

GREEN, SOCIAL AND SUSTAINABILITY BONDS FRAMEWORK

Investor Presentation

July, 2021

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METHODOLOGICAL NOTES ON GROUP FINANCIAL HIGHLIGHTS



- Before 30/09/2020, the impact from the change in own credit risk on certificates classified as financial liabilities measured at fair value through profit or loss was accounted under the item "Net Financial Results" of the Reclassified P&L scheme. Starting from 30/09/2020, this impact net of tax has been reclassified in one new single P&L item: "FV on Own Liabilities net of Tax"; the previous quarters of 2020 have been reclassified accordingly.
- Starting from 31/12/2020, an exposure in separate P&L items after tax is also provided for those non-recurring, particularly significant results deriving from extraordinary decisions (restructuring charges for the use of the redundancy fund, redundancy incentives, branch closure rather than benefits resulting from the decision to realign the fiscal values to the higher accounting values).
- It follows that, all the above mentioned items, together with those already shown in previous years after the net result of current activities ("Charges relating to the banking system after taxes" and "Impairment on goodwill") are placed after the aggregate of the "Net income from current operations", with the aim of allowing a more immediate understanding of the results of current operations. In light of the new classification criteria, the economic data relating to the previous periods under comparison have been restated on a consistent basis.
- In the area of companies consolidated with the equity method, the second quarter of 2020 has seen the entry of Anima Holding S.p.A., in which Banco BPM holds a stake of 19.385%. In the light of the changes brought about in the governance of the company, this stake, which is considered of strategic nature and which is destined to be held on a stable basis, is deemed to represent a situation of significant influence on the side of Banco BPM.

AGENDA



- ① Group Profile at a Glance
- ① Group Financial Highlights
- ① ESG Approach
- ① Green Social Sustainability Bonds Framework
- ① Social Loan Portfolio & Inaugural Social Bond

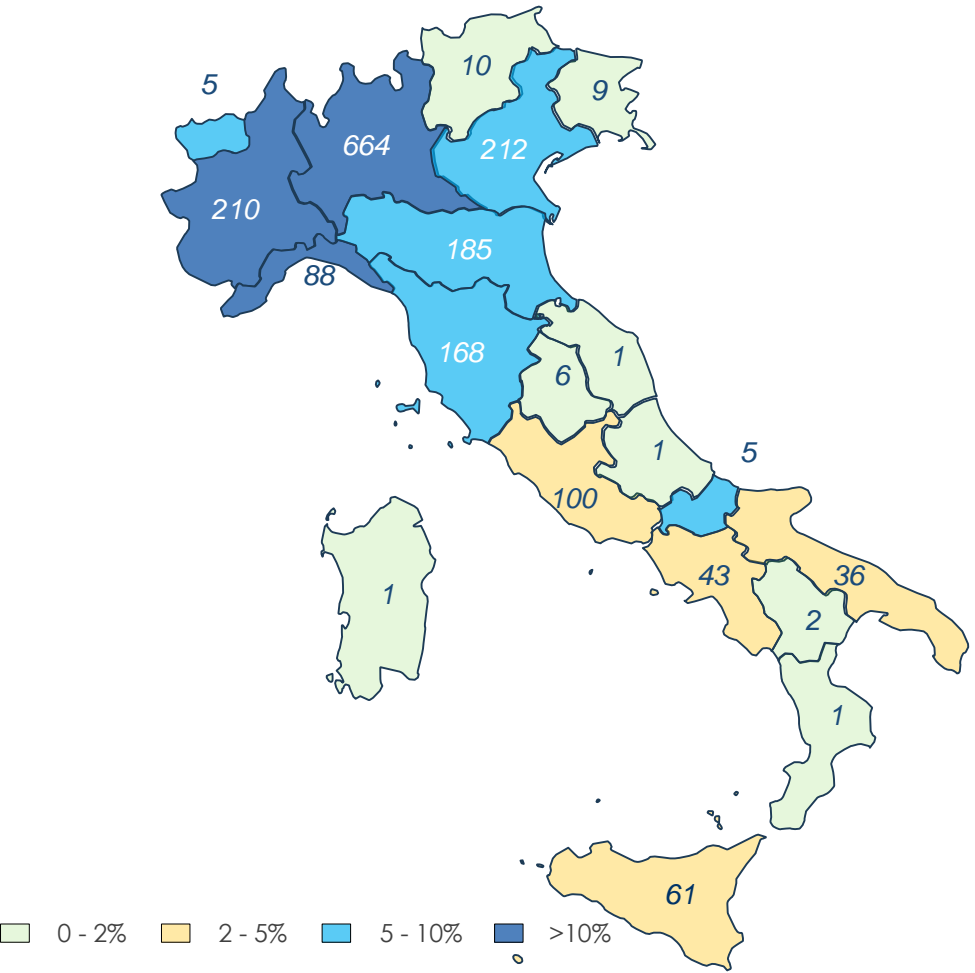


Group Profile at a Glance

BANCO BPM: GEOGRAPHICAL FOOTPRINT



NUMBER OF BRANCHES (31/12/2020)



Customers: ~4 million
Group Branches¹: ~1,800

Strong position in the wealthiest regions of Italy

Lombardy

Veneto

Piedmont

Branch distribution in Italy

North: 77% Centre: 15% South: 8%

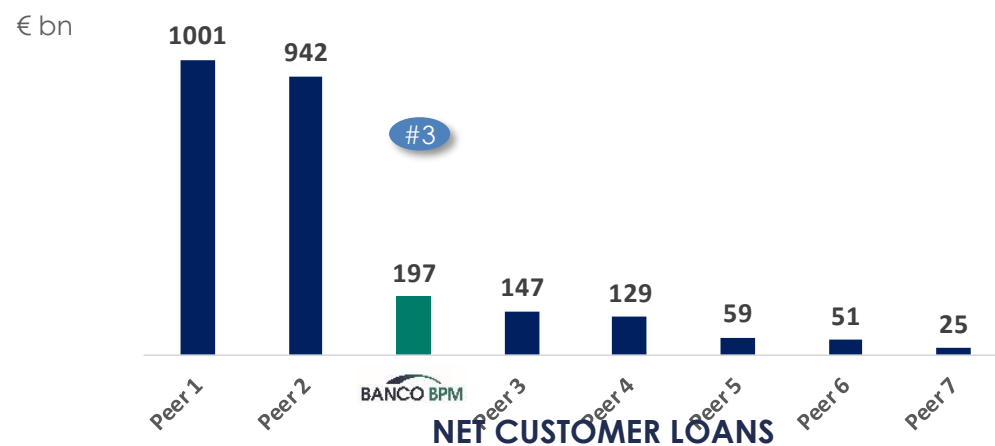
Strong presence in some key industrial regions

Note: 1. Group branches include 55 branches of Banca Aletti and other Group outlets. **Number of branches are indicated as at 31/12/2020.**

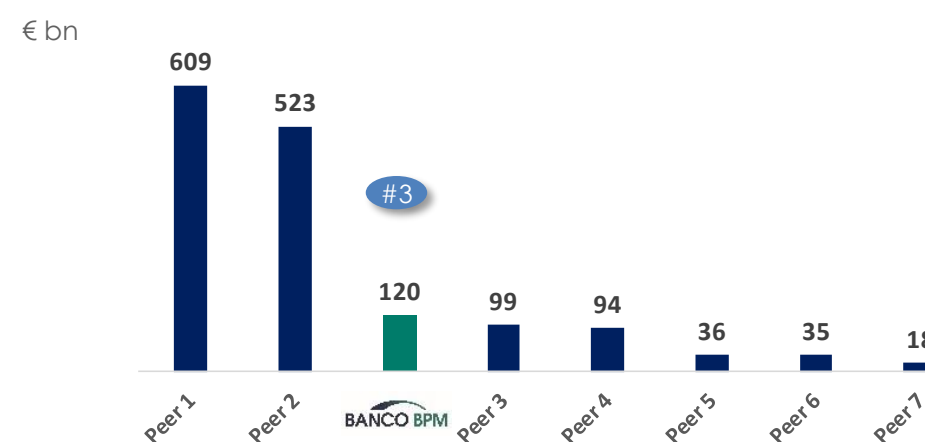
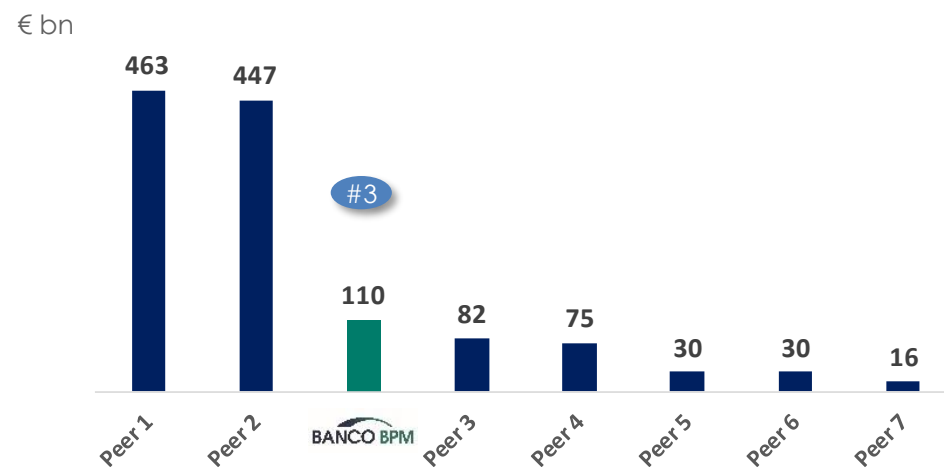
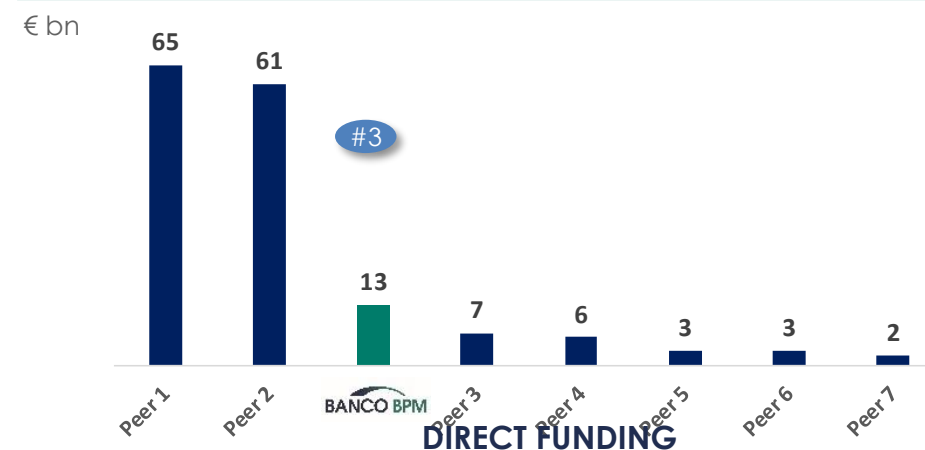
AMONG THE TOP PLAYERS IN THE ITALIAN BANKING INDUSTRY



TOTAL ASSETS



SHAREHOLDERS' EQUITY



Rankings updated as at 31 March 2021, based on publicly available data. The benchmark includes: UCI, ISP, MPS, BPER, PopSo, Credem, Creval.

BANCO BPM: GROUP STRUCTURE AS AT 31/12/2020



Private & Investment Banking

BANCA ALETTI

100%

Banca Akros

100%

Partnership with Cattolica Assicurazioni in the life and non-life businesses perfected in Q1 2018 (see also Note 1)

Bancassurance

JV in Life Insurance - branded as

VERA Vita

35.0%¹

JV in Non-Life Insurance - branded as

VERA Assicurazioni

35.0%¹



19.0%

Asset Management

ANIMA
CHI RISPARMIA AMA



19.4%

Consumer Credit

AGOS

39.0%

ProFamily Non-Captive

100%

Based on a M.o.U. signed with CA on 30/11/2018, ProFamily, previously held 100% by Banco BPM, was split into the Captive part, which was sold to CA, while Banco BPM still retains a 100% stake in the Non-Captive part

Leasing & Factoring

alba leasing

39.2%



SELMABIPiemme LEASING S.p.A.

40.0%

RELEASE

99.9%

Factorit

39.5%

Fully consolidated

Associates

Specialisation of Banca Akros in CIB and of Banca Aletti in Private Banking

Note: 1. On March 5, 2021, Banco BPM and Cattolica Assicurazioni defined a new agreement on Exit rights and on the commercial partnership, thereby combining their respective interests and taking the changed economic context into account.

SIGNIFICANT TRANSFORMATION COMPLETED IN 2017-2019



EXTRAORDINARY OPERATIONS

1. AUM BUSINESS REORGANISATION
2. BANCASSURANCE BUSINESS REORGANISATION
3. TRANSFER OF INSURANCE RESERVE MANAGEMENT
4. CUSTODIAN BANK DISPOSAL
5. CONSUMER FINANCE REORGANISATION



AGREED /
COMPLETED
IN 2018

BANKING MODEL & OPERATING EFFICIENCY

1. NEW COMMERCIAL NETWORK
2. CIB: CONSOLIDATION UNDER AKROS
3. PRIVATE & WM: CONSOLIDATION UNDER ALETTI
4. INTERNAL MODEL VALIDATION
5. IT SYSTEM INTEGRATION
6. BRANCH RATIONALISATION
7. STAFF REDUCTION & HR REQUALIFICATION
8. INCORPORATION OF BPM SPA INTO BANCO BPM

DERISKING

1. NPL STOCK REDUCTION
2. BAD LOAN DISPOSALS
3. STRENGTHEN WORKOUT ACTIVITY

KEY ACHIEVEMENTS SINCE THE MERGER: OVERVIEW



Solid capital position, strong response to asset quality challenge, turnaround completed and back to dividend

		YE 2017	YE 2019	YE 2020
✓ CAPITAL POSITION	- CET 1 RATIO FL - TEXAS RATIO ¹	11.9% 123%	13.0% 52%	13.3% 39%
✓ DERISKING	- GROSS NPE - GROSS NPE RATIO - NET NPE RATIO	€25.4BN 21.1% 12.1%	€10.1BN 9.1% 5.2%	€8.6BN 7.5% 3.9%
✓ RATIONALIZATION	- BRANCHES (#) - HEADCOUNT (#)	2,266 23,331	1,752 21,941 ²	1,752 21,663
✓ COST EFFICIENCY	- TOTAL OPERATING COST ³ - COST REDUCTION SINCE YEAR-END 2017	€2,924M	€2,604M -€320M	€2,430M -€494M

Notes: **1.** The Texas Ratios indicated in this slide consistently represent the ratio of the net value of non-performing exposures to the Group's tangible equity. The Texas Ratio presented in this slide is calculated differently from the Texas Ratio presented in slide 19 of this presentation as it does not include the tax effects related to the intangible assets of the Group, as a result of a change in Banco BPM's calculation and reporting of Texas Ratio starting from 2021. Therefore, the Texas Ratio presented in this slide is not comparable to the Texas Ratio presented in slide 19. **2.** The reduction vs. year-end 2017 benefited also from exits related to non-recurring corporate transactions. **3.** Total Operating Costs are consistently indicated net of systemic charges which, starting from 2018, have been included into a separate line item.



Group Financial Highlights

EXCELLENT Q1 PERFORMANCE: WELL GEARED FOR THE FUTURE



STRONG OPERATING PERFORMANCE

- ✓ **VOLUMES:** solid growth confirmed
 - Core Net Performing Loans: €99.2bn (+5.6% Y/Y)
 - CA & Deposits: €101.7bn (+12.8% Y/Y)
 - AuM: €61.3bn (+13.3% Y/Y)
- ✓ **CORE REVENUES:** €968m (+5.9% Y/Y) - best result since Q4 18 driven by Net Commissions (€471m; +7.0% Y/Y)
- ✓ **PRE-TAX PROFIT:** €259m (+150% Y/Y)



**NET INCOME
AT €100M**

**ADJUSTED¹ NET
INCOME AT €151M**

FURTHER DERISKING AND SOLID CAPITAL

- ✓ **ENHANCED DERISKING:** €1.65bn NPE disposal, o/w €1.5bn in Q2 2021, with P&L impact estimate already frontloaded²
- ✓ **GROSS NPE RATIO:** stated at 7.5%, down to 6.3% adjusted for the Q2 disposal
- ✓ **CET1 RATIO FULLY LOADED:** 12.7%³
- ✓ **MDA BUFFER FULLY LOADED:** 377bps³

WELL EQUIPPED IN AN EVOLVING COMPETITIVE ARENA

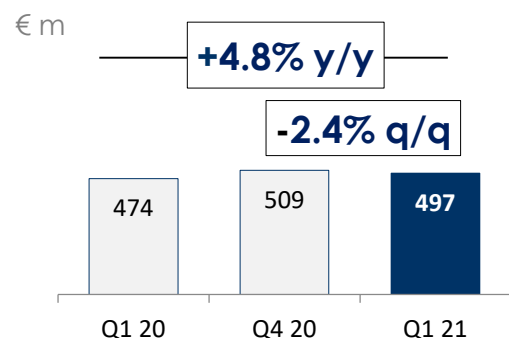
- ✓ **DIGITAL BANKING:** in constant evolution (#300 branches⁴ to be closed by June 21)
- ✓ **ESG:** strategic business model integration

Notes: **1.** See press release on Q1 2021 results for further reference. **2.** Frontloading in Q1 2021 of the cost for the increase of the NPE disposal target to €1.65bn, from €0.9 originally targeted and upfronted in 2020. **3.** Including regulatory headwinds related to internal credit risk model update (-85bps). **4.** On 31/03/2021, prior to the closure of 300 outlets to be finalised by June 2021, the number of branches of Banco BPM SpA stood at 1,752.

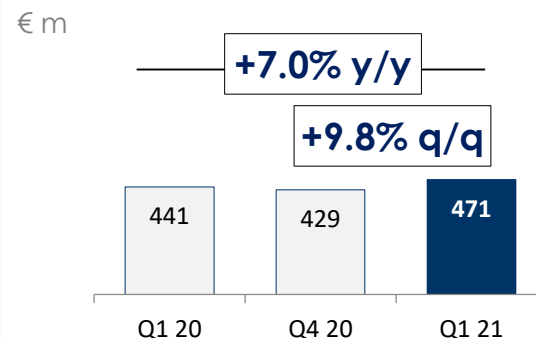
Q1 2021 PROFITABILITY: PRE-TAX PROFIT AT €259M (+150% Y/Y)



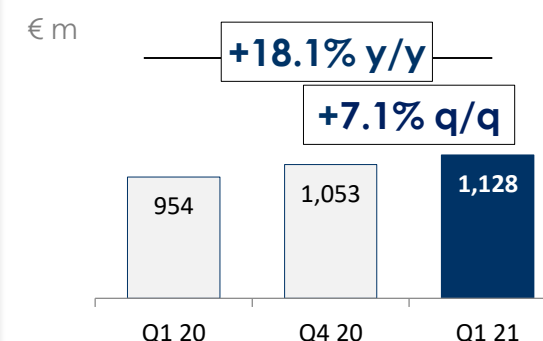
NET INTEREST INCOME



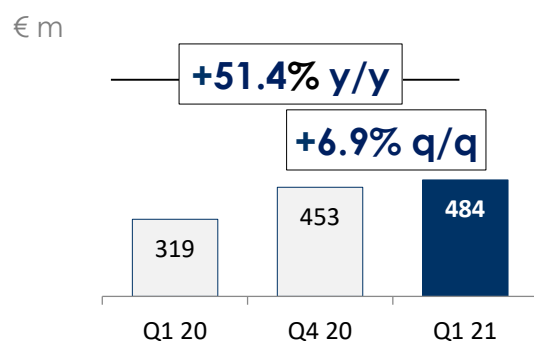
NET COMMISSIONS



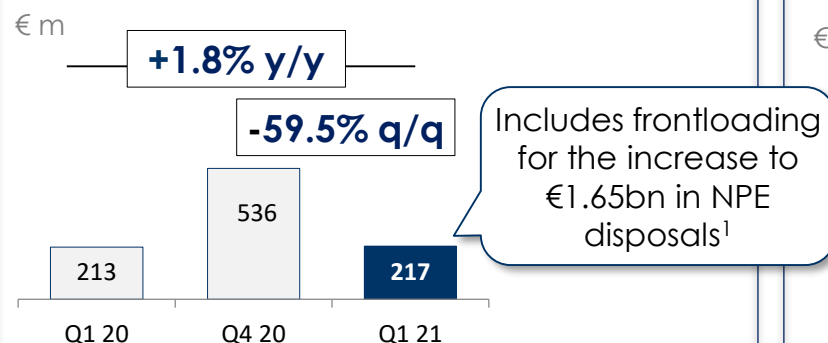
TOTAL REVENUES



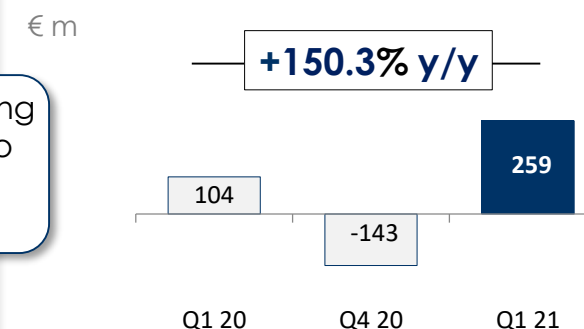
PRE-PROVISION INCOME



LOAN LOSS PROVISIONS



PRE-TAX PROFIT



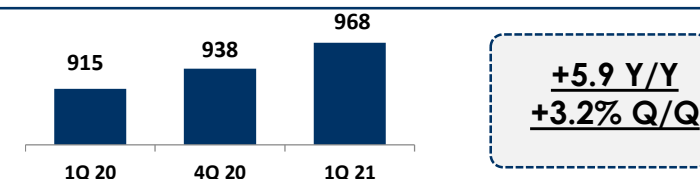
Notes: 1. Increased vs. €0.9bn originally targeted in Q4 2020.

KEY P&L HIGHLIGHTS: PERFORMANCE



€ m	Q1 2020	Q4 2020	Q1 2021	Q/Q	Y/Y
NET INTEREST INCOME	474	509	497		
NET FEES & COMMISSIONS	441	429	471		
NFR	1	78	100		
OTHER REVENUES	39	36	60		
TOT. REVENUES	954	1,053	1,128	7.1%	18.1%
OPERATING COSTS	-635	-600	-644		
PRE-PROVISION INCOME	319	453	484	6.9%	51.4%
LOAN LOSS PROVISIONS	-213	-536	-217		
OTHER ¹	-3	-60	-8		
PRE-TAX PROFIT	104	-143	259	n.m.	150.3%
TAX	-26	48	-83		
POST-TAX PROFIT	78	-95	176		
SYSTEMIC CHARGES AND OTHER ²	-64	-105	-70		
FAIR VALUE ON OWN LIABILITIES	138	-41	-7		
NET INCOME	152	-242	100		

“CORE” REVENUES (NII + Net Fees & Commissions)



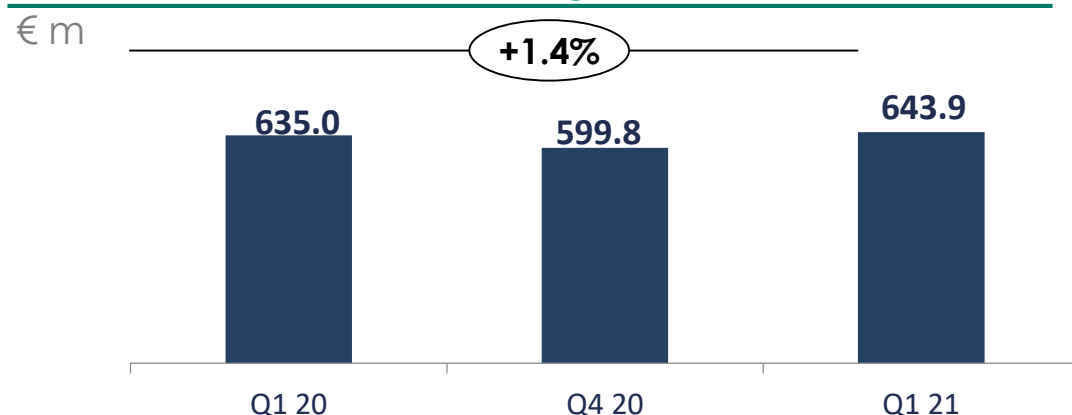
- **STRONG REVENUE GROWTH (+18.1% Y/Y, +7.1% Q/Q), DRIVING POSITIVE PPI TREND (51.4% Y/Y, +6.9% Q/Q)**
- **NET COMMISSIONS (+7.0% Y/Y, +9.8% Q/Q); RECOVERY ABOVE PRE-COVID LEVEL, AT €471M vs. €449M 2019 QUARTERLY AVERAGE**
- **NFR +28.1% Q/Q, including capital gains on securities and positive trading results**
- **COST INCOME RATIO at 57.1% (vs. 66.5% in Q1 2020)**
- **LOAN LOSS PROVISIONS AT €217M, including ~€74m to support the increase of NPE disposal target**
- **SOLID PRE-TAX PROFIT AT €259M, IN AN ENVIRONMENT STILL IMPACTED BY COVID**

Notes: 1. Includes: Profit (loss) on FV measurement of tang. assets, Net adj. on other financial assets, Net provisions for risks & charges, Profit (loss) on the disposal of equity and other investments. 2. Other includes: PPA and other elements (after tax). 3. See press release on Q1 2021 results for further reference.

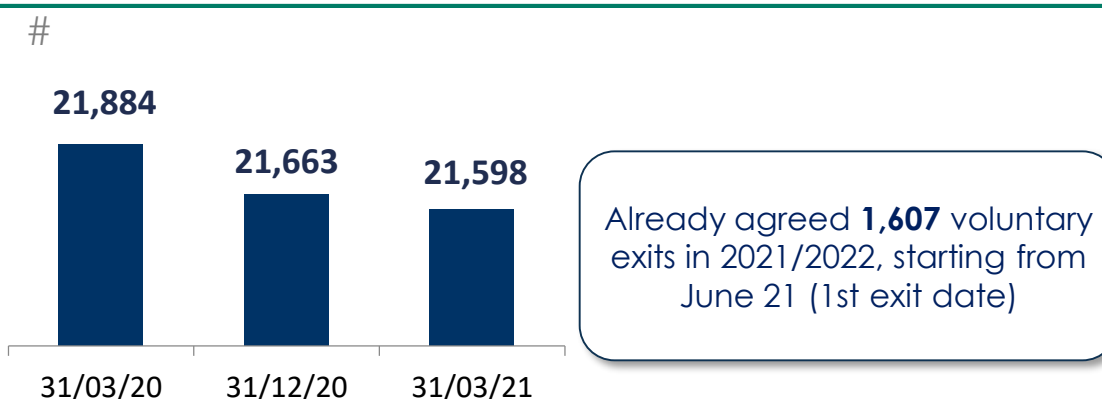
OPERATING COSTS: QUARTERLY COMPARISON



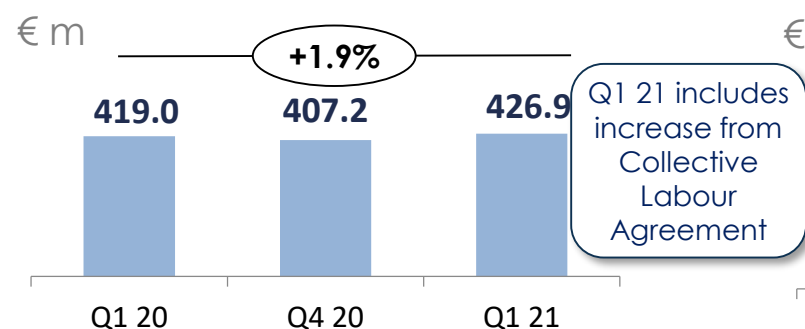
Total Operating Costs



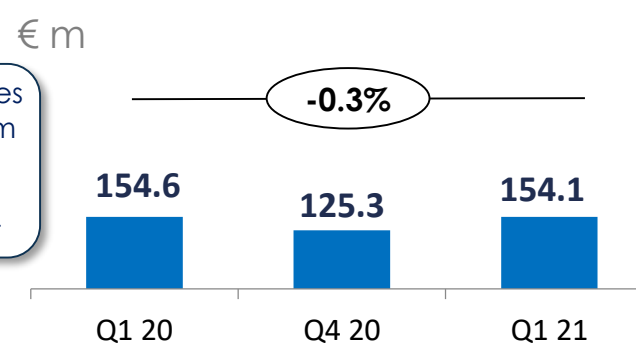
HEADCOUNT



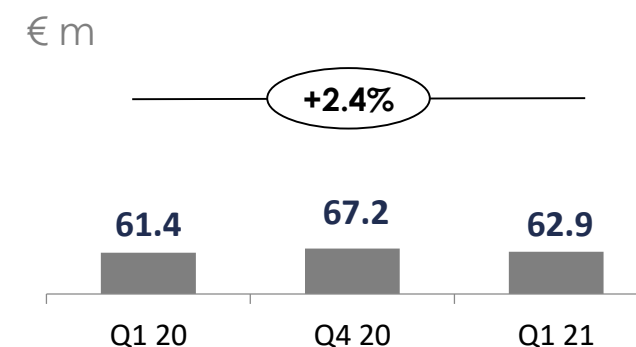
o/w: Staff costs



o/w: Other admin. costs



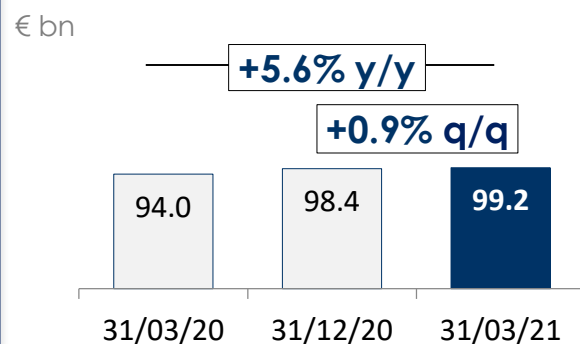
o/w: D&A



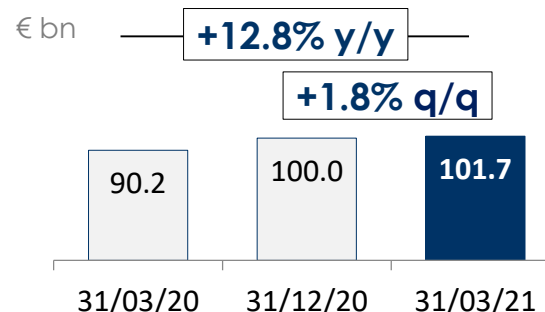
VOLUME GROWTH, FURTHER DERISKING AND SOLID CAPITAL



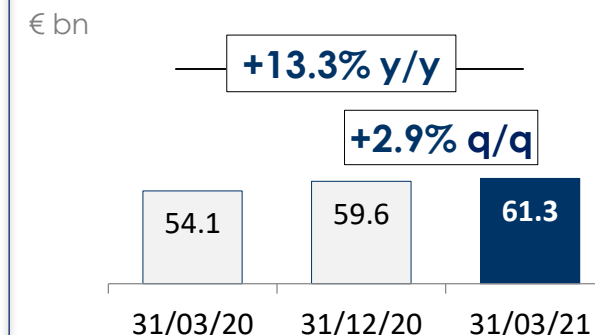
«CORE» NET PERF. CUSTOMER LOANS



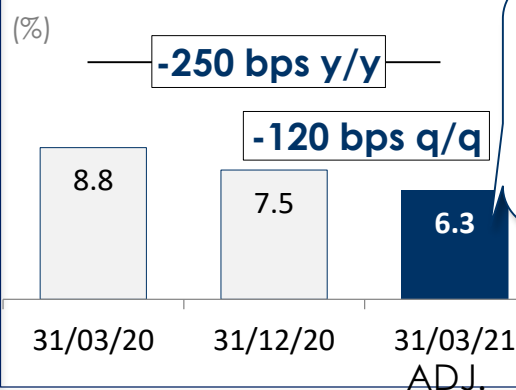
CA & CUSTOMER DEPOSITS



ASSETS UNDER MANAGEMENT

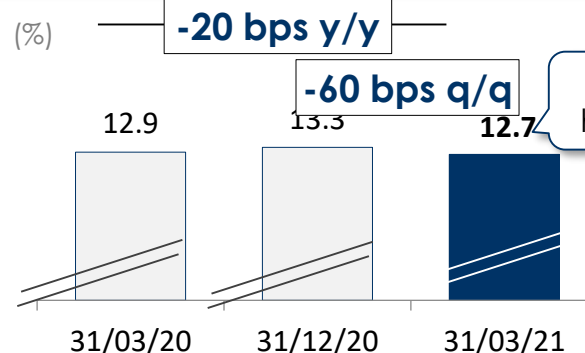


GROSS NPE RATIO



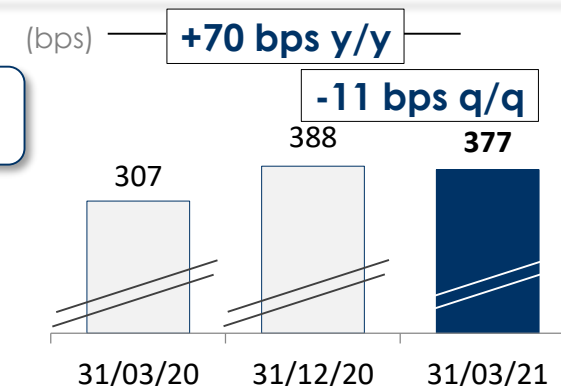
Adjusted for
€1.5bn NPL sale
to be
completed in
Q2 21; Actual at
7.5%

CET1 RATIO FL



Including
headwinds¹

MDA BUFFER FL



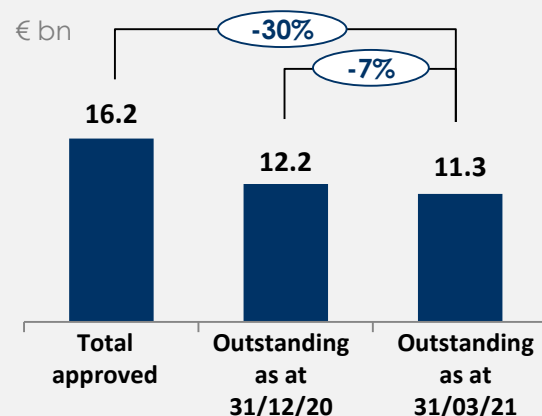
Notes: 1. Regulatory headwinds related to internal credit risk model update (-85bps).

COVID-19 MORATORIA AND STATE-GUARANTEED



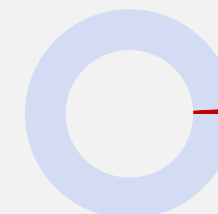
OUTSTANDING MORATORIA AS AT 31/03/2021¹:

- Down by 30% vs. the amount originally approved
- Represent a limited portion of total gross customer loans (9.8%)



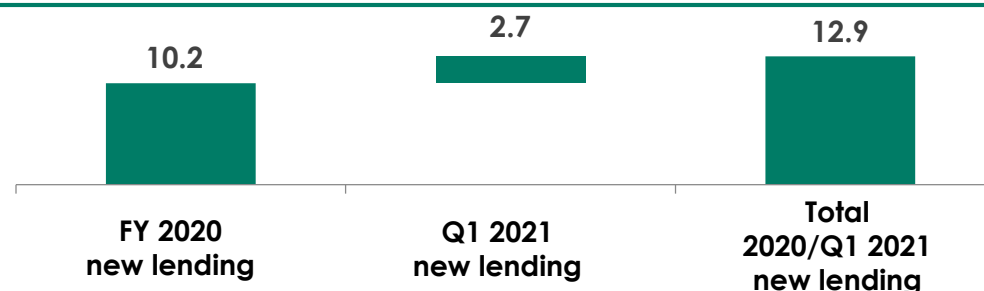
MARGINAL DEFAULT RATE OF EXPIRED POSITIONS

Moratoria expired in the period 2020/Q1 2021

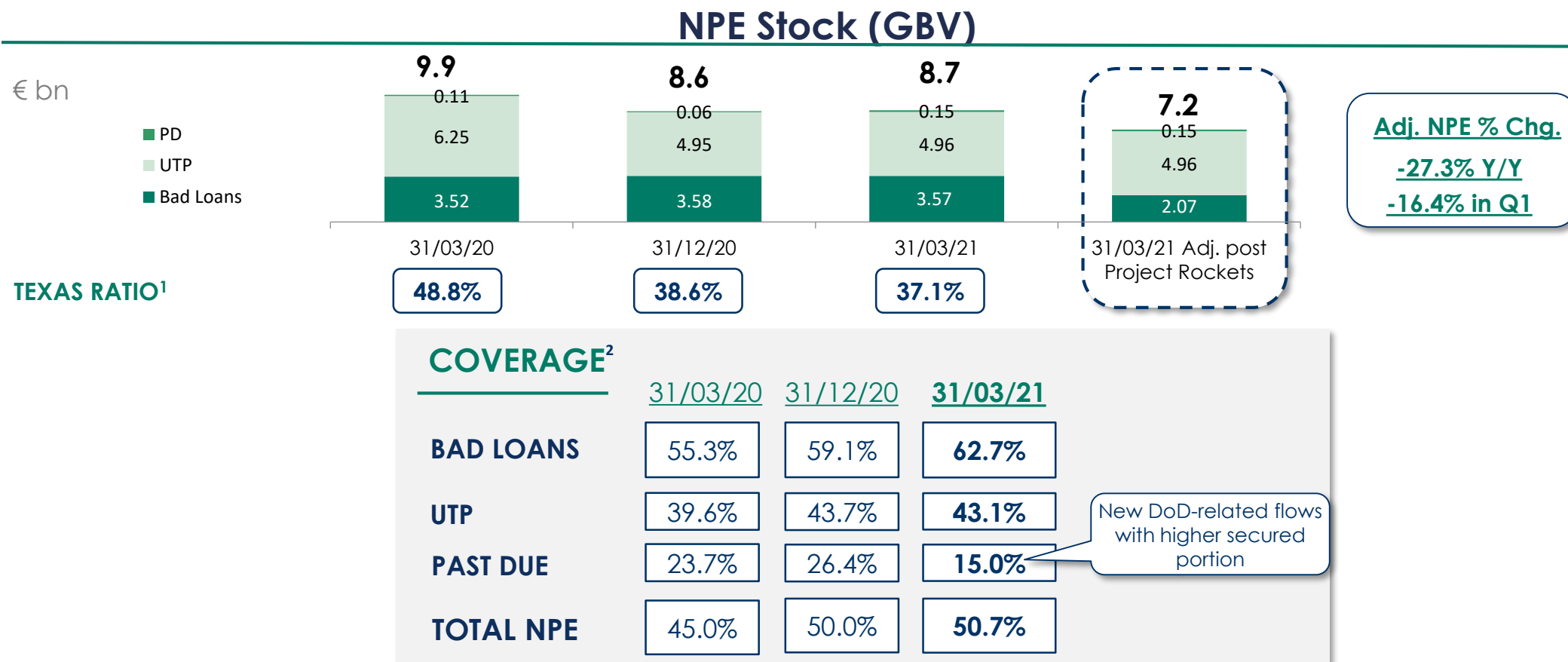


of which Defaulted 0.9%

Evolution of State-guaranteed new lending



NPE EVOLUTION AND COVERAGE: POSITIVE TREND CONFIRMED

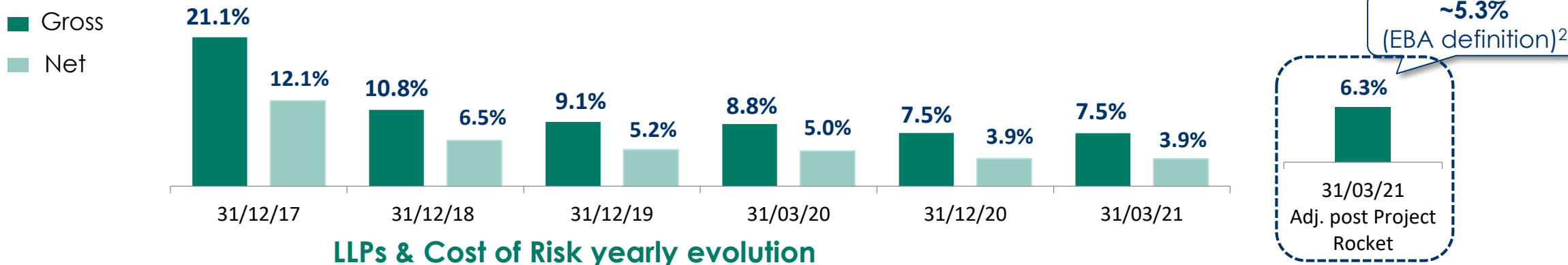


Notes: 1. The Texas Ratios indicated in this slide consistently represent the ratio of the net value of non-performing exposures to the Group's tangible equity, net of the related tax effects. Starting from 2021, Banco BPM has changed the calculation and presentation of the Texas Ratio, including the tax effects related to the intangible assets of the Group. The Texas Ratio as of 31/03/2020 and 31/12/2020 presented in this slide has been recalculated in accordance with such changes. The Texas Ratio presented in slide 11 does not take into account such tax effects, and therefore is not comparable to the Texas Ratio presented in this slide. 2. Indicated coverage levels exclude write-offs.

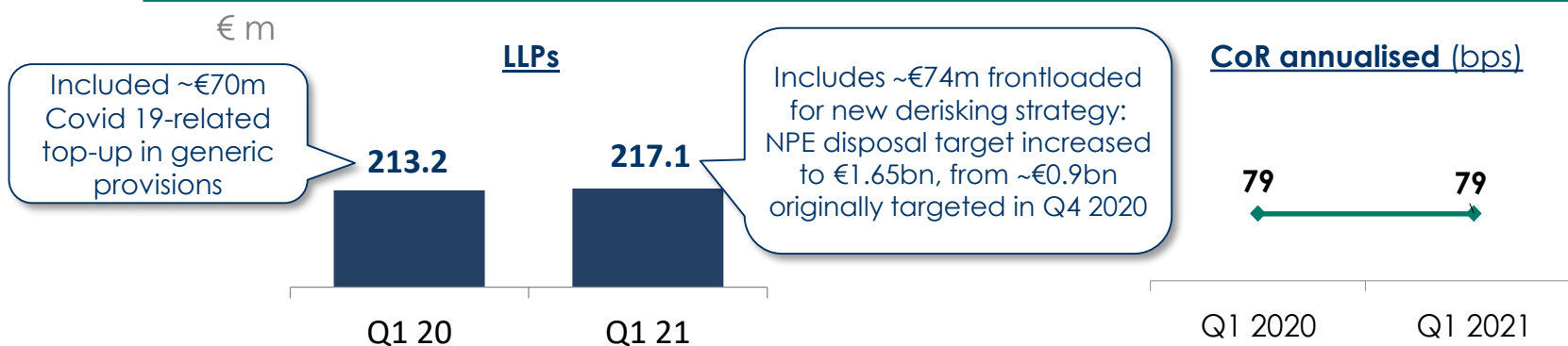
NPE RATIOS AND COST OF RISK



MATERIAL AND ONGOING IMPROVEMENT IN NPE RATIOS SINCE THE MERGER



LLPs & Cost of Risk yearly evolution



Q1 2021 COST OF RISK: DRIVERS²

CORE DRIVERS

~40bps

NON CORE DRIVERS:

- IFRS 9 impact:
- Frontloaded provisions for new derisking strategy
- Tightening of Stage 2 criteria

~40bps

In Q1 2021, BBPM tightened Staging criteria for Performing Loans

Notes: 1. Analysis based on Management data. 2. Gross NPE ratio calculated as from EU Transparency Exercise

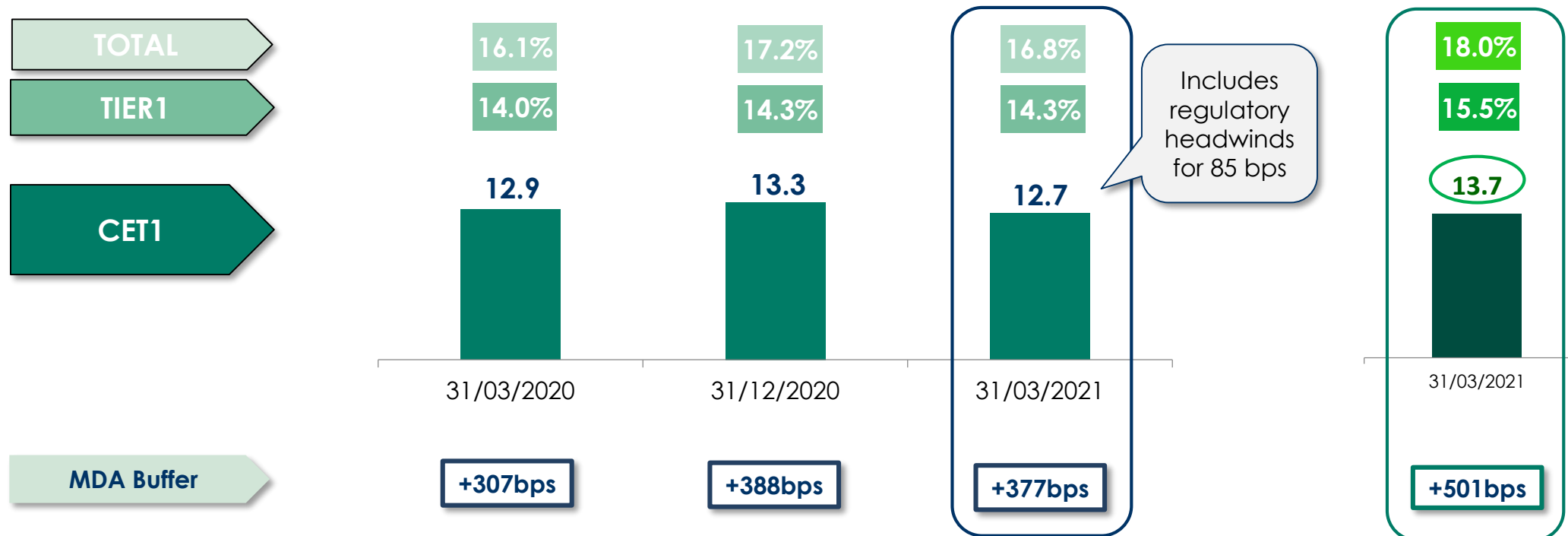
CAPITAL ADEQUACY: SOLID POSITION AND BUFFERS



%

Evolution of Fully Loaded Capital Ratios

Phased-In



Note: All data include also the Net Income of the pertinent quarters.

LIQUIDITY & FUNDING



LIQUIDITY

LCR¹

209%

NSFR¹

>100%

UNENCUMBERED
ELIGIBLE SECURITIES

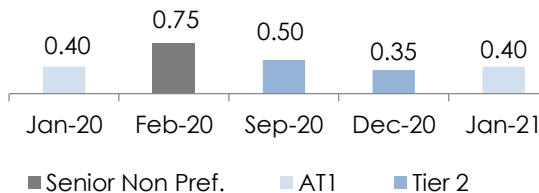
€16bn

FUNDING

**Total DIRECT
CUSTOMER
FUNDING
AS AT
31/03/2021:
€120bn**

€ bn

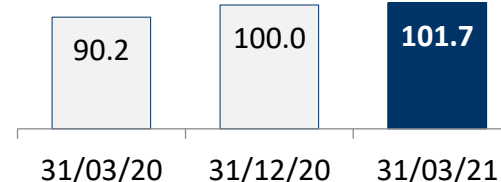
**Successful
issuance activity
in FY2020
and Q1 2021**



CA & CUSTOMER DEPOSITS

+12.8% y/y

+1.8% q/q



Data as at 31/03/2021. Notes: 1. Monthly LCR (Mar. 2021) and Quarterly NSFR (Q1 2021).

DIGITAL BANKING IN CONSTANT EVOLUTION



GROUP DIGITAL TRANSFORMATION JOURNEY

MAIN ONGOING INITIATIVES



NEW DIGITAL CUSTOMER EXPERIENCE (CX)

New **Digital CX** deployed both on App and Internet Banking for **Individuals** and **Corporate** customers



DIGITAL IDENTITY

Digital identity implemented on the new **onboarding** processes for Individuals customers in order to reinforce 'paperless' relationship



REMOTE ADVISORY OFFERING

New tools and capabilities developed for **remote advisory process** in wealth management area for 'Personal' Customers

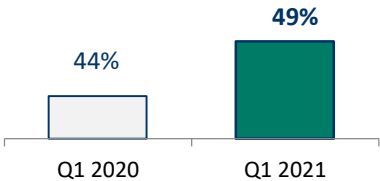


OMNICHANNEL SALES

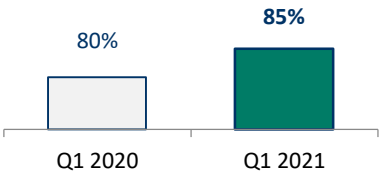
Application of **Advanced Analytics capabilities** empower the implementation of **New Digital & Omnichannel Sales solutions**

DIGITAL ADOPTION: KPI¹

Share of Active Digital Users²



Share of Remote transactions³



Mobile Transactions⁴



Notes: **1.** Individual Customers. **2.** Users with digital transactions (Internet Banking+Mobile Banking) vs. Users with transactions in all channels (Internet Banking, Mobile Banking, ATM, branch). **3.** ATM, Internet Banking, Mobile Banking. **4.** Users with transactions on mobile and tablet devices vs. users with digital transactions (Internet Banking+Mobile Banking).

REMARKS: EXCELLENT Q1 2021 PERFORMANCE



**SOLID
ACHIEVEMENTS IN A
STILL
DIFFICULT
OPERATING
ENVIRONMENT**

STRONG OPERATING PERFORMANCE

Solid volume growth: Core Net Perf. Loans (+5.6% Y/Y), CA & Deposits (+12.8% Y/Y), AuM (+13.3% Y/Y)

Growth in «Core» revenues: +5.9% Y/Y and +3.2% Q/Q

Further increase in Pre-Provision income: +51.4% Y/Y and +6.9% Q/Q

Q1 2021 Pre-tax profit at €259m and Net Income at €100m, including additional LLP frontloading

Adjusted Net Income at €151m

SIGNIFICANT IMPROVEMENT IN ASSET QUALITY THROUGH NEW NPE STRATEGY

New derisking strategy, raising the total disposal target to €1.65bn, o/w €1.5bn in Q2 2021

Adjusted gross NPE ratio down at 6.3%, with gross adjusted Bad Loan ratio down at 1.8%

Coverage at 51% for NPE and at 63% for Bad Loans, including IFRS 9 provisions

AQ metrics and dynamics safeguarded also by relevant share of State-guaranteed loans

ROBUST CAPITAL POSITION

CET 1 ratio FL at 12.7%, incorporating -85bps of regulatory headwinds¹

MDA buffer FL at 377bps

ADDITIONAL STRATEGIC FOCUS AREAS: DIGITAL BANKING AND ESG

Digital Banking: strong driver for commercial performance with strategic development focus

ESG: full integration into the business model, with first tangible results

Notes: 1. Regulatory headwinds in relation to internal credit risk model update.

AGENDA



① ESG Approach

BANCO BPM SUSTAINABILITY GOVERNANCE



BANCO BPM INTEGRATES SUSTAINABILITY IN THE GROUP'S BUSINESS MODEL THROUGH AN EFFECTIVE GOVERNANCE SYSTEM



Board of Directors which defines the management and coordination policies regarding non-financial disclosure, the socio-environmental policies and approves annually the Consolidated non-financial statement and the associated materiality analysis. One Board member designated as ESG referent within the BoD for the ICRSC



Internal Control, Risks & Sustainability Committee¹: which supervises, in the first instance, sustainability issues as well as – also through the Director delegated by the Committee itself on ESG, “sustainability and social responsibility” issues- the activities connected with the drafting of the Consolidated non-financial statement



The **Environmental, Social and Governance (ESG) Managerial Committee**, established by the Board of Directors, is chaired by the Chief Executive Officer and counts two Joint General Managers among its permanent members. Its main tasks include evaluating the Group's positioning and coordinating all the activities required to achieve the strategic sustainability objectives



The **Sustainability Structure** assists the ESG Committee and oversees the definition of the relevant themes and the monitoring of sustainability indicators. It also evaluates the sustainability impacts stemming from the Group's initiatives and provides support to the corporate structures. It drafts the Consolidated non-financial statement and promotes sharing of the ESG culture within and outside the Group

Note: **1.** To further boost the strong commitment of Banco BPM corporate bodies on ESG issues, the Board of Directors on 6 May 2021 approved to change the name of the previous «Internal Control, Risks and Sustainability Committee».

ESG STRATEGIC ROADMAP: FULL INTEGRATION OF SUSTAINABILITY IN THE BUSINESS MODEL



ESG ACTION PLAN: ACTIVATED 7 WORKSTREAMS

32 PROJECTS | **15** UNITS INVOLVED | **+50** OUR Dedicated people

- 1 Governance**
 - Integrate **ESG-oriented** roles and responsibilities within **all activities & ESG topics** into **corporate policies**
 - Incentive scheme** strengthened with **ESG KPIs**
- 2 People**
 - Attention to I&D¹**, with focus on **female empowerment**
- 3 Risk & Credits**
 - Integrate **climate-related and environmental topics** within the **risk and lending processes**
- 4 Customers - Business**
 - Establish a **ESG task force** in business areas and strengthen **ESG commercial offering**
- 5 Customers - WM**
 - Define **ESG investment policy** and strengthen **consulting and offering of ESG investment products**
- 6 Environment**
 - Further reduce environmental impacts**
- 7 Stakeholder engagement & Measurement**
 - Strengthen relationships with **recognized organisations** and develop **ESG metrics**

ALIGNMENT WITH REGULATORY AND OTHER STAKEHOLDERS' EXPECTATIONS ONGOING

MAIN TARGETS²

- ① **DEVELOPMENT OF ESG LENDING**
- ② **ISSUANCE OF GREEN AND SOCIAL BONDS WITHIN NEW GREEN SOCIAL SUSTAINABLE BONDS FRAMEWORK**
- ③ **+33% OF WOMEN IN MANAGERIAL POSITIONS IN 2023**
- ④ **CARBON NEUTRALITY IN 2023³**

MAIN INITIATIVES ALREADY IN PLACE

- | | | |
|---|---|--|
| €5bn Plafond for ESG investments | Products for Energy Efficiency | Green Mortgages
(Energy Efficiency Mortgage Label) |
| 100% Energy from renewable sources | Female empowerment
(selection, training and development) | BBPM in the Top 150 Italian Sustainability Leaders 2021
(Sole 24 Ore & Statista) |
| Strengthened the Internal Control & Risks Committee role, renamed ICR & Sustainability Committee
(Board member as ESG referent) | Training for employees on "Environmental" and "Respect" topics | Language Revolution
(customer-friendly communication) |

Note: 1. Integration & Diversity. 2. KPIs included in the BBPM 2021 Policy-on-remuneration. 3. Scope 1 + Scope 2 emissions.

DEVELOPING ESG PRODUCTS AND SUSTAINING CUSTOMERS & LOCAL COMMUNITIES



CUSTOMERS

PLAFOND FOR SUSTAINABLE INVESTMENTS:

- SUSTAINABLE FINANCE
- FEMALE ENTERPRISES
- GREEN TRANSITION

€ 5.0bn

PRODUCTS FOR ENERGY EFFICIENCY (SUPERBONUS 110%)

GREEN MORTGAGES (NEW, LAUNCHED IN 2021)

“EE” Mortgage Label

IMPLEMENTATION OF SUPPORT MEASURES IN RESPONSE TO COVID-19 CRISIS

Moratoria & State Guaranteed lending

FOCUS ON RETAIL CUSTOMERS (HOUSEHOLDS AND SMALL ENTERPRISES)

54%
OF TOTAL NET CUSTOMERS
LOANS AS AT 31/12/2020

BANCA AKROS AS BOOKRUNNER AND LEAD MANAGER OF GREEN & SOCIAL BONDS

LOCAL COMMUNITIES

CONTRIBUTION FOR SOCIAL INITIATIVES:

- RESEARCH, HEALTH, SOLIDARITY AND SOCIAL
- EDUCATION AND TRAINING
- ART, CULTURE, SPORT, ENVIRONMENT AND TERRITORY

>€6m
in 2020

7 FOUNDATIONS ACTIVE ON LOCAL TERRITORIES IN MANY SOCIAL INITIATIVES¹



MILAN, LEGNANO
AND ALESSANDRIA



TRIVENETO AREA



BERGAMO, BRESCIA,
COMO AND LECCO



LODI, CREMONA, PAVIA,
MANTUA, EASTERN LIGURIA,
PIACENZA AND PARMA



PIEDMONT, VALLE D'AOSTA
AND WESTERN LIGURIA



EMILIA ROMAGNA

**S. GEMINIANO E S. PROSPERO
RELIGIOUS FOUNDATION**

ARCHDIOCESE OF
MODENA-NONANTOLA, THE
DIOCESE OF CARPI AND
THE DIOCESE OF REGGIO
EMILIA AND GUASTALLA

Note: 1. The Foundations are not part of the Group's perimeter.

ATTENTION TO PEOPLE AND ENVIRONMENT



HUMAN RESOURCES

21,000 OVER
people
NEARLY ALL WITH A
PERMANENT CONTRACT

UNI ISO 45001:2018
CERTIFICATION
FOR OCCUPATIONAL HEALTH AND
SAFETY MANAGEMENT SYSTEM

Balanced female
representation

EXPECTED HIRES IN THE PERIOD 2021-2023,
WITH BALANCED FEMALE REPRESENTATION

~800

PROJECT “RESPECT” FOCUSED ON STRENGTHENING AN
INCLUSIVE CORPORATE CULTURE

“GENDER PROGRAM” AIMED AT VALORIZING FEMALE TALENT

ENVIRONMENT

100%
ENERGY FROM
RENEWABLE SOURCES

ISO **14001 AND**
50001 CERTIFICATIONS

CDP SCORE CONFIRMED IN 2020

B

IN 2020 BANCO BPM REDUCED BOTH ITS TOTAL SCOPE 1
& 2 ENERGY CONSUMPTION AND ITS SCOPE 1 & 2
EMISSIONS OF CO₂

STRONG DECREASE IN PAPER CONSUMPTION REGISTERED
IN 2020

DECISIVE ACTIONS ON SPONSORING SUSTAINABLE COMMERCIAL ACTIVITIES



TOGETHER
WITH OUR
CUSTOMERS



Banco BPM has developed **several commercial initiatives** (products, services, and loans) **supporting people and companies with the aim to protect the environment**.

The key initiatives:

- ② To facilitate the **transition to a sustainable economy**, we provide companies with a **plafond of 5 billion euros for 'Sustainable investments 2020-2023'**. The Group also established a collaboration with the **Politecnico di Milano** for a technical evaluation of the energy efficiency projects
- ② Activation of a series of commercial initiatives as part of the sale of **the tax credit. "Superbonus" provides tax deductions of up to 110% on energy efficiency interventions** and reduction of seismic risk and the possibility of transforming these deductions in a tax credit transferable to third parties
- ② Offering, in line with the principles of the Energy Efficient Mortgages Initiative, of **Green Mortgages** (at beginning of 2021), with the aim of favoring the energy efficiency of buildings
- ② Collaboration with **FIRE - Italian federation for the rational use of energy** – in the context of the European Project “GoEsi” – to put together the most appropriate financial support for Energy efficiency investments and the use of “ESI standard template” with the objective to consider it a positive differential element during the credit assessment

€ **5** funds
BILLION

2020-2023 SUSTAINABLE
INVESTMENTS

Green transition programmes | Sustainable finance | Women's entrepreneurship



SUPPORTING OUR COMMUNITY DURING THE COVID-19 CRISIS



The **close relationship with communities and our territory** is one of the most important assets for Banco BPM and is protected and further developed mainly through:

- supporting, through the sharing of resources and knowledge, initiatives in the fields of **art and culture, solidarity and social, sports, educational and training, research and health, environment and the region** fields (also thanks to the direct activity of our 7 foundations)
- offering product and services for the **third sector in favor of non-profit organizations**

SUPPORTING SOCIAL PROJECTS CONNECTED WITH COVID-19 EMERGENCY WITH >€6M IN 2020

The majority of this contribution was dedicated to research, health, solidarity and social initiatives, with a strong increase vs. 2019

Part of this contribution came directly from Chairman, CEO, Board/Audit Members and top management for hospitals (i.e. Ospedale Sacco in Milan & AIRC) and for non-profit organisations for the fight against Covid-19

OTHER INITIATIVES IN FAVOR OF PEOPLE WEAKENED BY THE ECONOMIC EMERGENCY

- Fund raising involving colleagues, together with Banco Alimentare and Caritas for the weakest segments of the population

- Crowdfunding project involving third-party stakeholders of the territory, supporting several social projects at local level (#Insiemestraordinari)

INCLUSION & DIVERSITY INITIATIVES



WOMEN DEVELOPMENT

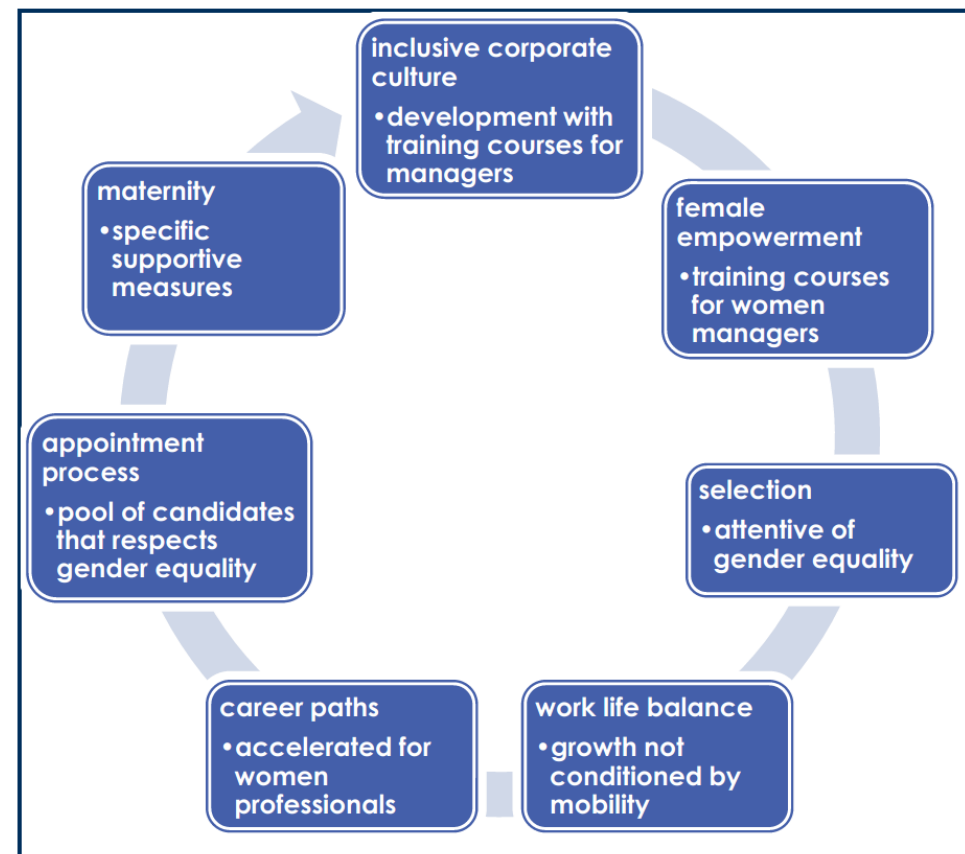

- Banco BPM launched a **programme dedicated to women**, to encourage, with personalized paths that reflect the individual's aspirations and potential, the development of managers and professionals through training courses, mentoring and coaching, managerial activities, shadowing and job rotation, which enable them to gain extensive experience and integrate the know-how acquired

In June 2019 we joined the ABI initiative “Women in Bank”

«WOMEN IN BANK»:
ENHANCE GENDER DIVERSITY

In June 2019 we joined the ABI initiative aimed at:

- **promote an inclusive work environment** and open to the values of diversity, also gender;
- **strengthen the methods of selection and development** suitable for promoting equal gender opportunities;
- **spreading the full and effective participation of women** at every level of the company;
- **promoting gender equality even outside the bank**, for the benefit of the reference community;
- **carry out initiatives to guide and enhance company policies** on gender equality



SUSTAINABLE INITIATIVES FOR ENVIRONMENT



The Group aims to safeguard the environment by reducing the impact of its activities, mainly through:

- its **energy management**: in 2020, 100% of the electricity consumed was generated from certified renewable sources (Guarantee of Origin GO), avoiding the emission of 33,239 tonnes of CO2 equivalent
- its **corporate mobility**: the management of the company fleet is based on precise criteria of use aimed at promoting environmentally friendly practices (car pooling, replacement of the company fleet and improvement of the video-conference system)
- its **focus on consumables, waste disposal and recycling**: procurement of recycled and Blue Angel certified paper (Blue Angel certification guarantees that the materials produced are completely free of polluting whitening substances. The production process is PCF Process Chlorine Free certified); predominant use of regenerated toner

Guidelines regarding the management of environmental and energy issues and the fight against climate change developed in 2020

Creation of two new key roles:

- The **Energy Manager** contribute to oversee the processes of generation and use of energy for the Group, being also responsible for the conservation and rational use of energy;
- The **Mobility Manager** is in charge of planning and implementing strategies for the rationalization of travel and reduction of the use of individual means of transport, with the objective of reducing, monitoring and communicating the impacts on environment.



REMUNERATION POLICY

The remuneration policy provides important managerial leverage and for this reason, in the direction taken by the Group about the integration of ESG criteria **into the variable remuneration of top management:**

- ② Banco BPM 2021 short-term remuneration policy has further strengthened the correlation between the variable remuneration of management and strategic action relating to environmental issues (i.e. ESG lending and issues of green or social bonds and other)
- ② Furthermore, the long-term incentive plan for the three-year period 2021-2023 focuses the attention of managers, as well as on capital, liquidity and economic objectives, also on issues related to sustainability and in particular: environmental issues, enhancement of female talent, creation of a sustainable finance culture for all Group stakeholders as well as company volunteering in support of Non profit Associations and improvement of Standard Ethics' ESG rating
- ② **Banco BPM's remuneration policy for staff is gender neutral**

SUSTAINABILITY-RELATED TOPICS ARE TAKING AN INCREASING IMPORTANCE ALSO IN TERMS OF RISK MANAGEMENT

- ② Planned development of **the integration of ESG factors in the attribution of credit ratings** through expert-based or historical data-based approaches
- ② Drafted preliminary analyses of the credit portfolio in order to sort exposures **on the basis of the European Commission's green taxonomy**, so as to highlight the Group's presence in sectors most impacted by the regulatory developments on environmental sustainability
- ② Working to **integrate sustainability risk evaluation in the offer of investment advisory and portfolio management services**



COVID-19 EMERGENCY: KEY FOCUS AREAS



CUSTOMERS

The adoption of **new, digital-based models of customer interaction** has allowed the Group to stay close to its customer base, providing services with **safety** in the current phase of emergency

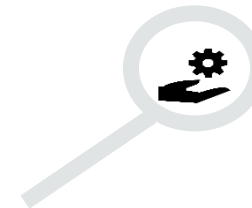
Prompt implementation of the **support measures adopted by the Government**

MORATORIA MEASURES: The total amount of loans in respect of which the Bank agreed the moratorium measures set out in the Cura Italia Decree and the ABI Protocol came to over €16bn, o/w **€11.3bn** outstanding as at 31/03/21

STATE GUARANTEED LENDING: Total new lending assisted by state guarantees as at **€12.9bn** 31/03/21 (vs. €10.2bn as at 31/12/20)

EMPLOYEES

New patterns of agile work have allowed the Group to test **business continuity**, while at the same time ensuring **highest safety** to all its employees, who have effectively demonstrated a strong degree of **resilience** and **capacity of adaptation**



SERVICES

Strengthened use of the digital banking channel, also through the proposition of **new instruments and solutions**, in line with the general current situation and future market requirements

BANCO BPM

ACCELERATION OF DIGITAL AND OMNICHANNEL BANKING, WITH NEW WAYS OF WORKING AND DOING BUSINESS:

AN ADVANTAGE FOR THE 'NEW NORMAL' ENVIRONMENT

SUSTAINABLE RATINGS & CERTIFICATIONS



June 2021
Corporate Rating EE

Standard Ethics **confirms the good positioning of Banco BPM in terms of sustainability amongst Italian and European institutions**, placing it amongst those banks which, following innovations in the governance model, reporting capabilities and adaptation to international targets, recently recorded positive changes in their outlook



December 2020
CDP confirms its excellent assessment (score B)

The Carbon Disclosure Project enabled us to evaluate our environmental footprint through an international measurement and accounting system, confirming, in 2020, the **very positive assessment (CDP score B)**



February 2021	April 2021
ESG Corporate Rating at C-	ISS Quality Score
April 2021	<ul style="list-style-type: none"> • Governance at 1 • Environment at 2 • Social at 3
Decile rank: 3	

In February 2021, **the ESG Corporate Rating was upgraded from D+ to C-**
 In April 2021, the **ISS Quality Score on Governance was improved significantly, from 7 to 1**



Main Certifications



December 2020
ISO Certification for an integrated Health & Safety, Energy and Environment system

The process for the adoption of the integrated ISO Management System was successfully completed
 The Bureau Veritas certification body positively performed the checks set forth in the audit process, issuing the relative certificates of compliance with the **ISO 45001, ISO 50001 and ISO 14001 standards**



① Green Social Sustainability Bonds Framework

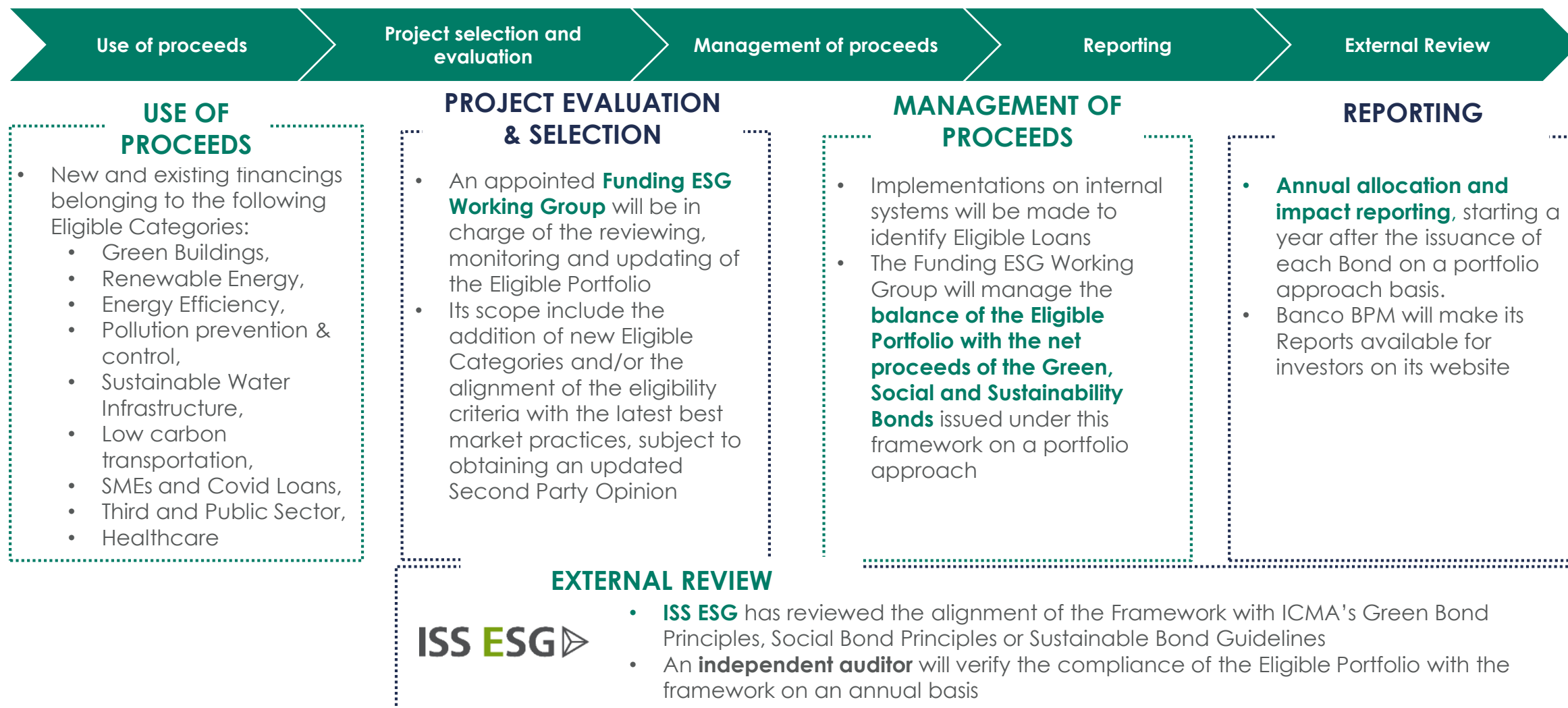
GREEN SOCIAL SUSTAINABILITY BONDS FRAMEWORK



- ② The development of a Green, Social and Sustainability Bonds Framework is fully complementary with Banco BPM commitment and strategy to **address climate change** and to **provide a positive social outcome** in its business conduct.
- ② In building up its framework, Banco BPM has mandated CRIF Real Estate Services (CRIF) to provide a technical analysis on the Italian residential market, **with the aim to establish a reference framework for the Italian Green Bond market**, and to **position Banco BPM Green Mortgage loan portfolio selection at the very best market practices**
- ② The Framework is an umbrella document that enables Banco BPM to issue Green Bonds, Social Bonds and Sustainability Bonds; **either unsecured, such as Senior Unsecured Bonds, or secured instruments, such as Covered Bonds**
- ② The Framework is structured accordingly to the **Green Bond Principles 2021**, the **Social Bond Principles 2021** and the **Sustainability Bond Guidelines 2021**
 - ② **Eligible Green Loans** financed by Banco BPM are expected to create substantial environmental benefits by enabling significant reduction in GHG emissions and energy consumption
 - ② **Eligible Social Loans** financed by Banco BPM are expected to support employment generation, access to essential services (e.g. education, health, ...) and affordable basic infrastructure (e.g. transport) and support socioeconomic advancement and empowerment



GREEN SOCIAL SUSTAINABILITY BONDS FRAMEWORK



USE OF PROCEEDS



Residential Green Buildings

- Acquisition of new or existing residential housing aligned with current environmental regulation and belonging to the **top 15% in Italy of the most carbon efficient buildings (kg CO₂e/sqm)**
- Renovation of buildings if the renovation works produce the improvement of at least two energy classes, or a **Global Non-renewable Energy Performance Index (EP gl, nren) at least 30% lower than that resulting from the pre-works EPC.**



Commercial Green Buildings

- Acquisition and construction of commercial buildings:
 - belonging to the **top 15% in Italy of the most carbon efficient buildings (kg CO₂e/sqm)²**
 - with LEED (Gold), BREAM (Very Good), HQE ("Excellent") or other international **green building certifications**
- Renovation which achieved an **energy efficiency improvement of 30%** of energy savings



Renewable Energies

- Construction, acquisition, development and maintenance of facilities generating and/or distributing energy from renewable sources such as: **wind energy (i), solar energy (ii), hydro power (iii), bio energy (iv), geothermal energy (v), electricity transmission and distribution infrastructure (vi)**



Energy Efficiency

- Development and distribution of and/or upgrades to equipment or technology such as: **smart grid, district heating and cooling, energy storage, and Efficient LED lighting appliances and systems**

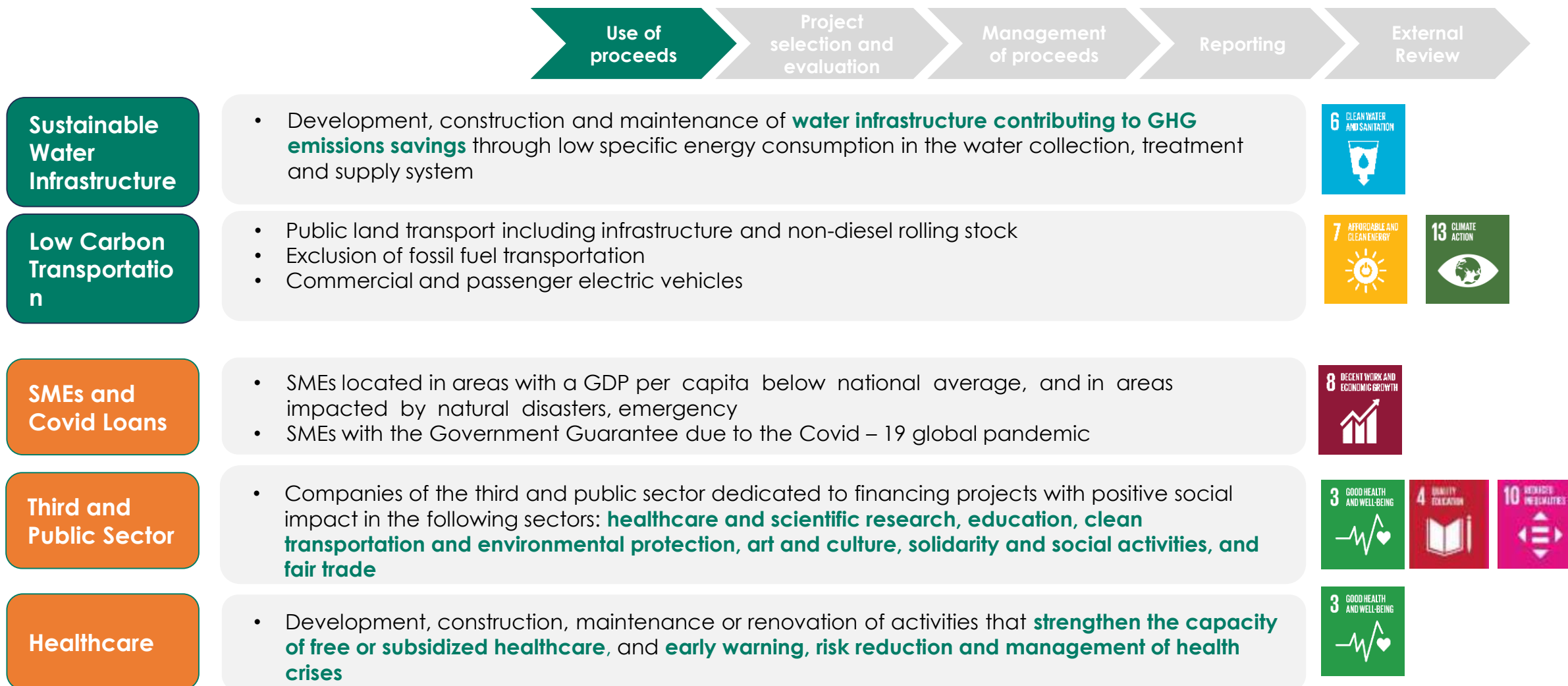


Pollution prevention and control

- Development, construction and maintenance of **waste management activities** contributing to GHG emissions reduction of intensive waste treatment systems (**waste prevention, waste reduction and waste recycling**)



USE OF PROCEEDS



PROJECT SELECTION



Use of
proceeds

Project
selection and
evaluation

Management
of proceeds

Reporting

External
Review

Funding ESG Working Group

- Constituted of participants from **Business Departments**, the **Funding and Capital Management** team, **Risk Management** team, **Sustainability**, the **Investor relation** department and the **Energy Manager**
- Will review and approve the portfolio of loans proposed by the Business Department
- Will oversee any future updates of the current Framework including the addition of new Eligible Categories and/or the alignment of the eligibility criteria with the latest best market practices; and obtaining an updated Second Party Opinion.

Excluded Activities

- Investment connected to:
 - ☐ fossil fuel,
 - ☐ nuclear power generation,
 - ☐ armament sector
- SMEs connected with the sector of:
 - ☐ armaments,
 - ☐ tobacco,
 - ☐ gambling

Second Party Opinion:

“**ISS ESG** finds that the Process for Evaluation and Project Selection description provided by Banco BPM aligns with the GBPs, SBPs and SBGs. Various departments are involved in the Project Evaluation and Selection Process, thanks to an appropriate Working Group. Additionally, a quality check of the loan data is conducted on a regular basis to ensure compliance with the Green, Social and Sustainability Bond Framework.”

MANAGEMENT OF PROCEEDS



Banco BPM Intentions

- Implementations will be made on **internal systems to identify Eligible Loans**
- Balance the Eligible Portfolio with the net proceeds of the Green, Social and Sustainability Bonds on a **portfolio approach**
- Banco BPM will make every effort to ensure that the **aggregated nominal value of Green/Social Eligible Loans exceeds the aggregated nominal value of all outstanding Green/Social/Sustainability Bonds** at any time until the maturity of all outstanding Green/Social /Sustainability Bonds
- Until full allocation, the **proceeds** of the Bonds will be **kept in Banco BPM's own treasury**, invested in the form of cash or cash equivalent and in accordance with the Treasury special policy.

Second Party Opinion:

"ISS ESG finds that the Management of Proceeds description provided by Banco BPM aligns with the GBPs, SBPs and SBGs. Earmarking is ensured and Intended types of temporary investment instruments for unallocated proceeds are disclosed. However, no ESG criteria for unallocated proceeds have been put in place."

REPORTING



Allocation Reporting

- Until full allocation, Banco BPM will publish an annual report on:
 - ☐ Breakdown of the Eligible Portfolio per Eligible Green/Social categories to which the outstanding Bonds are allocated
 - ☐ Share of financing and refinancing (in %) of the Eligible Portfolio as of the date of the Bonds issuance
 - ☐ Geographical split of the Eligible Portfolio
 - ☐ Amount of unallocated proceeds, if any

Second Party Opinion:

“ISS ESG finds that the Reporting description is aligned with the Green Bond Principles, Social Bond Principles and Sustainability Bond Principles.”

Impact Reporting

- BANCO BPM will provide some aggregated output and impact metrics such as:
 - ☐ Breakdown per EPC level and/or external certification and/or per year of construction
 - ☐ Energy savings or energy performance level reached after refurbishment
 - ☐ Expected annual renewable energy generation (MWh/y)
 - ☐ Expected quantity of waste treated, recycled(tones/year)
 - ☐ Expected quantity of water supplied, stored (m3/year)
 - ☐ Estimated annual GHG emissions reduced/avoided (in tons of CO2e)
 - ☐ Estimated number of beneficiaries per year (for Eligible Social Loans)

EXTERNAL REVIEW



Highlights from ISS ESG's Second Party Opinion

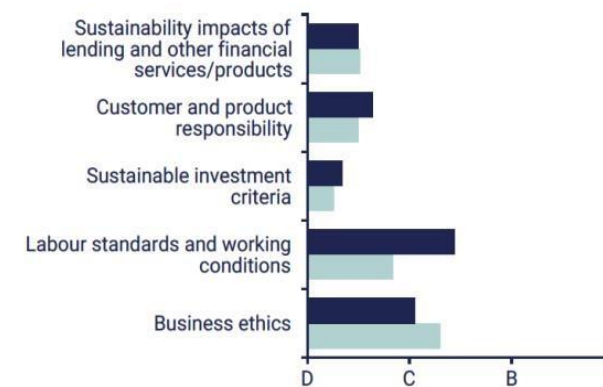
Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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- “The financial sector can provide solutions to global sustainability challenges by offering financial services with a green and/or social value. Banco BPM offers financing for renewable energy projects, energy efficiency and eco-efficient houses and also financial services for female entrepreneurs. In 2020, the group's clients held ESG/SRI products worth EUR 3.5 billion.”

COMPANY	SECTOR	RATING	DECILE RANK	TRANSPARENCY
BANCO BPM	COMMERCIAL BANKS AND CAPITAL MARKETS	C-	3	LEVEL HIGH

Key Issue Performance



Legend: Industry (Light Blue) Company (Dark Blue)



② Social Eligible Portfolio & Inaugural Social Bond

INAUGURAL SOCIAL BOND



- ② The bond proceeds will be allocated to finance or refinance Italian SMEs' loans guaranteed by the public entities (granted under "Decreto Liquidità"), issued in response to the Covid-19 crisis.
- ② Banco BPM identified a starting portfolio of loans to SMEs covered by guarantees issued by the public sector in excess of EUR 7.8 bn distributed all over the country, out of which it has selected an eligible portfolio of over EUR 900mm (originated from April 2020 to April 2021)

Eligible Social Loans category	Eligibility Criteria	Target population
SMEs	<ul style="list-style-type: none"> Loans to SMEs that include SMEs located in areas with a GDP per capita below national average, and/or in areas impacted by natural disasters. Loans granted to SMEs with the Government Guarantee to help borrowers to fight difficulties due to the emergency due to the Covid – 19 global pandemic. 	<ul style="list-style-type: none"> People working in SMEs to maintain jobs and create capacity for new jobs

Small-Medium Enterprises as defined by the European Commission

- <250 employees
- ≤ €50m turnover or ≤ €43m total Balance sheet

Indicative Termsheet	
Issuer:	Banco BPM S.p.A.
Exp. Issue Rating:	Ba2 (Moody's)
Format:	Reg S, Senior Unsecured Unsubordinated
Maturity:	Around 5-year
Size:	EUR benchmark
Use of Proceeds:	The net proceeds of the bonds will be allocated to finance and re-finance loans and investments that seek to achieve positive social impacts and promoting employment generation, as defined within the Issuer's Green, Social and Sustainability Bond Framework
Listing:	Luxembourg
Green & Social Structuring Advisor/Global Coordinator:	Crédit Agricole CIB
Joint Bookrunners:	Banca Akros, Crédit Agricole CIB, Bofa Securities, HSBC, Natwest Markets , UniCredit
Docs:	Eur 25,000,000,000 EMTN Base Prospectus dated 11 June as supplemented from time to time
Governing Law:	Italian law

SOCIAL ELIGIBLE PORTFOLIO



- Starting from April 2020 and during the 2021, as response to the Covid19 crisis, Banco BPM focused on the origination of loans in favor of Italian SME's.
- Banco BPM granted more than 83 thousand loans in 1 year (Apr 2020 - Apr 2021), since the Decreto Legge N. 23 / 8 April 2020¹ ("Decreto Liquidità") was released.
- Banco BPM identified a starting portfolio of loans to SME's guaranteed by the public sector of over **EUR 7.8 bn**²



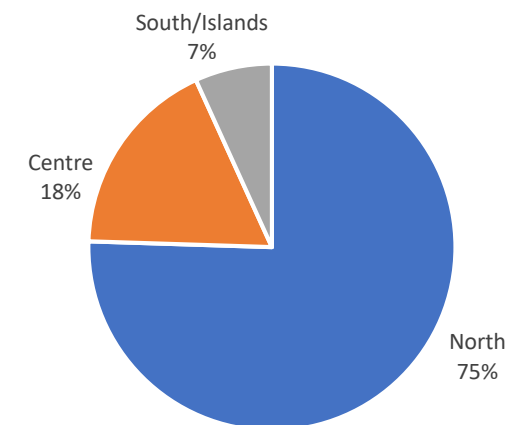
¹ <https://www.gazzettaufficiale.it/eli/id/2020/04/08/20G00043/s>

SME loans geographical distribution

Regions	Residual Debt	%
LOMBARDIA	3.142.013.704	39,8%
TOSCANA	1.063.073.857	13,5%
VENETO	888.217.592	11,3%
EMILIA ROMAGNA	826.815.013	10,5%
PIEMONTE	696.960.604	8,8%
LIGURIA	292.058.660	3,7%
LAZIO	258.589.153	3,3%
SICILIA	243.140.556	3,1%
CAMPANIA	160.467.595	2,0%
PUGLIA	80.292.497	1,0%
UMBRIA	59.268.330	0,8%
FRIULI VENEZIA GIULIA	56.293.200	0,7%
TRENTINO ALTO ADIGE	47.298.808	0,6%
MOLISE	21.083.914	0,3%
MARCHE	16.387.424	0,2%
ABRUZZO	12.922.979	0,2%
VALLE D'AOSTA	9.876.827	0,1%
SARDEGNA	9.043.765	0,1%
CALABRIA	6.158.982	0,1%
BASILICATA	3.210.536	0,0%
Tot	7.893.173.996	100%



Geographical Distribution (Residual Debt)



² The data are to be considered as of 30 April 2021

PORTFOLIO SELECTION CRITERIA



BBPM Starting portfolio over EUR 7,800mm

Portfolio selection criteria

- ② Italian SME'S only, according to EU SME's definition: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en
- ② Covid 19 related loans granted in compliance with "Decreto Liquidità"
- ② Loans covered by a guarantee released by Fondo Centrale di Garanzia & SACE
- ② Loans with a residual life over 5.7 years

Excluded sectors (examples)

- ② Exclusion of business activities, due to their potentially controversial or negative environmental and/or social impact, such as:
 - ② Tobacco industry
 - ② Armaments
 - ② Alcoholic
 - ② Gambling and betting activities
 - ② Carbon & Gas Industry
 - ② Plastic industry

The application of these criteria, gives an eligible portfolio of EUR 960 mm (from EUR 7,800mm)

FINAL SOCIAL ELIGIBLE PORTFOLIO – EUR 960mm



Initial Portfolio

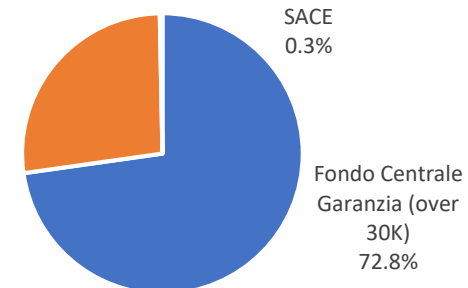


Final selected portfolio



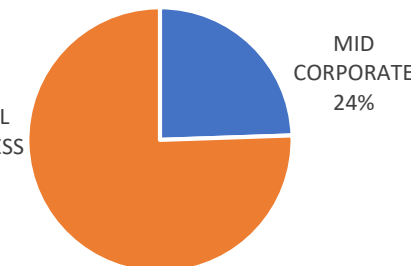
Type of Guarantor (Residual Debt)

Fondo Centrale
Garanzia (up
to 30K)
26.9%



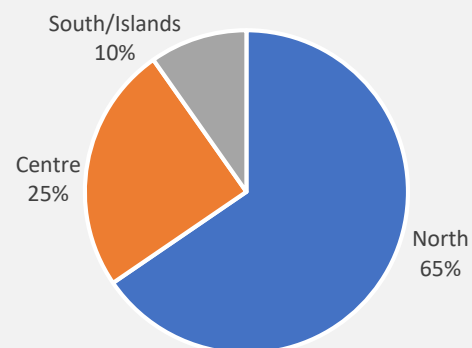
Type of Debtor (Residual Debt)

SMALL
BUSINESS
76%



Regions	Residual Debt	%
LOMBARDIA	292.580.691	30,4%
TOSCANA	194.435.108	20,2%
VENETO	102.817.635	10,7%
EMILIA ROMAGNA	88.584.352	9,2%
PIEMONTE	79.604.700	8,3%
LIGURIA	51.212.679	5,3%
SICILIA	50.259.377	5,2%
LAZIO	31.326.052	3,3%
CAMPANIA	22.579.650	2,3%
PUGLIA	14.928.635	1,6%
UMBRIA	9.425.586	1,0%
TRENTINO ALTO ADIGE	8.755.766	0,9%
FRIULI VENEZIA GIULIA	4.298.448	0,4%
MARCHE	2.840.200	0,3%
ABRUZZO	2.227.500	0,2%
MOLISE	2.034.979	0,2%
VALLE D'AOSTA	1.424.682	0,1%
CALABRIA	989.076	0,1%
SARDEGNA	799.700	0,1%
BASILICATA	140.556	0,0%
Tot	961.265.371	100%

Area of origination (Residual Debt)



Month of origination	Residual Debt	%
2020 April	50.000	0,0%
2020 May	2.697.213	0,3%
2020 June	665.900	0,1%
2020 July	55.919.011	5,8%
2020 August	48.257.723	5,0%
2020 September	67.901.137	7,1%
2020 October	53.262.633	5,5%
2020 November	44.287.997	4,6%
2020 December	30.501.229	3,2%
2021 January	52.713.805	5,5%
2021 February	56.655.476	5,9%
2021 March	202.444.685	21,1%
2021 April	345.908.562	36,0%
Tot	961.265.371	100%

Maturity (Y)	Residual Debt	%
2027	475.084.193	49,4%
2028	38.517.255	4,0%
2029	11.640.596	1,2%
2030	248.772.849	25,9%
2031	164.930.192	17,2%
2032	9.342.223	1,0%
2033	3.638.748	0,4%
2034	1.100.000	0,1%
2035	1.066.333	0,1%
2036	7.172.982	0,7%
Tot	961.265.371	100%

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THANK YOU!