup> (€B)



**#6** Banking Group in Italy

### Network distributed across the entire country

Market share by branches (%)

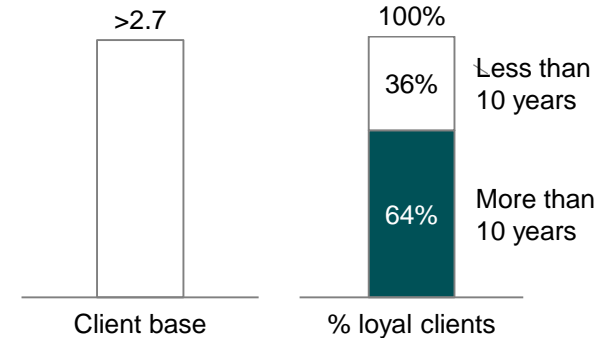


**#7** Regions with market share >7%

### Large and loyal client base

# Clients (M)

# years of client relationship<sup>2</sup> (%)



**>2,7 M** Clients, of which 64% for more than 10 years

1. BNL and Cariparma at 31/12/2017  
2. Data referred to BPER Banca only



# A Group with a strong identity

## BPER: Gruppo

5 Commercial  
Banks

**BPER:**  
Banca

 Banco di Sardegna  
BPER: Gruppo

**Unipol**<sup>1</sup>  
BANCA

**CRB** CASSA  
DI RISPARMIO  
DI BRA  
BPER: Gruppo

 Cassa  
di Risparmio  
di Saluzzo S.p.A.  
BPER: Gruppo

A full range of  
products and  
services

Asset management

**OPTIMA**  
BPER: Gruppo

 **ARCA**  
S.p.A.

Consumer credit

 **BANCA DI SASSARI**  
BPER: Gruppo

 **Finitalia**<sup>1</sup>  
IL CREDITO IN TEMPO REALE

Luxembourg  
bank

**BPER:**  
Bank Luxembourg

Insurance

 **ARCA VITA** (19.7%)

(98.1%)

 **ARCA ASSICURAZIONI**

Leasing

**BPER:**   
Leasing (33.5%)

NPEs management

**CREDIT  
MANAGEMENT**  
BPER: Gruppo

Factoring

**BPER:**  
Factor

Operations and IT

**BPER:**  
Services

1. Company not part of BPER Group yet. Its integration will be finalized following the Regulatory authorities' approval. Finitalia is a company fully owned by Unipol Banca

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# Plan reflects a macro environment characterized by expectations of slower growth and a number of uncertainties



- Slowdown in global GDP growth, particularly in emerging and developing countries<sup>1</sup>
- Worsening expectations for world trade trend <sup>1</sup>



- Slowdown in the Euro Area GDP growth<sup>2</sup>
- In December 2018<sup>3</sup>, German industrial production decreased by 3.9%



- Weakening of the economic recovery, with expected growth below 1% for the next 2 years<sup>4</sup>
- Significant decrease of industrial production in 2018 (-5.5% in December) <sup>5</sup>

## Macroeconomic outlook

## Elements of attention and uncertainty

- Commercial tensions between US and China
- Slowdown in emerging countries consumption following the dollar appreciation

- Uncertainty linked to the 2019 European elections, with nationalistic pressures in some countries
- Future relations between the European Union and the United Kingdom still to be defined
- Review of Quantitative Easing by the ECB

- High volatility of the BTP-Bund spread
- Impacts of the new budget law not immediately verifiable

1. Source: World Bank Global Economic Prospect. Compared to June 2018, the GDP growth estimates for emerging and developing countries have been reduced respectively by 0.3, 0.5 and 0.2 pp. for 2019, 2020 and 2021 2. Source: European Central Bank 3. Source: Destatis - German Federal Statistics Institute 4. Prometeia estimates 5. Source: ISTAT estimates (Jan 2019) related to the comparison between December 2017 and 2018

# Industrial Plan 2019-21

3 pillars supported by 3 levers

Growth and development  
of the business



Efficiency increase  
and simplification



De-risking  
acceleration



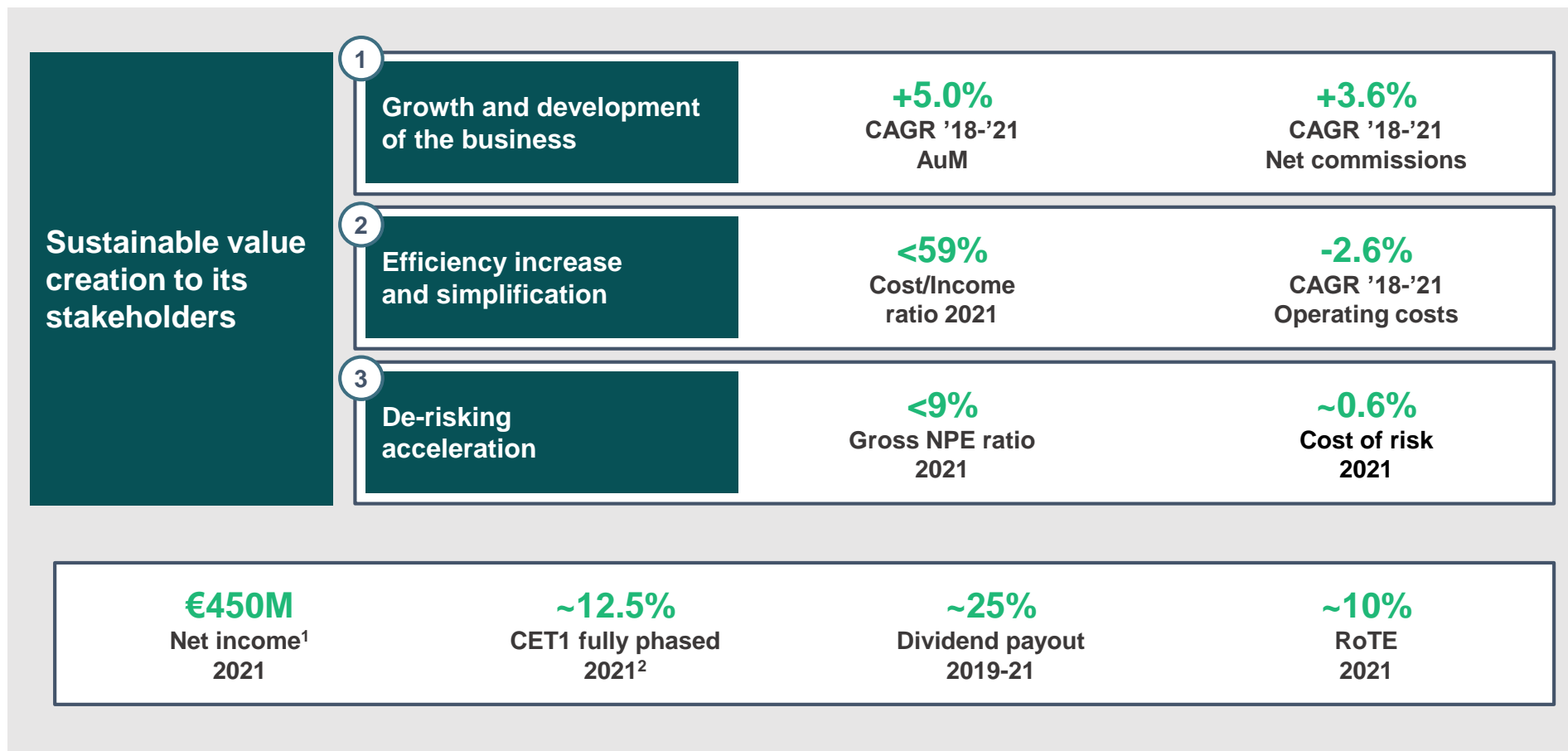
**Digital** transformation of the relationship with customers and of internal processes

**People** at the heart of future development

BPER as a reference model for the **community**

Sustainable value creation for stakeholders

# Industrial Plan 2019-21 key financial targets



1. Net income including minorities contribution

2. It excludes the potential benefits connected to the extension of AIRB models to Unipol Banca and the potential conversion of €150M AT1

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# Industrial Plan 2019-21

**Growth and development  
of the business**



**Efficiency increase  
and simplification**



**De-risking  
acceleration**



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# Growth and development of the business

## Strengthening of the Bancassurance agreement with Arca Vita and Arca Assicurazioni

### Initiatives

Strengthening of the supply and of the distribution model

- **Full integration** between the insurance and the bank offer
- Strengthening the **multi-channel proposition** of the Bancassurance value-chain
- Launch of sales campaigns to **increase the penetration** of insurance products and the average premium

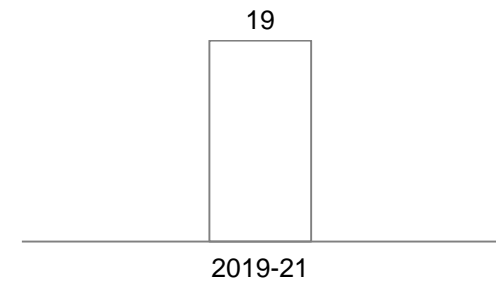
Creation of dedicated structures and roles

- Creation of **dedicated structures** for the supervision and the promotion of Bancassurance
- Introduction of **insurance specialists** and strengthening of the **roles** dedicated to Bancassurance
- Launch of a wide internal **change management plan**

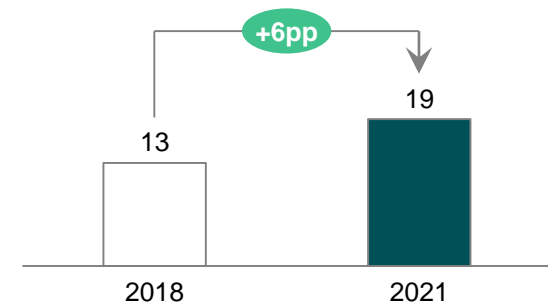
IT system integration

- **IT system integration** between Arca Vita and Arca Assicurazioni and BPER

Average annual growth of insurance premia<sup>1</sup>  
%



Penetration of insurance products<sup>1</sup>  
%



1. Data referred to BPER Group ante extraordinary transactions. Also, it is referred to damage and health insurance products on private customers





# Growth and development of the business

## Full potential of wealth management

### Initiatives

**Strengthening of the product factories**

- **Strengthening and centralization** in Optima<sup>1</sup> of the Group's investment services (asset management and advisory)
- Leveraging on the **Luxembourg SICAV** as a multimanager for private and personal customers

**Development and specialization of the distribution model**

- Development of **dedicated centers for private clients** (25-30 centers across Italy)
- **Strengthening** of the task force dedicated to the **Key Clients**
- Development of the Unipol Banca network **of financial advisors**, also in areas with limited coverage of BPER branches

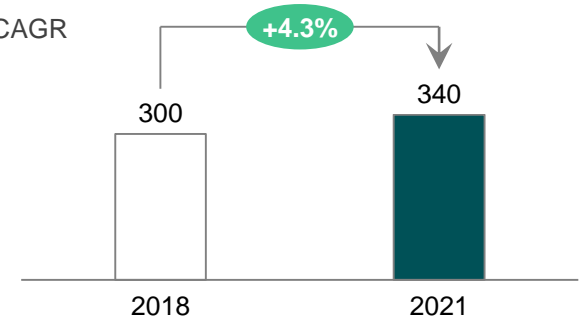
**Offer innovation and rationalization**

- **Rationalization** of the product catalogue
- Development of **alternative investments products** for customers with an high potential

### Commissions from indirect funding and life insurance

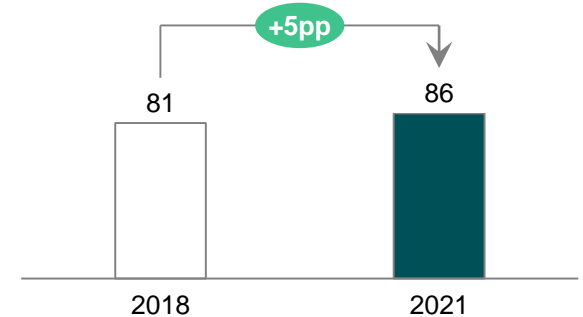
€M

● CAGR



### AuM/Indirect funding (private clients only)<sup>2</sup>

%



1. BPER Group company specialized in investment services and asset management

2. Data referred to BPER Group ante extraordinary transactions



# Growth and development of the business

Full development of Banca di Sassari as a consumer credit and payments company

## Initiatives

### Consolidation and development of consumer credit

- **Optimization and automation** of internal processes to improve efficiency, effectiveness and time to market
- Extension to the **non-captive market** of personal loans and salary-back loans by Banca di Sassari
- Development of credit **pre-acceptance processes**

### Development of payment services

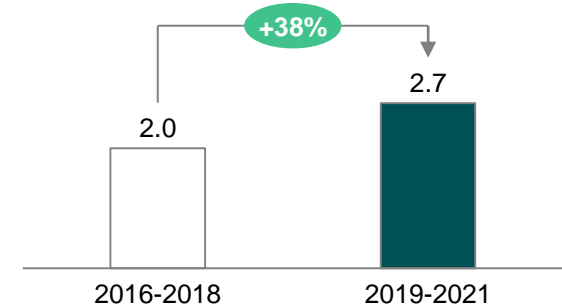
- **Redesign of the processes and of the organizational structure** in order to ensure a strong development of the payments business
- Definition of a **growth strategy** on payments, even towards **non-captive** customers

### Development of the distribution model

- **Strengthening of direct and indirect channels**, both traditional and digital

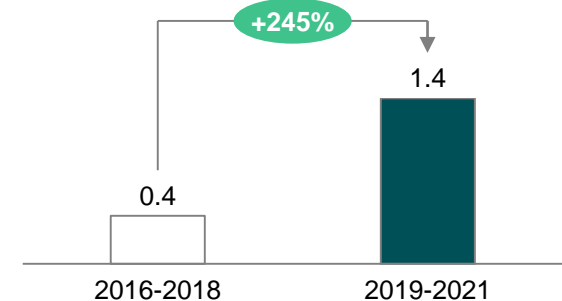
## New production of personal loans

€B



## New production of salary-back loans

€B





# Growth and development of the business

## Strengthening of global advisory services for corporate and SME clients

### Initiatives

#### Strengthening of the global advisory services

- Strengthening of **multi-service specialist teams**, both at central and local levels
- Constant monitoring of **customer needs** to increase lead generation
- Focus on **financial and consulting needs** with particular attention to the following topics:
  - Internationalization
  - Search for subsidized and / or structured sources of financing

#### Sector specialization

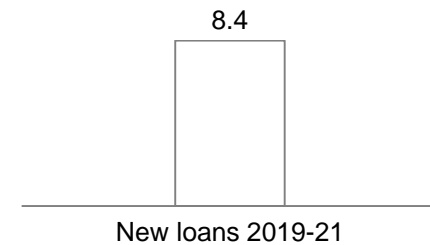
- Creation of a **highly specialized team** of professionals dedicated to the development of companies in sectors of excellence

#### Business finance and investment banking

- Support to high-potential clients in the management of **extraordinary events** such as:
  - Access to the capital market
  - Finance for growth

### New production of Corporate and SME loans

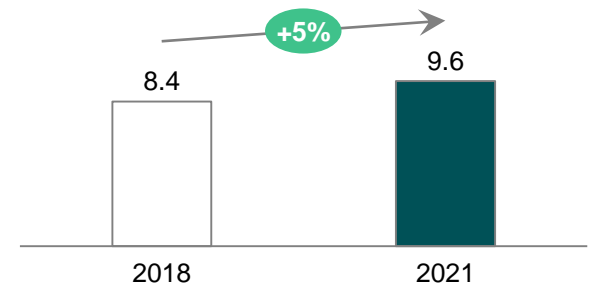
€B



### Stock of short-term Corporate and SME loans

€B

● CAGR



# Industrial Plan 2019-21

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Efficiency increase  
and simplification



De-risking  
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People at the heart of future development

BPER as a reference model for the community



# Evolution of the distribution model

## Footprint reorganization (-230 branches) and new branch formats

### Initiatives

#### Footprint rationalization

- **Closure of 230 branches (-16%)**, of which, more than 50% by the end of 2019

#### Streamlining of the network governance

- **Reorganization and streamlining** of the network governance ensuring a more efficient organization and, at the same time, a tighter control of the network

#### Innovative branch models

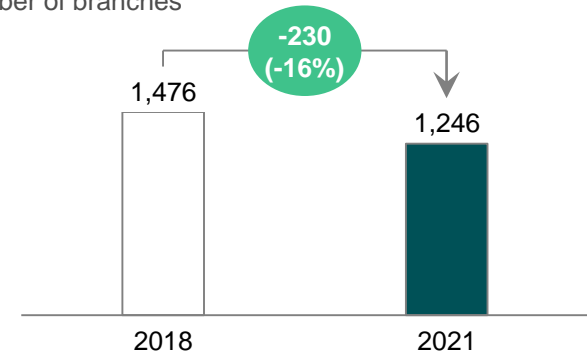
- Introduction of **cashless** branches, acceleration of **cashlight** branches openings and installation of **advanced self-service machines** (CSA<sup>1</sup>, advanced ATM and Remote Teller)
- Set-up of **lean** branches

#### Branch processes optimization

- **Simplification** of administrative and cash management processes
- **Centralization** of non-commercial activities to middle and back office (e.g. payments, credit transfers) with increased focus on **front-end** and **high-value-added activities**

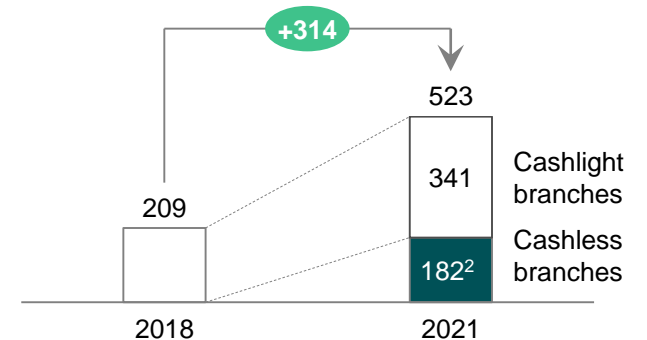
### Branch network

Number of branches



### Cashlight e cashless branches

Number of branches



1. CSA: Automated machine

2. Of which, 73 branches converted from cashlight to cashless

# Rationalization of the Group structure

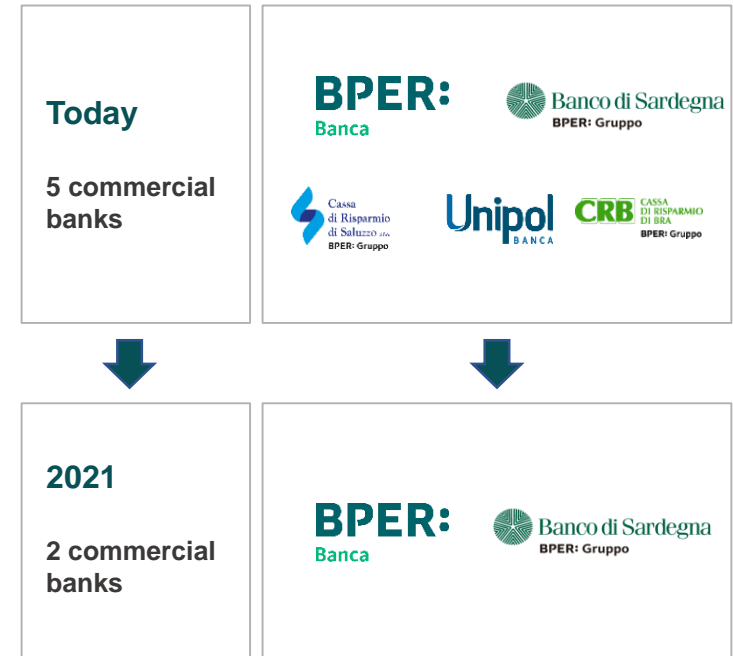
## Group structure simplification

### Initiatives

Reduction of legal entities and governance strengthening

- Group target profile characterized by:
  - **Two commercial banks:** it is expected the integration of Unipol Banca, Cassa di Risparmio di Bra and Cassa di Risparmio di Saluzzo in BPER Banca
  - **Integration of BPER Services** in BPER Banca
  - A **full range of product factories**, thanks to the reinforcement of the consumer credit's company
  - Potential **further integrations** of smaller companies

### Evolution of commercial banks of the Group





# Valorization of the Real Estate portfolio

## Set-up of a specialized unit and space optimization

### Initiatives

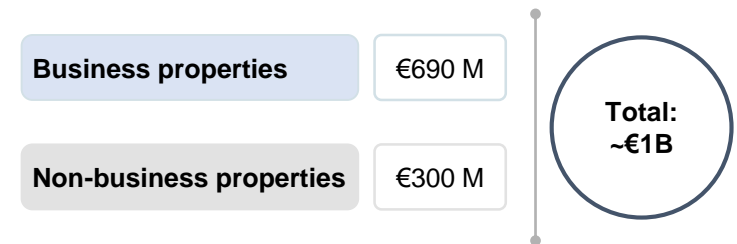
**Creation of an Active Real Estate Management unit**

- Centralization of all the Group Real Estate activities in a highly **specialized unit of portfolio asset management** (for business and non-business properties)
- Real Estate competences **enrichment** thanks to the recruitment of specialists
- Potential **strategic partnership** with specialized consultants and/or **servicing/advisory companies**
- Proactive management of assets used as **collateral for NPEs**, integrated with the lending unit

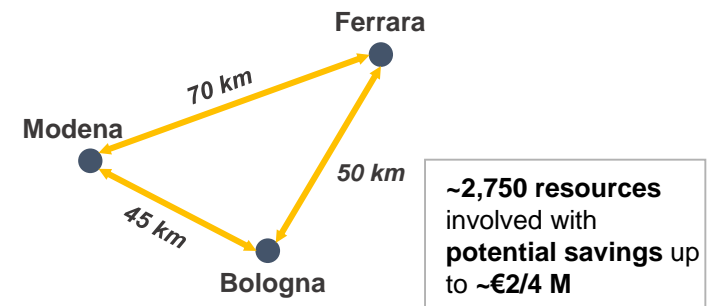
**Space optimization**

- **Space optimization** of business properties through space management, footprint rationalization and smart working
- **Valorization and remarketing** of secondary HQ structures and business properties
- **Reorganization** of Modena, Bologna and Ferrara hubs after the integration of Unipol Banca

### Group properties



### Hub of Modena, Ferrara and Bologna





# Review of Operations processes and IT evolution

## Optimization of Operations' processes and continuous evolution of the IT system

### Initiatives

End-to-End review of Operations processes

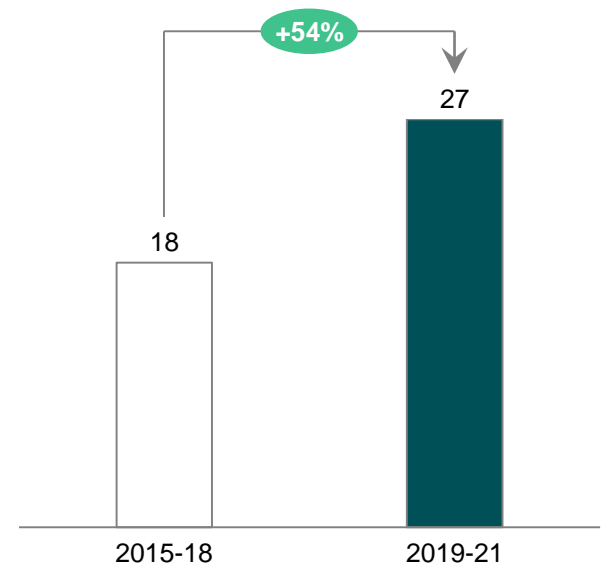
- **Simplification and lean innovation** of operating processes
- **Performance and capacity management** models to manage and plan the workforce
- Operational productivity increase through:
  - **Dematerialization** and extensive use of monitoring tools for end-to-end processes control
  - Set-up of **robots** and **Artificial Intelligence** applications

IT system evolution

- **Insourcing** on BPER's IT systems of Unipol Banca, generating scale benefits
- Adoption of **cloud** technologies to **reduce time to market** and **increase operational efficiency**
- Design and adoption of organizational and governance models to enable **strong automation** and other **security functionalities**

### ITxIT investments<sup>1</sup>

€M



1. Data includes: admin expenses IT running, admin expenses IT one-off and capex for IT development. It does not include the investments for the integration of Unipol Banca and Finitalia



# Significant workforce reduction

Planned workforce reduction of 1.300 headcount by 2021

## Initiatives

### Exits

- **~1,700 total headcount exits:**
  - 1,486 headcount exits through retirement and adhesion to the Solidarity Fund
  - 230 headcount exits through maturity of temporary hiring contracts

### Personnel redeployment

- **Partial personnel redeployment** on more value-added activities
- Increase of the ratio between "center" and "network" staff

### New hires

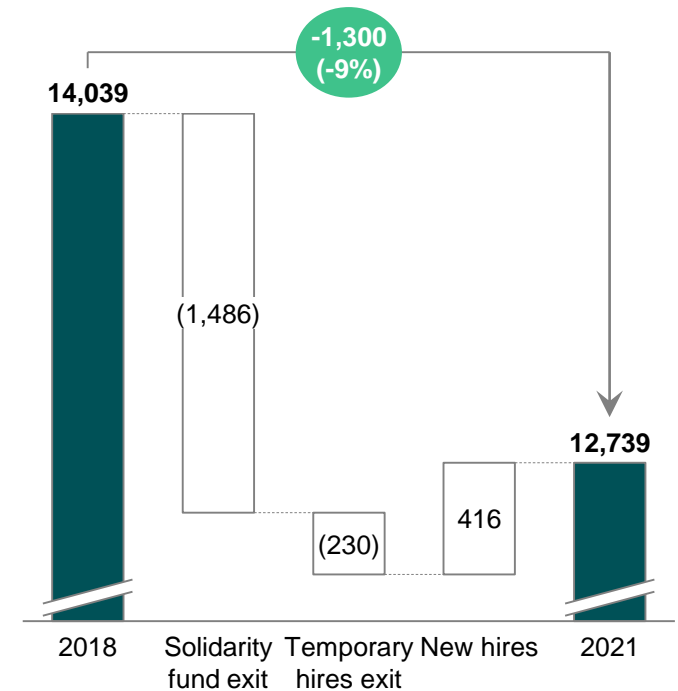
- **Recruitment of ~400 headcount**
  - Acquisition of new competences and introduction of qualified skills to support business growth
  - Support of the "generational" turnover

### Savings

- This plan unlocks potential **running savings** higher than **€80 M per year**
  - **One-off costs** equal to **~€180-200 M**

## Group headcount evolution

# headcount



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acceleration



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# De-risking acceleration

## Evolution of the credit management process

### Initiatives

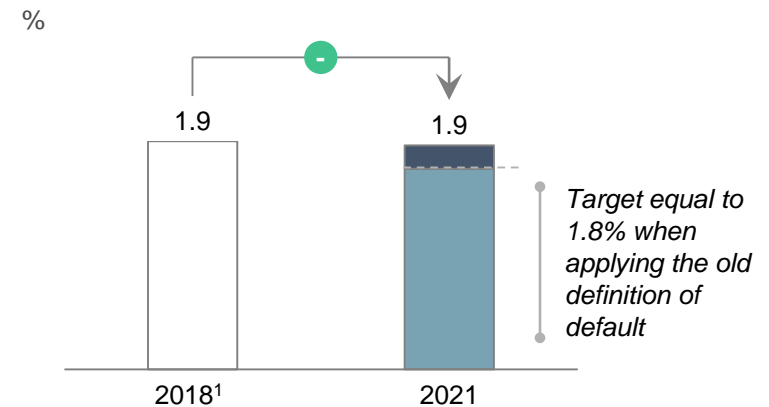
**Further strengthening of the underwriting**

- **Enhancement of the investigation process** during underwriting, especially in the Corporate segment
- **Tighter control on new production** thanks to a commercial performance evaluation system linked to the asset quality
- Extension of the **AIRB models** for credit management to CR Bra, CR Saluzzo, the large Corporate segment and, potentially, to Unipol Banca

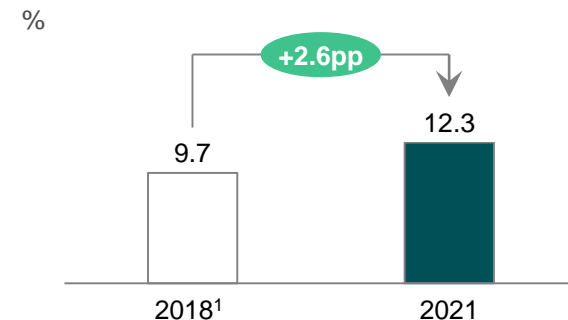
**Proactive management of the credit position**

- **Proactive management** of the loan portfolio with active management of the credit positions signaling potential red flags
- Proactive use of **forbearance**, with targeted actions on specific asset classes
  - Industrialization of the forbearance measurement sustainability tool
- Set- up of a **dedicated unit** for performing loans management

### Default rate



### Cure rate



1. Data referred to BPER Group ante extraordinary transactions

# De-risking acceleration

## New model for NPE management

### Initiatives

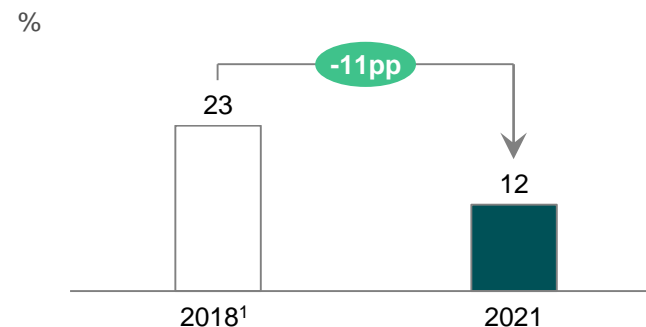
#### Evolution of the NPE management

- Implementation of a **new organizational set-up** for the NPE management envisaging an **increasing specialization** by client segments (Corporate, Retail and Real Estate)
- Improvement of the **work-out process**
- **Increase** of the number of NPE positions outsourced
  - Higher recovery rate expected
- **Improvement and reorganization** of the management and recovery processes of BPER Credit Management by client segment

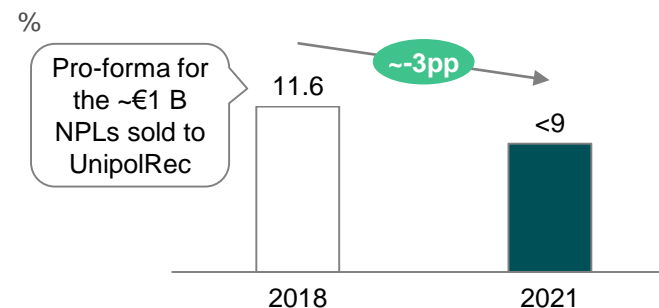
#### Extraordinary transactions

- **Active management** of NPL portfolio
  - Significant reduction of the NPL stock, also thanks to the further disposals in addition to the ~€1 B NPL portfolio sold to UnipolRec
- Migration to the **new platform** of NPL management and recovery (Laweb 4)

### Danger rate



### Gross NPE ratio



1. Data referred to BPER Group ante extraordinary transactions

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# Digital transformation

New omnichannel model coupled with a strong push on innovation

## Initiatives

Strong investments on the omnichannel model

- Evolution of ICT systems to allow for the full development of a **omnichannel model**
- Channels **integration** into the new **CRM**
- Introduction of **real time marketing** tools
- **Optimization** of **client channeling** towards different channels (right channeling)
- **Renewal** of the corporate banking platform

Digitalization of the sales process

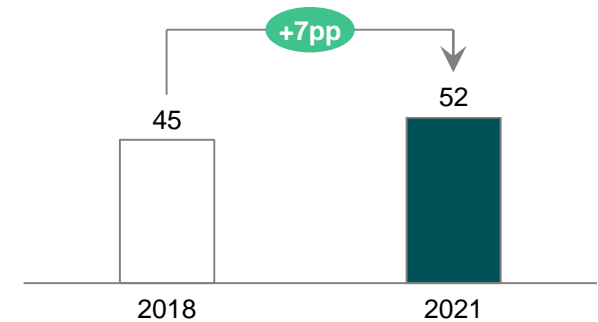
- **Evolution** of the **range of products** available and capable of being activated online
- **Digital lending extension** to "non-clients"

Strong push on innovation leveraging on Fintech

- Development of a **light banking solution** on the open banking platform of Fabrick
- **ICT effort reduction** thanks to the increasing reliance on **open banking** and/or white label solutions

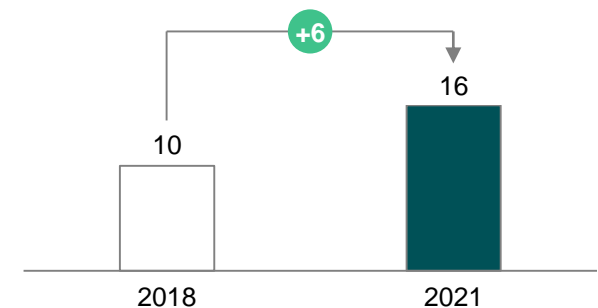
## Penetration of Internet Banking of retail clients<sup>1</sup>

%



## Number of online transactions<sup>1</sup>

Unit (million)



1. Data referred to BPER Group ante extraordinary transactions

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De-risking  
acceleration



Digital transformation of the relationship with customers and of internal processes

**People** at the heart of future development

BPER as a reference model for the community

# People at the heart of future development

Strong employees involvement supported by investments in training and flexibility programs

## Initiatives

### Enhanced involvement of employees

- Organization of initiatives for the acknowledgment and valorization of **diversity** and **inclusion** of the whole staff (e.g. gender, age, nationality)
- Continuous **discussion and engagement** with employees
- Evolution of **company welfare**
- Introduction of an **incentive system (LTI)** connected to the realization of the Industrial Plan targets

### Employees training and professional development

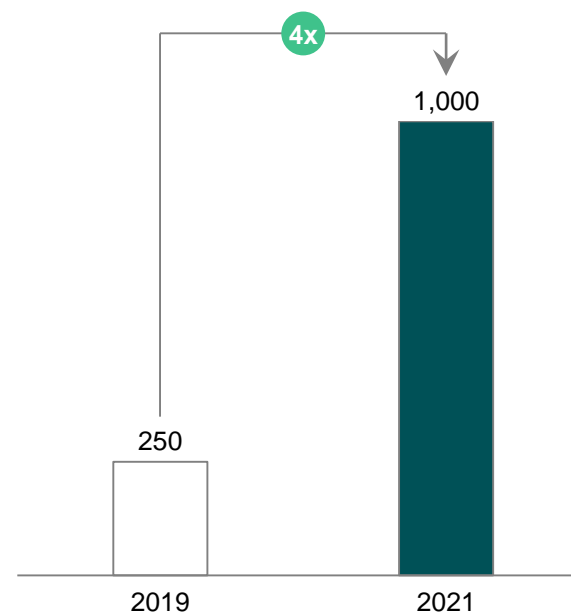
- Design of **ad hoc development and coaching plans** for employees
  - Strong focus on developing digital and leadership skills
- Set-up of **specific training programs** for key profiles (e.g. Private banker and Corporate RM)
- Valorization of the **competences** of employees coming from Unipol Banca

### Flexibility programs

- Set-up of programs to **increase the working flexibility**
  - Possibility for some employees to work from **local hubs (hub working)**
  - Push on **smart working**

## Employees part of the hub working program<sup>1</sup>

HC



1. Data referred to BPER Group ante extraordinary transactions



# Industrial Plan 2019-21

Growth and development  
of the business



Efficiency increase  
and simplification



De-risking  
acceleration



Digital transformation of the relationship with customers and of internal processes

People at the heart of future development

**BPER as a reference model for the community**

# BPER as a reference model for the community

## 3 main initiatives to support people's needs

### BPER Banca for the environment

Reduction of energy consumptions of BPER Banca by increasing the efficiency and the deployment of renewable sources

★ **Reduction of 10% of energy consumptions<sup>1</sup>**

Implementation of an **environmental management system** compliant with the UNI EN ISO regulation<sup>2</sup>

Incentive on initiatives of **employees sustainable mobility**, of which:

- Installment of a number of charging stations for electric vehicles
- Launch of a car pooling app for employees



### BPER Banca for the community

#### #LaBancaCheSaLeggere

Promotion of cultural initiatives as driver for the social development

- Authors presentations at BPER Forum Monzani<sup>3</sup> and in other locations

★ **+ 20% annual increase of cultural events<sup>3</sup>**

- "Nati per leggere" initiative, to initiate families to the reading activity

★ **~10,000 books donated<sup>3</sup>**

Promotion of financial education of new generations

★ **~66,000 students involved<sup>3</sup>**

- Dedicated program for kids and families

★ **Design and distribution of 3,000 books<sup>3</sup>**



### Value chain sustainability

Set-up of a provider's sustainability rating system

★ **~200 providers scored<sup>3</sup>**

Management of ESG unsolicited rating for BPER Banca and request of a solicited rating:

- Standard Ethics Rating
- ★ **Target: to reach level EE by 2021**
- Rating CDP
- ★ **Target: to reach level C- by 2021**

# Agenda

Introduction to BPER Group

Industrial Plan 2019-21

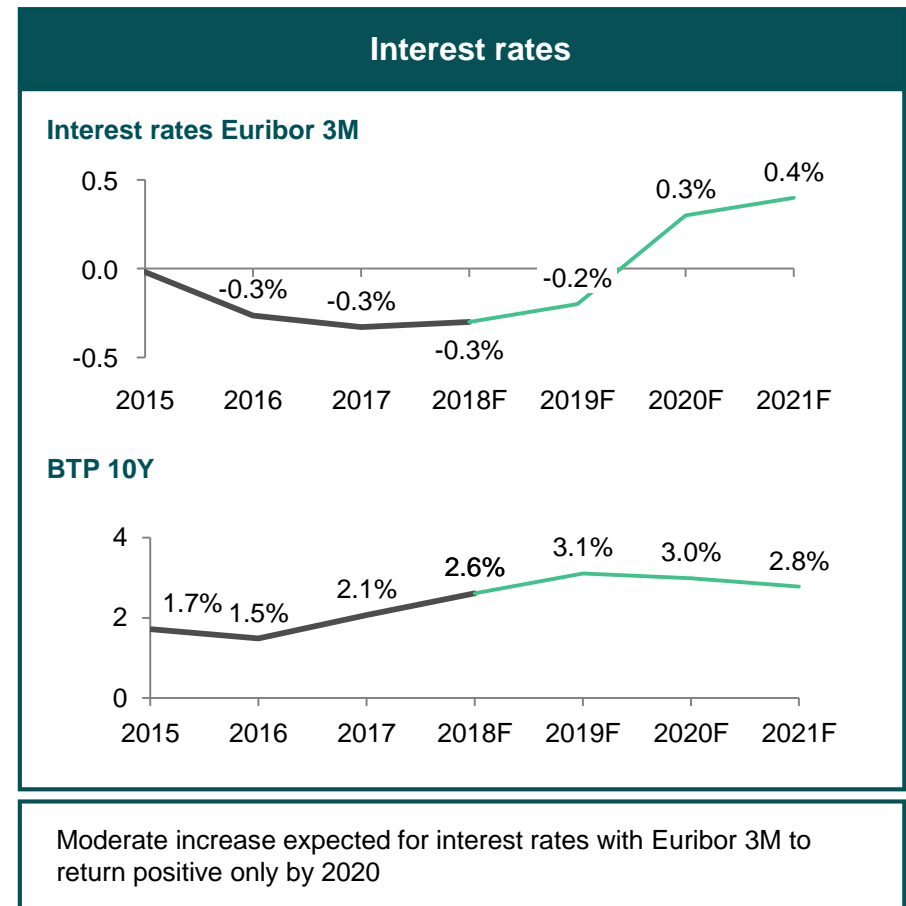
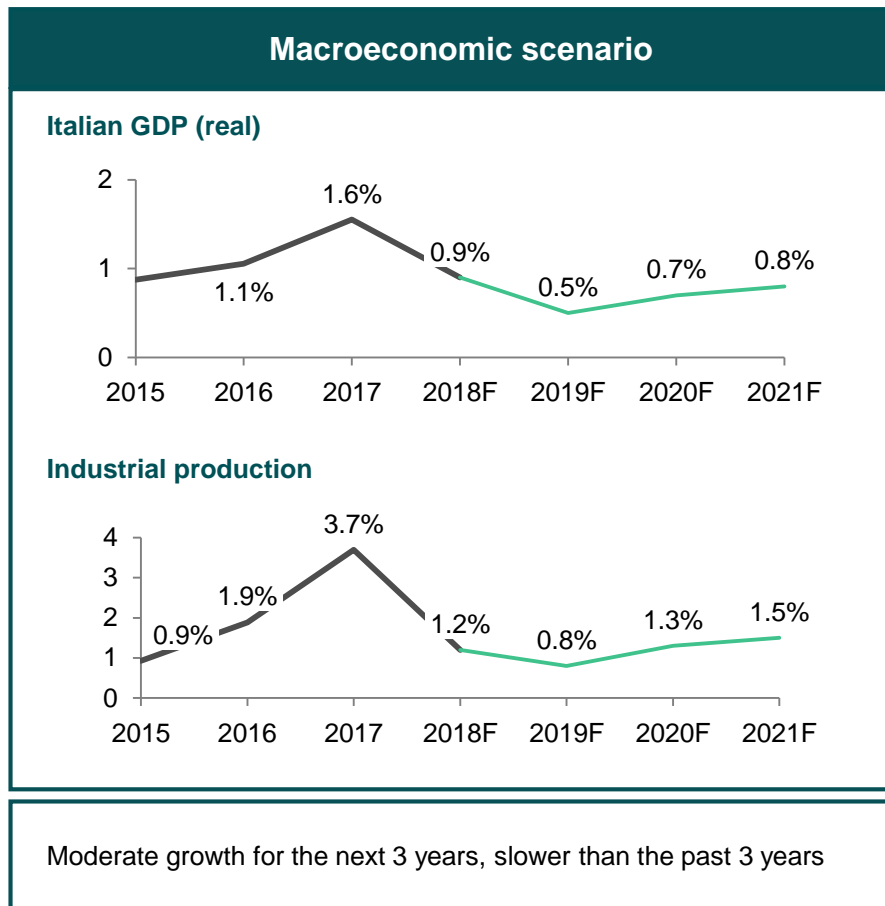
The key initiatives of Industrial Plan 2019-21

**Key financial targets**

Appendix

# Key macroeconomic forecasts

Industrial plan assumptions are conservative and reflect a slowdown of economic growth for the next 3 years



Source: Prometeia estimates, macroeconomic scenario at December '18

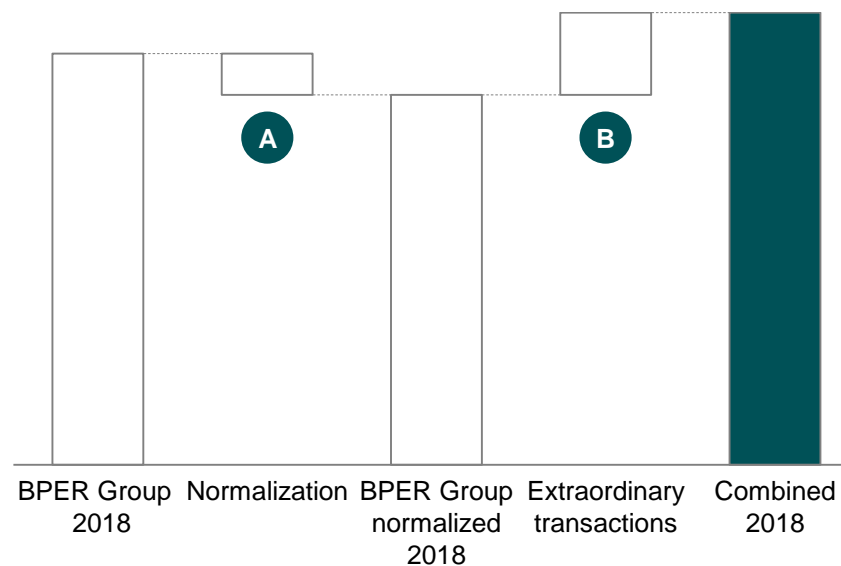
# 2018 financials homogeneous with 2021 targets

## Overview of 2018 normalization and pro-forma process

- To provide a **clear and homogeneous representation** of 2018 data with **2021 targets**, 2018 results have pro-forma with 2021 data

- A** BPER Group 2018 results have been **normalized** for:
  - The impact of non recurring items<sup>1</sup>
  - The alignment of 2018 tax rate to the one applied in 2021
- B** It has been prepared a **pro-forma of 2018 results** including the impact of **extraordinary transactions** announced on February 2019
  - Acquisition of Banco di Sardegna minorities
  - Acquisition of 100% of Unipol Banca
  - Disposal of €1.0 B GBV of bad loans to Unipol Group
- The impact of the increase of BPER's stake in **Arca Holding** has **not been taken into account** in the numbers

## Build-up of 2018 pro-forma results



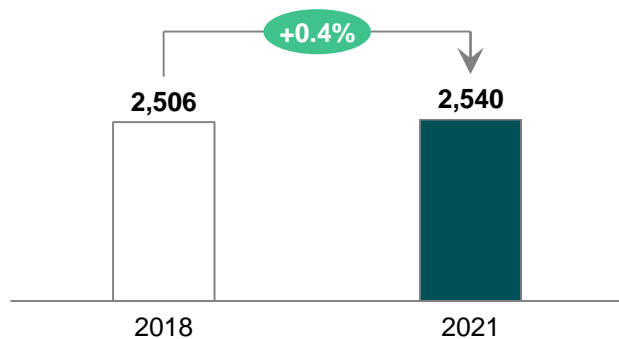
# Key 2021 financial targets

Profitability increase...

## Operating income

€M

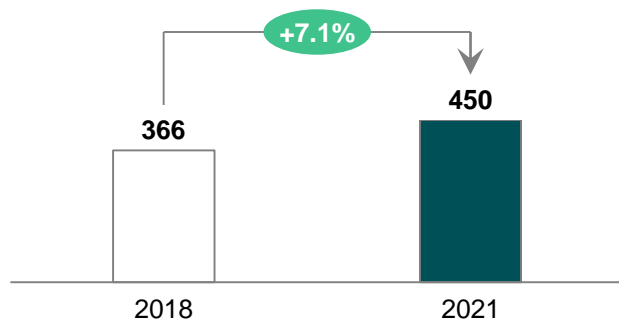
● CAGR



## Net income<sup>1</sup>

€M

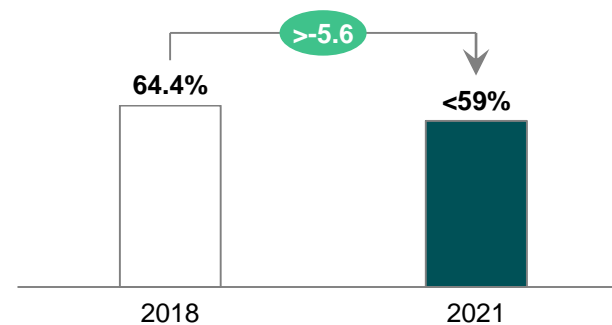
● CAGR



## C/I ratio

%

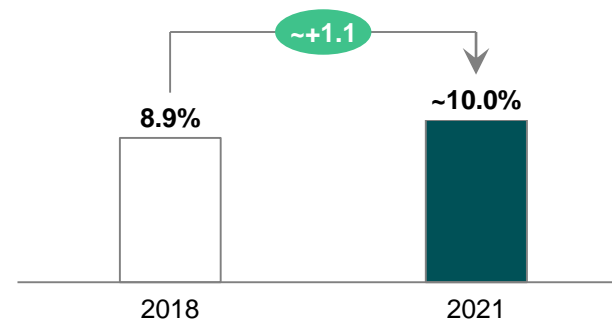
● Δ pp



## RoTE

%

● Δ pp

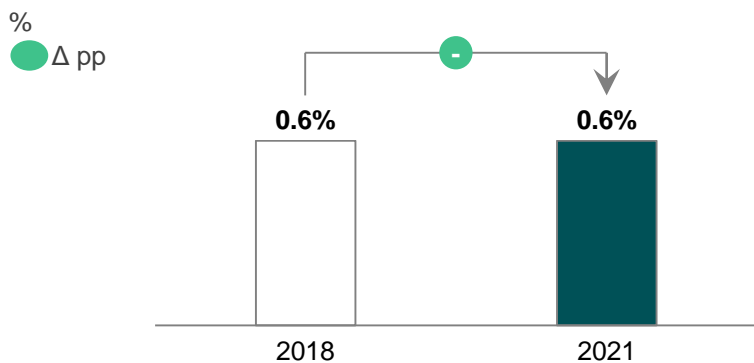


1. Net income including minorities contribution

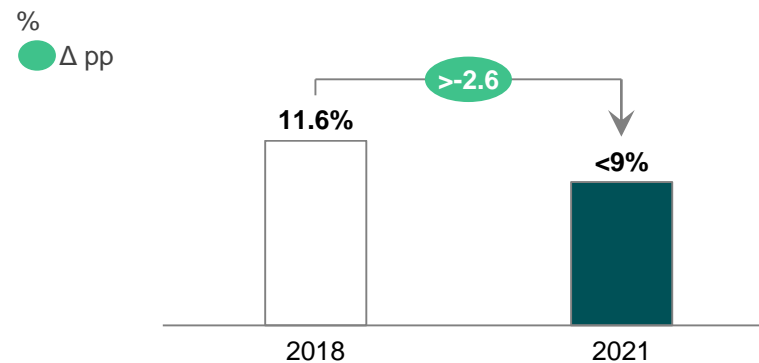
# Key 2021 financial targets

...further improvement of the assets quality and capital position

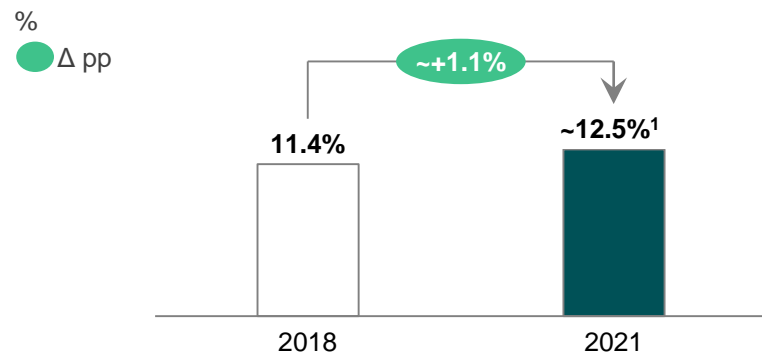
## Cost of risk



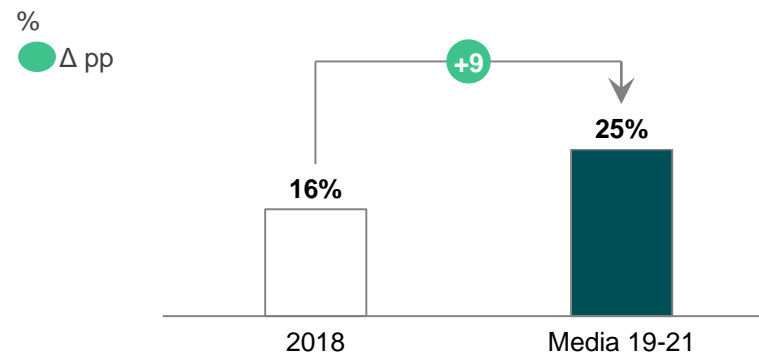
## Gross NPE ratio



## CET1 ratio fully phased



## Dividend payout



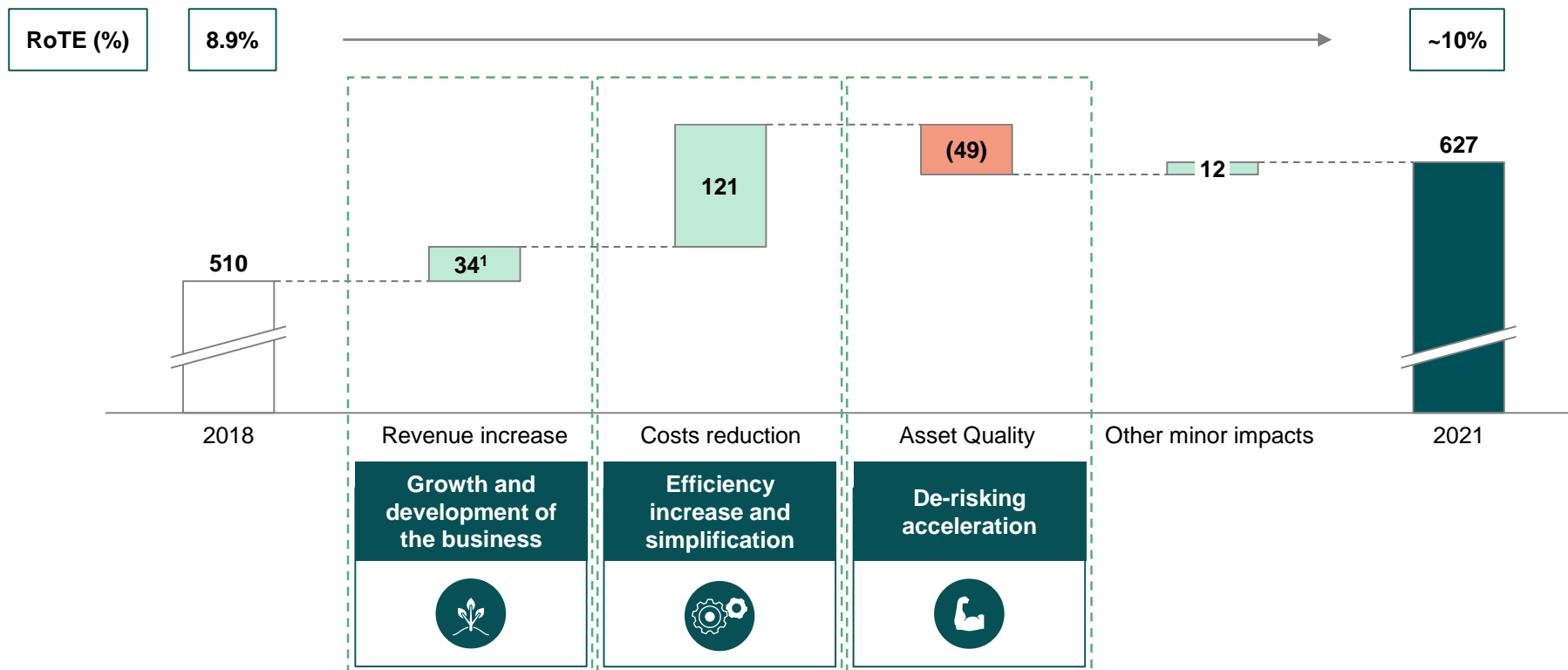
1. Excludes the potential benefit coming from the extension of AIRB model to Unipol Banca and the conversion of €150 M of AT1

# Pre-tax income evolution

Enhanced operating efficiency and greater commercial effectiveness drive the increase of pre-tax income

Pre-tax income

€M



1. In 2018 BPER benefitted from a particularly positive impact with reference to capital gains on securities  
 Note: figures in this page might not add exactly due to rounding differences



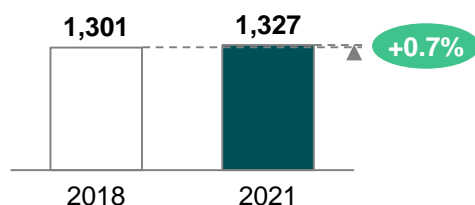
# Operating income

## Operating income growth driven by higher commissions

### Net interest income

€M

● CAGR



Expected higher growth connected to the potential TLTRO 3

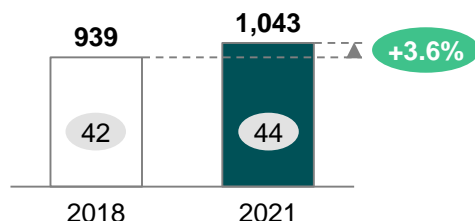
- Net interest margin benefiting from the increase in consumer credit and other higher margin products
- Negatively affected by the new funding plan due to the repayment of TLTRO 2

### Net fees and commissions

€M

● % on 1° margin

● CAGR



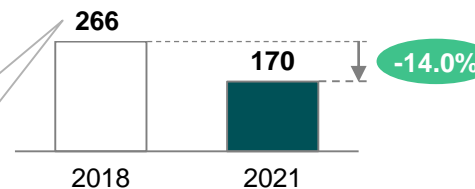
- Significant increase in commissions thanks to the development of:
  - AuM
  - Bancassurance
  - Corporate services

### Other income

€M

● CAGR

Includes capital gains on securities

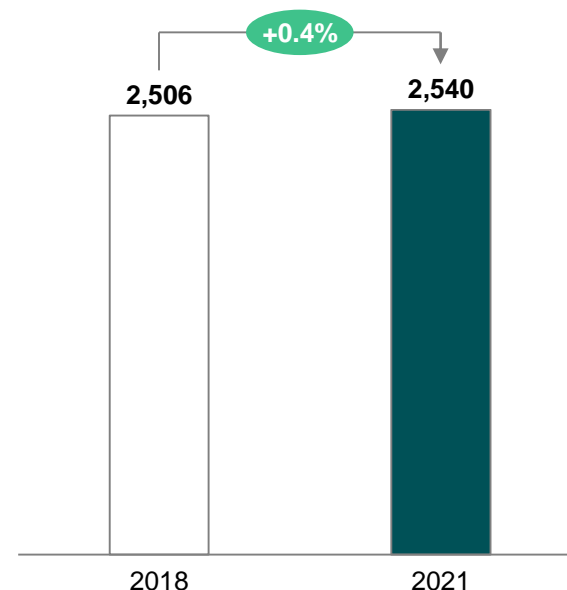


- Broadly in line with past results

### Operating income

€M

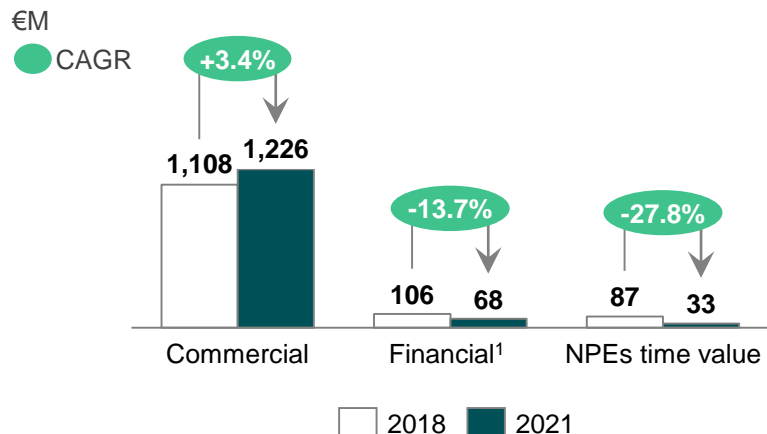
● CAGR



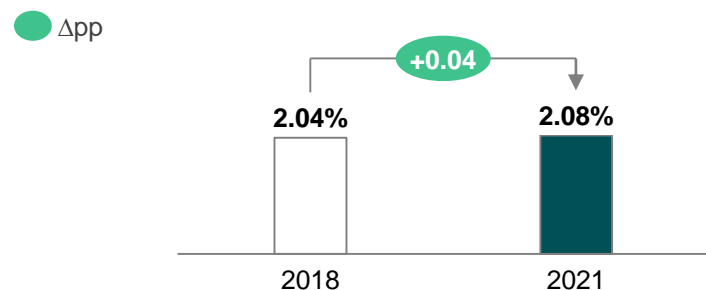
# Net interest income and net fees and commissions

Increased commercial net interest income. Commissions growth driven by wealth management and Bancassurance

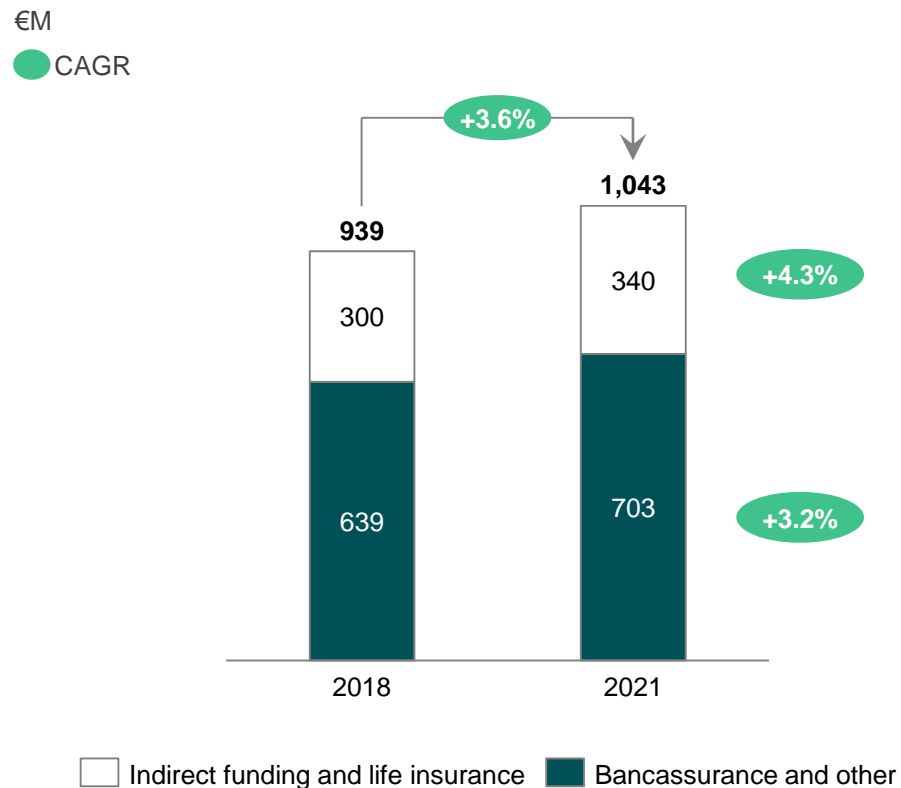
## Net interest income breakdown



## Commercial spread²



## Net fees and commissions breakdown



1. Includes the impact from the institutional funding  
2. Spread of the commercial banks

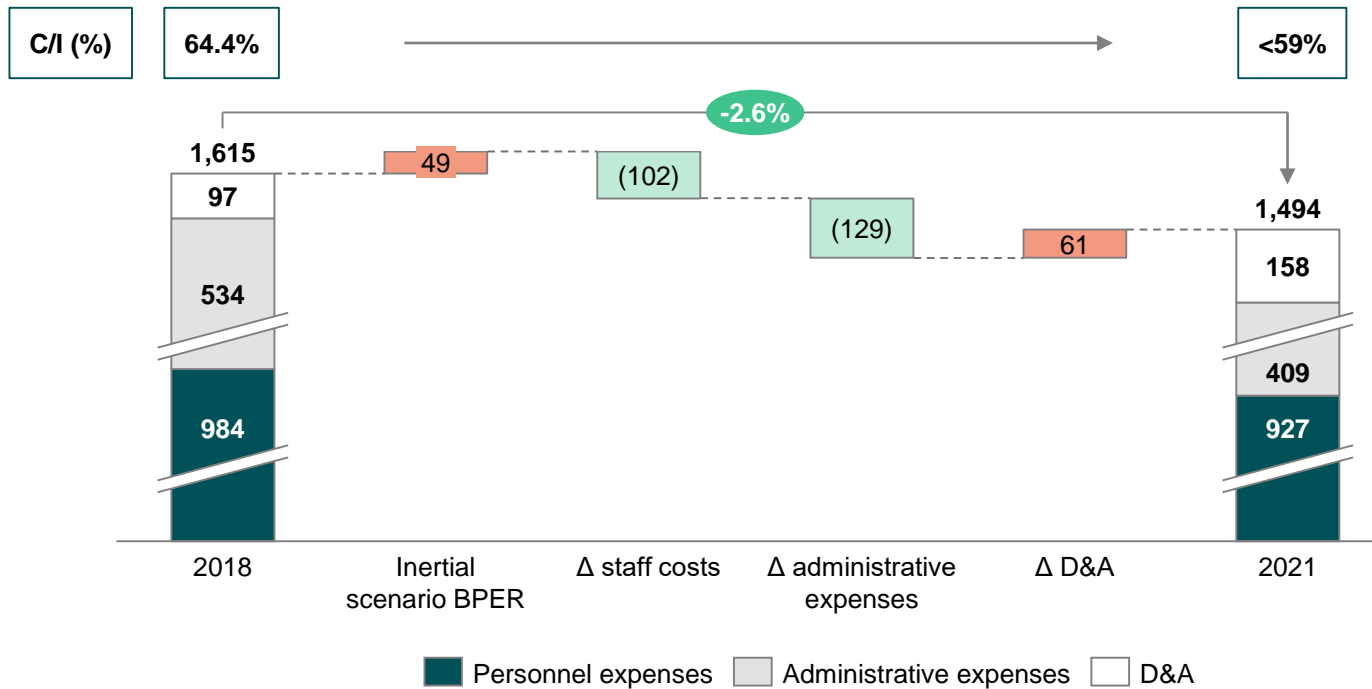
# Operating costs

Target Cost/Income lower than 59% thanks to cost base reduction (I/II)

## Operating costs

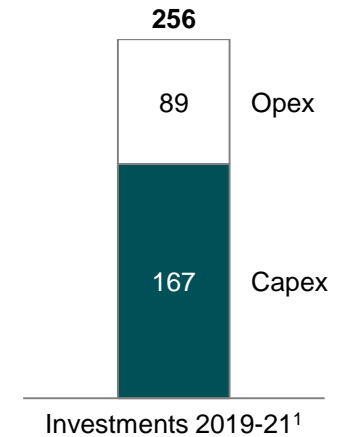
€M

● CAGR



## Investments

€M



1. Excludes the costs related to Unipol Banca integration

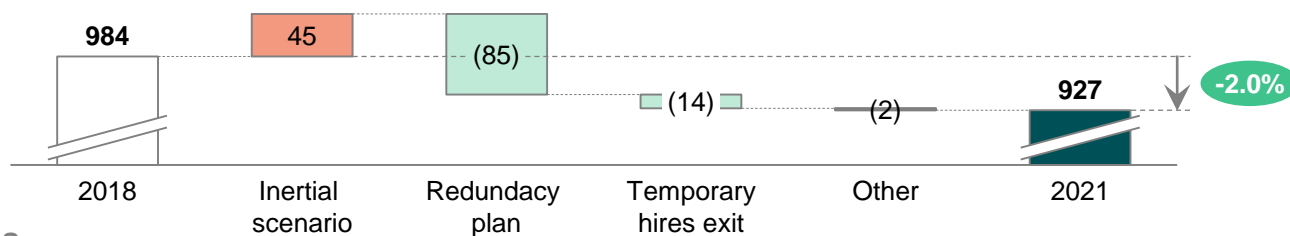
# Operating costs

Significant staff costs and administrative expenses reduction thanks to the Group's streamlining and simplification (II/II)

## Staff costs

€M

● CAGR



## Administrative expenses

€M

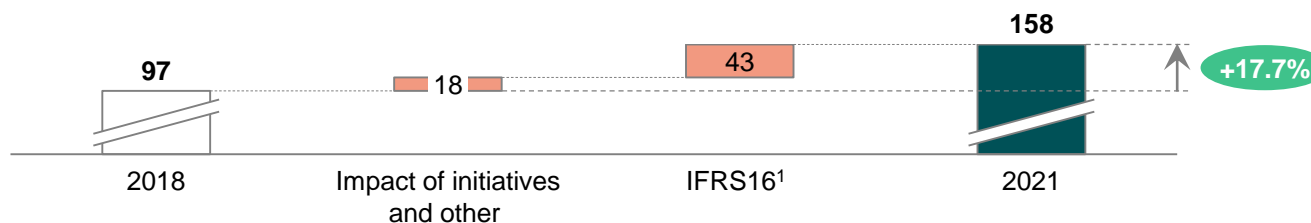
● CAGR



## D&A

€M

● CAGR

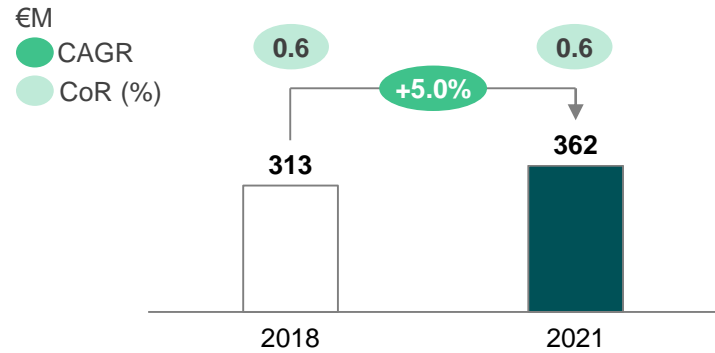


1. Due to the application of the IFRS16 accounting principle  
Note: figures in this page might not add exactly due to rounding differences

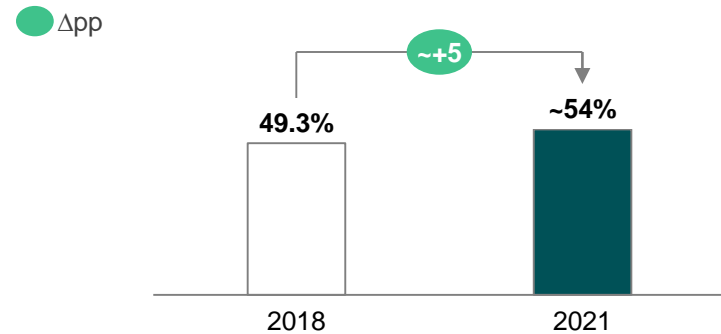
# Asset quality

Gross NPE ratio lower than 9% thanks to the implementation of de-risking initiatives

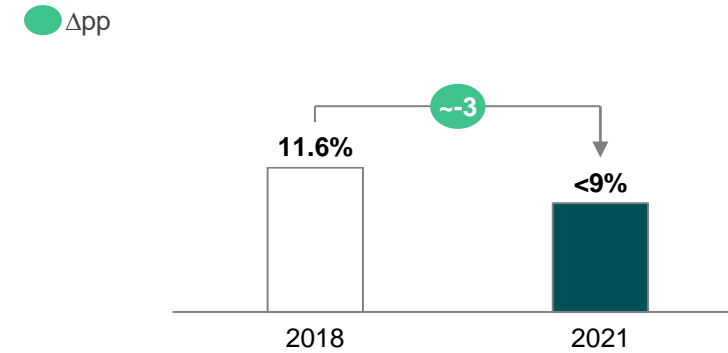
### Total P&L provisions and cost of risk



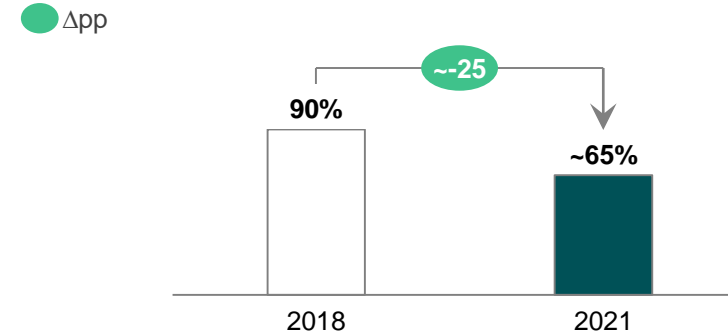
### NPE coverage ratio



### Gross NPE ratio



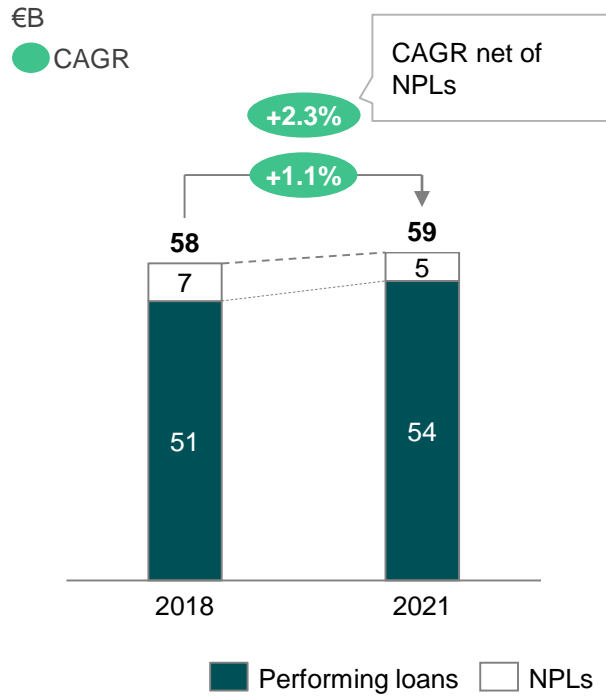
### Texas ratio



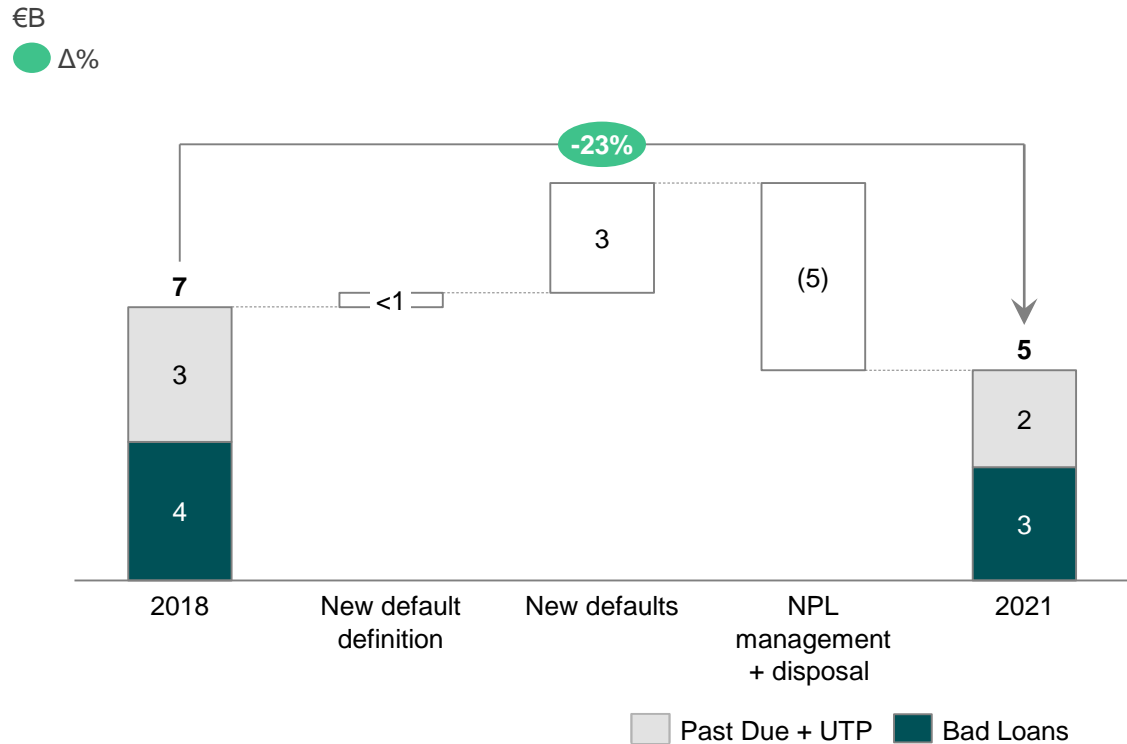
# Customer loans

Reduction of NPLs by ~23%, thanks to both NPL management and selected NPLs and UTPs disposal

Gross customer loans



Evolution of gross non-performing loans 2018-21



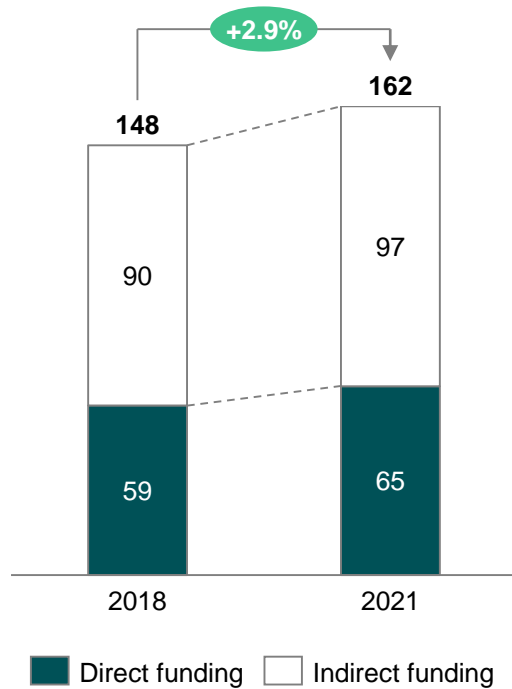
# Total funding

Increase in total funding, driven by AuM and institutional funding

## Total funding

€B

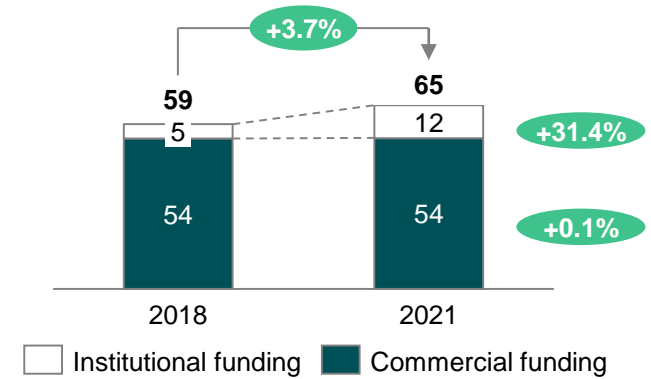
● CAGR



## Direct funding

€B

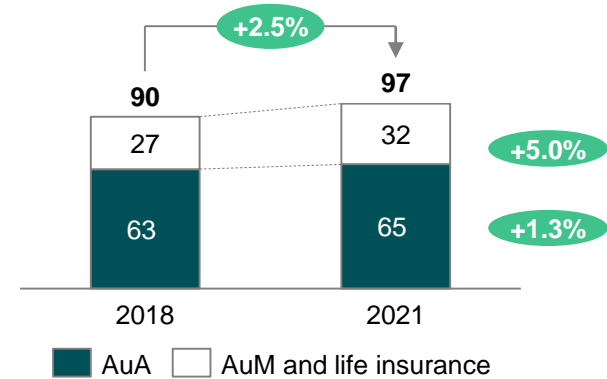
● CAGR



## Indirect funding

€B

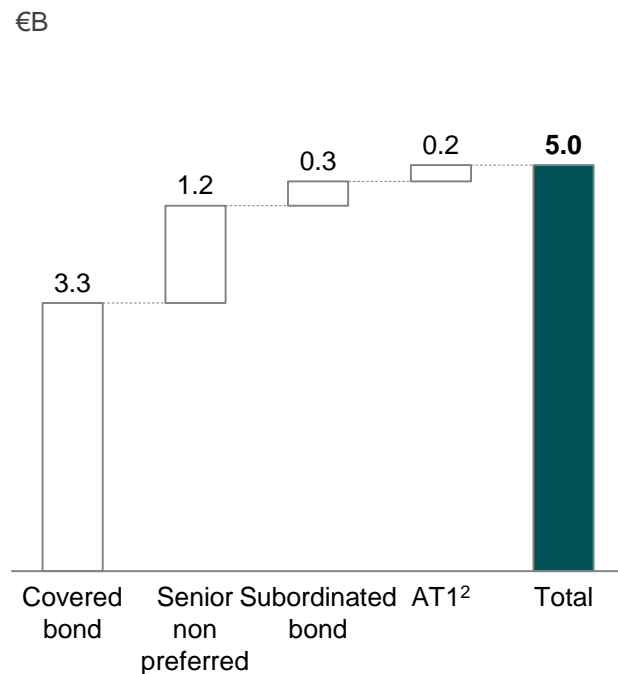
● CAGR



# Institutional funding

Increase in institutional funding issuances, in order to also reinburse the TLTRO 2

## Institutional funding issuances



## Stock of inst. and inter-banking funding

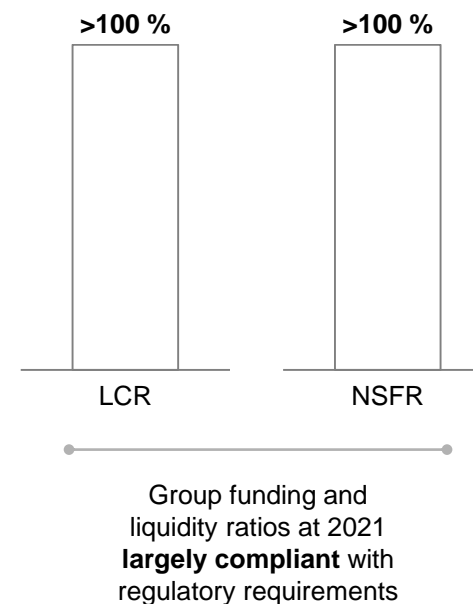
€B

Funding	2018	2021	CAGR 18-'21
Covered Bonds	2.0	4.5 <sup>1</sup>	30.6%
AT1 <sup>2</sup>	0.2	0.2	-
Subordinated bond	0.5	0.8	16.0%
Repos	2.4	5.0	26.9%
Senior non preferred		1.2	-
<b>Institutional funding</b>	<b>5.1</b>	<b>11.7</b>	<b>31.4%</b>
Funding from ECB + interbank position	11.6	6.5	(17.6%)
<b>Total</b>	<b>16.7</b>	<b>18.2</b>	<b>2.9%</b>

€750 M Covered Bonds at floating rate due in 2020

## Regulatory requirements on funding and liquidity at 2021

%



1. € 4.5 B of covered bonds at 2021 resulting from new issues for € 3.3 B and € 750 M maturing in 2020

2. Already included in the initial pro-forma scheme



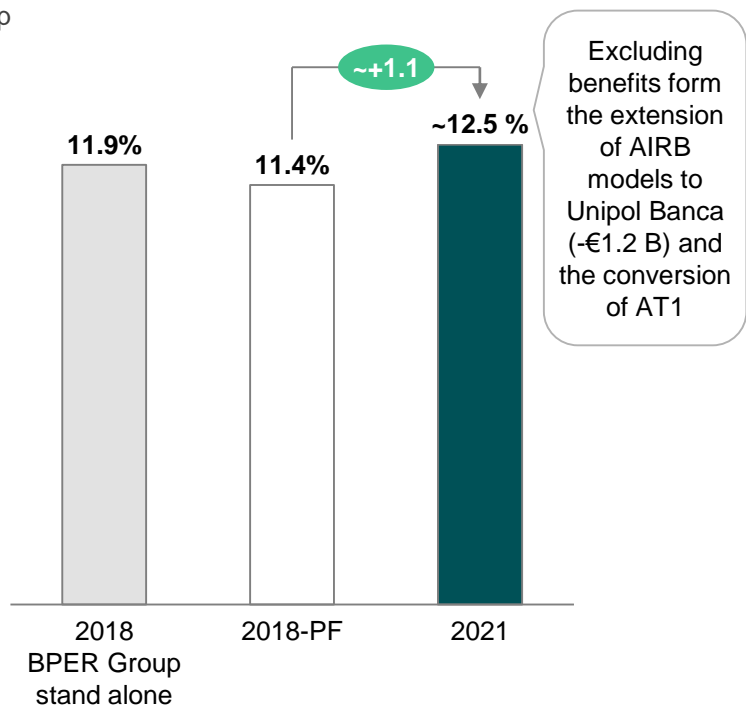
# Regulatory capital

Further capital strengthening, thanks to organic capital generation and the adoption of AIRB models

## CET 1 ratio fully phased

%

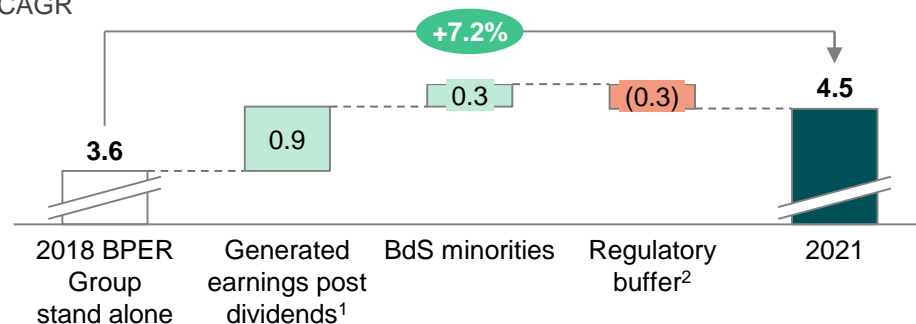
● Δpp



## CET 1 capital

€B

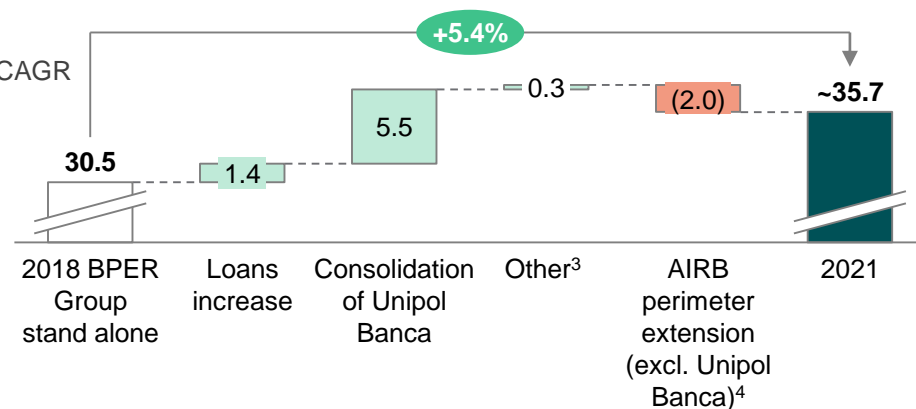
● CAGR



## RWA

€B

● CAGR



# Profit & loss, balance sheet and KPI

Profit & Loss (€M)	2018-PF	2021	CAGR '18-'21
Net interest income	1,301	1,327	+0.7%
Net fees and commissions	939	1,043	+3.6%
Other income <sup>1</sup>	266	170	(14.0%)
<b>Operating income</b>	<b>2,506</b>	<b>2,540</b>	<b>+0.4%</b>
<b>Operating costs</b>	<b>(1,615)</b>	<b>(1,494)</b>	<b>(2.6%)</b>
<b>Pre-provision operating income</b>	<b>891</b>	<b>1,045</b>	<b>+5.5%</b>
Total provisions	(313)	(362)	+5.0%
<b>Post-provision operating income</b>	<b>578</b>	<b>683</b>	<b>+5.7%</b>
<b>Pre-tax income</b>	<b>510</b>	<b>627</b>	<b>+7.1%</b>
<b>Net income<sup>2</sup></b>	<b>366</b>	<b>450</b>	<b>+7.1%</b>

Balance sheet (€B)	2018-PF	2021	CAGR '18-'21
<b>Net customer loans</b>	<b>54</b>	<b>56</b>	<b>+1.6%</b>
<b>Direct funding (commercial + institutional)</b>	<b>59</b>	<b>65</b>	<b>+3.7%</b>

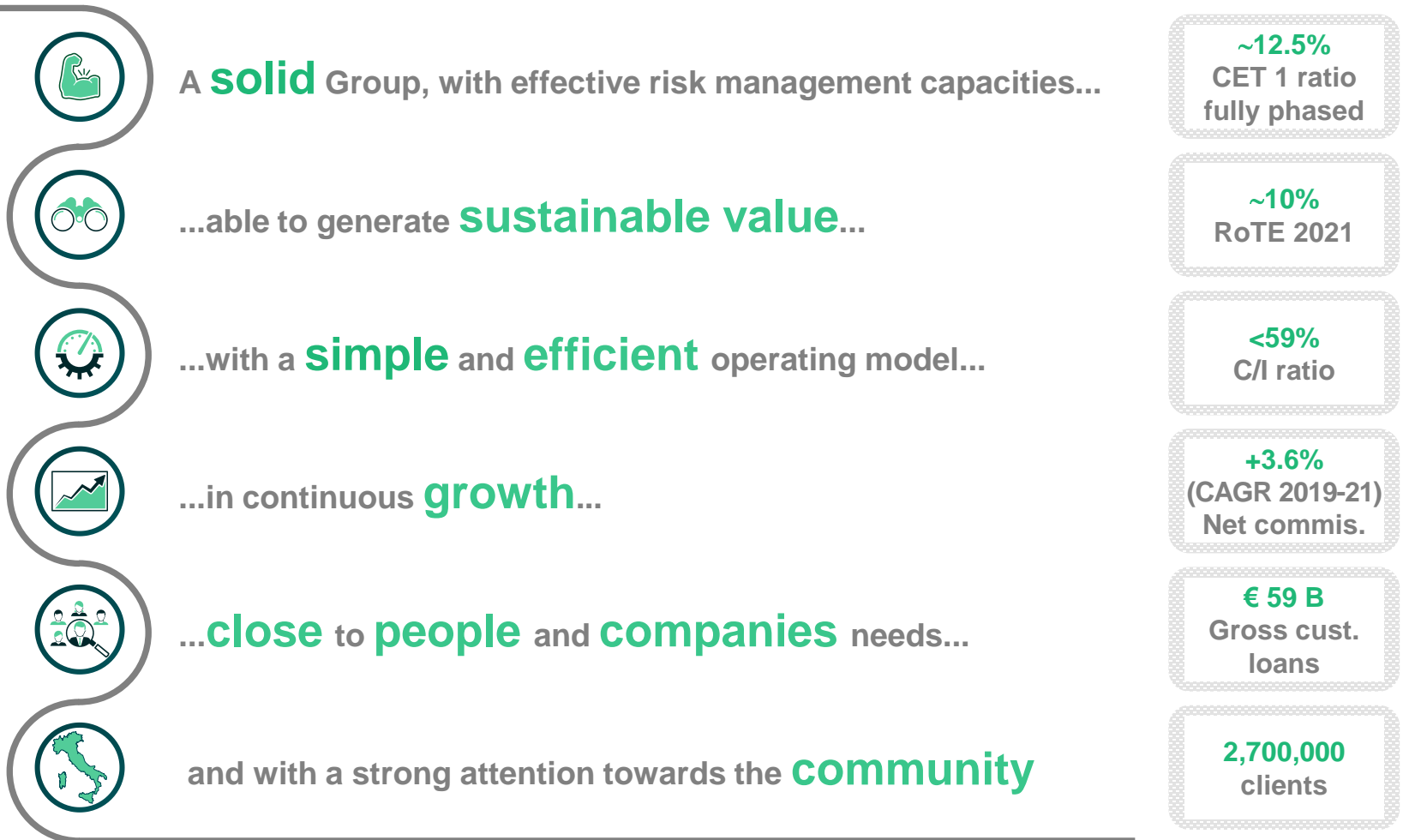
Ratios (%)	2018-PF	2021	Δpp '18-'21
<b>RoTE</b>	<b>8.9</b>	<b>~10.0</b>	<b>~+1.1</b>
<b>C/I ratio</b>	<b>64.4</b>	<b>&lt;59</b>	<b>(&gt;5.4)</b>
<b>Cost of risk</b>	<b>0.6</b>	<b>0.6</b>	<b>-</b>
<b>Tax rate</b>	<b>28</b>	<b>28</b>	<b>-</b>
<b>Gross NPE ratio</b>	<b>11.6</b>	<b>&lt;9</b>	<b>~3</b>
<b>NPE coverage ratio</b>	<b>49.3</b>	<b>~54</b>	<b>&gt;+4.7</b>
<b>CET 1 ratio fully phased</b>	<b>11.4</b>	<b>~12.5</b>	<b>~+1.1</b>
<b>Dividend pay-out<sup>3</sup></b>		<b>25</b>	

1. Dividends, negotiating results from financial activities, other income and expenses

2. Net income including minorities contribution

3. Data referred to the average payout across 2019-21

# BPER 2021



1. Throughout the plan duration

# Agenda

Introduction to BPER Group

Industrial Plan 2019-21

The key initiatives of Industrial Plan 2019-21

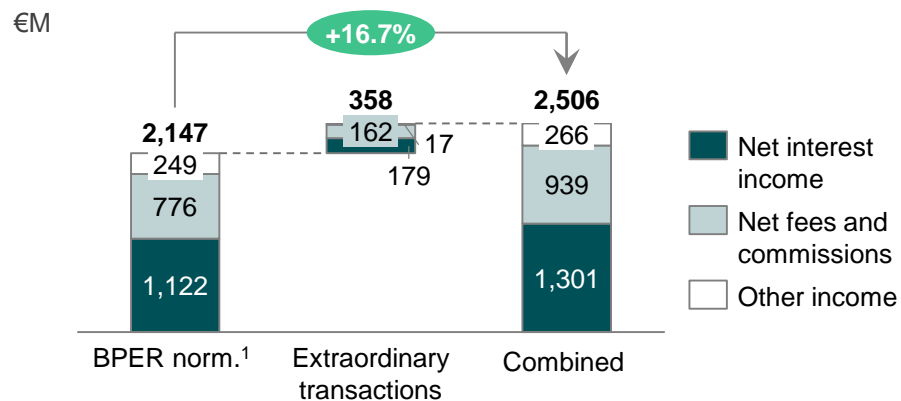
Key financial targets

Appendix

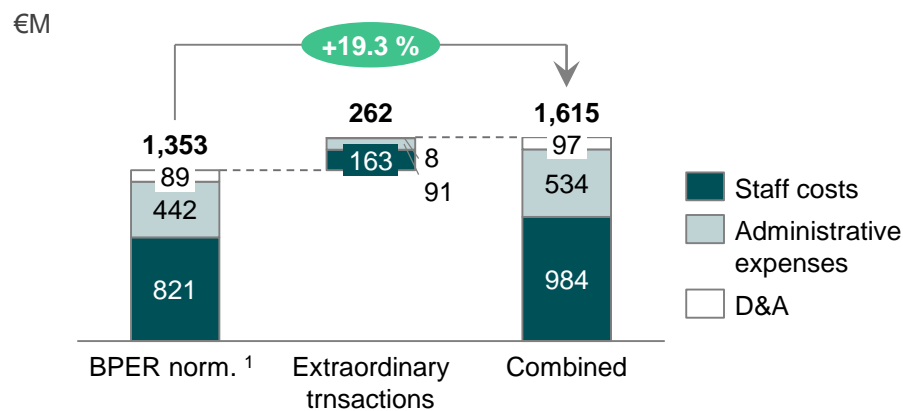
# 2018 pro-forma data (I/II)

2018 data includes the impact of extraordinary transactions

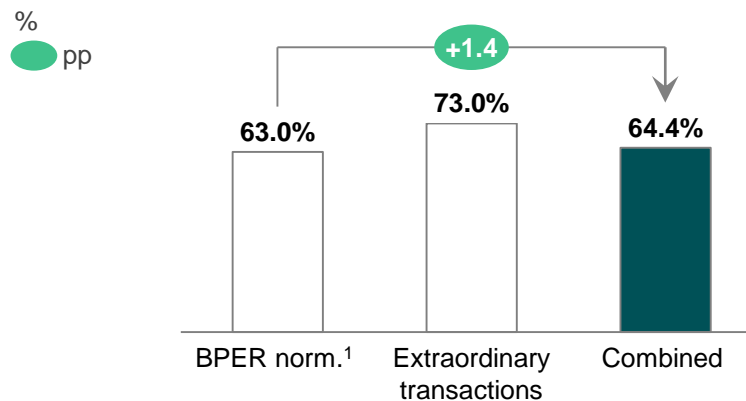
## Operating income



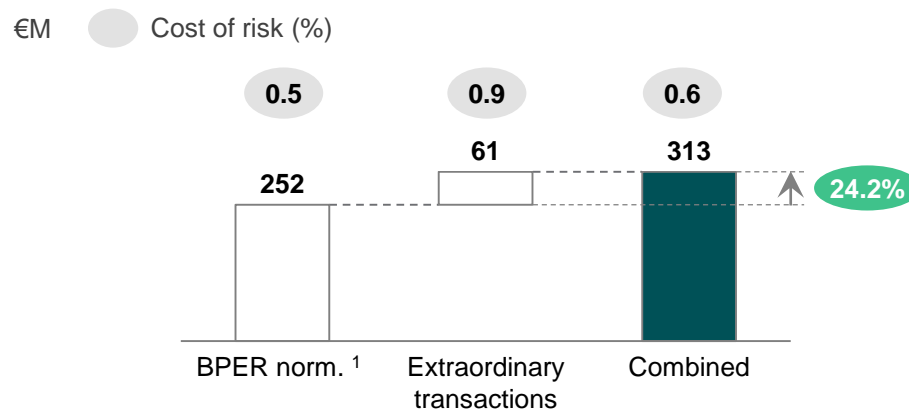
## Operating costs



## C/I ratio



## Total provisions



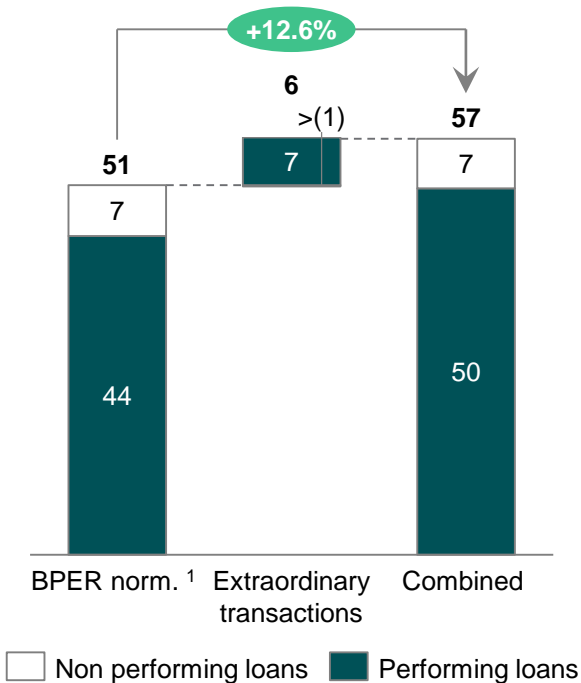
1. BPER 2018 data normalized for non-recurring items

# 2018 pro-forma data (II/II)

2018 data includes the impact of extraordinary transactions

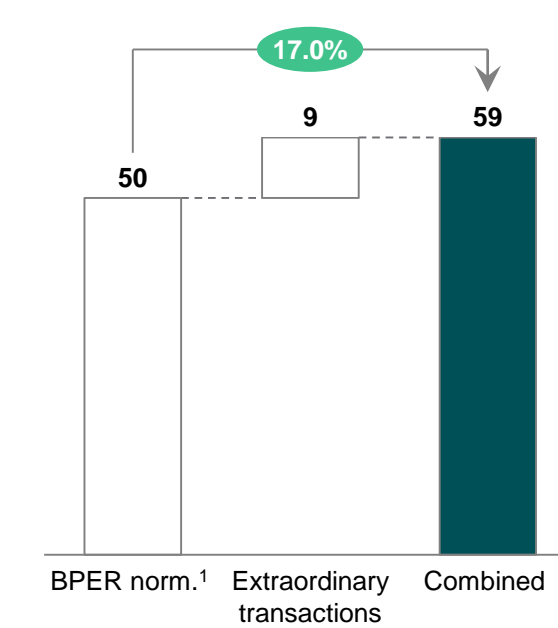
## Gross customer loans

€B



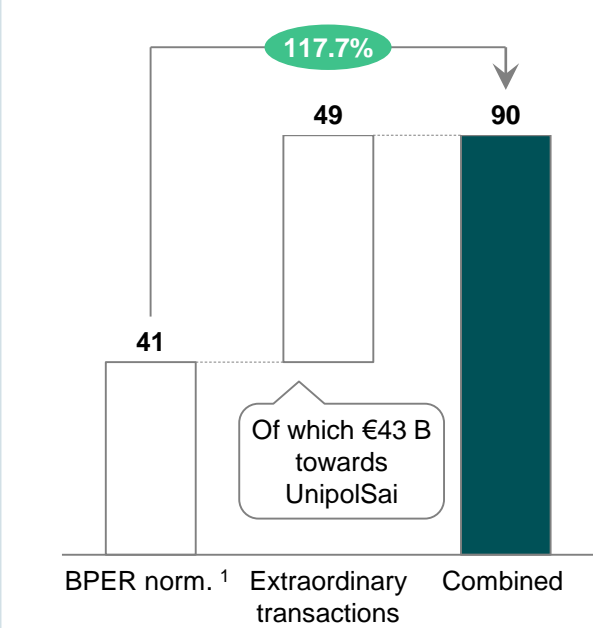
## Direct funding

€B



## Indirect funding

€B



1. BPER 2018 data normalized for non-recurring items

# Profit & Loss, balance sheet and key indicators pro-forma 2018

(€M unless otherwise stated)

	BPER	Normalized <sup>1</sup>	BPER Norm.	Extra. transac.	Combined
<b>Profit &amp; Loss</b>					
Operating income	2,163	(16)	2,147	358	2,506
Operating costs	(1,383)	30	(1,353)	(262)	(1,615)
<b>Pre-provision operating income</b>	<b>780</b>	<b>14</b>	<b>794</b>	<b>97</b>	<b>891</b>
Total provisions	(309)	57	(252)	(61)	(313)
<b>Post-provision operating income</b>	<b>472</b>	<b>71</b>	<b>542</b>	<b>36</b>	<b>578</b>
Pre-tax income	346	142	487	22	510
<b>Net income<sup>2</sup></b>	<b>446</b>	<b>(96)</b>	<b>350</b>	<b>16</b>	<b>366</b>
<b>Balance sheet</b>					
Net customer loans (€B)	47	-	47	7	54
Direct funding (commercial+ institutional) (€B)	50	-	50	9	59
<b>C/I ratio (%)</b>	<b>63.9%</b>	<b>-</b>	<b>63.0%</b>	<b>73.0%</b>	<b>64.4%</b>
<b>Ratios</b>					
Cost of risk (%)	0.7%	-	0.5%	0.9%	0.6%
RoTE (%)	-	-	8.6%	-	8.9%
Gross NPE ratio (%)	13.8%	-	13.8%	-	11.6%

1. Impairment on goodwill and fixed assets, losses on AQUI securitization, extraordinary contributes to "Fondi di Salvaguardia", extraordinary dividends on Nexi and capital gains on Mutine  
 2. Net income including minorities contribution

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