

PART M – DISCLOSURE ON LEASES

Section 1 – Lessee

QUALITATIVE INFORMATION

The IFRS 16 scope of Banco BPM Group includes the lease contracts on the property units mainly intended for commercial activities (branches), which account for more than 99% of the rights of use relating to leases. There was a marginal amount of other contracts, relating to the hiring of the company car fleet and a small number of contracts containing rights of use of technological equipment.

Short-term or low value lease contracts are recorded according to that set out in par. 6 of IFRS 16. The related costs are indicated in table 12.2 “Other administrative expenses: breakdown”.

QUANTITATIVE INFORMATION

According to that set out in Bank of Italy Circular 262, the information required by accounting standard IFRS 16, relating to contracts in which the Group is the lessee, contained in these Notes to the consolidated financial statements, in the sections indicated below:

- the information on rights of use acquired through leases is contained in Part B, Assets – Section 9, Table 9.1 “Property, plant and equipment used in operations: breakdown of assets at cost” and in Table 9.6 bis “Property, plant and equipment used in operations - Rights of use acquired through leases: annual changes”;
- the information on lease payables is contained in Part B, Liabilities – Section 1, Table 1.6 “Lease payables”;
- the information on interest expense on lease payables is contained in Part C – Section 1 – Table 1.3 “Interest and similar expense: breakdown”;
- the information on the depreciation of the rights of use and the related asset classes is contained in Part B, Assets – Section 9, Table 9.6 bis “Property, plant and equipment used in operations - Rights of use acquired through leases: annual changes”, under item C.2 “Depreciation”.

At the reporting date, the Group does not have any significant commitments in place for lease contracts that will start in 2022.

Section 2 – Lessor

QUALITATIVE INFORMATION

The Group has both finance lease contracts and operating lease contracts in force. Finance lease operations, which include the contracts of the former Banca Italease (transferred to the Parent Company Banco BPM), as well as the contracts of Release, are in run-off as a result of the Group’s decision to no longer directly disburse that type of financing.

Operating lease operations mainly regard commercial leases connected with properties acquired through *datio in solutum* (acceptance in lieu) in relation to previous credit exposures.

QUANTITATIVE INFORMATION

1. Information on the balance sheet and income statement

1. Information on the balance sheet and income statement

According to that set out in Bank of Italy Circular 262, the information required by accounting standard IFRS 16, relating to contracts in which the Group is the lessor, contained in these Notes to the consolidated financial statements, in the sections indicated below:

- the information on loans for leases is contained in Part B, Assets – Section 4, Table 4.1 “Financial assets at amortised cost: breakdown by product for loans to banks” and Table 4.2 “Financial assets at amortised cost: breakdown by product for loans to customers”;

- the information on assets granted through operating leases is contained in Part B, Assets – Section 9, at the bottom of Table 9.4 “Property, plant and equipment held for investment purposes: breakdown of assets at fair value through profit and loss”, with the related specifics provided at the bottom of that table;
- the information on interest income on loans for leases is contained in Part C – Section 1 – Table 1.1 “Interest and similar income: breakdown”;
- the information on income from operating leases is contained in Part C – Section 16, Table 16.2 “Other operating income: breakdown”.

2. Finance leases

2.1 Classification of payments to be received by time band and reconciliation with loans for leases posted under assets

Time bands	Total 31/12/2021 Lease payments to be received	Total 31/12/2020 Lease payments to be received
Up to 1 year	448,402	351,883
From over 1 year to 2 years	150,384	429,165
From over 2 years to 3 years	150,998	260,118
From over 3 years to 4 years	99,806	139,593
From over 4 years to 5 years	94,950	87,617
Over 5 years	364,456	336,604
Total lease payments to be received	1,308,996	1,604,980
Reconciliation with loans		
Financial profits not accrued (-)	(85,600)	(100,071)
Residual non-guaranteed value (-)	-	-
Loans for leases	1,223,396	1,504,909

Loans for leases recorded a gradual decrease, in relation to the Group’s decision to no longer directly disburse that type of financing.

2.2 Other information

There is no other information to report.

3. Operating leases

3.1 Classification by time band of payments to be received

Time bands	Total 31/12/2021 Lease payments to be received	Total 31/12/2020 Lease payments to be received
Up to 1 year	33,331	22,027
From over 1 year to 2 years	22,517	18,518
From over 2 years to 3 years	19,147	12,770
From over 3 years to 4 years	14,224	8,566
From over 4 years to 5 years	13,395	6,096
Over 5 years	54,939	22,099
Total	157,553	90,076

3.2 Other information

There is no other information to report.

OTHER INFORMATION

Disclosure regarding public disbursements pursuant to Art. 1, paragraph 125 of Law 124 of 4 August 2017 (“Annual market and competition law”)

In compliance with that stated in Art. 1, paragraph 125 of Law 124 of 4 August 2017, below there are the amounts received by the Parent Company and its subsidiaries during 2021, in the form of “subsidies, contributions, paid positions and in any case economic advantages of any type”.

Group company	Type of contributions	Granting authority	Amounts received in 2021 (figures in euro)
Banco BPM	Aid for personnel training (*)	FBA (Bank and Insurance Fund)	4,347,000
Banco BPM	Aid for personnel training (*)	ANPAL (National Agency for Active Labour Policies)	414,718
Terme Ioniche Società Agricola S.r.l.	Agricultural aid (***)	Disbursed by the European Union through ARCEA (Agency of the Region of Calabria for Agricultural Aid), as the paying body	177,227
Sagim S.r.l. Società Agricola	Agricultural aid (***)	Disbursed by the European Union through ARTEA (Tuscan Regional Agency for Agricultural Aid), as the paying body	291,134

(*) Aid for personnel training requested in 2018 and paid in March 2021.

(**) Aid for personnel training requested and paid in May 2021.

(***) In particular, these are public resources from EU sources, in which the Italian public administration takes on the role of payer.

To that end, note that in the table, in line with the provisions of the law in question, economic advantages of less than the threshold of 10,000 euro are not stated. This threshold should be understood to refer to all the advantages that the Parent Company or each company in the Group received from the same authority in 2021, whether the benefit was disbursed in one tranche or in several tranches.