

PRESS RELEASE

BUSINESS PLAN 2024-2027



SIGNIFICANT AND SUSTAINABLE VALUE CREATION LEVERAGING BPER'S CURRENT POSITION AND THE NEW PLAN STRATEGIC PILLARS

CUMULATED NET EARNINGS OF €4.3 BILLION 2025-2027 (€1.5 BILLION IN 2027)

CUMULATED CASH DIVIDENDS OF €3.2 BILLION¹ 2025-2027 (AVERAGE PAY OUT RATIO c. 75%)

ROTE ABOVE 16% IN 2027

SOLID CET1 RATIO ABOVE 14.5% IN 2027

THREE STRATEGIC PILLARS

1. UNLEASH OUR CLIENT'S FULL-VALUE
2. CAPTURE OUR LATENT ECONOMIES OF SCALE
3. LEVERAGE OUR STRONG BALANCE SHEET

THE NEW ORGANIZATIONAL SET-UP – RETAIL, PRIVATE & WEALTH, AND CORPORATE – ALREADY UP AND RUNNING ALONG WITH THE ONGOING GROUP-WIDE MODERNIZATION TO SECURE TIMELY EXECUTION AND BEST-IN-CLASS PROFITABILITY

€5.5 BILLION REVENUES IN 2027 (+1.5% 2024-2027) POSITIVELY IMPACTED BY THE COMBINED EFFECT OF COMMERCIAL VOLUMES AND HIGHER COMMISSIONS (+12% 2024-2027) FOR A TOTAL OF €550 MILLION MORE THAN OFFSETTING €450 MILLION OF LOWER NII DUE TO CONSERVATIVE INTEREST RATE OUTLOOK AND DIMINISHING ECOBONUS IMPACT

OPERATING COSTS EXCLUDING D&A c. €2.4 BILLION IN 2027 (-7% 2024-2027)
DRIVEN BY OPERATIONAL EFFICIENCY REDUCING THE COST BASE BY €270 MILLION BEFORE INFLATION.
COST/INCOME RATIO AROUND 50% IN 2027

AUM INCREASING BY 7% CAGR AT €81 BILLION, LEVERAGING THE NEW WEALTH MANAGEMENT SET-UP AND BANCA PRIVATE CESARE PONTI

**NET CUSTOMER LOANS INCREASING BY c. 3% PER ANNUM TO €97 BILLION,
 MAINTAINING A CONSERVATIVE APPROACH.**
CONTINUED SUPERIOR ASSET QUALITY WITH A NET NPE RATIO OF 1.4%
AND BEST-IN-CLASS COVERAGE RATIO EXCEEDING 52% IN 2027.
COST OF RISK BELOW 45 BASIS POINTS IN 2027

**SIGNIFICANT INVESTMENTS WITHIN THE PLAN AT €650 MILLION
 TO FOSTER TECHNOLOGY, SECURITY AND AI/GENAI**

¹ Subject to ECB and board approvals. Considering the achievement of 25-27 Business Plan stated Net income targets.

Modena – 10 October 2024. The Board of Directors of BPER Banca S.p.A. (“BPER” or the “Group” or the “Bank”) yesterday approved the new Business Plan 2024-2027 named “B:Dynamic|Full Value 2027” (the “Plan”).

Gianni Franco Papa, Chief Executive Officer, commented:

“BPER is a dynamic bank, which has proven its ability to rapidly transform itself, both organically and through M&A, into a leading Italian banking and wealth management player offering a comprehensive range of financial services. We have strong fundamentals, a solid and distinctive position, yet also an enormous potential for value creation for all our stakeholders, which this new Plan will capture. We will pursue an acceleration in terms of commissions growth and economies of scale with important cost savings, achieving a significantly higher and sustainable shareholders remuneration, while maintaining a very robust capital and liquidity profile. This Plan is realistic and straightforward and we are fully committed to achieve all the goals, continuing to deliver value to all our stakeholders”.

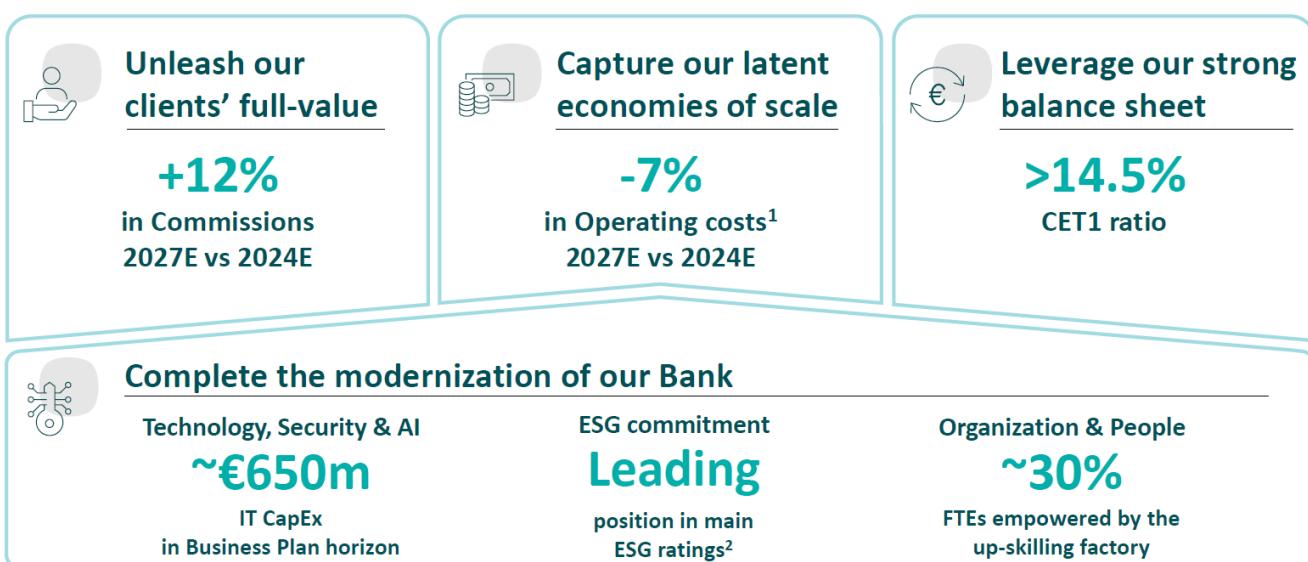
B:DYNAMIC | FULL VALUE 2027

BPER is the third Italian bank by number of clients (c. 5 million of which c. 4.3 million individuals and c. 700 thousand corporates) and the third wealth management Italian player² by total customer financial assets (c. €300 billion). It has a nation-wide presence, mostly concentrated in the wealthiest Italian regions combined with the flexibility and client proximity of a well-spread territorial franchise.

The Plan, that is already up and running and will become fully operational as early as the first half of 2025 is built on **three strategic pillars**:

1. **“Unleash our clients’ full-value”** with tailor-made products for BPER’s Retail and Private banking clients, leveraging on the new wealth management set-up, as well as supporting Corporate clients with tailor-made banking solutions through the new Corporate product factory.
2. **“Capture our latent economies of scale”**, by increasing workforce productivity (through new omni-channel service model and AI/GenAI enabled process optimization and automation), up-skilling initiatives and insourcing of key operational activities, while reducing administrative costs.
3. **“Leverage our strong balance sheet”**, by improving and modernising credit risk and capital management.

The **Bank’s complete modernization** will enable the flawless execution of these three strategic pillars.



1. Calculated on total operating costs, excluding depreciation and amortization
2. Morningstar Sustainalytics (Low risk), Sustainable Fitch (2); Moody's Analytics (Advanced); MSCI ESG Rating (AA); Standard Ethics (EE+); CSA-S&P (>60)

² Considering listed Retail & Commercial banks (data from last available reports and market presentations).

THE THREE STRATEGIC PILLARS

1) UNLEASH THE FULL CUSTOMER VALUE

The Plan will focus on the Bank's three main customer segments – Retail, Private & Wealth Management, Corporate – to increase the Group's revenues (**+1.5% 2024-2027 or +0.5% CAGR**), with higher fee and commission income (**+12% 2024-2027 or +4% CAGR**) compensating a reduction of net interest income.

Retail

BPER has a Retail customer base of c. 4.3 million individual clients, the third largest customer franchise in Italy. The Group expects to capture an additional **€100 million of fees & commissions from individual clients** by **increasing the portion of Retail fees on total Retail revenues from 25% to 30%** thanks to four main initiatives:

1. Full deployment of **Bancassurance** potential, benefitting from the distribution agreements with Unipol Group. BPER's track record is remarkable, having reported a CAGR of approximately 34% in insurance commissions between 2021 and 2023. The Group is strongly committed to maintaining a high performance over the Plan by increasing insurance commissions by about €90 million to reach approximately €215 million in 2027. Thanks to the dedicated support provided by Unipol Group in terms of training, commercial activation and marketing, BPER expects to increase the **insurance penetration³ from 15% to 25%**. Furthermore, BPER will enhance the distribution of insurance products (life, health and non-life insurance) via digitalized offering and by integrating bancassurance in the Group CRM, to improve commercial efficiency.
2. The Group will boost growth in **Consumer Finance** on its current customer base with a selective approach. The main driver will be its consumer finance bank, Bibanca, one of the fastest growing players in Italy in salary/pension-backed loans. BPER expects consumer finance product **penetration⁴ to increase by 12%** and consumer finance origination to grow by around 30%. As in the case for Bancassurance, BPER will enhance consumer finance via a digitalized product proposition, making the most of AI and GenAI optimised processes. Finally, BPER will ensure selective growth in salary-backed loans through a new branch sales process.
3. BPER's **commercial efforts on client acquisition** will envisage a **net new clients increase of more than 4% along the Plan**. Most importantly, the Group will leverage its digital channels and particularly its omnichannel service model via a best-in-class mobile App and its fully-fledged remote branch. BPER's partnership with Unipol Group is expected to play its role in terms of dedicated referrals and commercial synergies. In addition, BPER will seize cross-selling opportunities leveraging its leading position in mortgages, in particular on new origination.
4. The **New Omnichannel Service Model** will drive higher revenues through increased productivity and costs optimization leveraging a number of drivers, including:
 - a. Take full advantage of the potential of the Group's wide geographical footprint and relationship managers to acquire and best serve customers.
 - b. Upgrade all the branches with advanced ATMs, increasing the number of cashless branches by more than 40%, and improve daily sales and servicing activity of relationship managers by best-in-class tools, including Aladdin by BlackRock and Salesforce.
 - c. Increase the use of BPER's mobile App as the main channel for all daily transactions and as the core gateway for most of the sales and post-sales activities. The Group plans to reach more than 70% customer penetration thus positioning itself at market best practice levels in Italy.
 - d. Complement the physical network and mobile App via a 24/7 remote branch to execute any

³ Number of Insurance products on total number of clients.

⁴ Personal loans: number of products per 1,000 clients.

transaction and sales activity for any client.

- e. Develop a new technology platform for corporate clients featuring full integration with Treasury, Trade Finance and FX services.

Private & Wealth Management

BPER is the third Italian wealth management player⁵ with c. €300 billion of customer financial assets and a distinctive infrastructure built around a set of product factories and the recently launched new organizational set-up. The Group expects to capture additional **€100 million of fees & commissions from Private & Wealth Management clients** and it is committed to **increasing Assets under Management by approximately 20% from €67 to €81 billion (+7% CAGR) over the Plan** and via three main initiatives:

1. **Enhance clients' asset allocation:** providing added value through tailor-made solutions which can optimise clients' risk/return portfolio exposure. The Group will also leverage its strategic collaboration with BlackRock to tap the scale and reach of Aladdin to develop automated and tailored portfolios for its customers. Finally, the Group will ensure that its private bankers will benefit from a best-in-class technological set-up which will increase the value delivered to customers.
2. **Boost Banca Private Cesare Ponti private bankers' productivity:** counting more than 50 thousand private clients, BPER's wealth management strategy focuses on productivity growth via Banca Private Cesare Ponti also thanks to recent investments and through its new set-up. BPER aims to increase Assets under Management materially, leveraging its 350+ private bankers and 100+ private banking centres. Amongst others, the Group will tap into the synergies between the Corporate and Private banking divisions.
3. **Strengthen BPER's network of Financial Advisors,** also leveraging Unipol Group's partnership to more than double the number of Financial Advisors.

Corporate

The Bank has already set-up a new Corporate Product Factory to serve the Group more effectively in structured finance, investment banking and capital markets. The Group will also increase the share of wallet of **its existing clients**, paving the way for further businesses through its wide-ranging product proposition and its strategic partnerships.

BPER's **target for Corporate is to increase the current amount of fees on total revenues from 37% to 42% in 2027**, thanks to four main initiatives:

1. **Growth in Global Transaction Banking**, an important source of steady, capital-light fee and commission income. The Group will enhance its export financing proposition via partnerships with leading export credit agencies, whilst expanding its network of correspondent banks worldwide. An important tool will be the digital corporate banking portal, aimed at boosting payment flows and supply chain financing to support the sustainability of clients' value chain. Over the Plan horizon, **BPER expects an approximately 18% increase in Global Transaction Banking fees to €220 million by the end of 2027.**
2. **Focus on Structured Finance and Capital Markets services**, also leveraging the partnership with third-party operators.
3. **Boost of protection product offering**, capitalizing BPER's strategic partnership with the Unipol Group.
4. **Scale-up of a capital-light business** model with an Originate-to-Distribute strategy.

⁵ Considering listed Retail & Commercial banks (data from last available reports and market presentations).

2) CAPTURE OUR LATENT ECONOMIES OF SCALE

The new Plan focuses on capturing BPER's untapped economies of scale. BPER will **achieve long-term cost savings** on the back of two key initiatives:

1. **Increase BPER's workforce productivity** through the **new omnichannel service model**, enhancing non-branch sales and digital transactions, and **AI/GenAI-enabled process optimization and automation**, both on back-office and support functions, enabling a **10% workforce reduction**.
2. **Zero-based external cost optimization** through demand and supply re-design, delivering a reduction of **16% of Administrative costs 2027 vs 2024**.

In particular, the **increase of BPER's workforce productivity** will be sustained by a strategic shift in sales channels (i.e., by the end of 2027, about 45% of sales will be non-branch based with digital sales of personal loans increasing four-fold; credit card digital sales will increase by 2.5 times, reaching 25%; from 15% to 35% of new client acquisitions through digital channels) and a material increase of operational efficiency (e.g., 100% of advanced ATMs in all branches, increasing the number of cashless branches four-fold while reducing the number of physical transactions by 50%).

Furthermore, the **Zero-based external cost optimization initiative will be pervasive throughout the Bank**, including, for example, real estate space optimization, IT maintenance & running services and general external services.

3) LEVERAGE OUR STRONG BALANCE SHEET

The Plan focuses on credit risk management and balance sheet strength in order to optimise the allocation of Risk Weighted Assets ("RWA") and remunerate BPER's shareholders while maintaining an important level of CET1 ratio.

BPER has one of the lowest net NPE ratios in Italy thanks to its **conservative risk approach**, with coverage ratios ranking among the highest in the Italian industry. BPER's intention is to grow its loan book without any deterioration of its key risk indicators and to focus on the modernization of its credit and capital management process.

In addition, BPER will be enhancing the management of debt collection to improve asset quality, leveraging:

1. Early warning mechanisms that are fed into by machine learning-driven processes.
2. Best-in-class debt collection strategy thanks to the partnership with Gardant.

The Group is planning to mitigate the negative impacts of upcoming regulatory headwinds by generating approximately 30 basis points of CET1 capital through a **proactive capital management** approach.

As far as the funding strategy is concerned, the Group expects growth in direct funding from customers, accompanied by a plan of c. €8 billion of new institutional issuances, of which: c. €2.5 billion in senior debt, c. €500 million of AT1, c. €500 million of Tier2 and c. €4.5 billion in covered bonds. The Funding Plan will more than compensate for the c. €2.5 billion of maturities over the Plan horizon, fully satisfying regulatory requirements.

COMPLETE THE MODERNIZATION OF OUR BANK

The modernization process will be pervasive across the Group and will ensure the successful and flawless execution of all strategic pillars via three main enablers:

1. Technology, Security and AI

BPER will continue investing on top of what has already been invested in recent years to be at the IT forefront, ensuring business growth and productivity enhancement. Investments to complete the Bank's modernization journey and to support its digitalization and overall transformation, will amount to c. **€650 million over the Plan horizon**. This transformation journey will be completed by 2027 and CapEx investments will revert to a steady state of approximately €130 million per annum, thereafter.

2. ESG and Sustainability commitment

In line with the Group's modernization process, the integration of ESG factors into BPER's business processes will continue in order to remain a leader in ESG. The Plan identifies objectives and concrete actions on the key drivers, such as: maintaining BPER's leading position in ESG ratings, a plafond of over €7 billion of ESG lending, €1 billion of green bond issuance and playing an important role in supporting BPER's local communities with c. €20 million of financial contributions over the Plan.

3. Organization & People

The Business Plan comprises a number of actions: an up-skilling programme aimed at increasing the bank's commercial fire power which will empower over 30% of BPER's workforce; a cross-functional approach based on the full IT integration to enable the transformation into a modern organization ready to capture new business opportunities; a new performance management model with meritocracy at the centre; and a new Incentive Plan fully aligned with the Business Plan targets.

KEY FIGURES

The tables below summarize BPER “B:Dynamic|Full Value 2027” Plan targets:

	2024E	»	2026E	»	BP 2027 target	»	Evolution 24-27
Total Revenues €bn	~€5.4bn		~€5.4bn		~€5.5bn		+1.5% (+0.5% CAGR)
o.w. Net Inter. Income €bn	~€3.3bn				~€3.1bn		-5% (-1.8% CAGR)
o.w. Net Comm. Income €bn	>€2.0bn				~€2.3bn		+12% (+3.8% CAGR)
Net Comm. on Total Rev. %	~38%		~40%		~42%		+4pp
Op. Costs (excl. D&A) €bn	~€2.6bn				~€2.4bn		-7% (-2.3% CAGR)
Cost/Income %	~52%		~52%		~50%		-2pp
Cost of Risk bps	<48				<45		Declining
Net Income €bn	~€1.3bn				~€1.5bn		+15% (+5% CAGR)
RoTE¹ %	>15.5%				>16%		Growing
CET1 ratio %	>14.5%		>14.5%		>14.5%		Stable

1. Calculated as: Net Income / (Average Tangible Book Value - Minorities interests - AT1 - Dividends accrued)

Note: throughout the entire presentation, Operating Costs and Net Income exclude extraordinary items (HR-related actions costs and net gain from the disposal to Gardant), accounted in 1H24

	2024E	»	BP 2027 target	Evolution 24-27
RWA €bn	~€55bn		~€61bn	+3% CAGR
Net customer loans €bn	~€88bn		~€97bn	+3% CAGR
Net NPE ratio %	~1.4%		~1.4%	Stable
NPE Coverage %	>52%		>52%	Stable
Total Financial Assets €bn	~€297bn		~€323bn	+3% CAGR
o.w. AuM €bn	~€67bn		~€81bn	+7% CAGR

Revenues are expected to increase by 1.5% over the Plan period (+0.5% CAGR) to approximately €5.5 billion in 2027, mainly driven by fee income growth (€250 million) and selective loan volume growth (€300 million), offsetting lower NII due to decreasing interest rates and diminishing Ecobonus (€450 million).

Net interest income is expected to total c. €3.1 billion at the end of 2027 (-5% 2024-2027 or -1.8% CAGR). Main drivers of NII decrease are interest rates reduction of €300 million and diminishing Ecobonus and other factors of €150 million, partially offset by positive loans and deposits dynamics of €300 million.

Fee and commission income is expected to increase by approximately €250 million to c. €2.3 billion in 2027 (+12% 2024-2027 or +3.8% CAGR) with a balanced contribution from all components (Wealth Management products, Bancassurance and Banking services).

Total financial assets will be growing by around 3% per annum, with Assets under Management increasing from €67 billion at the end of 2024 to approximately €81 billion at the end of 2027, translating into a growth rate of 7% per annum.

Operating costs will decrease by 1% over the Plan horizon to less than €2.8 billion in 2027, thanks to about €270 million of savings from the Plan initiatives, partially offset by c. €100 million of inflation (including the new National Collective Labour Contract) and €100 million in amortization and depreciation ("D&A") costs mostly linked to IT investments. The Cost/Income ratio is expected to improve from approximately 52% at the end of 2024 to about 50% at the end of 2027.

Operating costs excluding D&A costs, will decrease by 7% between 2024-2027 (-2.3% CAGR) landing at approximately €2.4 billion at the end of 2027. The Group headcount will decrease by around 10% to c. 18,500 at the end of 2027. Voluntary exits, already agreed, will amount to c. 1,600. Organic turnover will impact some 1,500 professionals over the Plan period. The Group will proceed with **1,100 dedicated new hires**, attracting talents with specialized skills and extensive experience in strategic areas (e.g. IT). Administrative costs will decrease by 16% over the Plan period.

Net income will increase from approximately €1.3 billion to about €1.5 billion (+15% 2024-2027 or +5% CAGR), translating into a **Return on Tangible Equity**⁶ at above 16%. **Cumulative net earnings** are expected to amount to c. €4.3 billion over the Plan.

Asset quality will remain conservatively stable at the end of 2027, with a net NPE ratio of 1.4%, a coverage ratio above 52% and a cost of risk below 45 basis points.

Risk Weighted Assets (RWA) will increase in line with the loan book by c. 3% per annum to €61 billion in 2027.

CET1 ratio will be maintained above 14.5%.

MREL will be approximately 31% in 2027; the LCR (Liquidity Coverage Ratio) will reach 145% and the NSFR (Net Stable Funding Ratio) will stand at 130% by the end of 2027.

Thanks to a strong capital generation, BPER expects to deliver a **sustainable pay-out ratio of c. 75%**, translating into **cumulative cash dividends of around €3.2 billion⁷ between 2025 and 2027**, a dividend yield of above 15% per annum⁸. In relation to the above, the Bank may consider to distribute interim dividend, verified the fulfilment of the relevant technical and legal requirements.

Contacts:

Investor Relations
investor.relations@bper.it

External Relations
relest@bper.it

www.bper.it – group.bper.it

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

⁶ ROTE calculated as: Net Income / (Average Tangible Book Value - Minorities interests - AT1 - Dividends accrued).

⁷ Subject to ECB and board approvals. Considering the achievement of 25-27 Business Plan stated Net income targets.

⁸ Based on Mkt Cap as of 01.10.24.