



PRESS RELEASE

BANCO BPM FAR EXCEEDS THE CAPITAL REQUIREMENTS SET BY THE ECB FOR 2024

Banco BPM recorded a CET 1 ratio of 14.33% as of 30 September 2023, largely above 9.07% set by the ECB as minimum requirement to be met on a consolidated basis

Milan, 8 December 2023 - Banco BPM announces that it has received from the European Central Bank ("ECB") the notification of the prudential decision ("SREP decision"), containing the outcomes of the annual Supervisory Review and Evaluation Process—"SREP").

Taking into account the analyses and assessments made by the Supervisory Authority, the ECB has determined a "Pillar 2 Requirement" of 2.52% for 2024, an improvement from the level of 2.57% calculated for 2023.

As a result of the prudential decision, the Common Equity Tier 1 ratio requirement to be met on a consolidated basis will be 9.07%; this requirement includes:

- the minimum Pillar 1 requirement of 4.50%;
- a Pillar 2 capital requirement (P2R) of 1.53%, which includes 0.27% resulting from the so-called "calendar provisioning shortfall," fully charged to Common Equity Tier 1; this component has decreased from the value calculated for the previous year, which stood at 0.32%, but is charged to Common Equity Tier 1 for a percentage equal to 100%, whereas for 2023 the same percentage was limited to 56.25%;
- the capital conservation reserve equal to 2.50%;
- the O-SII buffer¹ which is equal to 0.50%, up from 0.25% reported for the previous year, due to a new calculation methodology adopted by the Bank of Italy;
- the countercyclical capital buffer of 0.04%².

In addition, as a result of this decision, the additional requirements that Banco BPM must meet are as follows:

- 11.00% in terms of Tier 1 capital ratio;
- 13.56% in terms of Total capital ratio.

The Banco BPM Group largely exceeds all the assigned prudential requirements, with capital ratios on a stated basis that were as follows as at 30 September:

- 14.33% Common Equity Tier 1 ratio
- 16.70% Tier 1 ratio
- 19.68% Total Capital ratio

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¹ Bank of Italy, in a notice dated November 21, 2023, identified the Banco BPM banking group as an Other Systemically Important Institution (O-SII) authorized in Italy also for 2024. As a result of the score obtained under the national systemic relevance measurement system, the group ranks within the second class and will have to maintain, as from 1st January 2024, an O-SII buffer of 0.50 percent of risk-weighted exposures. This value has been updated from the 0.25 percent required for 2023, following the EBA Guidelines, also to take into account the European Central Bank's new methodology for assessing the appropriateness of capital buffers for O-SIIs proposed by national authorities.

² This reserve was 0.003% in the requirement determined for 2023.