PRESS RELEASE
RESULTS AS AT 31 DECEMBER 2021

BANCO BPM: STRONGER-THAN-EXPECTED RESULTS ACHIEVED IN 2021

PROPOSED DIVIDEND DISTRIBUTION OF 19 CENTS PER SHARE

PAYOUT 50%

DIVIDEND YIELD 6.8%

► ADJUSTED NET PROFIT[1] INCREASED TO € 710 MILLION (€ 330 MILLION IN 2020), THE STRONGEST RESULT ACHIEVED SINCE THE CREATION OF BANCO BPM GROUP

► STATED NET PROFIT: € 569 MILLION (+10% COMPARED TO GUIDANCE)

► OPERATING INCOME AT € 4,511 MILLION, +8.6% YOY

► PROFIT FROM OPERATIONS[2] AT € 1,995 MILLION (+15.9% YOY)

►COST/INCOME RATIO[3] 55.8%, COMPARED TO 58.5% IN 2020

► CORE NET PERFORMING LOANS[4] UP AT € 99.5 BILLION (+1.1% YOY)

[1] Amount net of non-recurring components as indicated in section 5 of the Explanatory Notes to this press release.
[2] This interim result does not include banking industry charges of -€ 145.0 million, the accounting effects of Purchase Price Allocations (PPA) carried out in previous years of -€ 39.5 million, and effects of the change in the Group's credit risk on its certificate issues, equal to +€ 4.4 million. These components are stated, net of taxes, in separate items of the reclassified income statement.
[3] Calculated as the ratio between operating expenses and operating income resulting from the reclassified Income Statement.
[4] Mortgages, loans, current accounts and personal loans.

► GROSS NPE RATIO[5] IMPROVING TO 5.6%, WHICH DROPS TO 4.3% CALCULATED USING THE EBA METHODOLOGY[6]

► COST OF RISK AT 81 BPS DROPPING TO 55 BPS EXCLUDING THE NON-CORE COMPONENTS[7]:

► FULLY PHASED CET 1 RATIO UP AT 13.4% - FULLY PHASED MDA BUFFER AT 470 BPS

► FURTHER ACCELERATION IN DERISKING STRATEGY:

- **WORKOUT EFFECTIVENESS AND THE DISPOSAL OF NON-PERFORMING LOANS FOR € 1.5 BILLION IN BAD LOANS FINALISED IN Q2 ("ROCKETS" PROJECT) RESULTED IN:**

- **A REDUCTION IN GROSS BAD LOANS TO € 2.2 BILLION FROM € 3.6 BILLION AS AT 31 DECEMBER 2020 (-38.8%), WITH A DECREASE IN THE INCIDENCE ON GROSS LOANS FROM 3.1% AT THE END OF 2020 TO 1.9%**
- **A REDUCTION IN GROSS NON-PERFORMING LOAN EXPOSURES TO € 6.4 BILLION FROM € 8.6 BILLION AS AT 31 DECEMBER 2020 (-25.7%), WITH A DECREASE IN THE GROSS NPE RATIO FROM 7.5% AT THE END OF 2020 TO 5.6%**

- **FURTHER DERISKING FOR AROUND € 1 BILLION EXPECTED IN THE FIRST HALF OF 2022, WITHOUT WHICH THE NPE RATIO WOULD STAND AT 4.8%[8]**
- **FURTHER IMPROVEMENT IN THE TEXAS RATIO[9] TO 27.2% AGAINST 38.6% AT THE END OF 2020**

► SIGNIFICANT GROWTH IN CORE BUSINESS VOLUMES:

- **CORE NET PERFORMING LOANS TO CUSTOMERS EQUAL TO € 99.5 BILLION (+1.1% YOY)**
- **NEW DISBURSEMENTS TO CUSTOMERS AMOUNTED TO € 22.7[10] BILLION, OF WHICH € 7.0 BILLION RELATING TO STATE-GUARANTEED COVID MEASURES**
- **CORE DIRECT FUNDING[11] AT € 105.0 BILLION (+5.1% YOY)**
- **MANAGED ASSETS AT € 65.3 BILLION (+9.6% YOY)**

[5] Ratio of gross non-performing exposures to total exposures relating to the balance sheet item "Loans to customers measured at amortised cost".
[6] Methodology used by EBA for the presentation of data in the context of the EU Transparency Exercise.
[7] Management data.
[8] Management estimate.
[9] The Texas Ratio is the ratio of the net value of non-performing loans to the Group's tangible equity (net of the related tax effects).
[10] Management data.
[11] Current accounts and deposits.

► SOLID LIQUIDITY POSITION[12]:

LCR > 200%, NSFR > 100% AND LIQUIDITY AT € 44.2 BILLION (CASH + UNENCUMBERED ASSETS)

► ACCELERATED DEVELOPMENT OF DIGITAL BANKING WITH PARTICULAR FOCUS ON MOBILE

CUSTOMER OPERATIONS THROUGH DIGITAL CHANNELS AT A LEVEL HIGHER THAN THE MARKET AVERAGES, WITH A MAJOR INCREASE IN MOBILE BANKING (+124% VS. 2019)

OVER 400 THOUSAND TARGETED SALES THROUGH ANALYTICAL/OMNICHANNEL CUSTOMER JOURNEYS (ACCOUNTING FOR 20% OF TOTAL RETAIL, UP 10 PERCENTAGE POINTS ON THE PREVIOUS YEAR)

► ESG

BANCO BPM BECOMES A MEMBER OF THE UNGC AND IS LISTED IN THE BLOOMBERG GENDER-EQUALITY INDEX

START-UP OF THE NEW UNIT DEDICATED TO DIVERSITY AND INCLUSION

THE NUMBER OF WOMEN IN MANAGERIAL POSITIONS INCREASES (UP AT 23.4% FROM 20.8% YOY

INTEGRATION OF ESG ISSUES INTO THE RISK APPETITE FRAMEWORK DEFINED

NEW CREDIT POLICIES DEFINED WHICH INTEGRATE ESG DRIVERS FOR ALL CUSTOMER SEGMENTS

WEALTH MANAGEMENT: INCREASE IN ART. 8 AND 9 ESG PRODUCTS (FROM 6% TO 14%)
CARBON NEUTRALITY: FIRST CARBON OFFSET PROJECT ALREADY LAUNCHED

Despite the difficult macroeconomic context still affected by the COVID-19 health crisis, in 2021 the Group's commercial and organisational efforts enabled it to record notable performances, leading to results better than pre-pandemic levels and bolstering complete confidence in achieving the targets set in the strategic plan.

The excellent results allowed a dividend distribution to be proposed of 19 cents per share, with a 50% payout, higher than the strategic plan objectives, and a dividend yield of 6.8%.

Adjusted net profit rose to € 710 million (€ 330 million in 2020), whilst the stated net profit stood at € 569 million (compared to € 21 million in 2020), with EPS of 38 cents compared to

[12] Monthly Liquidity Coverage Ratio in December 2021 and management Net Stable Funding Ratio referring to Q4 2021.

the guidance of 35 cents. Operating income increased to € 4,511 million (+8.6% YoY), profit from operations to € 1,995 million (+15.9% YoY) and the cost/income ratio was 55.8% (58.5% in 2020).

As regards non-performing loans, continuation of the Parent Company's derisking strategy has enabled a decrease in gross bad loans to € 2.2 billion from € 3.6 billion as at 31 December 2020 (-38.8%) and an overall reduction in NPLs to € 6.4 billion compared to € 8.6 billion in 2020 (-25.7%), with the gross NPE ratio falling from 7.5% to 5.6% (dropping to 4.3% when calculated using the EBA methodology).

These ratios are likely to improve yet again in 2022 as a result of further derisking activities planned with a target of around € 1 billion. Taking into consideration this new assignment, the NPE ratio would be 4.8%.[13]

An extremely healthy equity position was confirmed, even after the impact of the expected regulatory headwinds (-95 bps):

- ***Phased-in CET1 Ratio and fully phased CET1 Ratio stand respectively at 14.7% and 13.4%;***
- ***Phased-in and fully phased MDA buffer on TCR equal to 614 and 470 basis points, respectively.***

Key balance sheet items

- Net loans to customers € 109.4 billion: stable YoY (of which performing loans +1.0% and non-performing loans -24.0%);
- Direct funding from customers[14] € 123.2 billion: +2.5% compared to the end of December 2020: the growth trend in core funding was confirmed (+€ 5.1 billion compared to the end of 2020);
- Indirect funding from customers[15] € 99.1 billion: +8.2% compared to 31 December 2020, of which:
    - asset management € 65.3 billion;
    - asset administration € 33.7 billion.

Key income statement items

- Net interest income:
    - € 506.0 million in Q4 2021 (€ 516.4 million in Q3 2021; -2.0%). The Q4 2021 figure includes one-off negative components for € 5.8 million, net of which the net interest income would be € 511.8 million)

[13] Management data.
[14] Direct funding includes certificates with unconditional capital protection (€ 3.6 billion as at 31 December 2021, substantially in line compared to € 3.7 billion at the end of 2020), and it excludes repurchase agreements.
[15] Management data net of certificates with unconditional capital protection included under "direct funding".

- € 2,041.6 million as at 31 December 2021 (€ 1,982.6 million in 2020; +3.0%).

- Net fee and commission income:
  - € 485.8 million in Q4 2021 (€ 475.3 million in Q3 2021; +2.2%)
  - € 1,911.2 million as at 31 December 2021 (€ 1,663.8 million in 2020; +14.9%).
- Operating expenses:
  - € 624.7 million in Q4 2021 (€ 615.6 million in Q3 2021; +1.5%)
  - € 2,515.8 million as at 31 December 2021 (€ 2,430.1 million in 2020; +3.5%). The 2020 figure included one-off positive components for around € 120[16] million. On a like-for-like basis, the operating expenses for 2021 were down 0.9% compared to 2020
- Profit (loss) from operations:
  - € 461.9 million in Q4 2021 (€ 485.1 million in Q3 2021; -4.8%)
  - € 1,995.0 million as at 31 December 2021 (€ 1,721.7 million in 2020; +15.9%).
- Net adjustments to customer loans:
  - € 214.0 million in Q4 2021 (€ 200.6 million in Q3 2021; +6.6%)
  - € 887.2 million as at 31 December 2021 (€ 1,336.8 million in 2020; -33.6%).
- Profit (loss) before tax from continuing operations:
  - € 133.4 million in Q4 2021 (€ 261.8 million in Q3 2021; -49.0%)
  - € 921.0 million as at 31 December 2021 (€ 306.1 million in 2020; +200.9%).
- Net result:
  - € 97.1 million in Q4 2021 (€ 110.7 million in Q3 2021; -12.3%)
  - € 569.1 million as at 31 December 2021 (€ 20.9 million in 2020).
- Adjusted net result:
  - € 145.3 million in Q4 2021 (€ 182.8 million in Q3 2021; -20.5%)
  - € 710.1 million as at 31 December 2021 (€ 330.5 million in 2020; +114.9%).

Equity position[17]**:**

- Fully phased IFRS 9 CET1 ratio 13.4% (13.3% as at 31 December 2020);
- Phased-in IFRS 9 CET 1 ratio 14.7% (14.6% as at 31 December 2020);
- Fully phased IFRS 9 MDA buffer on TCR 470 basis points
- Phased-in IFRS 9 MDA buffer on TCR 614 basis points

Credit quality

- Stock of net non-performing loans equal to € 3.3 billion: -24.0% compared to the end of 2020;
- Decrease in the incidence of gross bad loans on the total portfolio of non-performing loans (to 34.4% from 41.7% at the end of 2020) and an increase in the

[16] Management data.
[17] Ratios calculated by including the FY 2021 profit, after deduction of the dividend amount and of other allocations.

secured component of bad loans to 67%, compared to 64% at the end of 2020 (calculated on gross values);

- Coverage:
  - Bad loans: 58.6% (59.1% as at 31 December 2020); also considering write-offs, the coverage is 67.8%;
  - Unlikely to pay loans: 44.0% (43.7% as at 31 December 2020);
  - Total non-performing loans: 48.9% (50.0% as at 31 December 2020); also considering write-offs, the coverage is 53.4%.

Liquidity profile

- Liquidity at € 44.2 billion (cash + unencumbered assets)
- TLTRO III at € 39.2 billion;
- LCR > 200% and NSFR >100%.[18]

Milan, 8 February 2022 - At today's meeting, chaired by Massimo Tononi, the Board of Directors of Banco BPM approved the separate and consolidated results for the year as at 31 December 2021.

In 2021, still characterised by the repercussions on the global economy and on companies' operations deriving from the international Coronavirus pandemic, management further focused on the development of business activities and on continuation of the Group's derisking and reorganisation activities, also continuing the implementation of measures approved last year to protect customers and employees, as well as practical support to businesses, households and the communities in which the Group operates, affected by the crisis caused by the ongoing health emergency.

As part of the economic support measures for the COVID emergency, disbursements secured by State guarantee in 2021 amounted to around € 7 billion, taking the total stock of these secured loans to € 16.8 billion as at 31 December 2021. With regard to the moratoria envisaged in the "Cura Italia" Decree (Heal Italy Decree) and the ABI Protocol, on the other hand, these fully expired at the beginning of 2022[19] with a default rate which, also including instalments debited in January 2022, stood at 1.5%.

At the meeting of 4 November, the Banco BPM Board of Directors approved the Group's 2021-2024 Strategic Plan.
The new Plan aims to significantly remunerate shareholders with a view to achieving a sustainable growth in profitability and it was developed on the basis of a set of assumptions that incorporates the new macroeconomic prospects and developments in the regulatory context.
As fully illustrated in the press release of 5 November 2021, to which reference should be made for further details, achievement of the plan's objectives, which envisage full integration of the ESG strategy into the Group's business model, will allow a significant generation of value and solid levels

[18] Monthly LCR in December 2021 and management NSFR referring to Q4 2021.
[19] Performing ABI moratoria amounted to €50 million as at 31 December 2021.

of liquidity and capitalisation to be maintained, as well as a further boost to derisking and a reduction in the cost of credit.

During the year, the Group accelerated its derisking process through a plan to assign non-performing loans, the "Rockets Project", relating to the disposal of bad loans for a total gross amount of € 1.5 billion.
That transaction was finalised in June in the form of a securitisation, with assignment of the loans to the special purpose vehicle Aurelia SPV S.r.l., which issued the Notes (Senior, Mezzanine and Junior). The Senior Notes are covered by a state guarantee (the "GACS"), the extension of which was approved by the European Commission. 95% of the Mezzanine and Junior notes were purchased by companies controlled by Elliott funds.

This derisking strategy had a significant positive effect for the Group in terms of reduction in the stock of gross non-performing loans, which fell from € 8.6 billion at the end of 2020 to € 6.4 billion as at 31 December, and improvement in credit quality indicators, with a reduction of the gross NPE ratio from 7.5% to 5.6%. With regard solely to gross bad loans, the decrease from € 3.6 billion to € 2.2 billion (-38.8%) reduced their incidence on total gross loans from 3.1% to 1.9%.

A further derisking is planned in 2022 for around € 1 billion, through additional disposals and through workouts. Taking these transactions into account, the gross bad loans to gross loans ratio would stand at 4.8% (3.7% if calculated using the EBA methodology[20]).

Other significant events during 2021

In March, the Group signed an important agreement with Cattolica Assicurazioni, which regulates the terms and methods of continuation of the partnership in the bancassurance sector.
More specifically, the agreement provides, in exchange for Banco BPM's waiving of the call already exercised[21], for the recognition to Banco BPM of a right of early exit from the partnership, originally due to end in 2033, which can be exercised in the period between 1 January and 30 June 2023. In particular, the parties agreed to grant Banco BPM an unconditional purchase option on the 65% stake held by Cattolica in the JVs Vera Vita and Vera Assicurazioni.

Moreover, at the end of June, Banco BPM redefined the agreements for the partnership currently in place with the Covéa Group, referring to the joint ventures Bipiemme Vita, 81%-owned by Covéa Coopérations and 19%-owned by Banco BPM, and Bipiemme Assicurazioni, wholly-owned by Bipiemme Vita.
These agreements provide for, inter alia, the recognition in favour of Banco BPM of an unconditional option to purchase 81% of the share capital of Bipiemme Vita, which can be exercised in the period between 8 September 2021 and 31 December 2023.

In May, through its subsidiary Banca Akros, Banco BPM acquired 100% of the capital of Oaklins Italy S.r.l.
This acquisition has allowed Banca Akros to access an international network active in M&A activities, complementary to the domestic investment banking activity already performed by the Bank, thus strengthening its offer to customers of M&A and financial advisory services.

[20] See note 6.
[21] On 15 December 2020, Banco BPM informed Cattolica of its intention to exercise the call option on the controlling stakes held by Cattolica in the capital of the Vera Vita and Vera Assicurazioni joint ventures.

During 2021, the Group also carried out several important capital management transactions: in January, the third issue of Additional Tier 1 instruments was finalised for a total of € 400 million, targeting institutional investors, while in June, the placement of a Subordinated Tier 2 Bond issue, targeting institutional investors, was completed for a nominal value of € 300 million and a 10-year maturity, as part of the Group's Euro Medium Term Notes Programme.
Moreover, as regards ESG, in July Banco BPM finalised the placement of its first Social Bond issue (Senior Preferred) intended for institutional investors for a total of € 500 million, with an annual coupon of 0.875%, maturing on 15 July 2026.
The bond, issued in the context of the recently published Green, Social and Sustainability Bond Framework under the € 25 billion EMTN programme, will finance a selected portfolio of SMEs that have been granted State-guaranteed funding envisaged in the Liquidity Decree to address the COVID-19 emergency.
Lastly, note that in January 2022 Banco BPM completed a new Tier 2 subordinated issue, with 10-year maturity and a fixed coupon of 3.375%, for a total of € 400 million.
The bond, targeting institutional investors, is part of the Group's Euro Medium Term Notes Programme.

Also note that, during the period and in agreement with the Trade Unions, the agreed number of employees that will be encouraged to take voluntary retirement was increased from 1,500 to 1,607 (without additional expenses) while the number of new hires planned was increased from 750 to around 800. More than half of agreed retirements took place by June 2021. In 2021, the reorganisation and streamlining plan of the commercial network was also completed, involving the closure of 300 small branches.

Moreover, as part of the initiatives to streamline the Group's corporate and operational structure, simplify the structure, optimise and enhance the value of resources, and reduce costs, on 19 July, the merger by incorporation of the subsidiary ProFamily S.p.A. into Banco BPM was finalised; these initiatives also include the transactions for the merger into the Parent Company of the subsidiaries Bipielle Real Estate, finalised with effect from 1 January 2022, and Release, planned for 21 February 2022.

Then on 30 July 2021, the EBA announced the results of the EU-wide stress tests, in which Banco BPM also participated.
The stress tests were conducted using a particularly penalizing adverse scenario, together with a starting point (final data as at 31 December 2020) which had already been impacted by the consequences of the pandemic.
Banco BPM achieved significant results, highlighting:

- the ability to generate value in the Baseline scenario;
- resilience to significant shock in the Adverse scenario, achieving better results than in the previous stress tests conducted in 2018, even considering the particularly penalising scenario, as noted;
- results exceeding the minimum capital requirements.

Lastly, on 2 February 2022, Banco BPM received notification from the European Central Bank of the SREP decision containing the outcomes of the annual Supervisory Review and Evaluation Process (SREP).
Considering the analyses and evaluations performed by the Supervisory Authority, the ECB determined a Common Equity Tier 1 ratio requirement for 2022 of 8.52% on a consolidated basis, with a Pillar 2 capital requirement (P2R) of 2.25%, unchanged from that applied last year. The Banco BPM Group more than satisfies these prudential requirements.

ESG

The Banco BPM ESG project continues at the 7 transversal sites expected to integrate Sustainability into the operating and business model, as defined in the Strategic Plan.
In 2021 in particular, collaboration with international bodies expanded as a result of Banco BPM's membership of the United Nations Global Compact (UNGC) and of the Task Force on Climate-Related Financial Disclosures (TCFD) created by the Financial Stability Board. Banco BPM was also listed in the MIB ESG Index, the first ESG index created to highlight those with the most effective ESG practices among the leading Italian listed issuers.
There have been notable developments in gender-equality action as confirmed by two new units set up by the company dedicated to Diversity and Inclusion and to talent management, respectively, recognised through the Bank's listing in the Bloomberg Gender-Equality Index.
An increase in the number of women in managerial positions has been recorded, from 20.8% in 2020 to 23.4% as at 31 December 2021.
The integration of ESG culture and topics into the Bank's operating and organisational structures will receive a further boost from the action of the ESG ambassadors who, active in all the units, will be responsible for promoting ESG culture within the Group. The first 50 have already been identified.

The progress made on the Risk & Credit front has been substantial. New credit policies integrated with ESG drivers have been defined for all customer segments and climate risk factors have been included in the Risk Identification process.
The Bank has worked hard to prepare for the Climate Stress Test exercise, launched by the ECB on 27 January, and has defined the integration of ESG topics into the Risk Appetite Framework.

For Wealth Management, ESG risk factors have been integrated into the Advisory and Wealth Management services. An increase was seen in the percentage of Art. 8 and 9-compliant ESG products (from 6% at the end of 2020 to 14% at the end of 2021), the result of expansion of the product mix and training dedicated to colleagues operating in the Private Banking, Wealth Management and Advisory segments.

Lastly, note the launch of the first carbon offset project to pursue Carbon Neutrality.

Digital Banking

Based on the results achieved and enabling factors developed during the implementation phase of the .DOT programme (e.g. new app, paperless approach, advanced analytics, complete redevelopment of the marketing engineering and digital channels, remote advisory, etc.), Banco BPM's performance indicators increased constantly in 2021, consolidating the trend recorded during the pandemic:

- remote transactions now account for 83% of the total (74% in 2019), backed by a significant increase in mobile operations: +124% in 2021 compared to 2019;
- customer operations through digital channels reached a level much higher than the market average (+7 percentage points for payment transactions through digital channels, based on specific market research);
- over 400 thousand customers have already adopted the new Digital Identity solution, enabling the management of remote sales and a paperless approach at the branches.

Through the continuous development of advanced analytics and marketing engineering tools and models, the contribution of customer journeys to sales has risen by almost 10 percentage points to reach over 20% of total sales for retail customers (private and business), driving over 400,000 sales transactions.
During Q4, a new app was launched for SMEs, in just a few weeks reaching over 10 thousand downloads and from the outset receiving highly positive feedback from users.

To conclude, despite the current context characterised by strong uncertainty at global and Italian levels, directly or indirectly related to the Coronavirus pandemic, the Group recorded profit from operations[22] of € 1,995.0 million and net profit of € 569.1 million. Excluding non-recurring components, the net profit amounts to € 710.1 million.

Economic performance of operations in 2021 compared to 2020

Net interest income was equal to € 2,041.6 million, a 3.0% increase on 2020 (€ 1,982.6 million) due to the greater contribution from TLTRO III financing operations which, given the achievement of net lending objectives, starting from 24 June 2020, envisage payment of a special interest rate, equal to -0.50%, in addition to the rate applied (-0.50%) for the entire duration of the loan.[23]

The **result of investee companies carried at equity** was positive at € 231.9 million, up compared to the figure for last year (€ 130.8 million) and including the positive impact, equal to € 42.1 million, deriving from the realignment of the fiscal value of goodwill carried out by one participation. The 2021 figure includes the contribution of the associate Anima Holding[24] (equal to € 43.2 million), measured at equity since the second quarter of 2020.
The main contribution to the item in question is provided by consumer credit channelled from the equity interest in Agos, equal to € 156.0 million, up compared to € 89.2 million in 2020.

Net fee and commission income for the year totalled € 1,911.2 million, marking a significant growth (+14.9%) compared to the previous year.
This change is attributable to the contribution from management, brokerage and advisory services (+19.2% compared to 31 December 2020), due to major growth in the running component, and from the commercial banking services segment (+11.0% compared to 2020), linked mainly to the disbursement of new loans and payment services.

Other net operating income totalled € 75.3 million, compared to € 56.0 million last year.

The **net financial result**[25] as at 31 December 2021 was positive at € 250.7 million, compared to € 318.6 million recorded in the previous year. Particularly important are the excellent results originating from

[22] See note 2.
[23] For the period from 24 June 2020 to 23 June 2021 (special interest period), the Bank was able to benefit from a special interest rate on TLTRO III refinancing operations equal to -0.50% in addition to the average rate applicable to Deposit facilities (currently -0.50%), given that, as at 31 March 2021, the amount of eligible loans significantly exceeded the amount of those loans as at 1 March 2020. The afore-mentioned -0.50% special interest rate will also be applied to the 24 June 2021-23 June 2022 period, provided that the amount of eligible loans as at 31 December 2021 is at least equal to their amount as at 1 October 2020. In this case, too, the total eligible loans as at 31 December 2021 was higher than the afore-mentioned threshold.
[24] For an illustration of the methods used to recognise the contribution of Anima Holding, please refer to Explanatory Note no. 8.
[25] The item does not include the accounting effect, shown in a separate item of the reclassified income statement, of the change in the credit risk of the Group in regard to the fair value measurement of its own certificate issues, which led to the recognition of € 6.5 million in income for the year, compared to the negative impact of -€ 17.5 million recorded as at 31 December 2020.

capital gains on security disposals for € 119.0 million and trading gains of € 111.7 million.
The results for the two years compared were affected by fluctuations in the values of equity instruments. In particular, the overall effect related to Nexi shares was negative for -€ 25.8 million in 2021, compared to a positive € 158.6 million in 2020.

As a result of the trends described, the total **operating income** amounted to € 4,510.7 million, up compared to the € 4,151.8 million recorded last year (+8.6%).

Personnel expenses, of € 1,667.8 million, rose by 5.5% compared to the € 1,581.1 million of 2020, which had benefited from the savings relating to provisions allocated for the incentive system in the previous year and to other cost reductions associated with the effects of the health emergency. As at 31 December 2021, the total number of employees was 20,437, down compared to 21,663 at the end of 2020, due to the exit during the year of around 1,200 resources as part of the programme envisaging use of the Solidarity Fund for the sector.

Other administrative expenses[26], totalling € 601.2 million, recorded a slight increase of 1.2% on the 2020 figure of € 593.8 million.

Value adjustments to property, plant and equipment and intangible assets amounted to € 246.8 million, down compared to the € 255.1 million as at 31 December 2020.

Total **operating expenses** therefore amounted to € 2,515.8 million, up by 3.5% compared to € 2,430.1 million in 2020. The 2020 figure included one-off positive components for around € 120 million. On a like-for-like basis, the operating expenses for 2021 were down 0.9% compared to 2020.

The **profit from operations** as at 31 December 2021 stood at € 1,995.0 million, up by 15.9% compared to € 1,721.7 million in the previous year.

Net adjustments to loans to customers amounted to € 887.2 million in 2021, down compared to the previous year (€ 1,336.8 million). The item in question includes the extraordinary charge resulting from the sale of receivables finalised as part of the "Rockets" project and the impact deriving from the increase in the targets for the sale of non-performing receivables decided by the Parent Company, for a total of € 194 million.

As at 31 December 2021, the cost of credit, measured by the ratio of net value adjustments on loans to net loans, was 81 basis points, decreasing to 55 basis points if non-core components are excluded.[27]

Fair value gains (losses) on property, plant and equipment show a loss of € 141.6 million as at 31 December 2021, compared to € 36.7 million last year. These adjustments are attributable to the valuation process carried out each year on property, of which € 106.0 million in owned properties acquired through foreclosures.

In 2021, as in the previous year, no significant **net adjustments to securities and other financial assets** were recorded.

[26] The aggregate does not include the "banking industry charges", represented by the contributions to the Resolution Funds and to the Interbank Deposit Guarantee Fund, reported in a separate item of the reclassified income statement, net of tax effect.
[27] Management data.

Net provisions for risks and charges amounted to € 26.0 million. In the previous year, net allocations were recorded for € 42.3 million against clawback actions, legal disputes and tax disputes.

The item **gains (losses) on interests in associates and joint ventures and other investments** totalled -€ 18.8 million and include the effect of impairment in relation to an equity stake. Last year the figure was +€ 1.2 million.

As a result of the trends described above, **profit before tax from continuing operations** was equal to € 921.0 million compared to € 306.1 million as at 31 December 2020.

The **taxation charge related to profit or loss from continuing operations** was equal to -€ 253.8 million (-€ 13.5 million in 2020).

Profit from continuing operations was therefore equal to € 667.2 million, a 128.0% increase compared to € 292.6 million in the previous year.

Charges related to the banking system, net of taxes were charged to the income statement for the year for € 145.0 million (€ 138.9 million in 2020) relating to the ordinary contribution paid to the Single Resolution Fund (SRF) and to the Interbank Deposit Protection Fund, as well as the additional contribution to the National Resolution Fund. The total value of these pre-tax charges was € 214.8 million, compared to € 192.0 million as at 31 December 2020.

The item **Impact of the realignment of tax values to book values** includes the positive impact on the income statement for € 81.7 million, resulting from exercise of the right to realign the tax values of the Group's operating properties to book values.

In the year, the **change in own credit risk on Certificates issued by the Group, net of taxes**, generated a positive impact of € 4.4 million (€ 6.5 million before taxes), compared to the charge of -€ 11.7 million in 2020 (-€ 17.5 million before taxes).

As at 31 December 2021, the impact of the **Purchase Price Allocation net of taxes** was equal to -€ 39.5 million, against -€ 41.5 million in 2020.

Considering the share of profit attributable to non-controlling interests, equal to € 0.3 million, 2021 closed with a **net profit** equal to € 569.1 million (€ 20.9 million as at 31 December 2020).

The **adjusted net profit** as at 31 December 2021 was € 710.1 million compared to € 330.5 million in 2020 (+114.9%).

Economic performance of operations in Q4 2021 compared to Q3 2021

Net interest income stood at € 506.0 million, down 2.0% on the figure for Q3 2021 (€ 516.4 million), also due to the write-down of interest on a number of tax credits for € 5.8 million recognised in previous years: excluding this impact, net interest income would be € 511.8 million. In the quarter, there was also a reduced contribution from the Italian government securities portfolio due to its reduction.

The **result of investee companies carried at equity** shows a profit of € 87.1 million, up compared to the € 46.8 million recorded in the third quarter. The contribution for the fourth quarter includes the positive impact, for € 42.1 million, deriving from realignment of the tax value of goodwill by a participation. In this aggregate, the main contribution was from consumer credit, driven by the interest held in Agos, and from bancassurance.

Net fee and commission income in the fourth quarter amounted to € 485.8 million, confirming the positive trend recorded during the year. Compared to the third quarter, the aggregate increased by 2.2% due to the contribution of fees and commissions relating to commercial banking services, which rose by 4.7% in the quarter.

Other net operating income totalled € 9.1 million, compared to the figure of € 26.3 million for Q3 2021.

The **net financial result** for the fourth quarter was a loss of € 1.4 million, compared to a profit of € 35.9 million in the third quarter, mainly due to the negative change in the market value of the stake held in Nexi as well as the lower contribution from trading and from the disposal of financial asset disposals.

As a result of the trends described, the total **operating income** therefore amounted to € 1,086.5 million, down by 1.3% compared to € 1,100.7 million recorded in the third quarter due to the decrease in the net financial result for the period.

Personnel expenses, amounting to € 413.9 million, increased by 1.0% compared to the € 409.8 million recorded for the third quarter.

Other administrative expenses[28] rose by 3.5%, from € 144.0 million in the third quarter of 2021 to € 149.1 million in the fourth quarter.

Value adjustments to property, plant and equipment and intangible assets totalled € 61.6 million, in line with the € 61.8 million recorded in the third quarter.

Total **operating expenses** therefore came to € 624.7 million, marking an increase of 1.5% compared to € 615.6 million in the third quarter.

The **profit from operations** in the quarter stood at € 461.9 million, down by 4.8% compared to € 485.1 million in the third quarter.

Net adjustments to loans to customers came to € 214.0 million, marking an increase of 6.6% compared to the third quarter.

Fair value gains (losses) on property, plant and equipment showed a loss of € 96.9 million in the fourth quarter.

In the fourth quarter, **net adjustments to securities and other financial assets** were recorded for € 1.1 million (+€ 0.2 million in the previous quarter).

Net provisions for risks and charges amounted to € 2.3 million in the quarter, compared to € 15.5 million in the third quarter, mainly against clawback actions, legal disputes and tax disputes.

[28] The aggregate does not include the "banking industry charges", represented by the contributions to the Resolution Funds and to the Interbank Deposit Guarantee Fund, reported in a separate item of the reclassified income statement, net of tax effect.

The **gains (losses) on interests in associates and joint ventures and other investments** in the fourth quarter totalled -€ 18.7 million and include the effect of impairment.

As a result of the trends described above, **profit before tax from continuing operations** came to € 133.4 million compared to the € 261.8 million recorded in the third quarter.

The **taxation charge related to profit or loss from continuing operations** for the fourth quarter totalled -€ 37.2 million (-€ 83.3 million in the third quarter).

Charges related to the banking system, net of taxes were charged to the income statement in the quarter for € 4.8 million, due to the annual contribution required by the Interbank Deposit Protection Fund, higher than that estimated in the third quarter, of € 61.6 million.

In the quarter, the **change in own credit risk on Certificates issued by the Group, net of taxes**, generated a positive impact of € 12.3 million (€ 18.4 million before taxes), compared to the impact of € 4.0 million recorded in the third quarter (€ 5.9 million gross).

In the fourth quarter, the impact of the **Purchase Price Allocation net of taxes** was equal to -€ 9.3 million, against -€ 10.2 million in the third quarter of 2021.

Considering the share of profit or loss attributable to non-controlling interests, the fourth quarter of 2021 closed with **net profit for the period** of € 97.1 million, compared to the net profit of € 110.7 million recorded in the third quarter.

Adjusted net profit for the fourth quarter amounted to € 145.3 million compared to € 182.8 million in the third quarter of 2021.

Changes in key balance sheet items

Direct funding[29] as at 31 December 2021 amounted to € 123.2 billion, up 2.5% compared to 31 December 2020.
More specifically, over the period there was an increase of € 5.5 billion in the segment represented by current accounts and sight deposits of the commercial network (+5.6%)[30]. As regards bonds issued, the stock as at 31 December came to € 13.1 billion, down by € 1.7 billion compared to 31 December 2020, due to higher reimbursements of securities matured than new issues in the period.
The funding guaranteed by the stock of certificates with unconditionally protected capital as at 31 December 2021 was equal to € 3.6 billion (€ 3.7 billion as at 31 December 2020).

Indirect funding, net of capital-protected certificates, totalled € 99.1 billion, up 8.2% compared to 31 December 2020.
The Assets under Management component was equal to € 65.3 billion, up from € 59.6 billion as at 31 December 2020 (+9.6%), thanks to the contribution of funds and SICAVs, which increased by around € 5.0 billion since the beginning of the year (+12.2%); the growth in managed accounts and in the bancassurance segment was more limited.
Assets under Administration reached € 33.7 billion, an increase of € 1.7 billion (+5.5%) compared to the end of 2020.

[29] The aggregate includes demand and term deposits and current accounts, bonds issued, certificates of deposit and other securities, loans and other debts, and capital-protected certificates and excludes repurchase agreements.
[30] Management data.

Financial assets amounted to € 36.3 billion, down 11.8% compared to € 41.2 billion as at 31 December 2020; the decrease was mainly concentrated in debt securities (-€ 3.2 billion) and, in particular, in the portfolio of securities measured at amortised cost. The aggregate in question as at 31 December 2021 consisted of debt securities for € 30.7 billion, equity instruments and UCITS units for € 3.0 billion, derivative instruments for € 2.1 billion and other financial assets, mainly repurchase agreements, for € 0.5 billion. Exposures in debt securities issued by sovereign states amounted to € 25.6 billion, of which € 12.7 billion represented by Italian government securities. Investments in Italian government securities are classified under financial assets at amortised cost for € 10.3 billion, in the portfolio of financial assets measured at fair value through other comprehensive income for € 1.7 billion and in the portfolio of financial assets at fair value through profit and loss for € 0.7 billion, being held for trading.

Net loans to customers[31] totalled € 109.4 billion as at 31 December 2021, essentially unchanged compared to the figure as at 31 December 2020 (€ 109.3 billion). Performing exposures rose (+1.0%), with a volume of new loans to households and businesses of € 22.7 billion[32] in the period, whilst non-performing exposures fell 24.0% compared to the end of 2020, due to the assignments finalised during the year.

Net non-performing loans (bad loans, unlikely to pay and past due and/or overdue exposures) amounted to € 3.3 billion as at 31 December 2021.
An analysis of the individual items shows the following dynamics:

- net bad loans of € 0.9 billion, with a decrease of 38.0% compared to 31 December 2020;
- net unlikely to pay loans of € 2.3 billion, down 17.1% compared to 31 December 2020;
- net past due exposures amounting to € 45 million (€ 46 million as at 31 December 2020).

The coverage ratio for the entire non-performing loans aggregate came to 48.9% (50.0% as at 31 December 2020).
More specifically, as at 31 December 2021 the coverage ratio was as follows:

- bad loans 58.6% (59.1% as at 31 December 2020);
- unlikely to pay loans 44.0% (43.7% as at 31 December 2020);
- past due exposures 25.3% (26.4% as at 31 December 2020).

The evolution of the coverage of non-performing loans is correlated to the significant decrease in the incidence of gross bad loans on the total non-performing loans portfolio (from 41.7% at the end of 2020 to 34.4% in December 2021), resulting from the finalisation of the Rockets assignment and an increase in the secured component of bad loans (from 64% at the end of 2020 to 67% in December 2021).

The coverage ratio of performing loans came out at 0.43%, essentially stable compared to 31 December 2020 (0.44%).

[31] The aggregate does not include loans to customers which, following the application of IFRS 9, are compulsorily measured at fair value. These loans, amounting to € 0.3 billion, are included among the financial assets measured at fair value.
[32] Management data.

Group capital ratios[33]

As at 31 December 2021, the phased-in Common Equity Tier 1 ratio stood at 14.7%, against 14.5% as at 30 September 2021. The increase in the Q4 ratio is largely due to the decrease in risk-weighted assets for a total of around 2.5 billion, both in relation to credit risks and to market risks.
The phased-in ratio benefits from the exercise of the option for full application of the transitional rules introduced with the new Art. 473-bis of Regulation (EU) no. 575/2013, which dilutes over time the impact on own funds deriving from the application of the new impairment model introduced by the accounting standard IFRS 9. Excluding the impacts of the afore-mentioned transitional rules, the fully phased IFRS 9 CET 1 ratio stood at 13.4%, up compared to the figure of 13.3% as at 30 September 2021.

The phased-in Tier 1 ratio was 16.5% compared to 16.3% as at 30 September 2021, while the Total Capital ratio came to 19.6%, compared to 19.3% as at 30 September 2021, which was already impacted by the issue of a new Tier 2 instrument for € 300 million in June 2021.

The buffer compared to the limit set for the possibility of distributing dividends (Maximum Distributable Amount or MDA buffer) was equal to +614 basis points (against +594 basis points as at 30 September 2021)[34].

The fully phased Tier 1 ratio stands at 15.1%, compared to 15.0% as at 30 September 2021, while the Total Capital ratio is at 18.2% compared to 17.9% as at 30 September 2021.

The buffer compared to the limit set for the possibility of distributing dividends (Maximum Distributable Amount or MDA buffer) was +470 basis points on a fully phased basis (compared to +453 basis points as at 30 September 2021).[35]

BUSINESS OUTLOOK

Italian economic growth is still expected to continue at a steady pace in 2022, albeit slower than last year.
Domestic demand will continue to act as the main development driver, but fixed investments will have a stronger impact, benefiting from borrowing conditions that should remain favourable, especially due to resources originating from the Recovery Fund.
The major threats to this generally positive scenario appear to come not so much from fresh waves of the pandemic that has been with us for the last two years, but rather from aggravated geopolitical tension and supply difficulties which, in addition to hampering development and production, could bring inflationary pressure greater than expected in terms of extent and duration, calling for tougher monetary policies from the central banks and, consequently, a potential reversal of financial market sentiment.
In this context, the Group's core revenues, as envisaged in the recently announced Strategic Plan, will be supported by growth in the fee and commissions component, particularly from the asset

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33 The ratios calculated by including the 2021 profit for the year and deducting the total proposed dividends of € 0.19 per share outstanding and other profit allocations. Based on the provisions of Art. 26, paragraph 2 of Regulation (EU) no. 575/2013 of 26 June 2013 (CRR), the inclusion of profits in Common Equity Tier 1 capital (CET1) is subject to the prior permission of the competent authority (the ECB), which requires these profits to be audited by the Independent Auditor.
Banco BPM has already informed the European Central Bank of its intention to include the 2021 net profit (net of the afore-mentioned distributions) in its Common Equity Tier 1 capital and will arrange for the formal application to be submitted to the ECB.
34 Data calculated by considering a countercyclical buffer of 0.003%.
35 See previous note.

management and bancassurance segments, whilst net interest income will feel the effects of the declining contributions from ECB funding, including termination of the reserve remuneration period, and from the financial assets portfolio.
Strong governance of the trend of operating expenses will remain key, with a view to reducing them despite impact from the unlikely repeatability of certain recoveries and cost reductions that also characterised last year, above all as regards personnel expenses, and the increases relating to application of the national labour contract for the industry and the increase in IT investments and inflation.
As regards the cost of credit, the conservative approach to its measurement adopted in 2021 on performing and non-performing loans, even though the flow trend is expected to rise compared to last year, should allow further progress in the reduction process launched in recent years, facilitating the continuation of derisking and maintenance of a solid coverage level.
Unless the scenario deteriorates significantly, the Group's overall performance in 2022, leveraging the better than expected results from last year, should be consistent with the trend outlined in the Strategic Plan and with the related medium-term targets.

PROFIT ALLOCATION PROPOSAL

At today's meeting, the Board of Directors resolved to propose to the next Shareholders' Meeting the distribution of a cash dividend of € 0.19 per share, gross of withholding tax, for a total distribution of € 287.9 million[36]; however, no distribution will be made to any own shares held by the Bank at the record date. This distribution, if approved by the Shareholders' Meeting, will take place on 21 April 2022 (payment date) with coupon detachment on 19 April 2022 (ex-date) and record date of 20 April 2022. The allocation will be subject to the ordinary tax treatment for dividend distribution.

In addition, as envisaged in Art. 5 of the Articles of Association, the Board of Directors resolved to propose, at the next Shareholders' Meeting, the allocation of € 2 million of the net profit to social assistance, charity and public interest.

RESOLUTIONS OF THE BOARD OF DIRECTORS

Further to the press release of 27 January 2022, Banco BPM S.p.A. announces its updated corporate events calendar for 2022 as follows:

8 February 2022	Approval of the 2021 results for Banco BPM and the Group and proposed allocation of profit for the year.
1 March 2022	Approval of the Annual Financial Report containing the draft separate and consolidated financial statements for 2021
7 April 2022	Shareholders' Meeting
5 May 2022	Approval of additional periodic information as at 31 March 2022
4 August 2022	Approval of half-year report as at 30 June 2022
8 November 2022	Approval of additional periodic information as at 30 September 2022

[36] Result of the multiplication of 19 eurocents with the number of shares outstanding shares: 1,515,182,126.

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Gianpietro Val, as the Financial Reporting Officer, in compliance with Art. 154 bis, Par. 2 of the Consolidated Finance Law, hereby states that the accounting information illustrated in this press release is consistent with the corporate documents, books and accounting records.

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The Banco BPM Group results as at 31 December 2021 will be presented to the financial community in a conference call scheduled for today, 8 February 2022 at 6.00pm (CET). The supporting documentation for the conference call is available on the authorised storage system's website (www.emarketstorage.com) and on the Bank's website (www.gruppo.bancobpm.it), where the details for connecting to the call can also be found.

The draft separate and consolidated financial statements as at 31 December 2021 will be submitted for approval of the Board of Directors at its meeting planned on 1 March 2022.

The draft separate and consolidated financial statements as at 31 December 2021, accompanied by the reports of the Independent Auditor and the Board of Statutory Auditors, will be made available to the public, in accordance with law, at the Company's registered office and at Borsa Italiana, as well as on the website www.gruppo.bancobpm.it and on the website of the authorised storage mechanism www.emarketstorage.com.

Explanatory notes

The comments on the performance of the key balance sheet and P&L items illustrated in this press release refer to the reclassified consolidated balance sheet and income statement attached below and that have been approved today by the Board of Directors.
Please find below some explanatory notes that are deemed useful to better understand the approach followed in preparing the above-mentioned accounting statements, as well as the evolution of FY results contained in this press release.

1. Accounting policies and reference accounting standard

The statement of financial position and income statement layouts contained in this news release have been reclassified along management criteria in order to provide an indication on the Group's overall performance based on more readily understandable aggregate operating and financial data. These layouts have been prepared based on the financial statement layouts indicated in the Bank of Italy's Circular no. 262/2005 and following amendments, applying the same aggregation and classification criteria presented in the consolidated financial statements as at 31 December 2020.
In order to guarantee a like-for-like comparison with the above consolidation and classification criteria, the data published in previous periods under comparison have been restated, if prepared in accordance with different criteria.
More specifically, the income effect tied to the changes in creditworthiness related to the issuance of certificates classified in the "Trading financial liabilities" portfolio – that up until Q3 2020 was included in the line-item "Net financial result" –- is now posted for all quarters under comparison under the ad hoc restated P&L line-item "Impact from the change in own credit risk on certificates issued (OCR), after tax". This choice stems from the need to isolate the income effect from the volatility of the above Own Credit Risk, reported in particular in 2020, as from a management viewpoint it is not deemed representative of the Group's actual profitability.
With regard to the reclassified statement of financial position, please note that some comparative balances have been reclassified compared to what had been originally published, in order to reflect the changes in layout and preparation criteria introduced by update 7 of Circular no. 262, published by the Bank of Italy on 29 October 2021. The update introduced a change in the layout and preparation criteria of due from banks represented by demand deposits and current accounts, that must now be posted under the balance sheet line-item "10. Cash and cash equivalents", instead of the previous line-item "40. Financial assets measured at Amortized Cost". In light of said change, as of the consolidated financial statements at 31 December 2021, due from banks represented by demand deposits and current accounts are posted under the reclassified balance sheet line-item "Cash and cash equivalents", instead of the line-item "Loans to other banks". The balance at 31 December 2020 of the loans under examination, amounting to € 552,608 thousand, was therefore reclassified under the reclassified balance sheet line-item "Cash and cash equivalents".

The accounting standards adopted to prepare the consolidated accounts as at 31 December 2021 are the ones set forth in the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations by the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission and in force as at 31 December 2021, pursuant to EC Regulation no. 1606 of 19 July 2002.

Moreover, the communications of the Regulators (Bank of Italy, Consob, ESMA, EBA, ECB) providing recommendations on certain major accounting aspects or on the accounting treatment of specific transactions have been taken into consideration, insofar as applicable.

With regard to TLTRO III refinancing transactions, it should be pointed out that, since the accounting standards do not provide any specific indications regarding the treatment of this particular case, the Group defined an internal accounting policy, based on which the financing is equated to a floating rate financial instrument, where the measurement of the interest applicable from time to time is estimated based on the likelihood that certain net lending targets are actually met. As a result, if the achievement of the targets is certain or is deemed likely, the reduction in interest rate, amounting to 0.5% for the special interest period between 24 June 2020 and 23 June 2022, is recognized through profit and loss over said timeframe. To this regard, note that the interest accrued on the above liabilities and carried through profit and loss in full-year 2021 (€352.2 million) has been recognized to the maximum extent - namely based on the negative rate of -1% (i.e., the Deposit Facility interest rate (-0.5%), plus the additional reduction over the special interest period (-0.5%) – taking into consideration that all the net lending targets required to qualify for the above rates have been met, including the latest one set on 31 December 2021.

The adoption of certain accounting standards necessarily calls for the use of estimates and assumptions that have an impact on the value of assets and liabilities recognized in the balance sheet. The assumptions used to calculate estimates take into account all information available on the date of preparation of the financial statements as at 31 December 2021, together with any assumed scenarios considered reasonable, also based on past experience. Owing to their nature, it is therefore not possible to rule out that the presumed scenarios, albeit reasonable, may not reflect future scenarios the Group will operate in. Therefore, future actual results may differ from the estimates generated to prepare the financial statements as at 31 December 2021, and may therefore call for adjustments that cannot be predicted or estimated today with respect to the carrying amount of assets and liabilities recognized in the balance sheet. To this regard, please note that the estimates carried out to prepare the financial statements as at 31 December 2021 could be revised should the circumstances they have been based on change, as a result of the availability of new information or the longer experience accrued.

The main uncertainty factors that could affect future scenarios in which the Group operates should certainly include the negative effects on the global and Italian economies, directly or indirectly connected with the Covid-19 pandemic.
The spread of Covid-19 and its impact on public health, on economic activities and trade, almost two years after the outbreak of the health emergency, are still strongly affecting the markets the Group operates in.
Even though the impact of the pandemic on economic activities has significantly waned during 2021, the rapid spread of the Omicron variant during the fourth quarter has rekindled uncertainty, as it may represent a potential threat to economic recovery. Besides the evolution of the pandemic, the recovery will also depend on the effectiveness and time length of the expansionary measures put in place by competent authorities (Governs, ECB, European Union …) to tackle the health crisis and aimed at supporting household and corporate income, lending to the economy and market liquidity, which made it more complicated to detect the signs of loan impairment.
Up until the context of the crisis and of the national and European measures take on a more definite outline, the inclusion of the Covid-19 crisis effects in the budget estimates will be a particularly complex exercise, inasmuch as these effects will depend on a series of variables that cannot be predicted at present, if not with a significant level of uncertainty.

More specifically, in compliance with IFRS 9, when measuring expected credit losses, besides past events and current conditions, also forward-looking information upon which the likelihood of recovery of credit exposures depends must be considered. Hence, it is important to quantify the risk parameters that can include forward-looking information based on the evolution of the macroeconomic scenario, identify the triggers that may indicate a significant increase in credit risk (SICR), estimate the recoverable flows taking into account also the expected disposal prices and the expected realizable value of assets and securities.
To this respect, in FY 2021, as regards the calculation of (on- and off-balance sheet) performing exposures, the review and fine-tuning of the existing models continued, also through a series of managerial adjustments applied to the model's outcomes (so called post-model adjustments), with the aim of more accurately representing expected losses caused by the economic disruptions tied to Covid-19 and avoiding the possible effects of sudden shocks (i.e., "*cliff effect*"), which may be caused by the failure to identify signs of counterparty impairment due to the support measures granted by the Government. The macroeconomic scenarios used to calculate the expected losses as at 31 December 2021 were updated, together with the related probability of occurrence, as compared to the latest scenarios used to prepare the accounting report as at 30 September 2021.

2. Impact of the PPA (*Purchase Price Allocation*) of the business combinations of former Gruppo Banca Popolare di Milano and of former Gruppo Banca Popolare Italiana

In compliance with IFRS 3, the income statement of Gruppo Banco BPM includes the P&L reversal effects caused by the allocation of the prices paid for the business combination between Gruppo Banco Popolare and Gruppo Banca Popolare di Milano completed in FY 2017 and between Gruppo Banco Popolare di Verona e Novara and Gruppo Banca Popolare Italiana, completed in FY 2007.

As of the financial report as at 31 March 2020, this impact has been recognized, net of the tax effect, under the separate line-item of the reclassified income statement "Purchase Price Allocation, after tax".

More specifically, the full-year 2021 consolidated P&L impact from the reversal effect of value adjustments of acquired net assets (mainly tied to former Gruppo Banca Popolare di Milano) came in at € -25.5 million on net interest income (in connection with the evolution of the various valuations of purchased assets) and at € -33.5 million on other net operating income (due to the depreciation of intangibles recognized under the PPA). Net of the tax effect, the overall impact at 31 December 2021, posted under the reclassified P&L line-item "Purchase Price Allocation, after tax", added up to € -39.5 million (€ -41.5 million in FY 2020).

3. Charges generated by the contribution to the resolution mechanism

The 2021 P&L line-item "After-tax banking industry charges" was charged with the amount of ordinary and additional charges to be paid to the Resolution Funds and the Interbank Deposit Guarantee Fund for the year, which, net of the tax effect, totaled € 145.0 million (€ 138.9 million of ordinary and additional contributions had been charged to income at 31 December 2020). Gross of tax effect, the total charge added up to € 214.8 million (€ 192.0 million in 2020).

4. Changes in consolidation scope

Over the year the main change in consolidation scope was the acquisition, through the subsidiary Banca Akros, of a 100% share in the company Oaklins Italy S.r.l., which as of the closing of accounts on 30 June 2021 is accounted for on a fully consolidated basis.

The following companies are no longer consolidated on a line-by-line basis: the subsidiaries FIN.E.R.T. S.p.A. and Milano Leasing S.p.A. following their removal from the competent Companies Registry upon completing the liquidation procedure, Italfinance Securitisation Vehicle S.r.l., due to the early conclusion of the related securitization, as well as the real estate company Marinai d'Italia S.r.l. in liquidation and its subsidiaries Perca S.r.l. and Meleti S.r.l. following the finalization of their sale on 15 July 2021.

The merger of ProFamily into the Parent company Banco BPM took legal effect on 19 July, with accounting and fiscal effect as of 1 January 2021.
On 1 January 2022 the merger of Bipielle Real Estate into the Parent company Banco BPM took legal effect, with accounting and fiscal effects starting on the same date.

Finally, in January 2021 Banco BPM acquired the full ownership of the associate Release, following the purchase of no. 39,923,532 ordinary shares of the subsidiary from BPER Banca. The associate was merged into the Parent Company with legal effect on 21 February and accounting and fiscal effect on 1 January 2022.

5. Non-recurring items in the income statement of Gruppo Banco BPM

With Communication no. DEM/6064293 dated 28 July 2006, CONSOB invited companies that issue financial instruments listed on Italian regulated markets to provide a disclosure on the impact of non-recurring events and transactions.
Please note that according to the policy adopted by the Group, the following items are classified as non-recurring:

- gains or losses on the sale of all fixed assets (shareholdings, tangible fixed assets except financial assets classified in the "Hold to Collect" (HtC) portfolio (that can be sold according to the materiality and frequency thresholds under IFRS9);
- gains and losses on non-current assets held for sale;
- loan write-downs/write-backs (due to valuations or to actual impairment losses) that were caused by a change in the NPE Strategy approved during the year by the Board of Directors entailing a change in targets and/or in the type of loans under disposal compared to what had been previously planned);
- P&L components with a large carrying amount tied to efficiency gain or reorganization actions, etc. (i.e., redundancy fund charges, voluntary redundancy schemes, merger/integration charges);
- P&L components with a large carrying amount that are not likely to occur frequently (e.g., fines, impairment of tangible assets, goodwill and other intangible assets, extraordinary debiting/crediting by the Resolution Funds and the Interbank Deposit Guarantee Fund, impact from regulatory changes, exceptional results);
- P&L impact generated by the fair value measurement of property and other tangible assets (works of art);
- tax effect tied to the above P&L impacts.

Conversely, the following impacts are generally considered recurring:

- P&L impacts from the sale or valuation of all financial assets (other than loans), including those held in the HtC and the financial liabilities portfolios;
- barring exceptional cases, P&L impacts from valuation aspects (loan loss provisions, write-downs on other financial assets or provisions for risks and charges);
- P&L impacts from changes in reference valuation parameters implemented in valuation models adopted on an ongoing basis;
- P&L impacts whose single amount is not material or not measurable, meeting the definition of contingent assets and/or liabilities (e.g., costs and revenues and/or adjustment of costs and revenues accrued in other financial years);
- tax effect tied to the above P&L impacts.

Whenever deemed significant, the information on the effect that events or transactions that are non-recurring or that do not take place frequently in the ordinary course of business have on the Group's balance sheet and financial position, as well as on its cash flows, is provided in the comments on the evolution of balance sheet items.

Based on the criteria described above, the following non-recurring items were reported in FY 2021:

- the line-item "Gain/loss on investments in associates carried at equity" includes the positive impact of € 42.1 million from the realignment of the tax value of goodwill reported by an associate;
- the line-item "Personnel expenses" includes € 14.4 million of one-off savings on wage components as an indirect consequence of the pandemic;
- the line-item "Net amortization and depreciation on tangible and intangible assets" includes € 2.0 million of amortization due to fixed assets impairment;

- the line-item "Net write-downs on customer loans" includes the amount tied to the losses related to the loan disposal finalized under the "Rockets" project and an additional estimated impact caused by the increase in the NPL disposal targets resolved by the Board of directors coming to a total of € 194 million;
- the line-item "Gain/loss on the fair value measurement of tangible assets" posts a net write-down of € 141,6 million;
- the line-item "Gain/loss on equity and other investments" includes the impact of € 18.8 million from the impairment of an equity investment in an associate;
- "Income tax for the period on continuing operations" includes the tax impact of the above non-recurring items totaling € 96.5 million;
- the line-item "After-tax banking industry charges" includes € 19.3 million of additional contributions paid to the National Resolution Fund (€ 28.6 million gross of a tax effect of € 9.3 million);
- the line-item "Impact from realignment of tax values to book values" includes the € 81.7 million gain from opting to realign the tax values to the book values of the Group's operating property.

Overall, non-recurring items in FY 2021 gave rise to a negative impact of r € 141.0 million.

Excluding the above effects, the net (adjusted) result at 31 December 2021 would come to € 710.1 million.

In the income statement of the prior year, the following non-recurring items had been recognized:

- the line-item "Personnel expenses" included € 31.6 million of one-off savings on certain wage components as an indirect effect of the pandemic;
- the line-item "Net amortization and depreciation on tangible and intangible assets" included the amortization due to fixed assets impairment of € 2.2 million;
- the line-item "Customer loan loss provisions" included losses of € 251.4 million related to loan disposals completed during the year;
- the line-item "Gain/loss on the fair value measurement of tangible assets" included a capital loss of € 36.7 million, tied to the adjustment of the fair value of investment property further to the annual update of appraisals;
- "Net provisions for risks and charges" included allowances for € 26.0 million, set aside against the estimate of charges tied to contract obligations tied to the disposal of equity investments;
- the line-item "Gain/loss on disposal of equity and other investments", by definition non-recurring, posted a positive amount of € 1.2 million;
- "Income tax on continuing operations" included the tax impact of the above non-recurring items totaling € 77.0 million;
- the line-item "After-tax banking industry charges" included € 19.4 million of additional contributions paid to the National Resolution Fund (€ 26.9 million gross, net of a tax effect of € 8.7 million);
- the line-item "Restructuring charges, after tax" of € 187.0 million includes the costs for early retirement schemes and for the rationalization of the Group's branch network;
- the line-item "Clearing of tax misalignments" posted the € 128.3 million gain from opting to realign the tax base of intangible assets with their carrying amount;
- the impairment tests conducted on intangible assets with an indefinite useful life gave rise to the recognition of a goodwill impairment of € 25.1 million, posted under the line-item "Goodwill impairment".

Overall, considering also the effect attributable to minority interest (amounting to € + 0.3 million), FY 2020 non-recurring items posted a negative amount of € 309.6 million.
Excluding the above impacts, the net (adjusted) income for the year would have come to € 330,5 million.

6. Capital requirements regulation

The minimum capital requirements for 2021 were:

- minimum Common Equity Tier 1 ratio ("CET1 ratio"): 4.5% + 2.5% of Capital Conservation Buffer ("CCB");
- minimum Tier 1 ratio: 6.0% + 2.5% of CCB;
- minimum total capital ratio: 8% + 2.5% of CCB.

The Bank of Italy confirmed the Countercyclical Capital Buffer ratio for exposures to Italian counterparties at zero per cent also for 2021.

With communication of 30 November 2017, the Bank of Italy identified the banking group Banco BPM as an 'Other Systemically Important Institution' (O-SII). The 2021 O-SII buffer is equal to 0.19% and will reach 0.25% on 1 January 2022.
On 11 December 2019, the European Central Bank (ECB) notified Banco BPM its final decision on the minimum capital ratios that Banco BPM is required to comply with on an ongoing basis as of FY 2020.
The decision is based on the supervisory review and evaluation (SREP) conducted in accordance with art. 4(1)(f) of EU Regulation no. 1024/2013.
In compliance with art. 16(2)(a) of the same Regulation no. 1024/2013, which gives the ECB the power to require that supervised banks hold an amount of own funds greater than the minimum capital requirements provided for under current regulations, the top-up to be added to the above requirements was 2.25%.

Following the Covid-19 health emergency, with letter dated 8 April 2020 the ECB decided to amend the decision made in December 2019 illustrated above, establishing that the 2.25% SREP requirement must be maintained by Banco BPM based on the following ratios: 56.25% as Common Equity Tier 1 (CET1) and 75% as Tier 1 Capital (Tier 1).

On 2 February 2022, the European Central Bank (ECB) communicated the above SREP decision for FY 2022 to Banco BPM, keeping the add-on requirement on top of the minimum capital requirements unchanged at 2,25%.

Therefore, taking also into account the countercyclical capital buffer established by the competent national authorities for exposures towards countries where the Group operates, equal to 0.003%, the minimum requirements Banco BPM must comply with in 2022, both at phase-in and fully loaded level, until a new communication is issued, are[37]:

- CET1 ratio: 8.519%;
- Tier 1 ratio: 10.441%;
- Total Capital ratio: 13.003%.

Banco BPM elected to fully apply the transitional provision under article 473 bis of EU Regulation no. 575/2013, which phases in the impact on own funds generated by the adoption of the new impairment model introduced by IFRS9. Under the transitional provision, it is possible to include a transitional positive component to the Tier 1 capital by a percentage of the increase in expected loan loss provisions further to the adoption of IFRS 9. The percentage decreases over time over a 5-year period, as described below:

- period between 1 January and 31 December 2018: 95% of the increase in expected loan loss provisions further to the adoption of IFRS 9;
- period between 1 January 2019 and 31 December 2019: 85% of the increase in expected loan loss provisions;
- period between 1 January 2020 and 31 December 2020: 70% of the increase in expected loan loss provisions;
- period between 1 January 2021 and 31 December 2021: 50% of the increase in expected loan loss provisions;
- period between 1 January 2022 and 31 December 2022: 25% of the increase in expected loan loss provisions.

From 1 January 2023 the impact from the first-time adoption of IFRS 9 will be fully recognized in the calculation of own funds. Without prejudice to the impacts from the above transitional provision, Banco BPM does not benefit from any Tier 1 capital impact as a result of the new transitional regime under the changes made to Regulation 873/2020 article 473 bis regarding the higher provisions set aside in the current year for expected losses on performing loans as compared to their amount on 1 January 2020.

The estimates of the Group's capital ratios, all other things being equal, had it not elected to exercise the above option, are called in brief "IFRS9 fully-loaded". The capital ratios called "IFRS9 phase-in" instead are calculated based on the above-mentioned transitional provisions.

7. Sovereign risk exposure represented by debt securities

The table below provides an illustration of the Group's sovereign risk exposure (debt securities included in the financial assets portfolios) at 31 December 2021, broken down by single Country and by category of the classification accounting portfolio:

31 December 2021 *(in million euro)* **Countries/Accounting portfolios**	**Fin. ass. measured at amortized cost**	**Fin. ass. measured at fair value through other comprehensive income**	**Fin. ass. measured at fair value through profit or loss**	**Total**
Italy	10.303	1.706	723	12.732
France	1.963	2.008	0	3.971
USA	2.127	1.110	0	3.237
Spain	1.565	1.442	92	3.099
Germany	827	949	0	1.776
Other Countries	533	271	0	804
Total	**17.318**	**7.486**	**815**	**25.619**

At 31 December 2021, the Group's sovereign debt exposure totaled € 25.6 billion (€ 29.0 billion at 31 December 2020), of which 67.6% were classified in the portfolio of financial assets measured at amortized cost, 29.2% under financial assets measured at fair value through other comprehensive income, and 3.2% in the portfolio of financial assets measured at fair value through profit or loss, as they were held for trading.
Out of this exposure, about 87% refers to securities issued by members of the European Union; notably about 49.7% by Italy.
As regards financial assets measured at fair value through other comprehensive income, at 31 December 2021 the reserves generated by the fair value measurement of debt securities totaled € 68.0 million, gross of tax effect, of which € 20.5 million refer to government bonds (€ + 11.1 million for Italian government bonds and € 9.4 million for other government bonds).
As to financial assets measured at amortized cost, the book value came out at € 17.3 billion, of which € 10.3 billion represented by Italian government bonds. For information purposes only, note that the fair value of the government bonds classified in this accounting category, measured based on the market prices at 31 December 2021 (level 1 in the fair value classification) totaled € 17.8 billion (€ 10.6 billion being the fair value of the Italian government bonds alone).
The debt securities management still follows the same decisions made in the prior financial years; no business model change calling for a portfolio reclassification took place during the year.

8. Other explanatory notes

[37] These requirements are calculated as follows:

- The pillar I minimum requirement of 8% (of which 4.5% CET1; 1.5% AT1 and 2% AT2);
- the P2R requirement of 2.25% set by the ECB must be met by 56.25% with CET1 and by 75% with TIER1;
- the capital conservation buffer of 2.50% to be met with CET1 only;
- the O-SII buffer of 0.25%, to be met with CET1 only;
- the countercyclical capital buffer of 0,003% to be met with CET1 capital only.

The reclassified balance sheet and income statements reflect on a consolidated basis the financial accounts of Banco BPM and its subsidiaries with respect to 31 December 2021, or, when not available, to the most recently approved financial reports. Similarly, the equity method-based treatment of associates was carried out based on the accounting information as at 31 December 2021 submitted to Banco BPM, or, if not available, on the most recent financial reports prepared by the associates. Note that, for the investment held in Anima Holding, measured under the equity method as of 1 April 2020, the contribution to the consolidated income statement for FY 2021 does not include the share of the operating result generated by the associate in the last quarter of 2020, amounting to € 9.8 million. This is due to the fact that Anima Holding approved its 2020 draft financial statements and will approve its 2021 draft financial statements after the approval of its results by Banco BPM.

Attachments

- Reclassified consolidated statement of financial position
- Reclassified consolidated income statement
- Reclassified consolidated income statement – 2021 and 2020 quarterly evolution
- FY 2021 reclassified consolidated income statement net of non-recurring items

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BANCO BPM Group

Reclassified consolidated balance sheet

(in euro thousand)	31/12/2021	31/12/2020	Chg.	Chg. %
Cash and cash equivalents	29,153,316	9,410,687	19,742,629	209.8%
Financial assets at amortised cost	121,261,260	119,903,058	1,358,202	1.1%
- Due from banks	11,877,878	10,568,073	1,309,805	12.4%
- Customer loans	109,383,382	109,334,985	48,397	0.0%
Other financial assets	36,326,393	41,175,632	-4,849,239	-11.8%
- Financial assets designated at FV through P&L	6,464,186	9,118,571	-2,654,385	-29.1%
- Financial assets designated at FV through OCI	10,675,079	10,710,796	-35,717	-0.3%
- Financial assets at amortised cost	19,187,128	21,346,265	-2,159,137	-10.1%
Equity investments	1,794,116	1,664,772	129,344	7.8%
Property and equipment	3,278,245	3,552,482	-274,237	-7.7%
Intangible assets	1,213,722	1,218,632	-4,910	-0.4%
Tax assets	4,540,229	4,704,196	-163,967	-3.5%
Non-current assets held for sale and discontinued operations	229,971	72,823	157,148	215.8%
Other assets	2,691,964	1,982,900	709,064	35.8%
Total assets	**200,489,216**	**183,685,182**	**16,804,034**	**9.1%**
Direct funding	120,213,016	116,936,669	3,276,347	2.8%
- Due to customers	107,120,893	102,162,461	4,958,432	4.9%
- Debt securities issued and financial liabilities designated at FV	13,092,123	14,774,208	-1,682,085	-11.4%
Due to banks	45,685,032	33,937,523	11,747,509	34.6%
Leasing debts	673,872	760,280	-86,408	-11.4%
Other financial liabilities designated at fair value	15,755,319	14,015,427	1,739,892	12.4%
Liability provisions	1,196,946	1,415,473	-218,527	-15.4%
Tax liabilities	302,816	464,570	-161,754	-34.8%
Other liabilities	3,566,156	3,928,139	-361,983	-9.2%
Total Liabilities	**187,393,157**	**171,458,081**	**15,935,076**	**9.3%**
Minority interests	1,108	1,894	-786	-41.5%
Shareholders' equity	13,094,951	12,225,207	869,744	7.1%
Consolidated Shareholders' Equity	**13,096,059**	**12,227,101**	**868,958**	**7.1%**
Total Liabilities and Shareholders' Equity	**200,489,216**	**183,685,182**	**16,804,034**	**9.1%**

The items "Cash and cash equivalents" and "Due from banks" of 2020 have been reclassified, in order to alingn them to the new classification criteria required by the Bank of Italy starting from 31/12/2021

The item "Customer Loans" includes the Senior notes coming from the securitizations of Non-performing Loans

BANCO BPM Group

Reclassified consolidated income statement

(in euro thousand)	2021	2020	Chg.	Chg. %
Net interest income	2,041,628	1,982,561	59,067	3.0%
Income (loss) from investments in associates carried at equity	231,940	130,799	101,141	77.3%
Net interest, dividend and similar income	**2,273,568**	**2,113,360**	**160,208**	**7.6%**
Net fee and commission income	1,911,203	1,663,810	247,393	14.9%
Other net operating income	75,280	56,005	19,275	34.4%
Net financial result	250,695	318,642	-67,947	-21.3%
Other operating income	**2,237,178**	**2,038,457**	**198,721**	**9.7%**
Total income	**4,510,746**	**4,151,817**	**358,929**	**8.6%**
Personnel expenses	-1,667,799	-1,581,141	-86,658	5.5%
Other administrative expenses	-601,151	-593,812	-7,339	1.2%
Net value adjustments on property and equipment and intangible assets	-246,825	-255,114	8,289	-3.2%
Operating costs	**-2,515,775**	**-2,430,067**	**-85,708**	**3.5%**
Profit (loss) from operations	**1,994,971**	**1,721,750**	**273,221**	**15.9%**
Net adjustments on loans to customers	-887,199	-1,336,807	449,608	-33.6%
Profit (loss) on fair value measurement of tangible assets	-141,633	-36,721	-104,912	285.7%
Net adjustments on other assets	-328	-1,030	702	-68.2%
Net provisions for risks and charges	-26,039	-42,294	16,255	-38.4%
Profit (loss) on the disposal of equity and other investments	-18,768	1,190	-19,958	
Income (loss) before tax from continuing operations	**921,004**	**306,088**	**614,916**	**200.9%**
Tax on income from continuing operations	-253,828	-13,518	-240,310	N.S.
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**667,176**	**292,570**	**374,606**	**128.0%**
Systemic charges after tax	-144,995	-138,901	-6,094	4.4%
Restructuring costs after tax	-	-187,030	187,030	
Realignment of fiscal values to accounting values	81,709	128,324	-46,615	-36.3%
Godwill & Client Relationship impairment after tax	-	-25,100	25,100	
Impact from the change in Own Credit Risk on certificates issued, after tax	4,354	-11,739	16,093	
Purchase Price Allocation (PPA) after tax	-39,460	-41,492	2,032	-4.9%
Income (loss) attributable to minority interests	284	4,248	-3,964	-93.3%
NET INCOME (LOSS) FOR THE PERIOD	**569,068**	**20,880**	**548,188**	**N.S.**

BANCO BPM Group

Reclassified consolidated income statement - Quarterly evolution

(in euro thousand)	IV Q 2021	III Q 2021	II Q 2021	I Q 2021	IV Q 2020	III Q 2020	II Q 2020	I Q 2020
Net interest income	506,005	516,427	522,367	496,829	509,019	519,921	479,507	474,114
Income (loss) from investments in associates carried at equity	87,066	46,795	56,535	41,544	23,729	36,768	48,036	22,266
Net interest, dividend and similar income	**593,071**	**563,222**	**578,902**	**538,373**	**532,748**	**556,689**	**527,543**	**496,380**
Net fee and commission income	485,821	475,308	478,679	471,395	429,225	417,651	376,371	440,563
Other net operating income	9,066	26,296	21,747	18,171	12,731	11,675	14,855	16,744
Net financial result	-1,443	35,878	116,533	99,727	77,845	157,325	82,712	760
Other operating income	**493,444**	**537,482**	**616,959**	**589,293**	**519,801**	**586,651**	**473,938**	**458,067**
Total income	**1,086,515**	**1,100,704**	**1,195,861**	**1,127,666**	**1,052,549**	**1,143,340**	**1,001,481**	**954,447**
Personnel expenses	-413,937	-409,823	-417,135	-426,904	-407,212	-356,950	-397,954	-419,025
Other administrative expenses	-149,106	-144,012	-153,903	-154,130	-125,341	-159,797	-154,094	-154,580
Net value adjustments on property and equipment and intangible assets	-61,610	-61,762	-60,603	-62,850	-67,229	-64,796	-61,710	-61,379
Operating costs	**-624,653**	**-615,597**	**-631,641**	**-643,884**	**-599,782**	**-581,543**	**-613,758**	**-634,984**
Profit (loss) from operations	**461,862**	**485,107**	**564,220**	**483,782**	**452,767**	**561,797**	**387,723**	**319,463**
Net adjustments on loans to customers	-213,978	-200,643	-255,513	-217,065	-536,225	-324,340	-262,999	-213,243
Profit (loss) on fair value measurement of tangible assets	-96,927	-7,817	-36,964	75	-30,989	-316	-5,094	-322
Net adjustments on other assets	-1,098	242	939	-411	7,249	104	-3,728	-4,655
Net provisions for risks and charges	2,255	-15,489	-5,615	-7,190	-35,587	907	-9,809	2,195
Profit (loss) on the disposal of equity and other investments	-18,726	395	-393	-44	-354	1,324	129	91
Income (loss) before tax from continuing operations	**133,388**	**261,795**	**266,674**	**259,147**	**-143,139**	**239,476**	**106,222**	**103,529**
Tax on income from continuing operations	-37,228	-83,274	-50,628	-82,698	47,946	-22,464	-13,293	-25,707
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**96,160**	**178,521**	**216,046**	**176,449**	**-95,193**	**217,012**	**92,929**	**77,822**
Systemic charges after tax	-4,792	-61,650	-19,309	-59,244	-10,216	-53,001	-18,169	-57,515
Restructuring costs after tax	-	-	-	-	-187,030	-	-	-
Realignment of fiscal values to accounting values	2,489	-	79,220	-	128,324	-	-	-
Godwill & Client Relationship impairment after tax	-	-	-	-	-25,100	-	-	-
Impact from the change in Own Credit Risk on certificates issued, after tax	12,320	3,954	-5,105	-6,815	-41,116	2,194	-110,739	137,922
Purchase Price Allocation (PPA) after tax	-9,251	-10,172	-9,705	-10,332	-11,543	-11,422	-11,962	-6,565
Income (loss) attributable to minority interests	144	28	78	34	220	2,520	1,537	-29
NET INCOME (LOSS) FOR THE PERIOD	**97,070**	**110,681**	**261,225**	**100,092**	**-241,654**	**157,303**	**-46,404**	**151,635**

BANCO BPM Group

Reclassified consolidated income statement, excluding non-recurring items

(in euro thousand)	2021	2020	Chg.	Chg. %
Net interest income	2,041,628	1,982,561	59,067	3.0%
Income (loss) from investments in associates carried at equity	189,820	130,799	59,021	45.1%
Net interest, dividend and similar income	**2,231,448**	**2,113,360**	**118,088**	**5.6%**
Net fee and commission income	1,911,203	1,663,810	247,393	14.9%
Other net operating income	75,280	56,005	19,275	34.4%
Net financial result	250,695	318,642	-67,947	-21.3%
Other operating income	**2,237,178**	**2,038,457**	**198,721**	**9.7%**
Total income	**4,468,626**	**4,151,817**	**316,809**	**7.6%**
Personnel expenses	-1,682,157	-1,612,770	-69,387	4.3%
Other administrative expenses	-601,151	-593,812	-7,339	1.2%
Net value adjustments on property and equipment and intangible assets	-244,815	-252,876	8,061	-3.2%
Operating costs	**-2,528,123**	**-2,459,458**	**-68,665**	**2.8%**
Profit (loss) from operations	**1,940,503**	**1,692,359**	**248,144**	**14.7%**
Net adjustments on loans to customers	-693,172	-1,085,363	392,191	-36.1%
Net adjustments on other assets	-328	-1,030	702	-68.2%
Net provisions for risks and charges	-26,039	-16,294	-9,745	59.8%
Income (loss) before tax from continuing operations	**1,220,964**	**589,672**	**631,292**	**107.1%**
Tax on income from continuing operations	-350,368	-90,491	-259,877	287.2%
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**870,596**	**499,181**	**371,415**	**74.4%**
Systemic charges after tax	-125,695	-119,455	-6,240	5.2%
Impact from the change in Own Credit Risk on certificates issued, after tax	4,354	-11,739	16,093	
Purchase Price Allocation (PPA) after tax	-39,460	-41,492	2,032	-4.9%
Income (loss) attributable to minority interests	284	3,970	-3,686	-92.8%
NET INCOME (LOSS) FOR THE PERIOD (EXCLUDING NON-RECURRING ITEMS)	**710,079**	**330,465**	**379,614**	**114.9%**
IMPACTS EXCLUDED FROM "ADJUSTED" RESULT	**-141,011**	**-309,585**	**168,574**	**-54.5%**
NET RESULT	**569,068**	**20,880**	**548,188**	**N.M.**