



H1 2020 Group Results Presentation

6 August 2020

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

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

METHODOLOGICAL NOTES

- Before 31/03/2020, the impact of the PPA (Purchase Price Allocation) of the business combinations of the former Banca Popolare di Milano Group and of the former Banca Popolare Italiana and Banca Italease Groups, was split and registered under the following items: "Net interest income", "Other net operating income" and "Tax on income from continuing operations". Starting from Q1 2020, the aggregated impact net of tax of this PPA has been regrouped and reclassified in one new single P&L Item: "PPA after tax"; the previous quarters of 2019 have been reclassified accordingly.
- In H1 2020, the Net Financial Result was strongly influenced by the impact from the change in BBPM's creditworthiness on the valuation at fair value of own liabilities issued (certificates), triggered by the Covid-19 crisis. For a better understanding of the quarterly trend of the operating profitability, in this presentation, the P&L is, therefore, also shown reclassifying the FV on own liabilities from NFR to a dedicated line item, post tax, before net income.
- Due to the change of the valuation criteria applied to the Group's properties and artworks, starting from 31/12/2019, a new item called «Profit & Loss on Fair Value measurement of tangible assets» has been introduced in the reclassified P&L scheme as at 31/12/2019. In this item, also the depreciations of properties previously accounted in the item "Amortisation & Depreciation" within the "Operating Costs" have been reclassified, restating accordingly all the previous quarters of 2019 for coherence. Furthermore, considering that the new accounting principle does not foresee for the amortisation of investment properties, the amortisation on such assets in the first three quarters of 2019 has been cancelled; as a consequence, the Item "Amortization and Depreciation" as well as the net result of the first three quarters of 2019 have been re-determined.
- It is reminded that, in Q2 2019, the assets and liabilities (mainly composed by customer loans for an amount of €1,352m) referred to the non-captive business of the subsidiary Profamily were classified as discontinued operations according to IFRS5 standard, but then, in Q4 2019, they have been re-classified line-by-line under the relevant Balance Sheet items. While the official Balance Sheet Scheme as at 30/06/2019 still maintains Profamily non-captive volumes classified as discontinued operations, in this presentation, in order to allow a proper comparison, the data of Customer Loans as at 30/06/2019 have been restated re-including Profamily non-captive volumes.
- It is also reminded that, on 16 April 2019, Banco BPM accepted the binding offer submitted by Illimity Bank S.p.A. and regarding the sale of a portfolio of Leasing Bad Loans. More in detail, the disposal concerns a portfolio for a nominal value of about €650 million at the cut-off date of 30th June 2018, mainly composed of receivables deriving from the active and passive legal relationships related to leasing contracts classified as bad loans, together with the related agreements, legal relationships, immovable or movable assets and the underlying contracts. The closure of the operation is subject to precedent conditions that are customary for transactions of this kind, including the notarial certification for the transferability of the assets, and shall be executed in various phases, with the conclusion expected by end-2020. Starting from Q2 2019, the loans subject to this transaction (€607m GBV and €156m NBV as at 30/06/2019) have been reclassified as discontinued operations according to the IFRS5 standard. As at 30/06/2020, the residual amount of these loans stood at €114m GBV and at €38m NBV.
- In the area of companies consolidated with the equity method, the second quarter has seen the entry of Anima Holding S.p.A., in which Banco BPM holds a stake of 19.385%. In the light of the changes brought about in the governance of the company, this stake, which is considered of strategic nature and which is destined to be held on a stable basis, is deemed to represent a situation of significant influence on the side of Banco BPM.
- Please note that, on 4 April 2020, the Annual Shareholders' Meeting of Banco BPM didn't discuss and vote on item 2 of the agenda (Resolutions on the allocation and distribution of profits); this is in order to acknowledge the guidelines provided by the ECB on 27 March 2020, with which, in order to strengthen the capital resources of relevant banks subject to its monitoring, and in order to be able to make use of the more extensive resources in support of households and businesses in the current situation brought about by the ongoing Covid-19 health emergency, it requested the banks, inter alia, not to proceed with the payment of dividends (still not approved) and not to assume any irrevocable commitment for their payment for the years 2019 and 2020 at least until 1 October 2020. It is also noted that on 27 July 2020, the ECB announced the extension of the aforementioned dividend ban from 01/10/2020 to 31/12/2020. The capital ratios included in this presentation are calculated coherently with this decision, i.e. including the entire net income as at 31/12/2019. Furthermore, the ratios as at 31/03/2020 and as at 30/06/2020 are here reported including also the net income of the quarters.

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COVID 19: BACK TO NORMAL WITH MORE DIGITAL BUSINESS

BRANCHES

- **1,581 BRANCHES REGULARLY OPEN AS OF TODAY**
(vs. 1,155 in the peak the lockdown, o/w 364 open 2 days per week)
- **FULL CAPACITY TO BE ACHIEVED IN SEPT. 2020**, with the opening of the remaining 147 branches

DIGITAL

	<u>H1 2020</u>	<u>Y/Y</u>
▪ DIGITAL USERS¹:	#1.3M	+15.4%
▪ APP USERS¹:	#700K	+54.5%
▪ ONLINE TRANSACTIONS¹:	#16M	+25.3%
▪ DIGITAL SALES:	#27K	+28.4%
▪ EXECUTED ORDERS (WEB):	#1.7M	+35.1%

INV. PRODUCT PLACEMENTS

- **PRODUCT PLACEMENTS:**
€1.3BN IN JUNE 2020 vs. €0.7bn in May and €0.3bn in April

FEES & COMM.

- **FEES & COMMISSIONS:**
€151M IN JUNE vs. €104m in April, €121m in May (and a monthly average of €147m in Q1 2020)



Note: 1. Households

COVID 19: A THREE-STEP APPROACH TO IDENTIFY THE BEST CREDIT MANAGEMENT ACTIONS

PROACTIVE APPROACH ADOPTED: SUPPORT CUSTOMERS WITH THE RIGHT CUSTOMISED PROPOSITION, IMPLEMENT THE GOVERNMENT SUPPORT MEASURES AND SAFEGUARD BBPM'S CREDIT PORTFOLIO

1

ANALYTICAL ASSESSMENT AT BORROWER LEVEL

Analyze Corporate/SME clients to assess:

- potential impact of the evolving market conditions
- identify financial priorities

Input: **drivers**

- Pre-Covid rating
- Capital solidity-resilience
- Sector outlook
- Share of wallet

2

RISK-BASED SEGMENTATION

Clients grouped into homogeneous **clusters** based on the results assessment

Output: **clusters based on expected Covid impact**

- Low impact
- Impact only in the short term
- Potentially high and long-lasting impact
- High impact

3

DEFINITION AND IMPLEMENTATION OF DEDICATED STRATEGIES AT BORROWER LEVEL

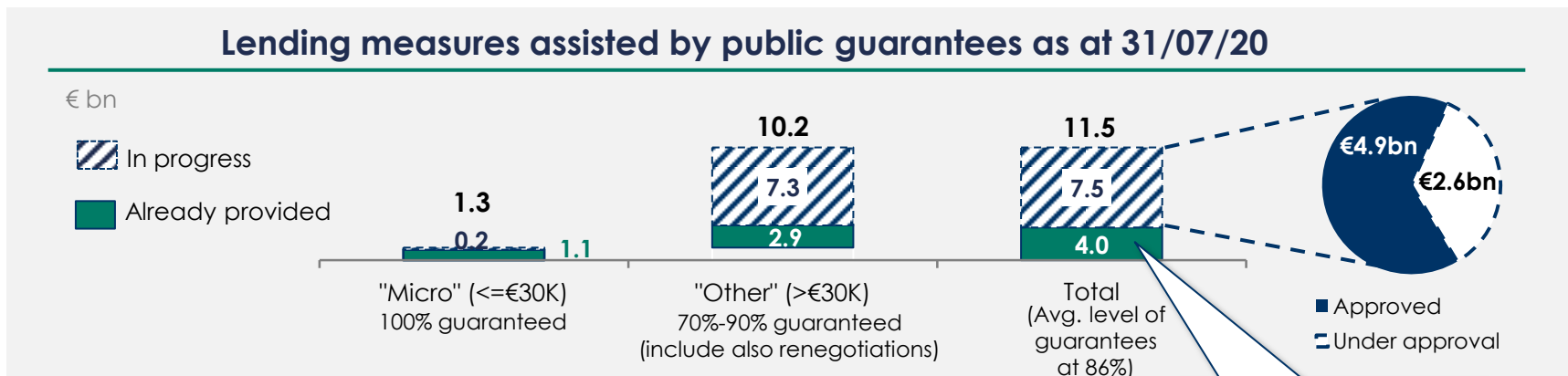
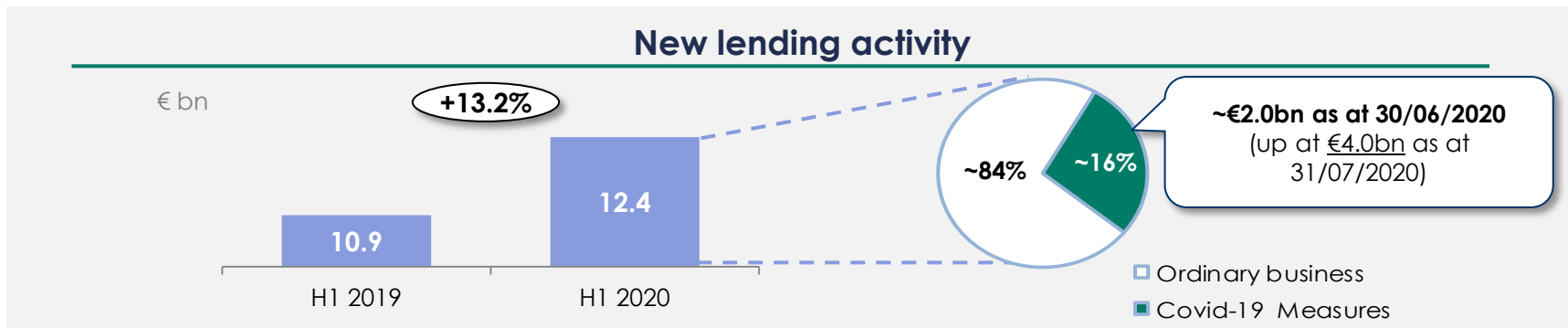
- **Define the strategy** for each cluster, taking into account also the Group's share of wallet
- **Implementation of Government support measures, coherently with the strategy**

Output: **target lists**

Target lists made available to the Relationship Managers, with indications on the strategy to be adopted at single customer level

COVID 19: NEW LENDING ACTIVITY

Update on Liquidity Decree Measures

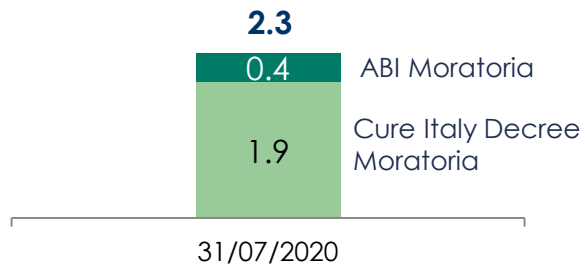


Strong speed-up in new lending since June 2020

COVID 19: UPDATE ON MORATORIA MEASURES

Suspended installments

€ bn



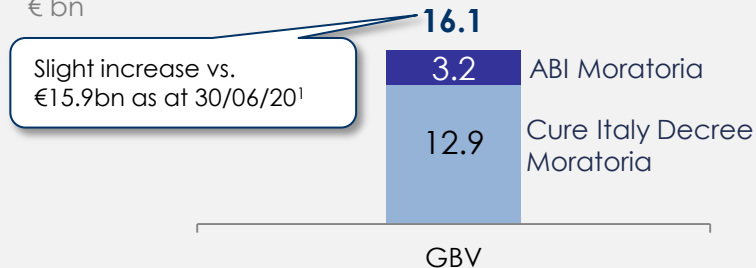
STRATEGY FOR IDENTIFIED CLUSTERS

Moratoria to 'Low-Medium' risk categories:
Higher flexibility for managing short-term liquidity

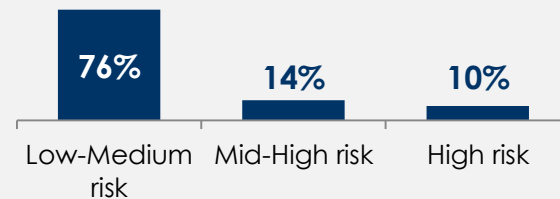
Moratoria to 'Mid-High' and 'High' risk categories:
Opportunity to define the most appropriate strategy for the customer and for safeguarding BBPM's credit portfolio

Total underlying loan exposure as at 31/07/20

€ bn



Distribution by rating classes



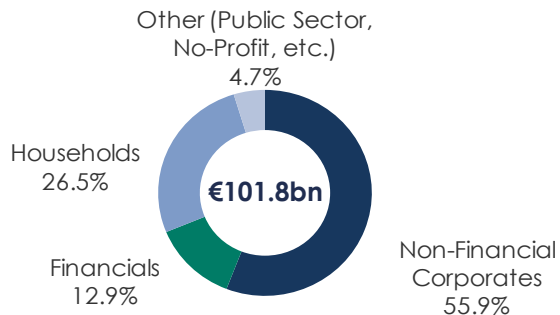
o/w: Exposure to selected sectors² with "High-potential impact" from Covid 19

€0.5bn

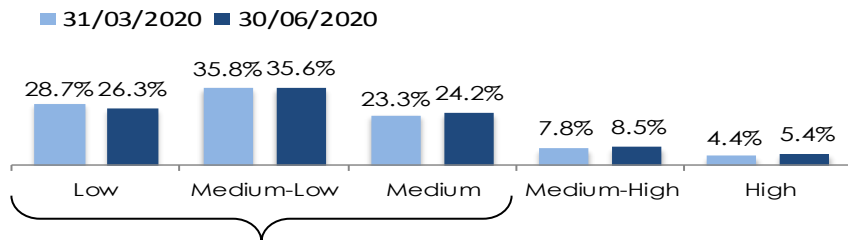
€0.3bn

PERFORMING LOANS: FOCUS ON SENSITIVITY TO COVID 19

Customer loan (GBV) breakdown as at 30/06/20¹



Performing portfolio: EAD by risk categories²



From 87.8% as at March to 86.1% as at June

Internal management data.

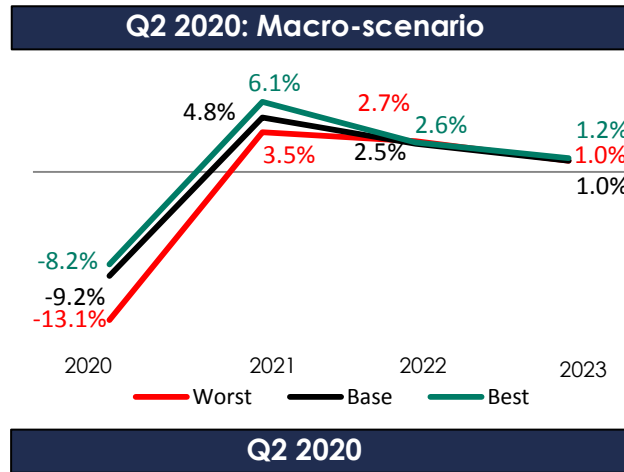
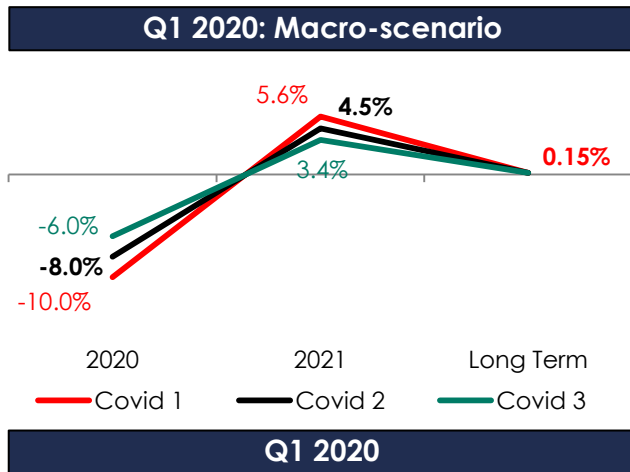


Note: 1. GBV of on balance-sheet performing exposures, excluding the GACS Senior Notes. Financials include REPOs with CC&G. 2. Includes all performing customer loans subject to the internal rating process (AIRB). Based on 11 rating classes for rated performing loans. 3. Selected sectors: Transport & Storage services; Accommodation, Restaurants & Travel Agencies; Textile Fibers & Leather; Automotive trade; Means of Transport.

Limited exposure to selected sectors³ with “High-potential Impact” from Covid 19

	Secured			
	TOTAL	o/w: with Real and/or State guar. as at 30/06/20	o/w: Acquisition of State guar. already approved to be perfected	o/w: Unsecured but with acquisition of State guar. in progress
Exposure % on Perf. Loans	€8bn	€3bn	€2bn	€3bn
	8%	3%	2%	3%
o/w: with High Risk ratings	€0.4bn	€0.2bn	€0.1bn	€0.1bn
o/w: with Mid-High Risk ratings	€1.0bn	€0.4bn	€0.2bn	€0.4bn

PERFORMING LOANS: NEW ECL ASSESSMENT DRIVEN BY A MORE SEVERE SCENARIO



Covid impact on ECL in H1 2020: ~ €140m

Macro Scenario

Methodological approach

Government measures

- Projection based on the average between short-term "Covid" scenario (average IT GDP decline in 2020 = 8%) and long-term "normal" scenario (IT GDP growth = 0.15%)
- GDP decline impacting credit portfolio on aggregated basis (satellite models)
- Included in the elaboration based on preliminary information available in the initial phase of the lockdown

- Multiscenario approach using official ECB estimates
- GDP decline disaggregated at sector level: projections on credit portfolio take into account sector-specific expectations
- Updated elaboration based on current outstanding volumes and pipeline of transactions expected to benefit from public guarantees



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H1 2020 NET INCOME: €105.2M STATED AND €128.4M ADJ.¹

Resilient performance in the adverse environment: quarterly growth in pre-provision profit (excl. FV²)

€ m	Q1 2020	Q2 2020		NEW RECLASSIFIED SCHEME	Q1 2020	Q2 2020
NII	474.1	479.5		NII	474.1	479.5
FEES & COMMISSIONS	440.6	376.4		FEES & COMMISSIONS	440.6	376.4
NET FINANCIAL RESULT	206.8	-82.7		NFR (excl. FV on Own Liabilities)	0.8	82.7
<i>o/w: FV on Own Liabilities</i>	206.0	-165.4				
TOTAL INCOME	1,160.5	836.1		TOTAL INCOME	954.4	1,001.5
OPERATING COSTS	-635.0	-613.8		OPERATING COSTS	-635.0	-613.8
PROFIT FROM OPERATIONS	525.5	222.3		PROFIT FROM OPERATIONS	319.5	387.7
LLPs	-213.2	-263.0		LLPs	-213.2	-263.0
PRE-TAX PROFIT	309.6	-59.2		PRE-TAX PROFIT	103.5	106.2
TAX	-93.8	41.4		TAX	-25.7	-13.3
SYSTEMIC CHARGES (net of taxes)	-57.5	-18.2		SYSTEMIC CHARGES (net of taxes)	-57.5	-18.2
NET INCOME BEFORE PPA	158.2	-34.4		NET INCOME BEFORE PPA & FV	20.3	76.3
PPA AFTER TAX	-6.6	-12.0		PPA AFTER TAX	-6.6	-12.0
				FV ON OWN LIABILITIES AFTER TAX	137.9	-110.7
NET INCOME	151.6	-46.4	H1 20 Net Income €105.2m	NET INCOME	151.6	-46.4

Based on a re-exposition of 'FV on own liabilities' (pre-tax) into a separate line item (post tax)

H1 20 Net Income €105.2m

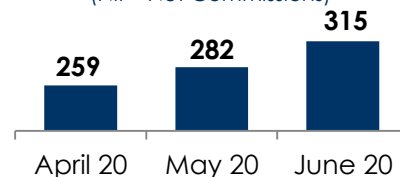
In H1 2020, NFR was strongly influenced by the effect from the change in BBPM's creditworthiness on the valuation at fair value of own liabilities issued (certificates), triggered by the Covid19 crisis, with no impact on the CET1 calculation.

SOLID H1 2020 PERFORMANCE IN “COVID-19 CONTEXT” (1/3)

OPERATING PERFORMANCE (excl. from Revenues the FV on Own Liabilities)

	Q1 2020	Q2 2020
<u>TOT. REVENUES</u>	€954m	€1,001m
<u>OPERATING COSTS</u>	-€635m	-€614m
<u>PRE-PROVISION INCOME</u>	€319m	€388m

Strong recovery of Core Revenues in June (NII + Net Commissions)



RESERVES & UNREALISED GAINS

	31/03/20	30/06/20	DELTA Q/Q
<u>RESERVES OF DEBT SECURITIES AT FVOCI</u>	-€198m	€32m	+€230m
		>€110m at the end of July 2020	
<u>UNREALISED GAINS ON DEBT SECURITIES AT AC¹</u>	€300m	€545m	+€245m
		>€660m at the end of July 2020	

Corresponding to
**+40bps on CET 1 ratio
in Q2 20**

Excellent performance
of debt securities
portfolio

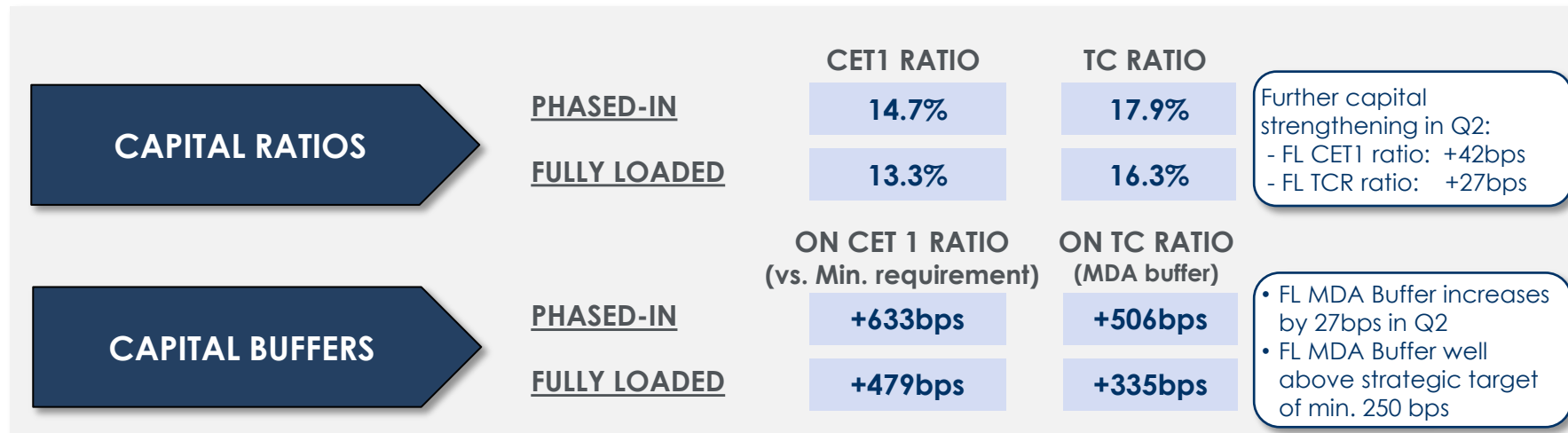
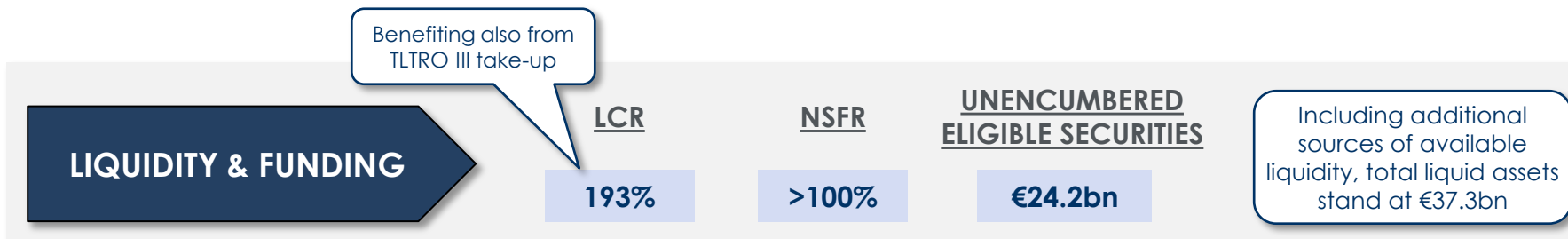
SOLID H1 2020 PERFORMANCE IN “COVID-19 CONTEXT” (2/3)

		30/06/20	DELTA Y/Y	DELTA Q/Q	
CUSTOMER VOLUMES	<u>CORE NET PERF. LOANS</u>	€95.0bn	+4.1%	+1.1%	Volume growth confirmed also in July vs. June! • Loans +1% • Core Funding +2%
	<u>C.A. & DEPOSITS</u>	€93.1bn	+8.7%	+3.2%	
	<u>AUM</u>	€57.8bn	+2.1%	+7.0%	

		31/12/19	31/03/20	30/06/20
ASSET QUALITY	<u>GROSS NPE RATIO</u>	9.1%	8.8%	8.7%
	<u>NET NPE RATIO</u>	5.2%	5.0%	5.0%
	<u>TEXAS RATIO²</u>	52.3%	50.1%	49.3%

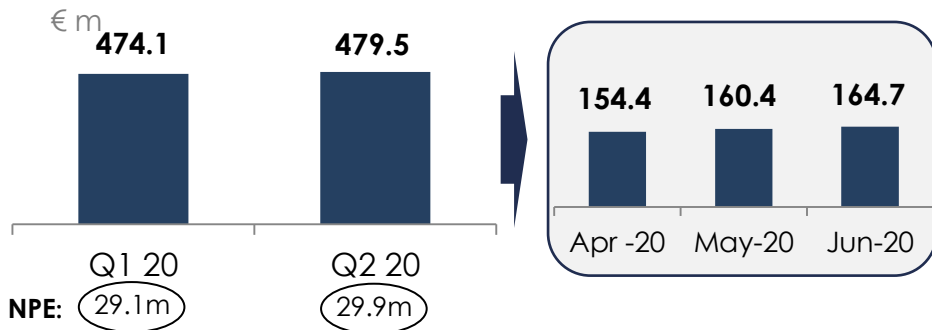
Note: 1. Internal Management data of the Commercial Network as at 31/07/20. 2. Net NPEs over Tangible Net Equity (Shareholders' Net Equity - Intangible assets).

SOLID H1 2020 PERFORMANCE IN “COVID-19 CONTEXT” (3/3)

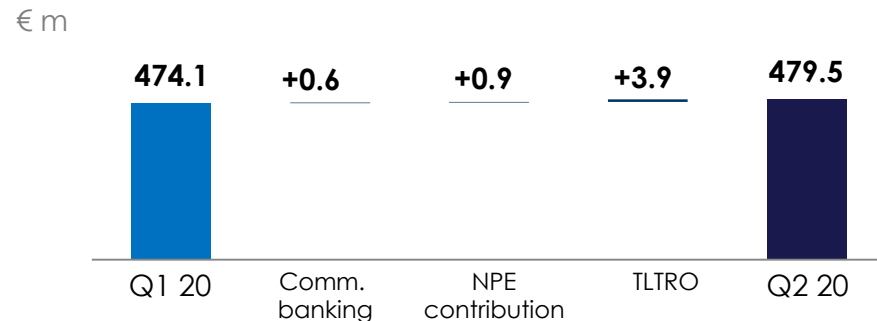


NET INTEREST INCOME: HIGHLIGHTS

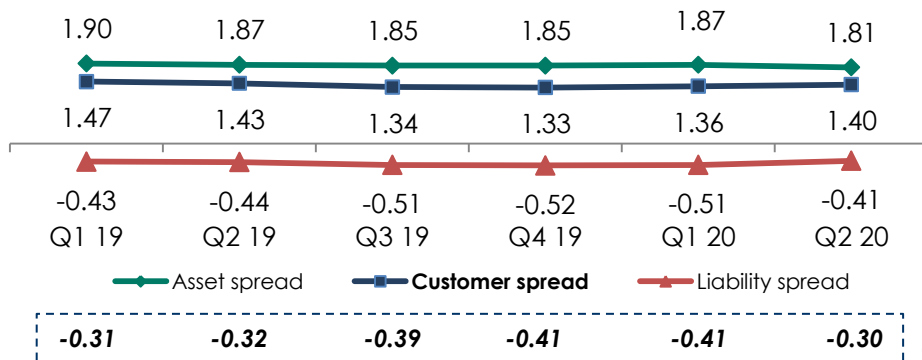
Net Interest Income



NII: Evolution Breakdown



Commercial spreads



Key asset spread drivers:

- Segment mix: volume growth mostly concentrated in Corporate Segment, in particular in MLT lending
- Rating mix: higher volumes addressed towards lowest-risk borrowers to preserve the overall quality of the loan portfolio

VOLUMES AT A GLANCE

Solid commercial performance in a challenging environment

€ bn	30/06/19	31/12/19	31/03/20	30/06/20	% chg.Y/Y	% chg. YTD	% chg. Q/Q
Net Performing Customer Loans	100.3	100.3	102.6	103.0	2.7%	2.7%	0.4%
o/w: Core Performing Customer Loans¹	91.2	91.1	94.0	95.0	4.1%	4.3%	1.1%
- Medium/Long - Term Loans	61.2	62.5	64.4	67.1	9.6%	7.3%	4.3%
- Current Accounts	10.7	10.5	10.4	9.4	-11.5%	-10.0%	-9.5%
- Other Loans	19.4	18.1	19.2	18.5	-4.6%	2.0%	-3.6%
Direct Funding²	105.2	108.9	111.5	114.4	8.8%	5.1%	2.7%
C/A & Deposits (Sight + Time)	85.6	87.8	90.2	93.1	8.7%	6.0%	3.2%
Bonds	14.4	16.1	16.6	16.4	14.1%	2.2%	-1.0%
Certificates	3.3	3.2	3.0	3.1	-4.2%	-3.4%	3.7%
Other	2.0	1.8	1.7	1.8	-5.5%	2.3%	8.3%
Indirect Funding³	89.4	89.7	82.2	88.4	-1.1%	-1.5%	7.5%
o/w: AUM	56.7	58.3	54.1	57.8	2.1%	-0.8%	7.0%
- Funds & Sicav	37.7	39.0	35.0	38.8	2.9%	-0.7%	10.9%
- Bancassurance	14.8	15.4	15.3	15.1	1.4%	-2.1%	-1.5%
- Managed Accounts & Funds of Funds	4.1	3.9	3.8	4.0	-3.1%	2.6%	4.6%

Resilient trend in loans of the Commercial Network confirmed also in July:
+€1bn vs. June⁴

Strong support from Core Funding of the Commercial Network confirmed also in July:
+€2bn vs. June⁴

Strong recovery in AUM in Q2, due both to volumes (+€1.4bn) and market effect (+2.3bn)

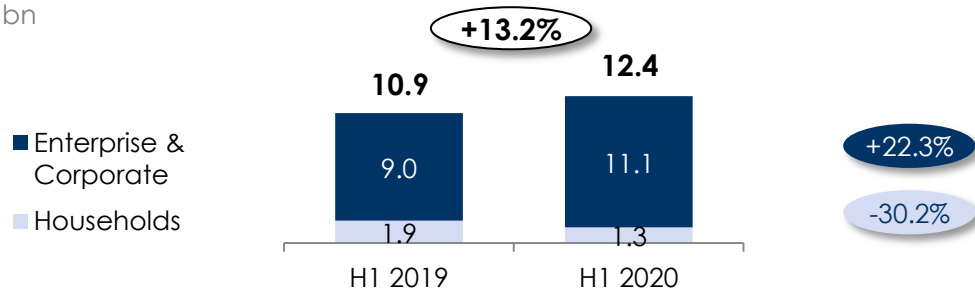
Notes: **1.** Exclude GACS senior notes, REPOs and Leasing. **2.** Restated excluding REPOs and including Capital-Protected Certificates. **3.** Restated excluding Capital-Protected Certificates from AUC. **4.** Internal Management data of the Commercial Network as at 31/07/20.

SOUND LENDING PERFORMANCE OF THE NETWORK

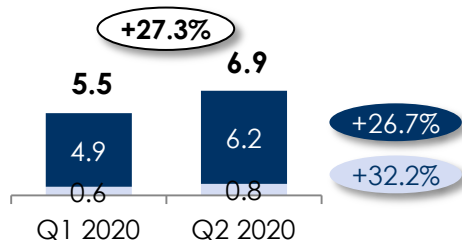
€12.4bn New Loans in H1 2020

(Management data of the commercial network¹)

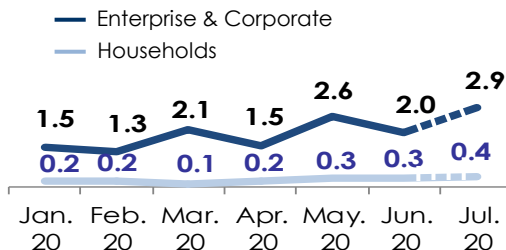
€ bn



2020 Quarterly trend



2020 Monthly trend



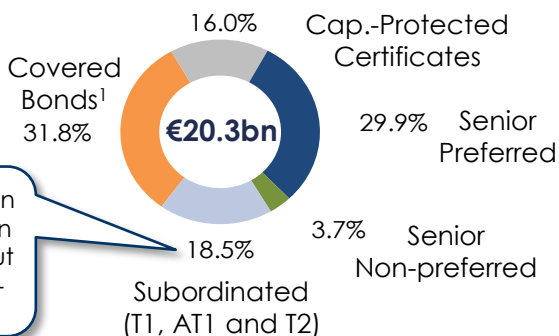
- Customer loan growth in H1 2020 supported by the strong performance in new M/L-Term lending to Enterprises and Corporate
- New State-guaranteed lending facilities represent ~29% of new lending in Q2 (~€2bn as at 30/06/20, up at €4bn as at end-July)**
- State-guaranteed new lending** (with an average spread at ~1.6%) implies:
 - Increase of the share of lending assisted by guarantees → ~60% of total new lending in July (~70% of new lending to Enterprises and Corporates)
 - Non-State-guaranteed new lending (ordinary business) more concentrated on the best risk categories

Notes: 1. Include M/L-term Mortgages (Secured and Unsecured), Personal Loans, Pool, ST/MLT Structured Finance. Exclude Agos and Profamily volumes sold by the network, but not consolidated by the Group. Exclude ST lending other than Structured Finance.

STRONG AND WELL DIVERSIFIED BOND FUNDING

Bond funding as at 30/06/2020

Nominal amounts



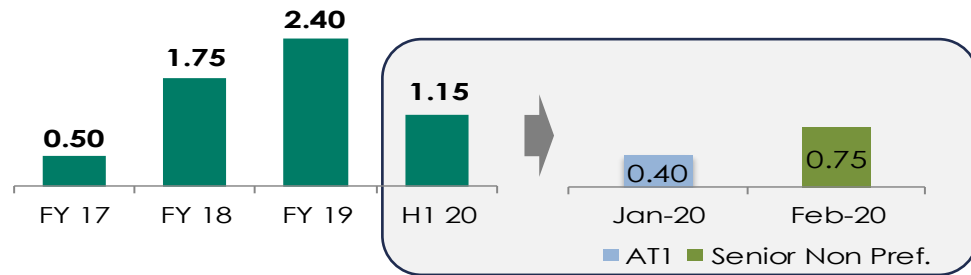
€3.7bn, o/w: ~€1.7bn not included in Own Funds Phased-in, but representing MREL-eligible funding

- Total bonds outstanding at €20.3bn
- Very manageable amount of wholesale bond maturities in H2 2020 (€2.4bn), considering €1.15bn already issued in H1 2020 (Jan. and Feb.) and the strong liquidity position (with unencumbered eligible assets at €24.2bn, highly exceeding total bonds outstanding)
- New Senior Non-Preferred successfully issued in February 2020, for a total of €750m, with a spread of 193bps

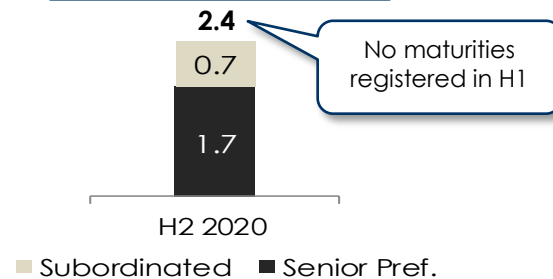
H1 2020: €1.15bn already issued, 48% of wholesale bond maturities of the year

€ bn

Wholesale bond issues



Wholesale bond maturities

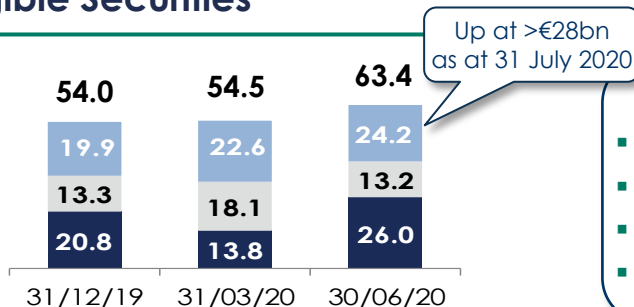


SOLID LIQUIDITY POSITION: LCR AT 193% & NSFR >100%¹

Eligible Securities²

€ bn

- Unencumb. Eligible securities
- Encumbered with Repos & other
- Encumbered with ECB

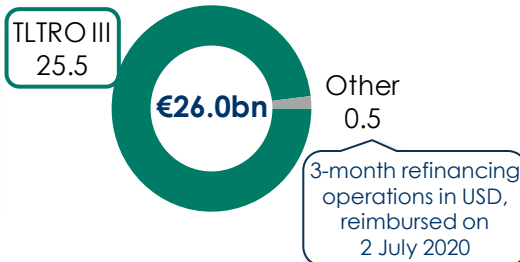


TOTAL LIQUID ASSETS AT €37.3BN, o/w:

- €24.2bn Unencumbered Eligible Securities
- €8.5bn of Excess ECB deposits (~€5bn average in H1 2020)
- €2.0bn HQLA lent³
- €2.6bn Marketable securities (unencumb. non-eligible)

ECB exposure: breakdown as at 30/06/2020

- TLTRO II completely reimbursed in June 2020 (€10.4bn)
- TLTRO III drawn:
 - €1.5bn in Dec. 2019
 - €2.0bn in March 2020
 - €22.0bn in June 2020

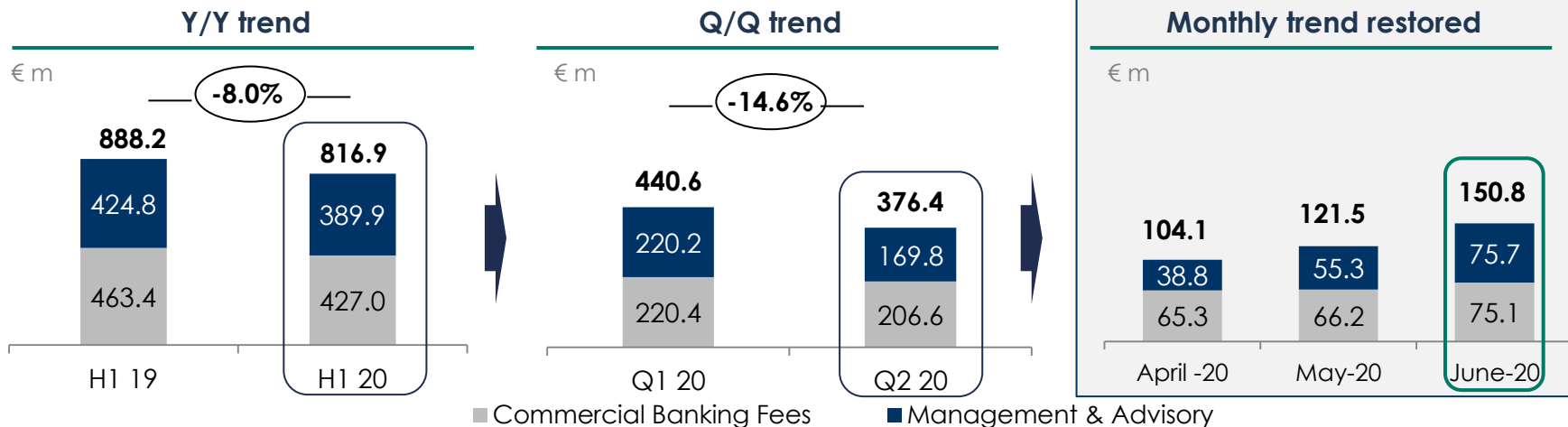


- Sizeable funding contribution also from long-term bilateral refinancing operations at **€3.4bn** euro (net of haircuts), with an average maturity of 1.7 years
- **Still large potential room for TLTRO III, with maximum take-up of €35.7bn (+€10.2bn vs. current exposure)**

Internal management data, net of haircuts.

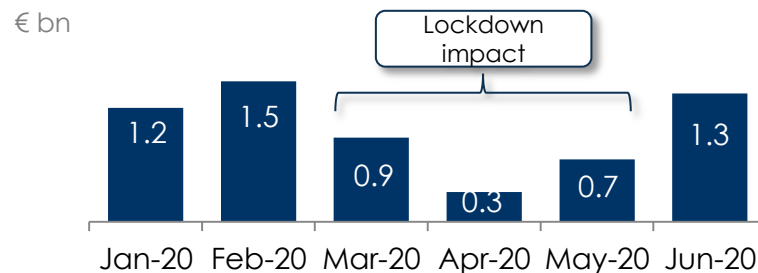
Notes: 1. Monthly LCR (June 2020) and Quarterly NSFR (Q2 2020). 2. Includes assets received as collateral. 3. Refers to securities lending (uncollateralized high quality liquid assets).

NET FEES AND COMMISSIONS



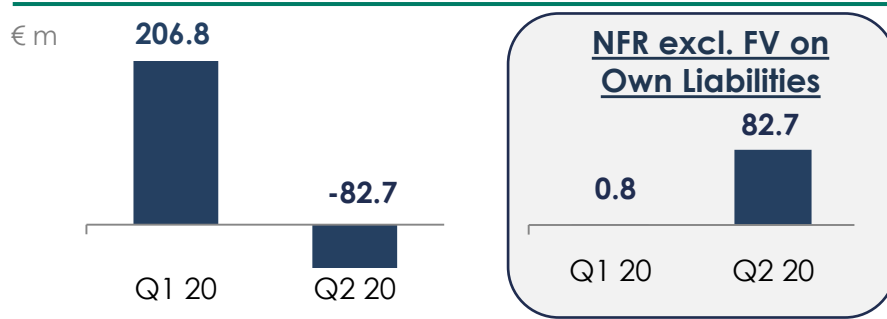
- Net fees and commissions come in at €376.4m in Q2 (-14.6% Q/Q), with April and May strongly hit by the Covid-19 crisis
- Monthly Net fees and commissions are building up again during Q2, with June back at a solid performance level of €150.8m

Investment product placements: monthly trend¹



FINANCIAL PORTFOLIO: NET FINANCIAL RESULT AND RESERVES/UNREALISED GAINS

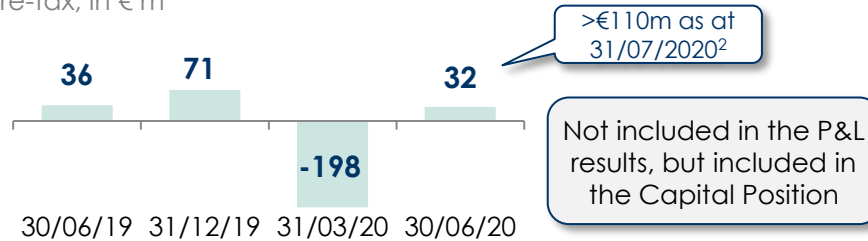
Net Financial Result



- **Stated NFR at -€82.7m in Q2** (against €206.8m in Q1) is strongly impacted by valuation effects on own liabilities
- The change in FVO included in the stated NFR (-€165.4m in Q2 vs. +€206.0m in Q1) has no impact on capital
- **Excluding the FVO effect, NFR reached a positive result of €82.7m in Q2**

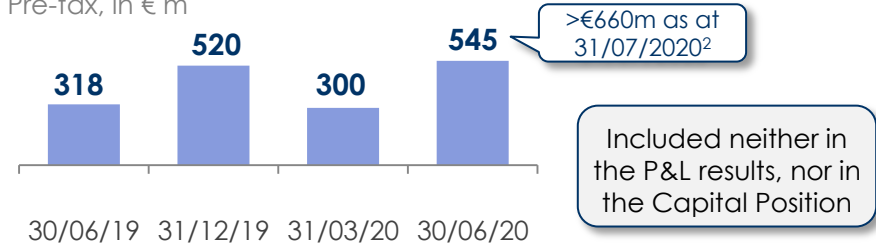
Reserves of Debt Securities at FVOCI

Pre-tax, in € m



Unrealised gains on Debt Securities at AC¹

Pre-tax, in € m



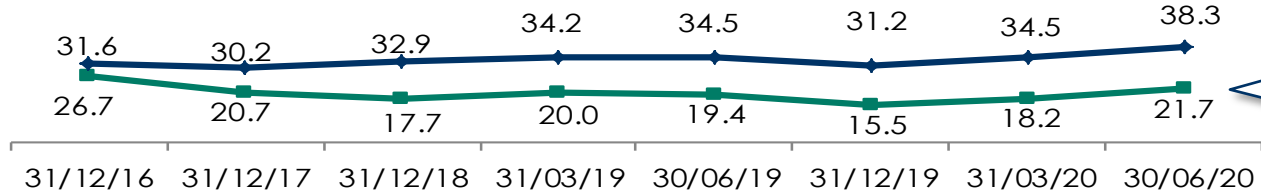
Notes: 1. Debt Securities accounted at Amortised Costs are subject to a specific policy which sets dedicated limits to the amount of disposals allowed throughout the year. 2 Internal management estimates.

DEBT SECURITIES: INCREASING THE WEIGHT OF THE AC PORTFOLIO

Evolution & Composition of Debt Securities

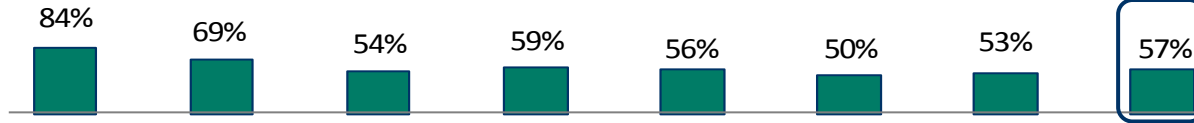
€ bn

- Debt securities
- o/w: Italian Govies



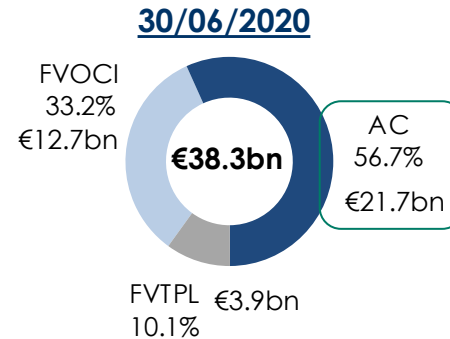
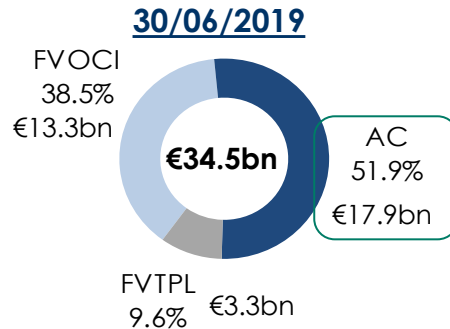
o/w: €2.9m at FVTPL

Share of Italian Govies on Debt securities



Mainly concentrated in AC portfolio (see next slide)

Classification of Debt Securities



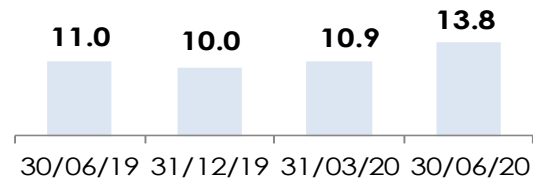
FOCUS ON GOVIES PORTFOLIO

63% maturing by next year

Italian Govies at AC

€ bn

+€2.9bn in Q2



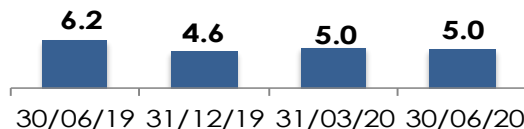
Duration in years¹

3.9

3.3

Italian Govies at FVOCI

€ bn



Duration in years¹

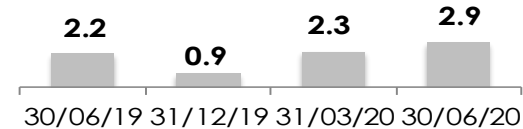
2.3

1.6

Italian Govies at FVTPL

€ bn

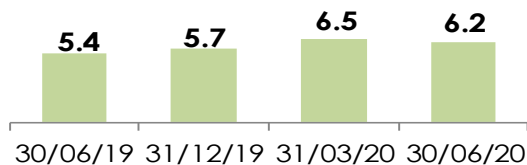
+0.6bn in Q2



Non-IT Govies at AC

€ bn

-€0.3bn in Q2



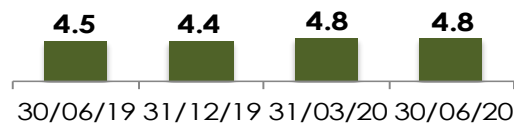
Duration in years¹

2.4

2.4

Non-IT Govies at FVOCI

€ bn



Duration in years¹

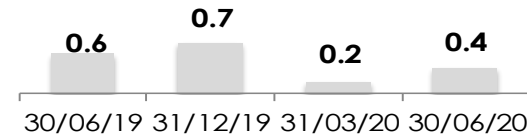
4.3

3.1

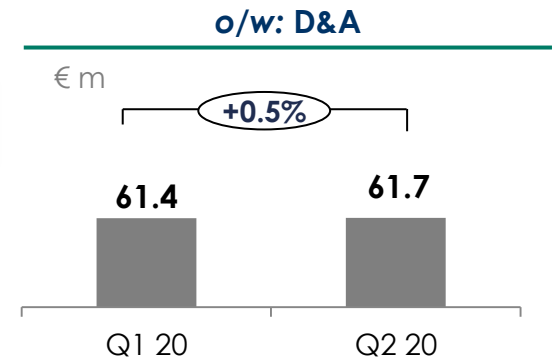
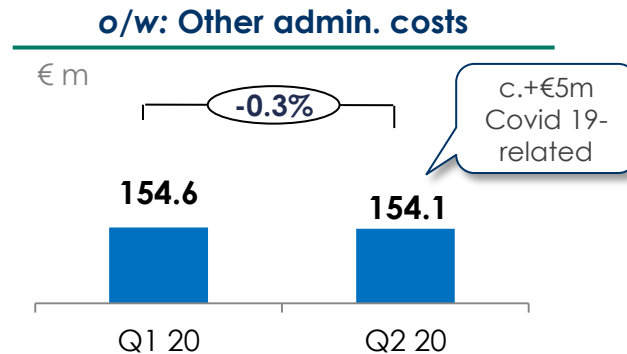
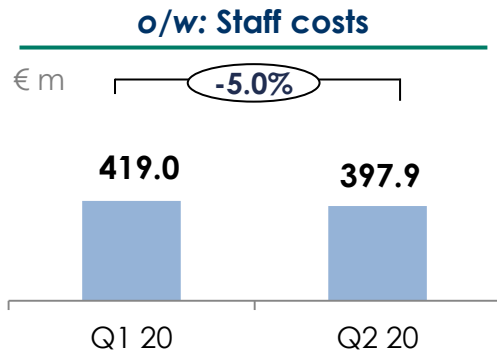
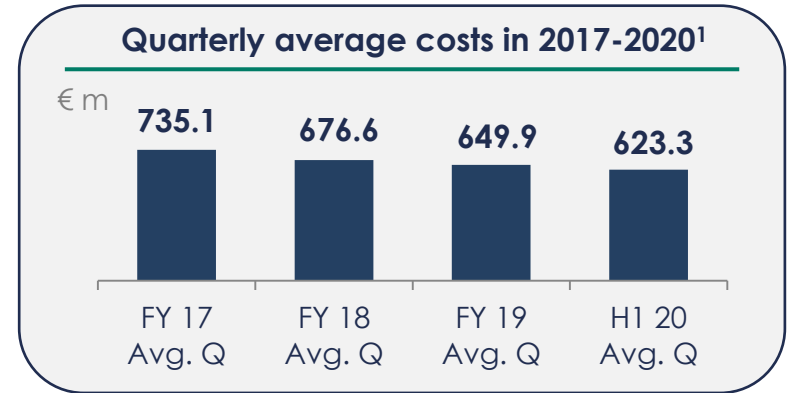
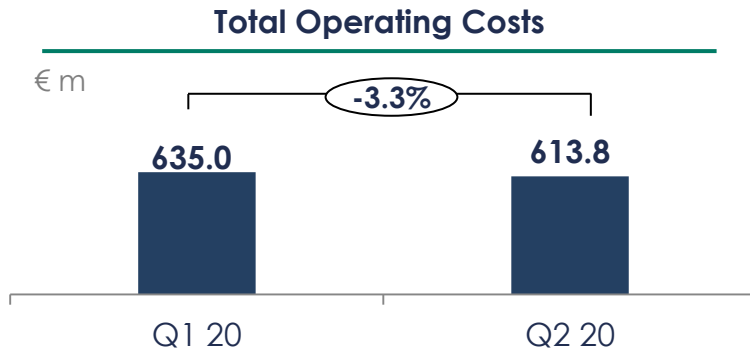
Non-IT Govies at FVTPL

€ bn

+€0.2bn in Q2



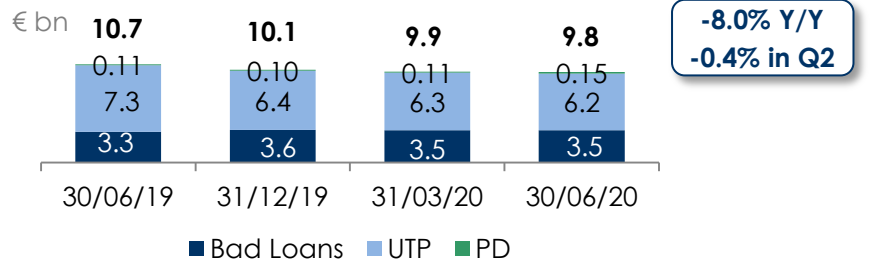
OPERATING COSTS: QUARTERLY COMPARISON



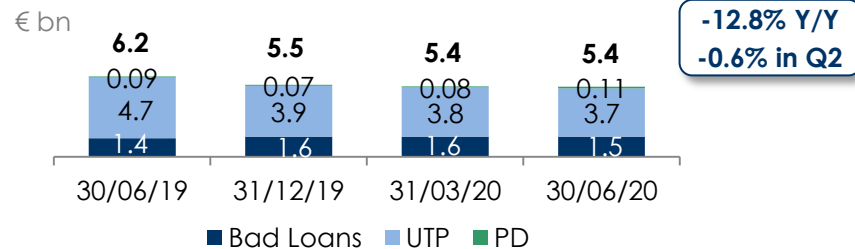
STRONG IMPROVEMENT ACROSS ASSET QUALITY METRICS

Reduction in NPE stock and ratios, with strong coverage confirmed

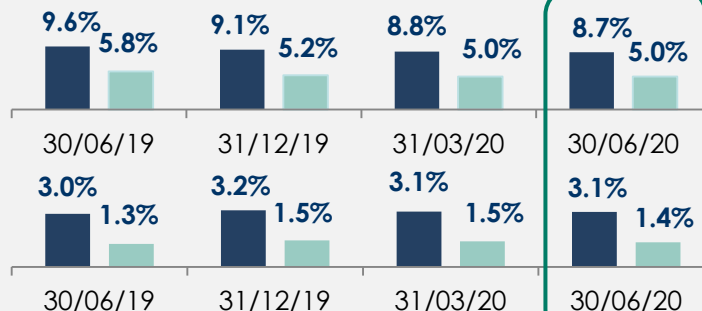
NPE Stock (GBV)



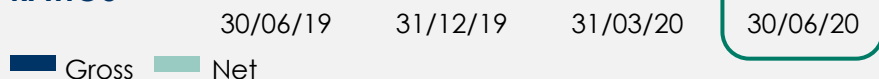
NPE Stock (NBV)



TOTAL NPE RATIOS



BAD LOAN RATIOS



BAD LOAN COVERAGE

31/12/19 31/03/20 30/06/20

56.2% 55.3% 56.1%

UTP COVERAGE

39.1% 39.6% 39.3%

PD COVERAGE

25.9% 23.7% 25.6%

TOTAL NPE COVERAGE

45.0% 45.0% 45.1%

% of Secured NPE on Total NPE (GBV)

61% 60% 60%

63.0%
incl.
write-offs

48.6%
incl.
write-offs

FLOWS & MIGRATION RATES

MIGRATION RATES

DEFAULT RATE

(from Performing Loans¹ to NPEs)

31/12/19

1.2%

30/06/20
(annualised)

1.1%

NPE DANGER RATE

(from UTP to Bad Loans)

11.1%

8.1%

CURE RATE

(from UTP to Performing Loans¹)

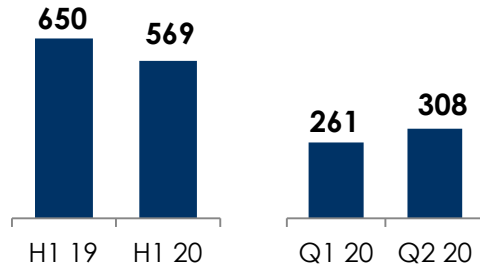
5.1%

3.7%

- H1 2020 shows a slight improvement in the Default rate as well as a better Danger rate vs. FY 2019
- The challenging macroeconomic scenario in Q2 2020 impacted mainly the outflows to performing loans

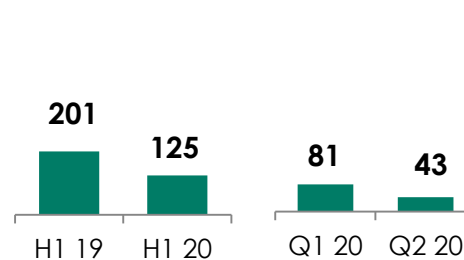
Inflows to NPEs

€ m



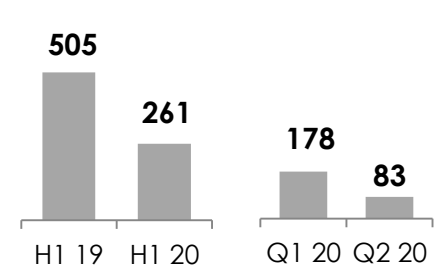
Outflows to Perf. Loans

€ m



Flows from UTP to Bad Loans

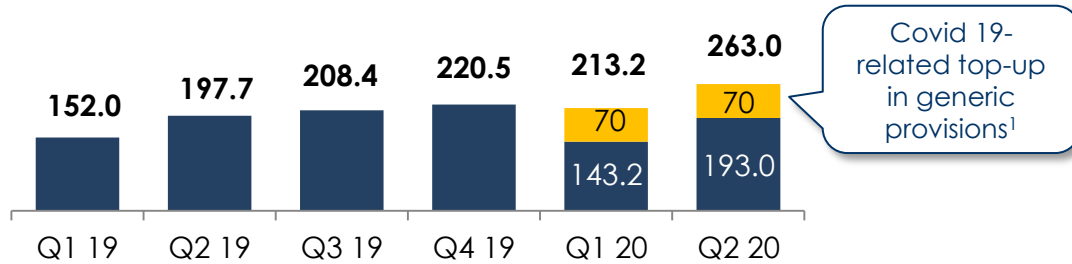
€ m



COST OF RISK

LLPs: quarterly evolution

€ m

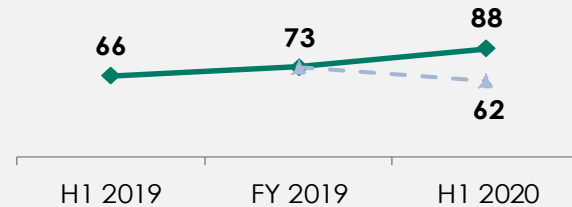


- LLPs at €476.2m in H1 2020 include €140m of a Covid-19-related top-up in generic provisions
- Annualised CoR at 88 bps, with a physiological level of 62 bps

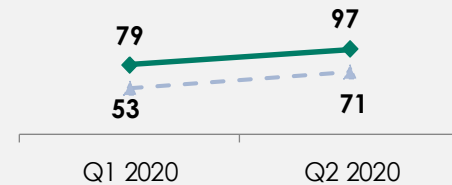
Cost of Risk²

Annualised, in bps (EoP)

— Stated CoR
 - - - Physiological CoR

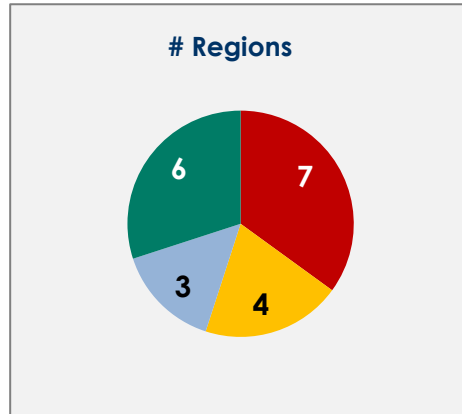


2020 quarterly analysis

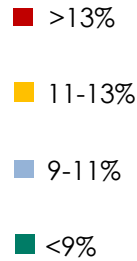


STRONG BRANCH PRESENCE IN REGIONS WITH LOWER NPE RATIO

Geographic data



Gross NPE ratio



Regional branch market shares

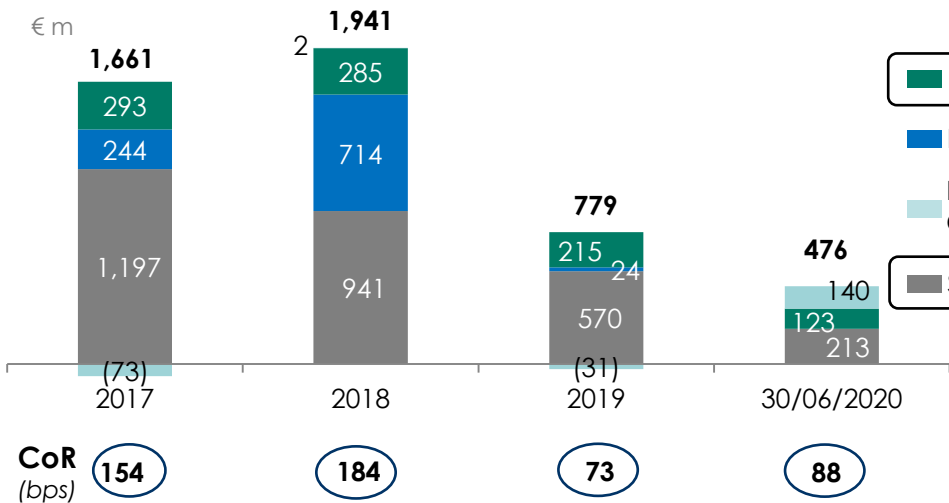
	Peer 1	Peer 2	Peer 3	BANCO BPM
>13%	16.8%	8.9%	11.0%	1.5%
11-13%	13.9%	14.4%	4.2%	6.3%
9-11%	12.6%	11.7%	3.8%	7.2%
<9%	15.2%	10.2%	7.4%	10.4%
Avg. Italy	14.7%	11.1%	6.7%	7.5%

Supportive in safeguarding the Group's asset quality profile

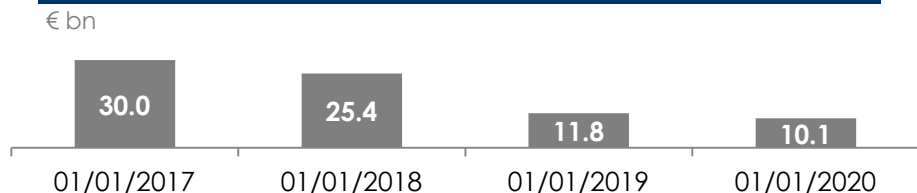
Note: Italian regions have been divided into clusters according to ranges of NPE ratios, with a calculation based on loans to the private sector (excluding the public sector)
Source: Bankit as at 31/12/2019

COST OF RISK: HISTORICAL TREND ANALYSIS

Cost of Risk: evolution of key components

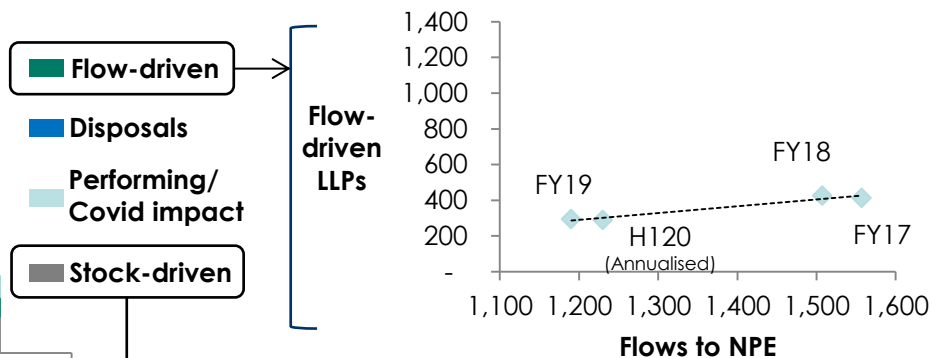


Stock of gross NPEs: evolution¹

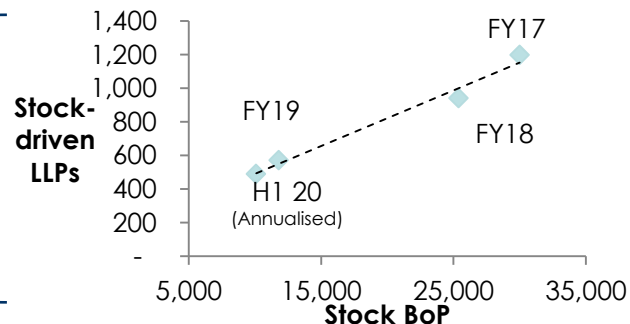


Note: 1. Data at the beginning of the period, with NPE stock levels as driver of the Cost of Risk sustained during the period.

Flow-driven LLPs / Inflows (€ m)



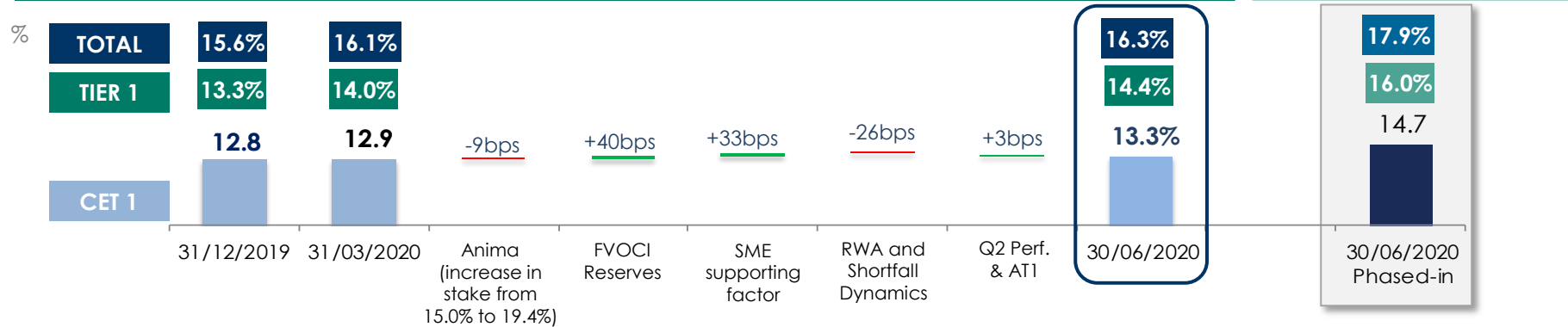
Stock-driven LLPs / BoP Stock (€ m)



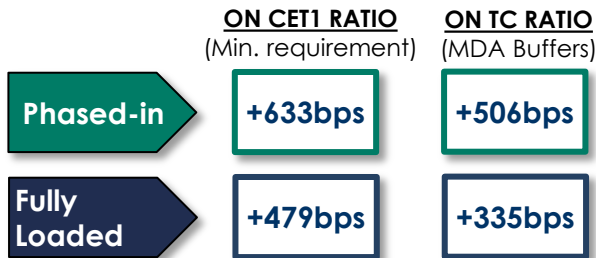
STRONG CAPITAL RATIOS & BUFFERS

CET 1 ratios further strengthened: Well positioned to face the tough scenario

Fully Loaded Capital Ratios: evolution



Capital buffers¹



- Strong FL Capital buffers: 479bps on CET 1 ratio and 335bps on TCR (MDA buffer)
- Capital ratios in Q2 benefitted from the evolution in FVOCI reserves (+40 bps) and from the SME supporting factor (+33bps)
- Q2 saw -26bps mostly from a PD-driven increase in RWA, with only a marginal benefit from State guarantees perfected as of June (higher benefit to be registered in H2), partially offset by a reduction in the Shortfall on performing loans
- The combined effect of regulatory headwinds and tailwinds is expected to come in at about -35bps in H2 2020

FINAL REMARKS

Covid-19 emergency: evolution update

- Reassuring level of recovery in June 2020, as a return to full commercial capacity is well under way, flanked by a strengthened use of digital and omnichannel-based banking
- Strong and ongoing support provided to our customer base on the back of the various measures and guarantee schemes mitigating the impact of the adverse environment

H1 2020 performance

- Stated Net income at €105.2m (Adjusted at €128.4m), with pre-provision profit (excluding the FV on own liabilities) at €707.2m (€387.7m in Q2 and €319.5m in Q1), with a gradual but consistent recovery in commission income during Q2 2020 and with tight ongoing cost containment
- Prudent provisioning policy, with the inclusion of a €140m top-up in generic loan loss provisions, in the light of the impact expected from the worsening scenario: annualised total CoR at 88bps
- No deterioration in asset quality, with Net NPE and Net Bad Loan ratios at 5.0% and 1.4% (vs. 5.2% and 1.5% at year-end 2019), respectively, on the back of supportive migration dynamics (default rate at 1.1%)
- Robust capital position: CET 1 ratio Phased-in at 14.7% and 13.3% Fully Loaded
- Optimized capital structure, with strong MDA Buffers on total capital: +506bps Phased-In and +335bps Fully Loaded
- Solid liquidity position confirmed: LCR 193% & NSFR >100%

OUTLOOK 2020

TOP LINE PERFORMANCE

- **NII CONFIRMED AT A STRONG LEVEL**, thanks to a solid trend in commercial volumes and favourable funding conditions (incl. TLTRO III). The full benefit of TLTRO III is expected in H2
- **FEES ON TRACK TOWARDS FULL POTENTIAL**, based on GDP recovery expected in H2 2020

COST MANAGEMENT

- **STRICT COST CONTROL** allowing to achieve further efficiency improvements in H2 20

COST OF RISK

- **CONFIRMED OUTLOOK OF ~90/100 BPS**

CAPITAL

- **SOLID MDA BUFFER**, well above strategic target of min. 250 bps

Agenda

1.	Covid-19: Update on Banco BPM's Response	4
2.	Key H1 2020 Performance Highlights	11
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-	Profitability	35
-	Balance Sheet	41
-	Funding and Liquidity	42
-	Customer Loans and Focus on Credit Quality	46
-	Capital Position	50

RECLASSIFIED P&L: QUARTERLY EVOLUTION

Reclassified income statement (in euro million)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Chg. Y/Y		Chg. Q/Q	
								%		%
Net interest income	499,2	512,1	495,8	474,0	474,1	479,5	-32,6	-6,4%	5,4	1,1%
Income (loss) from investments in associates carried at equity	36,8	32,6	28,0	33,9	22,3	48,0	15,4	47,2%	25,8	115,7%
Net interest, dividend and similar income	535,9	544,7	523,8	507,9	496,4	527,5	-17,2	-3,2%	31,2	6,3%
Net fee and commission income	434,5	453,7	444,1	462,2	440,6	376,4	-77,3	-17,0%	-64,2	-14,6%
Other net operating income	24,2	17,9	17,8	16,1	16,7	14,9	-3,1	-17,1%	-1,9	-11,3%
Net financial result	72,3	10,7	41,7	207,4	206,8	-82,7	-93,4	n.m.	-289,5	n.m.
Other operating income	531,0	482,3	503,5	685,7	664,1	308,5	-173,8	-36,0%	-355,6	-53,5%
Total income	1.067,0	1.027,0	1.027,3	1.193,5	1.160,5	836,1	-191,0	-18,6%	-324,4	-28,0%
Personnel expenses	-425,9	-418,0	-415,6	-437,1	-419,0	-398,0	20,0	-4,8%	21,1	-5,0%
Other administrative expenses	-167,0	-163,1	-158,6	-149,8	-154,6	-154,1	9,0	-5,5%	0,5	-0,3%
Amortization and depreciation	-63,3	-67,7	-68,6	-69,3	-61,4	-61,7	6,0	-8,9%	-0,3	0,5%
Operating costs	-656,2	-648,9	-642,8	-656,1	-635,0	-613,8	35,1	-5,4%	21,2	-3,3%
Profit (loss) from operations	410,8	378,2	384,4	537,4	525,5	222,3	-155,9	-41,2%	-303,2	-57,7%
Net adjustments on loans to customers	-152,0	-197,7	-208,4	-220,5	-213,2	-263,0	-65,3	33,0%	-49,8	23,3%
Profit (loss) on FV measurement of tangible assets	-7,5	-19,3	-0,7	-131,0	-0,3	-5,1	14,2	-73,6%	-4,8	n.m.
Net adjustments on other financial assets	-4,0	4,0	4,1	1,6	-4,7	-3,7	-7,7	n.m.	0,9	-19,9%
Net provisions for risks and charges	4,4	-10,1	-2,7	-62,6	2,2	-9,8	0,3	-2,9%	-12,0	n.m.
Profit (loss) on the disposal of equity and other investments	0,2	336,6	0,0	-3,6	0,1	0,1	-336,5	n.m.	0,0	41,8%
Income (loss) before tax from continuing operations	252,0	491,7	176,7	121,2	309,6	-59,2	-550,9	n.m.	-368,8	n.m.
Tax on income from continuing operations	-53,7	-27,4	-44,9	-26,6	-93,8	41,4	68,8	n.m.	135,2	n.m.
Systemic charges after tax	-41,6	-15,2	-31,5	-4,5	-57,5	-18,2	-2,9	19,2%	39,3	-68,4%
Income (loss) attributable to minority interests	1,2	3,2	1,8	9,2	0,0	1,5	-1,7	-52,3%	1,6	n.m.
Net income (loss) gross of PPA	157,9	452,3	102,1	99,4	158,2	-34,4	-486,7	n.m.	-192,6	n.m.
Purchase Price Allocation after tax	-2,5	-4,7	-3,8	-3,7	-6,6	-12,0	-7,3	n.m.	-5,4	82,2%
Net income (loss) for the period	155,4	447,6	98,2	95,8	151,6	-46,4	-494,0	n.m.	-198,0	n.m.

RECLASSIFIED P&L: ANNUAL COMPARISON

Reclassified income statement (in euro million)	H1 2019	H1 2020	Chg. Y/Y	Chg. Y/Y %
Net interest income	1.011,3	953,6	-57,7	-5,7%
Income (loss) from investments in associates carried at equity	69,4	70,3	0,9	1,3%
Net interest, dividend and similar income	1.080,7	1.023,9	-56,8	-5,3%
Net fee and commission income	888,2	816,9	-71,3	-8,0%
Other net operating income	42,1	31,6	-10,5	-25,0%
Net financial result	83,0	124,1	41,0	49,4%
Other operating income	1.013,3	972,6	-40,7	-4,0%
Total income	2.094,0	1.996,5	-97,5	-4,7%
Personnel expenses	-843,9	-817,0	26,9	-3,2%
Other administrative expenses	-330,2	-308,7	21,5	-6,5%
Amortization and depreciation	-131,1	-123,1	8,0	-6,1%
Operating costs	-1.305,1	-1.248,7	56,3	-4,3%
Profit (loss) from operations	788,9	747,8	-41,2	-5,2%
Net adjustments on loans to customers	-349,6	-476,2	-126,6	36,2%
Profit (loss) on FV measurement of tangible assets	-26,8	-5,4	21,4	-79,8%
Net adjustments on other financial assets	0,0	-8,4	-8,4	n.m.
Net provisions for risks and charges	-5,7	-7,6	-1,9	34,0%
Profit (loss) on the disposal of equity and other investments	336,8	0,2	-336,6	-99,9%
Income (loss) before tax from continuing operations	743,7	250,4	-493,3	-66,3%
Tax on income from continuing operations	-81,1	-52,4	28,7	-35,4%
Systemic charges after tax	-56,9	-75,7	-18,8	33,1%
Income (loss) attributable to minority interests	4,5	1,5	-3,0	-66,3%
Net income (loss) gross of PPA	610,1	123,8	-486,4	-79,7%
Purchase Price Allocation after tax	-7,2	-18,5	-11,4	n.m.
Net income (loss) for the period	603,0	105,2	-497,8	-82,5%

RESTATED P&L: ANNUAL AND QUARTERLY COMPARISON

...with restatement of FV on own liabilities into a separate line item (post-tax)

Reclassified income statement (in euro million)	H1 2019	H1 2020	Chg. Y/Y		Q1 2020	Q2 2020	Chg. Q/Q	
				%				%
Net interest income	1.011,3	953,6	-57,7	-5,7%	474,1	479,5	5,4	1,1%
Income (loss) from investments in associates carried at equity	69,4	70,3	0,9	1,3%	22,3	48,0	25,8	115,7%
Net interest, dividend and similar income	1.080,7	1.023,9	-56,8	-5,3%	496,4	527,5	31,2	6,3%
Net fee and commission income	888,2	816,9	-71,3	-8,0%	440,6	376,4	-64,2	-14,6%
Other net operating income	42,1	31,6	-10,5	-25,0%	16,7	14,9	-1,9	-11,3%
Net financial result	82,4	83,5	1,0	1,2%	0,8	82,7	82,0	n.m.
Other operating income	1.012,7	932,0	-80,7	-8,0%	458,1	473,9	15,9	3,5%
Total income	2.093,4	1.955,9	-137,5	-6,6%	954,4	1.001,5	47,0	4,9%
Personnel expenses	-843,9	-817,0	26,9	-3,2%	-419,0	-398,0	21,1	-5,0%
Other administrative expenses	-330,2	-308,7	21,5	-6,5%	-154,6	-154,1	0,5	-0,3%
Amortization and depreciation	-131,1	-123,1	8,0	-6,1%	-61,4	-61,7	-0,3	0,5%
Operating costs	-1.305,1	-1.248,7	56,3	-4,3%	-635,0	-613,8	21,2	-3,3%
Profit (loss) from operations	788,4	707,2	-81,2	-10,3%	319,5	387,7	68,3	21,4%
Net adjustments on loans to customers	-349,6	-476,2	-126,6	36,2%	-213,2	-263,0	-49,8	23,3%
Profit (loss) on FV measurement of tangible assets	-26,8	-5,4	21,4	-79,8%	-0,3	-5,0	-4,7	n.m.
Net adjustments on other financial assets	0,0	-8,4	-8,4	n.m.	-4,7	-3,7	0,9	-19,9%
Net provisions for risks and charges	-5,7	-7,6	-1,9	34,0%	2,2	-9,8	-12,0	n.m.
Profit (loss) on the disposal of equity and other investments	336,8	0,2	-336,6	-99,9%	0,1	0,1	0,0	41,8%
Income (loss) before tax from continuing operations	743,1	209,8	-533,3	-71,8%	103,5	106,3	2,7	2,6%
Tax on income from continuing operations	-80,9	-39,0	41,9	-51,8%	-25,7	-13,3	12,4	-48,3%
Systemic charges after tax	-56,9	-75,7	-18,8	33,1%	-57,5	-18,2	39,3	-68,4%
Income (loss) attributable to minority interests	4,5	1,5	-3,0	-66,3%	0,0	1,5	1,6	n.m.
Net income (loss) gross of PPA and net of valuation effect on own liabilities	609,7	96,6	-513,2	-84,2%	20,3	76,3	56,1	n.m.
Purchase Price Allocation after tax	-7,2	-18,5	-11,4	n.m.	-6,7	-12,0	-5,3	79,7%
Fair value on own liabilities after Taxes	0,4	27,2	26,8	n.m.	137,9	-110,7	-248,7	n.m.
Net income (loss) for the period	603,0	105,2	-497,8	-82,5%	151,5	-46,4	-197,9	n.m.

ADJUSTED P&L: ANNUAL COMPARISON

...with restatement of FV on own liabilities into a separate line item (post-tax)

Reclassified income statement (in euro million)	H1 2019 adjusted	H1 2020 adjusted	Chg. Y/Y	Chg. Y/Y %
Net interest income	1.011,3	953,6	57,7	-5,7%
Income (loss) from investments in associates carried at equity	69,4	70,3	-0,9	1,3%
Net interest, dividend and similar income	1.080,7	1.023,9	56,8	-5,3%
Net fee and commission income	888,2	816,9	71,3	-8,0%
Other net operating income	42,1	31,6	10,5	-25,0%
Net financial result	82,4	83,5	-1,0	1,2%
Other operating income	1.012,7	932,0	80,7	-8,0%
Total income	2.093,4	1.955,9	137,5	-6,6%
Personnel expenses	-843,9	-817,0	-26,9	-3,2%
Other administrative expenses	-330,2	-308,7	-21,5	-6,5%
Amortization and depreciation	-130,4	-121,0	-9,4	-7,2%
Operating costs	-1.304,4	-1.246,6	-57,8	-4,4%
Profit (loss) from operations	789,0	709,3	79,7	-10,1%
Net adjustments on loans to customers	-349,6	-476,2	126,6	36,2%
Profit (loss) on FV measurement of tangible assets	0,0	0,0	0,0	-
Net adjustments on other financial assets	0,0	-8,4	8,4	n.m.
Net provisions for risks and charges	9,6	-7,6	17,2	-179,0%
Profit (loss) on the disposal of equity and other investments	0,0		0,0	-
Income (loss) before tax from continuing operations	449,0	217,1	232,0	-51,7%
Tax on income from continuing operations	-103,8	-41,1	-62,7	-60,4%
Systemic charges after tax	-41,6	-57,5	15,9	38,2%
Income (loss) attributable to minority interests	3,9	1,3	2,7	-67,9%
Net income (loss) gross of PPA and net of valuation effect on own liabilities	307,6	119,7	187,9	-61,1%
Purchase Price Allocation after tax	-7,2	-18,5	11,4	n.m.
Fair value on own liabilities after Taxes	0,4	27,2	-26,8	n.m.
Net income (loss) for the period	300,8	128,4	172,4	-57,3%

ADJUSTED P&L: DETAILS ON NON-RECURRING ITEMS

...with restatement of FV on own liabilities into a separate line item (post-tax)

Reclassified income statement (in euro million)	H1 2020	H1 2020 adjusted	One-off	Non-recurring items and extraordinary systemic charges
Net interest income	953,6	953,6	0,0	
Income (loss) from investments in associates carried at equity	70,3	70,3	0,0	
Net interest, dividend and similar income	1.023,9	1.023,9	0,0	
Net fee and commission income	816,9	816,9	0,0	
Other net operating income	31,6	31,6	0,0	
Net financial result	83,5	83,5	0,0	
Other operating income	932,0	932,0	0,0	
Total income	1.955,9	1.955,9	0,0	
Personnel expenses	-817,0	-817,0	0,0	
Other administrative expenses	-308,7	-308,7	0,0	
Amortization and depreciation	-123,1	-121,0	-2,1	Adjustments on intangible assets
Operating costs	-1.248,7	-1.246,6	-2,1	
Profit (loss) from operations	707,2	709,3	-2,1	
Net adjustments on loans to customers	-476,2	-476,2	0,0	
Profit (loss) on FV measurement of tangible assets	-5,4	0,0	-5,4	Application of the new valuation model on properties and artworks
Net adjustments on other financial assets	-8,4	-8,4	0,0	
Net provisions for risks and charges	-7,6	-7,6	0,0	
Profit (loss) on the disposal of equity and other investments	0,2		0,2	Real Estate gains
Income (loss) before tax from continuing operations	209,8	217,1	-7,3	
Tax on income from continuing operations	-39,0	-41,1	2,1	Extraordinary positive fiscal items
Systemic charges after tax	-75,7	-57,5	-18,2	Additional contribution to Italian resolution fund
Income (loss) attributable to minority interests	1,5	1,3	0,2	Other
Net income (loss) gross of PPA and net of valuation effect on own liabilities	96,6	119,7	-23,1	
Purchase Price Allocation after tax	-18,5	-18,5	0,0	
Fair value on own liabilities after Taxes	27,2	27,2	0,0	
Net income (loss) for the period	105,2	128,4	-23,2	

COMPREHENSIVE PROFITABILITY

€ m

	Q1 2019	Q2 2019	Q1 2020	Q2 2020	H1 2019	H1 2020
A. P&L NET INCOME	155.4	447.6	151.6	-46.4	603.0	105.2
B. OTHER NET INCOME DIRECTLY ACCOUNTED TO EQUITY	110.5	13.5	-289.7	151.1	124.0	-138.7
<i>o/w Tangible assets at Fair Value</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>o/w Reserves of Debt Securities at FVOCI (net of tax)</i>	91.5	64.3	-180.1	154.3	155.8	-25.7
<i>o/w Reserves of Equity Securities at FVOCI (net of tax)</i>	19.5	-31.9	-114.9	-5.4	-12.3	-120.3
A.+B. COMPREHENSIVE NET INCOME OF THE GROUP	265.9	461.1	-138.1	104.7	727.0	-33.4

- H1 2019 Net Income includes the capital gains from the sale of Profamily Captive and from the JV on the NPL platform (€326.2m post-tax)
- H1 2020 Net Income includes a Covid-19-related top-up in generic provisions (€93.7m post-tax)

RECLASSIFIED BALANCE SHEET AS AT 30/06/2020

Reclassified assets (€ m)	Restated				Chg. y/y		Chg. YTD		Chg. in Q2	
	30/06/19	31/12/19	31/03/20	30/06/20	Value	%	Value	%	Value	%
Cash and cash equivalents	795	913	755	838	44	5.5%	-74	-8.1%	83	11.0%
Loans and advances measured at AC	112,408	115,890	116,021	121,213	8,805	7.8%	5,323	4.6%	5,192	4.5%
- Loans and advances to banks	7,308	10,044	8,004	12,825	5,516	75.5%	2,780	27.7%	4,821	60.2%
- Loans and advances to customers (*)	105,100	105,845	108,018	108,389	3,289	3.1%	2,543	2.4%	371	0.3%
Other financial assets	39,184	37,069	39,485	43,885	4,701	12.0%	6,816	18.4%	4,401	11.1%
- Assets measured at FV through PL	7,496	7,285	7,301	9,075	1,579	21.1%	1,790	24.6%	1,774	24.3%
- Assets measured at FV through OCI	13,764	12,527	13,206	13,112	-652	-4.7%	585	4.7%	-94	-0.7%
- Assets measured at AC	17,925	17,257	18,978	21,698	3,774	21.1%	4,441	25.7%	2,721	14.3%
Equity investments	1,320	1,386	1,329	1,577	257	19.5%	191	13.8%	248	18.7%
Property and equipment	3,527	3,624	3,585	3,522	-5	-0.1%	-102	-2.8%	-63	-1.7%
Intangible assets	1,261	1,269	1,270	1,261	0	0.0%	-9	-0.7%	-9	-0.7%
Tax assets	4,876	4,620	4,698	4,628	-248	-5.1%	9	0.2%	-69	-1.5%
Non-current assets held for sale and discont. operations	1,545	131	139	105	-1,440	-93.2%	-26	-19.7%	-33	-24.1%
Other assets	2,920	2,136	2,057	2,385	-535	-18.3%	249	11.7%	327	15.9%
Total	167,837	167,038	169,339	179,415	11,579	6.9%	12,377	7.4%	10,077	6.0%
Reclassified liabilities (€ m)	30/06/19	31/12/19	31/03/20	30/06/20	Value	%	Value	%	Value	%
Due to banks	31,189	28,516	21,873	32,930	1,741	5.6%	4,414	15.5%	11,056	50.5%
Direct Funding	110,185	109,506	111,660	115,234	5,048	4.6%	5,727	5.2%	3,574	3.2%
- Due from customers	95,698	93,375	95,018	98,769	3,072	3.2%	5,394	5.8%	3,751	3.9%
- Debt securities and financial liabilities desig. at FV	14,487	16,131	16,641	16,464	1,977	13.6%	333	2.1%	-177	-1.1%
Debts for Leasing	782	733	707	682	-100	-12.7%	-51	-6.9%	-25	-3.5%
Other financial liabilities designated at FV	8,104	10,919	16,900	11,499	3,395	41.9%	579	5.3%	-5,401	-32.0%
Liability provisions	1,552	1,487	1,417	1,278	-274	-17.7%	-209	-14.1%	-140	-9.8%
Tax liabilities	503	619	669	612	108	21.6%	-8	-1.2%	-58	-8.6%
Liabilities associated with assets held for sale	40	5	5	4	-36	-89.4%	-1	-17.3%	-1	-13.7%
Other liabilities	4,174	3,366	3,965	4,942	769	18.4%	1,576	46.8%	977	24.6%
Minority interests	39	26	26	25	-14	-36.3%	-2	-5.8%	-2	-5.9%
Shareholders' equity	11,270	11,861	12,116	12,211	941	8.3%	350	2.9%	95	0.8%
Total	167,837	167,038	169,339	179,415	11,579	6.9%	12,377	7.4%	10,077	6.0%



Note: * "Customer loans" include the Senior Notes of the two GACS transactions and, as at 30/06/19, exclude Profamily non-captive portfolio classified as discontinued operations (see Methodological Notes).

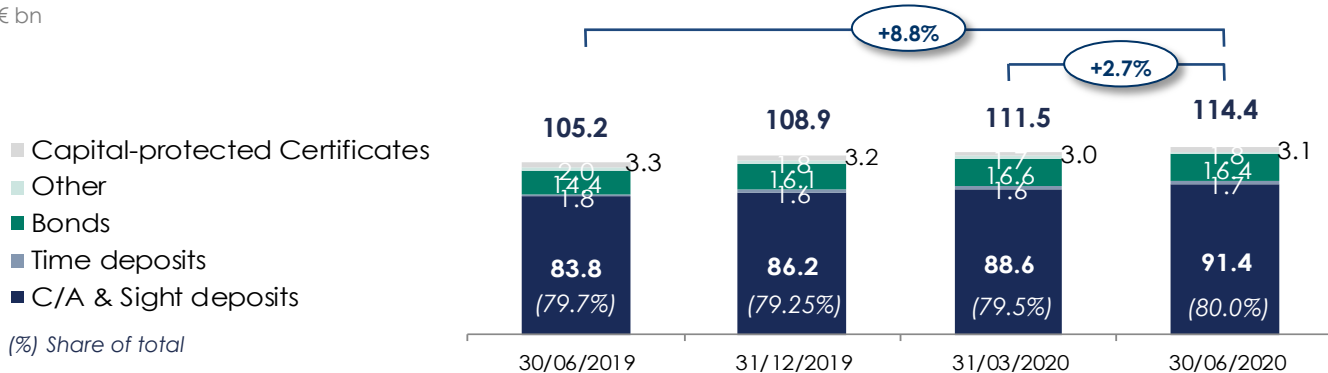
30/06/2019 data are restated for the incorporation of the effects due to the change of the valuation criteria applied to the Group's properties and artworks starting from 31/12/2019.

DIRECT FUNDING

Solid position confirmed in core deposits, which account for 80% of the total

Direct customer funding¹ (*without* Repos)

€ bn



CHANGE	30/06/19	31/12/19	31/03/20	30/06/20	In % Y/Y	In % YTD	In % Q1
C/A & Sight deposits	83.8	86.2	88.6	91.4	9.1%	6.1%	3.1%
Time deposits	1.8	1.63	1.56	1.66	-9.7%	2.1%	6.6%
Bonds	14.4	16.1	16.6	16.4	14.1%	2.2%	-1.0%
Other	2.0	1.8	1.7	1.8	-5.5%	2.3%	8.3%
Capital-protected Certificates	3.3	3.2	3.0	3.1	-4.2%	-3.4%	3.7%
Direct Funding (excl. Repos)	105.2	108.9	111.5	114.4	8.8%	5.1%	2.7%

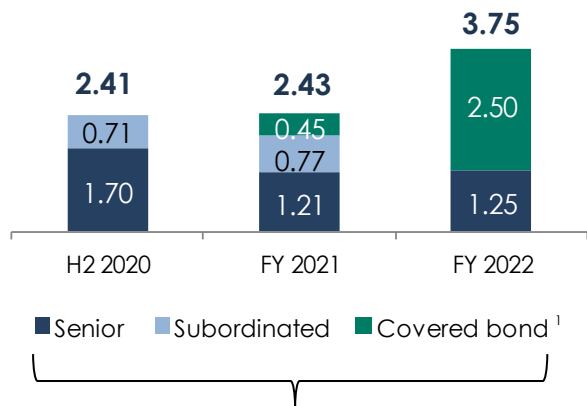
Note:

1. Direct funding restated according to a management logic: it includes capital-protected certificates, recognized essentially under 'Held-for-trading liabilities', while it does not include Repos (€3.9bn at June 2020 vs. €8.2bn at June 2019), mainly transactions with Cassa di Compensazione e Garanzia.

BOND MATURITIES: LIMITED AND MANAGEABLE AMOUNTS

Institutional bond maturities

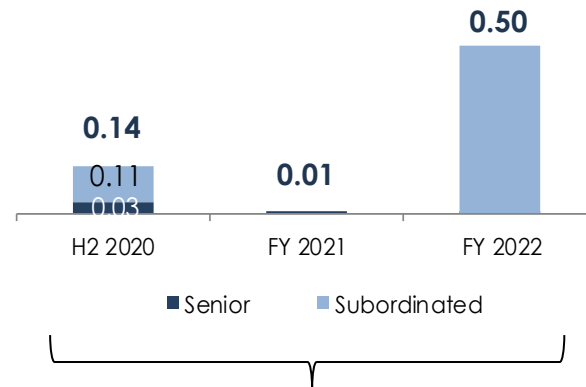
€ bn



Aggregate senior & subordinated in the period 2020-2022: €5.6bn

Retail bond maturities

€ bn



Aggregate senior & subordinated in the period 2020-2022: €0.7bn

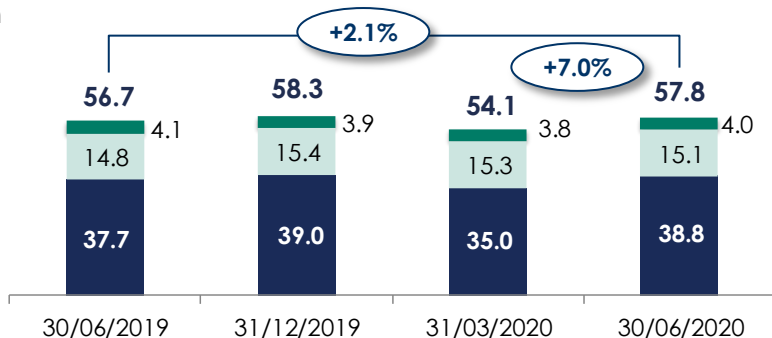
Managerial data based on nominal amounts, including calls.

Note: 1. Include also the maturities of Repos with underlying retained Covered Bonds: €0.45bn in 2021 and €0.50bn in 2022

INDIRECT CUSTOMER FUNDING AT €88.4BN

Assets under Management

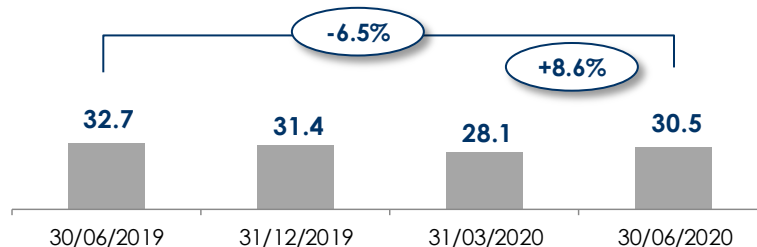
€ bn



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

Assets under Custody¹

€ bn



- Total Indirect Customer Funding at €88.4bn, slightly below the level as at 30 June 2019 (-1.1%), entirely due to the market effect, but with a strong recovery registered in Q2 thanks to volume effect (+€1.8bn) and market effect (+€4.4bn)
- AUM shows resilience also on an annual basis, driven by Q2 performance. Positive volume effect both y/y (€+1.7bn) and in Q2 (€+1.4bn).
- AUC decrease by 6.5% y/y, mainly driven by volume effect (-€1.6bn), with a recovery in Q2.

Management data of the commercial network. AUC historic data restated for managerial adjustments.

Note: 1. AuC data are net of capital-protected certificates, as they have been regrouped under Direct Funding (see slide 42).

SECURITIES PORTFOLIO

€ bn

	30/06/19	31/12/19	31/03/20	30/06/20	Chg. y/y	Chg. YTD	Chg. in Q2
Debt securities	34.5	31.2	34.5	38.3	10.9%	22.6%	10.9%
- o/w Total Govies	29.9	26.4	29.6	33.1	10.7%	25.2%	11.7%
- o/w: Italian Govies	19.4	15.5	18.2	21.7	11.9%	39.9%	19.6%
IT Govies in % on Debt Securities	56.2%	49.7%	52.6%	56.7%			
Equity securities, Open-end funds & Private equity	2.3	2.5	1.7	1.6	-32.6%	-38.2%	-7.3%
TOTAL SECURITIES	36.9	33.8	36.2	39.9	8.1%	18.0%	10.0%

€ bn

	30/06/19	31/12/19	31/03/20	30/06/20	Chg. y/y	Chg. YTD	Chg. in Q2
Govies at FVOCI	10.7	9.1	9.8	9.8	-8.4%	7.6%	-0.4%
- Italian	6.2	4.6	5.0	5.0	-18.9%	7.6%	-1.2%
- Non Italian	4.5	4.4	4.8	4.8	6.1%	7.5%	0.3%
Govies at AC	16.5	15.7	17.4	20.0	21.7%	27.2%	15.1%
- Italian	11.0	10.0	10.9	13.8	25.0%	37.8%	27.0%
- Non Italian	5.4	5.7	6.5	6.2	15.0%	8.7%	-4.6%
Govies at FVTPL	2.8	1.6	2.4	3.3	18.3%	104.3%	36.7%
- Italian	2.2	0.9	2.3	2.9	32.7%	232.9%	30.5%
- Non Italian	0.6	0.7	0.2	0.4	-36.0%	-49.3%	116.6%

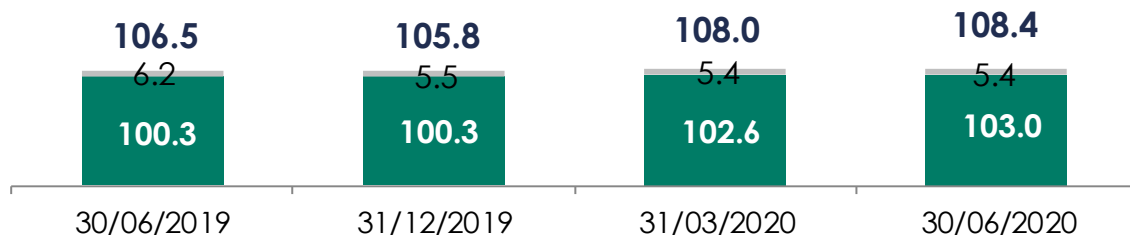
NET CUSTOMER LOANS

Satisfactory increase in Performing Loans, with new loans granted at €12.4bn in H1 2020¹

Net Customer Loans²

€ bn

■ NPE
■ Performing Loans



NET PERFORMING LOANS	30/06/19	31/12/19	31/03/20	30/06/20	CHANGE		
					ln % y/y	ln % YTD	ln % q/q
Core customer loans	91.2	91.1	94.0	95.0	4.1%	4.3%	1.1%
- Medium/Long-Term loans	61.2	62.5	64.4	67.1	9.6%	7.3%	4.3%
- Current Accounts	10.7	10.5	10.4	9.4	-11.5%	-10.0%	-9.5%
- Other loans	17.4	16.1	17.3	16.6	-4.4%	3.2%	-4.0%
- Cards & Personal Loans	2.0	2.0	1.8	1.8	-5.8%	-7.6%	0.0%
Leasing	1.0	1.0	0.9	0.9	-12.4%	-5.0%	-1.5%
Repos	5.2	5.7	5.3	4.7	-9.4%	-17.4%	-10.0%
GACS Senior Notes	2.8	2.5	2.4	2.3	-16.1%	-6.5%	-4.1%
Total Net Performing Loans	100.3	100.3	102.6	103.0	2.7%	2.7%	0.4%

Net Performing loans in Stage 2
at €6.6bn as at 30/06/20
(€5.7bn as at 31/12/19), with a
coverage of 3.8% (3.5% as at
31/12/19)

Notes: 1. Management data. See slide 18 for details. 2. Loans and advances to customers at Amortized Cost, including also the GACS senior notes (Exodus since June 2018 and, moreover, ACE since March 2019).

Data as at 30/06/19 are adjusted for the reclassification of the Profamily non-Captive loan portfolio (see Methodological Notes).

ASSET QUALITY DETAILS

GROSS EXPOSURES €/m and %	30/06/2019	31/12/2019	31/03/2020	30/06/2020	Chg. y/y		Chg. YTD		Chg. in Q2	
	Incl. Profamily				Value	%	Value	%	Value	%
Bad Loans	3,338	3,565	3,517	3,530	192	5.8%	-34	-1.0%	13	0.4%
UTP	7,257	6,424	6,252	6,159	-1,098	-15.1%	-265	-4.1%	-93	-1.5%
Past Due	105	98	106	150	45	42.6%	51	52.1%	44	41.1%
NPE	10,700	10,087	9,875	9,839	-861	-8.0%	-248	-2.5%	-36	-0.4%
Performing Loans	100,648	100,631	102,962	103,431	2,783	2.8%	2,800	2.8%	469	0.5%
TOTAL CUSTOMER LOANS	111,348	110,718	112,837	113,269	1,921	1.7%	2,552	2.3%	432	0.4%

NET EXPOSURES €/m and %	30/06/2019	31/12/2019	31/03/2020	30/06/2020	Chg. y/y		Chg. YTD		Chg. in Q2	
	Incl. Profamily				Value	%	Value	%	Value	%
Bad Loans	1,428	1,560	1,571	1,549	121	8.5%	-10	-0.7%	-21	-1.4%
UTP	4,681	3,912	3,778	3,739	-942	-20.1%	-173	-4.4%	-39	-1.0%
Past Due	85	73	81	111	26	30.8%	38	52.7%	30	37.5%
NPE	6,194	5,544	5,430	5,399	-795	-12.8%	-145	-2.6%	-30	-0.6%
Performing Loans	100,276	100,301	102,588	102,989	2,713	2.7%	2,688	2.7%	401	0.4%
TOTAL CUSTOMER LOANS	106,470	105,845	108,018	108,389	1,919	1.8%	2,543	2.4%	371	0.3%

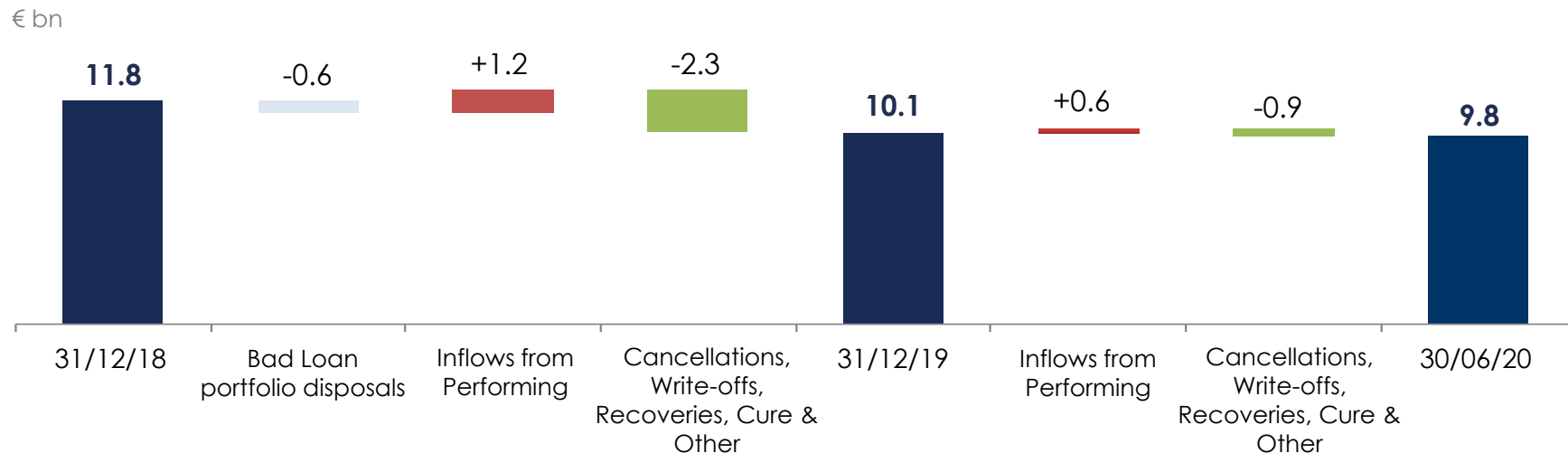
COVERAGE %	30/06/2019	31/12/2019	31/03/2020	30/06/2020
	Incl. Profamily			
Bad Loans	57.2%	56.2%	55.3%	56.1%
UTP	35.5%	39.1%	39.6%	39.3%
Past Due	18.9%	25.9%	23.7%	25.6%
NPE	42.1%	45.0%	45.0%	45.1%
Performing Loans	0.37%	0.33%	0.36%	0.43%
TOTAL CUSTOMER LOANS	4.4%	4.4%	4.3%	4.3%

Data refer to Loans and advances to customers measured at Amortized Cost, including also the GACS Senior Notes.

Data as at 30/06/19 are adjusted for the reclassification of the Profamily non-Captive loan portfolio (see Methodological Notes).

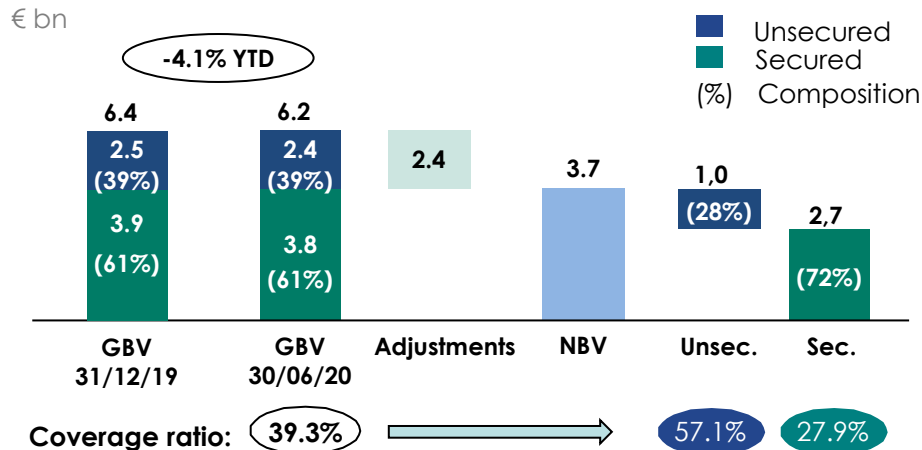
IMPROVING TREND IN ASSET QUALITY

NPE, gross book value: -€1.7bn in 2019 and further -€0.3bn in H1 2020

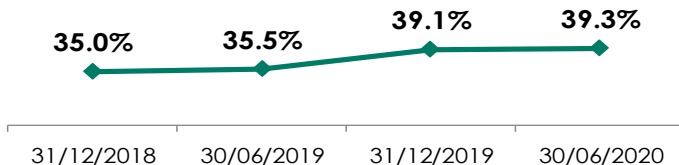


UTP LOANS: HIGH SHARE OF RESTRUCTURED AND SECURED POSITIONS

UTP analysis



UTP Coverage: +4.3 p.p. since YE 2018



Breakdown of Net UTPs

€ bn

	31/12/19	30/6/20	% Chg.
Restructured	1.7	1.6	-5.9%
- Secured	0.9	0.9	0.0%
- Unsecured	0.8	0.7	-12.5%
Other UTP	2.2	2.1	-4.5%
- Secured	1.9	1.8	-5.3%
- Unsecured	0.3	0.3	0.0%
Total	3.9	3.7	-5.1%

o/w:

	31/12/19	30/6/20
- North	72.6%	72.5%
- Centre	20.9%	20.5%
- South, Islands & not resident	6.5%	7.0%

- Solid level of coverage for unsecured UTP: 57.1%
- Net unsecured UTP other than Restructured loans are limited to €0.3bn
- 93% of Net UTPs are located in the northern & central parts of Italy

CAPITAL POSITION IN DETAIL

PHASED IN CAPITAL POSITION (€/m and %)	30/06/19	31/12/19	31/03/20	30/06/20
CET 1 Capital	8.972	9.586	9.449	9.585
T1 Capital	9.404	10.017	10.253	10.388
Total Capital	10.765	11.542	11.636	11.676
RWA	65.236	65.841	65.435	65.090
CET 1 Ratio	13,75%	14,56%	14,44%	14,73%
AT1	0,66%	0,66%	1,23%	1,23%
T1 Ratio	14,42%	15,21%	15,67%	15,96%
Tier 2	2,09%	2,32%	2,11%	1,98%
Total Capital Ratio	16,50%	17,53%	17,78%	17,94%

FULLY PHASED CAPITAL POSITION (€/m and %)	30/06/19	31/12/19	31/03/20	30/06/20
CET 1 Capital	7.742	8.453	8.423	8.692
T1 Capital	8.044	8.754	9.122	9.390
Total Capital	9.404	10.280	10.506	10.679
RWA	64.968	65.856	65.353	65.317
CET 1 Ratio	11,92%	12,84%	12,89%	13,31%
AT1	0,46%	0,46%	1,07%	1,07%
T1 Ratio	12,38%	13,29%	13,96%	14,38%
Tier 2	2,09%	2,32%	2,12%	1,97%
Total Capital Ratio	14,48%	15,61%	16,08%	16,35%

RWA COMPOSITION (€/bn)	30/06/19	31/12/19	31/03/20	30/06/20
CREDIT & COUNTERPARTY RISK	57,2	57,7	56,9	56,9
of which: Standard	30,1	29,3	29,1	29,1
MARKET RISK	2,1	1,9	2,3	2,0
OPERATIONAL RISK	5,7	6,0	6,0	6,0
CVA	0,2	0,2	0,2	0,2
TOTAL	65,2	65,8	65,4	65,1

RWA COMPOSITION (€/bn)	30/06/20	31/12/19	31/03/20	30/06/20
CREDIT & COUNTERPARTY RISK	57,0	57,7	56,9	57,1
of which: Standard	29,9	29,3	29,1	29,3
MARKET RISK	2,1	1,9	2,3	2,0
OPERATIONAL RISK	5,7	6,0	6,0	6,0
CVA	0,2	0,2	0,2	0,2
TOTAL	65,0	65,8	65,4	65,3

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