



PRESS RELEASE

RESULTS AS AT 30 SEPTEMBER 2023:

RECORD NET PROFIT OF € 943 MILLION (+ 93.6% YOY¹)

NEW INVESTMENT GRADE RATING ASSIGNED BY S&P:

- LONG-TERM ISSUER CREDIT RATING AT "BBB-", WITH POSITIVE OUTLOOK
 - SHORT-TERM RATING AT "A-3"
- S&P'S NEW INVESTMENT GRADE RATING JOINS THOSE OF FITCH RATINGS AND DBRS, CONFIRMING THE PROGRESSIVE IMPROVEMENT IN THE GROUP'S OVERALL RISK PROFILE, CAPITALISATION AND PROFITABILITY

BANCO BPM AUTHORISED BY THE ECB TO APPLY THE SO-CALLED 'DANISH COMPROMISE'²

EXCELLENT INCOME PERFORMANCE:

- **NET INTEREST INCOME AT RECORD LEVELS: € 2,422 MILLION (+ 52.3% COMPARED TO 30 SEPTEMBER 2022)**
- **"CORE" OPERATING INCOME³ AT € 3,957 MILLION, UP 26.2% YOY**
- **STRONG GROWTH IN PROFIT FROM OPERATIONS⁴: € 2,035 MILLION (+ 30.7% COMPARED TO 30 SEPTEMBER 2022)**
- **FURTHER IMPROVEMENT IN OPERATING EFFICIENCY WITH A COST/INCOME⁵ RATIO DOWN TO 48.4% (54.7% AS AT 30 SEPTEMBER 2022)**

¹ For the purposes of comparability of the results, it should be noted that the data relating to the year 2022 were restated, following the retrospective application of the accounting standards IFRS 17 and IFRS 9 by the insurance subsidiaries and associates starting from 1 January 2022. For further details, please refer to point 1 of the Explanatory Notes, paragraph "Application of IFRS 17 - Insurance Contracts" of this press release.

² On the basis of the authorisation received, according to the regulatory provision, Banco BPM will no longer deduct from CET1 Capital the book value of the investment held in Banco BPM Vita; instead, this will be considered an exposure to credit risk to be weighted in accordance with the CRR Regulation, starting from the supervisory reports referring to 31 December 2023.

³ Aggregate consisting of net interest income, gains (losses) on interests in associates and joint ventures carried at equity, net fee and commission income and profit (loss) on insurance business.

⁴ This interim result does not include banking industry charges of € -188.6 million, the accounting effects of the Purchase Price Allocation (PPA) of € -32.0 million, and the effects of the change in the company's creditworthiness on the certificates issued, equal to € -2.1 million. These components are stated, net of the related taxes, in separate items of the reclassified income statement.

⁵ Calculated as the ratio of operating expenses to operating income resulting from the reclassified income statement.

NET INCOME TARGET:

- **>€1.2 BILLION IN 2023 (EQUAL TO AN EPS >€ 0.80)**
 - **EPS TO GROW FURTHER IN 2024 TO ~€ 0.90**

THE NEW BUSINESS PLAN, WHICH WILL BE PRESENTED THIS COMING 12 DECEMBER 2023, SHALL UPDATE THE PROFITABILITY AND SHAREHOLDER REMUNERATION TARGETS

CONTINUOUS IMPROVEMENT OF ASSET QUALITY:

- **CONSTANTLY FALLING GROSS NPE RATIO AT 3.2%⁶**
 - **NET NPE RATIO DOWN AT 1.7%⁷**
- **NET BAD LOAN RATIO AT 0.6% FROM 0.7% AT YEAR-END 2022**
- **COST OF RISK⁸ AT 47 BPS MAINTAINING SOLID LEVELS OF COVERAGE OF NON-PERFORMING EXPOSURES**
 - **INCREASE IN THE OVERALL OBJECTIVES FOR THE SALE OF NON-PERFORMING EXPOSURES TO APPROXIMATELY € 900 MILLION FROM € 700 MILLION, OF WHICH ROUGHLY € 500 MILLION ALREADY REALIZED IN THE FIRST NINE MONTHS OF 2023 (€ 300 MILLION IN Q3)**

FURTHER STRENGTHENING OF CAPITAL RATIOS⁹:

- **CET 1 RATIO¹⁰ AT 14.9%**
- **MDA BUFFER¹¹ AT 620 BPS**

⁶ Ratio of gross non-performing exposures relating to loans to customers and to banks measured at amortised cost and at fair value (excluding senior securities deriving from the sale of impaired loans) and the item 'cash and cash equivalents'. Calculation made according to the methodology used by the EBA for the presentation of data in the context of the EU Transparency Exercise.

⁷ Ratio of net non-performing exposures relating to loans to customers and to banks measured at amortised cost and at fair value (excluding senior securities deriving from the sale of impaired loans) and the item 'cash and cash equivalents'. Calculation made according to the methodology used by the EBA for the presentation of data in the context of the EU Transparency Exercise.

⁸ Calculated as the ratio of net value adjustments on loans in the first nine months of 2023 (annualised figure) to total on-balance sheet exposures to customers measured at amortised cost net of value adjustments.

⁹ Data calculated by considering the estimated positive effect deriving from the future application of the Danish Compromise, authorised on 3 November by the competent Authorities; the actual CET 1 ratio as at 30 September 2023 stood at 14.3% and the MDA buffer stood at 559 basis points (the afore-mentioned actual data as at 30 September 2023 are also identified below by the name "stated", for the sake of brevity). For more details on the calculation methods for capital ratios, please refer to point 6 of the Explanatory Notes of this press release.

¹⁰ Starting from 1 January 2023, as all the transitional rules that extended certain impacts on the calculation of capital ratios have expired, these ratios are calculated by fully applying the regulatory rules. Therefore, the distinction made in past periods between "phased-in" and "fully phased" ratios is no longer relevant.

¹¹ Difference between the Total capital ratio (ratio of own funds to risk-weighted assets) measured as at 30 September 2023 (including the profit accruing net of the expected dividend payout) and the corresponding level of the minimum regulatory requirement for 2023, including the Pillar 2 Requirement (P2R).

AUTHORISATION OBTAINED BY THE ECB TO APPLY THE SO-CALLED “DANISH COMPROMISE”:

- THE AUTHORISATION FOLLOWS THE SUCCESSFUL COMPLETION OF THE SUPERVISOR'S REVIEW OF THE ADEQUACY OF THE ARRANGEMENTS REGARDING THE MANAGEMENT OF THE CONGLOMERATE¹², THE INTEGRITY OF RISK MANAGEMENT AND THE ROBUSTNESS OF INTERNAL CONTROL PROCESSES;
- THE CAPITAL BENEFITS ARE QUANTIFIABLE AT ABOUT +60 BPS¹³

SOLID LIQUIDITY POSITION: LCR AT 160%, NSFR AT 127%¹⁴ AND CASH AND UNENCUMBERED ASSETS AT € 40.4 BILLION

- INDICATORS POSITIONED WELL ABOVE THE TARGETS OF THE 2021-2024 STRATEGIC PLAN

DIRECT CUSTOMER FUNDS¹⁵ AT € 124.5 BILLION, UP COMPARED TO € 123.4 BILLION AT THE END OF 2022

INDIRECT CUSTOMER FUNDS REACH € 100.0 BILLION, REGISTERING A GROWTH COMPARED TO € 91.3 BILLION AS AT 31 DECEMBER 2022

EXTRAORDINARY TAX ON BANKS: THE BOARD OF DIRECTORS DELIBERATES TO PROPOSE TO THE AT THE SHAREHOLDERS' MEETING THE OPTION TO ALLOCATE TO THE NON-DISTRIBUTABLE RESERVE THE AMOUNT OF €378 MILLION¹⁶ EQUAL TO 2.5 TIMES THE TAX

IMPROVEMENT OF THE ESG RATING ASSIGNED BY SUSTAINALYTICS: TO 15.7 (LOW RISK) FROM 22.4 (MEDIUM RISK)

CONTINUOUS PROGRESS IN THE INTEGRATION OF ESG ISSUES IN THE NINE-MONTH PERIOD:

- SHARE OF GREEN NEW LENDING TO BUSINESSES AT 59.3%¹⁷
- € 100 MILLION OF NEW LENDING GRANTED TO THE THIRD SECTOR
- € 5.3 MILLION OF DONATIONS AND CONTRIBUTIONS FOR ENVIRONMENTAL AND SOCIAL PROJECTS

¹² Recognition of financial conglomerate status under Directive 2002/87/EC communicated to the market on 8 March 2023.

¹³ Capital benefits deriving from the authorisation to apply the so-called "Danish compromise" referred to the investment in Banco BPM Vita and calculated on the capital position as at 30 September 2023.

¹⁴ Management data.

¹⁵ The aggregate includes deposits and current accounts and demand and term deposits, bonds issued, certificates of deposit and other securities, loans and other debts, and capital-protected *certificates* relating to the Group's banking activities. Short-term repurchase agreements and funding relating to insurance companies are not included.

¹⁶ Data referred to the Parent Bank Banco BPM S.p.A.; at Group level, the amount is equal to € 381 million.

¹⁷ New lending to corporate customers belonging to the green or low-risk transition sectors and green financing products to corporate customers.

- **MORE THAN 130,000 HOURS OF ESG TRAINING PROVIDED FOR STAFF AND A FURTHER 3,800 HOURS FOR CUSTOMERS**
- **WOMEN IN MANAGERIAL POSITIONS REGISTER A GROWTH OF 31% SINCE 2021**
- **ADDITIONAL € 1.5 BILLION GREEN BONDS ISSUED, AFTER HAVING EXCEEDED AT THE END OF 2022 THE PLAN TARGET FOR 2024**
- **NEW GREEN SOCIAL & SUSTAINABILITY BONDS FRAMEWORK ALIGNED WITH TAXONOMY PUBLISHED IN NOVEMBER**

The first nine months of 2023 were characterised by a more reassuring macroeconomic scenario on the growth front compared to the forecasts made at the end of 2022; however, the recent tensions related to the conflict in the Middle East have introduced new elements of concern and uncertainty due to the possible repercussions on the international economic system. In this context, the Group's commercial and organisational efforts have resulted in positive trends in operating results and excellent profitability. In particular, net interest income showed excellent performance and reached the highest level ever recorded, amounting to € 2,422 million, marking growth of 52.3% compared to 30 September 2022 and 7.3% with respect to the second quarter of 2023.

Profit from operations rose to € 2,035 million compared to € 1,557 million in the corresponding period of the previous year, marking an increase of 30.7%. Net profit for the period amounted to € 943 million, up 93.6% compared to 30 September 2022.

The balance sheet figures confirm the significant results achieved:

- *net "core" performing loans (which include mortgages, loans, current accounts and personal loans) stood at € 99.1 billion, with new loans amounting to € 14.6 billion;*
- *direct funding amounted to € 124.5 billion, an increase of 0.8% compared to the end of 2022;*
- *indirect funding amounted to € 100.0 billion, up by € 8.7 billion compared to 31 December 2022.*

With regard to the strategy for the management of non-performing loans, the Group has further accelerated the derisking process through an increase in the transfer targets, resolved by the Parent Company during the quarter, from approximately € 700 million to roughly € 900 million, which will enable the Company to achieve a further reduction in non-performing loans. As at 30 September 2023, the ratio of non-performing loans to total gross loans¹⁸ decreased to 3.2% from 3.9% as at 30 September 2022. The cost of credit, constantly decreasing to 47 basis points (annualised) compared to 62 b.p. at the end of 2022, represents the lowest level recorded since the establishment of the Banco BPM Group, albeit guaranteeing significant levels of coverage of non-performing loans.

¹⁸ Calculated according to the EBA methodology (see point 6).

With regard to the capital position, following the press releases of 8 March, 8 May, 29 May and 2 August 2023, it should be noted that the European Central Bank, on 3 November, notified the Banco BPM Group - already recognised as a financial conglomerate pursuant to Directive 2002/87/EC - of its authorisation to apply the so-called "Danish Compromise", which allows, pursuant to Article 49 (1) of Regulation (EU) No. 575/2013/CRR¹⁹, access to the benefits relating to the prudential treatment of equity investment in insurance companies for the purposes of calculating consolidated capital ratios, with effect from the supervisory reports referring to 31 December 2023. *Taking into account the benefits from the application of the Danish Compromise, the capital adequacy sheet position would be as follows:*

- **CET1 Ratio at 14.9%;**
- **MDA buffer at 620 basis points.**

Key balance sheet items

- Net loans to customers € 108.0 billion: -1.2% YoY (of which performing loans -0.6% and non-performing loans -26.3% compared to 30 September 2022) and -1.3% compared to 31 December 2022 (of which performing loans -1.0% and non-performing loans -16.3%);
- Direct funding from customers of € 124.5 billion²⁰: +1.5% YoY and +0.8% compared to the end of December 2022; core funding at € 100.5 billion;
- Indirect funding²¹ from customers equal to € 100.0 billion: growth of 13.8% YoY and 9.5% compared to 31 December 2022, of which:
 - asset management € 60,3 billion;
 - asset administration € 39,7 billion.

Key income statement items

- Net interest income:
 - € 868.7 million in Q3 2023 (€ 809.9 million in Q2 2023; +7.3%)
 - € 2,421.6 million as at 30 September 2023 (€ 1,590.5 million in the first nine months of 2022; +52.3%)
- Net fee and commission income:
 - € 460.0 million in Q3 2023 (€ 469.5 million in Q2 2023; -2.0%)
 - € 1,408.2 million as at 30 September 2023 (€ 1,440.1 million in the first nine months of 2022; -2.2%).
- Operating expenses:
 - € 635.3 million in the Q3 of 2023 (€ 634.7 million in the 2nd quarter of 2023)

¹⁹ On the basis of the authorisation received, under this regulatory provision, Banco BPM will no longer deduct from CET 1 Capital the book value of the investment held in Banco BPM Vita, which will instead be considered a risk-weighted credit risk exposure in accordance with the CRR Regulation.

²⁰ Direct bank funding includes certificates with unconditional capital protection (€ 4.9 billion as at 30 September 2023 compared to € 4.3 billion at the end of 2022), and excludes short-term repurchase agreements.

²¹ Management data net of certificates with unconditional capital protection included under "direct funding".

- € 1,910.0 million as at 30 September 2023 (€ 1,883.5 million in the first nine months of 2022; +1.4%). Without taking into account the contribution of insurance companies²², the change is reduced to +0.8%. Profit (loss) from operations²³:
 - € 732.1 million in Q3 2023 (€ 692.2 million in Q2 2023; +5.8%)
 - € 2,034.5 million as at 30 September (€ 1,557.2 million in the first nine months of 2022; +30.7%).
- Net adjustments on loans to customers:
 - € 124.8 million in Q3 2023 (€ 121.3 million in Q2 2023; +2.9%)
 - € 383.6 million in net adjustments as at 30 September 2023 (€ 497.6 million in net adjustments in the first nine months of 2022; -22.9%)
- Profit (loss) before tax from continuing operations²⁴:
 - € 577.6 million in Q3 2023 (€ 541.4 million in Q2 2023; +6.7%)
 - € 1,593.2 million as at 30 September 2023 (€ 975.5 million in the first nine months of 2022; +63.3%).
- Net result:
 - € 319.0 million in Q3 2023, which includes banking industry charges of € 69.6 million (not present in the second quarter). On a homogeneous basis, the net result comes in at € 388.6 million (€ 359.1 million in the Q2 2023; +8.2%)
 - € 943.4 million as at 30 September 2023 (€ 487.4 million in the first nine months of 2022; +93.6%).

Equity position²⁵:

- CET 1 ratio "stated" at 14.3% (12.8% as at 31 December 2022);
- MDA buffer on "stated" TCR 559 basis points.

Credit quality²⁶

- Stock of net non-performing loans equal to € 1.97 billion: -16.3% compared to the end of 2022 and -26.3% YoY
- Coverage:
 - Bad loans: 58.7% (62.7% as at 30 September 2022); also considering *write-offs*, the coverage was 67.8%;
 - Unlikely to pay loans: 43.1% (41.7% as 30 September 2022);
 - Total non-performing loans: 49.3% (49.4% as at 30 September 2022); also considering *write-offs*, the coverage was 54.7%.

²² Equal to € 12.3 million as at 30 September 2023 and € 1.5 million as at 30 September 2022, referring to the third quarter only.

²³ See note 4.

²⁴ See note 4.

²⁵ For more details on the calculation methods for capital ratios, please refer to point 6 of the Explanatory Notes of this press release.

²⁶ Figures calculated assuming only customer exposures measured at amortised cost and excluding loans held for sale.

- Texas Ratio²⁷ further improvement to 15.8% compared to 23.4% as at 30 September 2022.

Liquidity profile

- Liquidity at € 40.4 billion (cash + unencumbered assets);
- TLTRO III at € 16.7 billion;
- LCR 160% and NSFR >127%²⁸.

Milan, 7 November 2023 – The Board of Directors of Banco BPM met today under the chairmanship of Mr. Massimo Tononi, approving the balance sheet and income statement as at 30 September 2023 of the Banco BPM Group.

The year 2023 has so far been characterised by a more reassuring macroeconomic scenario in terms of growth compared to the forecasts at the end of 2022; however, the recent tensions related to the conflict in the Middle East have introduced new elements of concern and uncertainty due to the possible repercussions on the international economic system.

In this context, the Group recorded record levels of profitability with a gross profit from continuing operations of € 1,593.2 million and a net profit of € 943.4 million.

During the period, the Group continued with the process of integrating the insurance business started last year with the acquisition of control of the companies Banco BPM Vita and Banco BPM Assicurazioni, and with the finalisation of an agreement with Crédit Agricole Assurances for the launch of a commercial partnership in the Non-Life/Protection business segment.

In this regard, it should be noted that, in March 2023, the Banco BPM Group obtained recognition from the European Central Bank of the status of financial conglomerate pursuant to Directive 2002/87/EC, which was the pre-condition needed to access the benefits of the prudential treatment of equity investments deriving from the application of the “Danish Compromise”, authorisation for which was received on 3 November last and which shall take effect as from the supervisory reporting referring to 31 December 2023.

On 29 May, Banco BPM exercised the purchase option, established in the agreements signed in 2021 with Cattolica Assicurazioni, on stakes represented by 65% of the share capital of Vera Vita S.p.A. and Vera Assicurazioni S.p.A., insurance companies operating in the life and non-life segments, respectively, in which Banco BPM already holds a 35% interest.

More specifically, the purchase of the 65% interest in Vera Vita will be carried out directly by Banco BPM Vita, while the equity investment in Vera Assicurazioni will be purchased directly by Banco BPM and subject to simultaneous resale to Crédit Agricole Assurances.

The acquisition of control over the companies Vera Vita and Vera Assicurazioni is expected to be finalised in the last quarter of 2023, subject to the issue of the required legal authorisations by the competent Authorities.

²⁷ The Texas Ratio is the ratio of the net value of non-performing loans to the Group's tangible equity (net of the related tax effects).

²⁸ Management data.

It should also be noted that, following the resolution of 18 April regarding the e-money business development project, on 14 July, Banco BPM, BCC Iccrea Group and FSI signed a binding agreement for the establishment of a strategic partnership aimed at developing a new Italian and independent entity in the digital payments sector. The Agreement calls for the transfer to the joint venture BCC Pay S.p.A. of the e-money activities of Banco BPM, with the payment of mixed consideration in cash and shares issued by the vehicle Pay Holding, which in turn controls the entire share capital of BCC Pay S.p.A. After the transaction, Pay Holding will be the second player in Italy in the payments business, with FSI holding roughly a 43% stake and Banco BPM and Iccrea Banca each around 28.6%. The Agreement also calls for the signing of a multi-year distribution contract for the Company's services on the Banco BPM network as well.

The total valuation of the Banco BPM business unit was determined at € 500 million at closing, which may increase to € 600 million with a significant benefit on capital ratios.

The transaction, which was approved by the European Central Bank, is expected to be finalised the first quarter of 2024.

With regard to derisking activities, in October the Board of Directors of the Parent Company resolved to increase the targets for the sale of non-performing loans, which rose from a total of more than € 700 million to over € 900 million, of which more of € 500 million relating to disposal transactions already carried out during the year, with a clear future benefit on the stock of gross non-performing loans and on credit quality indicators. The estimate of the resulting higher loan impairments was charged to the income statement in the third quarter of 2023.

In terms of funding transactions, in January the Group successfully completed a new issue of Green Senior Preferred securities intended for institutional investors for an amount of € 750 million, with a maturity of four years.

Subsequently, on 7 June 2023, Banco BPM concluded a further Green Senior Non-Preferred issue, reserved for institutional investors, maturing in five years and with the possibility of early redemption in June 2027, for an amount of € 750 million.

Both bonds are part of the Euro Medium Term Notes Programme, and are aimed at financing and/or refinancing Eligible Green Loans as defined in the Bank's Green, Social and Sustainability Bond Framework.

In this regard, it should be noted that on 7 November Banco BPM published the new Green, Social & Sustainability Bonds Framework, following the previous inaugural Framework published in July 2021. The Framework has been updated according to the latest market standards, including the EU Green Taxonomy²⁹.

The objective of the 2023 update, consistent with Banco BPM's commitment and strategy to address climate change and deliver a positive social outcome in its business conduct, was to align with market best practices, cover a broader range of assets³⁰ and include alignment with the EU Taxonomy for certain eligible assets³¹.

Moreover, in the first nine months Banco BPM concluded two issues of European Covered Bonds (Premium) under its Covered Bonds programme: the first in June for an amount of € 750 million and

²⁹ The standards taken into account are the following: ICMA's Green Bond Principles (June 2021 with appendix June 2022), ICMA's Social Bond Principles (June 2023), ICMA's Sustainability Bond Guidelines (June 2021) and the EU's Green Taxonomy.

³⁰ New categories of eligible loans have been added, such as Green Guaranteed Loans, Manufacture of Organic-based Chemicals and Sustainable Agriculture Loans among the green categories and Sustainability-related Loans and Residential Mortgages among the social activities.

³¹ The alignment of the European taxonomy covers real estate, renewable energy and the manufacture of organic-based chemicals.

maturing in 5 years and the second in the month of September for an amount of € 750 million and maturity in 3 years.

During the period, Banco BPM also finalised an own share purchase programme of 2,418,855 own shares (equal to 0.16% of the ordinary shares outstanding) and a total value of € 10 million to serve the short-term and long-term employee incentive plan. After that programme had been completed, taking into account the assignments in the period and the other own shares already in the portfolio, as at 30 September 2023, Banco BPM directly holds 6,958,684 shares, equal to 0.46% of the share capital.

On 28 July, the results of the EU-wide stress test conducted by the EBA were disclosed. Banco BPM recorded better results than in previous years despite a more severe macroeconomic scenario, confirming its ability to generate value in the base scenario and withstand significant shocks in the adverse scenario.

Lastly, with regard to the ratings assigned to Banco BPM, it should be noted that, on 30 June, the rating company Moody's Investors Service improved the Outlook of the main ratings of Banco BPM from Stable to Positive, also confirming the assigned ratings. The improved Outlook reflects the upward pressure on Banco BPM's ratings, which is based on the assumption that the achievement of enhanced profitability and a more solid capital position will remain sustained also in the future.

On 12 October, DBRS Morningstar confirmed the ratings of Banco BPM (all in the investment grade area) and the Stable Trend. This assessment confirms the reasons for the previous upgrade, which was based on the strong positioning of Banco BPM in the market, the improvement in profitability and the solid capital and liquidity position.

Lastly, note that today the rating agency Standard & Poor's has assigned a long-term issuer credit rating of BBB- to Banco BPM with a positive Outlook. Standard & Pooors' new investment grade rating joins those of Fitch Ratings and DBRS, confirming the progressive improvement in the Group's overall risk profile, capitalisation and profitability. The agency has also assigned the short-term issuer rating at A-3 level.

Economic performance of operations in the first nine months of 2023 compared to 30 September 2022

Net interest income amounted to € 2,421.6 million, up by 52.3% compared to the figure in the first nine months of 2022 (€ 1,590.5 million), mainly due to the increase in the commercial spread, resulting from the increase in interest rates and the limited impact on the cost of deposits, which more than offset the elimination of benefits relating to the remuneration of TLTRO financing.

The **gains (losses) on interests in associates and joint ventures carried at equity** was equal to € 94.7 million, compared to the figure of € 97.6 million for the corresponding period of the previous year.

The main contribution to the item in question was provided by consumer credit channelled from the equity interest held in Agos Ducato, equal to € 59.0 million, compared to € 79.8 million in the first nine months of 2022, as well as the contribution of the associate Anima Holding, equal to € 18.8 million (€ 28.5 million as at 30 September 2022, which however included the economic result achieved by the investee in the final quarter of 2021, equal to € 11.8 million).

Net fee and commission income in the first nine months of 2023 totalled € 1,408.2 million, down by 2.2% on the same period of the previous year. The management, brokerage and advisory services segment decreased by 5.1%, mainly due to the placement of funds and SICAVs, partially offset by

the growth in commissions relating to the placement of *certificates* and custody services. The commercial banking services segment grew by 0.5% thanks to the contribution of payment services (€ +41.2 million compared to 30 September 2022), despite the higher charges associated with synthetic securitisation transactions (€ -24.7 million) and to the review of the conditions applied to customers for the maintenance of current accounts for the management of liquidity (with a negative impact of about € -30 million³² compared to 30 September 2022).

Other net operating income totalled € 52.6 million, compared to the figure of € 52.1 million for the first nine months of 2022.

The **net financial result**³³ in the first nine months of 2023 was negative at € -65.3 million, compared to the figure of € 251.9 million recorded as at 30 September 2022.

The different contribution is justified by the lower contribution of profits from the sale of securities (€ -26.2 million), the higher cost of deposits through *certificates* following the rise in rates (€ -188.2 million in the first nine months of 2023 compared to € -37.8 million in the same period of the previous year), the CVA/DVA impact³⁴ (€ -49.6 million) and the different contribution of derivative trading and operations, impacted by the negative effect of hedging, whose impact must be considered together with the change in the valuation reserves of securities at fair value through other comprehensive income.

These trends were partially offset by the reduction of the the effect deriving from the valuation of the Nexi equity investment (€ 2.5 million as at 30 September 2023 vs. € -73.1 million as at 30 September 2022) and in the changes in the fair value of other financial assets (€ +76.8 million compared to 30 September 2022).

The **profit on insurance business** came to € 32.7 million. That item comprises the contribution for the first nine months of 2023 of the insurance companies Banco BPM Vita and Banco BPM Assicurazioni, following the acquisition of control over them starting from 1 July last year³⁵.

By virtue of the trends described, the total **operating income** therefore amounted to € 3,944.6 million, an increase compared to € 3,440.7 million recorded in the same period of the previous year (+14.6%).

Personnel expenses, equal to € 1,210.4 million, are stable compared to the figure of € 1,210.5 million in the corresponding period of the previous year. The total number of employees was 19,953 as at 30 September 2023 (of which 143 pertaining to the insurance companies), compared to 20,157 staff employed as at 31 December 2022 (of which 143 pertaining to the insurance companies)³⁶.

Other administrative expenses³⁷, equal to € 501.9 million, are up 5.0% on the figure for the first nine months of 2022, equal to € 477.8 million, also due to the inflationary trends in progress, which specifically impacted energy consumption. It should also be noted that the figure as at 30 September

³² Management data.

³³ The item does not include the accounting effect of the change in the credit rating of the Group with regard to the *fair value* measurement of bank-issued liabilities (*certificates*), which led to the recognition of a negative impact of € -2.1 million in the period, compared to € +37.8 million recorded as at 30 September 2022. This effect is shown, net of taxes, in a separate item of the reclassified income statement.

³⁴ The CVA expresses the portion of the financial assets valuation (*fair value*) that may not be paid to the bank by the counterparty in the event of default of the latter. The DVA expresses the portion of financial liabilities (*fair value*) that may not be paid by the bank to the counterparty in the event of bank default.

³⁵ The profit (loss) on the insurance business as at 30 September 2023 is not comparable with 30 September 2022 (as control of the insurance companies was acquired at the beginning of the third quarter of 2022).

³⁶ As at 31 December 2020, the number of employees was 21,663.

³⁷ The aggregate does not include the "banking industry charges", represented by the contributions to the Single Resolution Fund and the Interbank Deposit Guarantee Fund, reported in a separate item of the reclassified income statement, net of the relative tax.

2023 includes costs, amounting to € 9.3 million, relating to the insurance companies consolidated starting from the third quarter of 2022 (the contribution of the insurance companies to the item in question amounted to € 1.8 million in the third quarter of 2022).

Value adjustments to property, plant and equipment and intangible assets totalled € 197.7 million, compared to € 195.2 million as at 30 September 2022.

Total **operating expenses** therefore amounted to € 1,910.0 million, up by 1.4% compared to € 1,883.5 million in the same period of the previous year. Without taking into account the contribution of insurance companies³⁸, the change is limited to +0.8%.

The **cost-income ratio** for the period was 48.4%, lower than the 54.7% as at 30 September 2022.

The **profit from operations** in the first nine months of 2023 stood at € 2,034.5 million, up by 30.7% compared to € 1,557.2 million in the same period of the previous year.

Net adjustments to loans to customers in the period, amounting to € 383.6 million, showed a 22.9% decrease on the figure as at 30 September 2022.

As at 30 September 2023, the cost of credit, measured by the ratio of net value adjustments on loans to net loans, was 47 basis points annualised, representing the lowest level recorded since the founding of the Banco BPM Group.

This result was achieved by safeguarding the solid levels of coverage achieved in previous periods.

The **fair value gains (losses) on property, plant and equipment** as at 30 September 2023 came to € -44.1 million (€ -48.4 million in the first nine months of 2022).

The item **Net adjustments to securities and other financial assets** as at 30 September 2023 shows a negligible amount (€ +0.1 million compared to € -8.6 million as at 30 September 2022).

Net provisions for risks and charges in the period amounted to € -13.8 million (€ -29.0 million as at 30 September 2022), due to the release of provisions on guarantees and commitments for € 8.1 million and provisions recognised during the period for other risks and charges of € 21.9 million.

As at 30 September 2023, there were no **gains/losses on interests in associates and joint ventures and investments** of a significant amount. In the corresponding period of the previous year, the item in question amounted to € +1.7 million.

Due to the trends described, the **profit (loss) before tax from continuing operations** was equal to € 1,593.2 million compared to € 975.5 million in the first nine months of 2022 (+63.3%).

The **taxation charge related to profit or loss from continuing operations of the period** was € -500.1 million (€ -321.4 million as at 30 September 2022).

Profit (loss) after tax from continuing operations therefore was equal to € 1,093.1 million, a 67.1% increase compared to € 654.0 million in the first nine months of 2022.

Expenses relating to the banking system, net of taxes were charged to the income statement for the

³⁸ Equal to € 12.3 million as at 30 September 2023 and € 1.5 million as at 30 September 2022 (referring to the third quarter only).

period, amounting to € 127.3 million (€ 151.8 million in the first nine months of 2022) relating to the ordinary contribution to the Single Resolution Fund (€ 85.4 million before tax, compared to € 110.5 million as at 30 September 2022) and the estimate of the contribution due to the Interbank Deposit Protection Fund (€ 103.2 million before tax compared to € 114.5 million as at 30 September 2022).

In the period, the **change in own credit risk on Certificates issued, net of taxes**, generated a negative impact of € -1.4 million (€ -2.1 million before taxes), compared to the effect recorded as at 30 September 2022 of € +25.3 million (€ +37.8 million before taxes).

As at 30 September 2023 the impact of the **Purchase Price Allocation net of taxes** was € -21.5 million, against € -32.1 million in the first nine months of 2022.

Considering the share of income due to non-controlling interests, the first nine months of 2023 closed with a **net profit for the period** of € 943.4 million (€ 487.4 million in the corresponding period of 2022, +93.6%).

Economic performance of operations in Q3 2023 compared to Q2 2023

Net interest income stood at € 868.7 million, up by 7.3% compared with the figure for the second quarter of 2023 (€ 809.9 million), mainly due to the increase in the spread on trade receivables.

The **gains on interests in associates and joint ventures carried at equity** amounted to a positive € 34.1 million, with an increased contribution compared to that of the third quarter, amounting to € 24.3 million. Within this aggregate, the main contribution was provided by consumer credit, driven by the investment held in Agos Ducato and the result of Anima Holding.

Net fee and commission income in the third quarter amounted to € 460.0 million, down 2.0% compared to the result recorded in the second quarter. In the period under review, there was an increase in the contribution of commercial banking services (+ 2.7% compared to the second quarter). On the other hand, the aggregate of management, brokerage and advisory services showed a decrease of 7.2% compared to the second quarter of 2023.

Other net operating income totalled € 19.1 million, compared to the figure of € 16.5 million for the second quarter of 2023.

The **net financial result** in the third quarter was € -22.8 million, compared to € -8.4 million in the second quarter. This trend is mainly attributable to the trend of market prices of financial assets measured at *fair value*, the lower contribution of trading activities and the higher cost of funding through *certificates* following the rise in rates (€ -76.1 million in the third quarter compared to € -63.5 million in the second quarter). The third quarter also saw a different impact of the "Credit Value Adjustment" and the "Debit Value Adjustment" (CVA/DVA) component relating to derivative contracts (€ -1.2 million in the third quarter compared to € -3.7 million recorded in the second quarter).

The contribution of the Group's insurance companies in the third quarter of 2023, recorded under the item **insurance business result**, amounted to € +8.2 million compared to € +15.0 million in the second quarter.

By virtue of the trends described, the total **operating income** therefore amounted to € 1,367.3 million, up by 3.0% compared to € 1,326.9 million recorded in the first nine months, primarily due to the growth

in net interest income.

Personnel expenses, amounting to € 402.1 million, were substantially in line with € 402.9 million in the second quarter.

Other administrative expenses³⁹ rose from € 166.6 million in the second quarter of 2023 to € 165.1 million in the third quarter of 2023 thanks to the careful cost containment policy, despite the ongoing inflation dynamics.

Net adjustments to property, plant and equipment and intangible assets totalled € 68.1 million, compared with € 65.2 million in the second quarter.

Total **operating expenses** therefore came to € 635.3 million, stable compared to € 634.7 million in the second quarter.

The **profit from operations** in the quarter stood at € 732.1 million, up by 5.8% compared to € 692.2 million in the second quarter.

Net adjustments on loans to customers amounted to € 124.8 million, compared to € 121.3 million for the second quarter.

The loss from the fair value measurement of property, plant and equipment came to € 11.8 million in the third quarter, following the adjustment of several properties to their updated appraisal values; write-downs of € 30.5 million were registered in the second quarter of 2023.

Net adjustments to securities and other financial assets in the third quarter amounted to € -1.0 million compared to € +0.5 million in the second quarter.

Net provisions for risks and charges in the third quarter were € 17.2 million and include the allocation of € 10.7 million recorded in the third quarter, regarding the estimated charges expected to be incurred in relation to several contractual commitments.

In the third quarter, **gains/losses on equity investments and investments** amounting to € +0.3 million (€ -0.4 million in the previous quarter).

As a result of the trends described above, the **profit before tax from continuing operations** came to € 577.6 million compared to the profit of € 541.4 million recorded in the second quarter.

Income tax on continuing operations for the period amounted to €- 183.0 million (€- 169.7 million in the second quarter).

The item **charges relating to the banking system, net of taxes**, amounted to € 69.9 million and refers to the estimated contribution to the Interbank Deposit Protection Fund due for the year 2023.

³⁹ The aggregate does not include the "banking industry charges", represented by the contributions to the Resolution Funds and the Interbank Deposit Guarantee Fund, reported in a separate item of the reclassified income statement, net of the relative tax.

In the third quarter, the **change in own credit risk on Certificates issued, net of taxes**, generated a positive impact of € +1.2 million (€ +1.7 million before taxes), compared to the negative impact recorded in the second quarter of € -5.8 million (€ -8.7 million gross).

In the third quarter, the impact of the **Purchase Price Allocation net of taxes** amounted to €- 7.3 million, against € -6.8 million in the second quarter of 2023.

Given the share of the profit or loss attributable to non-controlling interests, the third quarter of 2023 closed with a net **profit for the period** of € 319.0 million, compared to the net profit of € 359.1 million recorded in the second quarter, due to the banking industry charges recorded in the third quarter. It is noted that that systemic charges of € 69.6 million were recognised in the third quarter, which were not present in the second quarter. Taking this impact into account, the net result for the third quarter increased by 8.2%.

Changes in key balance sheet items

Direct funding from banking business⁴⁰ as at 30 September 2023 amounted to € 124.5 billion, up by 0.8% on 31 December 2022 and by 1.5% compared to 30 September 2022.

More specifically, there was a decrease of € 3.2 billion in the period in the component represented by current accounts and deposits (-3.1%), whereas the comparison with the previous quarter shows a limited contraction of 0.8%. As regards bonds issued, the stock as at 30 September 2023 came to € 17.1 billion, marking increase of € 4.2 billion compared to 31 December 2022, due to new issues during the period, which exceeded the redemptions of securities that had matured.

Funding guaranteed by the *stock of certificates* with unconditional capital protection as at 30 September 2023 was € 4.9 billion, up on the figure of € 4.3 billion as at 31 December 2022 and € 3.8 billion as at 30 September 2022.

Starting in the third quarter of 2022, the aggregate comprising financial liabilities and insurance liabilities of the insurance companies, is recorded, shown under the item **direct funding from insurance business and insurance liabilities**, in the amount of € 5.6 billion, substantially stable compared to 31 December 2022.

Indirect funding amounted to € 100.0 billion⁴¹, up on both an annual basis (+13.8%) and compared to 31 December 2022 (+9.5%, amounting to an increase of € 8.7 billion compared to the end of the year).

The managed funding component was equal to € 60.3 billion, an increase compared to the figure of € 59.4 billion as at 31 December 2022 (+1.5%), due to the higher contribution of funds, SICAVs and portfolio management; income relating to the *bancassurance* sector was stable.

Administered assets reached € 39.7 billion, an increase of € 7.8 billion (+24.4%) compared to the end of 2022.

On an annual basis, managed assets increased by 2.9%, while for administered assets the increase was € 10.5 billion (+35.7%).

Financial assets from the banking segment were equal to € 44.9 billion, up by 4.1% compared to € 43.1 billion as at 31 December 2022; the increase was mainly concentrated in debt securities (€ +1.8 billion) and, in particular, in the segments of securities at amortised cost and securities measured at

⁴⁰ The aggregate includes demand and term deposits and current accounts, bonds issued, certificates of deposit and other securities, loans and other debts, and protected capital *certificates* and excludes short-term repurchase agreements.

⁴¹ Operating figure, net of capital protected *certificates*, considered as part of the direct business.

fair value through other comprehensive income. As at 30 September 2023, the aggregate in question consisted of debt securities for € 36.7 billion, equity instruments and UCITS units for € 3.7 billion, derivative instruments and other loans for € 4.5 billion. Exposures in debt securities issued by sovereign states amounted to € 31.0 billion, of which € 12.0 billion represented by Italian government securities. Investments in Italian government securities are classified under financial assets at amortised cost for € 9.4 billion, in the portfolio of financial assets measured at *fair value* through other comprehensive income for € 2.5 billion and under financial assets at *fair value* through profit and loss for € 0.1 billion.

The item **financial assets pertaining to insurance companies** includes the contribution as at 30 September 2023 of the insurance companies Banco BPM Vita and Banco BPM Assicurazioni for a total of € 5.8 billion (€ 5.9 billion as at 31 December 2022).

Net loans to customers⁴² totalled € 108.0 billion as at 30 September 2023, down by € 1.4 billion compared to the figure of 31 December 2022. The decrease refers to both *performing* exposures (-1.0%) and *non-performing* exposures (-16.3%). On an annual basis, loans recorded a reduction of € 1.3 billion (-1.2%), deriving from a € 0.6 billion (-0.6%) reduction in In the first nine months of the year, the volume of new disbursements amounted to € 14.6 billion⁴³. The quality of the "core" loan portfolio⁴⁴, characterised by a high percentage of *secured* positions, concentrated mainly in Northern Italy, was confirmed.

Net non-performing loans (bad loans, unlikely to pay and past due and/or non-performing overdue) amounted to € 1.97 billion as at 30 September 2023.

An examination of the components of the aggregate shows the following dynamics:

- net bad loans of € 0.7 billion, down by 6.6% compared to 31 December 2022 and 9.6% compared to 30 September 2022;
- net unlikely to pay loans of € 1.2 billion, down by 21.6% compared the start of the year and 34.2% compared to 30 September 2022;
- net past-due exposures of € 64 million (€ 60 million as at 31 December 2022 and € 56 million as at 30 September 2022).

The percentage of non-performing exposures out of total loans, gross of value adjustments came to 3.2%⁴⁵, down compared to 3.8% at the start of the year and 3.9% as at 30 September 2022.

The coverage ratio for the entire non-performing loans aggregate was 49.3% (49.4% as at 30 September 2022).

More specifically, as at 30 September 2023, the coverage ratio was as follows:

- bad loans 58.7% (62.7% at 30 September 2022);
- unlikely to pay loans 43.1% (41.7% as 30 September 2022);
- past due loans 29.6% (28.1% at 30 September 2022).

The *coverage ratio* of performing loans came out at 0.40%, up compared to 0.39% at 31 December 2022 (0.41% as at 30 September 2022).

Group capital ratios⁴⁶

⁴² The aggregate does not include loans to customers which, following the application of IFRS 9, are mandatorily measured at *fair value*. These loans, amounting to € 0.5 billion, are included among the financial assets measured at fair value.

⁴³ Management data.

⁴⁴ Consisting of mortgages, loans, current accounts and personal loans.

⁴⁵ Calculated according to the EBA methodology (see note 6).

⁴⁶ For more details on the calculation methods for capital ratios, please refer to point 6 of the Explanatory Notes of this press release.

Capital ratios as at 30 September 2023 can be defined as "fully phased" as they do not benefit from⁴⁷any transitional provision of the regulations.

The *stated* Common Equity Tier 1 ratio stood at 14.3%, against 12.8% as at 31 December 2022. The increase is due to both the growth in regulatory capital (due to the inclusion of the result for the first nine months of the year, net of the dividends expected to be distributed, and the increase in valuation reserves of financial assets measured at *fair value* through other comprehensive income), and to the decrease recorded in risk-weighted assets (as a result, inter alia, of the lower credit risk deriving from a synthetic securitisation transaction).

Including the estimate of the positive effect of the future application of the Danish Compromise, for which an authorisation was received from the European Central Bank on 3 November, the Common Equity Tier 1 ratio of the Group as at 30 September 2023 would come in at 14.9%.

The *stated* Tier 1 ratio was equal to 16.7% against 15.2% as at 31 December 2022, while the *stated* Total Capital ratio was equal to 19.7% compared to 18.0% as at 31 December 2022.

The buffer compared to the limit set for the possibility of distributing dividends (*Maximum Distributable Amount* or MDA buffer), with the application of the Danish Compromise, was 620 basis points (compared to 643 basis points as at 31 December 2022). At stated level, said ratio was 559 basis points.

BUSINESS OUTLOOK

In the latter part of 2023, the general picture shows a slight slowdown in inflationary dynamics, together with a deceleration in economic growth, which is affected by the effects of uncertainty linked to the macroeconomic context; the persistence of the Russian-Ukrainian conflict is weighing negatively, to which are added the fears linked to the influences arising from the start of the Israeli-Palestinian hostilities. From the market's point of view, the effects of a monetary policy that remains restrictive and will see high rates persist for a longer period of time are now clearly perceived.

This interest rate situation, together with the significant issues of Government bonds over the months, has in fact triggered growing competition for customer deposits, which has seen an increase in switches from direct to administered forms of funding. However, this process appears to be slowing down as the ECB's spiral of rate hikes comes to a halt.

The Net interest income will continue to benefit from a sustained commercial spread, in the presence of rates that, for the coming quarters, are expected to remain substantially stable at current levels. Fees and commissions can still suffer from potential volatility, which particularly affects those related to investment products as well as to the disbursement of new loans.

The trend in operating expenses remains under control, thanks to the rigorous internal controls that have made it possible to contain the push linked to inflationary pressures; in this context, the cost of labour could show an upward dynamic in the event of the renewal of the national collective contract within the last quarter of the year.

With regard to the cost of risk, the dynamics of flows at default, which is stable and well below forecasts, show a resilient framework of the national economic context, whereby, barring reversals, the Group's credit portfolio is expected to hold its ground until the end of the year. The approach to

⁴⁷ For more details on the transitional provisions that have expired, please refer to point 6 of the Explanatory Notes to this press release.

credit will in any case remain prudent, with solid coverage levels, confirming the rigour in valuations adopted in recent years on both performing and non-performing exposures.

For the full year, a significant improvement in the Group's net income is confirmed compared to last year, with a 2023 EPS of more than 80 eurocents – with a further strengthening for 2024 - significantly exceeding both the profitability trajectory and the overall targets outlined in the Strategic Plan, which shall be updated and presented to the market on 12 December.

At that time, shareholder remuneration targets will be updated to reflect the positive results achieved in terms of profitability and organic capital creation.

Mr Gianpietro Val, as the Financial Reporting Officer, in compliance with Art. 154 bis, Par. 2 of the Consolidated Finance Law, hereby states that the accounting information illustrated in this press release is consistent with the corporate documents, books and accounting records.

The Banco BPM Group results as at 30 September 2023 will be presented to the financial community in the *conference call* scheduled for today, 7 November 2023 at 6:00 p.m. (CET). The supporting documentation for the *conference call* is available on the authorised storage system's website (www.emarketstorage.it) and on the Bank's website (www.gruppo.bancobpm.it), where the details for connecting to the call can also be found.

RESOLUTION OF THE BOARD OF DIRECTORS ON EXTRAORDINARY TAXES ON BANKS

With reference to the provisions of Law Decree no. 104 of 10 August 2023 "Urgent provisions for the protection of users, regarding economic and financial activities and strategic investments", converted with amendments by Law no. 136 of 9 October 2023, which introduced an extraordinary tax calculated on the increase in net interest income, the Board of Directors of Banco BPM today has resolved, availing itself of the option envisaged by the afore-mentioned provision, to propose to the Shareholders' Meeting, at the time of approval of the 2023 financial statements and the allocation of the profit for the year, the allocation to a non-distributable reserve of an amount of approximately € 378 million, corresponding to 2.5 times the amount of the afore-mentioned tax (equal to approximately € 151 million), in place of the payment of the tax itself. A similar indication was given to the subsidiary banks affected by the measure, with a consequent allocation to the non-distributable reserve by the banks of the Banco BPM Group equal to a total amount of approximately € 381 million.

Explanatory notes

This News Release represents the document through which Banco BPM decided to disclose - on a voluntary basis - supplementary periodic information in addition to the half-year and annual reports ("quarterly reports") to the public and to the market, in compliance with the disclosure policy communicated to the market pursuant to art. 82-ter of the Issuers Regulation effective on 2 January 2017. For the sake of completeness, please note that the quarterly report also includes the result presentation handout prepared as a support for the conference call with the financial community to be held after this News Release has been released.

This quarterly report contained in this document includes a comment on the quarterly operating performance that focuses on the dynamics of the key P&L, balance sheet and financial items, and is based on the reclassified balance-sheet and income statements.

Please find below some explanatory notes that are deemed useful to better understand the approach followed in preparing the above-mentioned accounting statements as at 30 September 2023, as well as the information on the interim results included in this news release.

1. Accounting policies and reference accounting standards

Accounting policies

The balance sheet and income statement layouts contained in this news release have been reclassified along management criteria in order to provide an indication on the Group's overall performance based on more easily understandable aggregate operating and financial data. These layouts have been prepared based on the financial statement layouts indicated in the Bank of Italy's Circular no. 262/2005 and following updates (hereinafter "Circular"), applying the same aggregation and classification criteria presented in the Consolidated half-yearly report as at 30 June 2023, which essentially are in line with those adopted to prepare the Consolidated Financial Statements as at 31 December 2022. The only change introduced in FY 2023 was a simple renaming of certain line-items related specifically to the insurance business, whose content is in any case compliant with the measurement criteria introduced by the new accounting standard IFRS 17, as illustrated in the paragraph below "Adoption of the accounting standard IFRS 17 Insurance contracts".

Reference accounting standards

The accounting standards adopted to prepare the financial accounts as at 30 September 2023 – as regards the classification, recognition, measurement and cancellation of assets and liabilities, as well as the recognition of costs and revenues - are the ones set forth in the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and in the related interpretations by the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission and in force as at 30 September 2023 as provided under Regulation (EC) no. 1606 of 19 July 2002. Said standards are in line with those adopted to prepare the consolidated financial statements as at 31 December 2022, except for the standards on the recognition, measurement and presentation of insurance contracts, following the introduction on 1 January 2023 of the new IFRS 17, as better explained in the paragraph below "Adoption of the accounting standard IFRS 17 Insurance contracts".

As to disclosure requirements, the information contained in this news release were not prepared based on IAS 34 covering interim financial reporting.

Insofar as applicable, the communications from the Supervisory Authorities were taken into account (Bank of Italy, ECB, EBA, Consob and ESMA), together with documents issued by the Italian Accounting Board (Organismo Italiano di Contabilità (OIC), by the Italian Banking Association (ABI) and by the Italian Valuation Board (OIV), providing recommendations on certain key accounting aspects or on the accounting treatment of specific transactions.

The adoption of certain accounting standards necessarily calls for the use of estimates and assumptions that have an impact on the value of assets and liabilities recognized in the balance sheet. The assumptions used to calculate estimates take into account all information available on the date of preparation of the financial report as at 30 September 2023, together with the assumed scenarios that are considered reasonable, also based on past experience.

It is not possible to rule out that the presumed scenarios, albeit reasonable, may fail to reflect future scenarios the Group will operate in.

To this regard, please note that the Group's operational reference macroeconomic scenario is still dominated by persistent elements of uncertainty. Although FY 2023 has been characterized by a more reassuring macroeconomic scenario in terms of growth when compared to the outlook at the end of 2022, the economic recovery is still affected by the impact of tighter monetary and lending conditions for businesses and households, as a direct result of the rise in inflation, the hurdles tied to the geopolitical tensions between Russia and Ukraine and to the recent conflict in the Middle East, as well as the growing severity and frequency of climate change related impacts.

These uncertainties affect the budget estimates and require that we rely more heavily on judgmental elements when selecting the hypotheses and assumptions underlying a given estimate.

Therefore, future actual results may differ from the estimates generated for the financial report as at 30 September 2023 and may therefore call for adjustments that cannot be predicted or estimated today with respect to the carrying amount of assets and liabilities recognized in the balance sheet. To this regard, please note that it might be necessary to revise the estimates should the circumstances they have been based on change, as a result of new information or the longer experience accrued. The consolidated half-yearly financial report as at 30 June 2023 provides a detailed description of the estimation processes that require the use of a significant amount of discretion when selecting the underlying assumptions and hypotheses. A full cross-reference to the above-mentioned description is suggested, since it is connected also to the financial accounts as at 30 September 2023, which is the subject of this news release.

With regard to the one-off tax on the net interest income increase reported by banks, described below is the accounting treatment that was deemed applicable to this new levy, and the related impact on the accounts as at 30 September 2023, taking into account the resolution passed today by the Board of Directors of Banco BPM.

One-off levy calculated on the increase in net interest income under art. 26 of LD no. 104 of 10 August 2023

Art. 26 of LD no. 104 of 10 August 2023, transposed with amendments into Law no. 136 of 9 October 2023, introduced a one-off bank levy for 2023 in the national tax system.

This windfall levy is calculated, for each individual bank of the Group, by applying a 40% tax rate on the amount of the FY 2023 net interest income⁴⁸ that exceeds the NII reported in FY 2021 by at least 10%. In any case the one-off tax amount is capped at 0.26% of the total amount of risk exposure on a standalone basis ("RWA – Risk Weighted Asset") reported at year-end 2022.

Based on the above provisions, the estimated one-off levy at Group level came in at approximately € 152 million, of which € 151 million pertaining to the Parent company.

⁴⁸ Line-item 30 of the income statement prepared in compliance with the layouts provided for under Circular no. 262 of the Bank of Italy.

The levy must be paid by 30 June 2024, unless, in lieu of paying it, the option is exercised to allocate an amount equal to at least 2.5 times the windfall levy (€ 381 million, of which € 378 million pertaining to the Parent company) to an ad-hoc non-distributable reserve upon deciding on the allocation of the 2023 net income. Should this ad-hoc reserve be used at a later time to distribute earnings, the Bank shall have to pay the due levy in full, plus the interest accrued in accordance with the relevant legal provisions. The reserve can be used to cover losses and is eligible for classification as CET1, in keeping with Regulation EU no. 575/2013.

From an accounting point of view, in light of the specific characteristics of this levy and in particular its calculation method, the provisions under IFRIC 21 interpretation "Levies" and IAS 37 "Provisions, contingent liabilities and contingent assets" are deemed applicable. Notably, based on IFRIC 21, the liability tied to the payment of a levy arises upon occurrence of an "obligating event", i.e., when the activity that triggers the payment of the levy takes place. The definition of liability under IAS 37 requires that the settlement of the obligation be expected to result in an outflow of resources embodying economic benefits.

With regard to the decision passed today by the Board of Directors of Banco BPM to submit a proposal on the allocation of the 2023 net income to the approval of the Shareholders at the GAM comprising the setting aside in the future of the abovementioned non-distributable reserve, upon preparing this interim financial report as at 30 September 2023 there was no obligation to pay the levy, therefore, according to the above mentioned IFRIC 21, the "obligating event" that would have triggered the mandatory recognition of the corresponding liability and the related charge has not occurred.

Adoption of the accounting standard IFRS 17 "Insurance contracts"

IFRS 17 "Insurance contracts", endorsed with Regulation EU no. 2036/2021 of 19 November 2021, became mandatorily effective on 1 January 2023. This accounting standard introduces new measurement criteria and new accounting rules for insurance products, replacing IFRS 4.

The adoption of IFRS 17 for Gruppo Banco BPM had both a direct impact from the measurement of insurance contracts issued by the Group's insurance companies (Banco BPM Vita and Banco BPM Assicurazione), and an indirect impact tied to the investments in insurance associates carried under the equity method Vera Vita and Vera Assicurazioni and their subsidiaries Vera Financial and Vera Protezione

Considering that this standard requires that it is applied retrospectively, at the transition date (1 January 2022) the total positive impact on net equity came in at € 31.0 million; considering the FY 2022 net income and reserves redetermined pursuant to IFRS 17, the impact on the consolidated net equity as at 31 December 2022 generated a positive amount of € 246.2 million, of which € 47.6 million refers to insurance subsidiaries and € 198.6 million to insurance associates, as detailed in the table below:

Summary of impacts tied to the adoption of IFRS 17 (data in million euro)	Subsidiary insurance companies	Associate insurance companies	Total
FTA impact on consolidated net equity (*)	-22,8	53,8	31,0
Impact on 2022 reserves	66,4	166,3	232,7
Impact on 2022 net income	4,0	-21,5	-17,5
Impact on the consolidated net equity as at 31 December 2022	47,6	198,6	246,2

For a more thorough analysis, please refer to the Consolidated half-yearly financial report as at 30 June 2023 (cf. in particular the paragraph "Impact from the transition to the international accounting standard IFRS 17 "Insurance contracts").

As already explained, the retrospective adoption of IFRS 17 called for the restatement of last year's balances of the statement of financial position and income statement, that are now comparable with those of FY 2023. In order to make a comparison possible also during interim periods, the quarterly P&L contributions in FY 2022 have been restated, at times resorting to estimates. With the contribution of the period result being equal, the quarterly dynamic of the reclassified income statement line-items under "Net fee and commission income" and "Income from insurance business", attached to this news release, has been restated compared to the table published in the Half-yearly financial report as at 30 June 2023 to allow for a more precise reclassification of certain specific items of the insurance business, so as to guarantee a like-for-like comparison with the balances of the corresponding periods of FY 2023.

Moreover for a correct comparison, it should be noted that the contributions of Banco BPM Vita and Banco BPM Assicurazioni are recognized in the income statement on a line-by-line basis as of 1 July 2022, when the controlling stake was acquired; the contributions of the first two quarters instead, when the stake held in the companies was 19%, is posted under the line-item "Profit or loss of associates carried at equity".

Other information

In addition to the financial report prepared in compliance with IAS/IFRS, this news release also includes some alternative performance measures (APM) that have been selected to provide an easier understanding of the operating and financial performance of Gruppo Banco BPM's management.

Said measures are based on the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415) and transposed in Consob's Communication no. 0092543 of 3 December 2015.

Please note that a description of the adopted basis of calculation is provided for each APM, and the figures used, when not otherwise specified, can be derived from the information published in the reclassified financial statements attached to this news release.

2. PPA (Purchase Price Allocation) impacts from the Business Combination of former Gruppo Banca Popolare di Milano and former Gruppo Banca Popolare Italiana

In compliance with IFRS 3, the income statement of Gruppo Banco BPM includes the P&L reversal effects mainly caused by the allocation of the prices paid for the business combinations between Gruppo Banco Popolare and Gruppo Banca Popolare di Milano completed in FY 2017 and between Gruppo Banco Popolare di Verona e Novara and Gruppo Banca

Popolare Italiana, completed in FY 2007. It should be also noted that as of the second half of 2022 also the impact from the combination of Banco BPM Vita and Banco BPM Assicurazioni was accounted for, including the fair value remeasurement of the previous equity interest in accordance with step acquisitions under IFRS 3.

These effects have been recognized, net of the tax effect, under the separate line-item of the reclassified income statement "Purchase Price Allocation, after tax".

More specifically, the impact on the consolidated P&L as at 30 September 2023 caused by the reversal effect of value adjustments of purchased net assets on net interest income came in at € - 7.3 million (in connection with the evolution of the various valuations of purchased assets) and at € - 24.7 million on other net operating income (due to the depreciation of intangibles recognized under the PPA). Net of the tax effect, the overall impact posted under the reclassified P&L line-item "Purchase Price Allocation, after tax" in 9M 2023 added up to € -21.5 million (€ -32.1 million in the same period of 2022).

3. Charges generated by the contribution to the resolution mechanisms

The last annual portion of the ex-ante contributions paid to the Single Resolution Fund to meet the minimum capital amount required by the BBRD, and the estimated amount of the ordinary contribution due for FY 2023 to the Interbank Deposit Protection Fund, totaling € 188.6 million, were charged to the 9M 2023 income statement under the line-item "After-tax banking industry charges". Net of the related tax effect, they came to € 127.3 million. In the same period of the prior year the total after-tax charge added up to € 151.8 million (€ 225.0 million gross).

4. Changes in the consolidation scope

Over the period, the main changes in the consolidation scope were represented by the entry of the company Banco BPM Invest SGR S.p.A., set up in July, and fully owned by the Parent company. The company, whose authorization procedure has been set in motion with the competent authorities, shall engage in the business of asset management.

Note also the exit from the consolidation scope of the subsidiary Consorzio AT01, under full consolidation, and of the associate Bussentina S.c.r.l. carried at equity, following their cancellation from the competent Companies Registers upon completion of the liquidation procedures.

These transactions did not give rise to any impact on the Group's financial and operating situation as at 30 September 2023.

As to the binding agreement for the creation of a strategic partnership aimed at developing a new Italian independent entity in the digital payments space, under which Banco BPM's e-money business and the stake in Tecmarket are to be transferred to the joint venture BCC Pay S.p.A., note that for the preparation of the financial report as at 30 September 2023, the related assets and liabilities under disposal were reclassified in the specific balance sheet items "Non-current assets held for sale and discontinued operations" and "Liabilities associated with discontinued operations", in accordance with IFRS 5.

5. Non-recurring items in the income statement of Gruppo Banco BPM

Please note that as at 30 September 2023 there were no material non-recurring items.

6. Capital requirements regulation

Clarifications on the calculation procedure for capital ratios

The capital ratios as at 30 September 2023 reported in this news release have been calculated by including the interim net income accruing at the end of the first nine months of 2023, net of the expected dividend payout ratio based on the specific applicable regulation⁴⁹. To this regard, please note that we shall apply for the permission to include the above net income in the own funds calculation pursuant to art. 26 paragraph 2 of Regulation (EU) no. 575/2013.

Minimum requirements

With communication of 25 November 2022, the Bank of Italy confirmed that the Banco BPM banking group is an 'Other Systemically Important Institution' (O-SII) for FY 2023. The O-SII buffer accounted for 0.25% of regulatory requirements.

With communication of 23 June 2023, the Bank of Italy confirmed the Countercyclical Capital Buffer ratio for the exposures to Italian counterparties at zero percent also for Q3 2023. Moreover, on 22 September 2023, the Bank of Italy confirmed this same ratio also for the fourth quarter of the current financial year.

On 15 December 2022, the European Central Bank (ECB) notified Banco BPM its SREP decision for FY 2023, raising the Pillar 2 capital requirement (P2R) to 2.57%, basically unchanged compared to the previous year's requirement net of the effect of the release of the deduction calculated under art. 3 of CRR (Regulation EU no. 575/2013), whose positive effects on capital ratios and on the MDA buffer have been reckoned based on the position as of 31 December 2022.

⁴⁹ Pursuant to art. 5 of decision (EU) 2015/656 of the European Central Bank of 4 February 2015, dividends to be deducted from the half-year profits, for which inclusion in own funds is being asked, amount to 50% of the interim results, as, in the absence of a formal decision passed by the Board of Directors on the allocation of the FY 2023 net income, the rules set forth in art. 5.3 of said Decision were applied.

Therefore, considering also the countercyclical capital buffer established by the competent national authorities for exposures towards countries where the Group operates, equal to 0.04%, the minimum requirements Banco BPM must comply with in 2023, until a new communication is issued, are ⁵⁰:

- CET 1 ratio: 8.74%;
- Tier 1 ratio: 10.72%;
- Total Capital ratio: 13.36%.

Transitional provisions

As of 1 January 2023, transitional provisions no longer apply, therefore the capital ratios can be qualified as "fully-loaded". Indeed, at the beginning of the year the transition period of the provisions introduced by art. 473 bis of Regulation EU no. 575/2013 (CRR), that phased in the impact on own funds produced by the adoption of the new impairment model introduced by IFRS 9, has expired, together with the option under art. 468 of Regulation (EU) no. 575/2013 (CRR) to remove 40% of unrealized gains and losses accrued from 31 December 2019 on debt securities measured at fair value when calculating own funds, with effect on comprehensive income represented by debt instruments related to exposures to central, regional, and local governments under article 115, paragraph 2, of CRR and to other public sector entities under article 116, paragraph 4.

7. Sovereign risk exposure represented by debt securities

The table below provides an illustration of the banking Group's sovereign risk exposure (debt securities included in the financial assets portfolios) as at 30 September 2023, broken down by single Country and by category of the classification accounting portfolio:

30 September 2023 <i>(data in million euro)</i>				
Countries/Accounting portfolios	Fin. ass. measured at amortized cost	Fin. ass. measured at fair value through other comprehensive income	Fin. ass. measured at fair value through profit or loss	Total
Italy	9.417	2.496	101	12.014
France	5.006	1.380	-	6.386
USA	2.230	1.542	-	3.772
Spain	3.604	1.080	-	4.684
Germany	2.470	846	-	3.316
Other Countries	584	199	-	783
Total	23.311	7.543	101	30.955

As at 30 September 2023, the banking Group's sovereign debt exposure totaled € 31.0 billion (€ 29.8 billion as at 31 December 2022), of which 75.3% was classified in the portfolio of financial assets measured at amortized cost, 24.4% under financial assets measured at fair value through other comprehensive income, and 0.3% in the portfolio of financial assets measured at fair value through profit or loss, as they were held for trading.

More than 87% of this exposure refers to securities issued by members of the European Union; notably about 39% by Italy.

As regards financial assets measured at fair value through other comprehensive income, as at 30 September 2023 the reserves generated by the fair value measurement of debt securities posted a negative amount equal to € 564.8 million, net of tax effect, of which € -540.2 million refer to government bonds (€ -79.2 million for Italian government bonds and € -461.0 million for other government bonds).

As to financial assets measured at amortized cost, the book value came out at € 23.3 billion, of which € 9.4 billion represented by Italian government bonds. For information purposes only, note that the fair value of the government bonds classified in this accounting category, measured based on the market prices as at 30 September 2023 (level 1 in the fair value classification) totaled € 22.5 billion (€ 9.2 billion being the fair value of the Italian government bonds alone).

The debt securities management is still consistent with the decisions made in the prior financial years; no business model change calling for a portfolio reclassification took place over the period.

8. Other explanatory notes

The reclassified balance sheet and income statements reflect on a consolidated basis the financial accounts of Banco BPM and its subsidiaries with respect to 30 September 2023, or, when not available, the most recently approved financial reports. Similarly, the equity method-based accounting of associates was carried out based on the accounting information as at 30 September 2023 submitted to Banco BPM, or, if not available, on the most recent financial reports prepared by the associates.

Attachments

The prior year's balances have been restated to allow a like-for-like comparison with FY 2023 balances. For more details, please refer to explanatory note no. 1.

⁵⁰ These requirements are calculated as follows:

- The Pillar I minimum requirement of 8% (of which 4.5% CET1; 1.5% AT1 and 2% AT2)
- the P2R requirement of 2.57% set by the ECB must be met by 56.25% with CET1 and by 75% with TIER1 capital;
- the Capital Conservation buffer of 2.50% to be fully met with CET1 capital;
- the O-SII buffer of 0.25% to be fully met with CET1 capital;
- the Countercyclical Capital buffer of 0.04% to be fully met with CET1 capital.

- Reclassified consolidated statement of financial position as at 30 September 2023 compared with data as at 31 December 2022
- 9M 2023 reclassified consolidated income statement compared with data as at 9M 2022
- Reclassified consolidated income statement – 2023 and 2022 quarterly evolution
- Reclassified consolidated income statement – FY 2022 impact tied to the application of IFRS 17 to insurance companies

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BANCO BPM Group

Reclassified consolidated balance sheet

TOTAL ASSETS <i>(in euro thousand)</i>	30/09/2023	31/12/2022 Restated	Chg.	Chg. %
Cash and cash equivalents	17,616,665	13,130,815	4,485,850	34.2%
Financial assets at amortised cost	111,925,622	113,632,853	-1,707,231	-1.5%
- Due from banks	3,877,185	4,177,893	-300,708	-7.2%
- Customer loans	108,048,437	109,454,960	-1,406,523	-1.3%
Other financial assets	44,853,032	43,093,541	1,759,491	4.1%
- Financial assets designated at FV through P&L	8,309,782	8,206,881	102,901	1.3%
- Financial assets designated at FV through OCI	10,201,527	9,380,520	821,007	8.8%
- Financial assets at amortised cost	26,341,723	25,506,140	835,583	3.3%
Financial assets pertaining to insurance companies	5,805,234	5,892,769	-87,535	-1.5%
Equity investments	1,651,498	1,652,549	-1,051	-0.1%
Property and equipment	2,794,950	3,034,689	-239,739	-7.9%
Intangible assets	1,235,365	1,255,124	-19,759	-1.6%
Tax assets	4,196,229	4,585,484	-389,255	-8.5%
Non-current assets held for sale and discontinued operations	529,326	195,792	333,534	170.4%
Other assets	3,855,523	3,334,518	521,005	15.6%
Total Assets	194,463,444	189,808,134	4,655,310	2.5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY <i>(in euro thousand)</i>	30/09/2023	31/12/2022 Restated	Chg.	Chg. %
Banking Direct Funding	120,705,294	120,639,083	66,211	0.1%
- Due from customers	103,584,636	107,679,408	-4,094,772	-3.8%
- Debt securities and financial liabilities designed at FV	17,120,658	12,959,675	4,160,983	32.1%
Insurance Direct Funding & Insurance liabilities	5,614,556	5,742,601	-128,045	-2.2%
- Financial liabilities measured at FV pertaining to insurance companies	1,420,411	1,459,075	-38,664	-2.6%
- Liabilities pertaining to insurance companies	4,194,145	4,283,526	-89,381	-2.1%
Due to banks	22,623,201	32,635,805	-10,012,604	-30.7%
Debts for Leasing	498,472	627,921	-129,449	-20.6%
Other financial liabilities designated at FV	27,773,551	13,597,650	14,175,901	104.3%
Other financial liabilities pertaining to insurance companies	2,088	439	1,649	375.6%
Liability provisions	874,455	988,852	-114,397	-11.6%
Tax liabilities	293,502	267,873	25,629	10%
Liabilities associated with assets held for sale	243,761	25,821	217,940	N.S.
Other liabilities	2,217,605	2,265,592	-47,987	-2%
Total Liabilities	180,846,485	176,791,637	4,054,848	2.3%
Minority interests	286	720	-434	-60.3%
Shareholders' equity	13,616,673	13,015,777	600,896	4.6%
Consolidated Shareholders' Equity	13,616,959	13,016,497	600,462	4.6%
Total Liabilities and Shareholders' Equity	194,463,444	189,808,134	4,655,310	2.5%

The item "Customer Loans" includes the Senior notes coming from the securitizations of Non-performing Loans for an amount of € 1.5bn

The previous year's figures have been restated to reflect the retrospective application of IFRS 17 to subsidiary and associated insurance companies, and also for the application of IFRS 9 to subsidiary

BANCO BPM Group

Reclassified consolidated income statement

<i>(in euro thousand)</i>	30/09/2023	30/09/2022 Restated	Chg.	Chg. %
Net interest income	2,421,573	1,590,452	831,121	52.3%
Income (loss) from investments in associates carried at equity	94,747	97,628	-2,881	-3.0%
Net interest, dividend and similar income	2,516,320	1,688,080	828,240	49.1%
Net fee and commission income	1,408,209	1,440,060	-31,851	-2.2%
Other net operating income	52,563	52,069	495	0.9%
Net financial result	-65,269	251,934	-317,203	
Income from insurance business	32,738	8,598	24,140	280.8%
Other operating income	1,428,241	1,752,661	-324,420	-18.5%
Total income	3,944,561	3,440,741	503,821	14.6%
Personnel expenses	-1,210,404	-1,210,489	85	0.0%
Other administrative expenses	-501,877	-477,838	-24,039	5.0%
Net value adjustments on property and equipment and intangible assets	-197,735	-195,183	-2,552	1.3%
Operating costs	-1,910,016	-1,883,510	-26,506	1.4%
Profit (loss) from operations	2,034,545	1,557,231	477,315	30.7%
Net adjustments on loans to customers	-383,551	-497,590	114,039	-22.9%
Profit (loss) on fair value measurement of tangible assets	-44,149	-48,355	4,206	-8.7%
Net adjustments on other assets	128	-8,568	8,696	
Net provisions for risks and charges	-13,846	-28,994	15,148	-52.2%
Profit (loss) on the disposal of equity and other investments	75	1,743	-1,668	-95.7%
Income (loss) before tax from continuing operations	1,593,202	975,467	617,736	63.3%
Tax on income from continuing operations	-500,075	-321,443	-178,633	55.6%
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	1,093,127	654,024	439,103	67.1%
Systemic charges after tax	-127,275	-151,838	24,563	-16.2%
Goodwill & Client Relationship impairment after tax	-	-8,132	8,132	
Impact from the change in Own Credit Risk on certificates issued, after tax	-1,400	25,331	-26,731	
Purchase Price Allocation (PPA) after tax	-21,493	-32,131	10,638	-33.1%
Income (loss) attributable to minority interests	434	158	276	174.7%
NET INCOME (LOSS) FOR THE PERIOD	943,393	487,412	455,981	93.6%

The previous year's figures have been restated to reflect the retrospective application of IFRS 17 to subsidiary and associated insurance companies, and also for the application of IFRS 9 to subsidiary

BANCO BPM Group

Reclassified consolidated income statement - Quarterly evolution

<i>(in euro thousand)</i>	Q3 2023	Q2 2023	Q1 2023	Q4 2022 Restated	Q3 2022 Restated	Q2 2022 Restated	Q1 2022 Restated
Net interest income	868,673	809,926	742,974	723,957	551,319	527,591	511,542
Income (loss) from investments in associates carried at equity	34,140	24,295	36,312	38,355	39,460	15,729	42,439
Net interest, dividend and similar income	902,813	834,221	779,286	762,312	590,779	543,320	553,981
Net fee and commission income	460,006	469,549	478,654	447,262	473,197	486,771	480,092
Other net operating income	19,146	16,503	16,914	19,491	20,376	15,028	16,665
Net financial result	-22,777	-8,356	-34,136	-8,951	75,138	48,863	127,933
Income from insurance business	8,158	14,969	9,611	13,102	8,598	-	-
Other operating income	464,533	492,665	471,043	470,904	577,309	550,662	624,690
Total income	1,367,346	1,326,886	1,250,329	1,233,216	1,168,088	1,093,982	1,178,671
Personnel expenses	-402,150	-402,858	-405,396	-391,918	-397,285	-405,342	-407,862
Other administrative expenses	-165,053	-166,630	-170,194	-170,411	-159,635	-162,650	-155,553
Net value adjustments on property and equipment and intangible assets	-68,084	-65,191	-64,460	-84,553	-69,886	-64,059	-61,238
Operating costs	-635,287	-634,679	-640,050	-646,882	-626,806	-632,051	-624,653
Profit (loss) from operations	732,059	692,207	610,279	586,334	541,282	461,931	554,018
Net adjustments on loans to customers	-124,832	-121,264	-137,455	-184,691	-193,909	-152,553	-151,128
Profit (loss) on fair value measurement of tangible assets	-11,774	-30,469	-1,906	-59,992	-7,510	-39,609	-1,236
Net adjustments on other assets	-1,041	488	681	-538	-3,028	-2,346	-3,194
Net provisions for risks and charges	-17,164	868	2,450	-28,220	-16,260	-4,608	-8,126
Profit (loss) on the disposal of equity and other investments	309	-388	154	515	277	-60	1,526
Income (loss) before tax from continuing operations	577,557	541,442	474,203	313,408	320,852	262,755	391,860
Tax on income from continuing operations	-182,956	-169,683	-147,436	-85,590	-90,424	-92,599	-138,420
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	394,601	371,759	326,767	227,818	230,428	170,156	253,440
Systemic charges after tax	-69,646	-351	-57,278	-49	-77,271	-	-74,567
Goodwill & Client Relationship impairment after tax	-	-	-	-	-	-8,132	-
Impact from the change in Own Credit Risk on certificates issued, after tax	1,168	-5,845	3,277	-20,513	-323	25,478	176
Purchase Price Allocation (PPA) after tax	-7,260	-6,830	-7,403	-10,248	-16,468	-7,173	-8,490
Income (loss) attributable to minority interests	97	373	-36	628	49	66	43
NET INCOME (LOSS) FOR THE PERIOD	318,960	359,106	265,327	197,636	136,415	180,395	170,602

The previous year's figures have been restated to reflect the retrospective application of IFRS 17 to subsidiary and associated insurance companies, and also for the application of IFRS 9 to subsidiary

BANCO BPM Group

Reclassified income statement

Impacts for the year 2022 related to the application of IFRS 17 to insurance companies

<i>(in euro thousand)</i>	IFRS 17 impacts on FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income					
Income (loss) from investments in associates carried at equity	-21,500	3,552	7,894	-25,743	-7,203
Net interest, dividend and similar income	-21,500	3,552	7,894	-25,743	-7,203
Net fee and commission income		-	-		
Other net operating income	-43	-21	-22		
Net financial result		-	-		
Income from insurance business	-10,018	-5,009	-5,009	-	-
Other operating income	-10,061	-5,030	-5,031	-	-
Total income	-31,561	-1,478	2,863	-25,743	-7,203
Personnel expenses	6,494	3,247	3,247		
Other administrative expenses	2,131	1,065	1,066		
Net value adjustments on property and equipment and intangible assets	352	176	176		
Operating costs	8,977	4,488	4,489	-	-
Profit (loss) from operations	-22,584	3,010	7,352	-25,743	-7,203
Net adjustments on loans to customers					
Profit (loss) on fair value measurement of tangible assets					
Net adjustments on other financial assets					
Net provisions for risks and charges					
Profit (loss) on the disposal of equity and other investments					
Income (loss) before tax from continuing operations	-22,584	3,010	7,352	-25,743	-7,203
Tax on income from continuing operations	1,899	949	950		
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	-20,685	3,959	8,302	-25,743	-7,203
Systemic charges after tax					
Realignment of fiscal values to accounting values					
Goodwill & Client Relationship impairment after tax					
Impact from the change in Own Credit Risk on certificates issued, after tax					
Purchase Price Allocation (PPA) after tax	3,144	1,572	1,572		
Income (loss) attributable to minority interests					
NET INCOME (LOSS) FOR THE PERIOD	-17,541	5,531	9,874	-25,743	-7,203

This statement shows the total impact for the full year 2022 detailed for each individual item in the Reclassified Income Statement attributable to the restatement in application of IFRS 17.