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Banco BPM S.p.A.
Piazza F. Meda, 4
Milan

GREEN, SOCIAL & SUSTAINABILITY BONDS REPORTING

YEAR 2022

EDITORIAL

We cannot talk about Sustainability without considering the characteristics and priorities of our socio-economic context. In fact, we believe that a commercial bank such as Banco BPM, whose activities are linked to the territories in which it operates, is able to concretely and profitably translate its commitment to sustainability through credit, products and services that take into account ESG criteria and that it must also take an active part by supporting actions, such as those carried out during the Covid-19 pandemic by the Banco BPM Group and its Foundations.

Indeed, thanks to our organizational and operational flexibility, we were able to ensure the transfer to the real economy of the resources made available by the Government and ensured proximity and support to companies and families in such a difficult time also from an economic point of view.

In the above-mentioned context, in July 2021, we have finalized the placement of our first €500 m **Social Bond** and in March 2022 of the first €750 m **Green Covered Bond**. There has been a great deal of interest for both operations, both from Italian and foreign investors. The proceeds from the Social Bond are intended to finance a selected portfolio of SMEs that have been granted disbursements covered by the state public guarantee, to deal with the Covid-19 emergency, while those of the Green Covered Bond are reserved for financing a portfolio of green mortgages. Both operations are part of a broader ESG strategy of the Group and represent the concrete achievement of the sustainability objectives that will address and characterize the several business areas of the Bank.

Looking at the Bank's commitment to integrate ESG issues within its activities, the 2021-2024 Business Plan - approved by the Board of Directors in November 2021 - has important targets. In particular, with regard to the **Environment**, to the fight against climate change and, with reference to the direct impact, we have been committed to monitoring and managing consumption and reducing emissions. In our Strategic Plan we have set a target to reduce our total direct and indirect energy consumption of 30% by 2030 and to reach the carbon neutrality (scope 1 and 2) over the plan horizon also through a compensation plan. In relation to the impacts that we indirectly produce in carrying out our financial intermediation activity, we intend to ensure a more favorable access to capital for green activities or those that intend to undertake a transition process, and conversely, to adopt exclusionary policies and a selective approach towards sectors with a high environmental risk. To this end, we are working towards an ever greater and effective integration of environmental and climate risks within credit policies and the overall risk management framework.

With regard to the **Social** aspect, we believe that it is essential to actively participate in building a solid, fair and inclusive community model by promoting initiatives to support schools and scientific research, accompanying the development of the social fabric of its territories by enhancing their peculiarities.

The People who work in the company are also a fundamental resource and for this reason we strive for an inclusive work environment and provide solutions that contribute to the safety and wellbeing of our people.

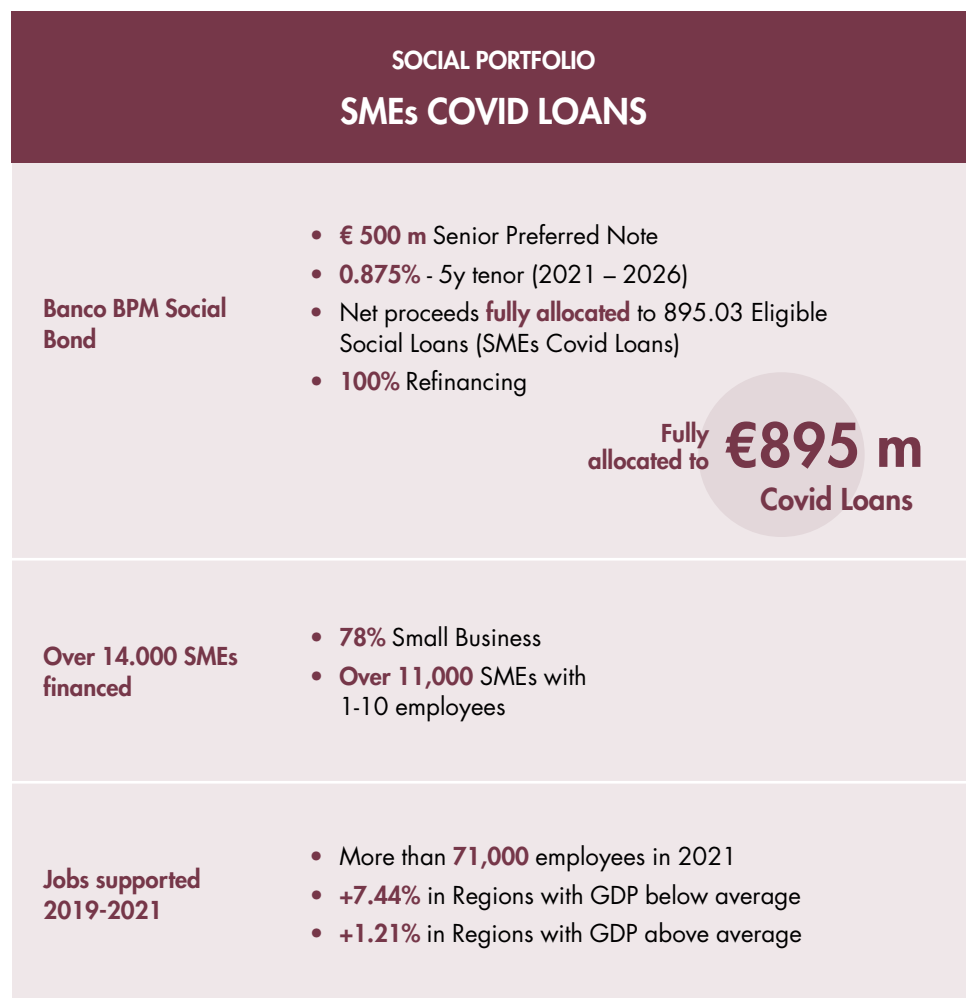
As a further confirmation of our commitment to sustainability, important **Governance** controls have been created and operational structures have been strengthened. During 2020, the Environmental, Social and Governance Management Committee (ESG Committee) was formed, chaired by the Chief Executive Officer and with the two Joint General Managers as well as nearly all top managers of the Bank as its permanent members; The Sustainability structure was also created and ESG Ambassadors were appointed. Furthermore, in order to strengthen its role as strategic support for ESG activities, the Internal Control and Risks Committee was renamed into "Internal Control, Risks and Sustainability Committee" and one of its members has been designated as the contact person for ESG issues.

In order to prove our commitment to achieve important sustainability or reporting objectives, in 2021 we have joined the **United Nations Global Compact** which promotes a global economic model based on the respect for human rights and the environment, and, as well as on the fight against corruption. Furthermore, we have become supporters of the **Task Force on Climate-related Financial Disclosure** (TCFD) for more transparent and comprehensive reporting on climate-related risks and opportunities. The commitments in the Business Plan also include joining the Science Based Targets initiative (SBTi) and the Net Zero Banking Alliance (NZBA) by 2024.



Giuseppe Castagna
Chief Executive Officer

KEY FIGURES GREEN E SOCIAL BOND



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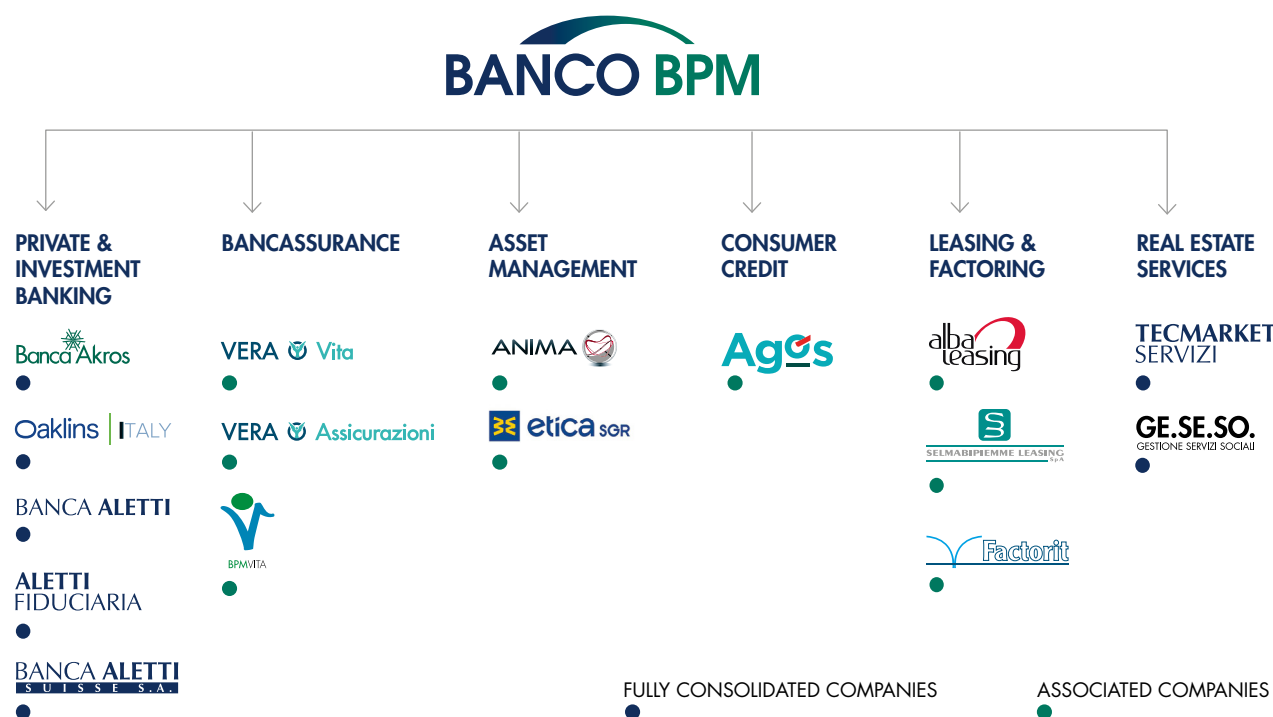
Banco BPM's ESG strategy and key ESG commitments

The growing awareness of the role of the banking system in the climate and environmental challenge has deeply influenced Banco BPM Group's actions and strategic vision. In fact, the Bank strongly believes that commitment in ESG is fundamental in creating long-term sustainable wealth for our stakeholders and for the territories where we operate.

The Group, established on 1 January 2017 through the merger between former Banco Popolare and former Banca Popolare di Milano, has maintained in its new mission the history and traditions of the two founding Groups which lays on a strong support to the territory where we operate placing people at the first place.

Banco BPM operates directly in commercial banking, also through eight Regional Departments, and through specialised companies, subsidiaries and associates, in all the main market segments: private and investment banking, bancassurance, leasing and factoring, consumer credit. Real estate companies support the business.

The diagram beside shows the main companies consolidated on a line-by-line basis and associated companies organised by area.



Group structure as at 31/03/2022

Banco BPM has always been supporting **SMEs** (90% of our companies have a turnover of up to €2.5 m) and the **Third sector**, as we are aware of the importance of their role within communities.

Our commitment to sustainability has been translated into the process of integrating ESG within company activities and business. It took shape in February 2021 in the launch of an ESG Program, which is composed by 7 workstreams and 32 projects.

The objectives of this Program have been confirmed, and in some cases, made even more ambitious, within the 2021-2024 Strategic Plan, presented at the end of 2021, which identifies sustainability as one of the main drivers of risk management, growth and competitiveness.

ESG guide the Group's development activity through 5 pillars: **Business, Risk&Credit, People Strategy, Environment, Community** and identifies areas of action in which the interventions envisaged by the seven fields of the ESG Program are distributed.



Banco BPM's strong commitment to sustainability has made it possible to achieve important goals



BUSINESS

SNAPSHOT OF 2021

- **€900 m** in new lending under the **Sustainable Investments 2020-2023 Ceiling**
- In line with the principles of the **EEMI** (Energy Efficiency Mortgages Initiative), Banco BPM developed a green mortgage product for individuals and families aimed at raising awareness and providing incentives **for energy saving and efficiency**
- **€9.3 bn ESG funds** and Unit-linked Policy (14% on total asset under management (AUM))
- The range of **ESG products** and the number of asset managers the Bank works with has **expanded**
- **+93% Green Bonds** in the proprietary portfolio versus 2020
- **Integration of ESG risk** in Advisory and Wealth Management
- Banca Akros as lead manager or bookrunner of **€8 bn ESG bonds**
- **€22.7 bn** in new lending to customers
- **€500 m** Social Bonds and **€750 m** Green Covered Bonds (in 2022) issued under the Green, Social & Sustainability Bonds Framework (following "the Framework")

TARGETS BY 2024

- **> 65%** new lending in green and low-risk transition sectors
- **> 30%** of ESG corporate bonds out of the total corporate bonds in Bank's portfolio
- **> €120 bn** stock of net loans to customers
- Banca Akros as lead manager or bookrunner of **€12.5 bn** ESG bonds

€4 bn

of new lending of green residential mortgages

€2.5 bn

of green, social and sustainability bonds issued



RISK&CREDIT

SNAPSHOT OF 2021

- **Portfolio mapping** aimed at evaluating the environmental risk
- **Identification process of climate scenarios** of physical and transition risks started
- **Integration of climate risk** within the risk identification process and first climate risk materiality assessment
- **Lending policies integrated** with ESG factors (Agrifood, Real Estate)

TARGETS BY 2024

- **RUN-OFF of new grants** to sectors strongly impacted by the climate transition (mining and quarrying of hard coal; manufacture of coke oven products; coal-based energy production)
- **Full inclusion of Climate factors** into RAF, ICAAP
- **Climate-related and environmental risk factors** fully embedded in Banco BPM's Internal Rating System by 2023

>80%

new lending to the fossil fuel sector dedicated to transition projects



PEOPLE

SNAPSHOT OF 2021

- New **"Inclusion Diversity & Social"** and **"Key People and Talents"** Units set up in the HR Department
- **Gender Program** activated and kick-off of tailor-made paths of female empowerment
- **23.4%** women in managerial positions
- Round **6,000** people in agile working mode
- **>1,000,000** training hours, of which round 105,000 on ESG issue
- Certification confirmed **UNI ISO 45001:2018** for the "Occupational health and safety management system"
- **467** newly hired, **85%** under 30 years
- The **integration of ESG objectives into the top management incentive plans** was further strengthened

TARGETS BY 2024

- **> 30%** share of women in managerial positions
- **> 90%** share of new hires young people aged 20-30
- **> 500,000** smart working days
- **> 400,000** training hours for employees on ESG issues

>100

ESG ambassadors



ENVIRONMENT

SNAPSHOT OF 2021

- **100%** energy from renewable sources (more than 30K tCO₂eq avoided)
- **-25%** in-house paper consumption vs 2019
- CDP Rating **"A-"**

TARGETS BY 2024

- **Carbon neutrality** Total net emissions direct and indirect (SCOPE 1 & 2)
- **-20%** Total energy consumption - direct and indirect (SCOPE 1 & 2)
- **-21%** indirect emissions from commuting

CDP Rating
"A"



COMMUNITY

SNAPSHOT OF 2021

- Round **€3.7 m** donations and sponsorships for social and environmental projects
- **3,000 hours** of corporate volunteering
- **4,000 hours** of financial education and ESG awareness
- Round **1,300 suppliers**, **99%** in Italy

TARGETS BY 2024

- Round **€10 m** donations and sponsorships for social and environmental projects
- **>10,000 hours** of corporate community services, ESG awareness and financial education
- **> 300** social initiatives for local communities, schools and students
- Continued support for **5,000 researches** under the partnership with Italian Research Cancer Association (AIRC)

>€700 m
new lending
to Third sector

EU TAXONOMY DISCLOSURE

In 2018 the European Union published an Action Plan to finance sustainable growth. **EU Regulation 2020/852** (so-called **'Taxonomy'**) is the first step in this program and aims at qualifying which economic activities can be considered environmentally sustainable. Sustainability activities are defined as those economic activities that substantially contribute to at least one of the following environmental objectives, as long as they do not cause significant harm to any of the other environmental objectives and are carried out in accordance with minimum safeguards: 1.climate change mitigation 2.climate change adaptation 3.sustainable use and protection of water and marine resources 4.transition to a circular economy 5.pollution prevention and control 6.protection of ecosystems and biodiversity.

In accordance with regulatory recommendations, guidelines and requirements for the first reporting period (1 January 2022 to 31 December 2023), we disclose the proportion of eligible exposures in our banking book (mandatory disclosure). With this in mind, we have based the identification of eligible economic activities, and therefore the related exposures, on the Technical Delegated Acts, which to date only cover the first two objectives: Climate Change Mitigation and Climate Change Adaptation.

As a credit institution, we have calculated the share of exposure in eligible economic assets in our activities, net of some exclusions (exposure to central governments, central banks and supranational issuers and trading book). In line with the recommendations of the European Commission, the scope of the analysis is that of the consolidated Group and the data was derived in accordance with FINREP reporting for the same reporting period. Additional indicators and qualitative information were then calculated as required by Article 10 of EU Regulation 2021/2178.

In line with regulatory requirements, we will disclose the proportion of exposures in truly eco-sustainable assets (aligned exposures) as of 1 January 2024.

RECOGNITION OF OUR EFFORTS: IMPROVED ESG RATINGS AND INCLUSION IN THE FTSE MIB ESG INDEX & IN THE BLOOMBERG G-E INDEX



Ratings updated as at May 2022

MIB ESG

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



First inclusion in January 2022, with a score of 73.9

Overview of Banco BPM Green, Social and Sustainability Bonds Framework

The Framework has been launched in July 2021 to raise financial resources to be used for financing sustainable activities.

The Framework is **fully complementary with the Bank's commitment and strategy** to address climate change and to provide a positive social outcome in its business conduct.

And it serves as the reference document for the Green, Social & Sustainability Bond issuances of Banco BPM. The framework contains, among others, the **eligibility criteria for assets and projects** that can be financed with the proceeds of the issues.

The Framework is completed by the "Technical Report"¹ on Italian real estate market written by CRIF Real Estate Services (following "CRIF RES")².

The Framework is aligned and compliant with the **2021** edition of the **Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines** published by the **International Capital Markets Association (ICMA)**.

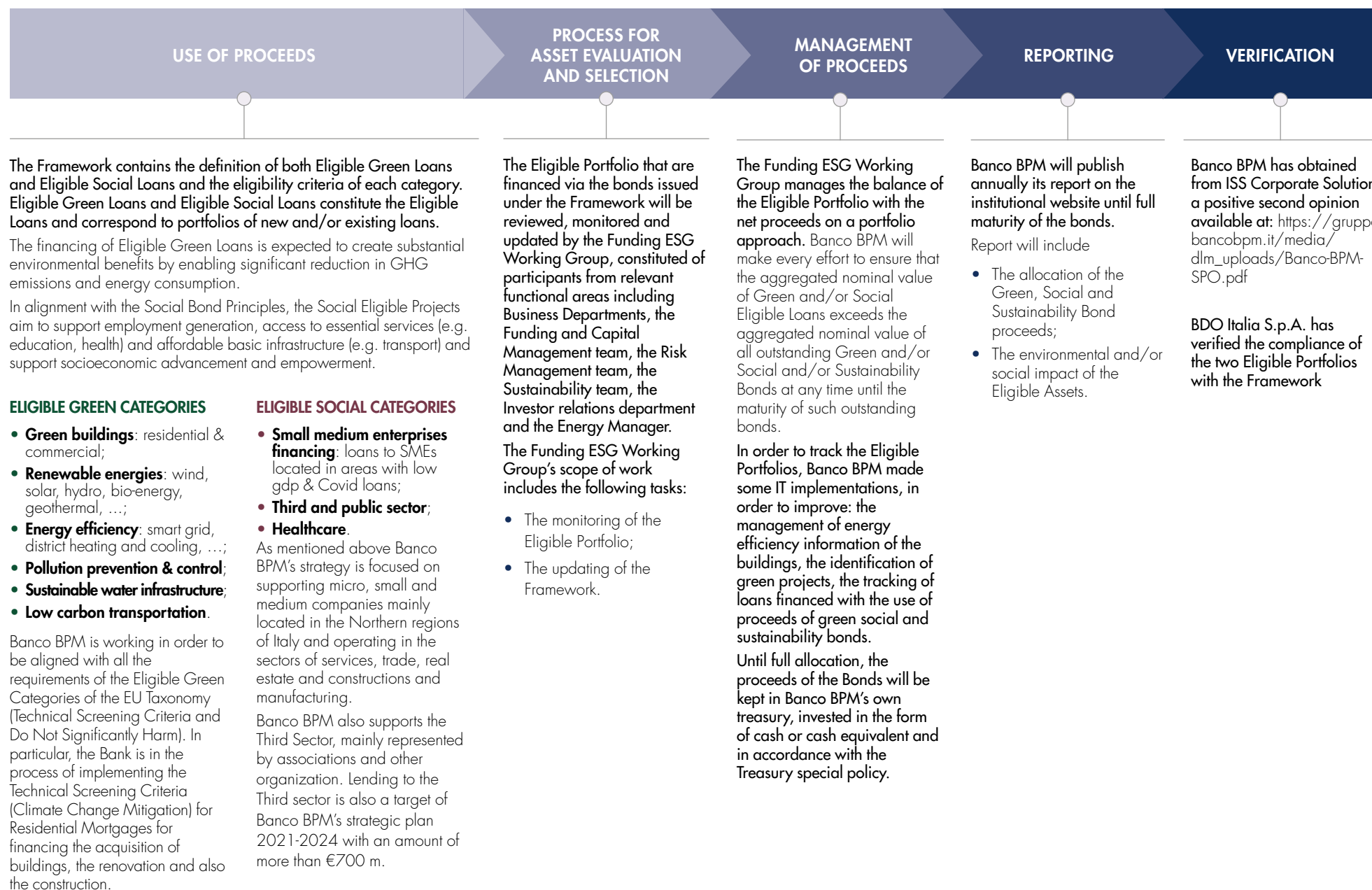
It is an umbrella document that enables Banco BPM to issue Green Bonds, Social Bonds and Sustainability Bonds; the Bank is allowed to issue either unsecured, such as Senior Unsecured Bonds, or secured instruments, such as Covered Bonds or Securitizations.

The Framework is consisting of the four following core pillars:

- 1 **USE OF PROCEEDS**
- 2 **PROCESS FOR ASSET EVALUATION AND SELECTION**
- 3 **MANAGEMENT OF PROCEEDS**
- 4 **REPORTING OTHER**
- 5 **VERIFICATION**

¹ **CRIF RES** has been engaged by the Bank to support the identification of the green mortgages comprised in its portfolio. CRIF based the criteria to identify the green mortgages portfolio on the principle of the so called "top 1.5%" of energy efficiency buildings of the Regulation (EU) 2020/852 (Taxonomy) and of the Climate Bond Initiative Taxonomy. The "Technical Report" contains the details of the analysis conducted on the Italian real estate market and on Banco BPM mortgages portfolio. More details in Green Buildings section of this report and on Banco BPM website https://gruppo.bancobpm.it/media/dlm_uploads/BancoBPM-Technical-CRIF.pdf

² **CRIF** is a global company, leading many subsidiaries specialized in credit information, business information, analytics, outsourcing e processing services as well as services for digital innovation, business development and open banking. Its headquarter is based in Bologna but offer services in many countries all over four continents. CRIF RES is a company belonging to CRIF Group specialized in real estate services and consultancy



Total Eligible Portfolios

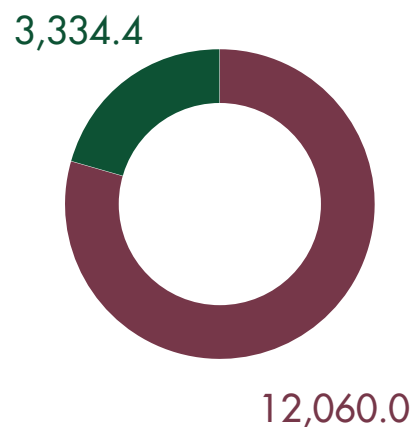
Thanks to the implementations made on IT systems, Banco BPM identified assets belonging to some of the Green and Social Eligible Categories.

The assets financed with the proceeds of the bonds are tracked in order to monitor their balance and make the periodic reporting.

See beside a view of the total Banco BPM eligible portfolios (data as of 31.05.2022 in € m):

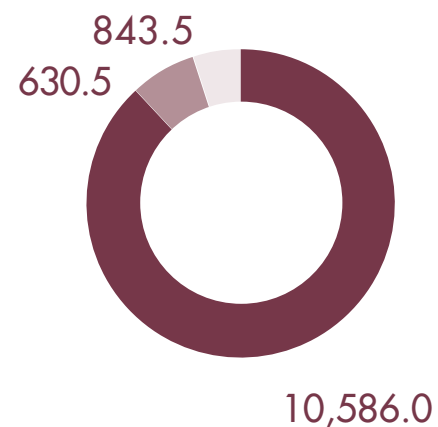
ELIGIBLE SOCIAL & GREEN PORTFOLIO

- ELIGIBLE SOCIAL LOANS
- ELIGIBLE GREEN LOANS



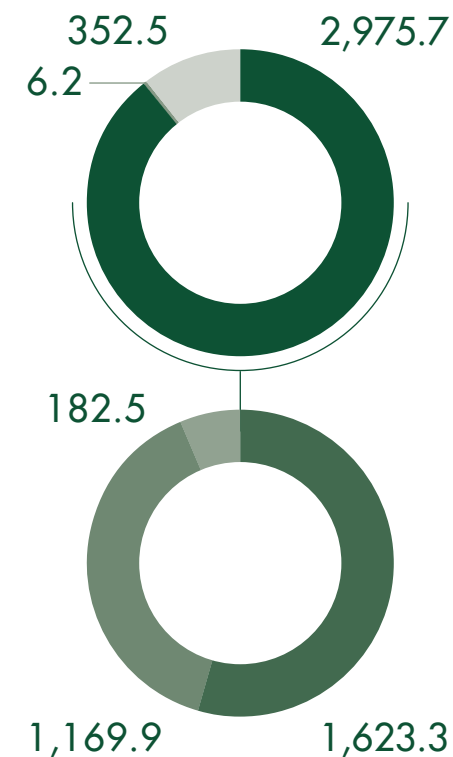
ELIGIBLE SOCIAL LOANS

- SMEs - COVID LOANS
- SMEs - IN LOW GDP AREAS
- THIRD AND PUBLIC SECTOR



ELIGIBLE GREEN LOANS

- GREEN BUILDINGS ACQUISITION
- GREEN BUILDINGS RENOVATION
- RENEWABLE ENERGIES



GREEN BUILDINGS ACQUISITION

- ACQUISITION CRITERION 1 (ABC)
- ACQUISITION CRITERION 2 (YEAR OF CONSTRUCTION)
- ACQUISITION CRITERION 1 (PED < NZEB - 10%)

Loans for the purchase of buildings constructed starting from 1.1.2021 according to the EU Taxonomy Technical Screening Criterion (Primary Energy Demand 10% lower than NZEB requirements). The criterion has been implemented using different thresholds for every climate zone

SOCIAL ELIGIBLE PORTFOLIO



ISS Corporate Solutions assessed the contribution of Banco BPM's Green, Social and Sustainability Bonds Framework to the Sustainable Development Goals defined by the United Nations (UN SDGs).

In particular, in relation to the Social Loans, ISS assessed that **SMEs financing** and employment generation (identified as SMEs located in low GDP areas¹) together with the SME financing dedicated to the COVID-19 health emergency, contributing to address or mitigate social issues emanating from the coronavirus outbreak, **significantly contribute** to the SDG 8 – Decent Work and Economic Growth.

Third and Public Sector financing has a **significant contribution** towards SDG 3 – Good Health and well-being, SDG 4 – Quality Education and SDG 10 – Reduced Inequalities.

The bank has defined a portfolio of **Eligible Social Loans** (data as of 31.05.2022) as follow:

ELIGIBLE SOCIAL LOANS	OUTSTANDING AMOUNT/ €m	AVERAGE TICKET SIZE €k	NUMBER OF LOANS
SMEs - COVID Loans	10,586.04	102.16	103,623
SMEs - in low GDP areas	630.49	194.42	3,243
Third and Public Sector	843.47	118.90	7,094
Total Eligible Social Loans	12,060.00		113,960

€10,586 m
SMEs Covid Loans



¹ Low GDP areas are identified as those Italian regions whose GDP per capita as at 2019 was lower than the Italian GDP per capita average which equals 29.7 thousand euro: Marche, Umbria, Abruzzo, Molise, Campania, Puglia, Calabria, Basilicata, Sicily and Sardinia (source: ISTAT Italian institute of statistics)

GREEN ELIGIBLE PORTFOLIO



Under the mapping provided by ISS in its SPO, Banco BPM's Residential Green Buildings portfolio **significantly contribute** to SDG 13 – (Climate action) in addition to a limited contribution to SDG 11 – Sustainable cities and Communities. All the loans granted in the Renewables **significantly contribute** to both SDG 13 and SDG 7.



Below there is the total Banco BPM **Green Eligible Portfolio** as of 31.05.2022, out of which a part is dedicated to the Green Covered Bond.

All the **green residential mortgages** stand in the top 15% of the most carbon efficient buildings (kgCO₂e/sqm) as identified under two criteria defined by CRIF RES and detailed below. Furthermore, the Bank has started since March 2021 granting residential mortgages for the acquisition/renovation of a

building with the opportunity for the borrower to get an interest discount if he delivers a second EPC (done after renovation works) proving that the building renovated has reached at least 30% energy efficiency improvement (in terms of Primary Energy Demand).

ELIGIBLE GREEN LOANS	OUTSTANDING AMOUNT / €m	AVERAGE TICKET SIZE / €k	NUMBER OF LOANS	O/W TRANSFERRED IN THE COVER POOL
Green Residential Buildings				
CRITERION 1				
Acquisition residential buildings with EPC A, B or C	1,623.34	130.67	12,423	5,114
Acquisition residential buildings with PED NZEB-10%	182.45	192.05	950	-
CRITERION 2				
Acquisition residential buildings (year constr. 2016 – 2020)	1,169.93	145.31	8,051	3,216
Renovations of residential buildings obtaining at least 30% energy savings	6.20	193.74	32	
Renewable Energy				
Solar	251.25	19,326.99	13	
Wind Power	60.42	20,140.70	3	
HydroPower	15.94	7,972.37	2	
Bioenergy	24.84	4,140.50	6	
Total Eligible Green Loans	3,334.38		21,480	

GREEN BUILDINGS

- Banco BPM has mandated CRIF RES to provide a technical analysis on the National residential market. The objective of such analysis was to position the Bank's eligible portfolio at the very best market practices
- The methodology to identify the portfolio's eligible buildings based on Climate Bonds Initiative Taxonomy
- Banco BPM Green, Social & Sustainability Bond Framework defines the green real estate assets as loans to finance construction and/or the acquisition of residential buildings belonging to the top 15% of the most carbon efficient buildings (kgCO₂e/sqm) in alignment with the top 15% principle set in the Eu Taxonomy and in the Carbon Disclosure Initiative Taxonomy
- Within Banco BPM portfolio, CRIF RES has applied the two following criteria to identify the eligible residential stock

CRITERION 1

Residential buildings with EPC labels: A, B or C

Approach based on EPC (Attestato Prestazione Energetica - APE)

- The Italian most important database on buildings' energy performance (SIAPE¹) confirms that EPC labels **A, B and C** represent **13.1%** of the existing residential stock, complying with the top 15% best-in class approach
- The Italian EPC (Attestato Prestazione Energetica - APE) is mandatory for rent, acquisition, construction of new buildings, energy renovation and real estate ads

CRITERION 2

New residential constructions built from 2016 until end 2020²

Approach based on the year of construction

- According to SIAPE database, 98.3% of residential properties built after 1st of January 2016 have an EPC A, B and C
- The energy performance of the Italian new buildings increases over time, in line with national regulations (e.g. the Ministerial Decree 26/06/2015) and European energy efficiency targets

¹ SIAPE (Sistema Informativo Attestati di Prestazione Energetica- Information System for EPC) is a national data base introduced by the Ministerial Decree on 26/06/2015 and managed by ENEA (Ente Nazionale Energia Atomica – National Entity of Atomic Energy which is in charge of energy issues in Italy). It is the richest database as it gathers the EPC data of 9 of 20 Italian Regions

² A 2.5% haircut over the portfolio identified under this criterion is applied

Amount and characteristics of the outstanding Green & Social bonds

SENIOR PREFERRED SOCIAL BOND

ISSUER	Banco BPM S.p.A.
TYPE	Senior Preferred Notes
NOMINAL AMOUNT	500,000,000 EUR
DATE OF SETTLEMENT	15 July 2021
CALL DATE / MATURITY DATE	15 July 2026
COUPON	0.875%
USE OF PROCEEDS	The net proceeds of the sale of the Senior Preferred Notes will be exclusively allocated to finance or refinance Eligible Social Loans as outlined in Banco BPM's Green, Social and Sustainability Bonds Framework.
SECOND PARTY OPINION	ISS Corporate Solutions
LISTING	Luxembourg Stock Exchange
ISIN	XS2365097455

GREEN COVERED BOND (OBBLIGAZIONI BANCARIE GARANTITE - OBG)

ISSUER	Banco BPM S.p.A.
TYPE	Covered Bond
NOMINAL AMOUNT	750,000,000 EUR
DATE OF SETTLEMENT	15 March 2022
CALL DATE / MATURITY DATE	15 March 2027
COUPON	0.75%
USE OF PROCEEDS	The net proceeds of the sale of the Covered Bonds will be used by the Issuer to finance or refinance, in whole or in part, Green Eligible Projects and Social Eligible Projects, as set forth in the "Use of Proceeds" in the Prospectus
SECOND PARTY OPINION	ISS Corporate Solutions
LISTING	Luxembourg Stock Exchange
ISIN	IT0005489932

Allocation Reporting Green Bond – Net Proceeds

The net proceeds of Banco BPM Green Covered Bond have been allocated to **8,192 green mortgages** for around **€ 1,076.59 m.**

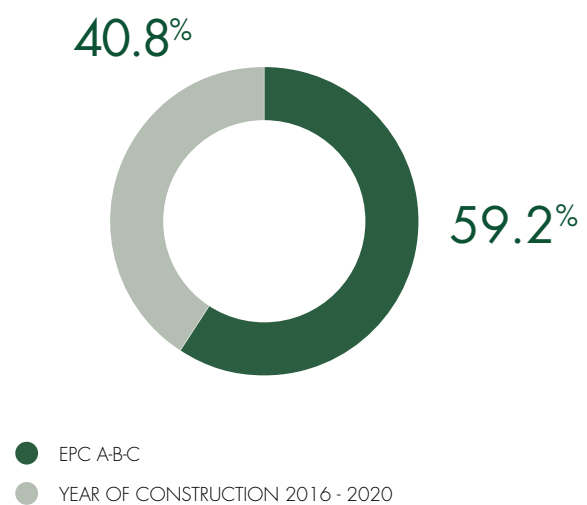
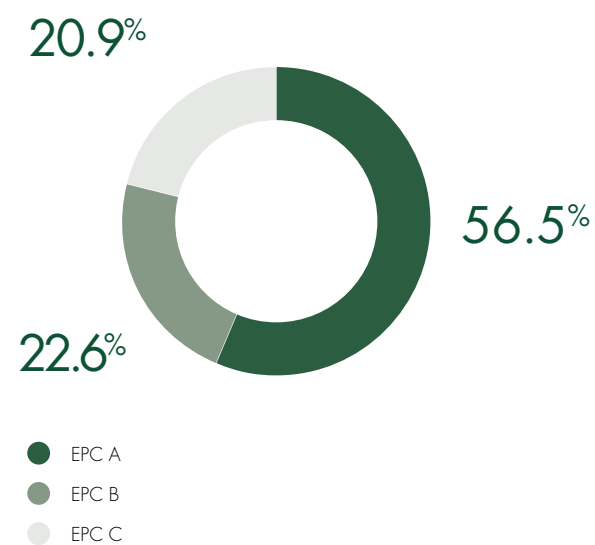
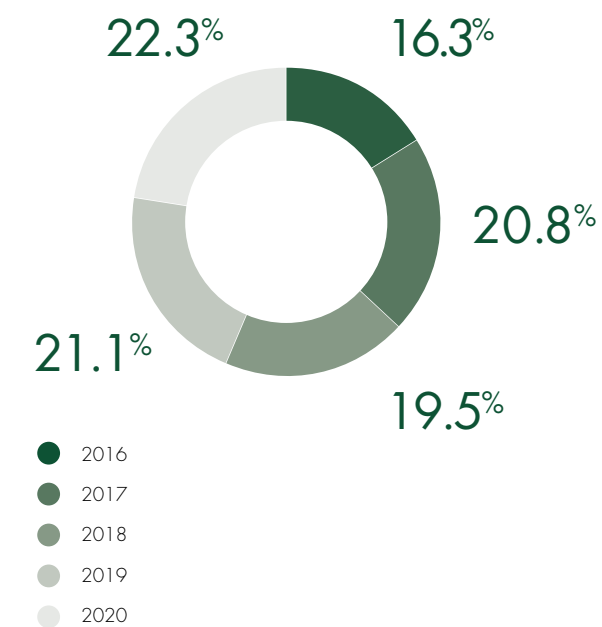
TYPE OF LOAN	NUMBER OF LOANS	CURRENT FINANCING AMOUNT (€ m)
CRITERION 1		
Acquisition residential buildings with EPC A, B or C	4,990	637.34
CRITERION 2		
Acquisition residential buildings (year constr. 2016 – 2020)	3,202	439.25
Total Residential Green Buildings	8,192	1,076.59

Source: CRIF elaboration on BBPM Portfolio

GREEN MORTGAGES - GEOGRAPHICAL DISTRIBUTION - CURRENT FINANCING AMOUNT (€ m)



LOMBARDY	561.7
VENETO	142.1
PIEDMONT	97.5
EMILIA ROMAGNA	86.2
LAZIO	60.5
TUSCANY	38.3
SICILY	21.3
TRENTINO ALTO ADIGE	17.7
CAMPANIA	10.9
PUGLIA	9.7
LIGURIA	7.4
SARDINIA	4.8
FRIULI VENEZIA GIULIA	4.7
ABRUZZO	3.3
MOLISE	2.7
UMBRIA	2.4
MARCHE	2.0
VALLE D'AOSTA	1.6
BASILICATA	0.8
CALABRIA	0.7

**RESIDENTIAL GREEN BUILDINGS
SELECTION CRITERIA (%)****CRITERION 1
EPC****CRITERION 2
YEAR OF CONSTRUCTION**

Impact Reporting Green Bond – Net Proceeds

Banco BPM's Impact Reporting of the Residential Green Buildings portfolio is based on the calculation of the Avoided CO₂ equivalent emissions. Banco BPM was supported by CRIF and on the next paragraph is described the methodological approach used for the estimation.

METHODOLOGY FOR IMPACT REPORTING GREEN BOND

Below is described CRIF's methodology to estimate avoided CO₂ emissions of Banco BPM's Residential Green Buildings portfolio.

The assessment relies on three pillars:

- Calculation of buildings' related greenhouse gas (CO₂) emissions;
- Identification of a national benchmark;
- Identification of emission's conversion factors.

CALCULATION OF BUILDINGS' RELATED GREENHOUSE GAS (CO₂) EMISSIONS

The calculation of GHG emissions of Banco BPM's Residential Green Buildings consists of three approaches:

- The CO₂ emission of the building is available through a valid Energy Performance Certificate (following 'EPC'). Estimated CO₂ emissions are the result of an automatic computation by a professional software in line with national existing legislation on energy efficiency and the characteristics of the assets as provided by the real estate valuer.
- The CO₂ emissions are available as a result of an automatic estimation implementing the Primary Energy Demand.
- The CO₂ emissions are available as a result of an automatic estimation performed by CRIF implementing the physical characteristics of the property.

IDENTIFICATION OF A NATIONAL BENCHMARK

To identify a National benchmark, CRIF used data managed by the SIAPE Database already mentioned before (see par. Green Eligible Portfolio/Green Buildings). The SIAPE database represents the most important available data pool on the energy efficiency of Italian real estate stock and it has been identified by CRIF as the data source for the construction of national benchmarks.

IDENTIFICATION OF EMISSION'S CONVERSION FACTORS

With the aim of estimating CO₂ emissions when the information cannot be retrieved through the EPC nor accessing regional energy cadasters, Italian market standard conversion factors are implemented.

CALCULATION OF FINANCED EMISSIONS

With the aim of measuring Banco BPM's financed emissions for mortgages, CRIF developed a methodology which is line with the PCAF (Partnership for Carbon Accounting Financials) standard².

Accordingly, CRIF followed two steps:

- Identification of a proper attribution factor for the mortgage: Loan-to-value (LTV).
- The emissions of buildings are calculated as the product of the building's energy consumption and the identified attribution factor (step 1).

²PCAF is an industry-led initiative of Financial Institutions and others with the objective of creating standards in the calculation of CO₂ emissions generated by bank activities. More information on Available at: <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

POSITIVE ENVIRONMENTAL IMPACT GREEN COVERED BOND

In relation to **Banco BPM's portfolio**, the analysis here below focuses on the **positive environmental impact** for the buildings included in the eligible portfolio.

Overview of positive emission impact of the Residential Green Buildings

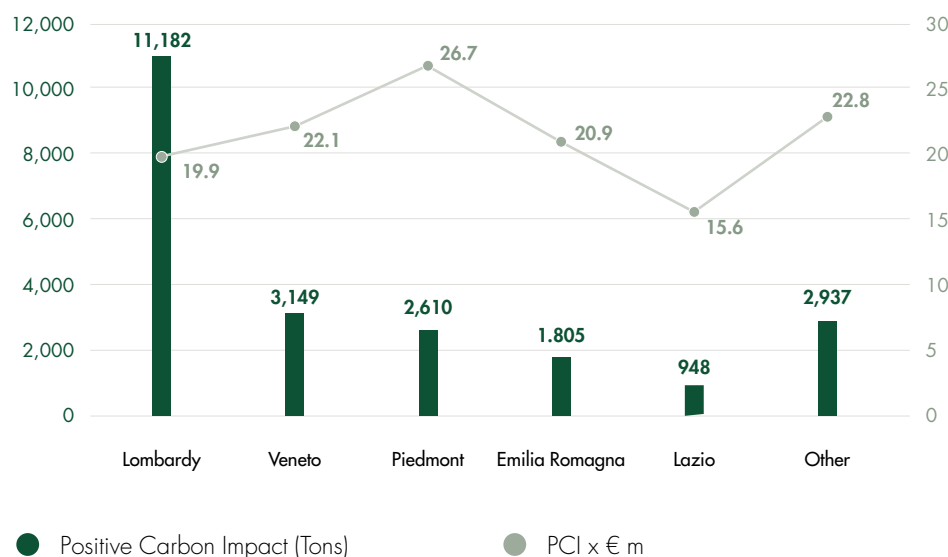
ALLOCATION (€ m)	AVOIDED EMISSIONS (t CO ₂ eq per year)	CARBON IMPACT (t CO ₂ eq per € m / year)
1,076.59	22,630.43	21.0

The eligible portfolio is entirely composed by mortgages granted for the acquisition of residential properties which have a positive impact of **22,630.43 tons equivalent of CO₂ per year**. It corresponds to **21.0 tons** of equivalent carbon dioxide **every financed million euro per year**.

OVERVIEW OF POSITIVE EMISSION IMPACT UNDER CRITERION 1 AND 2

CRITERION	ALLOCATION (€ m)	AVOIDED EMISSIONS (t CO ₂ eq per year)	AREA m ²	ENERGY SAVING (MWh) ¹	CARBON IMPACT (t CO ₂ eq per € m / year)
CRITERION 1 - EPC A, B, C²	637.34	13,620.15	613,384	77,196	21.4
CRITERION 2 - Construction year (2016 - 2020)	439.25	9,010.28	529,705	47,995	20.5
Total	1,076.59	22,630.43	1,143,088	125,191	21.0 (Weighted Average)

POSITIVE CARBON IMPACT



¹ Energy savings in MWh are calculated considering the average consumption for each climate zone where each building is located.

² EPC class B and C belong to the top 15% most energy efficient buildings in Italy

Allocation Reporting Social Bond – Net Proceeds

In July 2021 Banco BPM issued the first Social Bond under its Green, Social and Sustainability Bond Framework. The relevant proceeds were applied in order to support more than 14,000 SMEs¹ which were affected by the Covid-19 emergency.

Borrowers were supported through the Government guarantee under the "Liquidity Decree" scheme referred to the pandemic emergency, with economic sectors such as manufacturing, construction, commerce, accommodation and food services hardly hit from the contingency events.

The final purposes were supporting employment generation and alleviate the impact of the Covid-19 crisis activating a series of measures in favor of households and businesses, while also adopting and implementing the related ministerial decrees, in order to realize socioeconomic advancement and improvement promoting also access to healthcare services.

This section describes the **net proceeds of the Banco BPM Social Bond that have been selected from the Eligible Social Portfolio: 14,539 loans, financing 14,235 SMEs for around 895.03 million euros.**

TYPE OF LOAN	NUMBER OF SMEs	CURRENT FINANCING AMOUNT (€ m)
SMEs - Covid Loans	14,235	895.03
Total SMEs - Covid Loans	14,235	895.03

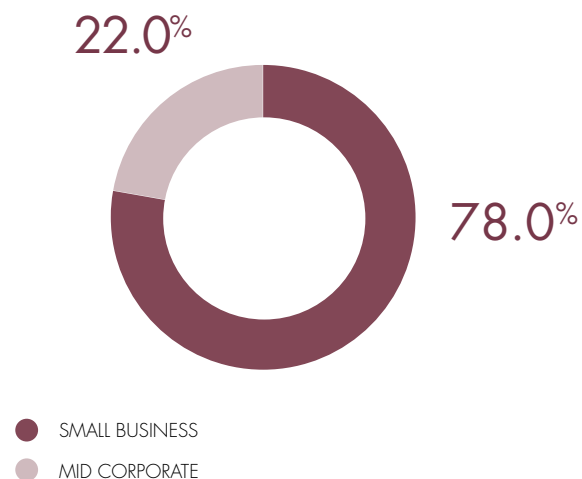
COVID LOANS - GEOGRAPHICAL DISTRIBUTION - CURRENT FINANCING AMOUNT (€ m)



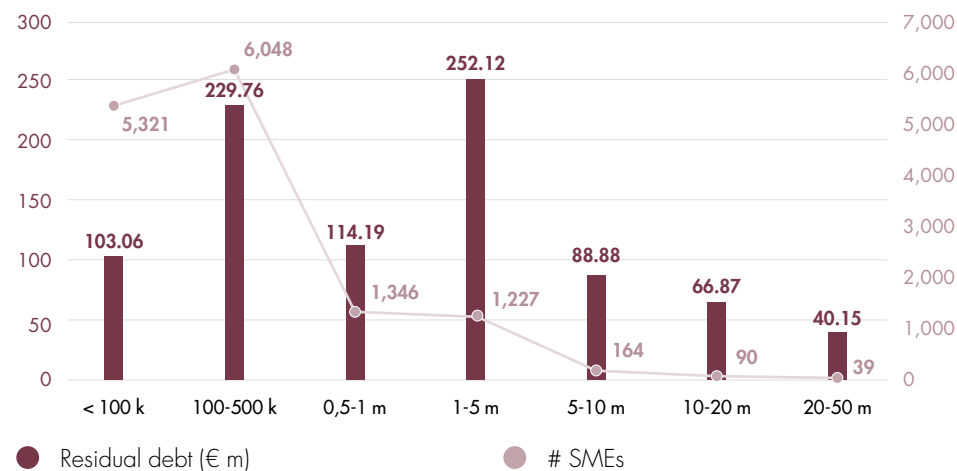
LOMBARDY	278.9
TUSCANY	180.4
VENETO	91.1
EMILIA ROMAGNA	79.0
PIEDMONT	73.8
LIGURIA	48.4
SICILY	48.0
LAZIO	29.6
CAMPANIA	21.6
PUGLIA	14.2
UMBRIA	9.3
TRENTINO ALTO ADIGE	8.7
FRIULI VENEZIA GIULIA	4.2
MARCHE	2.7
MOLISE	1.8
VALLE D'AOSTA	1.4
SARDINIA	0.8
CALABRIA	0.7
ABRUZZO	0.2
BASILICATA	0.1

¹ According to EU SME definition: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

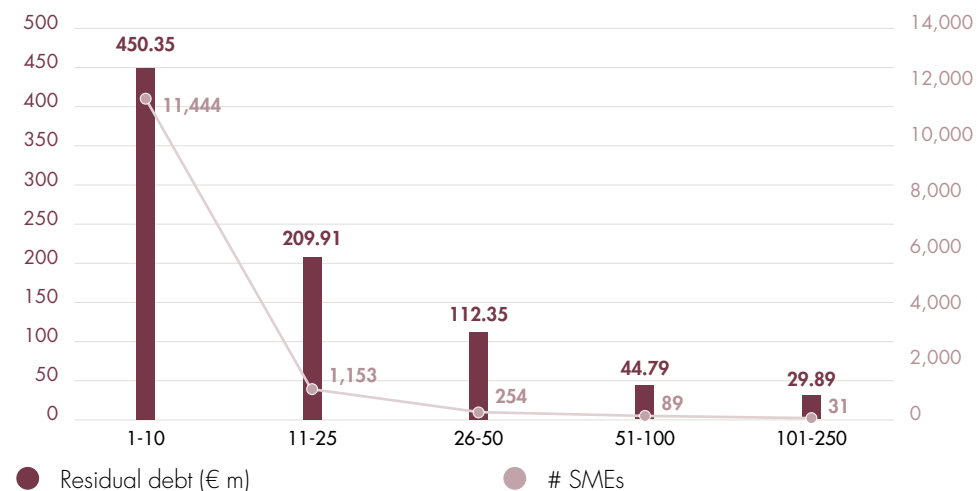
COVID LOANS - BORROWER TYPE



COVID LOANS - SMEs TURNOVER



COVID LOANS - SMEs NUMBER OF EMPLOYEES



1,264 SMEs are not included in the chart due to the lack of updated data on the number of employees in the IT Systems. SMEs requirements have been evaluated during the granting process being the Covid Loans reserved to SMEs only.

Source: number of employees of financed SMEs has been provided by CERVED Group. Data as of December 2019 and 2021 were retrieved by CERVED from INPS – Istituto Nazionale della Previdenza Sociale or Centrale Bilanci

Impact Reporting Social Bond – Net Proceeds

Overview of positive social impact

REGIONS	ALLOCATION (€ m)	NUMBER OF SMEs FINANCED	NUMBER OF EMPLOYEES OF SMEs (31.12.2021)	NUMBER JOBS SUPPORTED	% JOBS SUPPORTED ¹
GDP below average	90.16	2,052	9,503	658	7.44%
GDP above average	718.57	10,456	61,721	736	1.21%

¹ The number of jobs supported is calculated as the difference between the number of employees as at the end of 2019 compared to 2021; the percentage is calculated as the ratio between the two years difference and the 2019 number of employees. The number of employees and the difference of employees 2019-21 is not strictly sized pro-quota on Banco BPM financing.

COVID LOANS - NUMBER OF EMPLOYEES - 2021 VS 2019

Below the difference of number of employees per every single region.

LOMBARDY	44
TUSCANY	181
VENETO	31
EMILIA ROMAGNA	325
PIEDMONT	152
SICILY	427
LIGURIA	98
LAZIO	-58
CAMPANIA	58
PUGLIA	132
UMBRIA	14
TRENTINO ALTO ADIGE	-68
FRIULI VENEZIA GIULIA	-1
MARCHE	22
VALLE D'AOSTA	32
MOLISE	2
SARDINIA	0
CALABRIA	1
BASILICATA	3
ABRUZZO	-1

Examples description of Eligible Assets

Residential mortgages: loans disbursed for the acquisition of energy efficient buildings (with EPC Label A/B/C or built between 2016 and 2020). Class A dwellings represent 56.5% of total labelled buildings and the average outstanding amount is around € 131 k.

SMEs Covid Loans: loans granted to SMEs client to face difficulties arising from the spread of the pandemic. SMEs are mainly micro and small enterprises located in Northern and Central Italy. The average outstanding amount of the loans is around € 62 k.

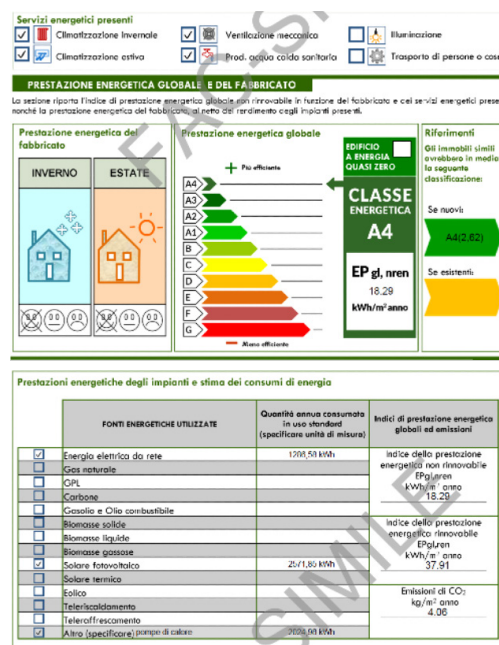
GREEN MORTGAGE LOAN

In January 2021 the borrower applied for a € 350,000 mortgage to purchase a new house built in 2020 and located in Lombardia in a small town north of the city of Milan.

The building is a terraced house of 200 m².

The electricity used for the management of the house is produced by solar photovoltaic panels on the roof and provided by the electricity grid. There is an electrical heat pump system to warm the house during winter and cool the rooms during summer.

Thanks to low energy consumption together with self production of energy with solar panels the calculated EPC level is (A4), the highest EPC class with an estimated energy consumption (EP_{gl, nren}) of 18.29 kWh/m² year and CO₂ equivalent of 4.06 kg/m² year.



COVID LOANS

ZANOTTI MOBILI S.R.L.

Zanotti Mobili is a family run business founded in Veneto in 1964 and active in the production and sale of furniture for houses, hotels and offices in Italy and abroad.

In order to overcome the difficulties in production and sales together with the interruption of payments from their primary clients (mainly hotels) arising from the persisting Covid pandemic, in April 2021 the firm applied for a loan of € 150,000 that allowed it to keep on paying employees and suppliers and to carry on the development of new projects (opening of a showroom).



To learn more about Banco BPM

SUSTAINABILITY

<https://gruppo.bancobpm.it/en/sustainability/>

INVESTOR RELATIONS

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GREEN, SOCIAL AND SUSTAINABILITY BONDS FRAMEWORK

<https://gruppo.bancobpm.it/en/sustainability/green-social-sustainability-bonds-framework/>



Section of the Independent Auditor

Banco BPM S.p.A.

Independent auditors' report on the
Green, Social & Sustainability Bonds
Reporting 2022 prepared in accordance
with the Green, Social & Sustainability
Bonds Framework

FSC/FMG/git - RC071922021BD3716





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Independent auditors' report on the Green, Social & Sustainability Bonds Reporting 2022

To the Board of Directors of Banco BPM S.p.A.

We have been engaged to perform a limited assurance engagement ("limited assurance engagement") on the Green, Social & Sustainability Bond Reporting 2022 of Banco BPM S.p.A. as of July 2022 (the "Report"), that has been prepared in accordance with the Banco BPM - Green, Social & Sustainability Bond Framework" (the "Framework") adopted by Banco BPM S.p.A. on July 2021, developed by the Company in accordance with the Green Bond Principles, the Social Bond Principles and the Sustainability Bonds Guidelines issued by the International Capital Market Association (ICMA).

Responsibility of the company's Directors for the Report

The Directors are responsible for the preparation, the contents and the presentation of the Green, Social & Sustainability Bond Reporting, prepared in accordance with the Framework, that describes the eligibility criteria of the projects, the allocation of proceeds, and the impact indicators.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error.

Directors are, also responsible for defining, implementing and maintaining systems through which the information necessary for the preparation of the Report are obtained.

Auditors' Independence and quality control

We are independent in compliance with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control that includes directives and procedures concerning compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Report with the requirements of the Framework. We carried out our work in accordance with the criteria established in the International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance whether the Report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 Revised, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the Report are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the Report, supporting evidence, recalculations and other evidence gathering procedures, as deemed appropriate.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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Specifically, we carried out the following main procedures:

- interviewing personnel at corporate and function level of Banco BPM S.p.A. that have been involved in the preparation of the Report, in order to understand the characteristics of the projects financed and of the projects refinanced of the Bonds and to evaluate the reasonableness of the process and of the internal procedures related to data management;
- analysis of application of eligibility criteria to the projects financed and refinanced through the Bond as described in the Framework;
- verification of the traceability of the allocation of resources obtained through the Bond to the projects financed or refinanced by them and the attribution to the Bond of the capital in the specific projects;
- verification of the collection, aggregation, processing and transmission process of data relating to the social impact indicators included in the Report and their examination through sample test.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Green, Social & Sustainability Bond Reporting 2022 of Banco BPM S.p.A. as of July 2022 has not been prepared, in all material respects, in compliance with the Green, Social & Sustainability Bond Framework with reference to:

- the application of eligibility criteria to the projects financed and projects refinanced through the Green Bond and the Social Bonds in accordance with the Framework and the final list of financed and refinanced projects;
- the allocation of resources obtained through the Bonds to the projects financed through them and the allocation to the Bonds of capital invested in the projects financed or refinanced;
- the impact reporting, as described in the Framework.

Milan, July 8, 2022

BDO Italia S.p.A.


Francesca Scelsi
Partner

Disclaimer

This *Green, Social & Sustainability Bonds Reporting* ("**Report**") is prepared in accordance with the 2021 edition of the Green Bond Principles, the 2021 Social Bond Principles and the 2021 Sustainability Bond Guidelines published by the International Capital Markets Association (ICMA).

This Report has been prepared for informational purposes only and the information contained herein may be limited or incomplete.

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