



## Group Profile

March 2024



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This presentation includes both accounting data (based on financial accounts) and internal management data (which are also based on estimates).

Mr. Gianpietro Val, as the manager responsible for preparing the Bank's accounts, hereby states pursuant to Article 154-bis, paragraph 2 of the Financial Consolidated Act that the accounting data contained in this presentation correspond to the documentary evidence, corporate books and accounting records.

# Methodological Notes

- The balance sheet and income statement layouts contained in this news release have been reclassified along management criteria in order to provide an indication on the Group's overall performance based on more easily understandable aggregate operating and financial data. These layouts have been prepared based on the financial statement layouts indicated in the Bank of Italy's Circular no. 262/2005 and following updates.
- Starting from 1 July 2022 Banco BPM Vita & Banco BPM Assicurazioni, previously held at 19%, have been consolidated 100% line-by-line. As a consequence:
  - with regard to the balance sheet scheme, starting from 30/09/22, the items relating to the portfolios of financial assets and liabilities held by these insurance companies were introduced. The previous periods remained unchanged; with regard to the P&L scheme, starting in the third quarter of 2022, the new item 'Net income from insurance business' was introduced, which includes all income components (interest, dividends, realised gains/losses, valuation gains/losses) relating to the financial assets and liabilities portfolio of these insurance companies and the items attributable to the revenues and costs characteristic of the insurance business. It should also be noted that the placement commissions paid by these consolidated insurance companies to Banco BPM's distribution network are shown under the item "Net commissions" for commissions received by the distribution network and under the item "Result from insurance business" for those paid by the companies; the contribution of the above items, as well as that of the other income statement items relating to these wholly-owned companies, is included, line-by-line, in the consolidated income statement starting from the third quarter of 2022. On the other hand, the total net contribution of these companies in the preceding quarters of 2022, when the companies were 19% owned, is shown in the item "Income (loss) from investments in associates carried at equity", for the previous relative stake held;
  - finally, it should be noted that, as of January 1, 2023, IFRS 17 "Insurance Contracts," which introduces new valuation criteria and new accounting rules for insurance products, came into effect, replacing IFRS 4, as illustrated in the methodological notes of the results as of 31/12/2023 press release published on 8 February 2024. **In light of this, it should be noted that the balance sheet as at 31/12/2022 and that the Income Statement for 2022 shown in this presentation have been restated by retrospective application of IFRS 17.**
- Under the agreements between Banco BPM and Crédit Agricole Assurances S.A. entered in December 2022 – covering, among others, the disposal of the 65% controlling stake in Banco BPM Assicurazione – as of 31/12/22 the assets and liabilities of the above insurance company are not shown on a "line-by-line" basis, whereas they are aggregated in the reclassified balance sheet line items "Non-current assets held for sale and discontinued operations" and "Liabilities associated with assets held for sale", in accordance with IFRS 5. Conversely, in the income statement the associate's contribution is shown on a "line-by-line" basis, as the disposal of the company under examination does not fall within the "discontinued operations" criteria provided under IFRS 5. On 14 December 2023, after the sale of 65% to CAA, which resulted in the loss of control, the stake held (35%) is considered as "associate" and included in the reclassified balance sheet line item "Equity investment". The related economic contribution is represented, line by line, in the consolidated income statement for the entire 2023 financial year, as it is considered as subsidiary until the end of the financial year.
- On 14 December 2023:
  - the Group completed the acquisition of control of Vera Vita – previously already held at 35% - through the purchase of 65% of the capital from Generali Italia, in execution of the exercise of the call option by the Banco BPM Group on 29 May 2023. As of 31/12/23, the balance sheet of Vera Vita is included, line by line, in the consolidated financial statements. The economic contribution is instead shown, for the entire 2023 financial year, in the reclassified income statement item "Income (loss) from investments in associates carried at equity", as the companies were owned at 35% until the end of the financial year.
  - the Group completed the purchase transaction of 65% of the shares of Vera Assicurazioni (which in turn holds 100% of Vera Protezione) from Generali Italia and the simultaneous sale of a 65% stake to CAA. As of 31/12/23, the investment held in Vera Assicurazioni (and indirectly in Vera Protezione) for 35% is included in the reclassified balance sheet line item "Equity investment", in line with the classification at the beginning of the year. The related economic contribution, for the stake held (35%), is shown in the reclassified income statement item "Result from investments valued at equity", as the investment is qualified as an "associates" for the entire 2023 financial year.
  - **For the 2023 financial year, in the reclassified income statement a new item "Impact of bancassurance reorganization" has been created, which includes the overall net effects related to bancassurance transactions, as illustrate above, with the aim of simplifying their illustration and guarantee a homogeneous comparison with the 2022 result.**
- With reference to the binding agreement signed for the establishment of a strategic partnership aimed at developing a new Italian and independent reality in the digital payments sector, which provides for the contribution to the joint venture BCC Pay S.p.A. of Banco BPM's e-money activities and the equity investment in Tecmarket, it should be noted that starting from the situation as of June 30, 2023, the related assets and liabilities, subject to contribution, are reclassified in the specific balance sheet items "Non-current assets and groups of assets held for sale" and "Liabilities associated with assets held for sale," in line with IFRS 5.

# Agenda

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## Appendix

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# Group Overview & Development Milestones

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1

# BANCO BPM AT A GLANCE...

Italy's third largest listed banking group, rooted in the wealthiest areas of the country

## STRONG FRANCHISE

Clients: 3.8 million

# Branches: 1,436<sup>2</sup>

Material support to  
the real economy

### Leadership in Italy's richest regions

Market share by branches<sup>1</sup>

Lombardy	Veneto	Piedmont
12.9%	7.9%	9.8%

(76% in the North)

### Breakdown of Customer Loans

~ 30% to Households

~ 60% to NFCs

## AMONG THE BIGGEST BANKING PLAYERS IN ITALY<sup>3</sup>

Net  
Customer  
Loans

€105.4bn

Shareholders'  
Equity

€14.0bn

Direct  
Funding

€124.8bn

CET1 ratio FL

14.2%

## HIGH-VALUE ADDED PRODUCT FACTORIES & JVs

BANCA ALETTI

Banca Akros

BANCO BPM  
VITA

VERA Vita

ANIMA  
CHI RISPARMIA AMA

AGOS

VERA Assicurazioni

BANCO BPM

## SUCCESSFUL TURNAROUND COMPLETED

Gross  
NPE ratio

24.1%

4.2%

3.5%

31/12/16

31/12/22

31/12/23

Without requesting  
additional funds  
to shareholders

C/I  
ratio

65%

59%

60%

59%

56%

54%

48%

2017

2018

2019

2020

2021

2022

2023

BANCO BPM

Notes: 1. Market shares calculated on the number of branches (Source: Studies and Research processing on Bank of Italy Supervisory Reports as of 31/12/2023). 2. Branches in Italy. In addition to the core retail franchise of the Parent Bank (1,358 outlets), this number includes also 53 private banking branches of Banca Aletti as well as 25 other Group outlets as at 31/12/2023. 3. Data as of 31/12/2023.

# Transformational initiative closed: Set up of the new Bancassurance organizational model

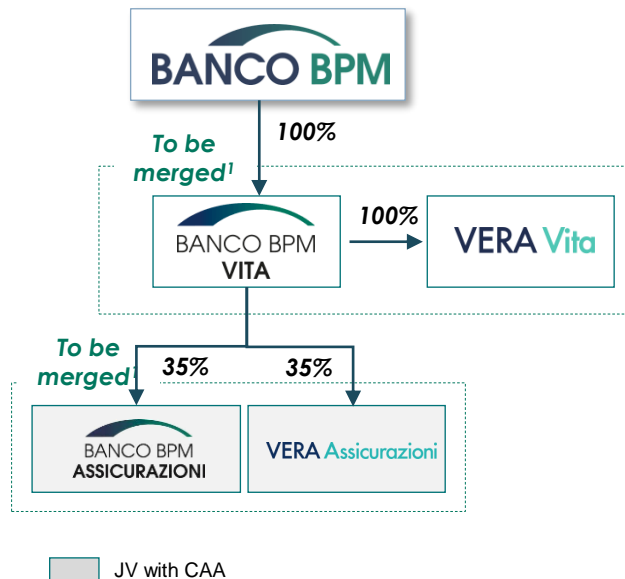
## TRANSACTION DETAILS

**CALL ON 65% OF VERA VITA AND VERA ASSICURAZIONI EXERCISED IN MAY 2023**

### **CLOSING OF TRANSACTION IN DECEMBER 2023:**

- CAA purchase 65% stake in BBPM Assicurazioni and in Vera Assicurazioni<sup>1</sup>, for a consideration of ~€260m (**total valuation of the non-life business €400m**)
- Signing of a **20-year distribution agreement**

## PLANNED ORGANIZATIONAL STRUCTURE

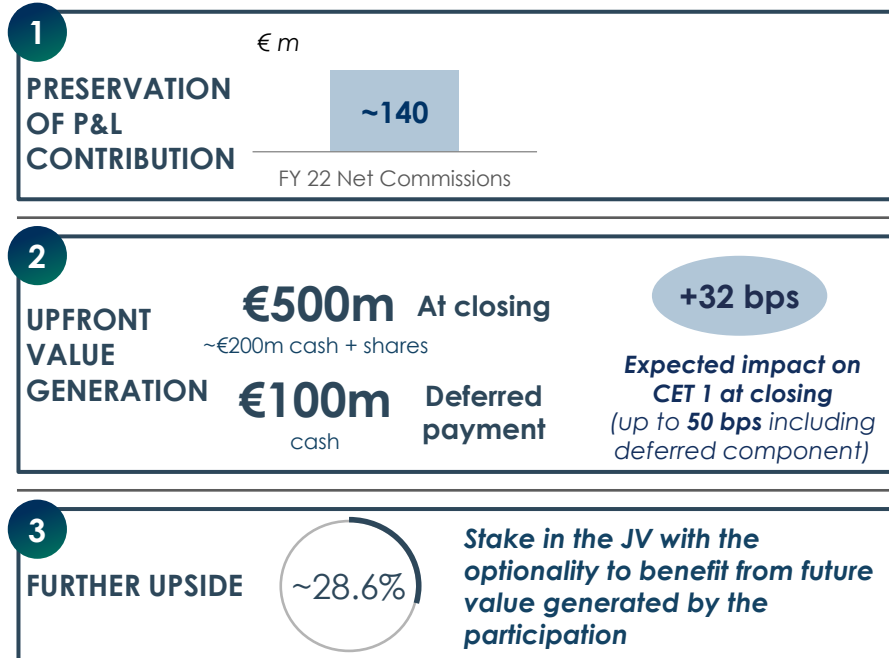


## STRATEGIC RATIONALE

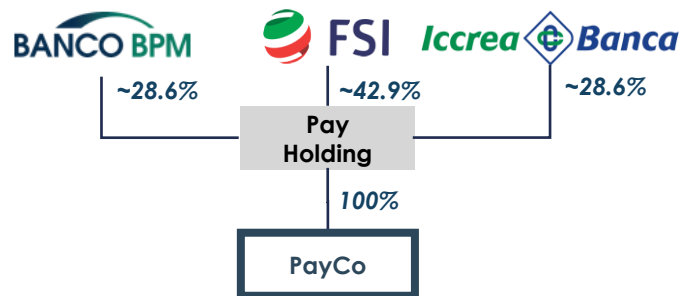
1. **Single Insurance Group, with unified governance and oversight by BBPM Vita**
2. **Single commercial offer to customers across the entire BBPM network by unifying product catalogue**
3. **Unique in-house product factory capable of developing potential synergies**
4. **Favourable capital treatment (Danish Compromise)**

# Transformational initiative under way: Creation of the second largest player in the Payments business in Italy

## A €2BN NPV DEAL BASED ON THREE STRATEGIC PILLARS...



## ... ESTABLISHING A TOP PLAYER IN THE PAYMENT ARENA



Deal signed, with closing expected in H1 2024



# ...FROM RESTRUCTURING TO SUSTAINABLE LONG-TERM VALUE CREATION

Banco BPM was established in January 2017 from the merger between Banco Popolare and BPM:

- First bank to take advantage of consolidation opportunities in the Italian banking system
- First integration authorized by ECB, after transition to the Single Supervisory Mechanism

## 2017-2019

### SUCCESSFUL RESTRUCTURING

- IT, ORGANISATIONAL AND COMMERCIAL INTEGRATION OF THE TWO FORMER BANKS
- MASSIVE DERISKING
- SIMPLIFICATION & SPECIALISATION OF THE NETWORK AND OF THE PRODUCT FACTORIES / JVS

## 2020-2021

### CONSOLIDATION OF THE BUSINESS MODEL AND OF THE CAPITAL PROFILE

- MORE EFFICIENT, DIGITAL & MULTICHANNEL COMMERCIAL MODEL
- FURTHER IMPROVEMENT IN RISK/CAPITAL POSITION
- STRENGTHENED PROFITABILITY: BACK TO SHAREHOLDER REMUNERATION

## 2022 – 2023

### ACCELERATION OF PROFITABILITY AND OF LONG-TERM VALUE CREATION POTENTIAL

- "TRANSFORMATIONAL" INITIATIVES
- PROFITABILITY AT "RECORD" LEVEL
- ENHANCEMENT OF STRATEGIC AMBITIONS
- GOVERNANCE & RISK MANAGEMENT FURTHER REINFORCEMENT OF

**FURTHER STRENGTHENING OF THE PROFITABILITY IN 2023**  
**NEW STRATEGIC PLAN PRESENTED TO THE MARKET ON 12 DECEMBER 2023**

# Banco BPM Strategic Plan 2023-2026: key highlights

## Accelerated profitability & sustainable value creation

~€6bn

Cumulative Net  
Income 2023-26

€4bn

Total Shareholder  
remuneration 2023-26

>€1.5bn

Net Income  
2026

~13.5%

RoTE  
2026

~14%

CET1  
2026

## The seven pillars of our Performance Acceleration Program

- 1** Broaden leadership in **SMEs & Corporate**, supporting green transition
- 2** Reinforce **Wealth Management & Life Insurance**
- 3** Capture value from **P&C Insurance** and **Payments' deals**
- 4** Benefit from further **omnichannel reinforcement**
- 5** Enhance **tech innovation, lean banking, cybersecurity**
- 6** Further consolidate a **"future-proof" balance sheet**
- 7** Empower **People and Communities**, in line with our Social-oriented DNA

← SUSTAINABILITY FULLY INTEGRATED THROUGHOUT THE PLAN →

# Further developing the integration of our Sustainability strategy

## SUSTAINABILITY AMBITIONS EMBEDDED IN THE PLAN



- **Supporting our clients in their transition path** through advisory and commercial offering, paving the way for a **Net Zero Strategy**
- Strengthening the **management & monitoring of Climate & Environmental Risk**
- Keep on **reducing our own environmental impact**

**NZBA**  
target setting  
by 2026

**CARBON**  
**NEUTRAL BY 2024**  
For Net Scope 1&2  
emissions<sup>2</sup>



- Further enhancing our **People strategy, Generational change** and **Women empowerment**
- Strengthening our **leadership position as third sector lender**
- Confirming as a **top Community bank** with strong **impact on our local communities** (school and education-driven)

**+20%**  
Women in  
managerial  
positions YE 2026  
vs. YE 2023

**~€200m**  
New loans to  
third sector  
(2026)

**~€5m**  
Donations &  
contributions for "E"  
and "S" projects  
(avg. P.Y. 2024-26)



- **Short-term and Long-term incentive plans** for managers & employees confirmed **aligned with ESG targets**
- Supporting our **Digital transformation** with a strong **Privacy & Cybersecurity management**
- **Further enhancement** of **ESG risk measurement** framework, in coherence with the evolution of **external regulation** and **risks materiality**

**~15%**  
Share of hirings of  
Cybersecurity specialists  
on total hirings of Digital &  
IT professionals (2024-26)

**#200K**  
ESG training hours to  
employees in 2026

# Key Messages: FY 2023 Executive Summary

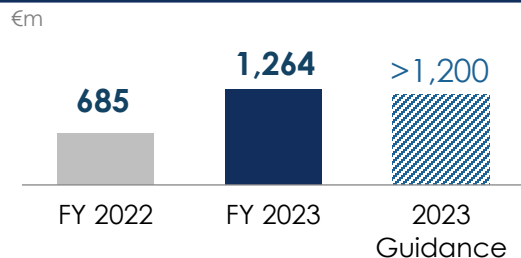
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# FY 2023: a powerful kickstart of our Strategic Plan journey

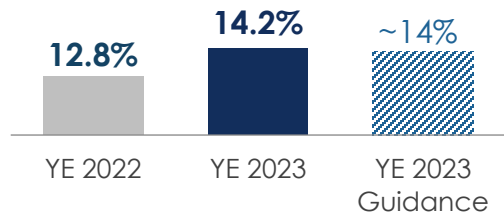
## OUTPERFORMANCE OF OUR P&L GUIDANCE ALLOWS A SUBSTANTIAL STEP-UP IN SHAREHOLDER REMUNERATION

### 2023 NET INCOME: +85% Y/Y



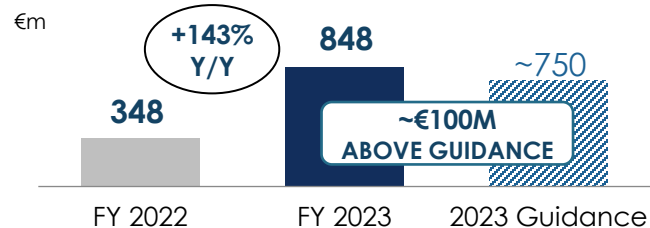
**2023 ROTE<sup>1</sup>**  
**12.4%**  
(7.0% in 2022)

### CET 1 RATIO: +132 BPS Y/Y



**MDA BUFFER**  
**542 BPS**  
(413 BPS in 2022)

### SHAREHOLDER DISTRIBUTION

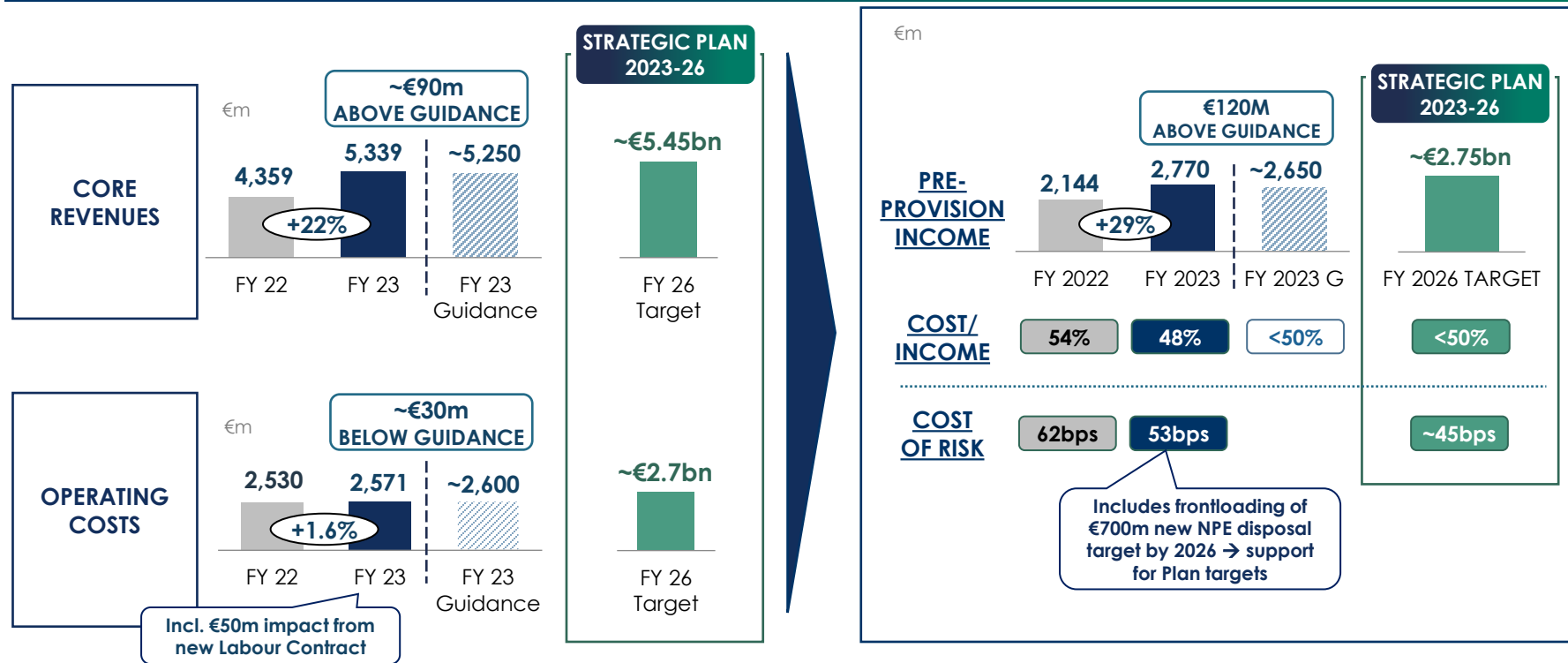


**2023 PROPOSED DPS: €56 CENTS**  
(€23 CENTS in 2022)

**2023 DIVIDEND PAYOUT: 67%**  
(50% in 2022)

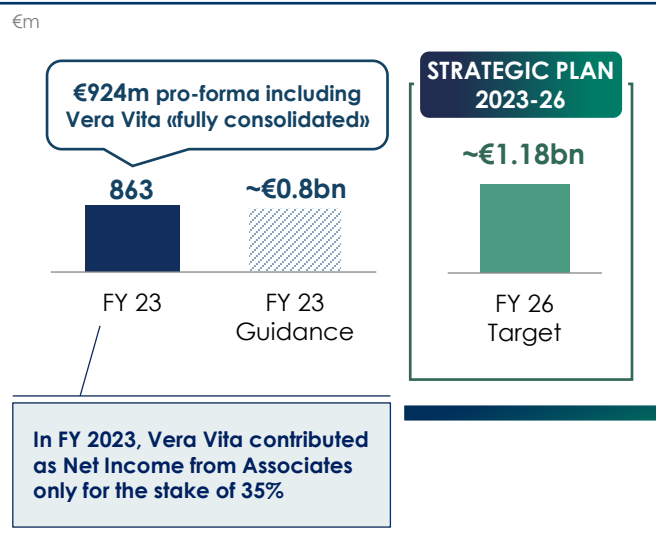
# Significant growth in profitability: a major step forward to Strategic Plan targets

## FY 2023 PERFORMANCE: KEY DRIVERS BETTER THAN GUIDANCE



# Well-diversified business model ready to be deployed

## REVENUES FROM KEY PRODUCT FACTORIES<sup>1</sup>



## KEY PRODUCT FACTORIES: SIGNIFICANT FURTHER VALUE TO BE EXTRACTED

### CONFIRMED

Asset  
Mgmt.

ANIMA

MAIN SHAREHOLDER of top independent Italian AM player

Consumer  
Credit

Agos

STRATEGIC ALLIANCE: JV with Crédit Agricole Consumer Finance

### NEW FEATURES

Bancass.  
Life

BANCO BPM  
VITA  
VERA Vita

FULL  
OWNERSHIP

2022  
The  
foundations

Acquired 100%  
BBPM Vita  
(closing in July)

2023  
First steps towards  
completion

Acquired 100%  
Vera Vita  
(closing in Dec.)

Internalisation completed

2024  
Implementation

2025/26

Bancass.  
P&C

BANCO BPM  
ASSICURAZIONI  
VERA Assicurazioni

STRATEGIC  
ALLIANCE

Sale of 65% BBPM Assicurazioni &  
Vera Assicurazioni to CA Assicurazioni

MoU Signed

Closing in Dec.

Payments

PayCo

STRATEGIC  
ALLIANCE

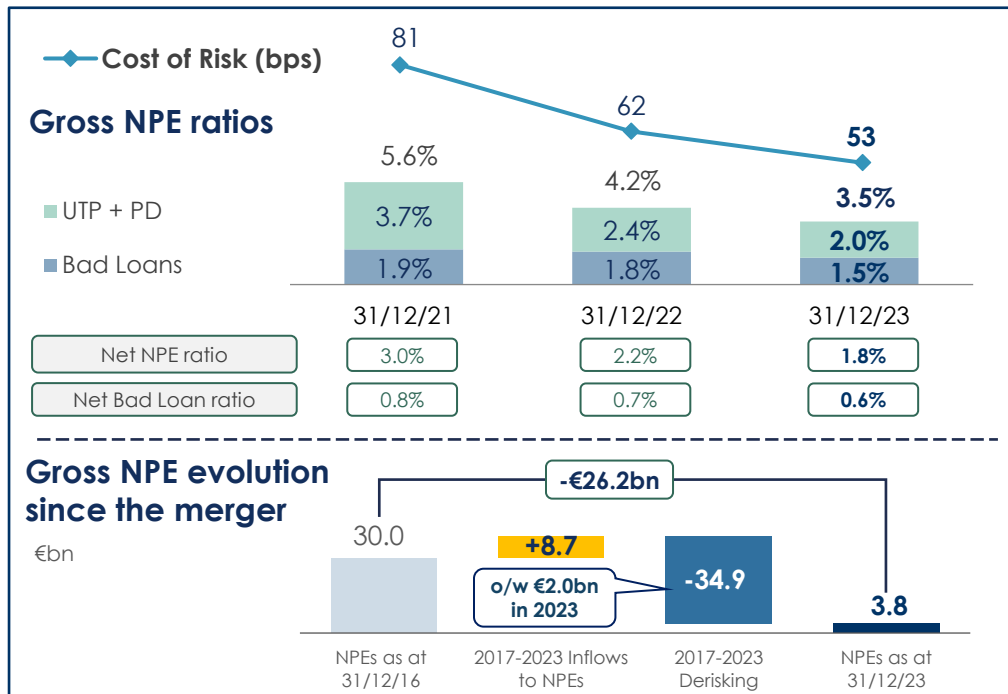
JV with FSI/ BCC  
PAY/ICCREA:  
Deal signed

Closing

ALL KEY  
PRODUCT  
FACTORIES  
AT FULL  
STEAM

# Steady improvement in asset quality: NPEs and LLPs at record lows

## A SUCCESSFUL TURNAROUND STORY DRIVEN BY €34.9BN DERISKING

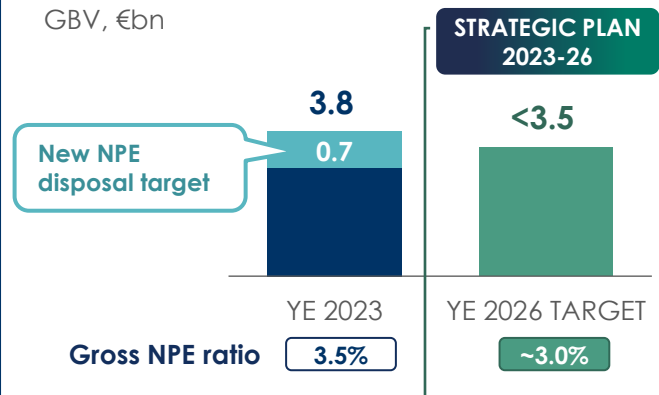


## WELL ON TRACK FOR 2026 STRATEGIC PLAN TARGET

€700m new NPE disposal target by 2026, with Cost or Risk already frontloaded (mostly in Q4 23) → strong support for Strategic Plan AQ goals

### Gross NPEs

GBV, €bn

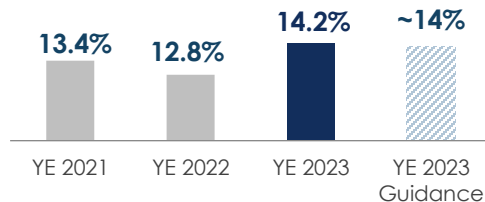




# Strong capital base and sound liquidity & funding position

## SIGNIFICANT CAPITAL GENERATION

### CET1 RATIO: EVOLUTION

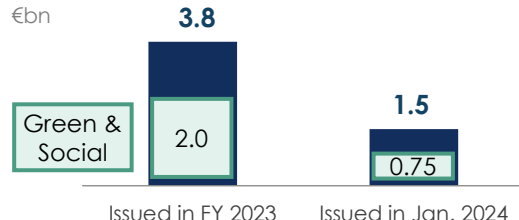


### MDA BUFFER @ 542 BPS

- Solid CET 1 ratio at YE 2023, above guidance, after including the significant increase in payout (67% vs. 50% in 2022)
- Strong contribution from FY 2023 organic performance: +328bps gross<sup>1</sup>, +151bps net of dividend<sup>2</sup>

## FURTHER IMPROVING OUR WHOLESALE FUNDING CAPACITY

### WHOLESALE BONDS ISSUED



- BBPM #2 Green bond issuer among Italian banks in 2023
- Green Social & Sustainability Bonds Framework aligned with Taxonomy<sup>4</sup>

### INVESTMENT GRADE RATINGS

- All Senior LT ratings are Investment Grade since Nov. 2023
- Additional cost of funding benefit to come on top of Plan projections, based on bonds issued in Jan. 2024

### NSFR<sup>3</sup> @ 129%

### LCR @ 187%

- Successful wholesale issuance activity with a high share of Green & Social bonds (52%) since Jan. 2023
- Total liquidity at €41.9bn at YE 2023 (+€3.2bn Y/Y)

**FY 2023**

# **Performance Highlights**

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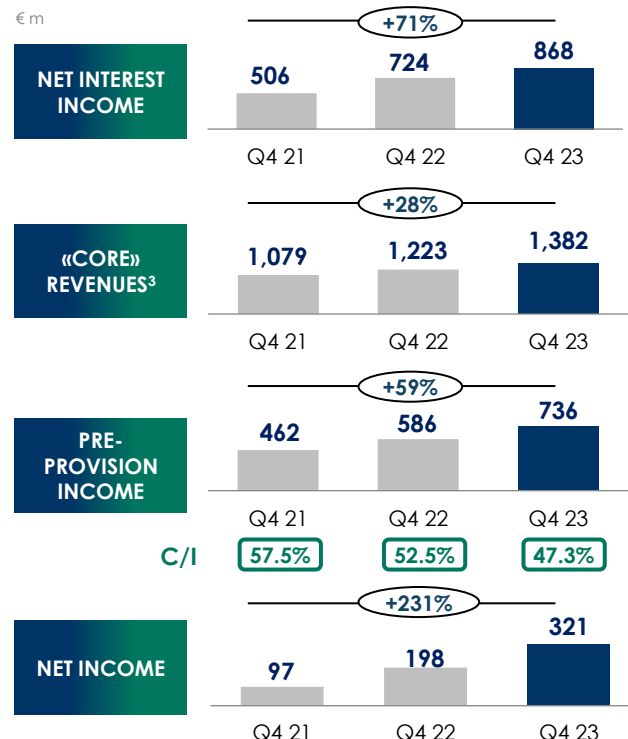
**3**

# P&L at a glance: FY 2023 Net Income almost doubled Y/Y

## P&L HIGHLIGHTS

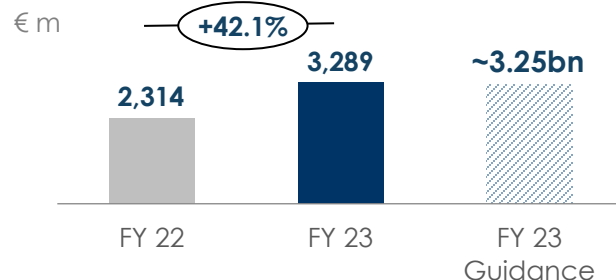
€ m	FY 22	FY 23	Chg. Y/Y	Q4 22	Q3 23	Q4 23	Chg. Q/Q
Net interest income	2,314	3,289	42.1%	724	869	868	-0.1%
Net fees and commissions	1,887	1,860	-1.4%	447	460	452	-1.8%
Income from associates	136	144		38	34	49	
Income from insurance	22	46		13	8	13	
<b>«Core» Revenues</b>	<b>4,359</b>	<b>5,339</b>	<b>22.5%</b>	<b>1,223</b>	<b>1,371</b>	<b>1,382</b>	<b>0.8%</b>
Net financial result	243	-79		-9	-23	-14	
o/w Cost of certificates	-70	-263		-32	-76	-75	
o/w Other NFR	313	184		23	53	61	
Other net operating income	72	81		19	19	29	
<b>Total revenues</b>	<b>4,674</b>	<b>5,341</b>	<b>14.3%</b>	<b>1,233</b>	<b>1,367</b>	<b>1,397</b>	<b>2.2%</b>
Operating costs	-2,530	-2,571		-647	-635	-661	
o/w Banking business costs	-2,524	-2,558	1.3%	-642	-632	-660	4.5%
<b>Pre-Provision income</b>	<b>2,144</b>	<b>2,770</b>	<b>29.2%</b>	<b>586</b>	<b>732</b>	<b>736</b>	<b>0.5%</b>
Loan loss provisions	-682	-559	-18.1%	-185	-125	-175	40.2%
Other <sup>1</sup>	-172	-171		-88	-30	-113	
<b>Profit from continuing operations ( pre-tax)</b>	<b>1,289</b>	<b>2,041</b>	<b>58.4%</b>	<b>313</b>	<b>578</b>	<b>448</b>	<b>-22.5%</b>
Taxes	-407	-605		-86	-183	-105	
<b>Net profit from continuing operations</b>	<b>882</b>	<b>1,436</b>	<b>62.9%</b>	<b>228</b>	<b>395</b>	<b>343</b>	<b>-13.0%</b>
Systemic charges	-152	-127		0	-70	1	
PPA and other <sup>2</sup>	-45	-45		-30	-6	-23	
<b>Net income</b>	<b>685</b>	<b>1,264</b>	<b>84.6%</b>	<b>198</b>	<b>319</b>	<b>321</b>	<b>0.7%</b>

## Q4: QUARTERLY EVOLUTION

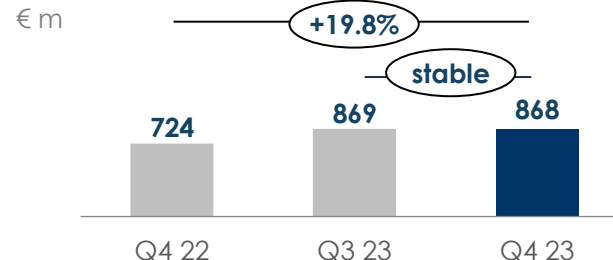


# NII at €3,289m: above FY 2023 Guidance

## Y/Y trend

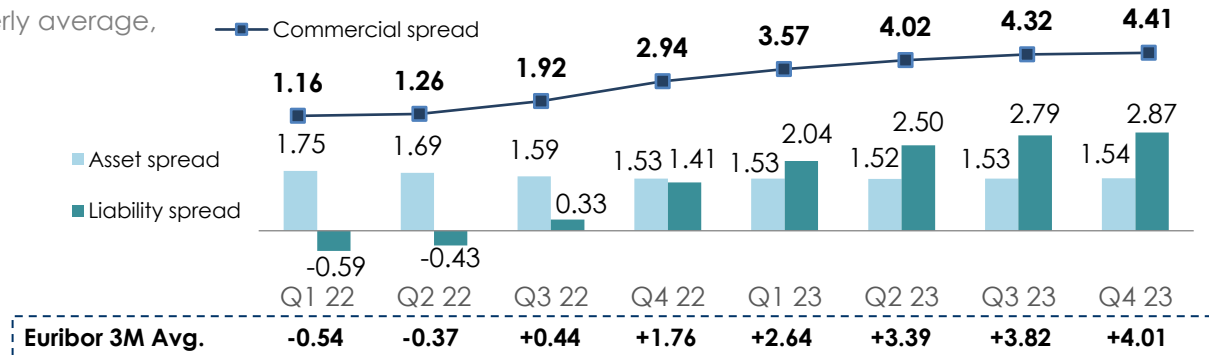


## Quarterly trend



## Commercial spread: +147bps Y/Y and +9bps Q/Q

Quarterly average, in %

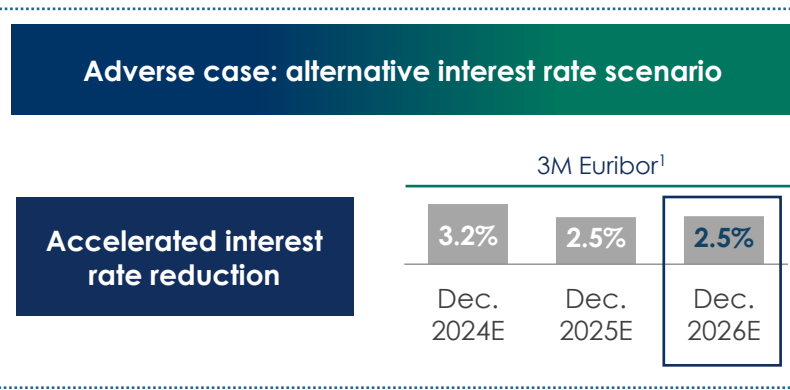
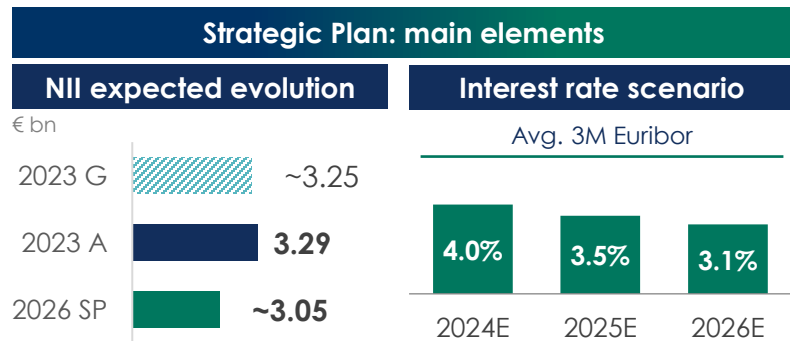


Overall current rate sensitivity to 100bps:

~€250M

at NII+NFR<sup>1</sup> level

# NII outlook: available mitigating actions allow to confirm key Strategic Plan targets even in a scenario of accelerated Interest Rate reduction

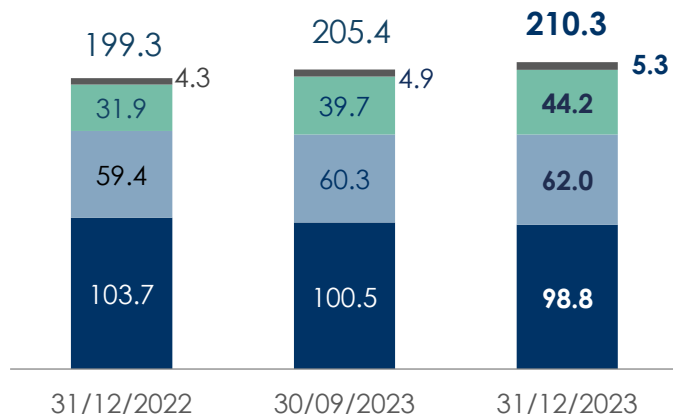


Effect of an accelerated Interest Rate reduction BEFORE MITIGATING ACTIONS		Potential impact on 2026 gross Revenues <b>-€170m</b>
EXAMPLES OF MITIGATING ACTIONS		
	Strategic Plan case	Alternative case
Bond issuance	<ul style="list-style-type: none"> <li>• €15bn over the plan fixed rate</li> <li>• Spread based on historical avg.</li> </ul>	<ul style="list-style-type: none"> <li>• Mix fixed/floating (e.g. 75/25)</li> <li>• Spread @ Jan. 24 issuance</li> </ul>
Certificates	<ul style="list-style-type: none"> <li>• Spread based on historical avg.</li> </ul>	<ul style="list-style-type: none"> <li>• Spread @ Jan. 24 issuance</li> </ul>
Time deposits	<ul style="list-style-type: none"> <li>• Up to €9bn</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced conversion from C/A to TD (e.g. €1bn less)</li> </ul>
New lending	<ul style="list-style-type: none"> <li>• ~€15bn p.y. @ floating rate</li> </ul>	<ul style="list-style-type: none"> <li>• Convert 15% into fixed rate at origination or through swaps</li> </ul>
Potential impact AFTER MITIGATION on 2026 gross Revenues		<b>-€50/70m</b>
ADDITIONAL COUNTERBALANCING EFFECTS FROM COMMISSIONS, NFR AND COST OF RISK NOT CONSIDERED		
STRATEGIC PLAN NET INCOME & REMUNERATION TARGETS CONFIRMED		

# Solid franchise value: total customer funding +€11bn YTD

## Analysis of total customer funding<sup>1</sup>

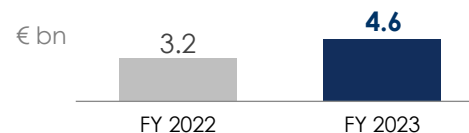
€ bn



- Capital-protected Certificates
- AUC
- AUM
- "Core" Direct (C/A & Deposits)

## POSITIVE TREND IN VOLUME EFFECT<sup>1</sup>, DRIVEN BY AUC

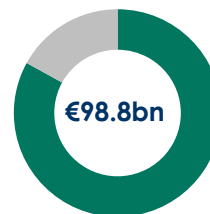
(AUM & AUC net flows + Δ stock of Deposits & Certificates)



## HIGH-VALUE & HEALTHY DEPOSIT BASE

- Strong retail base
- **Guaranteed deposits ~€57bn<sup>2</sup>: 82% of Household deposits are guaranteed by the Guarantee Scheme (62% incl. SME & Corporates)**
- **Average retail (Households & SME retail) deposit size: ~€20K**

**DEPOSITS  
AS AT 31/12/2023**

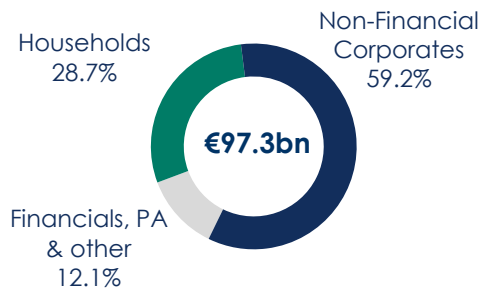


**Retail & SME  
deposits<sup>3</sup>  
>80%**

# Low-risk loan portfolio, highly secured, well positioned

## ANALYSIS OF “CORE” PERFORMING CUSTOMER LOANS AS AT 31/12/2023<sup>1</sup>

GBV



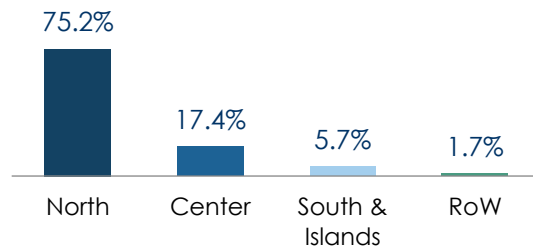
### 58% SHARE OF SECURED EXPOSURE:

- 31% with State Guarantees
- 27% Collateralised

### o/w: Small Businesses<sup>2</sup>

- **73% secured** (44% with State Guarantees and 29% Collateralised)

### Breakdown by geographic area

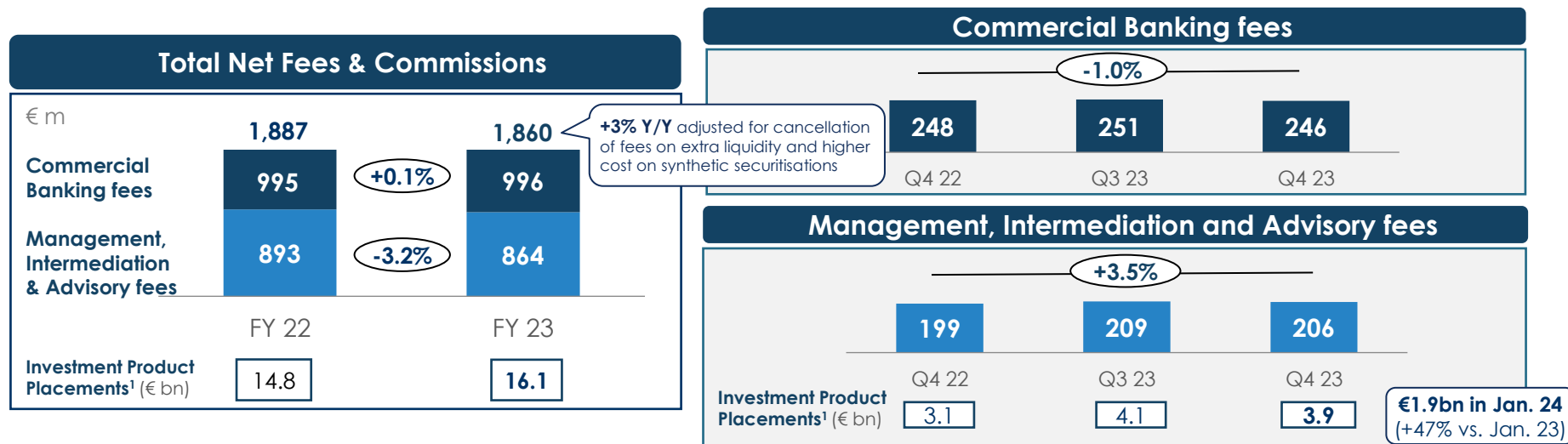


- Strong focus on performing portfolio quality in Q4 2023, with Mid-High/High risk categories declining €1 bn Q/Q
- Performing customer loans rise >€0.7bn in Jan. 2024

### FY 2023 NEW LENDING AT €19.4bn<sup>3</sup>:

- **95%** concentrated in the **best rating classes** (Low-Mid categories)<sup>4</sup>
- **76%** in **Northern Italy**

# Resilient trend in fees



## Commercial Banking fees: €996m in FY 23, stable Y/Y

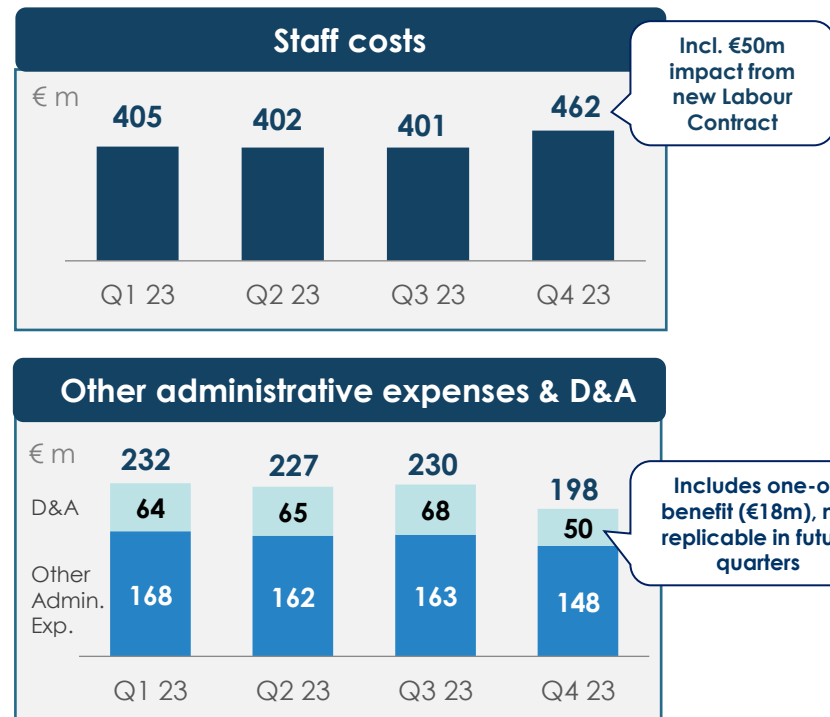
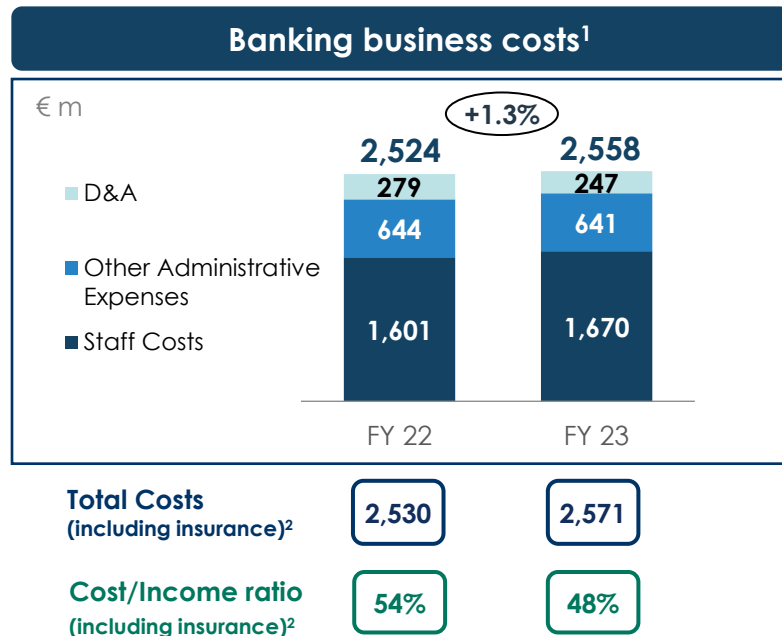
- **Resilient trend, after absorbing ~€45m impact** from removal of fees on current account excess liquidity
- **Positive impact** from commissions on **lending, payments, fees on fiscal credits** and **other services**, with a combined increase of **€56m Y/Y**, more than offsetting higher costs on synthetic securitisations (-€37m Y/Y)

## Management, Intermediation and Advisory fees: €864m in FY 23, -3.2% Y/Y

- **Lower fees from Funds & Sicav (-€53m Y/Y)**, partially compensated by **higher fees from certificates** and **AUC products (increasing by >€40m Y/Y)**



# Strict cost control: Cost/Income down at 48% in FY 23 (54% in FY 22)



# Prudent provisioning policy with strong NPE coverage and improving migration rates

## LLPs & CoR

LLPs, in €m

-18%

682.3  
FY 2022

558.6<sup>1</sup>  
FY 2023

CoR 62bps

53bps

€190m overlays as at 31/12/2023

## Gross NPEs: -21% Y/Y and -4% Q/Q

Stock

■ UTP + PD  
■ Bad Loans

€4.8bn

2.7  
2.0

31/12/22

€3.9bn

2.3  
1.6

30/09/23

€3.8bn

2.1  
1.6

31/12/23

NET NPEs

€2.36bn

€1.97bn

€1.86bn

## NPE coverage at 50.4%

BAD LOAN  
COVERAGE

64.8%  
(72%)

58.7%  
(68%)

60.9%  
(69%)

UTP COVERAGE

40.3%

43.1%

43.2%

% Share of  
Secured NPE  
(GBV)

63%

69%

69%

NPE vintage down to 3.6 years  
at YE 2023 vs 4.3 years at YE 2022

## Migration rates well under control

Default rate

(from Performing to NPEs)

FY 22

0.94%

FY 23

0.93%

Steadily  
<1% since  
9M 2021

Cure rate

(from UTP to Performing)

3.31%

5.1%

Net Default rate

(Net flows to NPEs from  
performing)

0.80%

0.80%

## Stage 2 loans: -€561m in Q4 2023

GBV  
in € bn

10.9

12.8

12.2

31/12/22

30/09/23

31/12/23

Share of  
Stage 2 on  
total perf.  
loans

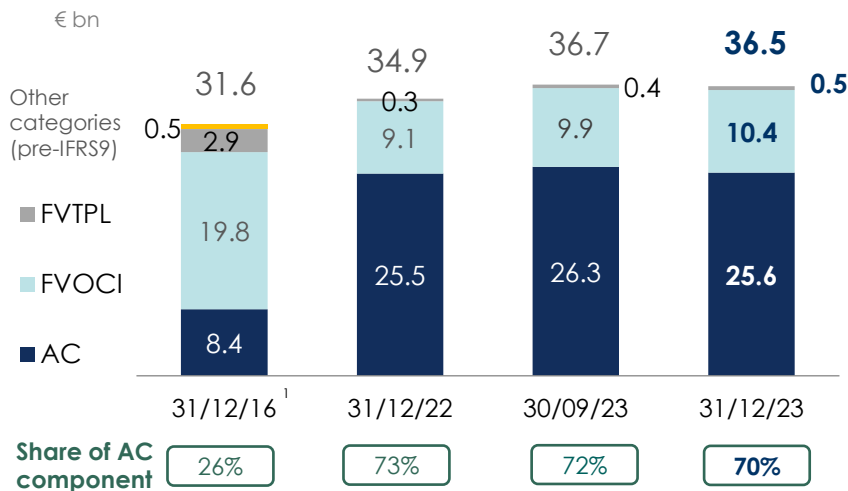
10.1%

12.0%

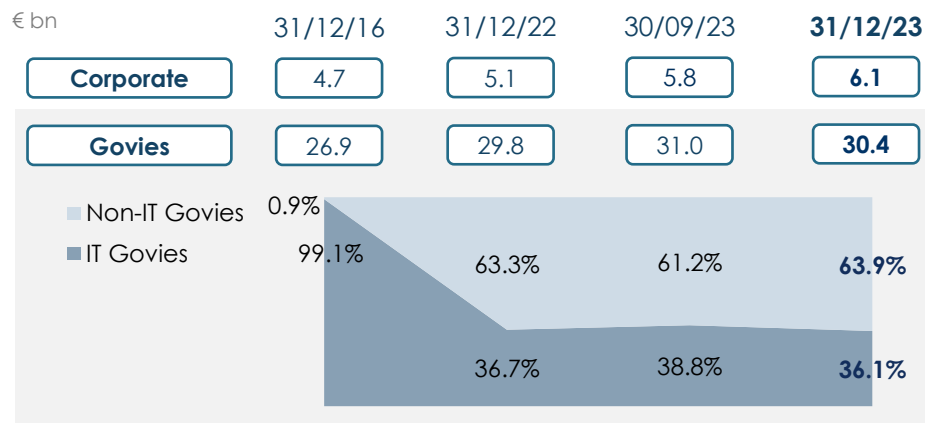
11.7%

# Optimization and diversification of Debt securities portfolio

## Overall trend and accounting breakdown



## Composition by counterparty



- IT govies on total govies down at **36.1%** (99.1% at YE 2016)
- Share of IT govies at FVOCI down at **26.0%** (64% at YE 2016)

**29%**

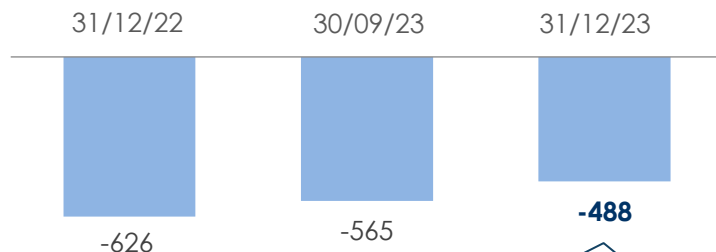
**Share of ESG corporate bonds in the proprietary portfolio as at 31/12/23** (vs. 24% at YE 2022)

# Reserves of debt securities at FVOCI and Net Financial Result

Very low sensitivity of debt securities portfolio at FVOCI confirmed

## Reserves of debt securities at FVOCI<sup>1</sup>

Post-tax  
€ m

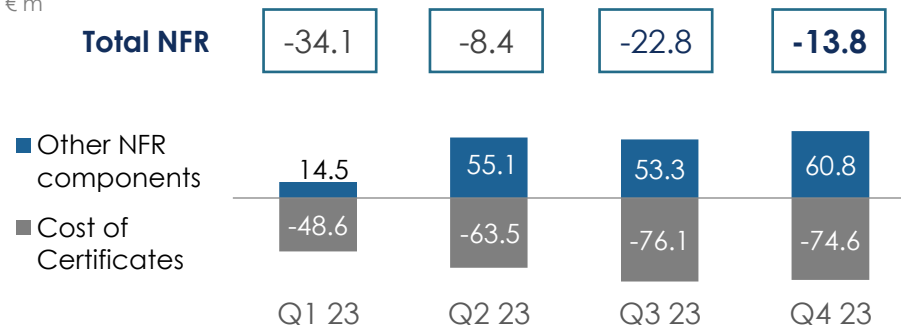


**VERY LOW SENSITIVITY CONFIRMED:**

BPV of Total Govies in FVOCI at €0.98m,  
o/w close to zero for Italian Govies<sup>2</sup>

## Breakdown of Net Financial Result

€ m

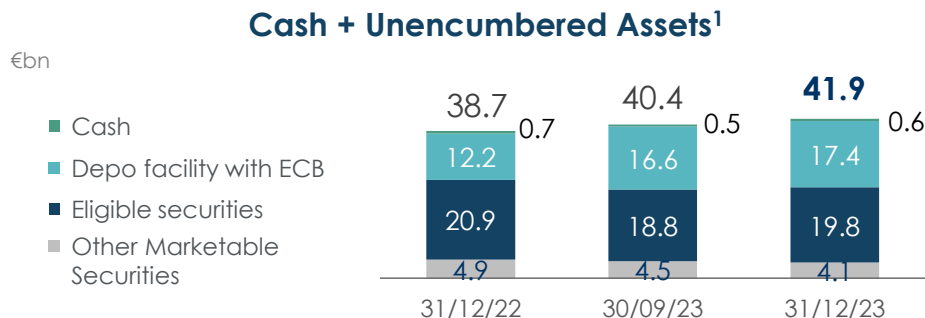


**In Q4 2023:**

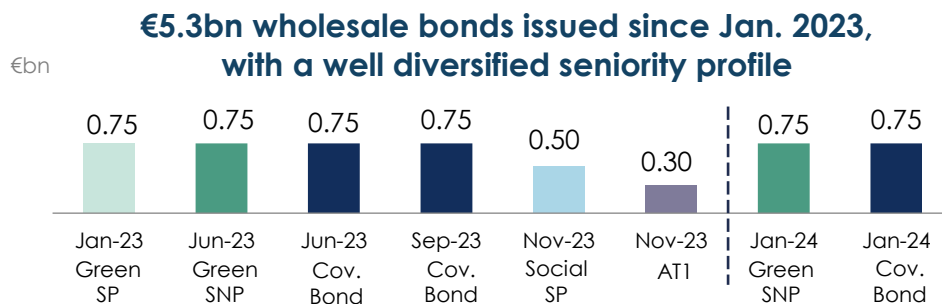
- **Resilient results from NFR** (excluding impact from Cost of Certificates): **+€7.5m Q/Q**
- **Lower impact (€1.5m Q/Q)** from **Cost of Certificates<sup>3</sup>**

# Solid liquidity & funding position, with ratios well above minimum requirements

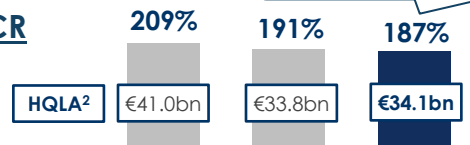
## LIQUIDITY



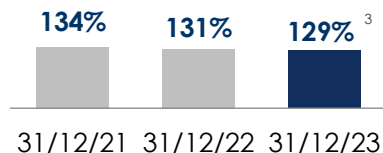
## FUNDING



## LCR



## NSFR



## TLTRO III

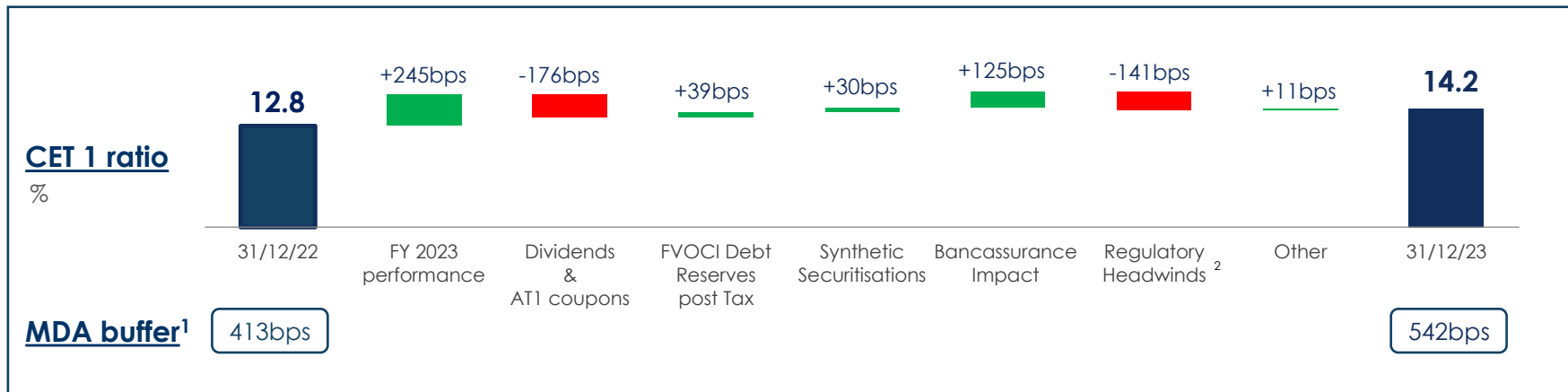


**Solid liquidity & funding ratios preserved even after material TLTRO III reduction**

**Wide buffer vs. MREL requirement<sup>4</sup>:**  
**8.9% vs. Total Req. 2023**  
**(6.9% vs. Total Req. 2024)**

# Strong capital generation driving increase in CET1 ratio to 14.2%

## Significantly strengthened ratios and buffers

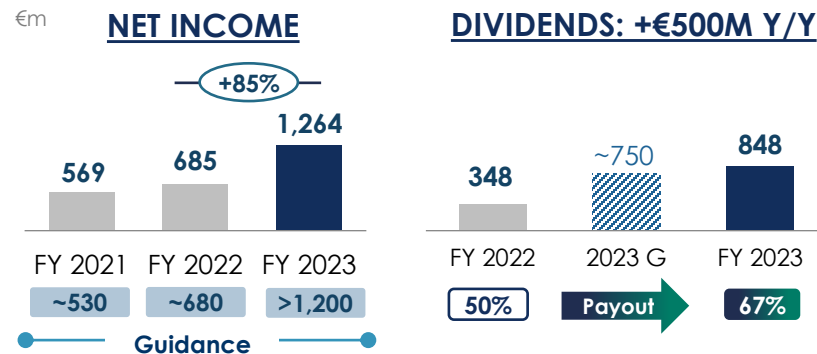


CAPITAL RATIOS & RWA	31/12/22		31/12/23	
	TIER 1	15.2%	TIER 1	16.3%
	TOTAL	18.0%	TOTAL	19.0%
	RWA (€/bn)	59.9	RWA (€/bn)	63.8

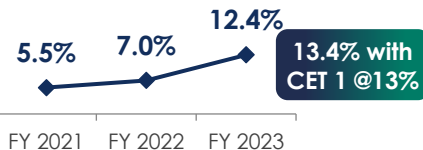
**+132bps capital generation**, paving the way for the **significant increase in the dividend payout: 67% in FY 2023** (50% in FY 2022)

# A very strong 2023, allowing to improve shareholder remuneration and confirm our 2024 Net Income guidance

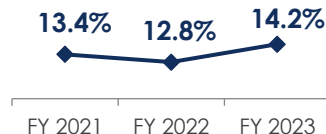
## 2023: WELL ABOVE NET INCOME GUIDANCE WITH A SIZEABLE REMUNERATION



### Double-digit ROTE<sup>1</sup>



### Strengthened CET 1 Ratio



## 2024 OUTLOOK: EPS GUIDANCE AND INTERIM DIVIDEND CONFIRMED

- **Increase in Pre-Provision Income** driven by **core revenues**, with **both NII and Commissions up Y/Y** and with inflation-driven headwinds on expenses, partially mitigated by **cost discipline**
- **Resilient provisions**, with impact of potential increase in default rate expected to be compensated by removal of negative components booked in 2023, to support disposals of Non-Performing Assets

**EPS: Confirmed @ ~€0.90**  
**>€1.1 incl. one-offs**

**INTERIM DIVIDEND:**  
**Confirmed @ ~€0.55bn**

## IMPROVED DIVIDEND DISTRIBUTION IN 2024

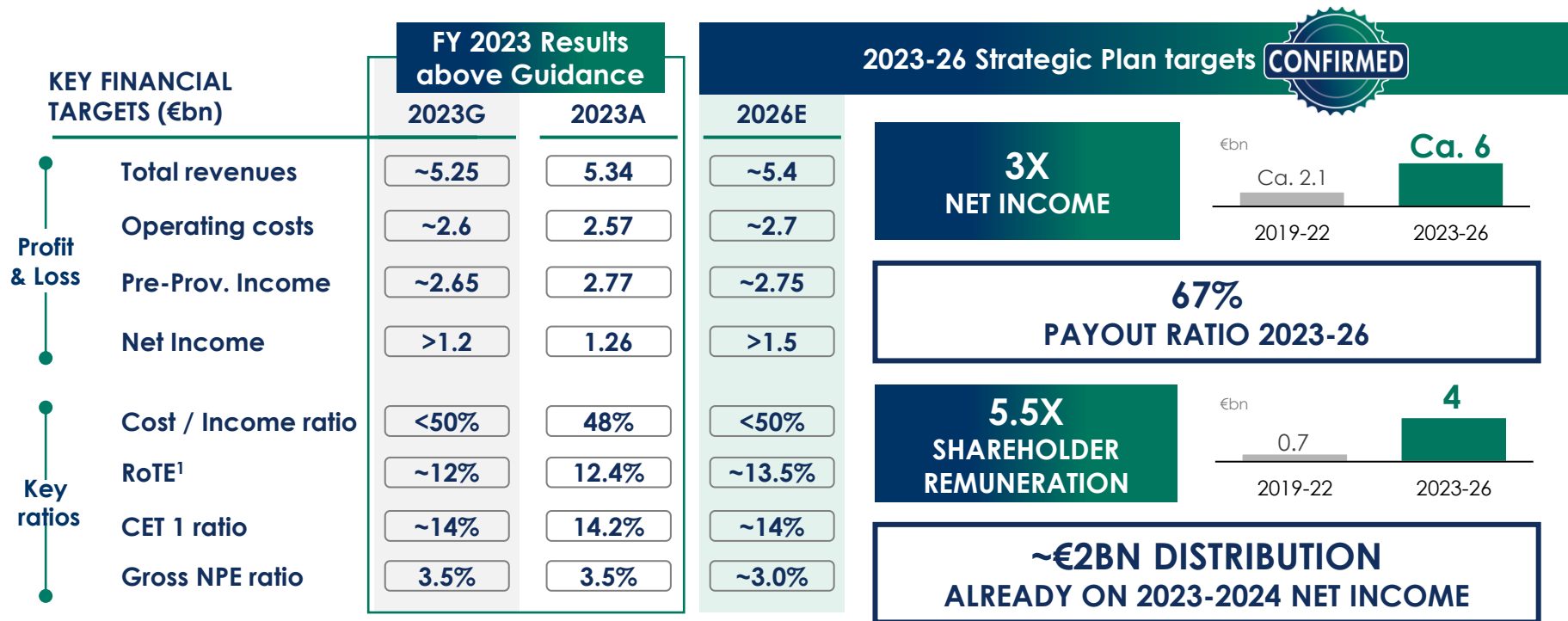
**Raised to ~€1.4bn<sup>2</sup>**

(including FY 2023 dividend & 2024 interim dividend)

**Equivalent to ~19% of current market cap.<sup>3</sup>**

# Banco BPM 2023-2026 – a solid success story

A very strong start of a truly promising journey





# ***Appendix:***

## ***FY 2023 Performance Details***

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# P&L: annual comparison

Reclassified income statement (€m)	RESTATED		Chg. Y/Y %
	FY 22	FY 23	
Net interest income	2,314.4	3,289.2	42.1%
Income (loss) from invest. in associates carried at equity	136.0	144.1	6.0%
<b>Net interest, dividend and similar income</b>	<b>2,450.4</b>	<b>3,433.3</b>	<b>40.1%</b>
Net fee and commission income	1,887.3	1,860.0	-1.4%
Other net operating income	71.6	81.3	13.6%
Net financial result	243.0	-79.0	n.m.
Income from insurance business	21.7	45.9	n.m.
<b>Other operating income</b>	<b>2,223.6</b>	<b>1,908.1</b>	<b>-14.2%</b>
<b>Total income</b>	<b>4,674.0</b>	<b>5,341.4</b>	<b>14.3%</b>
Personnel expenses	-1,602.4	-1,672.0	4.3%
Other administrative expenses	-648.2	-652.4	0.6%
Amortization and depreciation	-279.7	-246.8	-11.8%
<b>Operating costs</b>	<b>-2,530.4</b>	<b>-2,571.2</b>	<b>1.6%</b>
<b>Profit (loss) from operations</b>	<b>2,143.6</b>	<b>2,770.3</b>	<b>29.2%</b>
Net adjustments on loans to customers	-682.3	-558.6	-18.1%
Profit (loss) on FV measurement of tangible assets	-108.3	-146.8	35.5%
Net adjustments on other financial assets	-9.1	-2.0	-78.2%
Net provisions for risks and charges	-57.2	-22.2	-61.2%
Profit (loss) on the disposal of equity and other invest.	2.3	0.3	-84.9%
<b>Income (loss) before tax from continuing operations</b>	<b>1,288.9</b>	<b>2,041.0</b>	<b>58.4%</b>
Tax on income from continuing operations	-407.0	-604.8	48.6%
<b>Income (loss) after tax from continuing operations</b>	<b>881.8</b>	<b>1,436.3</b>	<b>62.9%</b>
Systemic charges after tax	-151.9	-126.6	-16.7%
Impact of bancassurance reorganization	0.0	-22.2	n.m.
Realignment of fiscal values to accounting values	0.0	8.8	n.m.
Goodwill impairment	-8.1	0.0	n.m.
Income (loss) attributable to minority interests	0.8	0.0	-97.2%
Purchase Price Allocation after tax	-42.4	-28.3	-33.1%
Fair value on own liabilities after Taxes	4.8	-3.5	n.m.
<b>Net income (loss) for the period</b>	<b>685.0</b>	<b>1,264.5</b>	<b>84.6%</b>

# P&L: quarterly comparison

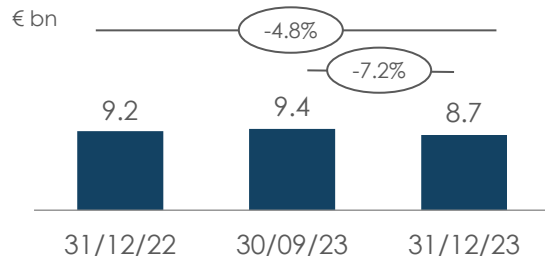
Reclassified income statement (€m)	RESTATED				Q1 23	Q2 23	Q3 23	Q4 23	Chg. Q/Q	Chg. Q/Q %
	Q1 22	Q2 22	Q3 22	Q4 22						
Net interest income	511.5	527.6	551.3	724.0	743.0	809.9	868.7	867.7	-1.0	-0.1%
Income (loss) from invest. in associates carried at equity	42.4	15.7	39.5	38.4	36.3	24.3	34.1	49.4	15.2	44.6%
<b>Net interest, dividend and similar income</b>	<b>554.0</b>	<b>543.3</b>	<b>590.8</b>	<b>762.3</b>	<b>779.3</b>	<b>834.2</b>	<b>902.8</b>	<b>917.0</b>	<b>14.2</b>	<b>1.6%</b>
Net fee and commission income	480.1	486.8	473.2	447.3	478.7	469.5	460.0	451.8	-8.2	-1.8%
Other net operating income	16.7	15.0	20.4	19.5	16.9	16.5	19.1	28.7	9.6	50.0%
Net financial result	127.9	48.9	75.1	-9.0	-34.1	-8.4	-22.8	-13.8	9.0	-39.6%
Income from insurance business			8.6	13.1	9.6	15.0	8.2	13.1	5.0	60.7%
<b>Other operating income</b>	<b>624.7</b>	<b>550.7</b>	<b>577.3</b>	<b>470.9</b>	<b>471.0</b>	<b>492.7</b>	<b>464.5</b>	<b>479.9</b>	<b>15.3</b>	<b>3.3%</b>
<b>Total income</b>	<b>1,178.7</b>	<b>1,094.0</b>	<b>1,168.1</b>	<b>1,233.2</b>	<b>1,250.3</b>	<b>1,326.9</b>	<b>1,367.3</b>	<b>1,396.9</b>	<b>29.5</b>	<b>2.2%</b>
Personnel expenses	-407.9	-405.3	-397.3	-391.9	-405.4	-402.9	-402.2	-461.5	-59.4	14.8%
Other administrative expenses	-155.6	-162.7	-159.6	-170.4	-170.2	-166.6	-165.1	-150.5	14.5	-8.8%
Amortization and depreciation	-61.2	-64.1	-69.9	-84.6	-64.5	-65.2	-68.1	-49.1	19.0	-27.9%
<b>Operating costs</b>	<b>-624.7</b>	<b>-632.1</b>	<b>-626.8</b>	<b>-646.9</b>	<b>-640.1</b>	<b>-634.7</b>	<b>-635.3</b>	<b>-661.1</b>	<b>-25.9</b>	<b>4.1%</b>
<b>Profit (loss) from operations</b>	<b>554.0</b>	<b>461.9</b>	<b>541.3</b>	<b>586.3</b>	<b>610.3</b>	<b>692.2</b>	<b>732.1</b>	<b>735.7</b>	<b>3.7</b>	<b>0.5%</b>
Net adjustments on loans to customers	-151.1	-152.6	-193.9	-184.7	-137.5	-121.3	-124.8	-175.0	-50.2	40.2%
Profit (loss) on FV measurement of tangible assets	-1.2	-39.6	-7.5	-60.0	-1.9	-30.5	-11.8	-102.7	-90.9	n.m.
Net adjustments on other financial assets	-3.2	-2.3	-3.0	-0.5	0.7	0.5	-1.0	-2.1	-1.1	n.m.
Net provisions for risks and charges	-8.1	-4.6	-16.3	-28.2	2.5	0.9	-17.2	-8.3	8.8	-51.4%
Profit (loss) on the disposal of equity and other invest.	1.5	-0.1	0.3	0.5	0.2	-0.4	0.3	0.3	0.0	-13.6%
<b>Income (loss) before tax from continuing operations</b>	<b>391.9</b>	<b>262.8</b>	<b>320.9</b>	<b>313.4</b>	<b>474.2</b>	<b>541.4</b>	<b>577.6</b>	<b>447.8</b>	<b>-129.8</b>	<b>-22.5%</b>
Tax on income from continuing operations	-138.4	-92.6	-90.4	-85.6	-147.4	-169.7	-183.0	-104.7	78.3	-42.8%
<b>Income (loss) after tax from continuing operations</b>	<b>253.4</b>	<b>170.2</b>	<b>230.4</b>	<b>227.8</b>	<b>326.8</b>	<b>371.8</b>	<b>394.6</b>	<b>343.1</b>	<b>-51.5</b>	<b>-13.0%</b>
Systemic charges after tax	-74.6	0.0	-77.3	0.0	-57.3	-0.4	-69.6	0.7	70.3	n.m.
Impact of bancassurance reorganization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-22.2	-22.2	
Realignment of fiscal values to accounting values	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.8	8.8	
Goodwill impairment	0.0	-8.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Income (loss) attributable to minority interests	0.0	0.1	0.0	0.6	0.0	0.4	0.1	-0.4	-0.5	
Purchase Price Allocation after tax	-8.5	-7.2	-16.5	-10.2	-7.4	-6.8	-7.3	-6.8	0.4	-5.7%
Fair value on own liabilities after Taxes	0.2	25.5	-0.3	-20.5	3.3	-5.8	1.2	-2.1	-3.2	n.m.
<b>Net income (loss) for the period</b>	<b>170.6</b>	<b>180.4</b>	<b>136.4</b>	<b>197.6</b>	<b>265.3</b>	<b>359.1</b>	<b>319.0</b>	<b>321.1</b>	<b>2.1</b>	<b>0.7%</b>

# Balance Sheet

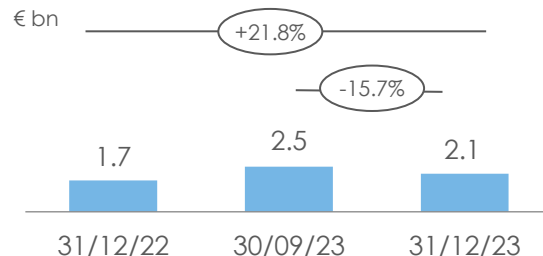
Reclassified assets (€ m)	Restated			Chg. Y/Y		Chg. Q/Q	
	31/12/22	30/09/23	31/12/23	Value	%	Value	%
Cash and cash equivalents	13,131	17,617	18,297	5,167	39.3%	681	3.9%
Loans and advances measured at AC	113,633	111,926	109,568	-4,064	-3.6%	-2,357	-2.1%
- Loans and advances to banks	4,178	3,877	4,142	-36	-0.9%	264	6.8%
- Loans and advances to customers <sup>(1)</sup>	109,455	108,048	105,427	-4,028	-3.7%	-2,622	-2.4%
Other financial assets	43,094	44,853	43,706	613	1.4%	-1,147	-2.6%
- Assets measured at FV through PL	8,207	8,310	7,392	-815	-9.9%	-918	-11.0%
- Assets measured at FV through OCI	9,381	10,202	10,693	1,312	14.0%	491	4.8%
- Assets measured at AC	25,506	26,342	25,622	116	0.5%	-720	-2.7%
Financial assets pertaining to insurance companies	5,893	5,805	15,345	9,452	160.4%	9,540	164.3%
Equity investments	1,652	1,651	1,454	-198	-12.0%	-197	-11.9%
Property and equipment	3,035	2,795	2,858	-177	-5.8%	63	2.3%
Intangible assets	1,255	1,235	1,257	2	0.2%	22	1.8%
Tax assets	4,585	4,196	4,201	-384	-8.4%	5	0.1%
Non-current assets held for sale and discont. operations	196	529	469	273	139.4%	-61	-11.5%
Other assets	3,335	3,856	4,975	1,641	49.2%	1,120	29.0%
<b>Total</b>	<b>189,808</b>	<b>194,463</b>	<b>202,132</b>	<b>12,324</b>	<b>6.5%</b>	<b>7,669</b>	<b>3.9%</b>
Reclassified liabilities (€ m)	Restated			Chg. Y/Y		Chg. Q/Q	
	31/12/22	30/09/23	31/12/23	Value	%	Value	%
Banking Direct Funding	120,639	120,705	120,770	131	0.1%	65	0.1%
- Due from customers	107,679	103,585	101,862	-5,817	-5.4%	-1,723	-1.7%
- Debt securities and financial liabilities designed at FV	12,960	17,121	18,908	5,948	45.9%	1,787	10.4%
Insurance Direct Funding & Insurance liabilities	5,743	5,615	15,040	9,297	161.9%	9,425	167.9%
- Financial liabilities measured at FV pertaining to insurance companies	1,459	1,420	2,800	1,341	91.9%	1,380	97.1%
- Liabilities pertaining to insurance companies	4,284	4,194	12,240	7,956	185.7%	8,045	191.8%
Due to banks	32,636	22,623	21,691	-10,945	-33.5%	-932	-4.1%
Debts for Leasing	628	498	671	43	6.8%	172	34.6%
Other financial liabilities designated at FV	13,598	27,774	25,698	12,100	89.0%	-2,076	-7.5%
Other financial liabilities pertaining to insurance companies	0	2	73	72	n.m.	70	n.m.
Liability provisions	989	874	895	-94	-9.5%	20	2.3%
Tax liabilities	268	294	454	186	69.5%	160	54.7%
Liabilities associated with assets held for sale	26	244	212	186	721.1%	-32	-13.0%
Other liabilities	2,266	2,218	2,592	326	14.4%	374	16.9%
Minority interests	1	0	0	-1	-90.6%	0	-76.2%
Shareholders' equity	13,016	13,617	14,038	1,023	7.9%	421	3.1%
<b>Total</b>	<b>189,808</b>	<b>194,463</b>	<b>202,132</b>	<b>12,324</b>	<b>6.5%</b>	<b>7,669</b>	<b>3.9%</b>

# Focus on Govies portfolio

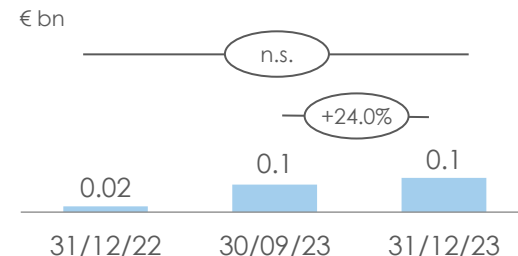
## Italian Govies at AC



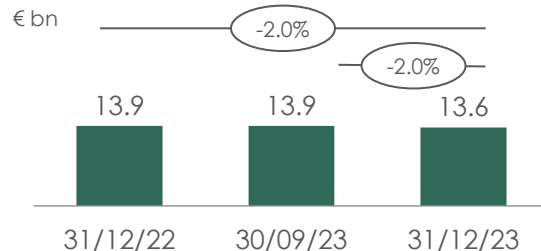
## Italian Govies at FVOCI



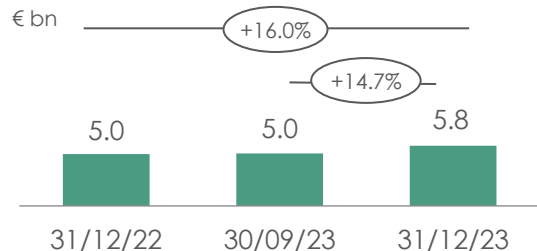
## Italian Govies at FVTPL



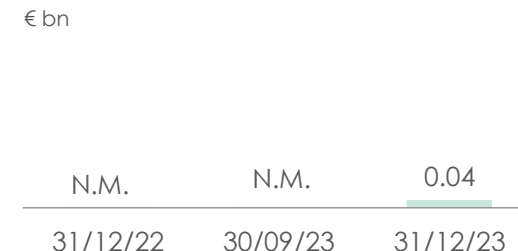
## Non-Italian Govies at AC



## Non-Italian Govies at FVOCI



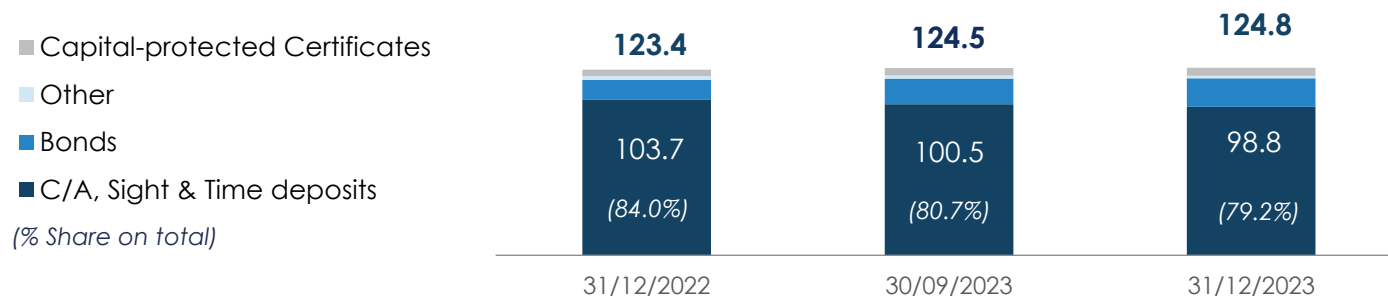
## Non-Italian Govies at FVTPL



# Direct funding from the Banking business

## Direct funding<sup>1</sup>

€ bn

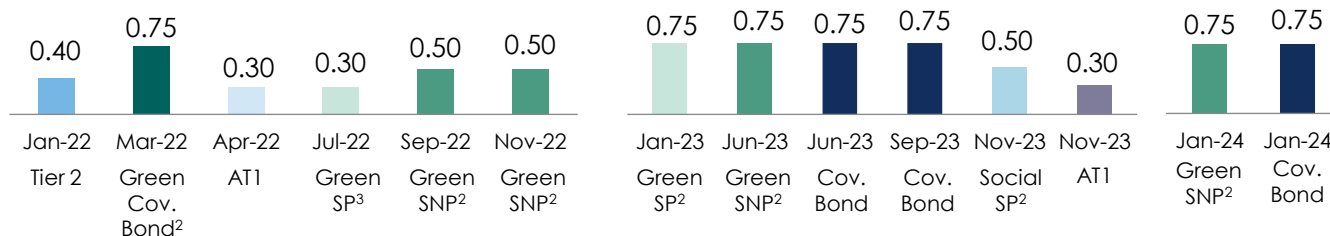


	31/12/22	30/09/23	31/12/23	% chg. Y/Y	% chg. Q/Q
C/A & Sight deposits	103.4	100.1	98.6	-4.7%	-1.6%
Time deposits	0.3	0.3	0.2	-14.8%	-27.7%
Bonds	12.9	17.1	18.9	46.0%	10.5%
Other	2.5	2.0	1.8	-30.9%	-13.4%
Capital-protected Certificates	4.3	4.9	5.3	23.5%	7.9%
<b>Direct Funding (excl. Repos)</b>	<b>123.4</b>	<b>124.5</b>	<b>124.8</b>	<b>1.1%</b>	<b>0.2%</b>

# Successful issuance activity and well diversified liability profile

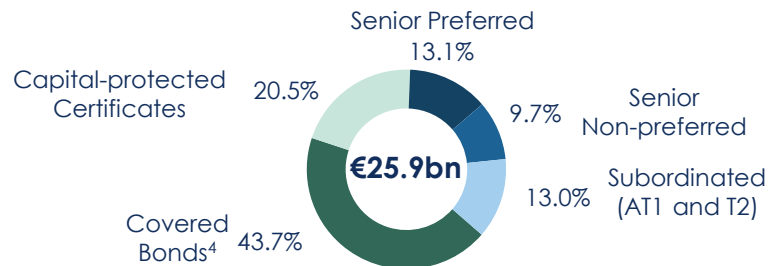
## Wholesale bonds issued since 2022<sup>1</sup>

€bn



## Bonds & Certificates outstanding as at 31/12/2023

Nominal amounts

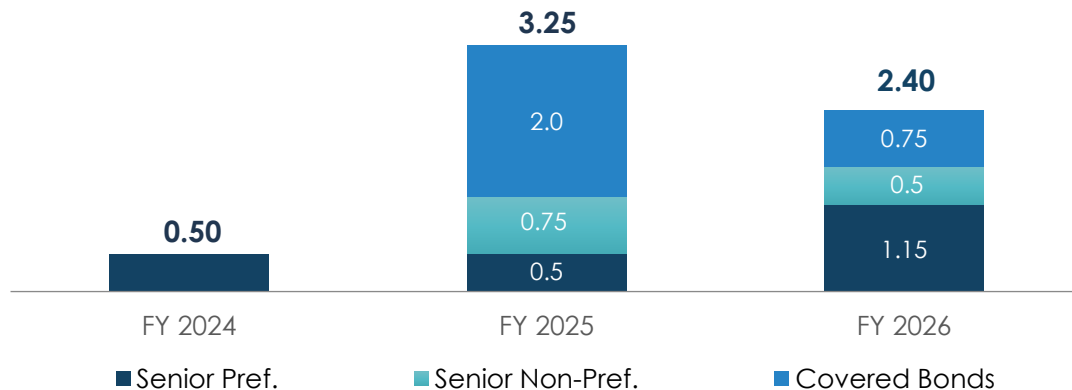


- Wholesale bonds issued for a total of **€3.8bn in 2023** (vs. €2.75bn in 2022), o/w: **39% green** and **13% social**
- Additional **€1.5bn** already **issued in Jan. 2024** (o/w: **50% green**)
- In rolling out its funding plan, Banco BPM will **consider** not only **regulatory MREL requirements** but also **rating agency thresholds and buffers**

# Bond maturities: limited and manageable amounts

## Institutional bond maturities<sup>1</sup>

€ bn

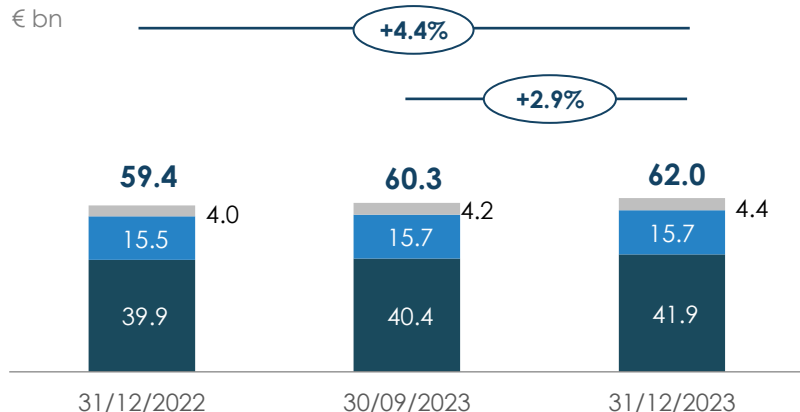


- The Group faces rather limited amounts of bond maturities in the senior space, with the bulk of maturities in the period 2024-2026 in relation to Covered Bonds

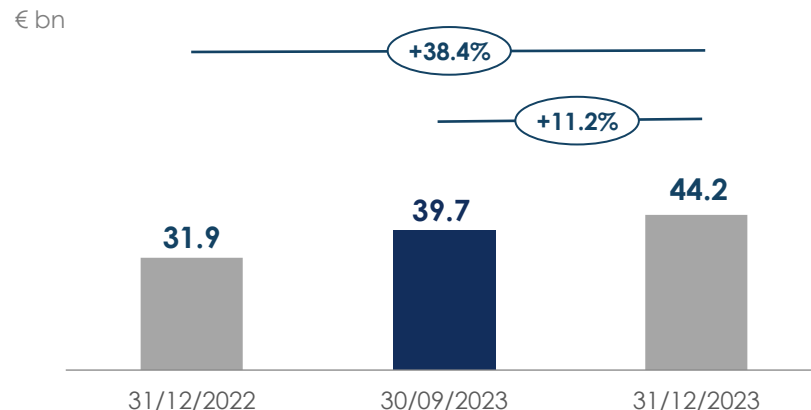


# Indirect customer funding up at €106.2bn: +16.2%Y/Y

## Assets under Management (AuM)



## Assets under Custody (AuC)<sup>1</sup>



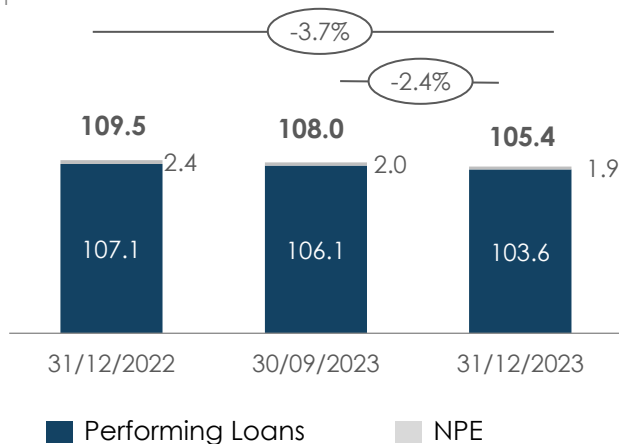
■ Funds & Sicav ■ Bancassurance ■ Managed Accounts and Funds of Funds

- Total Indirect Customer Funding up at €106.2bn, from €100.0bn as at 30/09/2023 and €91.3bn as at 31/12/2022
- FY 2023 results confirm a steady upward progression of AUM and record an excellent acceleration in the AUC segment

# Net Customer Loans

## Net Customer Loans

€ bn



Net Performing Customer Loans	31/12/22	30/09/23	31/12/23	Change	
				In % Y/Y	In % Q/Q
<b>Core customer loans</b>	<b>102,8</b>	<b>99,1</b>	<b>96,9</b>	<b>-5,7%</b>	<b>-2,2%</b>
- Medium/Long-Term loans	80,4	78,6	77,1	-4,1%	-2,0%
- Current Accounts	8,4	7,6	7,5	-11,0%	-1,7%
- Cards & Personal Loans	1,0	0,7	0,7	-31,2%	-6,0%
- Other loans	13,0	12,1	11,7	-9,9%	-3,5%
<b>GACS Senior Notes</b>	<b>1,9</b>	<b>1,5</b>	<b>1,4</b>	<b>-26,9%</b>	<b>-5,1%</b>
<b>Repos</b>	<b>1,9</b>	<b>5,1</b>	<b>4,8</b>	<b>156,6%</b>	<b>-4,8%</b>
<b>Leasing</b>	<b>0,5</b>	<b>0,4</b>	<b>0,4</b>	<b>-25,0%</b>	<b>-8,3%</b>
<b>Total Net Performing Loans</b>	<b>107,1</b>	<b>106,1</b>	<b>103,6</b>	<b>-3,3%</b>	<b>-2,4%</b>

# Construction of buildings and RE activities

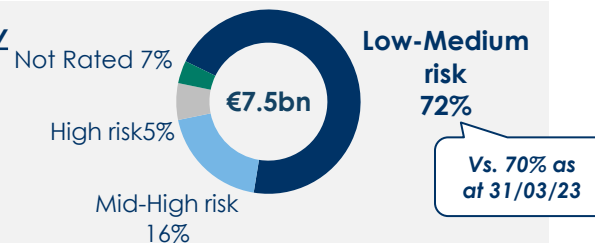
Highly secured exposure, concentrated in low-mid risk rating classes and in the northern part of Italy

€ bn	Performing Exposure (GBV)	In % on total Perf. loans
Construction of buildings <sup>1</sup>	3.0	3%
RE Activities	4.5	4%
<b>TOTAL</b>	<b>7.5</b>	<b>7%</b>

-€500m vs 31/03/23

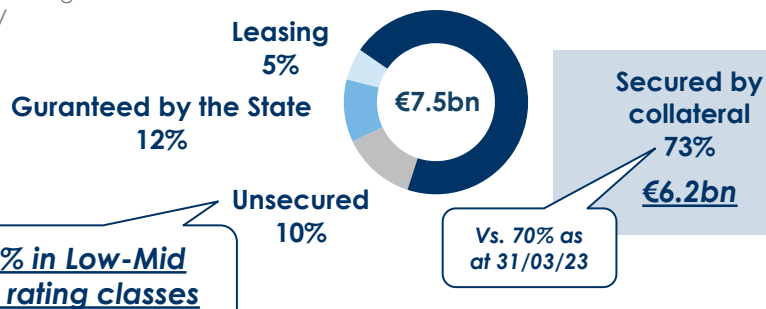
Vs. 8% as at 31/03/23

## Composition by rating classes



## Composition by guarantees

Performing loans  
GBV



o/w: €4.9bn OPERATING ASSETS, with LTV of ~51%

74% North (49% Lombardy, 36% Milan)  
21% Center and 5% South & Islands

o/w: €1.25bn UNDER DEVELOPMENT:

75% North (59% Lombardy, 46% Milan)  
19% Center and 3% South & Islands

# Asset Quality details

## Loans to Customers at AC<sup>1</sup>

Gross exposures €/m and %	31/12/2022	30/09/2023	31/12/2023	Chg. Y/Y		Chg. Q/Q	
				Value	%	Value	%
Bad Loans	2.047	1.630	1.601	-446	-21,8%	-29	-1,8%
UTP	2.639	2.169	2.056	-584	-22,1%	-114	-5,2%
Past Due	82	91	93	11	13,7%	2	2,6%
<b>NPE</b>	<b>4.769</b>	<b>3.891</b>	<b>3.751</b>	<b>-1.018</b>	<b>-21,3%</b>	<b>-140</b>	<b>-3,6%</b>
<b>Performing Loans</b>	<b>107.520</b>	<b>106.499</b>	<b>103.991</b>	<b>-3.529</b>	<b>-3,3%</b>	<b>-2.507</b>	<b>-2,4%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>112.289</b>	<b>110.390</b>	<b>107.742</b>	<b>-4.547</b>	<b>-4,0%</b>	<b>-2.648</b>	<b>-2,4%</b>

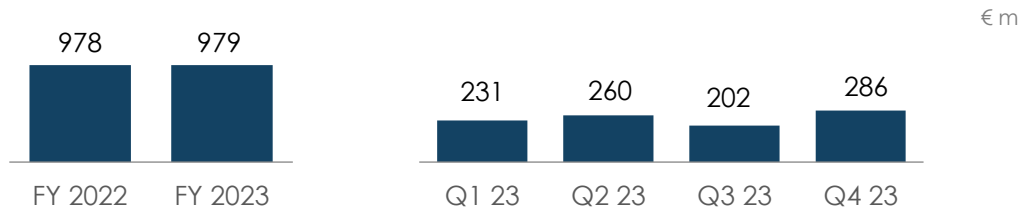
Net exposures €/m and %	31/12/2022	30/09/2023	31/12/2023	Chg. Y/Y		Chg. Q/Q	
				Value	%	Value	%
Bad Loans	721	673	626	-94	-13,1%	-47	-6,9%
UTP	1.575	1.235	1.168	-407	-25,8%	-67	-5,4%
Past Due	60	64	67	7	11,8%	3	4,7%
<b>NPE</b>	<b>2.356</b>	<b>1.972</b>	<b>1.862</b>	<b>-494</b>	<b>-21,0%</b>	<b>-111</b>	<b>-5,6%</b>
<b>Performing Loans</b>	<b>107.099</b>	<b>106.076</b>	<b>103.565</b>	<b>-3.534</b>	<b>-3,3%</b>	<b>-2.511</b>	<b>-2,4%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>109.455</b>	<b>108.048</b>	<b>105.427</b>	<b>-4.028</b>	<b>-3,7%</b>	<b>-2.622</b>	<b>-2,4%</b>

Coverage ratios %	31/12/2022	30/09/2023	31/12/2023
Bad Loans	64,8%	58,7%	60,9%
UTP	40,3%	43,1%	43,2%
Past Due	26,9%	29,6%	28,2%
<b>NPE</b>	<b>50,6%</b>	<b>49,3%</b>	<b>50,4%</b>
<b>Performing Loans</b>	<b>0,39%</b>	<b>0,40%</b>	<b>0,41%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>2,5%</b>	<b>2,1%</b>	<b>2,1%</b>

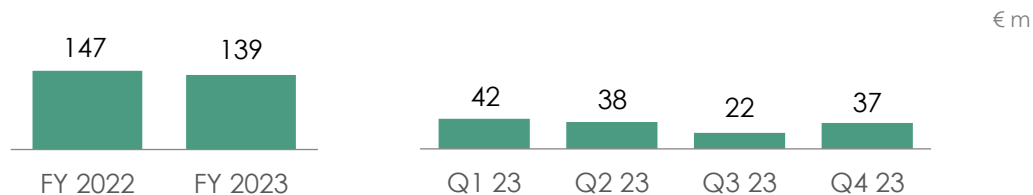
Notes: 1. Loans and advances to customers at Amortized Cost, including also the GACS senior notes.

# NPE migration dynamics

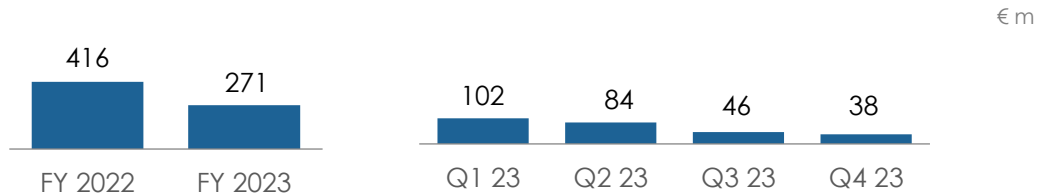
## Inflows from Performing to NPEs



## Outflows from NPEs to Perf. Loans



## Flows from UTP to Bad Loans



# Capital position in detail

FULLY LOADED CAPITAL POSITION (€/m and %)	31/12/2022 Restated <sup>1</sup>	31/03/2023	30/06/2023	30/09/2023	31/12/2023
CET 1 Capital	7,686	8,076	8,386	8,381	9,036
T1 Capital	9,076	9,466	9,776	9,771	10,425
Total Capital	10,800	11,192	11,484	11,510	12,125
RWA	59,859	59,514	58,859	58,501	63,823
CET 1 Ratio	12.84%	13.57%	14.25%	14.33%	14.16%
AT1	2.32%	2.34%	2.36%	2.38%	2.18%
T1 Ratio	15.16%	15.91%	16.61%	16.70%	16.34%
Tier 2	2.88%	2.90%	2.90%	2.97%	2.66%
Total Capital Ratio	18.04%	18.81%	19.51%	19.68%	19.00%
Leverage ratio Fully Loaded as at 31/12/2023: 5.22%					

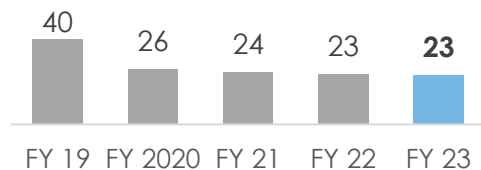
FULLY LOADED RWA COMPOSITION (€/bn)	31/12/2022 Restated	31/03/2023	30/06/2023	30/09/2023	31/12/2023
CREDIT & COUNTERPARTY RISK	50,8	50,6	49,8	49,6	54,2
of which: Standard	26,1	26,5	26,6	26,3	32,2
MARKET RISK	1,4	1,3	1,4	1,3	1,5
OPERATIONAL RISK	7,4	7,4	7,4	7,4	7,9
CVA	0,3	0,2	0,2	0,2	0,2
TOTAL	59,9	59,5	58,9	58,5	63,8

# Successfully continuing our digitalization path

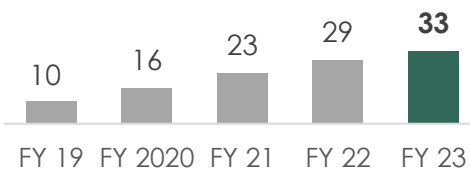
## DIGITAL BANKING KPI

### # BRANCH AND APP-BASED TRANSACTIONS (M)

#### Branch-based



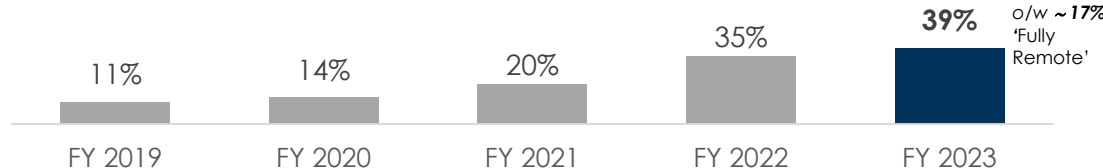
#### APP-based



Weight on  
total  
transactions



### % OMNICHANNEL SALES<sup>1</sup>



o/w ~17%  
'Fully  
Remote'

## FY 2023 INITIATIVES IN DIGITAL

- Increase of **products and services** available for **remote selling/signature** (e.g. POS; main SME lending products)
- **Digital Identity** adoption: >#1.3 m clients
- **Digital branch** empowerment on commercial activities (accounting for > 50% of total **remote sales** in **Q4 2023**)
- **Evolution of virtual assistance**, impacting further inbound optimization and enabling new commercial proposition
- Launch of innovative **in-App Video-collaboration**
- Deployment of new omnichannel **Marketing Automation platform**

# ***Appendix:***

## ***ESG Strategy and Credit Ratings***

---



# Our path towards a sound sustainability strategy: the recent history

## 2018-2020

- **Internal Control and Risk Committee**<sup>1</sup> in charge of overseeing sustainability topics
- **Energy Manager & Mobility Manager** appointed
- Published the **rules for the environmental policy**, the **Workplace health and safety guidelines** and the **Guidelines regarding the integration of sustainable risks in the provision of investment services**
- **100% of electricity consumption from certified renewable sources**
- **Extraordinary measures for local communities and social projects in response to Covid crisis**
- **First ESG lending product** (Plafond for ESG investments)
- **ISO 45001 Occupational Health and Safety**, **ISO 50001 Energy** and **ISO 14001 Environmental certifications** obtained



## 2021

- Activation of the first **"ESG Action Plan"** to fully integrate ESG into our operating model
- **ESG targets** integrated within **ST & LT incentive plans** for CEO & Top Management
- **Green, Social and Sustainability Bonds Framework** published, and **first bond (social)** issued under the framework
- **Integration of lending policies and Risk Management** with ESG factors started
- **Enlarged ESG products offering** and **integration of ESG risk in Advisory and WM**
- **2021-2024 Strategic Plan: ESG as key foundation stone the Plan**
- Banco BPM joined the **UNGC** and became a supporter of the **TCFD**



## 2022-2023

- **Sound progress in the ESG strategy and business integration with strong results in the main ESG KPIs**
- **Fundraising** and other **support measures** for **people from Ukraine**, in cooperation with **Caritas**
- **Update of the Code of Ethics in 2022**
- 2022 CNFS wins **"Oscar di Bilancio"**
- In March 2023 **Banco BPM joined the NZBA**, with **5 priority sectors already identified**:
  - oil & gas
  - power generation
  - cement
  - automotive
  - coal
- **New Sustainability Committee** established at Board level in April 2023
- **New ESG Action Plan**, reshaped and launched in Q3 2023
- **NEW GS&S Bonds Framework aligned with Taxonomy** published in Nov. 2023
- Banco BPM **#1 Green bond issuer** among Italian banks in 2022 and #2 in 2023
- Publication of the 2022 and 2023 **Green Social & Sustainability Bonds Reports**
- Banco Bpm wins in 2023 the prestigious **Award for Impact Reporting** by **Environmental Finance**
- New 2023-2026 Strategic Plan: **Sustainability strategy and ambitions fully integrated throughout the Plan**



# ESG Governance and Accountability

## INTEGRATED ESG GOVERNANCE



Responsible for  
ESG strategy & disclosure

**Board sub-committee** which oversees the Sustainability goals defined by the Bank in coordination with IC&RC<sup>1</sup>

**ESG Management Committee**  
(chaired by the CEO)

Dedicated corporate  
ESG function

## ESG TARGETS INCLUDED IN SHORT-TERM & LONG-TERM INCENTIVE PLANS FOR CEO & MANAGEMENT SINCE 2021

## NEW ESG ACTION PLAN

### 4 WORKSTREAMS

- Risk Management
- Credit
- Finance & WM
- Disclosure

15 unit  
involved

>50 people  
involved

- Reshaped and launched in Q3 2023
  - ESG workgroups rationalized in **4 interlinked areas**
  - Supported by **Data, IT and Control Functions**
  - Directly overseen by **ESG Committee & CEO**

### KEY INITIATIVES:

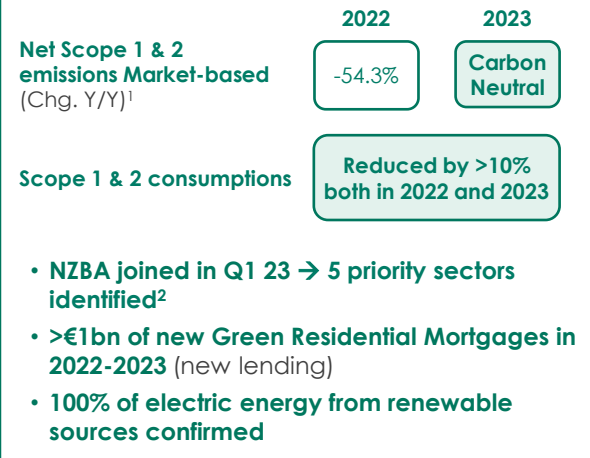
- Further consolidation of **internal climate risk measurement, scenario analysis, stress testing and risk reporting**, including its public **disclosure**
- Enhancement of **social and governance risks coverage**
- Development of credit policies to address **Net Zero strategy**
- Develop the **ESG strategy** at **Finance and WM level**
- Reinforcement of ESG organizational controls, processes and policies in line with the new **Corporate Sustainability Reporting Directive (CSRD)**
- Strengthening **ESG and financial awareness**

## NEW STRATEGIC PLAN 2023-2026: SUSTAINABILITY AMBITIONS AND ESG INITIATIVES & TARGETS FULLY EMBEDDED IN THE PILLARS OF THE PLAN

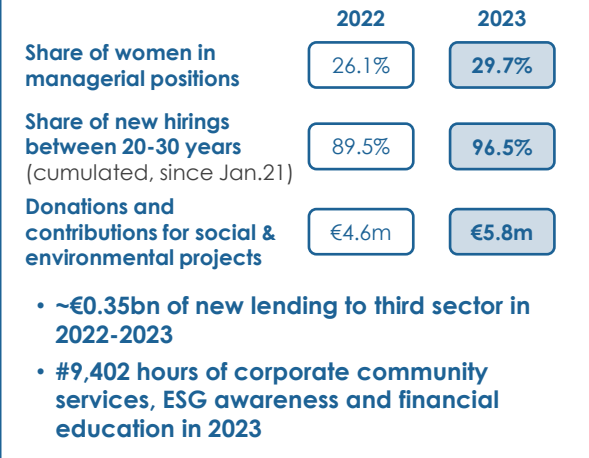
# Sustainability achievements: 2023 state-of-the-art



## ENVIRONMENT



## SOCIAL



## GOVERNANCE

- >#164K hours of ESG training courses to employees in 2023
- Sustainability Committee at Board level established in April 2023
- Published Guidelines on respecting and safeguarding human rights (May 2023)
- New ESG Action Plan launched in Q3:
  - 4 interlinked areas (**Risks; Credit; Finance & WM; Disclosure, Community & Inclusion**)
  - Supported by **Data, IT and Control Functions** and directly overseen by ESG Committee & CEO



## RECOGNITION OF OUR EFFORTS

2022 CNFS wins "Oscar di Bilancio"

BBPM wins the Award for Impact Reporting by Environmental Finance

Sustainalytics ESG risk score from 22.4 (Mid-Risk) to 15.7 (Low-Risk) → among the top-rated Italian banks

Standard Ethics Rating upgraded from EE to EE+

# Banco BPM #1 Green bond issuer among Italian banks in 2022 and #2 in 2023

## SIGNIFICANT ISSUANCE ACTIVITY OF GREEN & SOCIAL BONDS:

- €5.3bn Social & Green bonds issued in the period 2021-Jan. 2024 (o/w €5.0bn under the Green Social & Sustainability Bonds Framework)

## NEW GREEN, SOCIAL & SUSTAINABILITY BONDS FRAMEWORK ALIGNED WITH TAXONOMY PUBLISHED ON 7 NOV. 2023:

- The new Framework, published after the inaugural Framework of July 2021, is **aligned with best market practices<sup>1</sup>**, **cover a broader range of activities and include European taxonomy alignment for some eligible assets<sup>2</sup>**

### Social & Green bonds issued under the framework

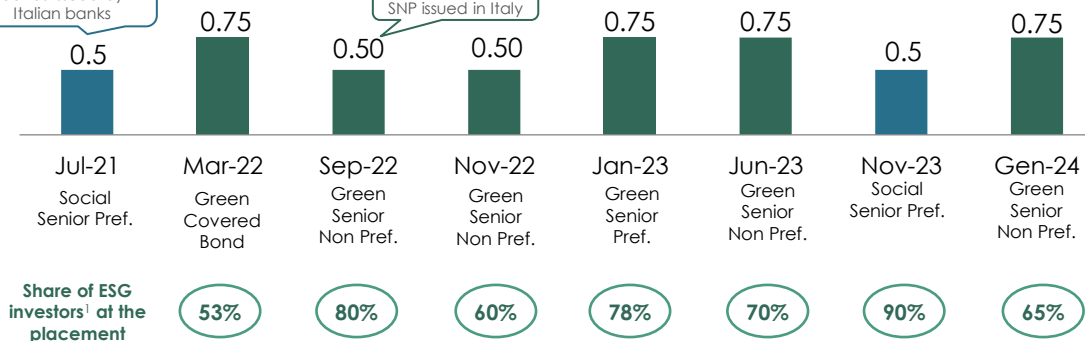
Additional €300m Green Senior Pref. bond issued as a private placement in July 2022

€ bn

The first Green Covered Bond issuance in Italy in 2022 and the second ever for an Italian bank

One of the few Social bonds issued by Italian banks

Second Green SNP issued in Italy



#### USE OF PROCEEDS:

- Social Bond:** refinance Italian **SME loans** guaranteed by the State granted in response to the Covid-19 crisis
- Green Covered bond:** refinance a portfolio of green mortgages granted to households for the purchase of houses which belong to the top 15% energy efficient buildings in Italy
- Green Senior Non-pref. & Pref. bonds:** refinance existing **Eligible Green Loans** as defined within the Green, Social & Sustainability Bonds Framework (such as green residential mortgages and loans for renewable energy)

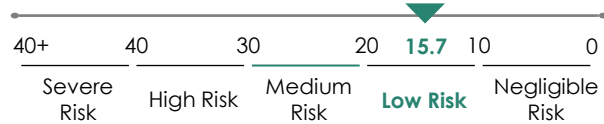
Second Green, Social and Sustainability Bond Reporting published in July 2023



# Sound ESG Ratings and inclusion in the FTSE MIB ESG index & in the Bloomberg G-E Index



Upgraded from 22.4 (Mid Risk) to 15.7 (Low Risk) in Oct. 2023



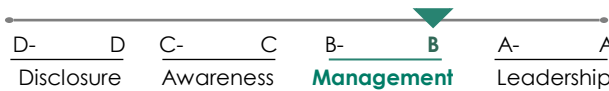
MSCI ESG RATINGS



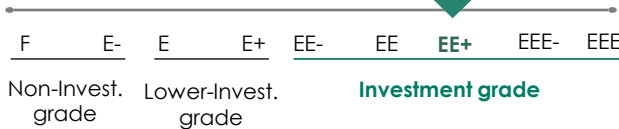
Upgraded from BBB to A in Mar. 2023



Confirmed at B in Feb. 2024

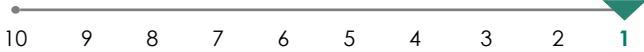


Upgraded to EE+ with Stable Outlook (from EE with Positive Outlook) in Nov. 2023



ISS ESG

Governance Quality Score



Confirmed at top level 1 in Dec. 2022

S&P Global



Upgraded from 56 to 57 in Sept. 2023



LSEG



Downgraded from the fourth to the third quartile, with a score of 73, in Feb. 2024

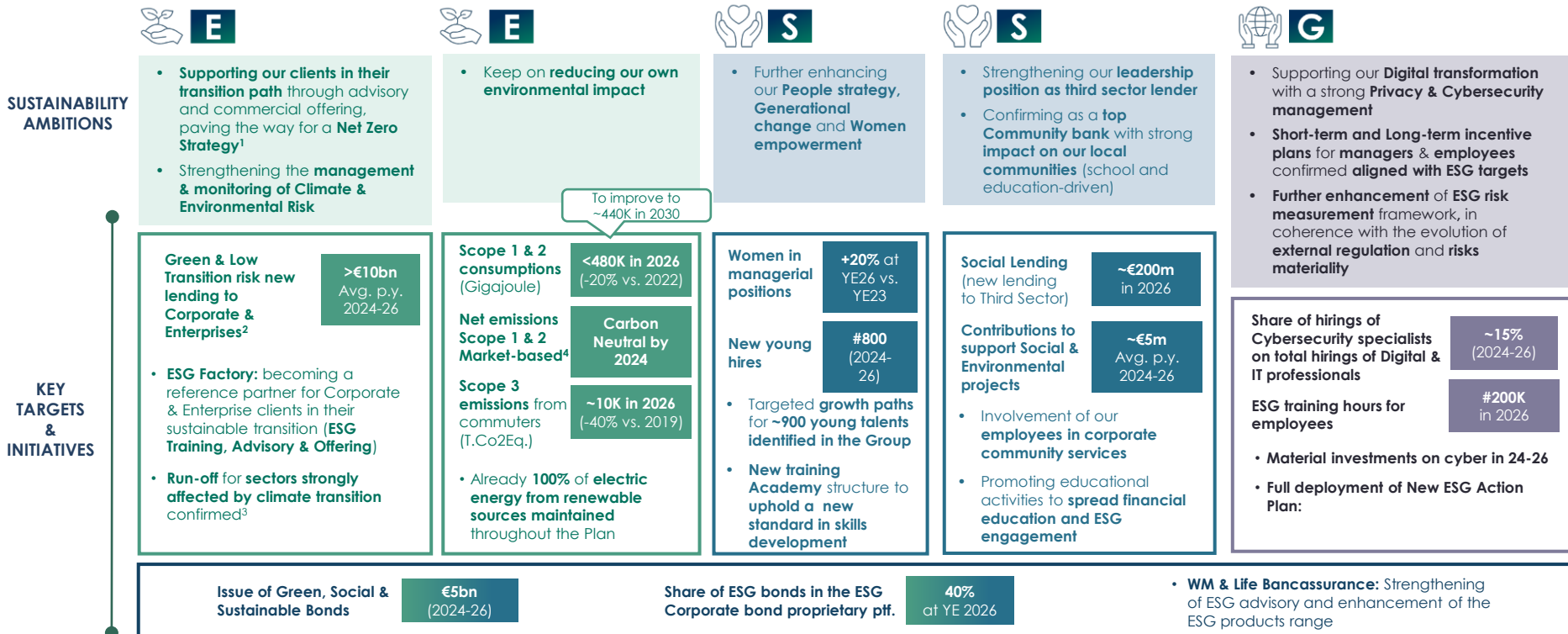
MIB ESG

- Inclusion in the Euronext MIB ESG index since its launch in October 2021



- First inclusion in Jan. 2022, with a score of 73.9
- Inclusion confirmed also in Jan. 2023 with a score improved to 79.7

# Strategic Plan 2023-2026: Sustainability ambitions and ESG initiatives & targets fully embedded in the pillars of the Plan



# Credit Ratings now all **INVESTMENT GRADE** - Evolution since the merger<sup>1</sup>

<b>MORNINGSTAR   DBRS</b>	Starting level (05/01/2017)	Rating action (12/10/2023)	Notch Improvement
<b>Long-Term Senior Debt</b>	BBB (low)	<b>BBB</b>	<b>+1</b>
LT Deposit Rating	BBB (low)	BBB (high)	+2

<b>FitchRatings</b>	Starting level (23/12/2016)	Rating action (21/03/2024)	Notch Improvement
<b>LT Issuer Default Rating</b>	BB-	<b>BBB-</b>	<b>+3</b>
LT Deposit Rating	-	BBB	-

<b>MOODY'S</b>	Starting level (03/01/2017)	Rating action (21/11/2023)	Notch Improvement
<b>LT Senior unsecured</b>	Ba2	<b>Baa2</b>	<b>+3</b>
LT Deposit Rating	Ba1	Baa1	+3

<b>S&amp;P Global Ratings</b>	<b>New Rating</b>	Starting level	Rating action (07/11/2023)	Notch Improvement
<b>LT Issuer Credit Rating</b>		N.A.	<b>BBB-</b>	<b>-</b>

**TREND STABLE – IA: “Earnings” +2 notch; “Risk Profile” +2 notch**

## **KEY RATING DRIVERS:**

- Improvements in financial position, particularly in terms of credit quality, profitability and operational efficiency
- Solid market position across Northern Italy, strengthened by operational rationalization measures and by the development of digitization and fee-driven businesses
- Solid funding and liquidity profile and solid capital position

## **OUTLOOK STABLE**

**Upgrade by one notch of the Senior Preferred debt rating (to BBB) on 21/03/2024)**

## **KEY RATING DRIVERS:**

- Strong franchise, rooted in northern Italy and business model oriented toward commercial banking, but also fairly diversified in WM, CIB and bancassurance
- Improved profitability and asset quality
- Disciplined approach to risk and adequate capital buffers
- Stable and diversified funding and sound liquidity metrics

## **OUTLOOK STABLE**

**2 notch improvement of BCA and LT Senior Unsecured (rating action of 21/11/2023)**

## **KEY RATING DRIVERS:**

- Significant strengthening of asset quality and profitability
- Strong franchise as Italy's third-largest bank
- Strengthening of capital position
- Stable retail deposit base and access to the wholesale bond markets

## **OUTLOOK POSITIVE**

## **KEY RATING DRIVERS:**

- Solid franchise in the wealthiest northern regions of Italy and well-diversified business model
- Significant enhancement of capitalization and strong de-risking
- Sound recurring earnings capacity with good profitability prospects
- Solid funding and liquidity profile
- ALAC buffer evolution

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