

# Strategic Plan 2021-2024

Delivering value in a new growth-oriented environment

5 November 2021



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# Agenda

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# Out of the Crisis:

A new promising scenario

## Scenario: multiple sources largely converging on strong GDP growth with upward Euribor movement mainly in 2024

- **A (relatively) more predictable environment:** domestic and extra-EU economic activity showing clear signs of stabilization in 2021
- **Italy's annual GDP trend:** turning positive in Q3 2021
- **Strong progress in Covid-19 pandemic containment:** Italy's vaccination campaign steadily proceeding towards the Government's ambitious targets



- Post Covid-19 fiscal recovery boost in EZ and US, with a global trade rebound
- Transportation & commodity costs hike; supply bottlenecks
- Accelerated climate change rulings
- Agreements on MNCs tax regime



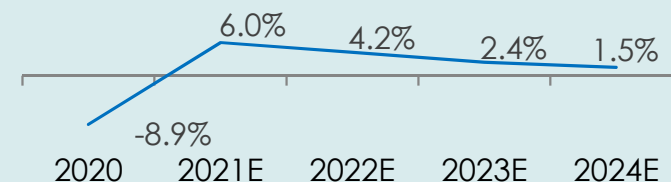
- Fiscal expansionary NGEU Plan (passed by single EZ partners)
- ECB action plan implementation
- EU Climate Action setting new and more ambitious targets, on the back of the new taxonomy



- Recovery in 2021 (+~6% GDP)
- PNRR<sup>1</sup> implementation coupled with Structural Reform agenda
- Investment boost in public and private sectors

### Comprehensive assumptions factoring in recently emerged trends

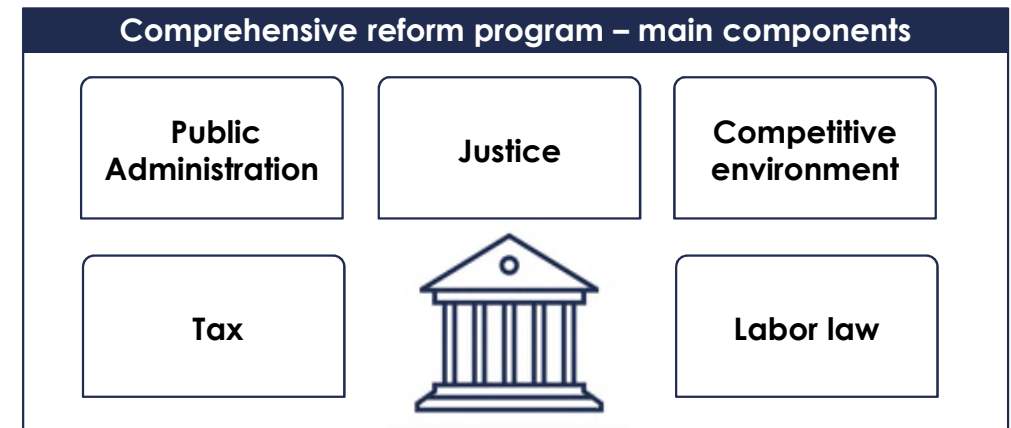
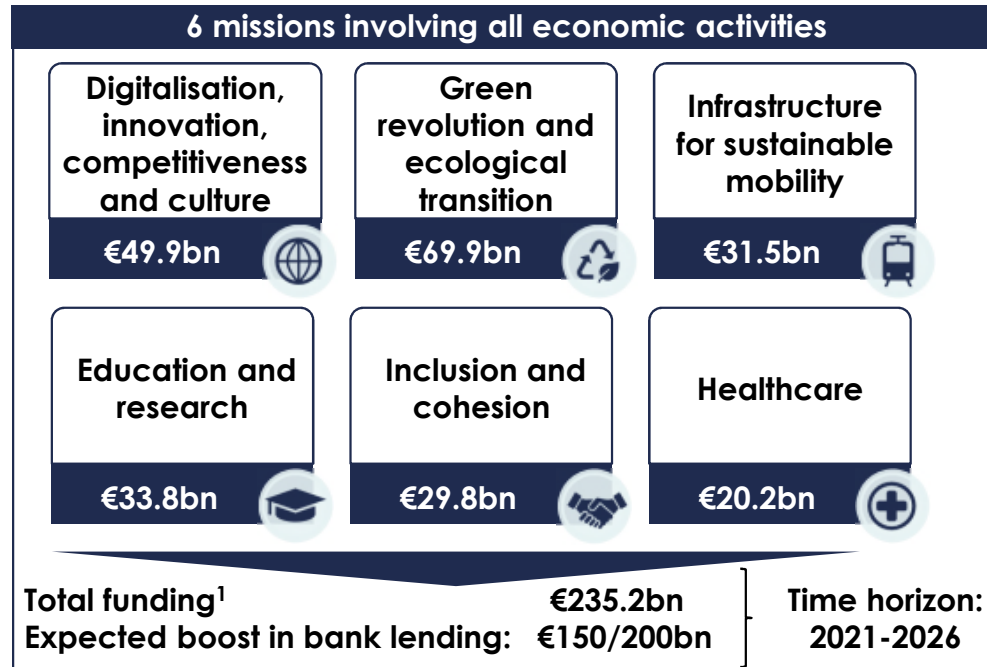
#### Italy's Real GDP trend (y/y % change)



#### Euribor 3m - bps



# PNRR: the "once-in-a-lifetime" occasion for Italy to re-establish enduring and sustainable growth within the wider "Next Generation EU" initiative



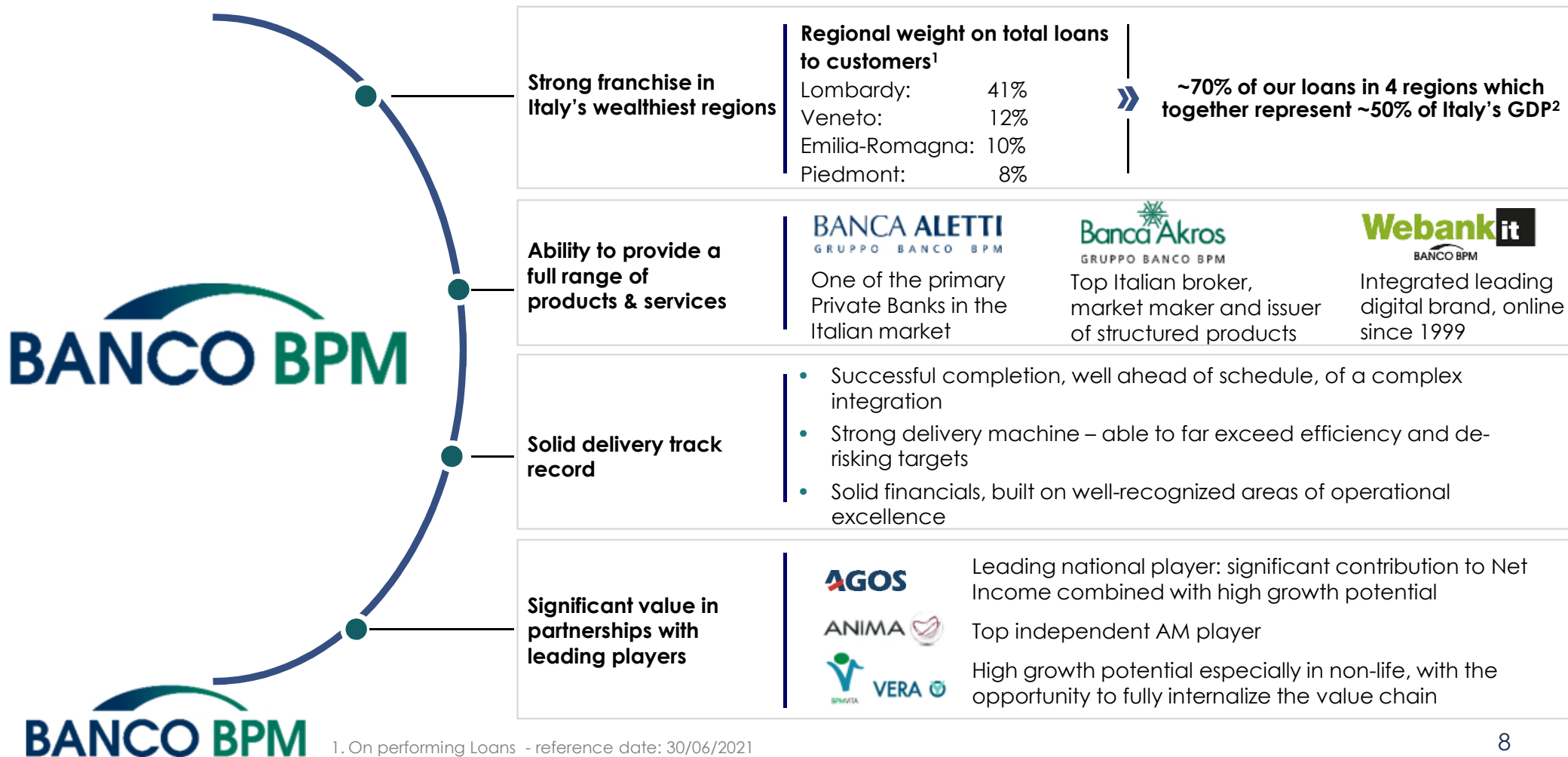
Cumulative GDP impact <sup>2</sup>					
2021E	2022E	2023E	2024E	2025E	2026E
0.5%	1.2%	1.9%	2.4%	3.1%	3.6%

- A program aimed at transforming the whole Italian economy, fully endorsed by the EU
- Huge indirect impact on private investments – and thus on bank lending
- A life-time opportunity for our country and, therefore, for a group like Banco BPM, with its strong presence in Italy's most dynamic geographic areas and industries

# **Banco BPM's performance track record**

Well-established areas of strength, proven  
ability to deliver

# BANCO BPM: Well-established areas of strength with clear potential



1. On performing Loans - reference date: 30/06/2021

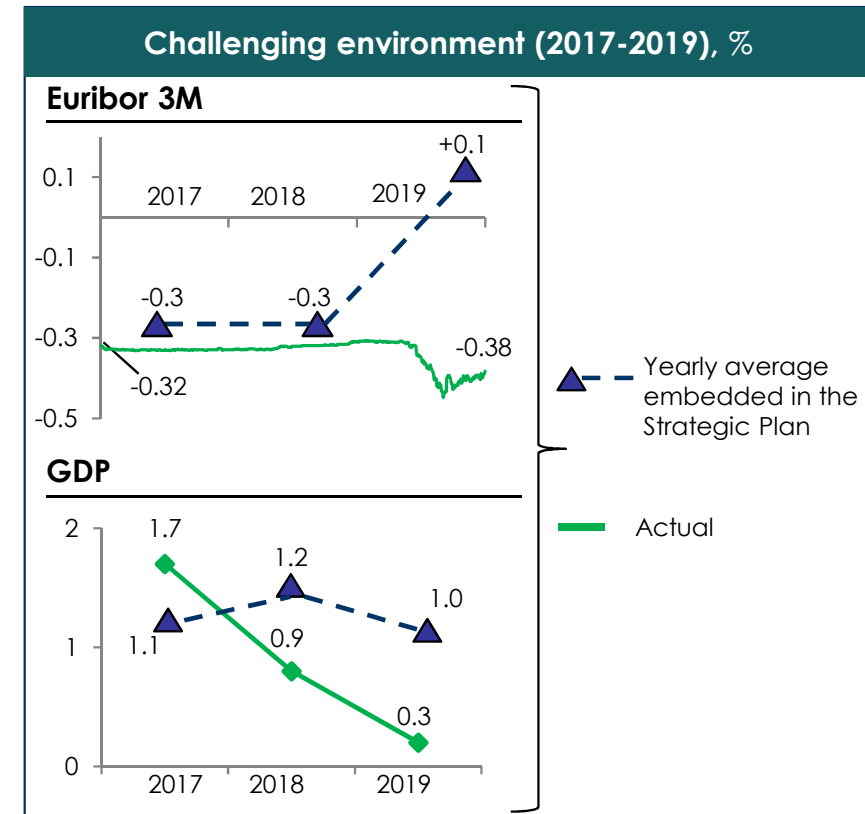
2. Source: BBPM elaboration on Istat Dataset "Prodotto interno lordo lato produzione" Edition Dec. 2020



## 2016/2019 (“Merger”) Plan: mission accomplished, with strong outperformance in Asset Quality, Cost Efficiency and Capital targets

	Main items	2015	2019 <sup>2</sup> Target	2019 Actual
Asset quality	Gross NPE stock	€31.5bn <sup>1</sup>	€23.2bn	<b>€10.1bn</b>
	Gross NPE ratio	24.8% <sup>1</sup>	17.5%	<b>9.1%</b>
	Net NPE ratio	15.7%	11.1%	<b>5.2%</b>
Cost efficiency	Branches (#)	2,417	2,082	<b>1,717</b>
	Staff (#)	25,073	22,560	<b>21,950</b>
	Operating costs	€3,086m	€2,909m	<b>€2,604m</b>
Profitability	Total revenues	€5,117m	€5,209m	<b>€4,293m</b>
	Net income	€594m	€1,100m	<b>€797m</b>
Capital position	CET1 ratio FL	12.3%	12.9%	<b>13.0%</b>
	Texas ratio	162%	114%	<b>52%</b>

Solid profitability despite the challenging environment<sup>3</sup>



# Banco BPM reacted promptly to the Covid-19 crisis: acceleration towards a more flexible and digital-oriented Business Model

Business Model adapted to the new challenging scenario immediately after the outbreak of Covid-19

## Service model

- New **digital-based customer interaction**, with strengthened use of **remote banking channels** and **new tools and solutions** (Advanced Customer Analytics, Big Data, Digital Identity, etc.)

## Operating structure & employees

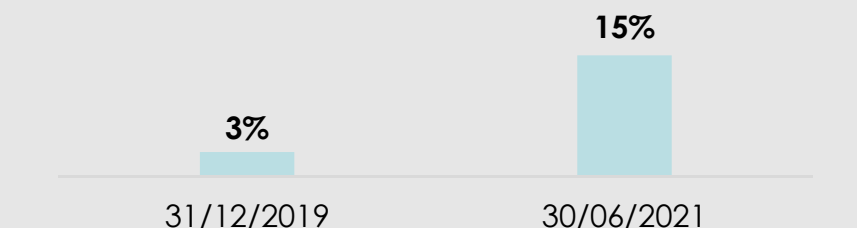
- **Proven flexibility in cost management:** ability to reduce Operating Costs by **>€170m** in 2020 vs. previous year
- Stronger focus on **new patterns of agile work** to preserve the **safety of customers and colleagues**, while **ensuring business continuity and commercial effectiveness**

## Customers

- Dedicated commercial efforts immediately activated to **provide our customers with adequate levels of financing**, leveraging on public support measures

## State-guaranteed loans<sup>1</sup>

### Share on Gross Customer Loans (Total stock)



### BBPM market share: Covid State-guaranteed loans vs. Core Customer Loans as at 30/06/2021<sup>2</sup>

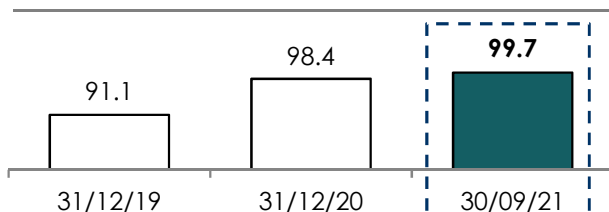


**Support to the Italian economy, with positive impact on BBPM's overall asset quality**

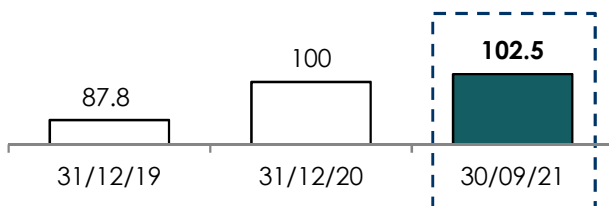
# Back on track faster than expected: strong volume and profitability growth achieved in 9M 2021, with further derisking and solid capital

## Volumes

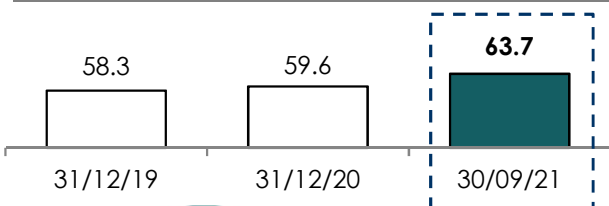
"Core" Net perf. Customer Loans, €bn



C/A & Deposits, €bn

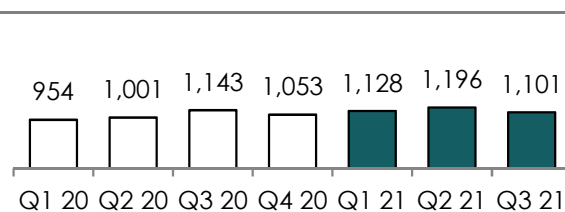


Assets under Management, €bn

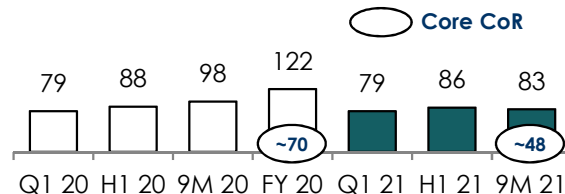


## Profitability

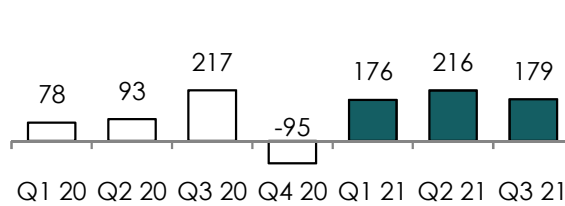
Total Revenues, €m



Cost of Risk, Progressive annualised data – bps



Net Profit from Continuing Operations, €m



+€128m  
Adj.

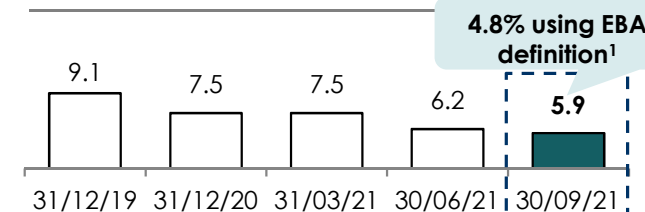
+€227m  
Adj.

+€246m  
Adj.

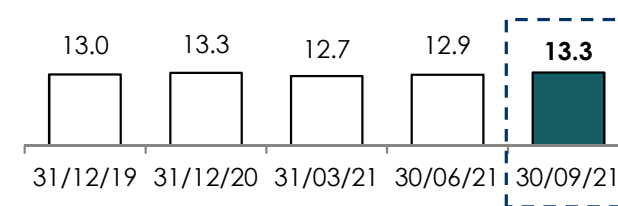
+€251m  
Adj.

## Asset quality & solvency ratios

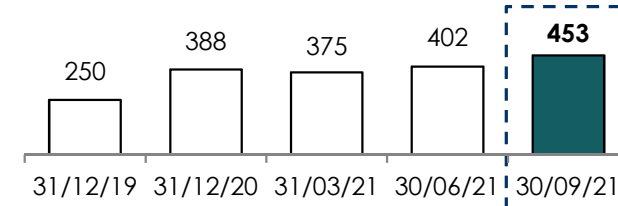
Gross NPE Ratio, %



CET1 Ratio FL, %



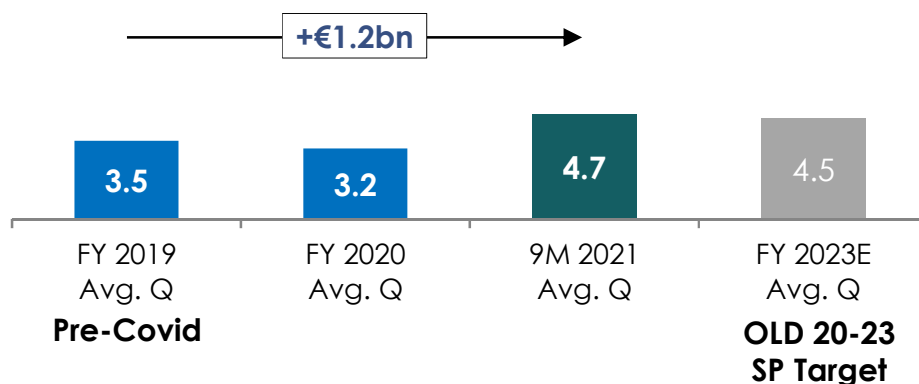
MDA Buffer FL, bps



## Solid commercial track record and reliability: ready for new credible and ambitious strategic targets

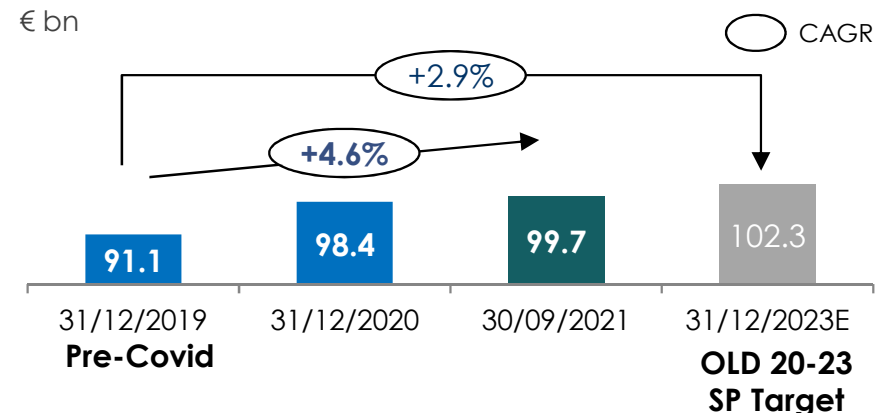
### Investment product placements<sup>1</sup>

€ bn



### "Core" net customer loans

€ bn



Strong evidence of commercial activity being already ahead of the 2023 targets included in the "old" strategic plan, notwithstanding a worse-than-expected macro scenario:

- **Wealth Management:** strong pace of investment product placements; 2021 progressively emerging as the best year since the merger
- **Core Customer Loans:** significant growth since 2019 – faster than previous plan expectations – seizing the opportunity of publicly guaranteed loans

# 2021-24 STRATEGIC PLAN

Financials & KPIs

## STRATEGIC PLAN 2021-2024

New 2021-2024 Strategic Plan targets vs. old 2020-2023 Strategic Plan

### Targets of the Old SP 2020-2023 (March 2020)<sup>1</sup>

<b>~ €4.4bn</b> Total Revenues 2023E	<b>~ €2.6bn</b> Operating Costs 2023E	<b>~6%</b> Gross NPE ratio 2023E	<b>51bps</b> Cost of Risk 2023E
<b>~ €770m</b> Net Income 2023E		<b>&gt;7%</b> ROTE 2023E	
<b>~12.5%</b> CET1 ratio FL 2023E			



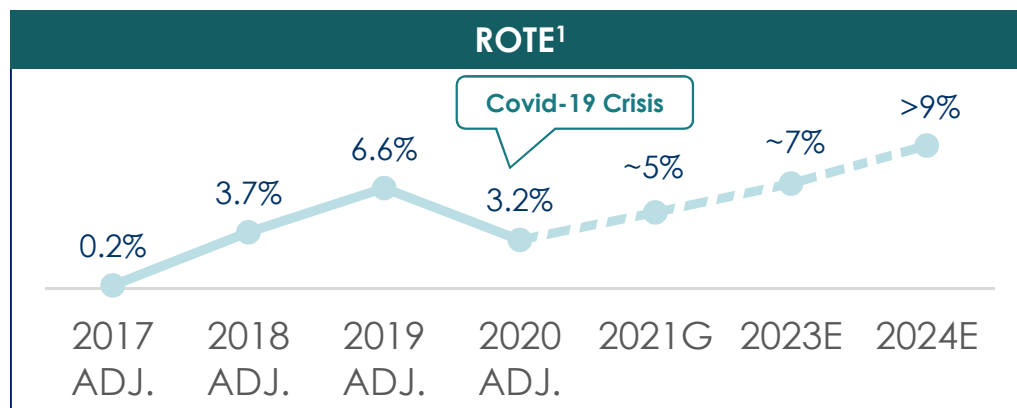
### Targets of the New SP 2021-2024 (November 2021)

<b>~ €4.6bn</b> Total Revenues 2024E	<b>~ €2.4bn</b> Operating Costs 2024E	<b>&lt;5%</b> Gross NPE ratio 2024E	<b>48bps</b> Cost of Risk 2024E
<b>~ €1,050m</b> Net Income 2024E		<b>&gt;9%</b> ROTE 2024E	
<b>~14.4%</b> CET1 ratio FL 2024E			

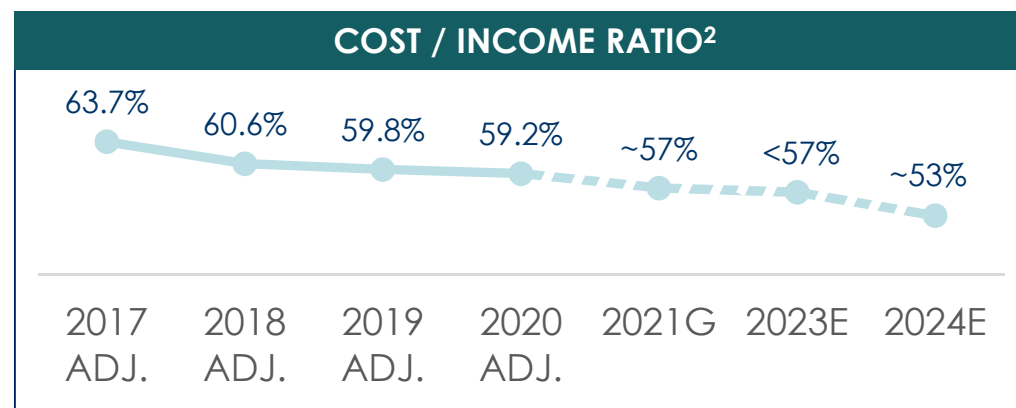
# STRATEGIC PLAN 2021-2024

A solid track record, fostering a strong future performance

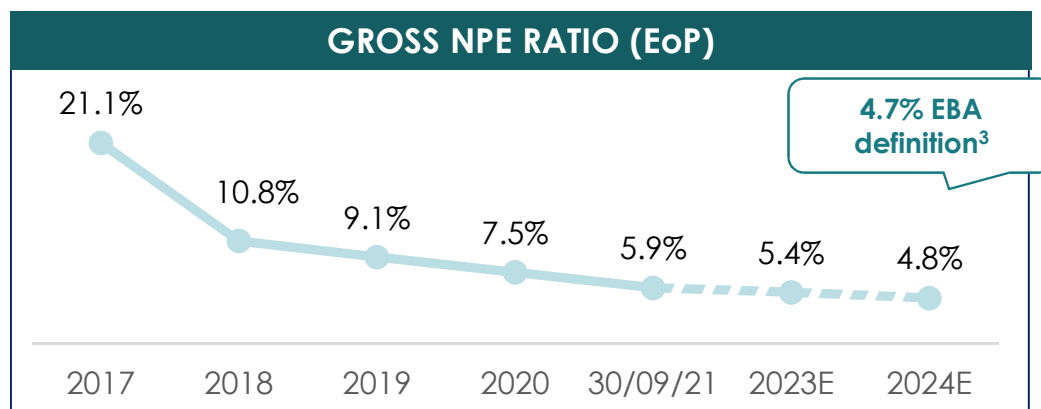
ROTE<sup>1</sup>



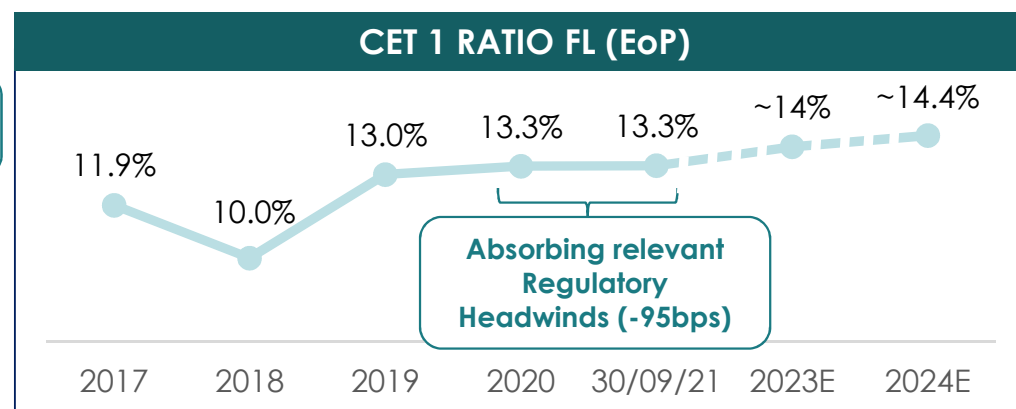
COST / INCOME RATIO<sup>2</sup>



GROSS NPE RATIO (EoP)



CET 1 RATIO FL (EoP)



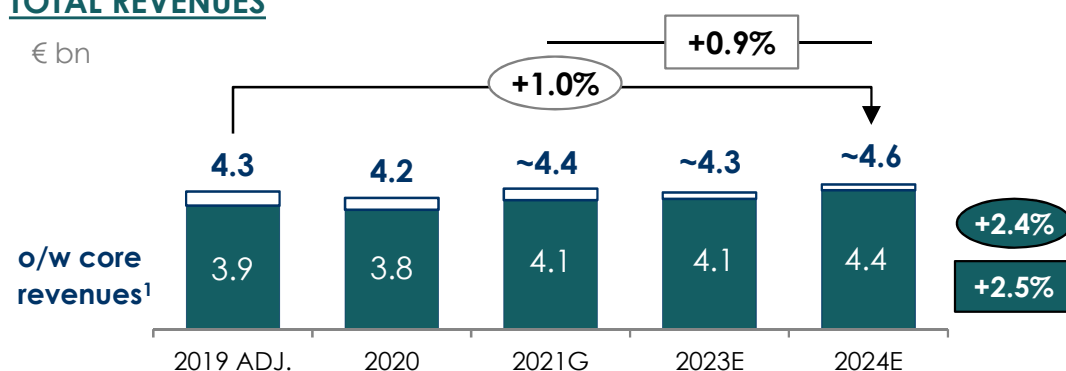
# Key targets of the Strategic Plan 2021-2024

## Profitability highlights

○ CAGR 2019-2024 □ CAGR 2021-2024

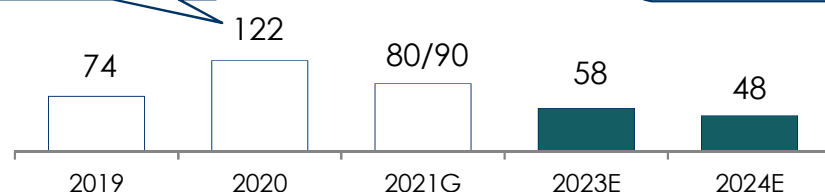
### TOTAL REVENUES

€ bn



### COR (in bps)

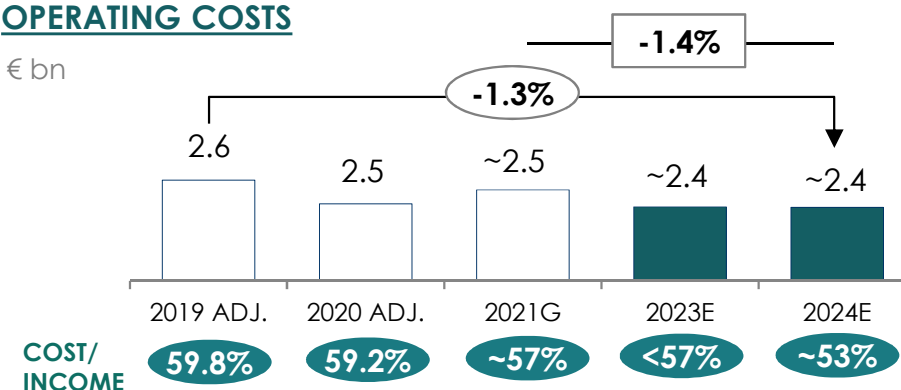
o/w: 70bps Core



Chg. vs. 2023 (ca. +€260m), with a broadly equal split among NII, Net Commissions and Net Income from Associates

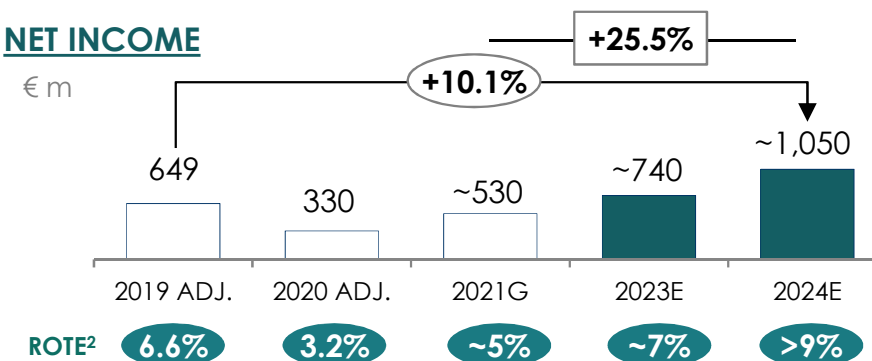
### OPERATING COSTS

€ bn



### NET INCOME

€ m



2021G data represent the management guidance already provided to the market with the H1 2021 results presentation

1. Include net interest income, net commissions and net income from associates. 2. Excluding also AT1 from Tangible shareholders' equity

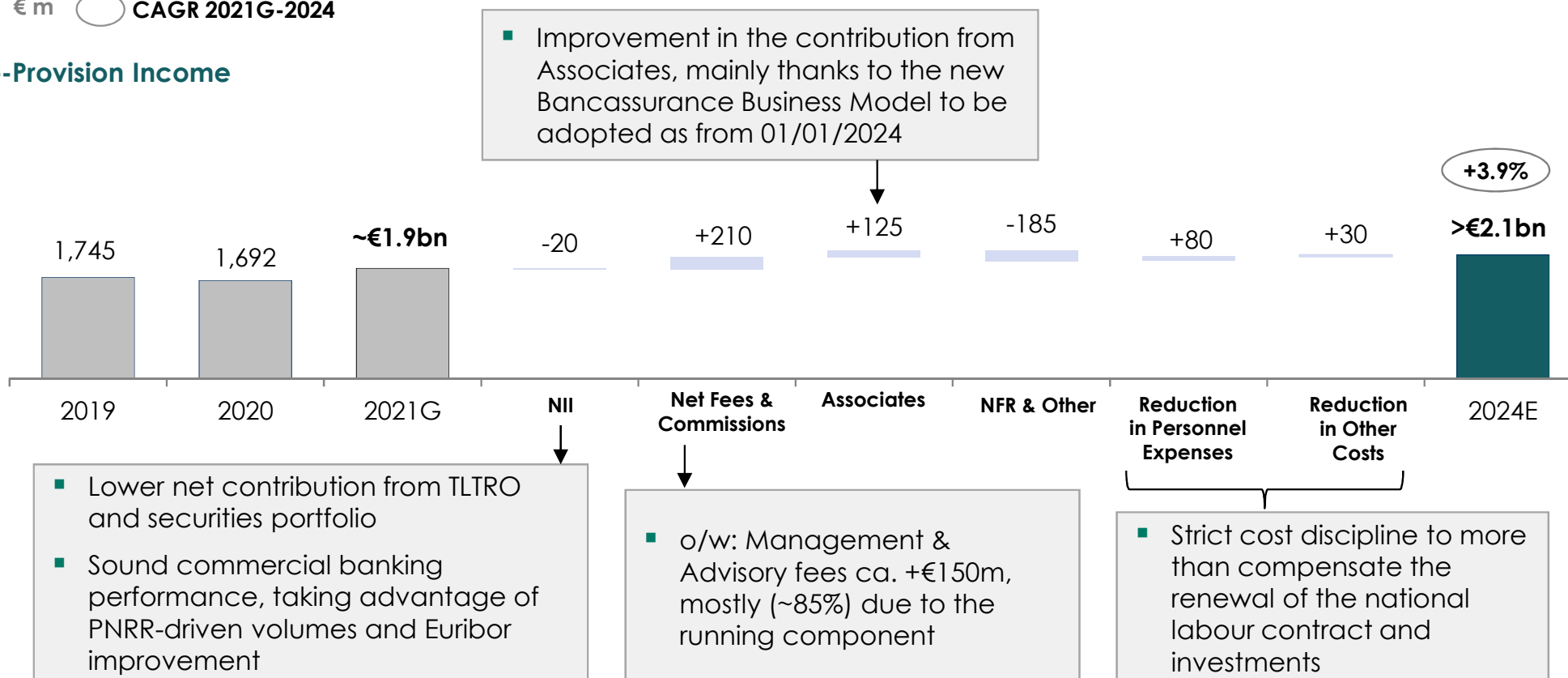


# Key targets of the Strategic Plan 2021-2024

## Pre-Provision Income evolution

€ m ○ CAGR 2021G-2024

### Pre-Provision Income

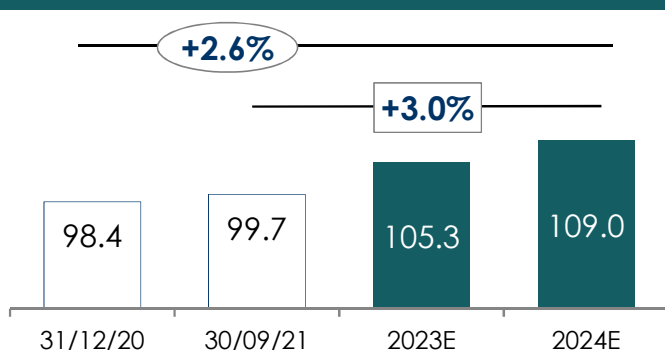


## Customer volumes

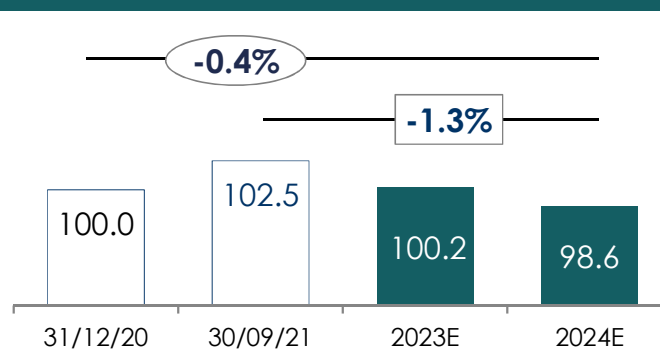
PNRR-enabled lending growth coupled with significant increase in AuM

€ bn ○ CAGR 2020-2024 □ CAGR 9M 2021-2024

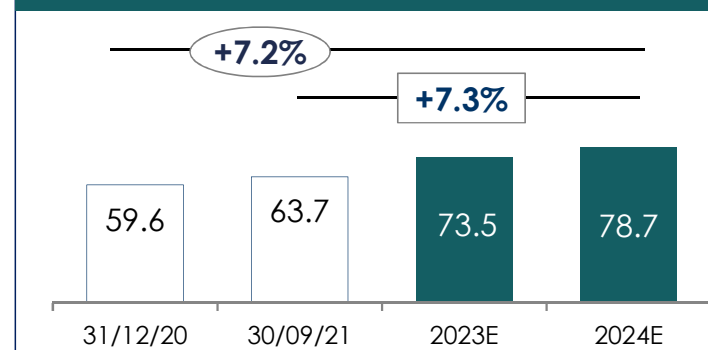
### «CORE» NET PERF. CUSTOMER LOANS



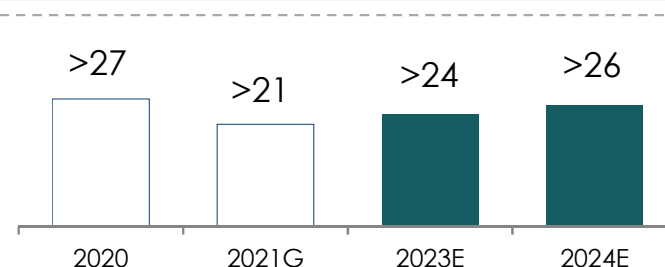
### C/A & CUSTOMER DEPOSITS



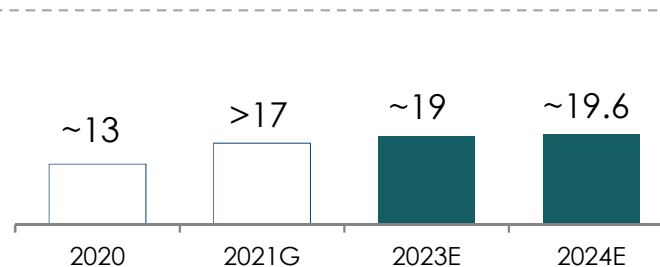
### ASSETS UNDER MANAGEMENT



### New Lending<sup>1</sup>



### Investment product placements<sup>2</sup>

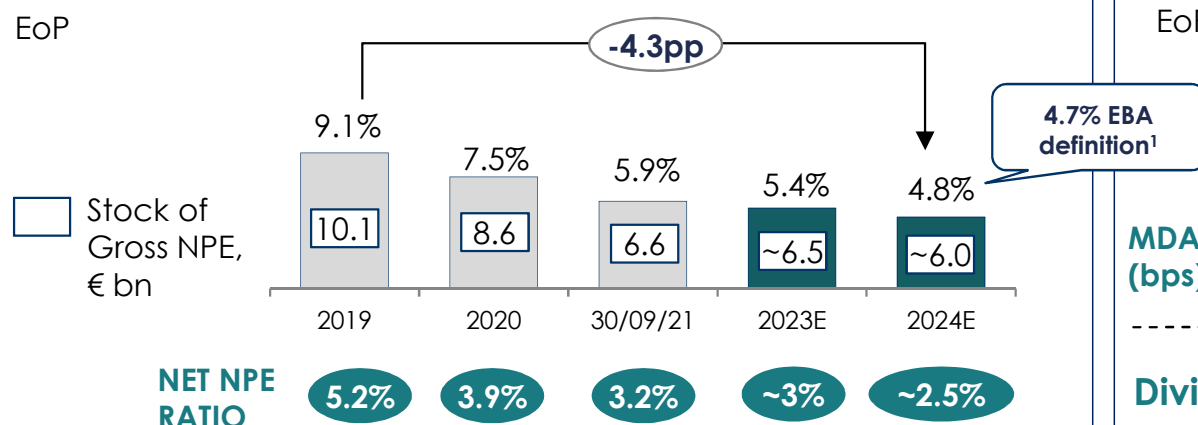


**Cumulative net AuM Flows  
in the period 2021-2024:  
+€14.5bn  
o/w: €2.4bn already registered  
in 9M 2021**

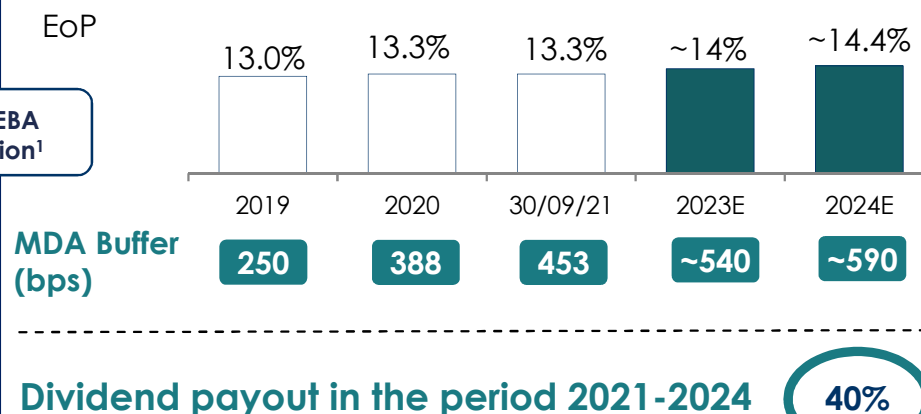
# Key targets of the Strategic Plan 2021-2024

Asset quality, Capital position, Liquidity & Funding

## GROSS NPE RATIO



## CET 1 RATIO FL



## LIQUIDITY & FUNDING

LCR >140%

NSFR >100%

Maintained above this guidance throughout the Plan period

MREL

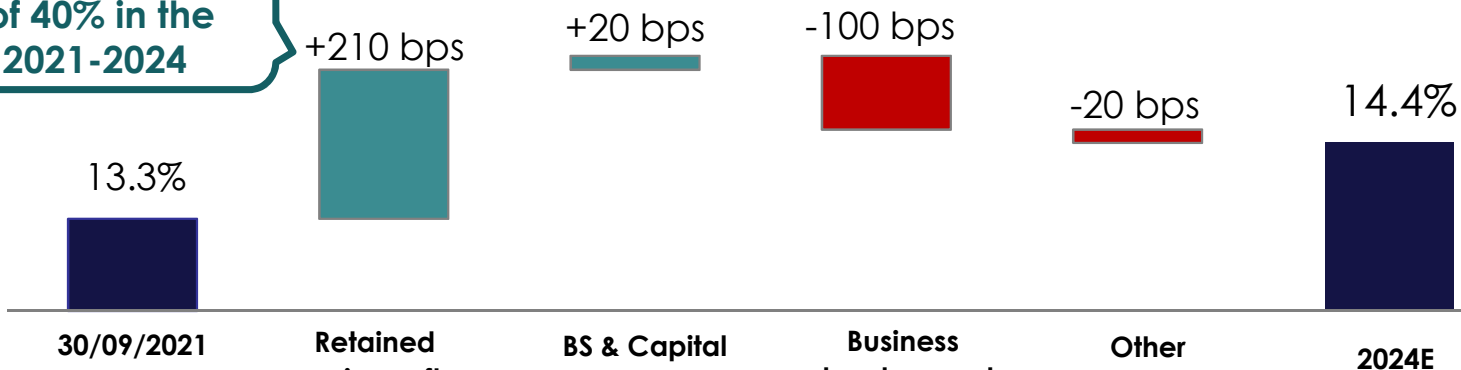
Solid buffer vs requirements maintained on a continuous basis

## CET1 ratio and MDA buffer

Solid capital position and wide buffers further improved

### CET1 ratio Fully Loaded (%)

Considering a dividend payout of 40% in the period 2021-2024



### OUTLOOK FROM 2025:

- Basel IV net impact estimated at ~-80bps, to be phased in 8 years
- Progressive recovery of DTA deducted from CET 1

MDA BUFFER FL

453bps

BUFFER ON CET1  
MINIMUM REQ. FL

480bps

RWA FL

€66.2bn

Retained  
earnings after  
dividend &  
AT1 coupon

BS & Capital  
management  
actions

Detailed in the  
following exhibit

Business  
development  
(impact of volume  
growth +  
participations)

- Mainly represented by FVOCI, Intangibles and other components
- Negligible impact from regulatory headwinds over the plan horizon

Other  
components

2024E

~590bps

~ 590bps

~€68bn

## Capital Management actions: creating additional CET1 capital equivalent to +20 bps on a net basis over the plan horizon

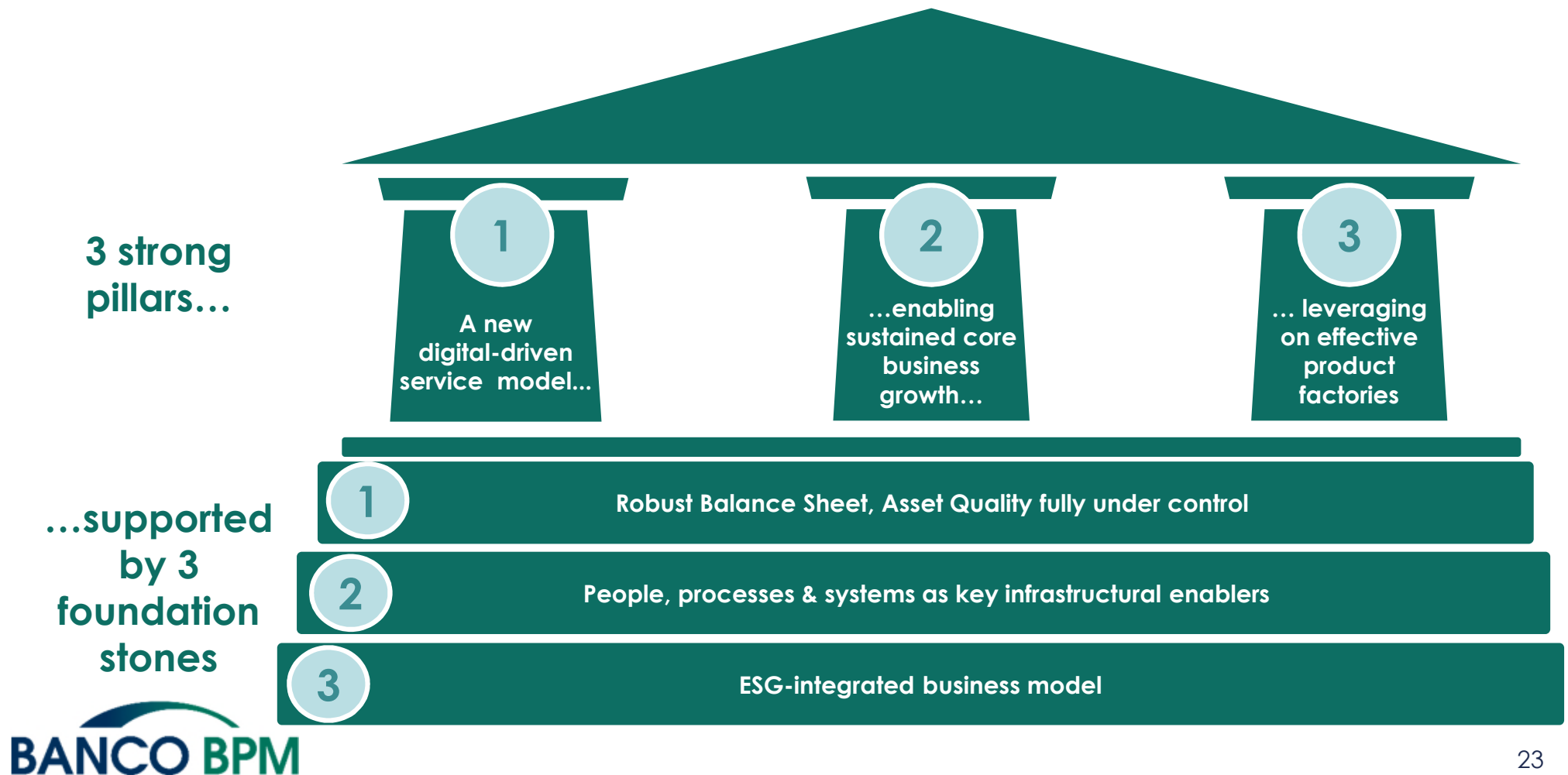
IMPACTS ON CET 1 RATIO	DETAILS
<p><b>Negative impact</b></p> <p><b>-42 bps</b></p>	<div data-bbox="526 504 1122 799"> <p><b>Consumer Finance:</b> expiration of Agos put option -26 bps</p> <hr/> <p><b>Bancassurance</b> -16 bps</p> </div> <div data-bbox="1144 504 2181 799"> <ul style="list-style-type: none"> <li>Expires in mid-2023 - conservatively assumed as not renewed</li> <li>Any restructuring agreement (e.g., put extension, IPO, etc.) might have positive impact on capital</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Base case, assuming 100% internalization and application of Danish Compromise, as in all similar Eurozone cases</li> </ul> </div>
<p><b>Positive impacts</b></p> <p><b>+62 bps</b></p>	<div data-bbox="526 863 1122 1267"> <p><b>Profamily run-off</b> +10 bps</p> <hr/> <p><b>Real Estate Optimization</b> +15 bps</p> <hr/> <p><b>Balance Sheet Management</b> +36 bps</p> </div> <div data-bbox="1144 863 2181 1267"> <p><b>Before Basel IV tailwinds</b></p> <ul style="list-style-type: none"> <li>Progressive run-off of historical consumer finance portfolio (~€0.5bn RWA) coming from former BPM subsidiary</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Disposal over the plan horizon (~€0.7bn RWA)</li> <li>Focus mainly on properties held as investments</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Synthetic securitizations: cumulative impact of ~ +30 bps</li> <li>Other managerial actions (e.g.: cancellation of unused credit lines): ~ +6 bps</li> </ul> </div>

# 2021-24 STRATEGIC PLAN

Based on 3 rock-solid Pillars, enabled by a comprehensive set of infrastructural measures

## A comprehensive program embracing the whole business model

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## BBPM's DIGITAL TRANSFORMATION

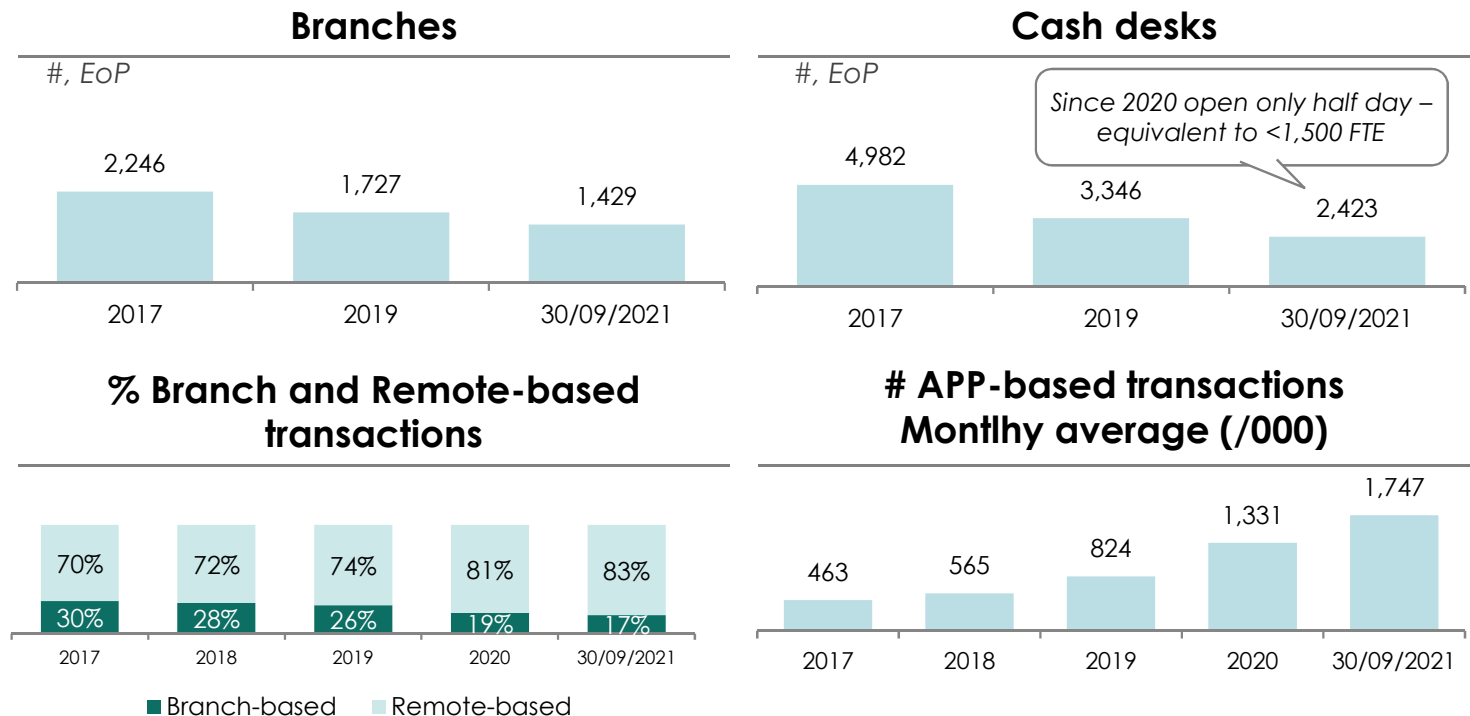
Ready for a new digital-driven service model

### Main digital-enabled achievements

Significant reshaping and optimization of the physical distribution network

Remote Banking increasingly representing the key channel for customer interactions

### Key focus areas







# Digital-driven service model

Designed to address full potential opportunities

Still significant potential of value creation ...

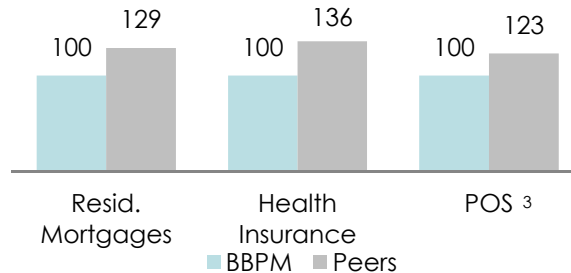
Important opportunity to improve the share of customers purchasing on a recurring basis

Room to increase the commercial effectiveness on specific products

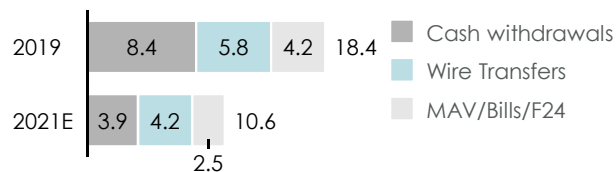
Significant branch-based transaction volumes can still be 'digitalised'

**~25% of retail customers purchasing a product on a 12-month basis**<sup>1</sup>

Product diffusion among customer base (indexed<sup>2</sup>)



Branch-based transactions (#/m)



... addressed with a Digital-driven service model based on three main levers:

## A Digital & Mobile-centric daily customer interactions

- Continuous **investments on Digital Platforms**, with focus on **Mobile** and **SMEs**
- Optimization of **Customer Service Assistance**
- Empowerment of **Digital adoption** initiatives

## B Empowered network specialization & commercial focus

- New "**Digital Branch**" **set-up** based on the attribution of skilled resources dedicated to **remote selling** activities
- **Branch network** focused on **commercial activities**
- Specific actions on **high-potential segments** (e.g. new **SME Business Centers**)

## C Advanced tools for effective omnichannel sales processes

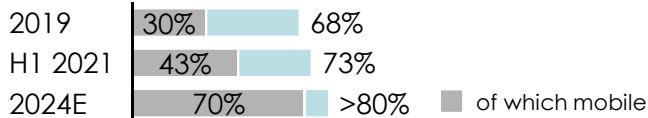
- **Customer Engagement** switching to a full analytical and **omnichannel approach**
- Adoption of new **Advanced Analytics** and **Digital marketing** capabilities/ tools
- Accelerated **Catalogue Remotization** for Products and Services



# Digital-driven service model – Matching the digital shift of customer attitudes and activities and pursuing paperless experience

## A Digital & Mobile-centric daily customer interactions

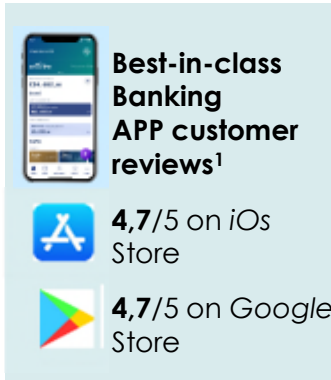
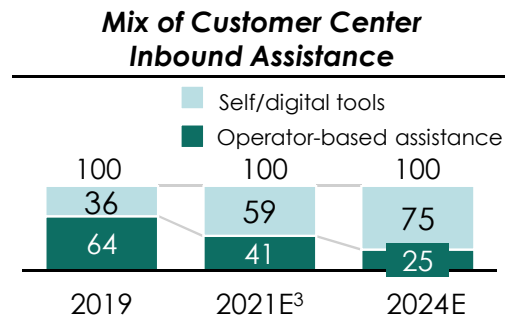
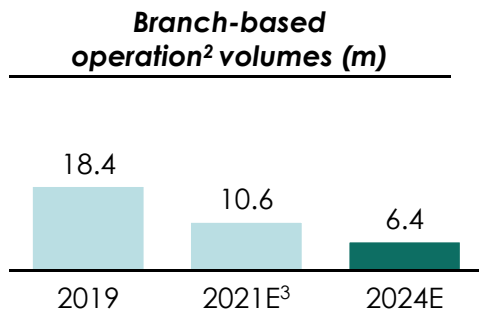
### Clients enrolled in digital



### % of Remote-based transactions



### Volume reduction in physical operations



## Main Actions

### Digital Adoption

- Empowered **adoption initiatives** to further drive the enrollment and usage of digital services
- Special focus on “Digital Identity”** (target adoption **2024 by > 90%** of customers) enabling progressive **paperless experience**

### Continuous investments in Digital Platforms with focus on “Mobile” and SMEs

- Constant** enrichment and **innovation** of the customer **Mobile APP to maintain** today's **excellent** level of digital **customer experience** over time
- Development of dedicated new **SME digital services** (business financial management, SME mobile APP) and extended ERP integration in partnership with **TeamSystem**
- “Voice Of Customer” dedicated AI tools/ platforms** to support digital services design

### Optimization of Customer Assistance

- Improved services design** and adoption of **self/smart assistance tools** driving **strong reduction in operator-based share** of **inbound assistance** activities

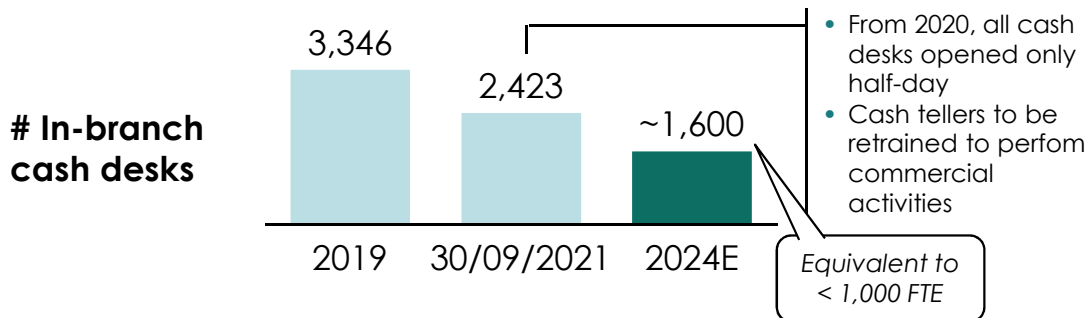


## Digital-driven service model

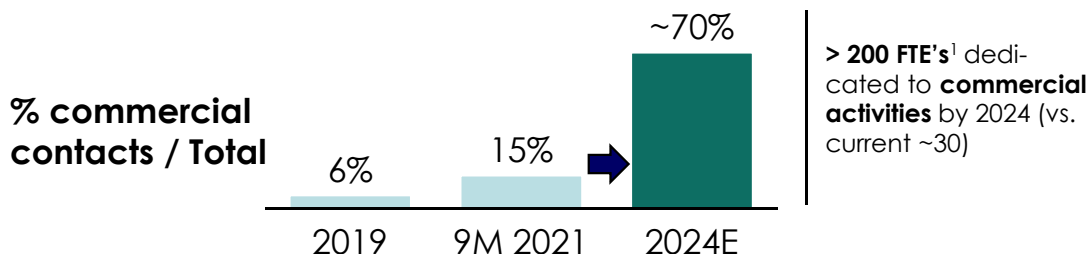
Increasing the commercial focus of the distribution network

### B Empowered commercial focus and network optimization

#### Optimization of in-branch cash desks



#### Evolution of Customer Centers into Digital Branch



#### Main Actions

**Further branch network focus on commercial activities and on high potential segments**

- **Digital shifting of processes and operations** enabling **increased commercial time availability** of within the branch network

**Customer Center evolution into Digital Branch**

- **"Industrialized" retail commercial approach** on specific segments/products
- **From lead generation to Direct/ Remote Sales:** proactive commercial support, fully integrated with marketing automation and Customer Journeys

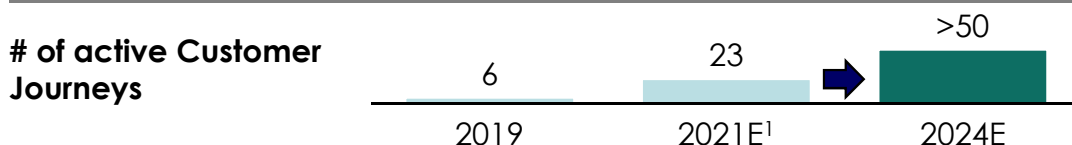


# Digital-driven service model

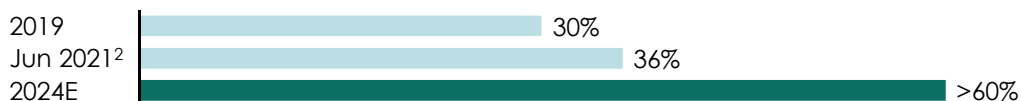
## Omnichannel and Analytics contributing to revenue growth

### C Advanced tools for effective omnichannel sales processes

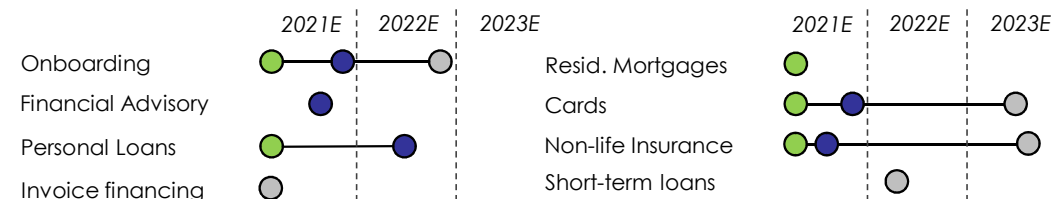
#### Development of Omnichannel Customer Journeys



#### % of Customers actively interacting with commercial offers on digital channels



#### Availability of retail product categories on remote channels



Availability of retail product categories on remote channels (i.e. at least one product available in each category)

- BBPM network individual customers
- Webank customers
- BBPM network SME customers

### Main Actions

#### Omnichannel Customer Journey Approach

Profound **requalification** from more **traditional commercial campaigns** to a new “**Omnichannel Customer Journey Approach**”, based on **Advanced Analytics** and covering main customer needs/offer categories

#### Empowerment of Digital marketing capabilities

Adoption of **new marketing automation architecture and tools** to support Customer Analytics and integrated **digital marketing** activities

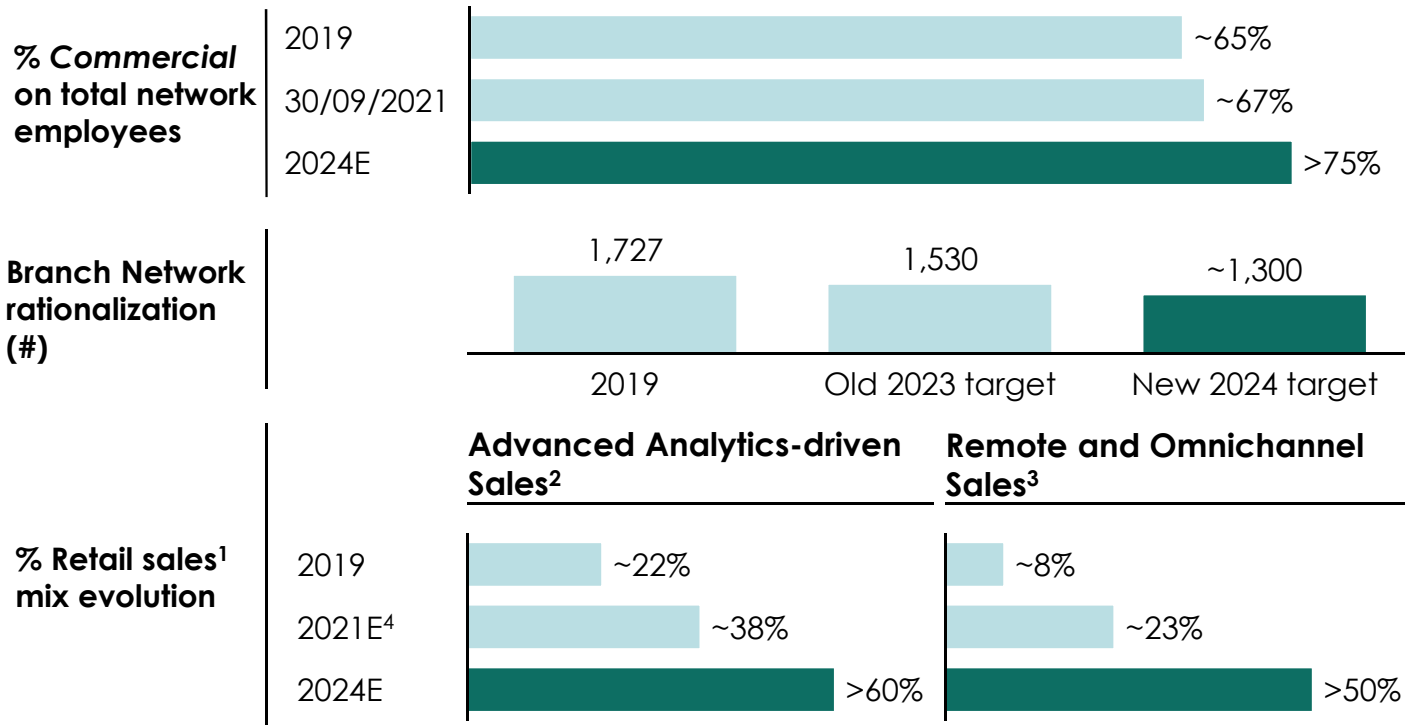
#### Remotization of Products and Services Catalogue

**Completion of the remotization roadmap** for the main retail **products and services**, including remote advisory and sales journeys, based on customer needs



# Digital-driven service model – Enabling a significant expansion of the revenue base and increased commercial focus of the network

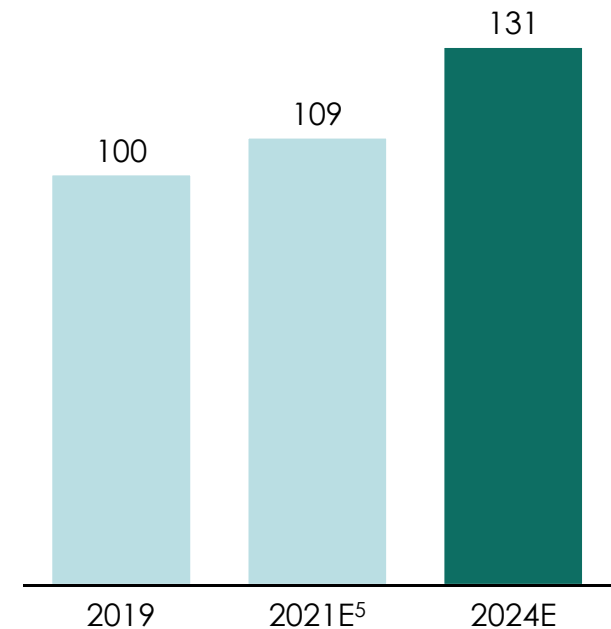
## A more efficient and effective service model ...



## ... generating further growth

### Retail sales<sup>1</sup>

(#, indexed 2019 = 100)



1. "# Sales transactions" on main retail product categories, excluding typical 'Onboarding' products (cards and current accounts)

2. Advanced analytics-driven Sales: Advanced Analytics insights made available to RM's or used to generate remote/omnichannel offers

3. Remote Sales: Self or Remotely-assisted full digital Sales; Omnichannel Sales: significantly digital channels-contributed branch sales (e.g. online price quotation and product selection/request)

4. Data refer to the period between 1st July 2020 and 30th June 2021

5. Annualized data based on H1 2021 results

# Digital transformation enabling commercial growth throughout 4 main segments/business areas

---



## **Family Banking**

Further development of our solid household client base through an innovative digital approach



## **SMEs**

Specialization in the service model and adoption of new distribution formats to facilitate expansion into under-penetrated areas and to improve cross-selling



## **Wealth Management**

A constantly evolving omnichannel approach based on state-of-the-art products and financial advisory tools



## **Corporate & Investment Banking**

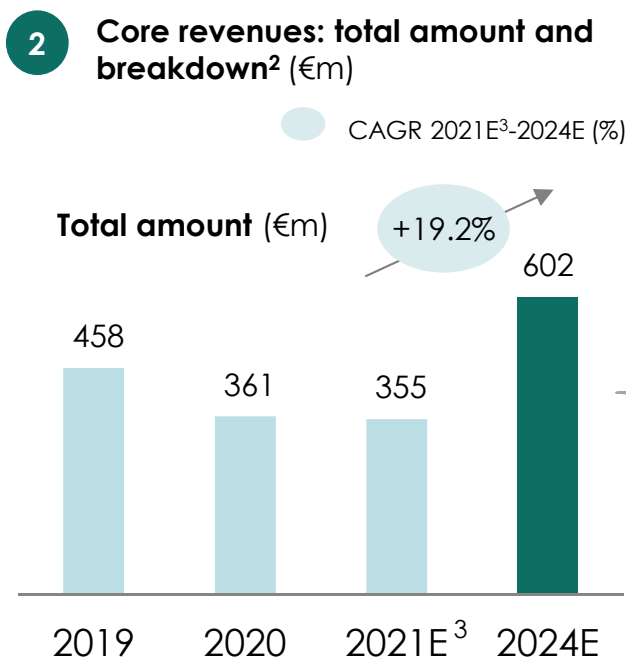
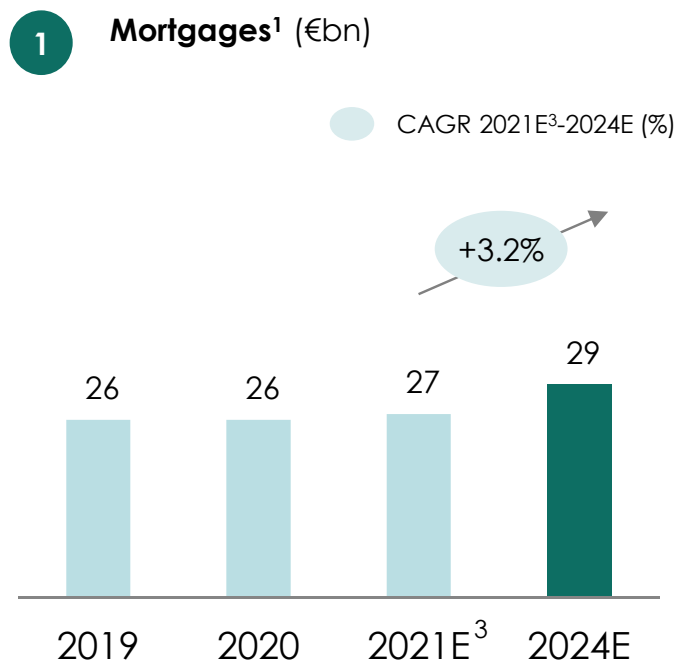
Further strengthening our role as a key player leveraging on increased strategic focus and Group synergies



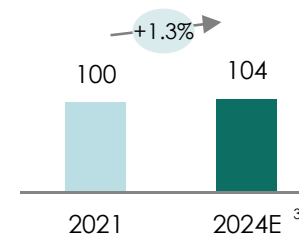
# Family Banking

## Significant growth in core revenues

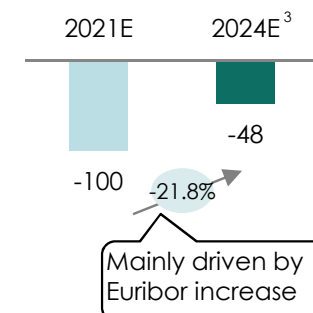
### Target trajectory 2019-2024



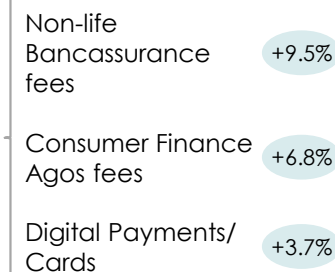
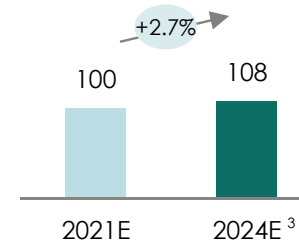
**Margin on Loans<sup>4</sup>**  
(2021E = base 100)



**Margin on Deposits<sup>4</sup>**  
(2021E = base 100)



**Net fees & commissions**  
(2021E = base 100)





# Family Banking

## Strategic ambition, action drivers and commercial KPIs

### Strategic ambition

Further development of our solid household client base through an innovative digital approach

Action Drivers	
Fully implemented Omnichannel Approach	<ul style="list-style-type: none"> <li>✓ <b>Omnichannel-based approach</b> <ul style="list-style-type: none"> <li>• Customer-centric focus on financial needs</li> <li>• Relationship Managers involved to provide advice and develop business opportunities</li> </ul> </li> <li>✓ <b>Proactive commercial contribution from Digital branch</b></li> <li>✓ <b>Marketing automation</b> supporting productivity/commercial penetration realignment on selected areas (e.g. consumer finance)</li> </ul>
Leverage on high-standing product factories	<ul style="list-style-type: none"> <li>✓ <b>Full exploitation of the collaboration with product factories:</b> Agos and Bancassurance</li> </ul>
Focus on ESG and specific customer segment opportunities	<ul style="list-style-type: none"> <li>✓ <b>Customer value management</b> approach leveraging on <b>behavioral clustering</b> and focusing on <b>specific opportunities</b> (e.g. Government guarantees on mortgage loans for younger borrowers, third age, etc.)</li> <li>✓ <b>Webank.it</b> refocalization on <b>Millennials</b> and <b>digital customer acquisition</b>, in full synergy with the branch network</li> <li>✓ High impact of <b>ESG</b> driven by <b>PNRR-related</b> development of <b>green mortgage loans</b> as well as <b>energy requalification</b> of <b>household Real Estate assets</b> (Superbonus 110%)</li> </ul>

Selected KPIs		
Target 2024		
Household Mortgages (new volumes)	€4.6bn	vs. €3.8bn in 2019
		vs. ~€4.3bn in 2021E <sup>1</sup>
Consumer Finance (new volumes) <sup>2</sup>	€1.1bn	vs. €974m in 2019
		vs. ~€900m in 2021E <sup>1</sup>

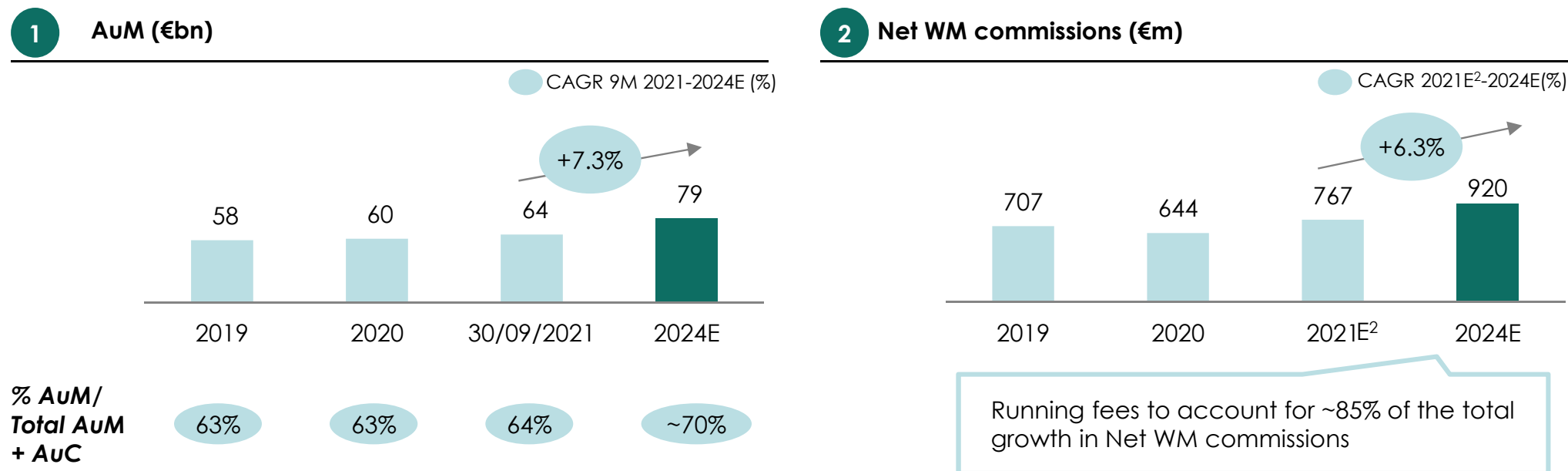




## Wealth Management

Exploit deposit base to increase AuM, with positive impact on revenues

### Target trajectory 2019-2024 (BBPM + Aleffi)



- 9M 2021: AuM Growth of ~€4bn, of which ~€2.4bn net inflows and ~€1.6bn market effect
- 2022-24: increasing net inflows up to €4.4bn in 2024, with market effect prudently maintained below €1bn per year



# Wealth Management

## Strategic ambition, action drivers and commercial KPIs

### Strategic ambition

A constantly evolving omnichannel approach based on state-of-the-art products and financial advisory tools

### Action Drivers

**Continuous evolution of new integrated commercial tools**

#### CRM Analytics

Key tool for customer analysis and cluster profiling

#### Customer Journeys

Commercial activity developed along structured "plots"

#### WEB Cooperation and Advisory

Full satisfaction of customer needs through a comprehensive service model

**Investment Center in BANCA ALETTI** orchestrating asset allocation and providing market insights

**Strong focus on value-added solutions**

#### Bancassurance

- ✓ **Product factories** to be exploited at full scale
- ✓ Completion of **product/service range solutions** with **ESG focus**

#### Asset Management

- ✓ Expand the range of **investment solutions & increase ESG focus**
- ✓ Strengthened quality of revenues through **increased running fees**
- ✓ **Full synergies with Anima**

### Selected KPIs

#### Target 2024

**AuM Net Inflows<sup>1</sup>**

**€4.4bn**

vs. €658m in 2019

vs. ~€2.4bn in 9M 2021

**Total placements<sup>1</sup>**

**€19.6bn**

vs. €11.2bn in 2019

vs. >€17bn in 2021E<sup>2</sup>



# Wealth Management

Important contribution from **BANCA ALETTI**

Highlights on current status (forecast 2021)		Strategic focus areas		Selected KPIs		
<div>Private Banking</div>	<div>€17.4 bn volumes Direct &amp; Indirect funding</div> <ul style="list-style-type: none"><li>Additional €14.8bn from other BBPM customers/activities<sup>1</sup></li></ul>	<div>New Service Model</div> <div>Empowered Value Proposition</div> <div>Synergic growth strategy</div>	<ul style="list-style-type: none"><li>New customer segmentation (Institutional/UHNWI/Corporate)</li><li>New ESG-focused WM approach, with a dedicated service model</li><li>Reinforced network and central organization</li><li>New family office services</li><li>Expansion in private insurance and protection solutions</li><li>Private Bankers recruiting plan</li><li>New alternative and private market product offerings</li><li>Empowered Academy</li><li>Dedicated SME and corporate synergies program</li><li>Cross-fertilization with investment banking &amp; fiduciary services and Institutional clients</li><li><b>Webank.it</b> dedicated digital solutions</li></ul>	<div>Indirect funding (dedicated HNWI's')</div> <div>o/w AuM (dedicated HNWI's')</div> <div>Fee income</div>	Target 2024	
	<div>€18.3bn</div>				<div>vs. €14.6bn in 2019</div>	
					<div>vs. ~€15.4bn in 2021E<sup>2</sup></div>	
<div>Dedicated HNW Bank</div>	<ul style="list-style-type: none"><li>270 Private Bankers/ Financial Advisors</li><li>Aletti Fiduciaria and Aletti Suisse</li></ul>				<div>€14.3bn</div>	<div>vs. €10.5bn in 2019</div> <div>vs. ~€11.3bn in 2021E<sup>2</sup></div>
<div>Investment Center</div>	<div>~70 Financial Specialists dedicated to Banco BPM retail network</div>				<div>€123m</div>	<div>vs. €87m in 2019</div> <div>vs. ~€100m in 2021E<sup>2</sup></div>



1. Includes: €7,4bn indirect funding managed deposits for Custodian Bank activities, € 6,7bn of Banco BPM customers managed by Banca Aletti (the so-called "Accreditati") and € 0.7bn of Institutional customers  
 2. Annualized data based on 9M 2021 results



## New public measures generating significant business development prospects in Corporate & SME Banking

### Super & Ecobonus: already contributing to P&L with a long-term perspective

- As of 30/9/2021: **volumes ~€650m**, total **NII** associated **~€58m**, **progressively booked in P&L** according to maturity of underlying assets<sup>1</sup>, net commissions **~€5m<sup>2</sup>**
- Total volumes expected by **end-2023: ~€3.5bn**, leading to a **cumulative NII contribution of ~€315m** (to be booked progressively over time according to maturity of underlying assets<sup>1</sup>)

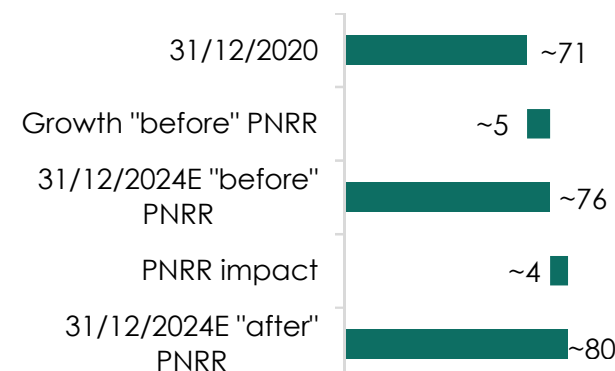
### PNRR: a game changer for the Italian market, a unique opportunity for BBPM

**Ambition:** become a **distinctive player** supporting our clients to explore and exploit the **full potential arising from the PNRR** throughout the **whole value chain** by playing **2 pivotal roles**

**Reference Lending Partner:** **Financing/co-financing** high-value added **projects**, either **directly** and/or through the purchase of **tax credits**

**Advisor of Choice:** Offering **specialized consultancy services** enabling our customers to **seize the main opportunities** arising from PNRR

### Impact on lending growth (Focus: B2B Loans, €bn)



**PNRR full impact potential ~€8bn, conservatively reduced to ~€4bn in our estimates**

- CAGR “**before**” PNRR: **1.8%**
- CAGR “**after**” PNRR: **3.1%**



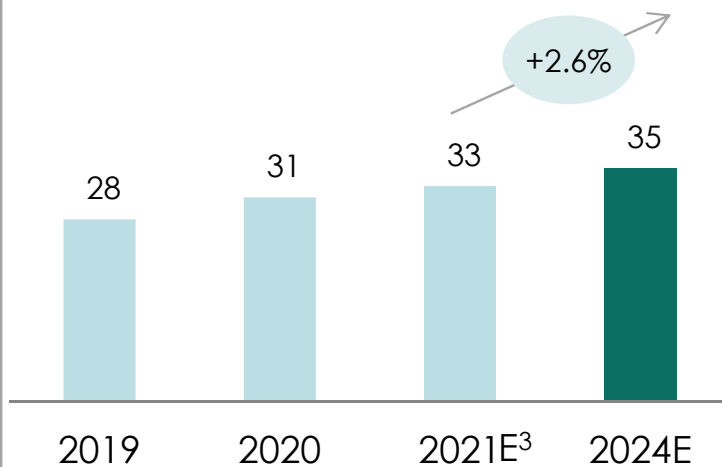
## SMEs

Significant revenue growth outpacing increase in volumes

### Target trajectory 2019-2024

#### 1 Loans to customers<sup>1</sup> (€bn, EoP)

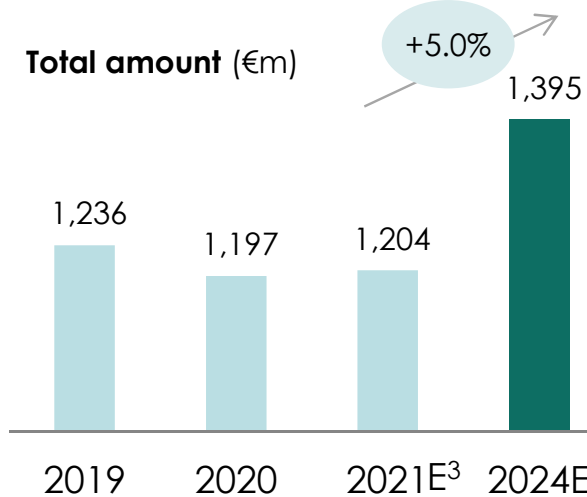
● CAGR 2021E<sup>3</sup>-2024E (%)



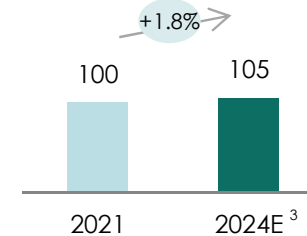
#### 2 Core revenues: total amount and breakdown<sup>2</sup> (€m)

● CAGR 2021E<sup>3</sup>-2024E (%)

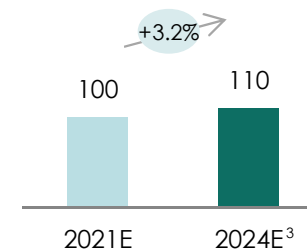
Total amount (€m)



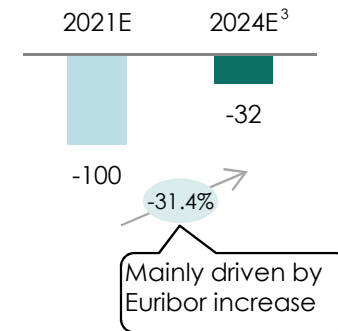
#### Margins on Loans<sup>4</sup> (2021E = base 100)



#### Net fees & commissions (2021E = base 100)



#### Margins on Deposits<sup>4</sup> (2021E = base 100)



- Up front fees and hedging fees: +8.6%
- Acquiring fees: +6.8%
- Trade finance fees: +6.0%



**SMEs**

## Strategic ambition, action drivers and commercial KPIs

### Strategic ambition

Specialization in the service model and adoption of new distribution formats to facilitate expansion into under-penetrated areas and to improve cross-selling

### Action Drivers

**Differentiated customer management according to company size and needs**

**Dedicated initiatives to pursue attractive opportunities**



Transactional services



Advisory & financing services

**Relationship Manager**



**Integrated omnichannel offer**



Composite **Coverage Teams** with **dedicated Specialists** supporting the local **Relationship Managers** in the most strategic service lines

- PNRR-related financing and services
- Agrifood
- State-incentivized finance
- Ecobonus/Superbonus

### Selected KPIs

#### Target 2024

**New Customer Loans**

**€10.5bn**

vs.  
€7.5bn in 2019

vs.  
~€8.6bn in 2021E<sup>1</sup>

**Net fees and commissions: strategic components<sup>2</sup>**

**€338m**

vs.  
€249m in 2019

vs.  
~€271m in 2021E<sup>1</sup>

1. Annualized data based on 9M 2021 results

2. High-value added business: acquiring, trade receivables, non life insurance, consumer finance, structured finance, hedging, trade finance and other selected non-traditional services

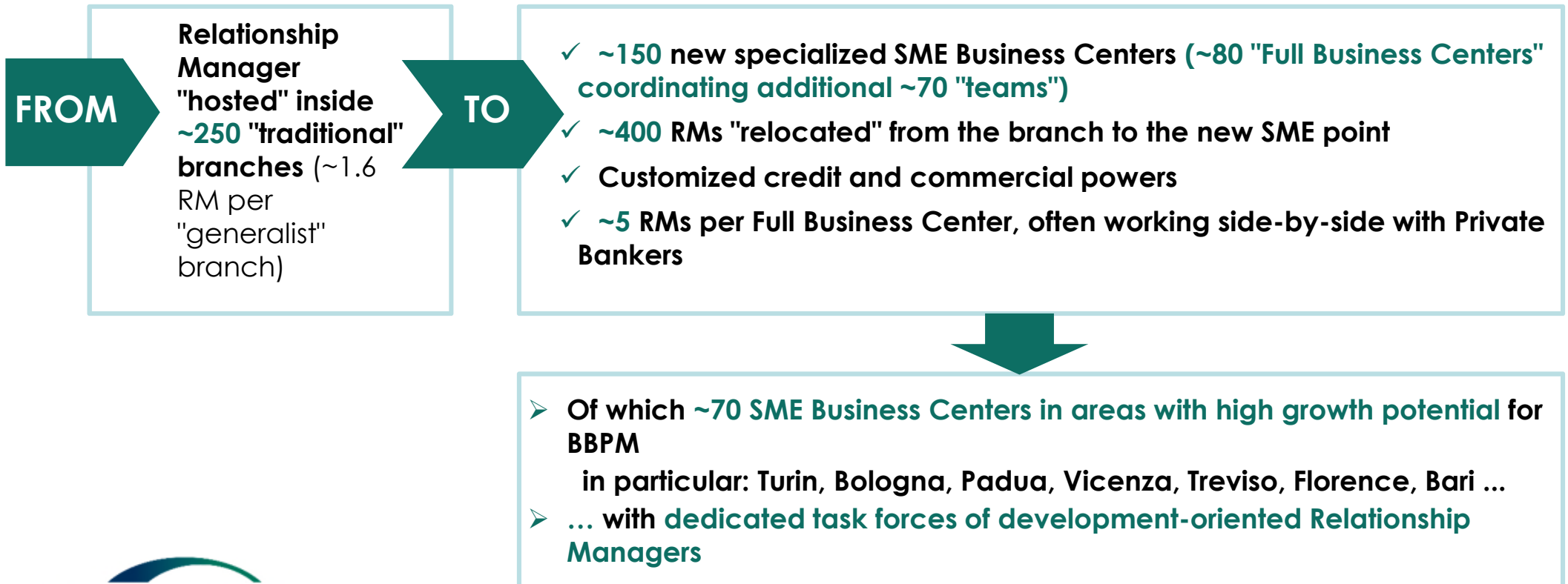


## SMEs

Significant contribution expected from new SME Business Centers

### New Management Model

for SME clients (€5-75m turnover): serving ~45k SMEs, with loans of ~€20bn

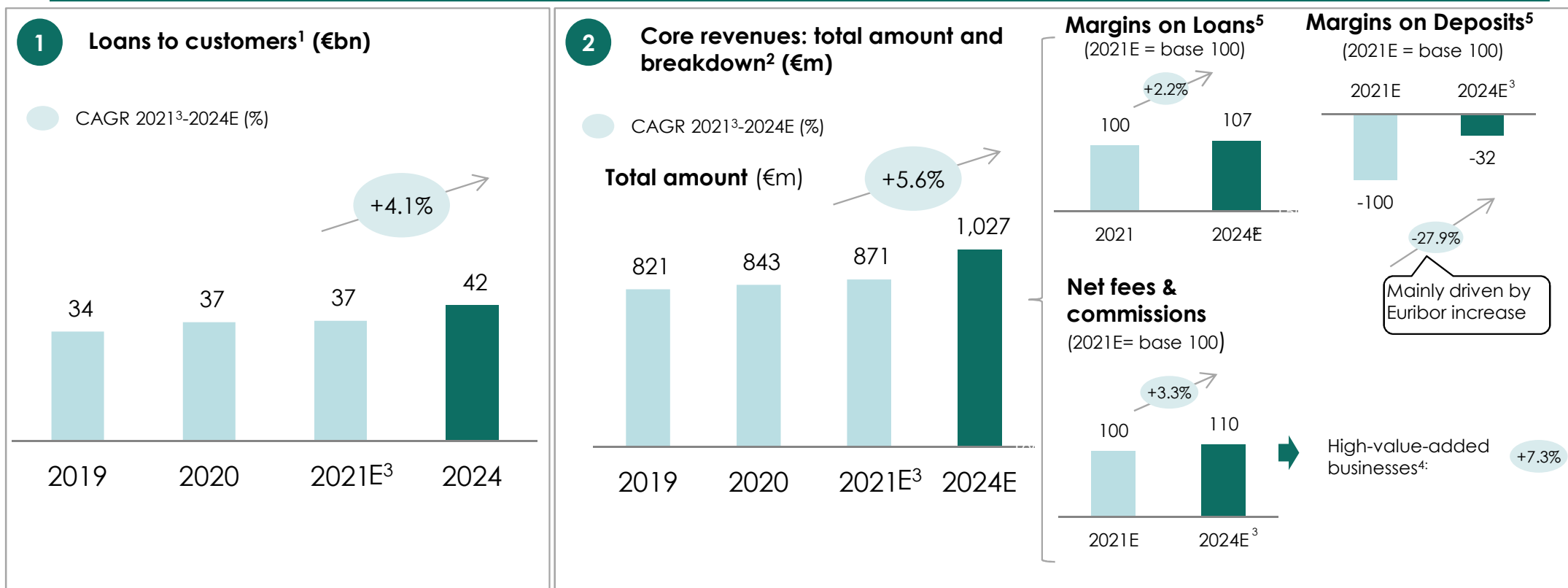




# Corporate & Investment Banking

Building on a strong market position to deliver further volume and revenue growth

## Target trajectory 2019-2024 (Corporate + Institutionals + Akros)







# Corporate & Investment Banking

## Strategic ambition, action drivers and commercial KPIs

Action Drivers		Selected KPIs	
<b>Strategic ambition</b>  Strengthening our role as a key player leveraging on increased strategic focus and Group synergies	<b>Growth in high-value-added businesses</b>	<b>New Customer Loans</b>	<b>Target 2024</b> <div>€11bn</div> <div>vs. €10.1bn in 2019</div> <div>vs. ~€9.1bn in 2021E<sup>1</sup></div>
	<b>Seize the PNRR opportunity</b>		
	<b>Exploit Group Synergies</b>	<b>Fees generated in high-value-added businesses<sup>2</sup></b>	<div>€213m</div> <div>vs. €157m in 2019</div> <div>vs. ~€172m in 2021E<sup>1</sup></div>
	<b>Core Business Optimizations</b>	<b>SoW<sup>3</sup></b>	<div>12.0%</div> <div>vs. 10.6% 31/12/2019</div> <div>vs. 11.2% 30/09/2021</div>

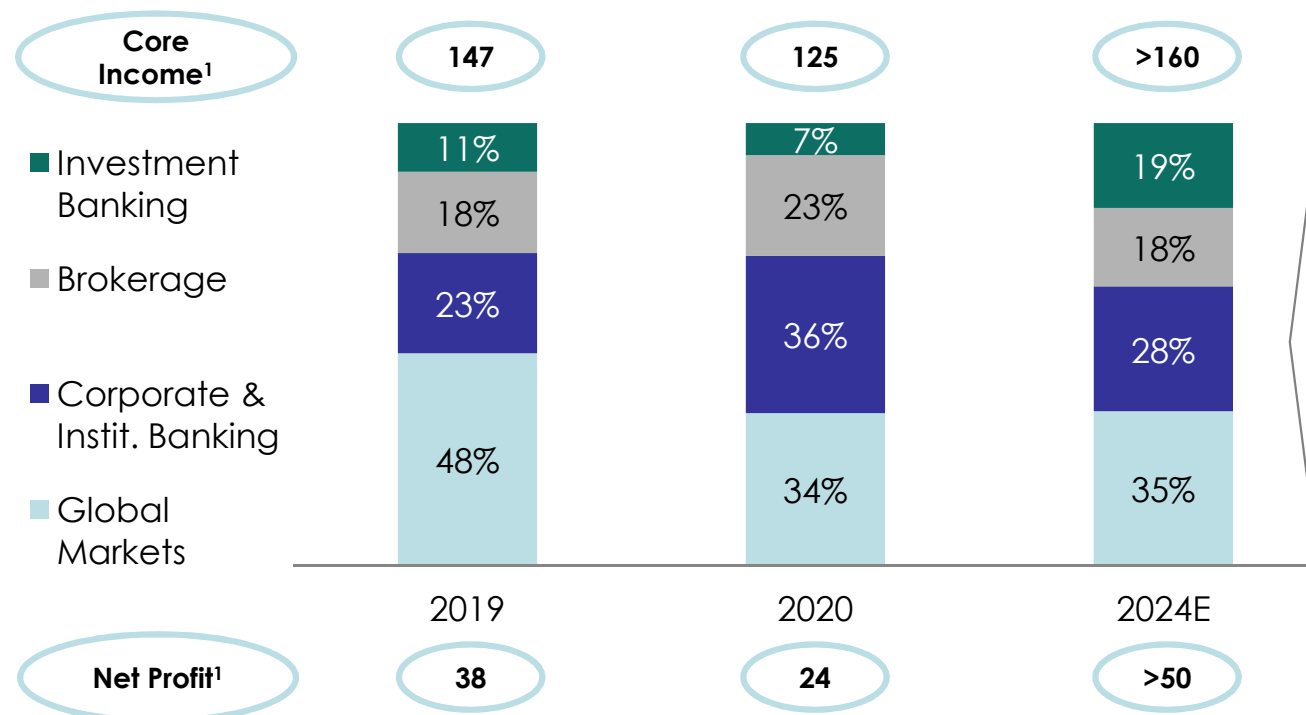


## Corporate & Investment Banking

Investment Banking: further reinforcement of Banca Akros

### 4 business lines providing specialized support to the Group's customer base and generating "stand-alone" revenues

Core Income Breakdown and Net Profit



### Main action drivers

- **Investment Banking:** support and develop Group client base leveraging on the **international M&A network Oaklins** – active in ~50 countries – with **further M&A specialisation** in new industry segments and **facilitate Group clients' access to capital markets**
- **Brokerage:** capitalize current **leadership position** in **placing capabilities** and **brokerage activities/equity research**, with further development of **on-line customers** and **foreign investors**
- **Corporate & Institutional Banking:** promote **innovation in products** (e.g. **Direct Listing of Certificates** and **Structured insurance policies**) and **services** (e.g. **Hedging of selected commodities**), with focus on **digitalization** and **ESG-based products**
- **Global Markets:** enhance **trading/market making activities**, **financial engineering** and **hedging services**

# STRATEGIC GROWTH ENGINES

## Our high-value product factories

---



### Bancassurance

VERA  Assicurazioni

VERA  Vita



High growth potential, with opportunity to internalize the whole value chain

### Asset Management

ANIMA

Top independent AuM player

### Consumer Credit

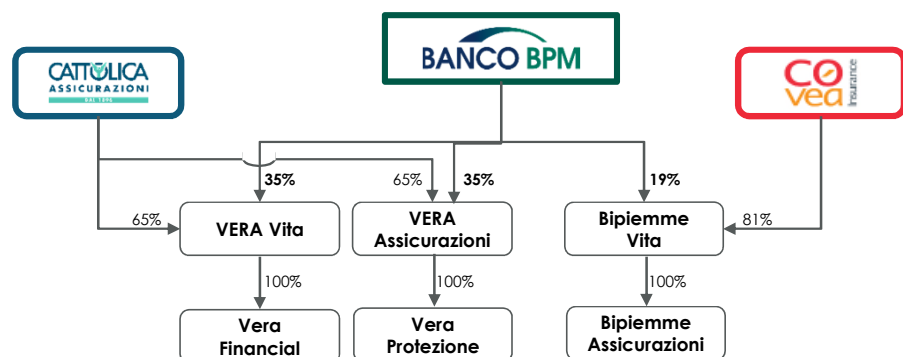
Agos

Leading national player: significant and reliable contribution to Net Income, combined with high growth potential



## BANCASSURANCE: partnerships restructured in 2021, enabling future Business Model evolution – full internalization by end-2023

### Bancassurance participations: current set-up and recent developments



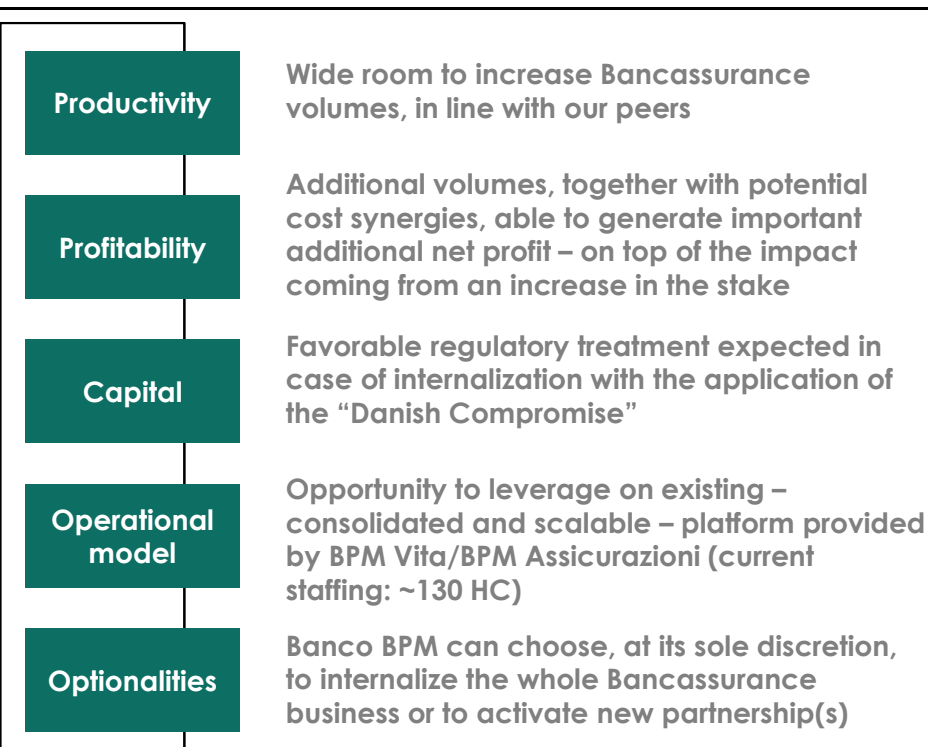
#### April 2021

- Agreement with **Cattolica** granting Banco BPM a call option to acquire 65% of the **Vera** JVs
- Call can be exercised starting from **mid-2023**

#### July 2021

- Agreement with **Covea** granting Banco BPM a call option to acquire 100% of **BPM Vita**
- Call can be exercised starting from **September 2021** until **end-2023**

### Potential evolution: key elements to take into account





# BANCASSURANCE

Significant opportunities, both in life and in non-life

## LIFE

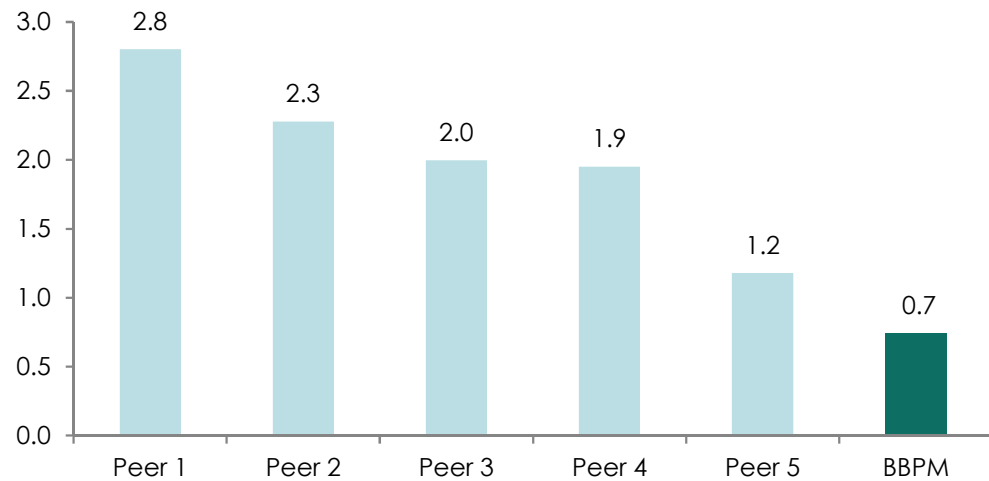
Opportunity from Productivity gap

## NON-LIFE

Opportunity from Market Maturity and Productivity Gap

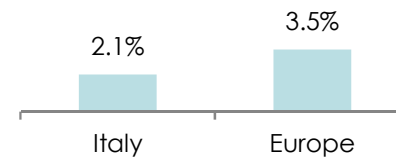
### Productivity Gap

Life GWP / # of branches, H1 2021 (€m)

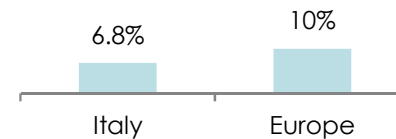


### Market Maturity<sup>1</sup>

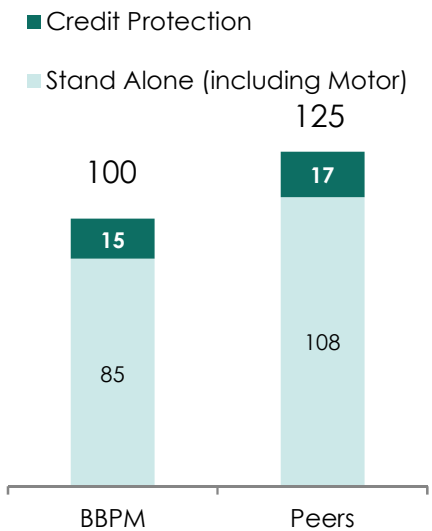
GWP/GDP, 2020



Bancassurance penetration, 2020



### Productivity Gap<sup>2</sup>



1. "Europe" includes UK, Germany, France and Spain

2. Number of Sales transactions / Individual Customers, including automatic renewals where applicable (indexed, 2019 = 100)

Source: Economist Intelligence Unit, Ania, ABI, ICEA, Finaccord report, EMF Group, Analyst Presentations and other market researches

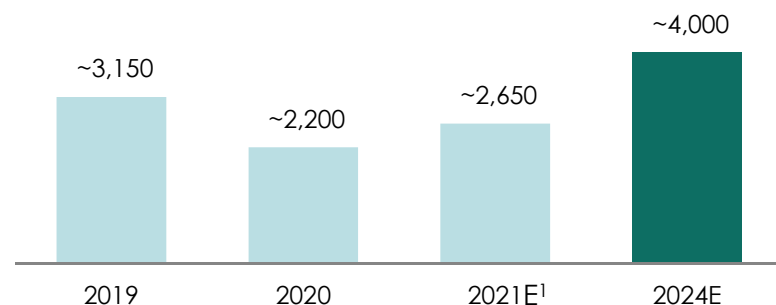


## BANCASSURANCE

Strong growth enabled by increased focus on the product

### LIFE

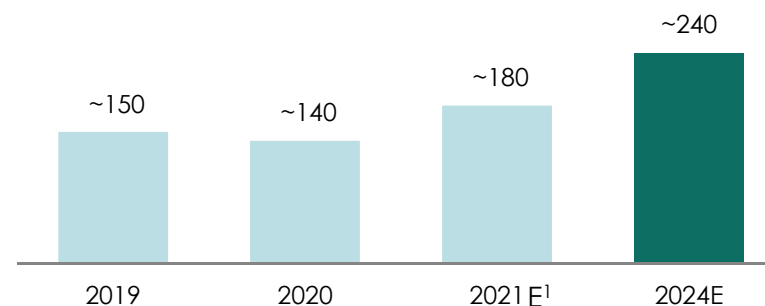
GWP (€m)



Highly sustainable volumes considering the total sales capacity of BBPM's network (total placements of investment products: (€14.2bn in 9M 2021; €19.6bn in 2024E)

### NON-LIFE

GWP (€m)



Wide opportunity for BBPM to increase its productivity in the **Non-Life insurance business** (BBPM 2020 Non-Life Insurance product diffusion on individual customer base is below 15%; home insurance < 10%; health insurance < 3%) **while exploiting expected market growth**



**ANIMA**

Independent asset manager, at the crossroads of potential market consolidation options

### THE LEADING INDEPENDENT ASSET MANAGER...

*AuM*

INTESA  SANPAOLO

€521.7bn<sup>1</sup>

 GENERALI

€514.7bn

 Amundi  
ASSET MANAGEMENT

€208.5bn

 ANIMA

€200bn<sup>2</sup>

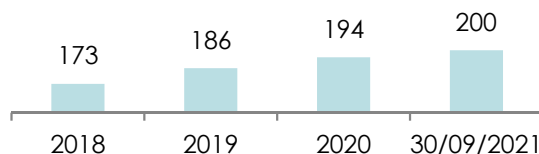
 mediolanum BANCA

€59.2bn

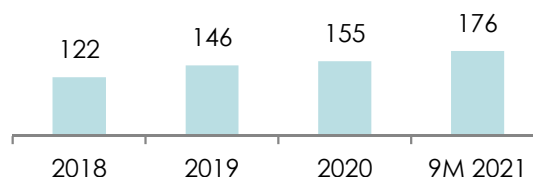
Data Dec. 2020, source: Assogestioni (April 2021)

### ...WITH SOLID FINANCIALS...

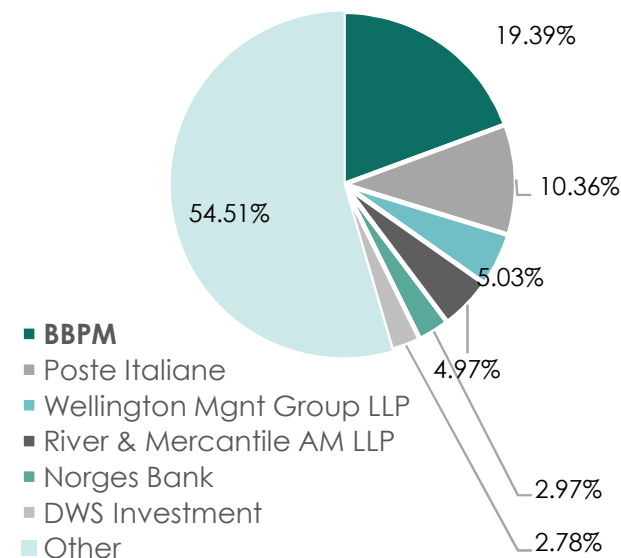
*AuM (€bn)*



*Net Income (€m)*



### ...WHERE BBPM IS THE KEY SHAREHOLDER



Source: FY 2020 Financial Statements

- Strong volume growth potential generated by Banco BPM's ambition in WM
- Further indirect benefits from Banco BPM's expansion in Bancassurance, leveraging on consolidated relationships with BPM Vita and with Vera Vita/Vera Assicurazioni

 BANCO BPM

1. Aggregate AuM of Eurizon, Fideuram and Pramerica

2. As at 30/09/2021

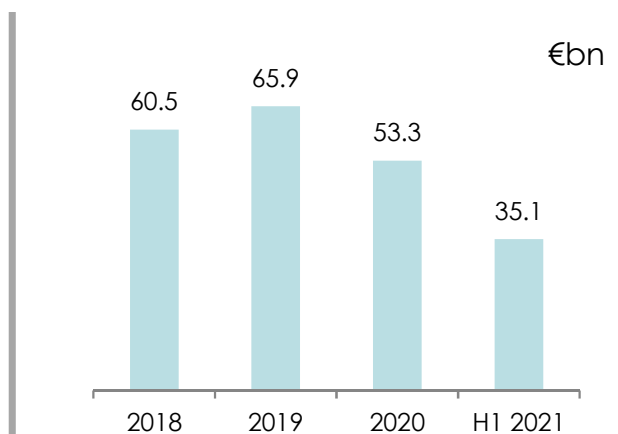


**AGOS**

A consolidated value generation history in a solid business

### DOMESTIC CONSUMER CREDIT MARKET

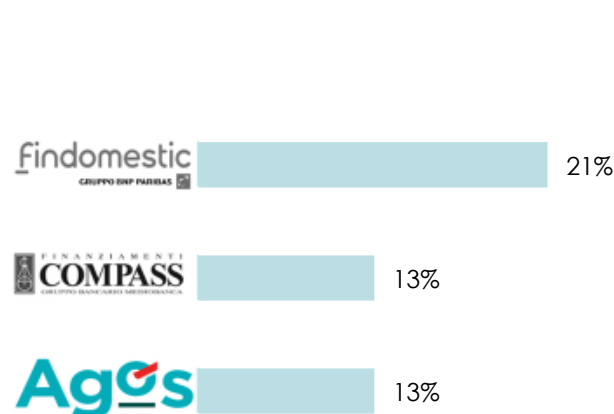
Evolution of the overall size



Data source: Assofin (automotive captive excluded)

### A STRONG POSITION

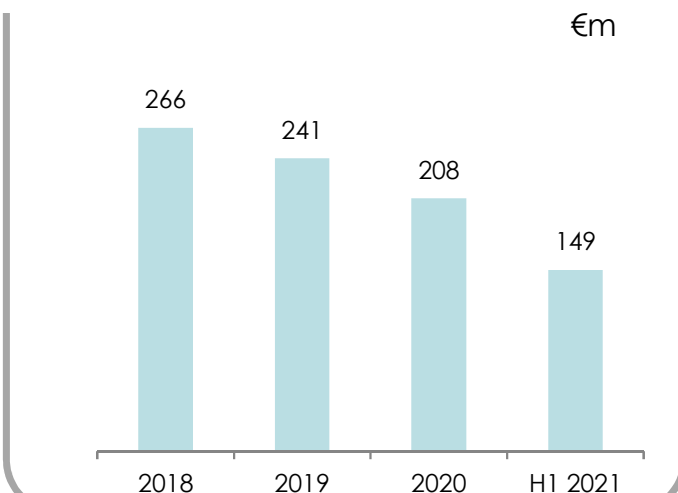
Market share



Data source: Assofin market share 2020, cards excluded

### WITH SOLID ECONOMICS

Net income (normalised)



**Opportunity to increase commercial effectiveness through alignment of internal productivity**



Consumer Finance sales / # of RM's<sup>1</sup> at branch level – Average per quartile, €/000



**BANCO BPM**

1. Relationship Managers dedicated at individual customer management level. Data refer to 9M2021





## STRATEGIC GROWTH ENGINES: SUMMARY

Material growth in contribution enabled by increased commercial and organizational focus

### Dedicated focus

- **Organizational** and **Commercial focus** on **Non-Life Insurance** and **Consumer Finance** (dedicated Specialists)
- Leverage on **Financial Specialists** to support growth in Wealth Management

### Complete omni-channel offer

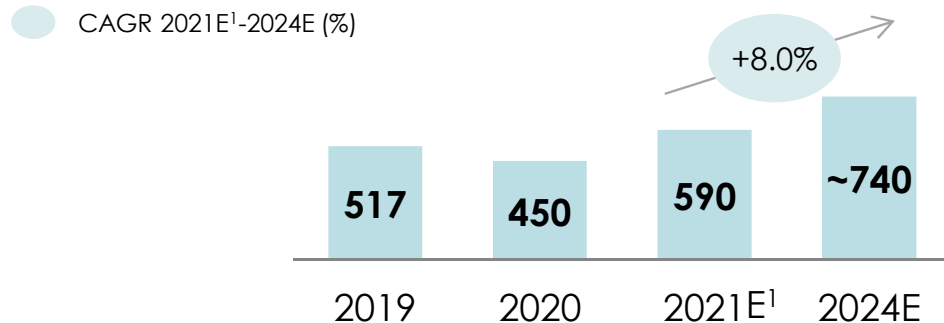
- Roll-out **complete range** of **omnichannel-based product solutions**
- Increased specialized coverage through **remote tools**
- Explore **specific new digital offerings** (e.g. instant lending, instant savings...)

### Integrated tools

- Introduce a new integrated and analytics-based **life-cycle wealth management platform** (savings, borrowings, investments, retirement, non-life risks, ...)

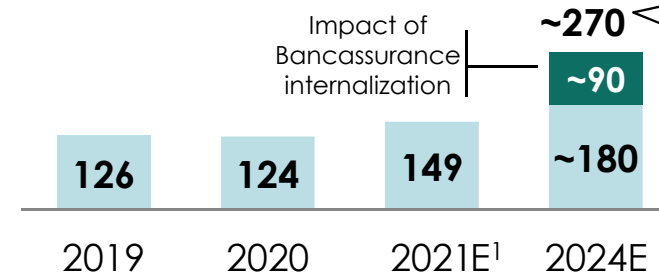
## SIGNIFICANT INCREASE IN CONTRIBUTION

### Contribution to fee income (€m)



### "Bancassurance"

### Contribution to income from associates<sup>2</sup> (€m)



## **BALANCE SHEET:** Further strengthening in Asset Quality and strong risk control in Financial Investments and Funding Strategies

---



### **Credit & Asset quality:**

#### **Achieve and maintain the status of "low NPE Bank"**

- Credible NPE strategy based on our strong derisking track record
- New monitoring & management systems set to improve our asset quality in the coming years

### **Financial Asset & Liability Management:**

#### **Confirm and further improve Banco BPM's solid profile**

- Strong Liquidity & Funding position, no reliance on ECB's extraordinary funding measures
- Active management of Bond Portfolio investments, with continuing trend aimed at reducing the share of Italian Govies

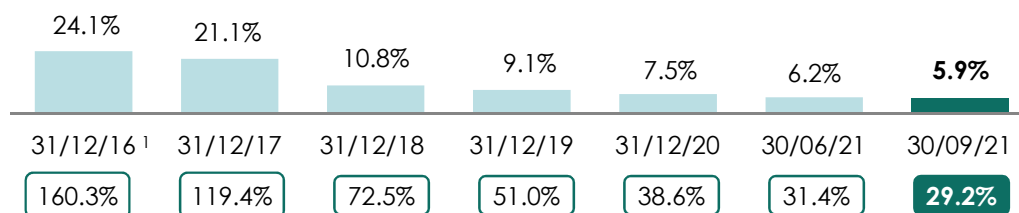


# Credit & Asset Quality – Towards the status of "Low NPE Bank"

## Material and ongoing asset quality improvement since the merger...

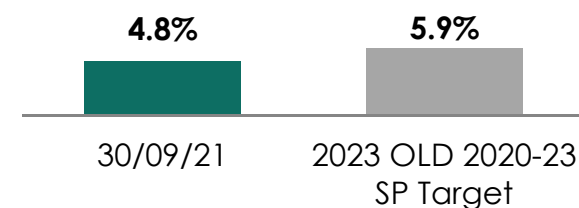
Gross NPE ratio

Texas ratio<sup>3</sup>



## ...ahead of old Strategic plan targets

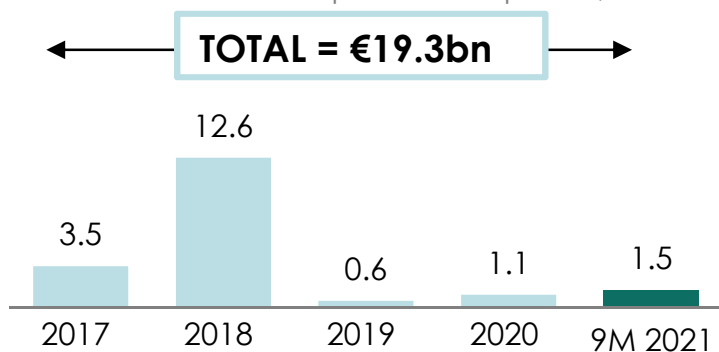
Gross NPE Ratio – EBA definition<sup>1</sup>



## Derisking drivers

### Successful NPE disposal strategy

Nominal Value of NPE portfolio disposals, €bn

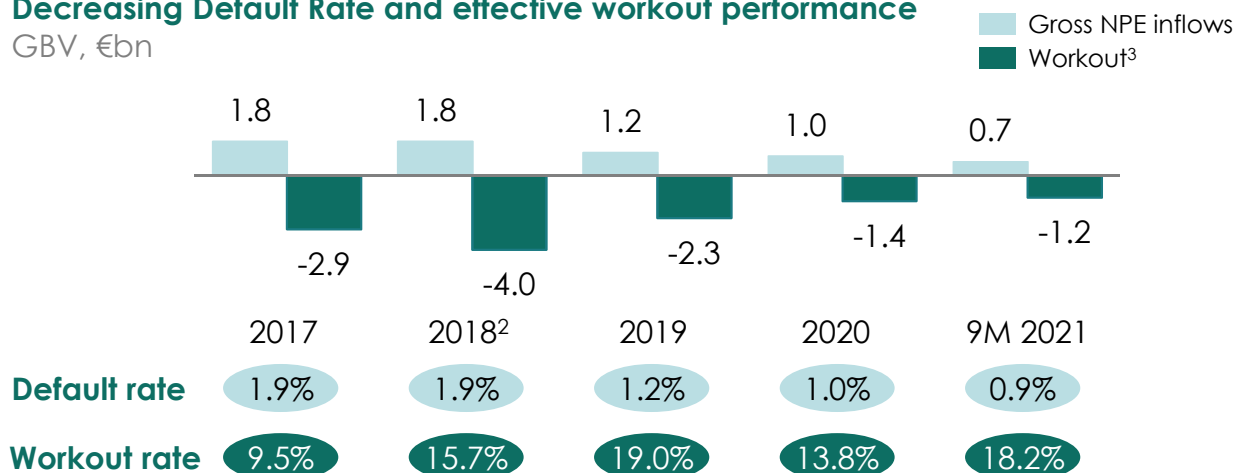


**BANCO BPM**

1. As per the EU Transparency Exercise
2. Exclude -€0.3bn due to IFRS 9 reclassification
3. Gross NPE reductions excl. ptf. disposals

### Decreasing Default Rate and effective workout performance

GBV, €bn

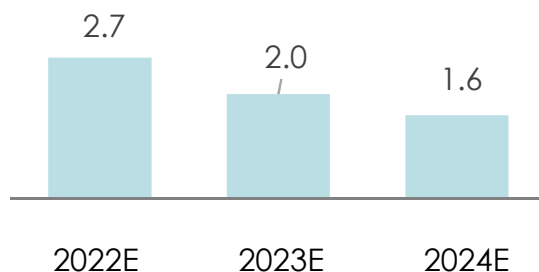




## Credit & Asset Quality – Asset quality evolution elaborated starting from available estimates at national level, taking into account BBPM footprint + strong managerial actions

### Estimates at national level

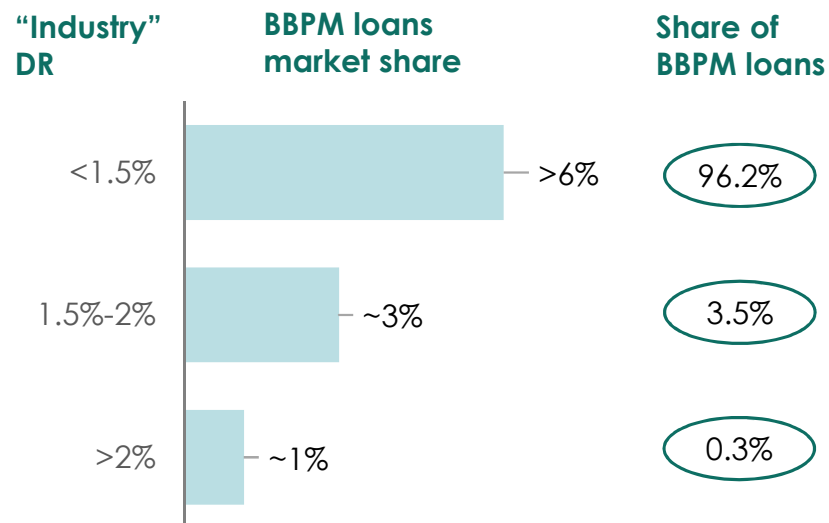
Default rate, %



### "Inertial" evolution for Banco BPM

Banco BPM's footprint allows to assume a "better-than-national-average" inertial asset quality evolution

*Analysis at district ("provincia") level: "Italian Banking Industry" Default Rate (DR) vs Banco BPM's loans market share. Reference date: Dec. 2020*



### Initiatives 2020-24

4 strategic initiatives aimed at achieving further asset quality improvements vs. "inertial" evolution

Credit risk data warehouse

Credit policy strengthening

Monitoring & EW system evolution

New approach to NPE management



# Credit & Asset Quality – New monitoring & management system set to improve our asset quality in the coming years

## Advanced credit risk data warehouse

- Integrated managerial and risk data
- Strengthen granularity enabling full data analytics –based visibility throughout the organization supporting decision making

## Strengthening of credit policies

- Higher policy specialization by sectors (e.g. Agrifood and Real Estate) and inclusion of a dedicated Financial Sustainability module in line with EBA LOM guidelines
- Clearer focus on risk-reward perspective and support of ESG initiatives (focus on CO2 reduction and energy savings)
- Strengthened integration with budgeting and MBOs

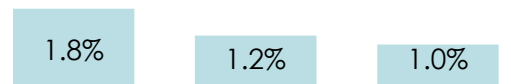
## Monitoring & Early Warning system evolution

- New EW development, leveraging on daily bank account data and machine learning techniques
- Improved risk control through workflow-driven strategies
- Performance-based risk prevention, operational KPI setting and monitoring

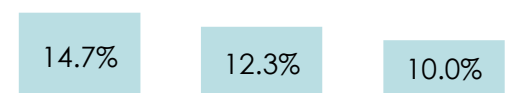
## New approach to NPE management

- Full activation of the JV with Gardant allowing workout improvement in bad loans
- Definition of more standardized UTP management approaches, defining quicker and more effective workout solutions
- Activation of a more proactive and intense use DPOs and single name disposals

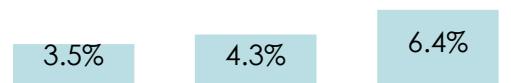
### Default rate, %



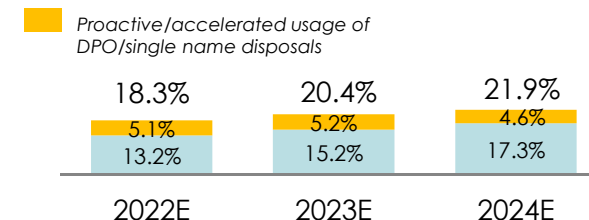
### Danger rate, %



### Cure rate, %



### NPE Workout rate<sup>1</sup>, %



2022 estimates include conservative assumptions on exit trajectory from Covid-19 pandemic

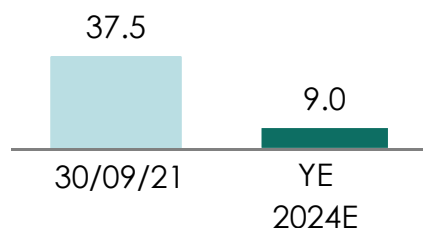


## Balance Sheet – Liquidity & Funding strategy and Securities portfolio management

### Liquidity & Funding

#### Reduction of reliance on ECB funding

Outstanding, € bn



- **Progressive full reimbursement of TLTRO:** leveraging on excess liquidity
- **Usage of “ordinary ” ECB funding:** ECB funding outstanding at end 2024 expected at €9bn (wholly represented by L-TRO)
- **Reduction of ECB assets** from around €28bn to around €3bn

#### Net Bond issuances (incl. LT repos) 2021E-2024E<sup>1</sup>

- **+€2.4bn** unsecured bonds (Senior and Subordinated)
- **+€11.8bn** secured bonds (covered bonds, ABS & LT repos)

### Securities portfolio

#### Balanced share of Italian Govies

Further **reduction of Italian Govies** in a strategy oriented to preserve stable duration and sensitivities (down to <50% of total Govies at YE 2024E, vs. 59% as of 30/9/2021)

### Key Funding & Liquidity Targets

**LCR** well >140% throughout the Plan

**NSFR** comfortably >100% throughout the Plan

Solid buffer preserved vs **MREL** requirements on a continuous basis

# INFRASTRUCTURAL ENABLERS: OVERVIEW

---



## People Strategy:

### **Planning for the future**

- A people-oriented approach aimed at attracting and retaining talents
- Skills and competence building, coupled with strong cost discipline



## IT & processes:

### **New digital-enabled backbone to support the Group transformation**

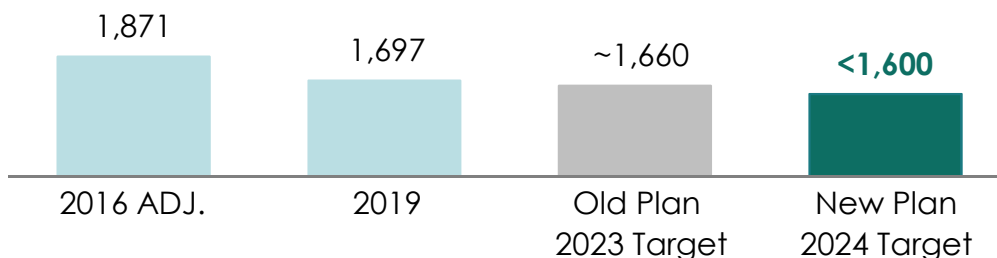
- Streamlined processes fully leveraging on digitalization
- €650+ m IT investments to support the architectural model, omnichannel, IT operating model and cybersecurity



## People strategy – enhanced voluntary retirement scheme coupled with network rationalization actions to keep costs fully under control

### Voluntary retirement scheme

HR costs evolution, €m

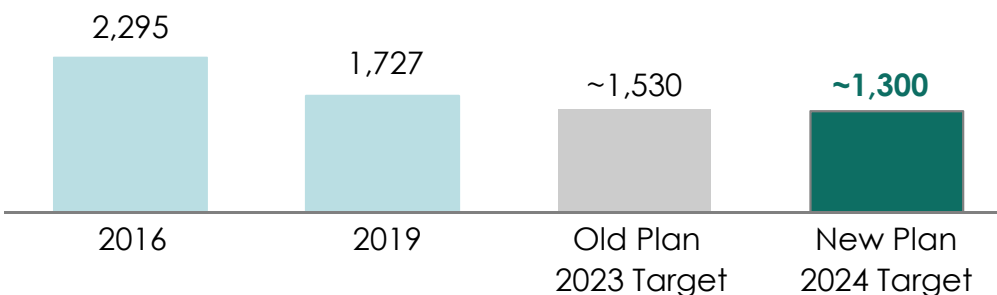


- A voluntary retirement scheme involving ~1,600 HC in 2021-23 → +~500 vs. Old Plan Target
- Use of benefits from the solidarity fund, favoring generational turnover and youth employment, **with ~800 new hires between 2021 and 2023**

o/w: ~1,000 already retired in June 2021

### Retail branches

Retail branches evolution, # EoP



- Increased ambition vs Old Plan target: > 200 further closures





# People Strategy: planning for the future – A people-oriented approach aimed to attract and retain talents

A comprehensive and well-articulated people strategy...

- Common **sense of purpose**: act in the interest of our **stakeholder community**
- Attractive **value proposition**: safe and stable work environment, well balanced lifestyle, meritocratic reward system
- Strong attention to **work-life balance**

... preparing the ground for the leaders of tomorrow...

- Flexible and inclusive **leadership style**: build trust, respect and collaboration
- **Generational turnover** enabled by potentiated **new hiring plan**
- **Talent growth** supported by tailor-made **personal development programs**
- **Young talents** attraction and retention: partnership with university, tailor-made development program and a new dedicated Unit in HR department

... strongly focused on the development of human capital...

- **Competence building**: customized training plans to master global emerging trends (e.g. digitalization, green footprint, big data & analytics) combined with strong attention to soft skills
- Strong focus on **e-learning** and **mobile learning**
- Accelerated **learning on the job** through **rotation programs**, personalized **coaching & mentoring**

... within a clear ESG framework

- Identification of **high-potential within the gender program**
- Commitment to **ambitious diversity targets** in **managerial roles**
- **ESG-dedicated** education and training classes and a new dedicated unit in HR department to develop diversity & inclusion

## Illustrative KPIs – target for 2024

- **“Smart” working days**: 500,000 in 2024 (+500% vs 2019)
- **Wellbeing at work initiatives (W@W)**: 5,000 attendances in dedicated training days in 2024 (+120% vs 2021)

- **Individual development plan involving ~40% of population**, with focus on:
  - ✓ Manager
  - ✓ Young People
  - ✓ Talents
  - ✓ Commercial Network
- **Upskilling and Reskilling programs involving ~15% of population**, with focus on:
  - ✓ IT personnel, with actions concerning big data & analytics
  - ✓ Corporate Control Functions personnel, consistent with the evolution of regulatory system
  - ✓ **100** hirings of young talents graduated in digital-related disciplines

- **Women involved in individual development plan**: >2.500
- **Volunteer initiatives (VolontariAmo)**: 5,000 hours for corporate community services in 2024 (+95% vs 2021)



1. Detailed in the following exhibit



## People Strategy: planning for the future – Skill and competence building coupled with strong cost discipline

### Learning effort – targets 2024



**12,711**

**Virtual Classroom**

# of sessions

**+16.5%**



**694**  
**Digital**

# of Video/podcast

**+24.6%**



**1,822**  
**E-learning**

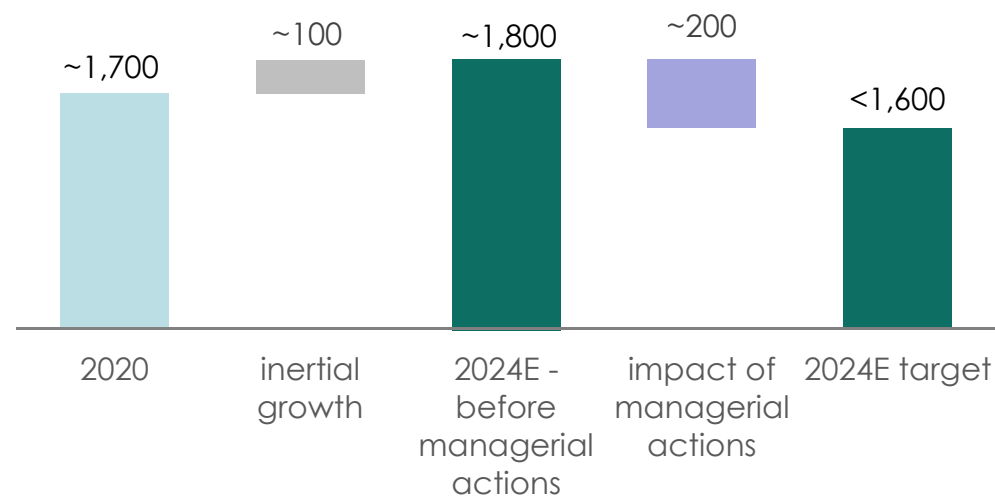
# Learning object

**+19.2%**

**Overall  
growth  
vs. 2020**

### Evolution of HR costs

- Normalized for Covid-related savings
- Investments in up-skilling and re-skilling
- Includes voluntary exit plan





# Technology enabling the Strategic Plan

## Key initiatives 2021-2024

### Data & Analytics

#### Using data to empower decisions

- Evolve the Data architecture and adopt Advanced Analytics
- Develop data-driven Customer Journeys

### Emerging technologies

#### Adopt technologies with transformational potential for our business

- Boost IT transformation with new technology (es. Cloud native application, Machine learning, Microservices, API)
- Open innovation to exploit new “external” opportunities

### Digital transformation

#### Delivering outstanding customer experiences

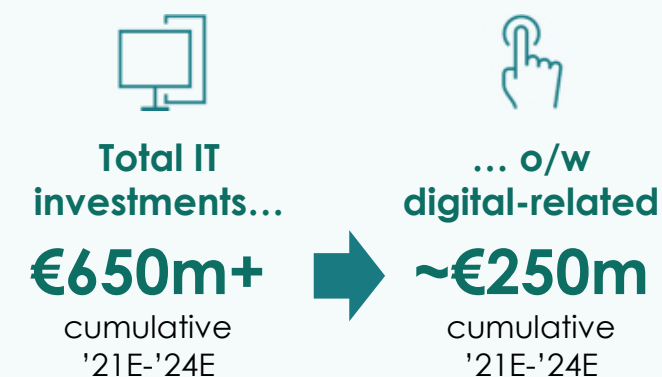
- Consolidate the ‘Mobile first’ approach in the adoption of the omnichannel model
- Partnerships with fintech companies, innovation centers and universities for the use of Open Banking solutions

### Operational excellence

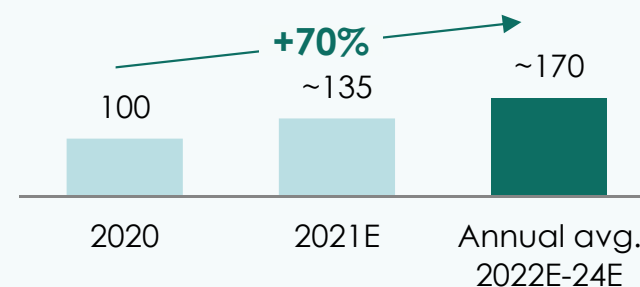
#### Continuous Improvement and slimming down complexity

- Create a stable operating environment leveraging on IT assets lifecycle process
- DevSecOps lifecycle based on continuous development

## Selected KPIs



### Evolution of IT investments, €m





# Strengthen cybersecurity posture – Resilience and IT risk management

## Key initiatives 2021-2024

### IT risk evaluation

#### Manage security risks effectively

- Deliver forward-looking visibility on IT risks to empower technology and business development
- Continuous improvement of confidentiality, availability and integrity of customer data in line with regulatory requirements (GDPR, Privacy)

### Security by design

#### Build a future-ready cyber-resilient business

- Stay ahead with security research and innovation to unlock technology adoption (e.g. Cloud, Online Services, Third Parties, ...)
- Take advantage of DevSecOps to embed security in IT developing lifecycle

### Defence-in-depth

#### Reduce exposure to threats and contain attacks

- Layering security defence to improve detection, prevention and recovery from cyber attacks
- Zero trust approach to keep pace with the evolution of threat landscapes

### Resilience

#### A pathway from business continuity to organizational resilience

- Adapt the continuity plan to absorb shocks in a complex and rapidly changing environment
- Enhance recovery solutions to face emerging challenges (e.g. security threats, climate changes, etc.)

## Selected KPIs



Total IT investments...

**€650m+**  
cumulative  
'21E-'24E

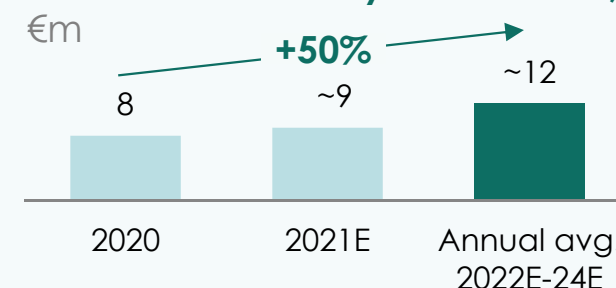


... o/w security-related

**~€45m**  
cumulative  
'21E-'24E



## Evolution of security investments, €m





## ESG INTEGRATION

The five Milestones of our ESG strategy





## ESG Integration

Governance and accountability: important goals already achieved

### SET UP OF THE ESG GOVERNANCE BODIES AND ESG FUNCTION



Responsible for **ESG strategy and disclosure**  
1 Board member designated as **ESG reference point for the ICRSC**

Supervises sustainability and social responsibility factors and reporting

Coordinates **Group activities and ESG targets**

**Dedicated** corporate ESG function

### ESG ACTION PLAN LAUNCHED TO FULLY INTEGRATE ESG INTO OUR OPERATING MODEL

#### 7 WORKSTREAMS:

Customers: Business

Customers: Wealth Management

Risk & Credit

Governance

People

Environment

Stakeholder Engagement & Measurement

ESG TARGETS INTEGRATED IN SHORT-TERM & LONG-TERM INCENTIVE PLANS FOR CEO & MANAGEMENT

### GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK PUBLISHED

(first social bond issued in 2021)

### IMPROVED ESG RATINGS<sup>1</sup>:

- **Standard Ethics to EE** (from EE-)
- **ISS Governance Quality Score to 1** (from 7)
- **Sustainalytics to 25.8** (from 27.7)

**INCLUDED IN THE FTSE MIB ESG INDEX**



## ESG Integration

### MILESTONE 1 – Business

#### ACTION DRIVERS

- Strengthening of our **ESG commercial offering with dedicated workforce specialized in ESG products and services**
- Expansion of the range of **ESG AuM products, aimed at channelling our customers' savings towards sustainable initiatives**
- Advising **Corporate** and **SME clients** to face **ESG challenges with training and workshops**
- Enhancing our **ESG proprietary investments**
- Increasing the issuance of **green and social bonds**

#### KEY TARGETS

##### CUMULATIVE TARGET 2021-2024

SHARE OF NEW LENDING TO GREEN/LOW TRANSITION RISK SECTORS	> 65%
BBPM GREEN RESIDENTIAL MORTGAGES (NEW LENDING) <sup>1</sup>	€4bn
PURCHASE OF REAL ESTATE TAX CREDIT <sup>2</sup>	€3bn
AKROS AS LEAD MANAGER OR BOOKRUNNER OF ESG BONDS	€12.5bn

	2020	TARGET 2024
CORPORATE BOND PROPRIETARY PORTFOLIO: SHARE OF ESG BONDS	8%	> 30%

##### CUMULATIVE TARGET 2021-2024

ISSUANCE OF GREEN & SOCIAL BONDS	€2.5bn
----------------------------------	--------

In addition dedicated “ESG financial” training planned for SMEs – over 1,500 hours



## ESG Integration

### MILESTONE 2 – Risk & Credit

#### ACTION DRIVERS

- **ESG factors** fully integrated into **BBPM's credit policies across all sectors**, with tangible results already expected in 2022:
  - **Exclusion or strictly selective approach** for **sectors with high environmental risk – representing only 2% of our loans**<sup>1</sup>
  - **Driving change: active support to the climate transition of our customers** by **dedicated forecasting tools** to evaluate and stimulate the adequacy of ESG business plans
- **Risk Management Framework** integrated with **Climate factors**:
  - **Full inclusion of Climate factors** into **RAF**<sup>2</sup>, **ICAAP** and **stress testing** starting from 2022
  - **Climate-related and environmental risk factors** fully embedded in **BBPM's Internal Rating System** by 2023

#### KEY TARGETS

##### OVER THE PLAN HORIZON

##### STOP NEW LENDING TO SECTORS STRONGLY AFFECTED BY CLIMATE TRANSITION:

RUN-OFF

- Mining and quarrying of hard coal
- Manufacture of coke oven products
- Coal-based energy production

##### NEW LENDING TO FOSSIL FUELS- RELATED SECTORS LINKED TO TRANSITION PROJECTS

> 80%

##### SIGNING OF:

- **NET-ZERO BANKING ALLIANCE**
- **TCFD**<sup>3</sup>
- **SCIENCE BASED TARGETS INITIATIVE**<sup>4</sup>





## ESG Integration

### MILESTONE 3 - People Strategy

#### ACTION DRIVERS

- **ESG accountability: management incentive schemes** to include a selected number of KPIs connected to the different responsibility/unit/role, extended to a wider group of managers
- **Diversity & Inclusion:**
  - **Talent enhancement** and **increase in the share of women in managerial positions**
  - In-depth evaluation of the current status of D&I, including **Gender Pay Gap**, in order to define an **effective action plan**
  - Reinforce programs for the **reintroduction of personnel on maternity leave**
- **Attraction and retention of young talents:** partnerships with universities, tailor made development programs
- Identification of ESG ambassadors in all corporate functions, **accountable** for the **integration of ESG topics** in our **policies** by 2024

#### KEY TARGETS

	TARGET 2024
SHARE OF WOMEN IN MANAGERIAL POSITIONS	> 30%
SHARE OF NEW HIRINGS BETWEEN 20-30 YEARS <sup>1</sup>	> 90%
SMART WORKING DAYS	500,000
ESG AMBASSADORS	> 100

#### OVER THE PLAN HORIZON

- 400,000 TRAINING HOURS FOR EMPLOYEES ON ESG THEMES
- ONGOING SUPPORT TO OUR EMPLOYEES THROUGH OUR SOLID INCLUSIVE WELFARE SYSTEM



## ESG Integration

### MILESTONE 4 - Environment

#### ACTION DRIVERS

- **New guidance** for a **responsible use** of **energy** in our buildings and **new policy** for the **corporate fleet**
- **Reduction of net emissions:**
  - **Energy efficiency** and **Real Estate rationalization**
  - **Process digitalization**
  - **Compensation projects**
- **Smart working** to reduce employee-related **Scope 3** emissions
- Material reduction of **paper waste** enabled by **customer digital identity (adoption > 90% by 2024)**
- **Maintenance** and **renewal** of **existing Certifications**<sup>1</sup>

#### KEY TARGETS

**TOTAL<sup>2</sup> DIRECT & INDIRECT ENERGY CONSUMPTION** (Scope 1 & 2 Gigajoule)

2019

732K

**TARGET 2024**

588K

**-20%**

To improve to -30% by 2030

**USE OF ELECTRIC ENERGY FROM CERTIFIED RENEWABLE SOURCES MAINTAINED AT 100%**

**TOTAL NET<sup>3</sup> DIRECT & INDIRECT EMISSIONS** (Scope 1 & 2 Tons Co2 equivalent)

17.5 K

**CARBON NEUTRALITY OVER THE PLAN HORIZON**

**INDIRECT EMISSIONS FROM COMMUTERS** (Scope 3 Tons Co2 equivalent)

16.6 K

13.1 K

**-21%**

**CDP RATING**

B

A



## ESG Integration

### MILESTONE 5 - Community

#### ACTION DRIVERS

- Subscription of **UN Global Compact**
- Supporting initiatives aimed at **community resilience and wellbeing: Art and Culture, Charity, Research and Health, Education, Inclusive Sports projects.**
- Sustaining local **social initiatives**, in particular improving **school equipment** and rewarding talented **students**
- Confirming BBPM as a strong financial partner for the **Third Sector**<sup>1</sup>
- Investing in **educational activities** thereby **fostering our ESG culture**: financial education, ESG awareness, gender equality in STEM, campaigns engaging partners, suppliers and clients
- **Involvement of our employees in corporate community services**

#### KEY TARGETS

##### OVER THE PLAN HORIZON

GRANTS FOR SUPPORT TO SOCIAL AND ENVIRONMENTAL PROJECTS

~ €10m



AIRC<sup>2</sup> INSTITUTIONAL PARTNER

5,000  
researchers &  
660 projects

SOCIAL INITIATIVES FOR LOCAL COMMUNITIES, SCHOOLS AND STUDENTS

> 300 initiatives

NEW LENDING TO THIRD SECTOR

> €700m

CORPORATE COMMUNITY SERVICES, ESG AWARENESS AND FINANCIAL EDUCATION

> 10,000 hours

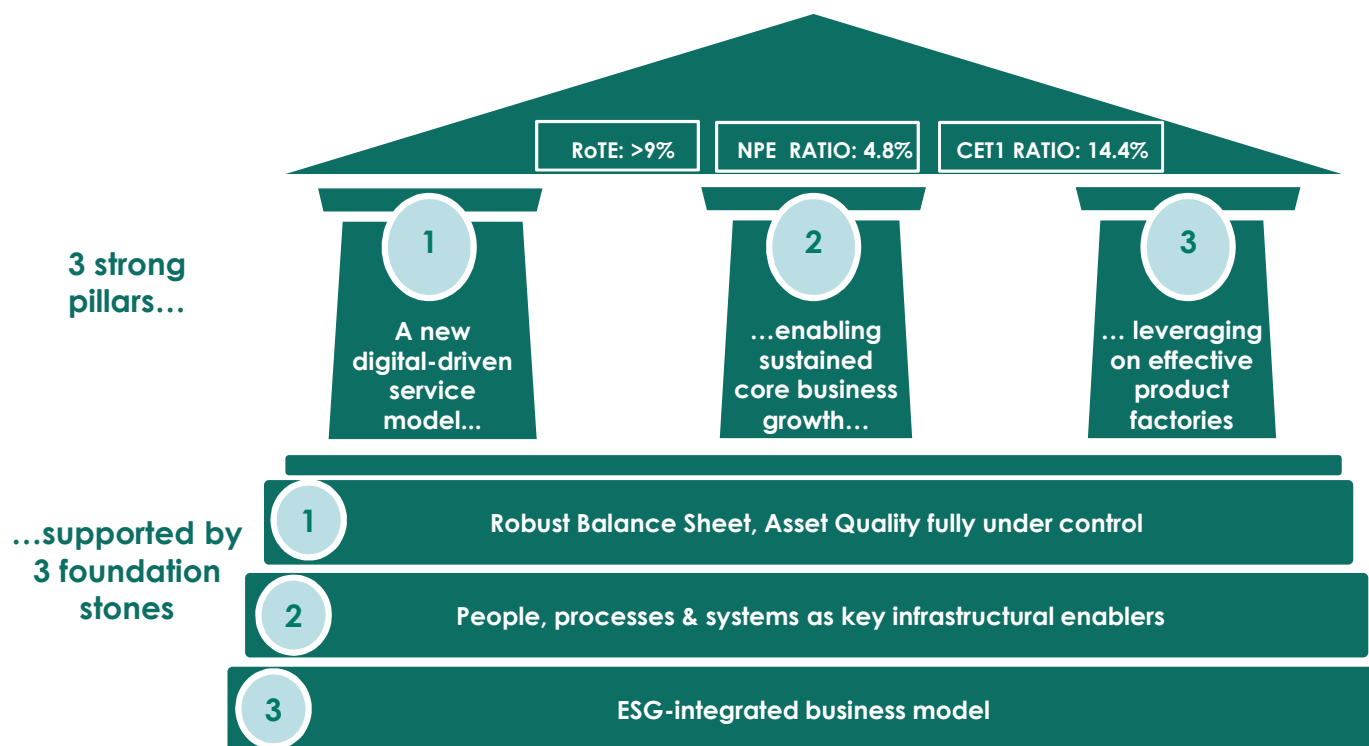
# 2021-24 STRATEGIC PLAN

Concluding remarks

## Key targets of the Strategic Plan 2021-2024

	€bn	2020	2021G	2023E	2024E	CAGR '20-'24	
Profit & Loss	Total revenues	4.15	~4.4	~4.3	~4.6	+2.4%	
	o/w NII + Net Commissions	3.65		~3.9	~4.1	+3.0%	
	o/w Associates	0.13		~0.18	~0.28	+21.4%	
	Operating costs	(2.46) Adj.	~(2.5)	~(2.4)	~(2.4)	-1.1% <sup>1</sup>	
	Pre-Provision Income	1.69	~1.9	~1.9	>2.1	+6.0%	
	Loan loss provisions	(1.09) Adj.		~(0.68)	~(0.58)	-14.6%	
	Net income	0.33 Adj.	~0.53	~0.74	~1.05	+33.4%	
Key ratios	Cost / Income ratio	59.2% Adj.	~57%	<57%	~53%	~(6) pp	Delta'20-'24
	Cost of Risk (bps)	122 Stated	80/90	58	48	(74)	
	RoTE <sup>2</sup>	3.2% Adj.	~5%	~7%	>9%	+ >6 pp	
Balance sheet & Capital			30/09/21				
	Net customer loans	109.3	108.7	~116.1	~121.1	+2.6%	
	Direct funding <sup>3</sup>	120.1	121.4	~127.5	~132.0	+2.4%	
	Indirect funding <sup>4</sup>	91.6	96.6	~106.8	~111.4	+5.0%	
Key ratios	CET1 ratio FL	13.3%	13.3%	~14%	~14.4%		
	Gross NPE ratio	7.5%	5.9%	5.4%	4.8%		Gross NPE ratio EBA definition <sup>5</sup> 2024E: 4.7%
	Net NPE ratio	3.9%	3.2%	~3%	~2.5%		

## Concluding remarks



- ✓ **A successful restructuring story**
- ✓ **Ready to start a new journey: a strengthened business model, allowing increasing effectiveness**
- ✓ **Ambitious targets**
  - Based on prudent estimates of key performance drivers
  - Fully credible, taking our delivery track record into account