Disclosure to the Public by Entities
Pillar 3

Data as at 30 September 2023

This document is an accurate translation into English of the document in Italian approved by the Board of Directors. In case of any discrepancies or doubts between the English and the Italian versions of the Report, the Italian version prevails.

Contents

Introduction

References to the regulatory requirements of the Market Disclosure

The table below summarises the placement - as part of this quarterly disclosure to the market - of the regulatory requirements governed by the European legislation in force, in particular CRR2 Part Eight,[1] as developed by the new implementing technical standards on disclosures and the guidelines issued from time to time by the EBA.

EBA/ GL/ITS/	Code	Name in the Disclosure	Section of the Document
2020/04	KM1	Key metrics	Introduction
	CC1	Composition of regulatory own funds	Section 3 - Own Funds
	CC2	Reconciliation of regulatory own funds to the balance sheet in the audited financial statements	
	CCyB2	Amount of institution-specific countercyclical capital buffer	Section 4 - Capital requirements
	CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	
	MR1	Market risk under the standardised approach	
	MR2-B	RWEA flow statements of market risk exposures under the IMA	
	OV1	Overview of total risk weighted exposure amounts	
	CR8	RWEA flow statements of credit risk exposures under the IRB approach	
	LR1	LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	Section 16 - Leverage
	LR2	LRCom: Leverage ratio common disclosure	
	LR3	LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	
	LIQ1	Quantitative information of LCR	Section 17 - Liquidity risk

Periodic disclosure provided to the market regarding the Group's capital adequacy (Pillar 3 Disclosure)

Supervisory regulations require that banks fulfil specific obligations to publish information regarding their capital adequacy, exposure to risks and the general characteristics of the systems for identifying, measuring and managing these risks, and to supply information, on an annual basis, on remuneration practices and policies in order to strengthen the role of market discipline.

The prudential requirements for banks and investment firms contained in Regulation (EU) no. 575/2013 entered into force on 30 June 2021. These were updated by Regulation (EU) no. 876/2019 (CRR 2), later amended by Regulation (EU) no. 873/2020 and Directive 2013/36/EU as updated by Directive (EU) no. 878/2019 (CRD V), which transpose the standards defined by the Basel Committee on Banking Supervision (Basel 4 framework) to the European Union.

[1] This is Regulation (EU) no. 2019/876 (CRR2), which amends Regulation (EU) no. 575/2013 (CRR). In Article 434a, it instructs the EBA to develop the Implementing Technical Standards (ITS) that specify the standard disclosure formats required by Titles II and III, Part Eight of the CRR.

The regulatory framework is completed with the implementation measures, contained in the regulatory technical standards or implementing technical standards (RTS or ITS) adopted by the European Commission at the proposal of the European Supervisory Authorities.

In Italy, the common regulations are implemented by the Bank of Italy through Circular no. 285 of 17 December 2013 and subsequent updates "Supervisory Provisions for Banks".

The Banco BPM Group publishes the information according to the frequency established by Article 433a CRR2 and this document, entitled "Disclosure to the Public by Entities", constitutes fulfilment of the aforementioned regulatory obligations and is drawn up on a consolidated basis.

The preparation of the Pillar 3 Disclosure is also regulated by the "Template for Disclosure to the Public", approved annually by the Board of Directors of Banco BPM, which - together with the internal reference regulations - define the formal and comprehensive policy on the Group's disclosure to the market, in order to pursue full compliance with the Pillar 3 Disclosure.

The Market Disclosure of the Banco BPM Group is therefore structured in the light of indications and guidelines on disclosure issued over time by the EBA and summarised in Bank of Italy Circular 285/2013.

Specifically, they pertain to EBA/GL/2014/14, on the relevance, exclusivity, confidentiality and frequency of the disclosure, pursuant to Articles 432(1), 432(2) and 433 of Regulation (EU) 575/2013 ("CRR").

Note that on 24 January 2022, the EBA published its final draft implementing technical standards (ITS) on disclosures that supervised intermediaries must provide to the market regarding environmental, social and governance (ESG) risks, developed in compliance with Article 449a CRR. These were transposed into Commission Implementing Regulation (EU) 2022/2453 on 20 November 2022. These arrangements, in force from 28 June 2022, require Entities to publish their first disclosure on the subject in their annual reports from 31 December 2022 and every six months thereafter, adopting a gradual approach of introducing these disclosure obligations (phase-in period from December 2022 to December 2024).

The transitional rules introduced with Article 473a of Regulation (EU) no. 575/2013 (CRR), which dilutes over time the impact on own funds deriving from the application of the new impairment model introduced by the accounting standard IFRS 9 expired from the beginning of the year, as did the option set forth in Article 468 of Regulation (EU) no. 575/2013 (CRR)[2] which permitted exclusion from the own funds calculation of a variable amount of unrealised accumulated gains and losses from 31 December 2019 on debt securities measured at fair value through other comprehensive income.[3] Consequently, the obligation to provide specific information on the impacts of the aforementioned transitional arrangements no longer exists.

[2] Amended by Regulation (EU) no. 2020/873 of 24 June 2020 (CRR "Quick fix").

[3] In detail, these are exposures in debt instruments issued by central governments, regional governments or local authorities pursuant to Article 115(2) CRR and exposures to public sector entities pursuant to Article 116(4).

From 1 January 2023, the reporting and public disclosure obligations on loans subject to support measures in response to the Covid-19 crisis (EBA/GL/2020/07), introduced from 30 June 2020 in the context of the pandemic, were also repealed. On 16 December 2022, the EBA announced the repeal of the aforementioned obligations, taking into account the general standardisation context, which saw a continuous decrease in the volume of loans subject to various forms of payment moratoria and public guarantees during 2022.

The qualitative and quantitative information as at 30 September 2023, based on the contents required by the regulations referenced above, is presented below.

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In compliance with the aforementioned disclosure and frequency obligations, this document is published on the website www.gruppo.bancobpm.it in the *Investor Relations* section.

All amounts shown in the tables below are stated in thousands of euro, unless otherwise indicated.

Changes to certain figures as at 31 December 2022 shown for comparative purposes

In December 2022, Banco BPM completed a significant and complex restructuring of non-performing loans attributable to a leading real estate group, aimed at pursuing an active management of the properties underlying the aforementioned exposures, with the support of a specialised partner and the inflow of new financing for development of the properties by third parties. The transaction, called "Project Wolf", is described in the Notes to the consolidated financial statements and, more specifically, on pages 203-204 of the Annual Financial Report 2022 published on the Group's website.

As a result of the transaction, as at 31 December 2022 the new restructured loans were classified in the accounting portfolio of "Financial assets mandatorily measured at fair value" and recognised in the financial statements for a total value of 219 million euro. The aforementioned loans were classified as "performing exposures" as it was deemed that, taking into account the extraordinary elements that characterised the transaction and which substantially resulted in a change in the ownership and control structures of the initiative and a significant improvement in the overall position of the customer, the restructuring transaction did not represent an ordinary forbearance measure. On page 373 of the same Report, it was also stated that, at the date of its preparation, this interpretation was the subject of ongoing discussion with the Supervisory Authority. The ECB's examination referred exclusively to the classification of exposures for prudential purposes, without prejudice to their classification and measurement for accounting purposes in the financial statements as at 31 December 2022, as the different prudential classification has no impact on the determination of their fair value. Following the publication of the Annual Financial Report 2022 and the Pillar 3 Disclosure as at 31 December 2022, on completion of its analyses the ECB announced that, from a prudential point of view, the finalised restructuring transaction in any event represents a forbearance measure against which it is not possible to change the classification of the exposure, which remains a "non-performing exposure". In compliance with the aforementioned indications, from 31 March 2023 the bank restored the prudential classification of the loans in question as "non-performing exposures".

When preparing this disclosure, it also accordingly amended the figures as at 31 December 2022 shown in certain tables, compared to those stated in the Pillar 3 disclosure as at 31 December 2022 published on the Group's website. The amended figures are specifically highlighted in the following pages of this disclosure.

Recognition of financial conglomerate status

On 7 March 2023, the Banco BPM Group obtained the status of financial conglomerate as defined by Article 3, Italian Legislative Decree no. 142 of 30 May 2005. The ECB's decision accepts the application submitted by Banco BPM following the acquisition of full control over the insurance companies Banco BPM Vita SpA and Banco BPM Assicurazioni SpA, also involving alignment of the supervisory activity performed by the Supervisory Authority with the overall activity carried out by the Group as a financial conglomerate.

Lastly, note that on 3 November 2023 the Banco BPM Group received authorisation from the European Central Bank pursuant to Article 49(1) of Regulation (EU) no. 575/2013 (CRR) not to deduct the book value of the equity investment in Banco BPM Vita S.p.A. from Common Equity Tier 1 Capital. As a result of the authorisation obtained, the equity investment not deducted from own funds is considered an exposure to credit risk to be weighted in compliance with the CRR.

Capital adequacy ratios as at 30 September 2023

Own funds and capital ratios as at 30 September 2023, illustrated below, were determined by applying the provisions of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as updated by the modification rules subsequently issued[4].

Based on the provisions of Article 26.2 of Regulation (EU) no. 575/2013 of 26 June 2013, the inclusion of interim profit in Common Equity Tier 1 Capital (CET1) is subject to the prior authorisation from the European Central Bank, which requires these profits to be verified by the independent auditors.

In this regard, note that the Banco BPM Group's consolidated balance sheet and income statement as at 30 September 2023 were audited with a view to obtaining the aforementioned authorisation. The capital data and ratios contained in this report therefore include the interim profit as at 30 September 2023, resulting from the Group's consolidated balance sheet and income statement approved by the Board of Directors on 7 November

[4] More specifically, the data were calculated in consideration of the regulations in force as at 30 September 2023 and the interpretations issued prior to 7 November 2023, the date on which the Board of Directors approved the interim profit (loss) for the year as at 30 September 2023.

2023, net of the portion that is expected to be distributed as a dividend, based on specific applicable regulations.[5]

As at 30 September 2023, Own Funds totalled 11,510 million euro, against weighted assets of 58,491 million euro, mostly arising from credit and counterparty credit risks and, to a lesser extent, operational and market risks.

The Total Capital Ratio stood at 19.7%; the Group Tier 1 Ratio (Tier 1 Capital to total RWEAs) stood at 16.7%. The Common Equity Tier 1 Ratio (Common Equity Tier 1 to RWEAs) was 14.3%.

[5] Pursuant to the provisions of Article 5, European Central Bank Decision (EU) 2015/656 of 4 February 2015, the dividends to deduct from the amount of interim profit, which are to be included in own funds, correspond to the amount formally proposed or decided by the management body. If the proposal or decision has not yet been adopted, the dividend to deduct is equal to the higher of the following: a) the maximum dividend calculated in accordance with internal policy on dividends; b) the dividend calculated on the basis of the average pay-out ratio over the last three years; c) the dividend calculated on the basis of the previous year's pay-out ratio. By applying this rule, the dividend deducted from interim profit at the end of the first nine months corresponds to the dividend calculated on the basis of the pay-out ratio of the previous year, which is 50% of the above figure.

Template EU KM1: key metrics (1 of 2)

* for each quarter, the average figures for the previous 12 months are reported.

		a	b	c	d	e
		30/09/2023	30/06/2023	31/03/2023	31/12/2022*	30/09/2022
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	8,380,949	8,386,026	8,076,086	8,604,413	8,315,629
2	Tier 1 Capital	9,770,743	9,775,819	9,465,880	9,994,207	9,705,423
3	Total capital	11,510,185	11,483,702	11,192,179	11,718,590	11,495,456
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	58,490,569	58,859,295	59,513,827	60,063,122	61,606,250
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	14.33%	14.25%	13.57%	14.33%	13.50%
6	Tier 1 ratio (%)	16.71%	16.61%	15.91%	16.64%	15.75%
7	Total capital ratio (%)	19.68%	19.51%	18.81%	19.51%	18.66%
Additional own fund requirements to address risks other than the risk of excessive leverage (as a % of risk-weighted exposure amount)						
EU 7a	Additional own fund requirements to address risks other than the risk of excessive leverage (%)	2.57%	2.57%	2.57%	2.25%	2.25%
EU 7b	Of which: to be made up of CET1 capital (percentage points)	1.45%	1.45%	1.45%	1.27%	1.27%
EU 7c	Of which: to be made up of Tier 1 capital (percentage points)	1.93%	1.93%	1.93%	1.69%	1.69%
EU 7d	Total SREP own funds requirements (%)	10.57%	10.57%	10.57%	10.25%	10.25%
Combined buffer and overall capital requirement (as a % of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential risk or systemic risk identified at Member State level (%)	-	-	-	-	-
9	Institution-specific countercyclical capital buffer (%)	0.040%	0.029%	0.016%	0.011%	0.003%
EU 9a	Systemic risk capital buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	0.25%	0.25%	0.25%	0.25%	0.25%
11	Combined buffer requirement (%)	2.79%	2.78%	2.77%	2.76%	2.75%
EU 11a	Overall capital requirements (%)	13.36%	13.35%	13.34%	13.01%	13.00%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.38%	8.30%	7.62%	8.56%	7.73%

(*) Figures amended with respect to those contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the specific paragraph of this introduction.

Template EU KM1: key metrics (2 of 2)

		a	b	c	d	e
		30/09/2023	30/06/2023	31/03/2023	31/12/2022*	30/09/2022
Leverage ratio						
13	Total exposure measure	196,590,762	201,645,484	200,939,997	191,941,044	200,479,265
14	Leverage ratio (%)	4.97%	4.85%	4.71%	5.21%	4.84%
Additional own funds requirements to address the risk of excessive leverage (as a % of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a % of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity coverage ratio*						
15	Total high-quality liquid assets (HQLA) (weighted value - average)	34,231,933	35,174,111	36,437,576	37,669,436	39,274,591
EU 16a	Cash outflows - Total weighted value	22,956,552	23,424,988	23,977,542	24,595,211	24,784,300
EU 16b	Cash inflows - Total weighted value	4,822,749	5,120,564	5,311,535	5,380,110	5,085,953
16	Total net cash outflows (adjusted value)	18,133,803	18,304,424	18,666,008	19,215,101	19,698,348
17	Liquidity Coverage Ratio (%)	189.39%	192.81%	195.59%	196.16%	199.51%
Net Stable Funding Ratio						
18	Total available stable funding	121,769,976	127,777,896	126,222,431	131,419,433	141,587,760
19	Total required stable funding	95,189,006	97,084,641	96,907,990	100,034,355	107,023,254
20	NSFR (%)	127.92%	131.61%	130.25%	131.37%	132.30%

(*) Figures amended with respect to those contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the specific paragraph of this introduction

Own Funds

Template EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

The tables on the features of own funds instruments are uploaded in editable format (Excel) on the Group's institutional website.

The template provides a description of instruments issued by the entity and eligible for calculation in:

- Common Equity Tier 1 Capital;
- Additional Tier 1 Capital;
- Tier 2 Capital.

Amounts are shown in millions of euro.

Composition of own funds

The tables of own funds (Regulatory Capital) and risk assets are presented below, calculated in accordance with the rules stated in the introduction.

The composition of own funds as at 30 September 2023 is also presented. This uses the template for the publication of information on own funds, in accordance with Annex VII of Implementing Regulation (EU) no. 637 of 15 March 2021, compiled according to the pertinent instructions in Annex VIII.

Template EU CC1: composition of regulatory own funds

		30/09/2023	
		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and related share premium accounts	7,100,000	EU CC2 - SHAREHOLDERS' EQUITY 170
	Of which ordinary shares	7,100,000	EU CC2 - SHAREHOLDERS' EQUITY 170
	Of which instrument type 2		
	Of which instrument type 3		
2	Retained earnings	-	
3	Accumulated other comprehensive income (and other reserves)	4,183,299	EU CC2 - SHAREHOLDERS' EQUITY 120 + EU CC2 - SHAREHOLDERS' EQUITY 150
EU-3a	Funds for general banking risks	-	
4	Amount of qualifying items referred to in Article 484(3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	479,693	EU CC2 - SHAREHOLDERS' EQUITY 200.1
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**11,762,992**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(53,779)	
8	Intangible assets (net of related tax liability) (negative amount)	(969,681)	EU CC2 - ASSETS 70.2 + EU CC2 - ASSETS 100.1 and 100.3 + EU CC2 - LIABILITIES 60 b.1
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) CRR are met) (negative amount)	(822,459)	EU CC2 - ASSETS 110 b.1/1
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not measured at fair value	22,081	EU CC2 - SHAREHOLDERS' EQUITY 150.1
12	Negative amounts resulting from the calculation of expected loss amounts	(5,999)	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities measured at fair value resulting from changes in own credit standing	40,677	EU CC2 - SHAREHOLDERS' EQUITY 120.1 for 24.5 million euro (16.2 million euro in Income Statement)
15	Defined-benefit pension fund assets (negative amount)	-	

		30/09/2023	
		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
16	Direct, indirect and synthetic holdings by the institution of own CET1 instruments (negative amount)	(22,936)	EU CC2 - SHAREHOLDERS' EQUITY 180
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(828,897)	EU CC2 - ASSETS 70.1/1
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(21,258)	
EU-20b	Of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	Of which: securitisation positions (negative amount)	(21,258)	
EU-20d	Of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	(719,348)	
23	Of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	(361,359)	EU CC2 - ASSETS 70.1/2
25	Of which: deferred tax assets arising from temporary differences	(357,989)	EU CC2 - ASSETS 110 b.1/2
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items, except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(443)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1) capital**	**(3,382,043)**	
29	**Common Equity Tier 1 (CET1) capital**	**8,380,949**	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and related share premium accounts	1,389,794	EU CC2 - SHAREHOLDERS' EQUITY 140
31	Of which: classified as equity under applicable accounting standards	1,389,794	EU CC2 - SHAREHOLDERS' EQUITY 140

		30/09/2023	
		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
32	Of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries, subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**1,389,794**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**1,389,794**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**9,770,743**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and related share premium accounts	1,894,504	EU CC2 - LIABILITIES 10.1
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries, subject to phase out	-	
50	Credit risk adjustments	37,030	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,931,534**	
	Tier 2 (T2) Capital: regulatory adjustments		

		30/09/2023	
		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(192,092)	EU CC2 - ASSETS 40.1
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(192,092)**	
58	**Tier 2 (T2) capital**	**1,739,443**	
59	**Total Capital (TC = T1 + T2)**	**11,510,185**	
60	**Total risk-weighted exposure amount**	**58,490,569**	
	Capital ratios and requirements, including capital buffers		
61	Common Equity Tier 1 capital	14.33%	
62	Tier 1 Capital	16.71%	
63	Total capital	19.68%	
64	Institution CET1 overall capital requirements	8.74%	
65	Of which capital conservation buffer requirement	2.50%	
66	Of which countercyclical buffer requirement	0.040%	
67	Of which systemic risk buffer requirement	-	
EU-67a	Of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) capital buffer requirement	0.25%	
EU-67b	Of which additional own funds requirements to address risks other than the risk of excessive leverage	1.45%	
68	**Common Equity Tier 1 (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**8.38%**	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	391,185	EU CC2 - ASSETS 20.1 + EU CC2 - ASSETS 30.1 + EU CC2 - ASSETS 40.2 + EU CC2 - LIABILITIES 20.1
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)	631,605	EU CC2 - ASSETS 70.1/3

		30/09/2023	
		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met)	625,715	EU CC2 - ASSETS 110 b.1/3
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	37,030	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	133,589	
Capital instruments subject to phase out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Transitional arrangements applied by Banco BPM to calculate own funds up to 31 December 2022

Transitional arrangements to mitigate the impact of the introduction of IFRS 9 on own funds

Banco BPM had exercised the option for full application of the transitional arrangements envisaged in Article 473a of Regulation (EU) 575/2013, which allowed the impact on own funds resulting from application of the new impairment model introduced by accounting standard IFRS 9 to be deferred over time. The aforementioned transitional arrangements envisaged the option of including a positive transitional component in Common Equity Tier 1 equivalent to a percentage share of the increase in provisions for expected credit losses deriving from the application of IFRS 9. This percentage share decreased over five years, from 2018 to 2022. The percentage applicable to the final period - from 1 January 2022 to 31 December 2022 - was 25%.

From 1 January 2023 the impact of first-time adoption of IFRS 9 is fully recognised in the calculation of own funds.

Transitional arrangements to mitigate the impact on own funds of unrealised gains and losses resulting from the valuation of financial assets measured at fair value through other comprehensive income

From 30 June to 31 December 2022, Banco BPM made use of the option allowing application of the transitional arrangements envisaged in Article 468 of Regulation (EU) no. 575/2013, as amended by Regulation (EU) 2020/873 ("CRR Quick-fix").

On the basis of these arrangements, from 1 January to 31 December 2022 entities could exclude a portion corresponding to 40% of unrealised gains and losses, recognised from 31 December 2019 against the fair value measurement through other comprehensive income of debt securities issued by the central governments, regional governments, local entities referred to in Article 115(2), and public sector entities referred to in Article 116(4) of Regulation (EU) no. 575/2013, from the calculation of Own Funds.

From 1 January 2023 these transitional arrangements no longer apply.

Given the end of the transitional provisions, from 31 March 2023 the figures are "fully phased".

Reconciliation between book value of equity and own funds

		30/09/2023	31/12/2022 *
	Consolidated shareholders' equity	13,616,673	12,769,551
	Adjustments for companies that do not belong to the Banking Group	(14,126)	(23,123)
	Book value of shareholders' equity (Banking Group)	13,602,547	12,746,428
	minority interests	-	-
	reversal of own shares	22,936	18,266
	Profit (loss) for the period non-calculable	(472,697)	(351,492)
	Valuation reserves that can be excluded		
	Dividends		
	Instruments calculable in Additional Tier 1 capital	(1,389,794)	(1,389,794)
	Prudential filter on sale of property		
A.	**Common Equity Tier 1 (CET1) capital before the application of prudential filters**	**11,762,992**	**11,023,408**
	of which CET1 instruments subject to transitional arrangements	-	-
B.	**CET1 prudential filters (+/-)**	**8,979**	**6,260**
C.	**CET1 before items to be deducted and before the effects of the transitional arrangement (A +/- B)**	**11,771,971**	**11,029,668**
D.	**Items to be deducted from CET1**	**(3,391,022)**	**(3,343,996)**
E.	**Transitional arrangement - Impact on CET1 (+/-), including minority interests subject to transitional arrangements**	**-**	**918,741**
F.	**Total Common Equity Tier 1 (CET1) capital (C - D +/- E)**	**8,380,949**	**8,604,413**
G.	**Additional Tier 1 (AT1) capital before items to be deducted and before the effects of the transitional arrangement**	**1,389,794**	**1,389,794**
	of which AT1 instruments subject to transitional arrangements	-	-
H.	**Items to be deducted from AT1**	**-**	**-**
I.	**Transitional arrangement - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 under transitional arrangements**	**-**	**-**
L.	**Total Additional Tier 1 (AT1) capital (G - H +/- I)**	**1,389,794**	**1,389,794**
M.	**Tier 2 (T2) capital before items to be deducted and before the effects of the transitional arrangement**	**1,931,534**	**1,894,504**
	of which T2 instruments subject to transitional arrangements	-	-
N.	**Items to be deducted from T2**	**(192,092)**	**(170,121)**
O.	**Transitional arrangement - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 under transitional arrangements**	**-**	**-**
P.	**Total Tier 2 (T2) capital (M - N +/- O)**	**1,739,442**	**1,724,383**
Q.	**Total own funds (F + L + P)**	**11,510,185**	**11,718,590**

(*) Figures amended with respect to those contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the introductory notes of this disclosure.

Template EU CC2: reconciliation of regulatory own funds to the balance sheet in the audited financial statements

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Assets			
10. Cash and cash equivalents	17,616,665	17,485,640	
20. Financial assets at fair value through profit and loss	9,070,976	6,673,907	
20.1 of which: Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		288,313	EU CC1 72
30. Financial assets measured at fair value through other comprehensive income	13,629,896	10,201,527	
30.1 of which: Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		62,191	EU CC1 72
40. Financial assets at amortised cost	138,267,986	138,422,151	
40.1 of which: Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities		192,092	EU CC1 55
40.2 of which: Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		41,400	EU CC1 72
50. Hedging derivatives	1,615,030	1,614,611	
60. Fair value change of financial assets in macro fair value hedge portfolios (+/-)	-640,341	-640,341	
70. Interests in associates and joint ventures	1,651,498	2,064,424	
70.1 Interests in associates and joint ventures - significant influence - measured at equity	1,615,531	2,006,692	
70.1/1 of which: Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)		828,897	EU CC1 19
70.1/2 of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount exceeding the 17.65% threshold)		361,359	EU CC1 23
70.1/3 of which: Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below the 17.65% threshold and net of eligible short positions)		631,605	EU CC1 73
70.2 Interests in associates and joint ventures measured at equity, positive differences in shareholders' equity	35,967	57,732	EU CC1 8
80. Technical reserves of reinsurers	7,524	-	
90. Property, plant and equipment	2,794,950	2,750,188	
100. Intangible assets	1,235,365	1,200,046	

100.1 Goodwill	56,709	42,968	EU CC1 8
100.2 Other intangible assets	1,178,656	1,157,078	
100.3 of which: intangible assets deducted from own funds		988,228	EU CC1 8
110. Tax assets	4,196,229	4,180,266	
110.a current	286,268	286,104	
110.b deferred	3,909,961	3,894,162	
110.b.1 Deferred - Other than It. Law 214/2011	1,964,141	1,948,342	
110.b.1/1 of which: deferred tax assets that rely on future profitability, excluding those arising from temporary differences		822,459	EU CC1 10
110.b.1/2 of which: deferred tax assets arising from temporary differences (amount exceeding the 17.65% threshold)		357,989	EU CC1 25
110.b.1/3 of which: deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met)		625,715	EU CC1 75
110.b.2 deferred - Pursuant to It. Law 214/2011	1,945,820	1,945,820	
120. Non-current assets and disposal groups held for sale	529,326	444,939	
130. Other assets	4,488,341	4,355,864	
Total assets	**194,463,445**	**188,753,222**	
Liabilities			
10. Financial liabilities measured at amortised cost	143,808,005	143,830,620	
10.1 of which: Tier 2 instruments and related share premium accounts		1,894,504	EU CC1 46
20. Financial liabilities held for trading	23,546,618	23,546,618	
20.1 of which: Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		719	EU CC1 72
30. Financial liabilities designated at fair value	4,757,536	3,337,125	
40. Hedging derivatives	910,858	910,858	
50. Fair value change of financial liabilities in macro fair value hedge portfolios (+/-)	-1,126,355	-1,126,355	
60. Tax liabilities	293,502	267,613	
60.a current	37,762	30,866	
60.b deferred	255,740	236,747	
60.b.1. of which: deferred tax liabilities on goodwill and other intangible assets already offset as lower deductions of regulatory capital		119,247	EU CC1 8
70. Liabilities associated with disposal groups held for sale	243,761	203,638	
80. Other liabilities	3,343,961	3,303,993	
90. Provisions for employee severance pay	244,199	241,957	
100. Provisions for risks and charges	630,256	634,600	
110. Insurance liabilities	4,194,145	-	
Total liabilities	**180,846,486**	**175,150,667**	

Shareholders' equity			
120. Valuation reserves	-326,703	-326,703	EU CC1 3
120.1 of which: gains or losses on liabilities measured at fair value resulting from changes in own credit standing		-24,450	EU CC1 14
140. Equity instruments	1,389,794	1,389,794	EU CC1 31
150. Reserves	4,533,125	4,510,002	EU CC1 3
150.1 of which: fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not measured at fair value		22,081	EU CC1 11
170. Share capital	7,100,000	7,100,000	EU CC1 1
180. Own shares (-)	-22,936	-22,936	EU CC1 16
190. Minority interests (+/-)	286	8	
200. Profit (loss) for the year	943,393	952,390	
200.1 of which: calculable profit		479,693	EU CC1 EU-5a
Total shareholders' equity	**13,616,959**	**13,602,555**	
Total liabilities	**194,463,445**	**188,753,222**	

Analysis of changes in the aggregate amount of Own Funds in the period

(in thousands of euro)	30/09/2023
Common Equity Tier 1 (CET1) capital	
Opening balance *	**8,604,413**
CET1 instruments	**-183,827**
Increase/decrease in reserves from measurement at fair value through other comprehensive income	297,308
Profit (loss) for the period	952,390
Profit (loss) non-calculable	-472,697
Increase/decrease in shareholders' equity	-
Changes in other CET1 transitional items	-918,741
Increase/decrease in other reserves	-42,087
Increase/decrease in minority interests calculable in CET1	-
Prudential filters	**2,718**
Increase/decrease in regulatory value adjustments (prudent valuation)	-7,934
Increase/decrease in gains or losses on liabilities measured at fair value resulting from changes in own credit standing	11,152
Increase/decrease in cash flow reserve	-499
Deductions	**-42,355**
Increase/decrease in intangible assets (net of related tax liabilities)	10,462
Increase/decrease in significant investments in CET1 instruments of financial sector entities and tax assets from temporary differences exceeding the threshold	-77,986
Increase/decrease in tax assets from tax losses carried forward	-1,358
Increase/decrease in non-significant investments in CET1 instruments	-
Increase/decrease in excess of expected losses with respect to value adjustments (shortfall)	5,836
Increase/decrease in exposures deducted instead of risk-weighted at 1250%	20,924
Insufficient coverage of non-performing exposures	-233
Other CET1 deductions due to Article 3 CRR	-
Closing balance	**8,380,949**
Additional Tier 1 (AT1) capital	
Opening balance	**1,389,794**
AT1 instruments	**-**
Increase/decrease in AT1 instruments	-
Increase/decrease in minority interests calculable in AT1	-
Deductions	**-**
Increase/decrease in items to be deducted from AT1	-
Closing balance	**1,389,794**
Tier 2 (T2) capital	
Opening balance	**1,724,383**
T2 instruments	**37,030**
Increase/decrease in T2 instruments and subordinated liabilities	-
Decrease in T2 instruments calculable under grandfathering arrangements	
Increase/decrease in minority interests calculable in T2	-
Increase/decrease in excess of value adjustments with respect to expected losses	37,030
Deductions	**-21,971**
Increase/decrease in items to be deducted from T2	-21,971
Closing balance	**1,739,442**
Total own funds	**11,510,185**

(*) Figure amended with respect to that contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the introductory notes of this disclosure.

Common Equity Tier 1 (CET1) recorded a decrease of 223.5 million euro during the period. The most significant components underlying the above net decrease are as follows:

- the decrease of 918.7 million euro recorded in the item "changes in other CET1 transitional elements", following the end of application of the transitional arrangements from 1 January 2023, as illustrated in the paragraph "Transitional arrangements applied by Banco BPM to calculate own funds";

- the increase in valuation reserves of 297.3 million euro, of which 63.8 million euro deriving from the valuation of financial assets measured at fair value through other comprehensive income and 233.5 million euro from changes in other valuation reserves (mainly due to adoption of the new accounting standard IFRS 17, which required a review of the basis of presentation of insurance business in the financial statements from 1 January 2023);

- the decrease in other reserves of 42.1 million euro;

- the inclusion of 479.7 million euro, equal to the interim result in the first nine months (952.4 million euro) net of the dividend pay-out (472.7 million euro);[6]

- the positive change in prudential filters of 2.7 million euro, mainly as a result of the combined effect of the following components: i) offsetting the negative impact of changes in the fair value of financial liabilities due to changes in own credit standing (+11.2 million euro) and ii) increase in writedowns from prudent valuation (-7.9 million euro);

- the increase in deductions totalling 42.4 million euro, mainly due to the 78 million euro increase in significant investments in CET1 instruments of financial sector entities and tax assets from temporary differences exceeding the threshold This change is partly offset by the 21 million euro decrease in securitisation exposures deducted instead of risk-weighted at 1250%

Additional Tier 1 (AT1) capital did not change during the quarter.

Tier 2 capital (T2) recorded an increase of 15 million euro in the period as a result of the increased excess value adjustments compared to expected losses for 37 million euro, partly offset by the deductions for significant investments in Tier 2 instruments of other financial sector entities, which fell by 22 million euro.

[6] Pursuant to the provisions of Article 5 of European Central Bank Decision (EU) 2015/656 of 4 February 2015, the dividends to be deducted from the amount of the interim profit when requesting inclusion of the aforementioned profit in Common Equity Tier 1 capital are equal to 50% of the profit for the period as, in the absence of a formal Board of Directors decision regarding profit allocation, the rules envisaged in Article 5.3 of European Central Bank Decision (EU) 2015/66 were applied.

Capital requirements

Disclosure relating to Pillar 1 capital adequacy

The minimum requirements established by regulations

On the basis of current prudential supervisory provisions ("Supervisory Provisions for Banks" - Bank of Italy Circular no. 285 of 17 December 2013), the minimum Total Capital Ratio is set at 10.5% (including the capital conservation buffer, which is set at 2.5% as from 2019).

In December 2022, Banco BPM informed the market that it had received a notification from the European Central Bank of the prudential SREP decision containing the outcomes of the annual Supervisory Review and Evaluation Process (SREP).

Considering the analyses and evaluations performed by the Supervisory Authority, the consolidated Common Equity Tier 1 ratio requirement for 2023 is 8.71%. This requirement includes:

- the Pillar 1 capital requirement of 4.5%; a Pillar 2 capital requirement (P2R) of 2.57%[7], which must be met for at least 56.25% (corresponding to 1.27%) by CET1 and at least 75% by Tier 1;[8]
- a capital conservation buffer of 2.50%;
- the O-SII buffer1 equal to 0.25% of the total risk-weighted exposures[9];
- the countercyclical capital buffer of 0.011%.

The requirements for 2023 in terms of Common Equity Tier 1 ratio are shown below:

Banco BPM Group's prudential requirements - in terms of CET1 ratio	2023
Minimum Pillar 1 regulatory capital	4.500%
Pillar 2 requirement (P2R)	1.446%
Total SREP Capital Requirement (TSCR)	**5.946%**
Capital Conservation Buffer (CCB)	2.500%
Buffer for Other Systemically Important Institutions (O-SII)	0.250 %
Countercyclical capital buffer (CCyB)[10]	0.011%
Overall Capital Requirement (OCR)	**8.707%**

As at 30 September 2023, the Banco BPM Group was in full compliance with the required regulatory thresholds.

The Pillar 1 capital requirements of the Group

[7]The requirement is unchanged compared to the previous year if the effect deriving from release of the voluntary deduction pursuant to Article 3 of Regulation (EU) no. 575/2013 is considered when calculating own funds as at 31 December 2021.

[8] See Article 104.1.a of the new CRD V directive, which officially entered into force on 30 June 2021.

[9] With its communication of 18 November 2021, the Bank of Italy identified Banco BPM Group as an Other Systemically Important Institution (O-SII) from 2022. The O-SII reserve amounts to 0.25% starting from 1 January 2022.

[10] Calculated considering the respective requirements established by the competent national authorities for exposures as at 31 December 2022 in relation to the countries in which the Group operates. As at the date of drafting of this disclosure, the countercyclical capital buffer was 0.040% (as better described below), and consequently the OCR amounted to 8.736%.

The minimum capital requirement is equal to the sum of the capital requirements prescribed against credit, counterparty credit, market and operational risks. These requirements, in turn, arise from the sum of the individual requirements of companies in the Group's prudential scope of consolidation, after removing the effects of intercompany transactions.

As at 30 September 2023, the Banco BPM Group is authorised to use its own internal models to calculate regulatory capital absorption with reference to credit risk and market risk. In particular, for market risk, the scope of the validated models was recently extended to the foreign exchange risk component of the banking book. For more information on the validated models, see the 2022 Annual Disclosure.

The capital requirements and capital ratios of the Banco BPM Group as at 30 September 2023 are presented as follows.

Regulatory capital requirements and ratios of the Banco BPM Group

Disclosures	30/09/2023		31/12/2022 *	
	Weighted amounts	Requirements	Weighted amounts	Requirements
B. Regulatory Capital Requirements				
B.1 Credit Risk and Counterparty Credit Risk	**49,132,996**	**3,930,640**	**50,488,345**	**4,039,070**
1. Standardised Approach	25,829,220	2,066,338	25,699,764	2,055,983
2. Internal models - Basic	-	-	-	-
3. Internal models - Advanced	22,264,882	1,781,191	23,794,492	1,903,560
4. Equity instruments - IRB approach				
5. Securitisations	1,019,895	81,592	988,126	79,050
6. Prefunded contributions	18,999	1,520	5,963	477
B.2 Credit valuation adjustment (CVA) risk	**230,070**	**18,406**	**256,449**	**20,516**
B.3 Settlement risk	**1,464**	**117**	**1,845**	**148**
B.4 Market risk	**1,323,170**	**105,854**	**1,413,615**	**113,089**
1. Standardised Approach	7,592	607	6,025	482
2. Internal models	1,315,578	105,246	1,407,590	112,607
3. Concentration risk				
B.5 Operational Risk	**7,352,869**	**588,230**	**7,352,869**	**588,230**
1. Basic Approach	-	-	-	-
2. Standardised Approach	7,352,869	588,230	7,352,869	588,230
3. Advanced Approach	-	-	-	-
B.6 Other calculation items	**450,000**	**36,000**	**550,000**	**44,000**
B.7 Total Prudential Requirements	**58,490,569**	**4,679,246**	**60,063,122**	**4,805,053**

C. Capital adequacy ratios (%)		
C.1 Common Equity Tier 1 Ratio	**14.33%**	**14.33%**
C.2 Tier 1 Ratio	**16.71%**	**16.64%**
C.3 Total Capital Ratio	**19.68%**	**19.51%**

(*) Figures amended with respect to those contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the introductory notes of this disclosure.

Item B.6 «Other calculation items» includes the amount of the additional capital requirements which, in compliance with the provisions of Article 3 of Regulation (EU) no. 575/2013, the Bank has voluntarily decided to consider in addition to the requirements calculated by applying the rules envisaged in this Regulation. The calculation of these additional requirements is made as part of the Bank's formal process. As at 30 September 2023, the additional requirements totalled 36 million euro, corresponding to 450 million euro in higher risk-weighted assets and reflecting the Bank's discretionary assessment of the risk profiles implicit in the preparation processes for its financial position disclosure to the European Central Bank and to the market.

Qualitative disclosure on the countercyclical capital buffer

The imposition of additional capital buffers with respect to the regulatory minimums has the objective of giving banks high-quality capital resources to be used in moments of market tension to prevent dysfunctions of the banking system and avoid breakdowns in the loan disbursement process and to manage the risks deriving from the systemic importance at the global or domestic level of certain banks. In this context, the countercyclical capital buffer has the aim of protecting the banking sector in the stages of excessive growth of credit; in fact, its imposition, during phases of credit cycle overheating, makes it possible to accumulate Common Equity Tier 1 Capital, which will then be used to absorb losses in the downturn phases of the cycle.

Entities have an obligation to hold a countercyclical capital buffer equal to their total risk exposure multiplied by the specific countercyclical ratios established by the Bank and the other authorities designated by the individual Member States. The Bank of Italy, like the other authorities designated by the individual Member States, has an obligation to determine Italy's countercyclical ratio quarterly and to monitor its congruence with ratios applied by other countries, both EU and non-EU. Directive (EU) 2013/36 (CRD IV) specifies that the institution-specific buffer is equal to the weighted average of the countercyclical buffer rates that apply in the countries where the institution's credit exposures are located.

Note that, in its press release of 23 June 2023, the Bank of Italy set the countercyclical rate for exposures held with Italian counterparties at 0%.

The information in the following tables is published in compliance with Commission Delegated Regulation (EU) 2021/637 of 15 March 2021 and provides detailed evidence of the calculation of the requirement applicable to the Group based on the geographical distribution of credit exposures.

Template EU CCyB2: amount of institution-specific countercyclical capital buffer

		a
1	Total risk-weighted exposure amount	58,490,569
2	Institution-specific countercyclical capital buffer rate	0.040%
3	**Institution-specific countercyclical capital buffer requirement**	**23,396**

Template EU CCyB1: geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (1 of 2)

	a	b	c	d	e	f
	General credit exposures		Relevant credit exposures - Market risk		Value of securitisation exposures for the non-trading book	Total exposure value
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures under the standardised approach	Value of trading book exposures for internal models		
Australia	40,459	223	-	-	-	40,682
Bulgaria	2	123	-	-	-	125
Czech Republic	3,522	251	-	-	-	3,774
Germany	279,804	3,204	-	-	-	283,008
Denmark	5,643	30	-	-	-	5,673
Estonia	0	-	-	-	-	0
France	416,680	4,403	-	-	-	421,083
United Kingdom	387,616	21,243	-	-	-	408,860
Hong Kong	0	862	-	-	-	862
Croatia	2	779	-	-	-	782
Ireland	51,739	545	-	-	-	52,284
Iceland	21	-	-	-	-	21
Luxembourg	420,184	1,022	-	-	-	421,206
Netherlands	504,077	2,365	-	-	-	506,442
Norway	13,284	-	-	-	-	13,284
Romania	2,626	258	-	-	-	2,884
Sweden	21,916	132	-	-	-	22,048
Slovakia	1	0	-	-	-	1
OTHERS	16,329,409	102,444,387	-	-	7,363,658	126,137,453
Total	**18,476,987**	**102,479,829**	**-**	**-**	**7,363,658**	**128,320,473**

Template EU CCyB1: geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (2 of 2)

	g	h	i	j	k	l	m
	Own funds requirements				Risk-weighted exposure amounts	Own funds requirement weights (%)	Countercyclical capital buffer rate (%)
	Relevant credit exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation exposures in the non-trading book	Total			
Australia	624	-	-	624	7,802	0.02%	1.00%
Bulgaria	1	-	-	1	15	-	1.50%
Czech Republic	154	-	-	154	1,922	0.01%	2.25%
Germany	13,744	-	-	13,744	171,797	0.42%	0.75%
Denmark	369	-	-	369	4,618	0.01%	2.50%
Estonia	0	-	-	0	0	-	1.00%
France	19,243	-	-	19,243	240,541	0.59%	0.50%
United Kingdom	25,731	-	-	25,731	321,636	0.79%	2.00%
Hong Kong	6	-	-	6	72	-	1.00%
Croatia	7	-	-	7	85	-	0.50%
Ireland	3,976	-	-	3,976	49,706	0.12%	0.50%
Iceland	2	-	-	2	21	-	2.00%
Luxembourg	40,368	-	-	40,368	504,603	1.24%	0.50%
Netherlands	32,027	-	-	32,027	400,340	0.98%	1.00%
Norway	361	-	-	361	4,514	0.01%	2.50%
Romania	216	-	-	216	2,697	0.01%	0.50%
Sweden	1,745	-	-	1,745	21,818	0.05%	2.00%
Slovakia	0	-	-	0	1	-	1.50%
OTHERS	3,045,330	-	81,592	3,126,921	39,086,516	95.75%	-
Total	**3,183,905**	**-**	**81,592**	**3,265,496**	**40,818,704**	**-**	

Capital requirement for Credit and Counterparty Credit Risk (Standardised Approach)

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022 *
Exposures to or guaranteed by central governments and central banks	303,005	315,880
Exposures to or guaranteed by regional governments or local authorities	5,109	4,792
Exposures to or guaranteed by public sector entities	29,025	35,709
Exposures to or guaranteed by multilateral development banks	-	-
Exposures to or guaranteed by international organisations	-	-
Exposures to or guaranteed by supervised intermediaries	352,125	330,167
Exposures to or guaranteed by corporates	538,466	470,335
Retail exposures	44,240	60,516
Exposures secured by property	18,551	20,708
Exposures in default	22,598	32,919
High-risk exposures	92,464	83,229
Exposures in the form of covered bank bonds	3,528	3,013
Short-term exposures to corporates or supervised intermediaries	-	-
Exposures to undertakings for collective investment in transferable securities (UCITS)	211,264	223,856
Equity instrument exposures	172,806	193,364
Other exposures	273,157	281,495
TOTAL CREDIT RISK AND COUNTERPARTY CREDIT RISK	**2,066,338**	**2,055,983**

(*) Figures amended with respect to those contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the introductory notes of this disclosure.

Capital requirement for Credit Risk and Counterparty Credit Risk (IRB Approach)

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022 *
Exposures to or guaranteed by corporates	1,205,972	1,290,427
Specialised lending	-	-
SMEs	499,705	531,271
Corporate - Other	706,266	759,156
Retail exposures	575,219	613,132
Exposures secured by residential property: SMEs	72,889	78,317
Exposures secured by residential property: non-SME	251,696	273,041
Retail exposures - qualified revolving	13,715	14,777
Retail exposures: Other - SMEs	206,380	209,228
Retail exposures: Other - non-SME	30,538	37,770
TOTAL	**1,781,191**	**1,903,560**

(*) Figures amended with respect to those contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the introductory notes of this disclosure.

Capital requirement for counterparty credit risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022
Counterparty Credit Risk	**53,767**	**80,941**

The requirement is already included in the capital requirement for credit risk and counterparty credit risk, as set out in the previous tables.

Capital requirement for credit valuation adjustment (CVA) risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022
Credit Valuation Adjustment (CVA) risk	**18,406**	**20,516**

The requirement is determined using the standardised approach and applied to exposures in OTC derivatives traded with financial counterparties, excluding intercompany exposures and those to Central Counterparties.

Capital requirement for credit risk - Securitisations

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022
SEC-SA securitisations	24,409	32,033
SEC-IRBA securitisations	56,838	47,017
SEC-ERBA securitisations	344	-
SEC-IAA securitisations	-	-
SEC - Other securitisations 1250%	-	-
Credit Valuation Adjustment (CVA) risk	**81,592**	**79,050**

Capital requirement for credit risk - Prefunded contributions to CCPs

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022
Amount of risk exposure to CCPs for default fund contributions	1,520	477
TOTAL	**1,520**	**477**

Capital requirement for Market Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022
Market risks (position, exchange rate and commodity)		
- Standardised approach	**607**	**482**
Position risk on debt instruments	-	-
Position risk on equity instruments	-	-
Exchange rate risk	-	-
Commodity risk	607	482
- Internal models	**105,246**	**112,607**
Internal models: Total	105,246	112,607
TOTAL MARKET RISKS	**105,854**	**113,089**

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022
Settlement risks	**117**	**148**
Positions included in regulatory trading book	117	148
Positions included in banking book	-	-

Template EU MR1: market risk under the standardised approach

		30/09/2023
		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Exchange rate risk	-
4	Commodity risk	7,580
	Options	
5	Simplified approach	-
6	Delta plus approach	12
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**7,592**

Capital requirement for Operational Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT	
	30/09/2023	31/12/2022
Basic Approach	-	-
Standardised Approach	588,230	588,230
Advanced Approaches	-	-
TOTAL OPERATIONAL RISK	**588,230**	**588,230**

Template EU OV1: overview of total risk weighted exposure amounts

		Total risk weighted exposure amounts (TRWEA)		Total own funds requirements
		a	b	c
		30/09/2023	30/06/2023	30/09/2023
1	**Credit risk (excluding CCR)***	**47,422,011**	**47,208,169**	**3,793,761**
2	Of which standardised approach	25,195,607	25,161,044	2,015,649
3	Of which Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	22,226,404	22,047,126	1,778,112
6	**Counterparty credit risk (CCR)**	**921,161**	**1,020,295**	**73,693**
7	Of which standardised approach	578,325	651,659	46,266
8	Of which internal model approach (IMA)	-	-	-
EU 8a	Of which exposures to a central counterparty (CCP)	65,140	54,968	5,211
EU 8b	Of which credit valuation adjustment (CVA)	230,070	237,358	18,406
9	Of which other CCR	47,626	76,309	3,810
15	**Settlement risk**	**1,464**	**1,400**	**117**
16	**Securitisation exposures in the non-trading book (after the cap)**	**1,019,895**	**1,106,966**	**81,592**
17	Of which SEC-IRBA approach	710,476	766,208	56,838
18	Of which SEC-ERBA approach (including IAA)	4,304	4,997	344
19	Of which SEC-SA approach ***	305,115	335,761	24,409
EU 19a	Of which 1250%	-	-	-
20	**Position, exchange rate and commodity risks (market risk)**	**1,323,170**	**1,449,596**	**105,854**
21	Of which standardised approach	7,592	4,928	607
22	Of which IMA	1,315,578	1,444,669	105,246
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**7,352,869**	**7,352,869**	**588,230**
EU 23a	Of which basic approach	-	-	-
EU 23b	Of which standardised approach	7,352,869	7,352,869	588,230
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)**	3,143,301	3,145,205	251,464
27	Additional amount considered pursuant to the provisions of Article 3, Regulation (EU) no. 575/2013	450,000	720,000	36,000
29	**Total**	**58,490,569**	**58,859,295**	**4,679,246**

(*) The figure relates only to credit risk. The associated components referring to counterparty credit risk (CCR), default fund contributions to a central counterparty (CCP) and securitisation transactions are therefore excluded.

(**) The amounts in line 24 fulfil the disclosure obligation pursuant to Article 437(d)(iii) and Article 437(b) of Regulation (EU) no. 575/2013 (CRR). They are already included in the amounts in line 1 calculated according to Article 92(4) of the regulation and therefore not included in the grand total.

(***) Since there is no specific line, this line also includes amounts related to transactions falling within the new classification category "Specific treatment for senior tranches of eligible securitisations of non-performing exposures", having an RWA calculated using the SEC-SA approach.

Template EU CR8: RWEA flow statement of credit risk exposures under the IRB approach

		RWEA amount	Capital requirement
		a	b
1	**RWEA as at end of previous reporting period**	**22,047,126**	**1,763,770**
2	Asset size (+/-)	463,347	37,068
3	Asset quality (+/-)	(578,454)	(46,276)
4	Model updates (+/-)	-	-
5	Methodology and policy (+/-)	53,108	4,249
6	Acquisitions and disposals (+/-)	-	-
7	Foreign exchange movements (+/-)	-	-
8	Other (+/-)	241,277	19,302
9	**RWEA as at end of current reporting period**	**22,226,404**	**1,778,112**

In the quarter analysed, with a view to continuously improving the capital requirements calculation, Banco BPM made changes relating to the identification of a scope of exposures that can be defined as specialised loans with simultaneous standard treatment, as well as fine-tuning in the identification of receivables subject to the EMS Supporting Factor. The marginal impacts were reported in the "*Methodology and Policy*" record

Template EU MR2-B: RWEA flow statements of market risk exposures under the IMA

		a	b	c	d	e	f	g
		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1	**RWEAs as at end of previous period**	**304,468**	**549,410**	**590,791**	**-**		**1,444,669**	**115,574**
1a	*Regulatory adjustment*	*(216,893)*	*(395,862)*	*(30,007)*	-		*(642,762)*	*(51,421)*
1b	*RWEAs as at the end of previous quarter (close of business)*	*87,574*	*153,548*	*560,784*	-		*801,906*	*64,153*
2	Movement in risk levels	(8,544)	19,499	(100,987)			(90,032)	(7,203)
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements	4,329	18,860				23,189	1,855
7	Other							
8a	*RWEAs as at end of disclosure period (close of business)*	*83,359*	*191,907*	*459,798*	-		*735,064*	*58,805*
8b	*Regulatory adjustment*	*203,950*	*376,564*	*0*	-		*580,514*	*46,441*
8	**RWEAs as at end of disclosure period**	**287,309**	**568,471**	**459,798**	**-**		**1,315,578**	**105,246**

Disclosure on Pillar 2 capital adequacy

The Internal Capital Adequacy Assessment Process (ICAAP) supports and supplements the consistency check conducted under Pillar 1, which only requires verification of the adequacy of Own Funds in terms of the minimum prudential requirements for credit risk (including counterparty credit risk), market risk and operational risk.

Through the ICAAP, the Group effectively has to assess the capital requirement for its business, considering, as part of the overall assessment, not only Pillar 1 risks, but also the Pillar 2 risks identified internally through the Risk Identification process. In fact, the capital requirements must be covered by capital resources that are also sufficient to ensure full achievement of the strategic and operational objectives, with a view to generating value for shareholders and for other stakeholders in the medium and long term, in accordance with the overall risk appetite defined in the Risk Appetite Framework.

Significant risks (credit, counterparty credit, market, interest rate, operational and other measured risks) are measured using statistical and quantitative methods generally relating to the VaR approach.

Banco BPM Group has opted for a level of probability (or confidence interval) of 99.90% (for VaR components of market risks, the percentile is 99%), in line with the confidence level of minimum capital requirements established by the supervisory regulations, in order to make the reconciliation with estimates resulting from the application of regulatory approaches easier.

The risks are estimated with reference to a one-year horizon, with the exception of market risks, for which a 10-day holding period is used for trading book market risk (the default risk component is estimated with a 1-year holding period).

For the HTCS portfolio, the VaR Spread method includes a 1-month holding period (the default risk component - IDR is estimated with a 1-year horizon). HTC portfolio IRC risk is estimated with a 1-year holding period. For banking book equity risk, the holding period is 3 months.

The assessment of capital adequacy carried out in the ICAAP context and included in the Group's Risk Appetite framework entails, besides the estimated absorption of all the significant quantifiable risks, definition of the measure of total capital used as capital amount to cover such business risks.

This amount must not be limited merely to covering total risk capital, but must also be able to:

- expand growth areas beyond what is defined in the strategic plan, ensuring potential flexible operating margins;
- manage going concern issues should cumulative losses recorded over the twelve months exceed those estimated according to the assumed confidence level;
- handle situations where market developments could be substantially worse than projected and incorporated in the risk estimate models;

- maintain an additional capital buffer, for the purpose of maintaining/improving the level of capitalisation, with a view to improving rating agency grades;
- pursue the target ratio objectives established by Top Management.

The assessment of operating capital adequacy (Pillar 2) is also forward-looking and therefore undergoes stress testing, with effects on balance sheet and income statement aggregates through the application of adverse scenarios, also containing specific elements of vulnerability, in line with the results of the Risk Identification process and in accordance with related internal regulations.

The scenarios to be used for the forward-looking assessment under stress conditions are updated every six months based on the verification of a specific materiality trigger and the assessments shared during meetings of the Scenario Council, in order to continuously monitor the emergence of any new threats, vulnerabilities and transformations of the macroeconomic and geopolitical context. The Scenario Council may consider a more frequent updating of the scenarios than envisaged if developments in the external macroeconomic and geopolitical context makes the previous scenarios no longer suitable to reflect the real risk of the bank in the changed context. The results of the forecasts and the stress test exercises are used to verify the robustness and sustainability of the business model under the assumptions made as well as the Group's responsiveness to unexpected changes in the scenario. The capital adequacy assessment, reported formally each year for supervisory purposes, is updated every six months - in compliance with external legislation and regulations (EBA SREP guidelines, ECB ICAAP guidelines) and internal reference regulations.

Such activity guarantees the continuous performance of the autonomous assessment process required by the Supervisory Authority, enabling any vulnerable areas and/or elements relating to the Group to be identified, and at the same time defining the potential actions deemed most appropriate, with a view to maintaining adequate capital buffers to guarantee that the medium/long term business strategies and objectives can be pursued. The main results emerging from this specific monitoring exercise are periodically reported to the Bank's Corporate Bodies.

To guarantee this continuous monitoring, Banco BPM Group has adopted an advanced system for risk integration and quantification of available capital resources, with advanced functions of management, control, reporting and simulation of capital adequacy conditions.

Furthermore, it conducts a periodic reallocation process of the economic capital absorbed by each separate type of risk relevant to the Group, for the main Bank business lines already used for Segment Reporting (IFRS 8).

With reference to the Available Financial Resources (AFR), the Bank adopts a more conservative approach to their definition, in line with recent provisions issued by the Regulator in this regard.

Lastly, the time horizon for the economic assessment of capital adequacy is in line with the long-term objectives and limits defined by the Group.

The capital adequacy assessment conducted for ICAAP purposes is also included in the Group's Risk Appetite framework. In fact, the RAF includes indicators that make it possible to verify the Group’s Pillar 2 capital adequacy with the related definition of the monitoring thresholds.

Among the “Strategic” indicators there is the “Capital Reserve” indicator in the “Capital Adequacy” context, defined, in accordance with ICAAP requirements, as the ratio of the amount of own Available Financial Resources (AFRs) to total diversified economic capital.

In the context of Pillar 2 Adequacy, the MREL indicator is also mentioned, representing the requirement introduced by the European Bank Recovery and Resolution Directive (BRRD), whose objective is to ensure proper functioning of the bail-in mechanism by increasing the Bank's loss absorption capacity.

Liquidity

In the Banco BPM Group, liquidity and funding risk is governed by the "Liquidity, funding risk and ILAAP regulation", which establishes: the roles and responsibilities of the corporate bodies and the corporate functions, the metrics used for risk measurement, the guidelines for conducting stress tests, the Liquidity Contingency Plan and the overall reporting framework related to the Group's liquidity and funding risk.

Liquidity risk is managed and monitored as part of the Internal Liquidity Adequacy Assessment Process (ILAAP), which is the process the Group uses to identify, measure, monitor, mitigate and report the Liquidity risk profile of the Group. As part of this process, the Group makes an annual self-assessment regarding the adequacy of the overall liquidity risk management and measurement framework, which also covers governance, methodologies, information systems, measurement tools and reporting. The results of the risk profile adequacy assessment and the overall self-assessment are reported to the Corporate Bodies and submitted for the attention of the Supervisory Authority.

The Banco BPM Group monitors and assesses the adequacy of the exposure to liquidity and funding risk on a yearly basis, and under the assumption of stress scenarios, using both regulatory metrics (Pillar 1 regulatory perspective) and internal metrics (internal perspective), the latter defined on the basis of specific characteristics of the Banco BPM Group and complementary to regulatory metrics. These internal metrics include, for example, the survival period, the structural gap ratios and other ratios that seek to capture other aspects of liquidity risk such as the funding concentration level, for which specific risk limits are set:

The adequacy of the risk profile is assessed and monitored continuously with respect to the liquidity risk appetite stated by the Group in the objectives and risk limits of the Risk Appetite Framework.

Within the Banco BPM Group, liquidity management is centralised with the Parent Company, which also performs the role of last resort lender for the subsidiaries. In this regard, note that the Banco BPM Group received a special exemption from the Supervisory Authority (ECB) from application of the liquidity and funding requirements on an individual basis (LCR, ALMM, NSFR). With regard to this exemption, the Group is, for the moment, not required to meet liquidity and funding requirements on an individual basis.

The liquidity risk identification and measurement framework includes additional safeguards, complementary to regulatory requirements. These include:

- periodic monitoring to verify the significance of exposures in currencies other than the Euro. As at 30 September 2023 there were no significant exposures[11] in currencies other than the Euro;
- monthly monitoring of excessive concentration risk relative to funding sources. Specific risk thresholds are placed on unsecured demand funding relative to individual funding

[11] Significance is verified when liabilities in one such currency exceeds 5% of total liabilities.

providers, on the total of the top ten counterparties and the position on the short-term interbank market;

- periodic stress tests on the intraday liquidity profile, short-term liquidity profile and medium/long-term funding profile. In this area, stress scenarios and sensitivity analyses are defined on the basis of the results of the internal process used to identify risk factors. Analyses performed include, for example, risks deriving from derivative transactions, from potential collateral calls and from potential unexpected requirements deriving from the operations of Group customers. These analyses leverage historical evidence as well as models developed internally and periodically updated.

In the first nine months of 2023, the liquidity and funding profile of the Banco BPM Group was considered adequate both in the short and long term, respecting the risk limits envisaged internally and, where present, at regulatory level (LCR, NSFR). In particular, as regards the LCR and NSFR regulatory metrics, both ratios maintained levels that were comfortably higher than the regulatory minimums.

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage ratio (LCR) seeks to promote the short-term resilience of the bank's liquidity risk profile, by ensuring that it has sufficient high-quality liquid reserves to cover cash outflows for one month in the event of a severe stress scenario.

The ratio is monitored internally on a daily basis and is also reported on a monthly basis to the Supervisory Authority though supervisory reporting.

In compliance with the regulatory provisions, for each of the four quarters the table below shows the average data in the previous 12 months relating to the main aggregates underlying the LCR calculation.

Template EU LIQ1: quantitative information of LCR (1 of 2)

		a	b	c	d
		Total unweighted value (average)			
EU 1a	Quarter ending on 30/09/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	**Total high-quality liquid assets (HQLA)**				
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	74,803	76,040	76,847	76,985
3	*Stable deposits*	*55,135*	*55,599*	*55,918*	*56,056*
4	*Less stable deposits*	*19,622*	*20,397*	*20,883*	*20,884*
5	Unsecured wholesale funding	27,933	28,303	28,960	29,813
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*7,680*	*7,594*	*7,348*	*7,138*
7	*Non-operational deposits (all counterparties)*	*20,180*	*20,595*	*21,468*	*22,498*
8	*Unsecured debt*	*73*	*114*	*144*	*177*
9	*Secured wholesale funding*				
10	Additional requirements	12,392	11,515	10,483	9,671
11	*Outflows related to derivative exposures and other collateral requirements*	*1,112*	*1,100*	*1,083*	*1,032*
12	*Outflows related to loss of funding on debt products*	*119*	*161*	*103*	*100*
13	*Credit and liquidity facilities*	*11,162*	*10,253*	*9,297*	*8,539*
14	Other contractual funding obligations	227	203	215	182
15	Other contingent funding obligations	40,521	40,190	39,870	39,799
16	**TOTAL CASH OUTFLOWS**				
CASH INFLOWS					
17	Secured lending (e.g., reverse repos)	1,873	1,699	1,791	1,979
18	Inflows from fully performing exposures	1,925	1,903	1,823	1,753
19	Other cash inflows	14,018	14,438	14,720	14,752
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
EU-19b	(Excess inflows from a related specialised credit institution)				
20	**TOTAL CASH INFLOWS**	**17,816**	**18,040**	**18,333**	**18,484**
EU-20a	*Fully exempt inflows*	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*17,761*	*17,985*	*18,255*	*18,407*
TOTAL ADJUSTED VALUE					
EU-21	**LIQUIDITY BUFFER**				
22	**TOTAL NET CASH OUTFLOWS**				
23	**LIQUIDITY COVERAGE RATIO**				

Template EU LIQ1: quantitative information on LCR (2 of 2)

		e	f	g	h
		Total weighted value (average)			
EU 1a	Quarter ending on 30/09/2023	30/09/2023	30/06/2023	31/03/2023	31/12/2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	**Total high-quality liquid assets (HQLA)**	**34,232**	**35,174**	**36,438**	**37,669**
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	5,207	5,315	5,375	5,370
3	*Stable deposits*	*2,757*	*2,780*	*2,796*	*2,803*
4	*Less stable deposits*	*2,406*	*2,491*	*2,535*	*2,524*
5	Unsecured wholesale funding	11,494	11,867	12,494	13,221
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*1,809*	*1,789*	*1,730*	*1,680*
7	*Non-operational deposits (all counterparties)*	*9,612*	*9,963*	*10,620*	*11,364*
8	*Unsecured debt*	*73*	*114*	*144*	*177*
9	*Secured wholesale funding*	*1,166*	*1,234*	*1,386*	*1,548*
10	Additional requirements	2,933	2,966	2,757	2,588
11	*Outflows related to derivative exposures and other collateral requirements*	*1,112*	*1,100*	*1,083*	*1,032*
12	*Outflows related to loss of funding on debt products*	*119*	*161*	*103*	*100*
13	*Credit and liquidity facilities*	*1,703*	*1,705*	*1,571*	*1,456*
14	Other contractual funding obligations	128	97	100	66
15	Other contingent funding obligations	2,028	1,947	1,865	1,802
16	**TOTAL CASH OUTFLOWS**	**22,957**	**23,425**	**23,978**	**24,595**
CASH INFLOWS					
17	Secured lending (e.g. reverse repos)	479	672	867	980
18	Inflows from fully performing exposures	1,368	1,330	1,238	1,170
19	Other cash inflows	2,976	3,119	3,206	3,229
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	**TOTAL CASH INFLOWS**	**4,823**	**5,121**	**5,312**	**5,380**
EU-20a	*Fully exempt inflows*	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*4,823*	*5,121*	*5,312*	*5,380*
TOTAL ADJUSTED VALUE					
EU-21	**LIQUIDITY BUFFER**	**34,232**	**35,174**	**36,438**	**37,669**
22	**TOTAL NET CASH OUTFLOWS**	**18,134**	**18,304**	**18,666**	**19,215**
23	**LIQUIDITY COVERAGE RATIO**	**188.77%**	**192.81%**	**195.59%**	**196.16%**

The figures reported show how the average LCR level remained permanently above the 100% minimum regulatory requirement in the last 12 months. In particular, the LCR reflects the Group's robust liquidity position, which incorporates the increase in commercial deposits and benefits of ECB funding.

The average level of available high quality liquid assets stands at roughly 34.2 billion euro (weighted), 99% of which composed of the most liquid type (Level 1) of assets eligible for the LCR numerator according to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014. More specifically, the rules for calculating the LCR divide high quality liquid assets (LCR numerator) into three categories, considered in the regulations in decreasing order of their liquidity: "level 1", "level 2A" and "level 2B". Increasing haircuts are applied to these categories, as well as limits in terms of composition. In addition to these high quality liquid assets (HQLA), the Group has other freely marketable assets to which specific haircuts are applied to take liquidability into account. Net cash outflows (LCR denominator) are calculated by applying regulatory outflow and inflow factors to demand assets and liabilities or those maturing within 30 days so as to serve as a standardised stress test involving both system and idiosyncratic elements. For more information, please see the regulations in force with regard to the LCR calculation, i.e., Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 and subsequent updates.

Leverage

Definition and regulatory framework

From 1 January 2015, the Basel 3 prudential regulations have required supervised intermediaries to introduce and monitor the Leverage Ratio in their capital adequacy assessments. From 30 June 2021, the new Basel 4 regulations envisage, among other things, the obligation for the institution to meet the minimum requirement established by Article 92 CRR or, where the conditions are met, that in Article 429a(7) CRR.

As the conditions envisaged in Article 429a(7) do not apply, the minimum requirement that must always be met is 3%.

This indicator must be measured and monitored over time in order to achieve the following objectives:

- limit the accumulation of financial leverage and therefore mitigate the sudden deleveraging processes that occurred during the crisis;
- limit possible measurement errors associated with the current system for calculating weighted assets.

In fact, the definition of excessive leverage risk in Bank of Italy Circular no. 285 of 17 December 2013 “Supervisory provisions for banks”, derived from the definitions of Articles 4(93) and 4(94) CRR2, is incorporated from this perspective:

> *"this is the risk that a particularly high level of debt with respect to own funds could make the bank vulnerable, requiring it to adopt corrective measures to its business plan, including selling assets with recognition of losses that could require value adjustments to its remaining assets."*

The leverage ratio is calculated as the intermediary’s Tier 1 capital (numerator) divided by the amount of the bank’s total exposure measure (denominator) and is expressed as a percentage.

$$\text{Leverage ratio} = \frac{\text{Tier 1 Capital}}{\text{Amount of overall exposure}}$$

The ratio is also calculated on forward-looking basis in order to make short- or medium/long-term projections. The consolidated ratio is also stress tested, by applying adverse scenarios through specific IT procedures used for management purposes, which impact the bank’s values, both in terms of numerator and denominator of the ratio.

The Supervisory Reporting function is responsible for quarterly calculation of the leverage ratio on a consolidated and individual basis.

The leverage ratio values are sent to the Risk Function for the purpose of verifying the current, forward-looking and stressed levels of the indicator. The forward-looking estimate of the leverage ratio at consolidated level is made at least annually for the purpose of verifying consistency of the leverage ratio with the respective thresholds of the risk appetite framework[12], while it is updated on an interim basis as part of the periodic monitoring of the Group's capital adequacy (ICAAP).

Also note that the Group has adopted a specific internal regulation defining appropriate safeguards to ensure adequate monitoring of financial leverage and to formalise any appropriate mitigation actions for its containment.

Currently, the Group calculates the leverage ratio based on the methods defined in Annex XI to Implementing Regulation (EU) no. 2021/451 of 17 December 2020.

As at 30 September 2023, the leverage ratio was 4.97%.[13] As at 31 December 2022, the leverage ratio stood at 5.21%, using Tier 1 capital as reference, calculated taking transitional arrangements into account; at the same date, the ratio calculated using Tier 1 capital as a reference, determined by applying the fully phased regulations, was 4.75%.

The quantitative disclosure as at 30 September 2023 is shown below according to the templates provided in Commission Implementing Regulation (EU) 2021/637, which render the European Banking Authority standard layouts applicable.

[12] The leverage ratio is among the strategic indicators in the Group's Risk Appetite Framework, and therefore its compliance with all the defined thresholds is verified.

[13] The ratio as at 30 September 2023 is calculated using the fully phased regulations as, from 1 January 2023, it is no longer possible to apply the transitional provisions to the calculation of Common Equity Tier 1 capital.

Template EU LR1: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		30/09/2023
		a
		Applicable amount
1	Total assets as per published financial statements	194,463,445
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(5,710,223)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with Article 429a(1)(i) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(3,452,072)
9	Adjustment for securities financing transactions (SFTs)	143,424
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	14,852,861
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(c) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(j) CRR)	-
12	Other adjustments	(3,706,673)
13	**Total exposure measure**	**196,590,762**

Template EU LR2 - LRCom: leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		30/09/2023	31/12/2022 (*)
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	178,255,091	177,004,632
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(224,357)	(291,109)
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(3,422,720)	(2,448,520)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**174,608,014**	**174,265,003**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	130,994	224,265
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,280,793	1,275,998
EU-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**1,411,787**	**1,500,263**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	5,620,087	2,833,243
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	143,424	164,514
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposures)	-	-

		CRR leverage ratio exposures	
		a	b
		30/09/2023	31/12/2022 (*)
18	**Total securities financing transaction exposures**	**5,763,511**	**2,997,757**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	61,340,853	57,066,930
20	(Adjustments for conversion to credit equivalent amounts)	(46,531,693)	(43,888,500)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**14,809,161**	**13,178,430**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with Article 429a(1)(c) CRR)	-	-
EU-22b	(Exposures exempted in accordance with Article 429a(1)(j) CRR (on- and off-balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	(1,711)	(409)
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with Article 429a(1)(o) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with Article 429a(1)(p) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
(*)	(Central bank exposures exempted in accordance with Article 429a(1)(n) CRR)	-	-
EU-22k	**(Total exempted exposures)**	**(1,711)**	**(409)**
	Capital and total exposure measure		
23	**Tier 1 Capital**	**9,770,743**	**9,994,207**
24	**Total exposure measure**	**196,590,762**	**191,941,044**
	Leverage ratio		
25	Leverage ratio (%)	4.97%	5.21%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.97%	5.21%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4.97%	5.21%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-

		CRR leverage ratio exposures	
		a	b
		30/09/2023	31/12/2022 (*)
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased	Transitional arrangement
Disclosure of mean values			
28	Mean daily value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	1,369,398	2,943,692
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	5,620,087	2,833,243
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	192,340,073	192,051,493
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	192,340,073	192,051,493
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.08%	5.20%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.08%	5.20%

(*) Figures amended with respect to those contained in the published Pillar 3 disclosure as at 31 December 2022, for the reasons illustrated in the introductory notes of this disclosure.

Template EU LR3 - LRSpl: split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		30/09/2023
		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**178,029,004**
EU-2	Trading book exposures	2,308,998
EU-3	Banking book exposures, of which	175,720,007
EU-4	Covered bonds	441,031
EU-5	Exposures treated as sovereigns	57,138,306
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	769,491
EU-7	Institutions	10,211,394
EU-8	Secured by mortgages of immovable properties	35,440,284
EU-9	Retail exposures	14,651,925
EU-10	Corporates	38,418,548
EU-11	Exposures in default	2,225,743
EU-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	16,423,285

Changes during the first nine months in the aggregate of exposures considered for the leverage ratio calculation

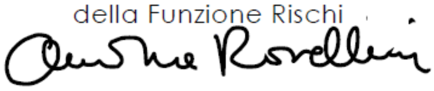
As at 30 September 2023, the exposures considered in calculating the denominator of the leverage ratio show a total increase of 4.6 billion euro (2.4%) compared to 31 December 2022. The trend is mainly attributable to the increase in securities financing transaction exposures (+2.8 billion euro) and off-balance sheet exposures (+1.6 billion euro).

Declaration of the Chief Risk Officer

The undersigned, Andrea Rovellini, in his capacity as Chief Risk Officer of the Parent Company Banco BPM S.p.A., hereby certifies that the Public Disclosure Document (Pillar 3) as at 30 September 2023 was prepared in accordance with the reference legislation (Bank of Italy Circular no. 285/2013 and the CRR - Regulation (EU) no. 575/2013, as amended by the CRR2 - Regulation (EU) no. 876/2019). Also note that the overall Document was drafted in accordance with the Public Disclosure Model defined by the Group for 2023, which describes the institution's formal policy regarding market disclosures, as expressly envisaged in Article 431 CRR2.

Milan, 28 November 2023

Il Responsabile
della Funzione Rischi



Declaration of the Financial Reporting Manager

The undersigned, Gianpietro Val, in his capacity as Financial Reporting Manager of Banco BPM S.p.A, hereby declares, in compliance with the provisions of Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this document is consistent with the corporate documents, books and accounting records.

Milan, 28 November 2023

Il Dirigente Preposto alla redazione dei
documenti contabili societari
Gianpietro Val