



## NEWS RELEASE

### BANCO BPM EXCEEDS ECB CAPITAL REQUIREMENTS

Milan, 27 December 2017 – Banco BPM announces that today it has received the European Central Bank ("ECB") notification on the prudential decision ("SREP decision") with the results of the annual Supervisory Review and Evaluation Process ("SREP").

Considering the analyses and assessments carried out by the Regulatory Authority starting from financial data as at 31 March 2017 of the new bank, the ECB has set the following prudential requirements on a consolidated basis for 2018:

- **8.875% Common Equity Tier 1 ratio**, based on phase-in criteria effective in 2018
- **12.375% Total Capital ratio**, based on phase-in criteria effective in 2018

As at 30 September 2017 Gruppo Banco BPM, even without taking into account the announced extraordinary operations which are in the process of being finalised, exceeds these prudential requirements, since it reported the following actual capital ratios:

- **11.01% Common Equity Tier 1 ratio**, based on phase-in criteria effective in 2017
- **13.86% Total Capital ratio**, based on phase-in criteria effective in 2017

Moreover, considering the material extraordinary transactions linked to the reorganization of the bancassurance and asset management businesses, it is worth recalling the pro-forma<sup>1</sup> figures:

- **12.58% Common Equity Tier 1 ratio** based on phase-in criteria (12.23% fully-phased)
- **15.59% Total Capital ratio** based on phase-in criteria (14.89% fully-phased).

Note that to date the Group's ratios do not benefit yet from the positive effect of the roll-out of AIRB models to the portfolio of former BPM.

All the above phase-in requirements include the Pillar 2 capital requirement (**P2R**) of 2.50% (fully at CET1 capital level, up by 10bps compared to the previous requirement) and the capital conservation buffer of 1.875% (1.25% in 2017, up by 62.5bps due to the gradual adoption of the phase-in regime to be implemented by the entire banking system).

Moreover, following the Bank of Italy communication of 30 November 2017, the Regulator identified the banking group Banco BPM as a systemically important institution (Other Systemically Important Institution, **O-SII**) authorized in Italy for 2018; to this respect Banco BPM O-SII buffer for 2018 is equal to zero while the bank is required to gradually reach an O-SII buffer of 0.25% through linear increases between 1 January 2019 to 1 January 2022.

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<sup>1</sup> Figures calculated assuming capital ratios as at 30 September 2017 and by simulating the impact coming from the finalization of the disposal of Aletti Gestielle SGR and the reorganization of the bancassurance business (purchase of 50% share capital of Popolare Vita and Avipop Assicurazioni from the actual partners followed by the immediate disposal of 65% of the share capital of the two companies to Società Cattolica Assicurazioni).

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