PRESS RELEASE

RESULTS AS AT 30 JUNE 2024[1]

EXCELLENT PERFORMANCE FOR THE FIRST HALF OF 2024, EXCEEDING THE TARGETS OF THE STRATEGIC PLAN 2023-2026:

ADJUSTED NET PROFIT[2] AT € 776 MILLION (+19% Y/Y)

STATED NET PROFIT AT € 750 MILLION (+20% Y/Y)

NET PROFIT GUIDANCE INCREASED FOR 2024
EPS: FROM ~ € 0.90 TO ~ € 0.95[3]
(€0.83 IN 2023)

- **RESULTS EXPECTED FOR 2024 ALREADY CLOSE TO THE 2026 NET PROFIT TARGET OF THE PLAN (> €1.5 BILLION): A NEW STARTING POINT FOR GENERATING SUSTAINABLE PROFITABILITY IN THE MEDIUM-TO-LONG TERM**

EXPECTED INTERIM DIVIDEND FOR 2024 INCREASES FROM ~ € 550 MILLION TO ~ € 600 MILLION:

- **PROFIT DISTRIBUTION TO SHAREHOLDERS FOR 2024 EXCEEDS € 150 MILLION VERSUS THE 2023-2026 PLAN FORECAST**
- **SET THE BASE TO EXCEED THE OVERALL SHAREHOLDER REMUNERATION TARGETS OF CUMULATIVE € 4 BILLION IN 2023-2026**

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[1] The definitions of the indicators and the main balance sheet and income statement figures commented on in this press release are explained in Explanatory Note No. 1 "Accounting policies and reference accounting standards - Alternative performance measures."
[2] Earnings net of non-recurring items detailed in Explanatory Note No. 5 to this press release.
[3] Annualized EPS, calculated net of non-recurring items.

CAPITAL POSITION AT HISTORIC TOP LEVELS[4]:

- **CET 1 RATIO AT 15.2% (14.2% AT YE 2023)**
- **MDA BUFFER[5] AT 609 BPS (508[6] BPS AT YE 2023)**

SIGNIFICANT GROWTH IN OPERATING PERFORMANCE:

- **CORE REVENUES AT € 2,834 MILLION (+8% COMPARED TO FIRST HALF 2023)**
- **OPERATING PROFIT[7] GROWING TO € 1,456 MILLION (+12% COMPARED TO FIRST HALF 2023)**
- **LOAN LOSS PROVISIONS AT € 194 MILLION (-25% COMPARED TO FIRST HALF 2023)**
- **COST/INCOME DOWN AT 47.9% (49.5% IN THE FIRST HALF 2023 AND 48.1% IN FY 2023)**
- **PROFITABILITY OUTLOOK SET TO BENEFIT FROM THE PROGRESSIVE GROUNDING OF THE GROUP'S PRODUCT FACTORIES, TO COME INTO FULL OPERATION IN 2026**

CONTINUED IMPROVEMENT IN ASSET QUALITY:

- **NET NPE RATIO DOWN TO 1.6%**
- **ANNUALIZED COST OF RISK AT 38 BPS (53 BPS IN 2023)**
- **GROSS NON-PERFORMING EXPOSURES DOWN TO € 3.4 BN (€ 3.8 BN AT THE END OF 2023) THANKS TO THE CONSOLIDATED DERISKING STRATEGY**
- **GROSS NPE RATIO DOWN TO 3.3% (3.5% AT THE END 2023)**

[4] More details on how capital ratios are calculated can be found in Explanatory Note No. 6 of this press release.
[5] Difference between the CET1 ratio measured as of 30 June 2024, including the first-half result net of expected *pay-out*, and the corresponding level of the minimum regulatory requirement for the year 2024 including the so-called Pillar 2 Requirement (P2R), reduced to compensate for any shortfall of Additional Tier 1 Capital or Tier 2 Capital compared to the requirements that can be covered with these classes of capital.
[6] Figure recalculated on a consistent basis to take into account the requirements communicated by ECB for 2024.
[7] This interim result does not include systemic charges, amounting to € -98.7 million, accounting impacts arising from Purchase Price Allocation (PPA), amounting to € -27.1 million, impacts arising from the change in its own creditworthiness on *certificate* issues, amounting to € -1.9 million, and the amount of charges related to the Incentive Retirement Plan activated by the Parent Bank, amounting to € 17.5 million. These components, net of the related tax effects, are shown in separate items in the reclassified income statement.

SOLID LIQUIDITY POSITION:

- **LCR AT 140%, NSFR AT 127%[8]**
- **CASH AND FREE ASSETS AT € 45.1 BILLION**

DIRECT BANK FUNDING AT € 129.8 BILLION, UP FROM € 126.0 BILLION AS OF 31 DECEMBER 2023

INDIRECT FUNDING AT € 111.2 BILLION, INCREASING FROM € 106.2 BILLION AS OF 31 DECEMBER 2023

THE CREDIT RATING, WHICH HAS BEEN PLACED IN THE "INVESTMENT GRADE" AREA BY ALL AGENCIES SINCE NOVEMBER 2023, HAS FURTHER CONSOLIDATED IN THE FIRST HALF OF THE YEAR:

- **FITCH RATINGS, ON 21 MARCH 2024, UPGRADED THE RATINGS ON SENIOR PREFERRED AND SENIOR NON-PREFERRED DEBT BY ONE NOTCH**
- **MORNINGSTAR DBRS, ON 18 APRIL 2024, REVISED BANCO BPM'S TREND FROM STABLE TO POSITIVE TO REFLECT RECENT AND ONGOING IMPROVEMENTS IN PROFITABILITY AND ASSET QUALITY**

FURTHER DEVELOPMENT OF SUSTAINABILITY STRATEGY:

- **CREATED THE NEW TRANSITION AND SUSTAINABILITY STRUCTURE REPORTING DIRECTLY TO THE GENERAL MANAGER – CFO**
- **SET DECARBONIZATION TARGETS TO 2030 FOR THE 5 PRIORITY SECTORS UNDER NET-ZERO BANKING ALLIANCE**
- **WOMEN IN MANAGERIAL POSITIONS AT THE END OF JUNE UP BY 12% Y/Y**
- **ISSUE OF A GREEN SENIOR NON-PREFERRED BOND FOR 750 MILLION AND PUBLICATION OF THE GREEN, SOCIAL AND SUSTAINABILITY BONDS REPORT 2024**
- **SHARE OF ESG BOND ON TOTAL NON-GOVERNMENT BONDS IN THE PORTFOLIO[9] AS AT THE END OF JUNE: 32.3%, UP FROM 29.1% AT THE END OF 2023**

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[8] Managerial data.

[9] Perimeter referred to the banking book.

The first half of 2024 was characterized by an overall positive macroeconomic environment, despite continuing elements of uncertainty stemming, in particular, from the geopolitical situation in Ukraine and the Middle East; however, in this context, the Group's commercial and organizational efforts resulted in significant growth in operating performance. In particular, "core" revenues show excellent dynamics, amounting to € 2,834 million, a growth of 8% over the first half of 2023.

Operating profit rises to € 1,456 million compared to € 1,302 million in the first half of 2023, an increase of 12%. Net profit for the period stands at € 750 million with 20% growth compared to 30 June 2023. At the adjusted level, the net profit stood at € 776 million, with an increase of 19% y/y.

Balance sheet figures confirm the significant results achieved:
- ***direct funding from the banking business amounted to € 129.8 billion up 3.0% from the end of 2023 and 2.9% y/y;***
- ***indirect customer funding amounted to € 111.2 billion, up € 5.0 billion compared to 31 December 2023 and € 11.5 billion year-on-year;***
- ***"core" net performing loans (consisting of mortgages, loans, current accounts and personal loans) stood at € 95.3 billion (€ 95.8 billion gross) with a volume of new disbursements of € 5.4 billion.***

In terms of asset quality, as of 30 June 2024, the ratio of impaired loans to total gross loans was further reduced to 3.3%, from 3.5% as of 31 December 2023. The annualized cost of credit is down to 38 bp from 53 bp at year-end 2023, while confirming significant levels of coverage for impaired loans.

The Group's solid capital position is further strengthened as of 30 June 2024, reaching the highest historical levels since the merger:
- ***CET 1 Ratio at 15.2% (from 14.2% at year-end 2023 and 14.7% at March 2024;***
- ***MDA buffer at 609bps (from 508[10] bps at the end of 2023 and 567bps at March 2024).***

Main balance sheet aggregates

- Direct funding from the banking business[11] € 129.8 billion: +3.0% compared to end-December 2023 and +2.9% compared to 30 June 2023; "core" customer deposits (deposits and current accounts) at € 101.1 billion;
- Indirect customer funding at € 111.2 billion (+4.7% compared to 31 December 2023 and +11.6% compared to 30 June 2023), of which:
  - assets under management € 64.1 billion (+3.3% vs. 31 December 2023 and +6.0% vs. 30 June 2023);
  - assets under administration € 47.1 billion (+6.7% compared to 31 December 2023 and +20.2% compared to 30 June 2023);
- Net loans to customers € 102.0 billion: -3.3% compared to 31 December 2023 (of which performing loans -3.1% and impaired loans -11.1%) and -5.7% compared to 30 June 2023 (of which performing loans -5.4% and impaired loans -20.8%).

[10] Figure recalculated on a homogeneous basis to take into account the requirements communicated by ECB for 2024.

[11] As of the accounting statement as of 31 March 2024, the aggregate also includes repurchase agreements; the figure for the previous year has been restated for consistency of comparison.

Main income statement items

- Net interest income:
  - € 858.4 million in Q2 2024 (€ 864.4 million in Q1 2024; -0.7%)
  - € 1,722.8 million in 1H 2024 (€ 1,552.9 million in 1H 2023; +10.9%)
- Net fee and commissions income[12]:
  - € 499.8 million in 2Q 2024 (€ 521.6 million in 1Q 2024; -4.2%)
  - € 1,021.4 million in 1H 2024 (€ 977.8 million in 1H 2023; +4.5%)
- Operating expenses:
  - € 669.9 million in 2Q 2024 (€ 668.7 million in 1Q 2024; +0.2%)
  - € 1,338.6 million in 1H 2024 (€ 1,274.7 million in 1H 2023; +5.0%)
- Operating profit:
  - € 690.6 million in 2Q 2024 (€ 765.1 million in 1Q 2024; -9.7%)
  - € 1,455.8 million in 1H 2024 (€ 1,302.5 million in 1H 2023; +11.8%)
- Net adjustments on loans to customers:
  - € 111.6 million in 2Q 2024 (€ 82.5 million in 1Q 2024; +35.3%)
  - € 194.1 million in 1H 2024 (€ 258.7 million in 1H 2023; -25.0%)
- Profit (loss) before tax from continuing operations:
  - € 580.0 million in 2Q 2024 (€ 661.7 million in 1Q 2024; -12.3%)
  - € 1,241.8 million in 1H 2024 (€ 1,015.6 million in 1H 2023; +22.3%)
- Net income:
  - € 379.9 million in 2Q 2024 (€ 370.2 million in 1Q 2024; +2.6%)
  - € 750.1 million in 1H 2024 (€ 624.4 million in 1H 2023; +20.1%)
- *Adjusted* net income:
  - € 399.7 million in 2Q 2024 (€ 376.4 million in 1Q 2024; +6.2%)
  - € 776.1 million in 1H 2024 (€ 652.3 million in 1H 2023; +19.0%)

Capital position[13]

- CET 1 ratio 15.2% (14.2% as of 31 December 2023);
- MDA buffer 609 bps

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[12] As of fiscal year 2024, the income components related to the income from payment services that will be contributed to the new company operating in the digital payments sector, in which Banco BPM will have a connecting interest, are shown under "Net commissions" in the Reclassified Income Statement instead of under "Other net operating income." In order to ensure a like-for-like comparison, the previous year's figures have been reclassified accordingly.

[13] For more details on how capital ratios are calculated, see Explanatory Note 6 of this press release.

Credit quality[14]

- Stock of net impaired loans of € 1.7 bn: -11.1% compared to end 2023 and -20.8% y/y
- Coverage ratios of impaired loans:
  - Bad loans: 61.1% (60.9% as of 31 December 2023 and 61.9% as of 30 June 2023); considering also *write-offs*, coverage is 69.2%;
  - Unlikely-to-pay: 44.0% (43.2% as of 31 December 2023 and 42.1% as of 30 June 2023);
  - Total non-performing exposures: 51.2% (50.4% as of 31 December 2023 and 50.6% as of 30 June 2023); considering also *write-offs*, the coverage is 56.4%.

Liquidity profile

- Liquidity at € 45.1 billion (cash + unencumbered assets);
- TLTRO III at € 5.7 billion;
- LCR 140% and NSFR 127%[15].

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Milan, 6 August 2024 - The Board of Directors of Banco BPM met today under the chairmanship of Dr. Massimo Tononi to approve the financial and economic position of Banco BPM Group as of 30 June 2024.

The first part of the 2024 financial year was characterized by an overall positive macroeconomic environment, notwithstanding the fact that elements of uncertainty remain arising, in particular from the geopolitical situation in Ukraine and the Middle East and the resulting difficulties on global supply chains. Against this backdrop, the Group recorded excellent levels of profitability with a profit before tax from continuing operations of € 1,241.8 million and net income of € 750.1 million. At the *adjusted* level, these results are even stronger: profit before tax from continuing operations of € 1,266.7 million and net income of € 776.1 million.

During the first half of the year, the Group continued the process of implementing the new configuration of product factories in the Bancassurance and Payment Systems segments.

With regard to the Bancassurance segment, the corporate structure had been completed at the end of 2023 with the finalization of the sale and purchase transactions that led to the Group's total control of the companies operating in the life insurance segment (Banco BPM Vita, Vera Vita and BBPM Life) and the participation, with a stake of 35%, in the companies operating in the non-life insurance segment (Banco BPM Assicurazioni, Vera Assicurazioni and indirectly Vera Protezione), in a *joint venture* with Crédit Agricole Assurances.
During the first half of 2024, in accordance with the agreements between the parties, the purchase and sale prices of the afore-mentioned stakes were adjusted on the basis of the final values of the companies' *own funds* and accrued profits.
In addition, the internalization of the segment's activities continued during the first half of the year, with the aim of achieving IT migration to a new technological platform during the next fiscal year.
With regard to the payment systems segment, following the agreements signed last year for the establishment of a *joint venture* with FSI and Iccrea, which has taken the name Numia, the

[14] Data calculated assuming only customer exposures measured at amortized cost and excluding loans held for sale.
[15] Managerial data.

completion of some preparatory activities for the finalization of the transaction as well as the obtaining of all authorizations from the competent Authorities make it possible to confirm the *closing* by September 30, 2024.

Also with reference to the process of rationalization of its organizational and corporate structure, during the quarter, the partial spin-off transaction of Banca Akros in favor of Banco BPM was finalized, effective January 1st, 2024, related to the business unit consisting of the complex of assets and resources organized to carry out the "Proprietary Finance" activities of Banca Akros.
In addition, on 25 June 2024, the Parent Company and Banco BPM Invest SGR[16] signed the deed of contribution of the business unit represented by Banco BPM's "Alternative Investments and Funds" structure, effective 1 July 2024.

Finally, it should be noted that, on 28 June 2024, the renewal of the Shareholders' Agreement between Banco BPM and Crédit Agricole S.A. and Crédit Agricole Consumer Finance, relating to the Joint Venture in Agos Ducato, was formalized until 28 June 2029. As part of this, among other things, Banco BPM's right to exercise its unconditional put option on 10% of Agos Ducato's capital was extended for another three years (with an exercise period from 1 July–31 July 2025 to 1July–31July 2028), at an exercise price already agreed at €150 million.
In addition, the new Shareholders' Agreement simplified the potential listing process of Agos Ducato, through the stipulation of a single procedure to be implemented at Banco BPM's request from 1 July 2025, until the expiration of the Shareholders' Agreement.

In terms of funding and capital operations, in the first half of 2024 the Parent Company concluded two issues, reserved for institutional investors, as part of the Euro Medium-Term Notes Program: the first, in January 2024, relating to Green Senior Non-Preferred securities in the amount of € 750 million, fixed coupon of 4.875%, and maturity of six years, recallable as from the fifth year; the second in March 2024, relating to Tier 2 subordinated securities in the amount of € 500 million, maturity ten years and 3 months, fixed coupon of 5% until June 2029 and repayable in advance from the fifth year.
In addition, during the period Banco BPM concluded two issues of European Covered Bonds (Premium) aimed at institutional investors: the first in January 2024 in the amount of € 750 million and maturing in six years, and the second in May 2024 in the amount of € 500 million and maturing in seven years. Both transactions are part of the € 10 billion BPM Covered Bond 2 program.
Finally, on 9 July 2024, the Parent Bank concluded a new issue of a € 400 million Additional Tier 1 capital instrument with perpetual maturity and callable from January 2031. At the same time, Banco BPM announced an offer to repurchase a perpetual bond with a total outstanding nominal amount of € 400 million (ISIN XS2089968270), which was concluded on 17 July with an adhesion of € 179.5 million. It should also be noted that in June 2024, Banco BPM proceeded with the early redemption of an Additional Tier 1 capital instrument issued in 2019 (ISIN XS1984319316) for €300 million nominal and already subject to partial repurchase in November 2023 for €223.3 million.

In addition, with regard to share buyback programs intended to service short- and long-term incentive plans to employees, during the first half of the year:
- under the program resolved by the Ordinary Shareholders' Meeting of April 20, 2023, 905,286 treasury shares (equal to 0.06% of the outstanding ordinary shares) were purchased for a countervalue of € 5 million;
- under the program, resolved by the Ordinary Shareholders' Meeting of April 18, 2024, which provided for the purchase of ordinary shares of Banco BPM for a maximum total amount of € 45

[16] The company in March received authorization from the Bank of Italy to carry out collective asset management and portfolio management activities pursuant to Article 34 of Legislative Decree No. 58 of February 24, 1998.

million within the term of 18 months and no later than the date of the Shareholders' Meeting to approve the financial statements for the year 2024, the first tranche of the same was executed in the period from 19 June to 24 June 2024 with the purchase of no. 4,911,328 treasury shares (equal to 0.32% of the outstanding ordinary shares) at an average unit price of €6.11, for a total countervalue of €30 million.

As a result of the transactions described above, Banco BPM, taking into account the allocations made during the six-month period and the other treasury shares already in its portfolio, as of 30 June 2024 directly owns 11,342,227 treasury shares, equal to 0.75% of the share capital.

CREDIT RATING

Following the assignment by S&P Global Ratings of a new rating in the Investment Grade area on 7 November 2023 (of which: Long-term Issuer Credit Rating at BBB-, with Positive Outlook) and the ratings upgrade on 21 November 2023, by Moody's Investors Service (of which: +2 notches for the Long-Term Rating of Senior Unsecured Debt), an improvement in the main credit ratings assigned to Banco BPM continued in the first half of 2024, all of which, as early as November 2023, have been positioned in the "Investment Grade" area:

- Fitch Ratings, on 21 March 2024, improved the ratings on Senior Preferred and Senior Non-Preferred debt by one notch, confirming all other ratings with Stable Outlook and recognizing the significant strengthening of the Group's financial profile;
- Morningstar DBRS, on 18 April 2024, revised Banco BPM's Trend from Stable to Positive to reflect the recent and ongoing improvements in profitability and asset quality, which are in addition to the positive assessment regarding the strengthening of the business model, solid funding and liquidity profile, and solid capital position.

It is noted that all rating agencies, including Moody's and S&P Global Ratings, which affirmed the ratings on 2 April 2024 and 18 June 2024, respectively, recognize the progressive improvement of the Group's financial profile, especially in terms of credit quality, capitalisation, and profitability, in addition to the strong business model and solid funding and liquidity position.

SUSTAINABILITY

In the **Environmental** sphere, as evidence of Banco BPM's contribution in supporting the transition to a net-zero carbon economy, after joining the Net-Zero Banking Alliance (NZBA) in March 2023, Banco BPM set decarbonization targets to 2030 for each of the 5 sectors[17] that had been identified as priorities when joining the NZBA[18]. In addition, a new target was set in terms of the amount of medium- and long-term loans disbursed in 2024 to finance projects and/or counterparties characterized by low levels of carbon dioxide emissions (so-called "New Medium-Long-Term Low-Carbon Financing"), amounting to €5 billion, and the new internal "Climate" rating was developed to assess the exposure to physical and transitional risk factors of the financed counterparties.
In the **Social** sphere, the Group has continued its virtuous path in enhancing the value of female staff, with an annual growth of women in managerial positions of 12% as at the end of June 2024.

With regard to ESG finance, in January 2024 Banco BPM successfully completed the issuance of a Green Senior Non-Preferred bond in the amount of €750 million as part of its Green, Social and Sustainability Bonds Framework and, in July, published the Green, Social and Sustainability Bonds

[17] Automotive, Cement, Coal, Oil & Gas and Power generation.
[18] Targets will be published in a separate press release and officially communicated to the NZBA on August 9th.

Report on bonds issued through December 31, 2023. Finally, considering non-Government bonds accounted for in the banking book, it should be noted that, as of 30 June 2024, 32.3% of bonds have ESG characteristics (29.1% at the end of 2023).

In the area of **Governance**, to further strengthen the implementation of its Sustainability strategy, Banco BPM created the new "Transition and Sustainability" structure, operational since July 2024, reporting directly to the Co-General Manager - CFO. This structure, which has been entrusted with the coordination of ESG-related activities carried out within the Group, is in turn divided into two functions: "ESG Strategy," responsible for the development of the ESG framework (approaches, methodologies, metrics and KPIs) and ESG disclosure, and "ESG Business Advisory," responsible for supporting corporate functions and Group companies in the implementation of the ESG strategy, also at the business level.

Finally, it should be noted that on 8 July 2024, the agency Standard Ethics informed the market that it had affirmed the EE+ level for Banco BPM's ESG rating.
In that statement, the agency acknowledges that, over the past few years, the Bank has intensified and accelerated its alignment with the indications and demands on sustainability proposed by the UN, OECD and European Union, through a cross-cutting dissemination of ESG issues that has allowed it to improve the garrisons in IT, Cybersecurity and Data Governance. Also contributing to the maintenance of the excellent level achieved were the new Green, Social and Sustainability Bonds Framework, carbon neutrality in Banco BPM's direct emissions, improved corporate welfare and stakeholder engagement measures, gender balance on the Board of Directors and, therefore, sustainability governance and ESG risk management, which appear aligned with best practices.

Finally, it should be noted that Standard Ethics has shortened to 1-2 years the estimated time for upgrading Banco BPM's rating to the EEE- level.

DIGITAL AND OMNICHANNEL BANKING

During the first half of 2024, the evolution of functionalities on internet and mobile banking platforms and the introduction of processes to make new products and services available for digital and remote sales (e.g., escrow deposit, personal loans underwritten by mobile APP) continued as part of the .DOT Digital and Omnichannel Transformation Program.
The level of diffusion of digital solutions among customers is further expanding, confirmed by the adhesions to digital identity (enabling paperless processes and also remote business operations), which exceeded 1.5 million *individual* customers as of June 2024, and the increasing share of corporate customers (> 40%) who have activated the latest mobile APP dedicated to them.
During the first half of the year, the contribution of the so-called "*Digital Branch*" (an evolution of the Customer Center) to retail sales activities, both in support of branches in the territory and direct sales of products/services, grew further. Considering total telephone interactions with customers, with now more than 58% of these being of commercial nature, with an increasing focus on Small Business customers (38% of commercial activities), in line with the priorities defined in the Strategic Plan.

The level of maturity achieved in digital interaction with customers has therefore enabled to:

- bring the share of so-called "*omnichannel*" sales[19] in total retail sales to a value of 47%, which includes about 21% of so-called "fully remote" sales[20];

[19] Omnichannel sales: sales perfected in branches but with a significant contribution of digital channels in the proposition/commercial process (e.g., online quote) and remote sales (perfected in self or remote, so-called "*Fully Remote*").
[20] Fully Remote Sales: sales perfected remotely/in remotely (Self + Remote Offer Network + Remote Offer Digital Branch + Webank).

- consolidate stably at 85% the share of transactional operations carried out by customers remotely (in-branch transactions thus account for 15% of the total), with a noticeable incidence of operations on mobile APP of about 24%, which is growing steadily.

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Economic performance of operations in the first half of 2024 compared with the first half of 2023

Net interest income amounted to € 1,722.8 million, up 10.9% compared to the figure for the first half of 2023 (amounting to € 1,552.9 million), mainly due to the increase in the commercial spread, as a result of rising interest rates and the limited impact on the cost of deposits.

The **result of equity-accounted investments** amounted to € 74.9 million, and compares with the figure of € 60.6 million for the corresponding period last year.
The main contribution to this item came from consumer credit conveyed by the equity investment held in Agos Ducato, amounting to € 39.1 million, compared to € 41.6 million in the first half of 2023, as well as the contribution of the associate Anima Holding, amounting to € 25.1 million (€ 12.3 million in the first half of 2023).

Net fee and commission income[21] for the first half amounted to € 1,021.4 million, up 4.5% compared to the corresponding period of the previous year due to the performance recorded in the asset management segment (+8.1% compared to 30 June 2023). The contribution of commercial banking and other services was also positive (+2.4% compared to 30 June 2023), thanks to the contribution of commissions from investment banking and structured products activities, which offset the higher charges related to synthetic securitization transactions, amounting to € -15.7 million, and the disappearance, as of the second quarter of 2023, of liquidity management fees, amounting to approximately € 15 million[22].

Other net operating income[23] was € 2.5 million compared to € 3.8 million in the first half of 2023.

The **net financial result**[24] for the first half of the year was negative and amounted to € -42.0 million, broadly in line with the figure of € -42.5 million reported as of 30 June 2023.
The aggregate in question includes dividends of € 22.0 million (€ 14.9 million in the first half of 2023), trading gains of € 12.8 million (€ -8.6 million in the first half of 2023) and from the sale of financial assets of € 18.1 million (€ 8.5 million in the first half of 2023), which were offset by the negative contribution from liabilities measured at fair value and related derivatives of € -97.5 million (€ -62.0 million in the first half of 2023) mainly attributable to the higher cost of funding through *certificates*.

The **result of the insurance business** in the first half of 2024 is € 14.8 million and includes the contribution of Banco BPM Vita, Vera Vita and BBPM Life companies. This amount is not fully comparable with the 30 June 2023 figure of € 24.6 million, which instead included the contribution of Banco BPM Vita and

[21] See Note no. 12.
[22] Managerial data.
[23] See Note no. 12.
[24] The item does not include the accounting effect of the change in its own creditworthiness on the *fair value* measurement of liabilities of its own issuance (*certificates*), which resulted in the recognition of a negative impact of € -1.9 million in the first half of the year, compared to € -3.8 million recorded as of 30 June 2023. This effect is shown, net of taxes, in a separate item in the reclassified income statement.

Banco BPM Assicurazioni[25]. This amount was affected by the *one-off* recording of a *Loss Component* (LC) linked to the separate asset management schemes of Vera Vita in the amount of approximately € 18 million.

As a result of the dynamics described above, **total operating income** thus amounted to € 2,794.4 million, up from € 2,577.2 million recorded in the corresponding period last year (+8.4%).

Personnel expenses of € 860.6 million showed an increase of 6.5% compared to € 808.3 million in the first half of 2023; the increase is attributable to higher charges resulting from the renewal of the National Collective Labor Agreement.
As of 30 June 2024, the total number of employees was 19,664 resources (including 143 pertaining to insurance companies), compared to 19,761 resources on the payroll as of 31 December 2023 (including 146 pertaining to insurance companies)[26].

Other administrative expenses[27], amounting to € 349.0 million, show an increase of 3.6% when compared with the first-half 2023 figure of € 336.8 million.

Net adjustments to property, plant & equipment and intangible assets totaled € 129.1 million, broadly in line with the figure of € 129.7 million in the first half of 2023.

Total operating expenses thus amounted to € 1,338.6 million, an increase of 5.0% from € 1,274.7 million in the first half of 2023.

The **cost/income ratio** for the quarter was 47.9%, lower than both the 49.5% for the first half of 2023 and the figure for the whole of 2023 (48.1%).

Operating profit for the first half of the year was €1,455.8 million, up 11.8% from €1,302.5 million in the corresponding period of the previous year.

Net adjustments to loans to customers in the first half of the year, at € 194.1 million, showed a sharp decrease from the 30 June 2023 figure of € 258.7 million (-25.0%).
As of 30 June 2024, the annualized cost of credit, measured by the ratio of net loan adjustments to net loans, was 38 bp, down from 53 bp at the end of 2023.
This result was achieved by safeguarding the solid coverage levels achieved in previous periods.

The **result of fair value measurement of tangible assets** as of 30 June 2024 was € -26.0 million (€ -32.4 million in the first half of 2023), in order to take into account of expert value updates rather than prices inferred from ongoing sales negotiations.

The item **net adjustments to securities and other financial assets** include net capital losses of € -3.2 million (€ +1.2 million as of 30 June 2023).

[25] The contribution to this item relating to Vera Vita and its subsidiary BBPM Life, control of which was acquired close to the close of fiscal year 2023, is in fact subject to recognition as of fiscal year 2024.

[26] As of 31 December 2022, there were 20,157 resources in the workforce.

[27] The aggregate does not include "systemic charges," represented by the contribution to the Interbank Deposit Protection Fund, shown, net of the related tax effect, in a separate item in the reclassified income statement.

Net provisions for risks and charges for the first half of the year show net reversals of € +8.2 million (net reversals of € +3.3 million as of 30 June 2023).

Gains/losses on participations and investments as of 30 June 2024 amounted to € +1.0 million (€ -0.2 million as of 30 June 2023). It should be noted that the amounts related to the price adjustments under the agreements related to the purchase of Vera Vita and Vera Assicurazioni from Generali Italia and the sale of Banco BPM Assicurazioni and Vera Assicurazioni to Crédit Agricole Assurances have been recognized in the ad hoc item of the reclassified income statement called "bancassurance impacts after taxes."[28]

As a result of the described dynamics, **income before tax from continuing operations** amounted to € 1,241.8 million compared to € 1,015.6 million in the corresponding period of the previous year (+22.3%).

Taxes on income from continuing operations amounted to € -395.9 million (€ -317.1 million as of 30 June 2023).

As a result, **income after tax from continuing operations** amounted to € 845.9 million and was 21.1% higher than the figure of € 698.5 million in the first half of 2023.

Charges after tax related to the banking system were booked in the income statement for the period for € 66.6 million (€ 98.7 million pre-tax), represented by the amount of the last annual contribution due to the Interbank Deposit Protection Fund (FITD); in the corresponding period of the previous year, the amount related to the last annual contribution due to the *Single Resolution Fund,* in the amount of € 57.6 million (€ 85.4 million pre-tax)[29], was recognized.

In the new item **charges related to retirement incentives**, the amount of € -17.5 million gross (€ -11.7 million after taxes) related to the Incentivized Retirement Plan activated by the Parent Company are recognized.

The item **bancassurance impacts net of taxes** includes the effects totalling € 2.5 million attributable to the revision of the estimates conducted in the 2023 financial statements, resulting from the definition of the prices of purchase and sale transactions related to the reorganization of the bancassurance business, net of the related tax effect[30].

In the first half of the year, the **change in creditworthiness on Certificates issued by the Group, net of taxes** generated a negative impact of € -1.3 million (€ -1.9 million before tax effects), compared to the effect recognized in the first half of 2023 of € -2.6 million (€ -3.8 million before tax effects).

As of 30 June 2024, the impact of the **Purchase Price Allocation after tax** amounted to € -18.6 million and compared with the figure for the first half of 2023 of € -14.2 million. Starting from the first quarter

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[28] The same item in the reclassified income statement had recognized the gain realized by the Group in the fourth quarter of 2023 following the sale of 65% of the capital of Banco BPM Assicurazioni and Vera Assicurazioni to Crédit Agricole Assurances, together with the additional impacts resulting from the reorganization of the *bancassurance* sector structure.

[29] For further details regarding the charges resulting from the contribution to the resolution mechanisms, please refer to Explanatory Note No. 3.

[30] For further details, please refer to Explanatory Note No. 1 paragraph "Reorganization of the bancassurance business and related accounting impacts."

of 2024, this item also includes the impacts related to the reversal of the PPA related to the acquisition of control of Vera Vita and BBPM Life finalized at the end of 2023[31].

As a result of the above dynamics, the first half of 2024 closes with a positive **net result for the period** of € 750.1 million (€ 624.4 in the first half of 2023).

The *adjusted* net profit for the first half of 2024 was € 776.1 million, (+19.0% compared to the figure of € 652.3 million as of 30 June 2023).

Economic performance of operations in the second quarter of 2024 compared with the first quarter of 2024

Net interest income amounted to € 858.4 million, broadly in line with the figure for the first half of 2023 (amounting to € 864.4 million), thanks to the resilience of the commercial spread.

The **result of equity-accounted investments** was positive at € 44.6 million, with an increase in contribution from the first quarter figure of € 30.3 million. Within this aggregate, the main contribution is provided by consumer credit conveyed by the equity interest held in Agos Ducato and the result related to Anima Holding.

Net fee and commission income in the second quarter amounted to € 499.8 million, down 4.2% compared to the result reported in the first quarter, mainly due to the lower contribution of *upfront* commissions on savings products (-23% compared to the first quarter 2024). The contribution referring to commercial banking and other services business was stable.

Other net operating income was € -1.3 million compared to the figure of € +3.8 million in the first quarter of 2024.

Net financial result in the second quarter was € -50.8 million compared to € +8.8 million in the first quarter. This change is mainly attributable to the lower contribution from trading activities (€ -66.8 million compared to Q1 2024).

The result of the insurance business came in at € 10.0 million in the second quarter and compares with the contribution of € 4.8 million in the first quarter.

As a result of the dynamics described above, **total operating income** thus amounted to € 1,360.6 million, down 5.1% from € 1,433.8 million recorded in the first quarter, mainly due to the dynamics of the net financial result described above.

Personnel expenses of € 428.9 million show a slight decrease from € 431.7 million in the first quarter.

Other administrative expenses increased from € 172.9 million in Q1 2024 to € 176.1 million in Q2 2024.

Net adjustments to property, plant & equipment and intangible assets totaled € 64.9 million, in line with the first quarter figure (€ 64.1 million).

[31] The PPA related to the combination of Vera Vita and BBPM Life had been provisionally recognized as of 31 December 2023. Consequently, the *reversal effects related* to this PPA are also based on provisional estimates and will be restated, once the PPA process is made final as required by IFRS 3, within 1 year of the acquisition date. Please refer to Note 2 for further details.

Total operating expenses therefore amounted to € 669.9 million, up slightly (+0.2%) from € 668.7 million in the first quarter.

Operating profit for the quarter amounted to € 690.6 million down 9.7% from € 765.1 million in the first quarter.

Net adjustments on loans to customers amounted to € 111.6 million, compared to € 82.5 million in the first quarter.

The **result of fair value measurement of tangible assets** in the second quarter shows capital losses of € 12.6 million, as a result of the adjustment of the value of some properties; write-downs of € 13.4 million had been recognized in the first quarter 2024.

Net provisions for risks and charges in the second quarter showed a net positive contribution of € 13.2 million, mainly referring to writebacks on provisions for guarantees and commitments. Net provisions of € 5.0 million had been recognized in the first quarter of 2024.
As a result of the described dynamics, **income before tax from continuing operations** registers a profit of € 580.0 million compared to the profit of € 661.7 million recorded in the first quarter.

Taxes on income from continuing operations amounted to € -180.4 million for the period (€ -215.4 million in the first quarter).

The new item charges related to retirement incentives includes the amount of charges related to the Incentivised Retirement Plan activated by the Parent Company, for € -17.5 million gross (€ -11.7 million net of the related tax effect).

In the second quarter, the **change in creditworthiness on Certificates issued by the Group, net of taxes** generated a positive impact of € 0.5 million (€ 0.7 million before tax effects), compared with the negative impact in the first quarter of € -1.8 million (€ -2.7 million gross).

In the second quarter, the impact of the **Purchase Price Allocation after tax** amounted to € -10.0 million and compared with the first quarter 2024 figure of € -8.7 million.

As a result of the dynamics described above, the second quarter 2024 ended with a **net income for the period** of € 379.9 million, compared to a net positive result of € 370.2 million achieved in the first quarter (+2.6%).

The adjusted net income for the second quarter was € 399.7 million, compared to € 376.4 million in the first quarter 2024.

<u>Evolution of the main balance sheet items</u>

Direct funding from the banking business as of 30 June 2024 amounted to € 129.8 billion, up 3.0% in comparison with 31 December 2023 and 2.9% year-on-year.
More in detail, an increase of € 1.6 billion, or 8.2%, in the component represented by bonds issued due to new issues in the period that exceeded the redemptions of maturing bonds is observed in the first half of the year. Core funding, represented by current accounts and deposits, is also up 2.3% compared to the end of 2023.

On an annual basis, against the slight contraction of the "core" component (-0.2%), there was an increase of € 4.1 billion in the stock of securities issued.
Funding secured by the *stock of* unconditionally capital-protected *certificates* and other liabilities at fair value as of 30 June 2024 stood at € 5.7 billion, up 7.4% from the figure of € 5.3 billion as of 31 December 2023 and up 13.6% from € 5.0 billion as of 30 June 2023.

Direct insurance funding and insurance liabilities, which includes the aggregate consisting of financial and insurance liabilities of insurance companies, amounted to € 15.4 billion and includes the contribution of Banco BPM Vita, Vera Vita and BBPM Life (€ 15.0 billion as of 31 December 2023 and € 5.8 billion as of 30 June 2023, referring only to the contribution of Banco BPM Vita).

Indirect customer funding amounted to € 111.2 billion, up 4.7% in comparison with 31 December 2023 and 11.6% year-on-year.
The managed assets component amounted to € 64.1 billion, up from the figure of € 62.0 billion as of 31 December 2023 (+3.3%). The growth is mainly concentrated in the funds and Sicavs segment, which shows an increase of € 1.5 billion; inflows referring to managed accounts and *bancassurance* also increased.
Assets under administration reach € 47.1 billion, an increase of € 2.9 billion (+6.7%) compared to the end of 2023. The positive dynamics of indirect funding is also confirmed on an annual basis: assets under management show an increase of 6.0%, mainly concentrated in the funds and Sicav segment, while administered assets are up 20.2%.

Financial assets pertaining to the banking segment amount to € 50.2 billion and are up 14.8% from € 43.7 billion as of 31 December 2023; the increase is mainly concentrated in debt securities (+€ 6.0 billion) and in particular in the amortized cost securities segment (+€ 3.7 billion). As of 30 June 2024, the aggregate under review includes debt securities for € 42.5 billion, equity securities and UCITS units for € 3.7 billion, derivatives and other financing for € 4.0 billion. Exposures in debt securities issued by sovereign states amount to € 34.4 billion of which € 13.7 billion are represented by Italian government bonds. Investments in Italian government bonds are classified under financial assets measured at amortized cost in the amount of € 11.0 billion, under the portfolio of financial assets measured at fair *value* with impact on comprehensive income in the amount of € 1.8 billion, and under financial assets measured at *fair value* with impact on the income statement in the amount of € 0.9 billion.

Financial assets attributable to insurance companies include the contribution as of 30 June 2024 of Banco BPM Vita, Vera Vita and BBPM Life insurance companies totalling € 15.7 billion (€ 15.3 billion as of 31 December 2023).

Net loans to customers[32] amounted to € 102.0 billion as of 30 June 2024, down € 3.5 billion from the figure as of 31 December 2023. The contraction is attributable to both performing (-3.1%) and non-performing (-11.1%) exposures. On an annual basis, loans recorded a reduction of € 6.2 billion (-5.7%), resulting from the contraction of performing exposures by € 5.8 billion (-5.4%) and non-performing exposures by € 0.4 billion (-20.8%). In the first half of the year, the volume of new disbursements amounted to € 10.3 billion[33]. The quality of the core loan portfolio was confirmed, characterized by a high percentage of *secured* positions for the *Non-Financial Corporate* segment (more than 56%[34]).

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[32] The aggregate does not include loans to customers, which, following the application of IFRS 9, must be mandatorily measured at *fair value*. These receivables, amounting to € 0.5 billion are included in financial assets measured at *fair value*.
[33] Managerial data.
[34] Managerial data.

Net non-performing exposures (bad loans, unlikely-to-pay and exposures past due and/or overdrawn) amounted to € 1.7 billion as of 30 June 2024.
An examination of the components of the aggregate shows the following dynamics:

- net bad loans of € 0.6 billion, down 4.0% from 31 December 2023 and 15.5% year-on-year;
- net unlikely-to-pay of € 0.9 billion, down 18.7% from the beginning of the year and 28.0% year-on-year;
- net past due exposures of € 102.9 million (€ 67.1 million as of 31 December 2023 and € 55.9 million as of 30 June 2023).

The ratio of impaired exposures to total loans before adjustments was 3.3%, down from 3.5% at the beginning of the year and 3.8% as of 30 June 2023. Even net of value adjustments, a declining ratio is observed at 1.6%, compared to 1.8% as of last 31 December and 1.9% as of 30 June 2023.

The coverage ratio of the entire aggregate of impaired loans stands at 51.2% (50.4% as of 31 December 2023 and 50.6% as of 30 June 2023).
In more detail, as of 30 June 2024, the coverage ratio is as follows:

- bad loans 61.1% (60.9% and 61.9% as of 31 December and 30 June 2023, respectively);
- unlikely-to-pay 44.0% (43.2% and 42.1% as of 31 December and 30 June 2023, respectively);
- past due loans 29.4% (28.2% and 27.6% as of 31 December and 30 June 2023, respectively).

The coverage ratio of performing exposures is 0.44%, up from both 31 December 2023 (0.41%) and 30 June 2023 (0.39%).

Group capital ratios[35]

Common Equity Tier 1 ratio is 15.17% compared to 14.16% as of 31 December 2023, reaching the highest level since Banco BPM was established in 2017. The increase is due to both the growth in regulatory capital, which benefits from the half-yearly result (net of the *pay-out* determined in accordance with ECB regulations), and the decrease in risk-weighted assets, which benefited from the lower impact of applying the new internal models on credit risk compared to the conservative estimates applied as of 31 December 2023.

The Tier 1 ratio was 17.40% compared to 16.34% as of 31 December 2023, while the Total Capital ratio was 20.92% compared to 19.00% as of 31 December 2023. The growth in the Total Capital ratio is also related to a new issue of Tier 2 subordinated securities, with a nominal value of € 500 million that took place during the first quarter of 2024.

The buffer with respect to the limit set for the ability to distribute dividends (*Maximum Distributable Amount* or MDA buffer) is 609 bps (compared to 508 bps as of 31 December 2023, recalculated on a like-for-like basis).

BUSINESS OUTLOOK

The macroeconomic picture in this first half of 2024 has confirmed for the Eurozone a trend of moderate but steady growth. For Italy, expectations are also positive, with contained inflation and stable GDP growth, now positioned between 0.6% (Bank of Italy) and 0.9% (European Commission).

[35] For more details on how capital ratios are calculated, see Explanatory Note 6 of this press release.

Following the easing of the cost of money implemented in June by the ECB, the second cut expected between September and October is expected to further boost investment growth and export momentum.

On the funding front, the excellent resilience of deposits, despite the intervening issues of government bonds, suggests a situation of stability or slight growth for the second half of the year as well. The competitive dynamics observed in the first part of the year now suggest that the use of tied and onerous forms of funding for the private segment as well as on the corporate side will be much less significant for the remainder of 2024, while the use of index-linked forms of remuneration should provide a progressive benefit on the cost of funding. On the lending side, the slowdown in disbursements lasted for most of the first half of the year, but clear signs of recovery emerged towards the end of the first half and in July, which, with more favorable interest rates for investment, could gain momentum in the second half of the year. At the overall level, net interest income is still expected to confirm a positive trend over 2023, benefiting from a higher average level of rates over the 12 months as a whole in comparison with the previous year.

On the commissions front, the excellent six-month period just closed provides more support for the year-on-year growth expectations supported, on the investment side, by growing volumes that will benefit from a positive market effect as well as the potential recovery of net inflows; the recovery of disbursements should also revive commissions related to lending operations.

Operating expenses are expected to continue in a stable manner and in line with expectations in the second half of the year as well, while on the personnel costs front there could be additional non-repeatable provisions related to the potential conclusion of negotiations with the trade unions on the activation of a new redundancy fund, which - if an agreement is reached - could unfold, starting from 2025, further positive effects, together with those expected in connection with the incentive retirement initiative launched, both in terms of generational turnover and in terms of the profit and loss account. Regarding administrative expenses, the higher burden resulting from the implementation of the initiatives outlined in the new Business Plan should be fully offset by the effect of the optimization measures, the benefits of which should materialize starting in the last quarter. With reference to the cost of credit, after a six-month period that closed at the lowest levels in recent years, thanks to a *default* rate still below the 1% threshold, the quality of the portfolio and the steady reduction in the NPE ratio suggest an improving annual trend with respect to 2023. In this context, however, caution remains high on the credit policy front, oriented toward careful selection of customers, just as hedges will remain stable at precautionary levels on both performing and nonperforming exposures.
Fully consistent with what was anticipated in the first quarter, the solidity of the results achieved, together with the positive *outlook*, lead to further raising the profitability and remuneration targets for shareholders for the entire year and to identify a new EPS forecast of 95 eurocents net of non-recurring items. In light of the trends described above and the ability to generate stable increases in profitability and organic capital creation, all the profit and capitalisation targets announced in the last Plan are confirmed while, with reference to *payout*, the prospect of disbursing an interim dividend of € 600 million[36] - corresponding to 50% of the amount expected for the full year 2024 - lays the groundwork, together with the successful disbursement of a coupon of approximately € 850 million relating to the 2023 financial year, to exceed the total shareholder remuneration target of € 4 billion cumulative over the 2023-2026 period.

[36] The amount of the interim dividend will be determined by the Board of Directors on November 6 when the consolidated results as of 30 September 2024 are approved.

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Dr. Gianpietro Val, in his capacity as Manager in charge of preparing the company's financial reports, declares pursuant to paragraph 2 Article 154 bis of the Consolidated Law on Finance that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

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Banco BPM Group's results as of 30 June 2024 will be presented to the financial community in a *conference call* set for today, August 6, 2024, at 6 p.m. (C.E.T.). Documentation supporting the *conference call* is available on the website of the authorized storage mechanism (www.emarketstorage.it) and on the Bank's website (www.gruppo.bancobpm.it), where there are also details for connecting to the event.

The Consolidated Half-Year Financial Report as of 30 June 2024 will be made available to the public, within the terms of the law, at the Bank's registered office and at Borsa Italiana, as well as made available on the website www.gruppo.bancobpm.it and on the website of the authorized storage mechanism www.emarketstorage.it.

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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 financial position and income statements attached below and included in the Half-yearly consolidated financial report as at 30 June 2024, prepared in compliance with IAS 34 and 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 half-yearly results information contained in this news release.

1. Accounting policies and reference accounting standards

Accounting policies

The balance sheet 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 easily 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 updates (hereinafter "Circular"), applying the same aggregation and classification criteria presented in the consolidated annual report as of 31 December 2023, except for what specified below.

As of the accounting position on 31 March 2024, profits generated by activities tied to the monetics sector carried out by the subsidiary Tecmarket Servizi S.p.A., as well as profits from the management of digital payment services, provided by the Parent company after the partial demerger of the abovementioned subsidiary on 1 January 2023, are posted under the line-item "Net fees and commissions" of the reclassified income statement. For the sake of a like-for-like comparison, the data of the prior periods, that were posted under the line-item "Other net operating income", have been reclassified under "Net Fees and Commissions".

Looking ahead, this representation will allow a more homogeneous comparison with commission income earned by the Group for the distribution of services tied to monetics[37], following the completion of the monetics business enhancement plan, based on which Banco BPM's e-money business and the stake held in Tecmarket Servizi are to be transferred to a joint venture, in which Banco BPM will hold a significant interest and will enter a multiannual distribution agreement[38].

[37] Services related to the *Merchant Acquiring* business and POS management, as well as to the issuing and distribution of payment cards.
[38] For more details, please see the Explanatory Note no. 4. "Changes in the consolidation scope".

Reference accounting standards

The accounting standards adopted to prepare the abridged consolidated financial accounts as at 31 June 2023 – as regards the classification, recognition, measurement and cancellation of assets and liabilities, as well as the recognition of costs and revenues - are the ones set forth in the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and in the related interpretations by the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission and in force as at 30 June 2023 as provided under Regulation (EC) no. 1606 of 19 July 2002. Said standards are in line with those adopted to prepare the consolidated financial statements as at 31 December 2023, since new standards or amendments to existing standards that would significantly impact the Group's operating and financial position have not become applicable.

Insofar as applicable, the communications from the Supervisory Authorities were taken into account (Bank of Italy, ECB, EBA, Consob and ESMA), together with documents issued by the Italian Accounting Board (Organismo Italiano di Contabilità (OIC), by the Italian Banking Association (ABI) and by the Italian Valuation Board (OIV), providing recommendations on certain key accounting aspects or on the accounting treatment of specific transactions.

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 Half-yearly consolidated financial report as at 30 June 2024, together with the assumed scenarios that are considered reasonable, also based on past experience.

It is not possible to rule out that these assumptions, albeit reasonable, may fail to reflect future scenarios the Group will operate in.

Even though the global economic scenario is recovering, significant uncertainties are still lingering on: from a fragile geopolitical balance, to the related global supply chain disruptions, to the unspecified pace of normalization of the monetary policies of the primary central banks, that maintain a cautionary stance

These uncertainties affect the budget estimates and require that we rely more heavily on judgmental elements when selecting the hypotheses and assumptions underlying a given estimate.

Therefore, future actual results may differ from the estimates generated for the Half-yearly consolidated financial report as at 30 June 2024 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 it might be necessary to revise the estimates should the circumstances they have been based on change, as a result of new information or the longer experience accrued.

The consolidated annual financial report as at 31 December 2023 provides a detailed description of the estimation processes that require the use of a significant amount of discretion when selecting the underlying assumptions and hypotheses. A full cross-reference to the above-mentioned description is suggested, since it is connected also to the financial and operating position as at 30 June 2024, which is the subject of this news release.

One-off levy for the year calculated on the increase in net interest income under art. 26 of LD no. 104 of 10 August 2023

With regard to the windfall levy under examination, amounting to € 151 million, please note that at the Annual general meeting of Banco BPM held on 18 April 2024 the Shareholders approved the proposal to allocate a share of the 2023 net income, equal to 2.5 times the windfall levy, i.e., € 378.3 million, to an ad-hoc reserve. A similar decision was passed by the Shareholders of Banca Aletti, with the allocation of € 2.4 million to an ad-hoc reserve.

In view of the preparation of the Half-yearly consolidated financial report as at 30 June 2024, the Board of Directors of Banco BPM confirmed that to date there is no intention to distribute the above mentioned reserve, therefore there is no "obligating event" that under IFRIC 21 and IAS 37 would trigger the recognition of a liability and the related charge for an amount equal to the due levy.

Reorganization of the bancassurance business and related accounting impact

As part of the strategy to strengthen the insurance business model, the Life insurance business insourcing project was finalized on 14 December 2023, through the purchase from Generali Italia of a 65% stake in Vera Vita (which in turn fully owns BBPM Life), of which the Group already held a 35% stake, thus acquiring the full ownership. On the same date also the partnership agreement with Crédit Agricole Assurances regarding the distribution of P&C and Protection products was finalized, through the sale of a 65% stake in Banco BPM Assicurazioni, leading to the loss of control, and of a 65% stake in Vera Assicurazioni (which in turn fully owns Vera Protezione), immediately after its acquisition from Generali Italia.

Illustrated below is the evolution up until the date of preparation of the Half-yearly consolidated financial report as at 30 June 2024, as well as useful clarifications for a correct comparison of the respective balances.

Pricing the purchase from Generali Italia and the sale to Crédit Agricole Assurances

The prices of the above purchase and sale transactions that were taken as a reference point to prepare the 2023 financial statements and the related accounting effect reflected the best estimates available at the time, as, in line with the agreement provisions, they were dependent on the evolution of certain parameters, whose final quantification was agreed between the parties only after the approval of the 2023 results.

The revision of the estimates for the 2023 financial statements, following the abovementioned transaction pricing, had produced already as of Q1 2024 a positive impact of € 2.5 million, net of tax effect, posted under the reclassified P&L line-item "Bancassurance impact after tax", in line with the prior financial year. Please note that in FY 2023 the estimated impact from the transactions under examination, after tax, came in at € -22.2 million.

Notes for a correct comparison of the respective balances

In light of the above reorganization, for the sake of a correct comparison of the respective balances, please note that as of 1 January 2024 the P&L contribution of the subsidiaries Vera Vita and BBPM Life is recognized on a line-by-line basis in the consolidated balance sheet, while throughout FY 2023 the contribution of the above associates was limited to a 35% portion and was posted in the reclassified P&L line-item "Income (loss) from investments in associates carried at equity".
On the contrary, as of 1 January 2024, the contribution of the associate Banco BPM Assicurazioni is posted under the reclassified P&L line-item "Income (loss) from investments in associates carried at equity", while throughout FY 2023, when the subsidiary was fully owned, the contribution was recognized on a line-by-line basis in the consolidated balance sheet.
Finally, as regards Vera Assicurazioni, the comparison is already like-for-like: since it qualified as associate based on the same shareholding interest (35%) both in FY 2023 and in the first quarter of 2024, its operating contribution has been posted across all periods under the reclassified P&L line-item "Income (loss) from investments in associates carried at equity".

Purchase Price Allocation

With regard to the acquisition of control of Vera Vita and of its subsidiary BBPM Life on 31 December 2023, conventionally set as the combination date, the purchase price, amounting to € 417.3 million, was allocated to the acquired identifiable net assets, inclusive of contingent liabilities, based on the related fair values (i.e., *Purchase Price Allocation* – PPA). Upon completion of this process, that was conducted with the support of independent experts, there was no residual difference to be recognized as *goodwill*/*badwill* in the 2023 balance sheet.
These analyses were confirmed also for the preparation of the Half-yearly consolidated financial report as of 30 June 2024, as the existence of new information had not been fully assessed yet, that would entail a different measurement of the acquired assets' fair value. In this regard, as provided for under IFRS 3[39] and in coherence with what was already illustrated in the 2023 annual report, it is pointed our that the PPA process should still be considered provisional. In line with this standard, the PPA impact will be made final by 31 December 2024, and restatements of balance sheet accounts disclosed in the meantime will be made, in case the fair value measurement of the acquired net assets, or their reversal pattern, should differ from the initial provisional estimates.

<u>Alternative performance measures</u>

In addition to the financial report prepared in compliance with IAS/IFRS, this news release also includes some alternative performance measures (APM) that have been selected to provide an easier understanding of the operating and financial performance of Gruppo Banco BPM's management.
Said measures are based on the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415) and transposed in Consob's Communication no. 0092543 of 3 December 2015.

More specifically, the alternative performance measures:

- are based exclusively on historic data and are not indicative of future performance;
- are not calculated according to IFRS standards and do not undergo accounting audits;
- are calculated based on the reclassified accounting statements attached to this news release, unless otherwise specified, and must be read in combination with the Group financial information illustrated in this new release;
- as not all companies calculate APMs along the same methodology, the measures used by Banco BPM might not be consistent with similar parameters used by other companies;
- are calculated in a consistent and homogeneous way across the periods to which the information covered by this news release refer.

Below is a list of the main APMs included in this news release, together with the calculation methodology:

- **direct funds**: include customer funds represented by sight and term deposits and current accounts, issued bonds, certificates of deposit and other securities, payables, and certificates with capital protection tied to the Group's banking activity. As of the accounting period at 31 March 2024, the aggregate includes also short term repo transactions, while funds related to insurance companies are excluded;
- **core direct funds**: customer funds represented exclusively by deposits and current accounts;
- **direct insurance funds and insurance liabilities**: include funds classified under insurance liabilities and financial liabilities connected to insurance companies;
- **indirect funds**: management data which includes funds from assets under management and administration, net of funds underlying the certificates with protected capital, included in direct funding;

[39] Under IFRS 3, par. 45, the measurement period during which the necessary information must be acquired to carry out the fair value measurement of the acquired net assets – so as to complete the combination allocation process - ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

- **core net performing loans**: aggregate amount made up by mortgages and other credit facilities, current accounts, credit cards and personal loans;
- **gross NPE ratio**: ratio of gross non-performing loans to gross total loans tied to the balance sheet aggregate amount represented by "Customer loans measured at amortized cost";
- **net NPE ratio**: ratio of net non-performing loans to net total loans tied to the balance sheet aggregate amount represented by "Customer loans measured at amortized cost";
- **Cost of credit** or **cost of risk**: calculated as the ratio of net write-downs on customer loans to total customer cash exposures measured at amortized cost, net of write-downs;
- **NPL coverage ratio**: calculated as the ratio of total net write-downs on non-performing loans to gross non-performing loans;
- **NPL coverage ratio including write-offs**: calculated as the ratio of total net write-downs on non-performing loans to gross non-performing loans (including the write-offs on both sides of the ratio);
- **bad loans coverage ratio**: calculated as the ratio of net write-downs on bad loans to gross bad loans;
- **bad loans coverage ratio including write-offs**: calculated as the ratio of net write-downs on bad loans to gross bad loans (including write-offs recognized in both line-items);
- **unlikely to pay loans coverage ratio**: calculated as the ratio of net write-downs on unlikely to pay loans to gross unlikely to pay loans;
- **past due loans coverage ratio**: calculated as the ratio of net write-downs on past due loans to gross past due loans;
- **performing loans coverage ratio**: calculated as the ratio of net write-downs on performing loans to gross performing loans;
- **core operating income**: includes net interest income, profit or loss from equity method investments, net fees and commissions and insurance income;
- **cost/income ratio**: calculated as the ratio of operating cost to operating income as shown in the Reclassified income statement;
- **adjusted net profit**: income net of non-recurring items described in section 5 below.

2. PPA (Purchase Price Allocation) impacts from business combinations carried out in previous financial years

In compliance with IFRS 3, the income statement of Gruppo Banco BPM includes the P&L reversal effects mainly caused by the allocation of the prices paid for the following transactions:

- business combination between former Gruppo Banco Popolare di Verona e Novara and Gruppo Banca Popolare Italiana, carried out in FY 2007;
- business combination between former Gruppo Banco Popolare and Gruppo Banca Popolare di Milano, finalized in 2017;
- acquisition of control on the insurance company Banco BPM Vita, in July 2022;
- acquisition of control on the insurance company Vera Vita (and indirectly on its subsidiary BBPM Life) finalized in the month of December 2023, whose P&L reversal effects were first displayed as of the first quarter of 2024.

These effects have 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 impact on the H1 2024 consolidated P&L caused by the reversal effect of value adjustments of purchased net assets on net interest income came in at € - 2.8 million (in connection with the evolution of the various valuations of purchased assets), € -16.1 million on other net operating income (due to the depreciation of intangibles recognized under the PPA), and € -8.1 million on income from insurance business.

Net of the tax effect, the overall impact posted under the reclassified P&L line-item "Purchase Price Allocation, after tax" in H1 2024 added up to € -18.6 million (€ -14.2 million in the same period last year).

As explained in the above Explanatory note no. 1, note that PPA impacts tied to the business combination of Vera Vita and BBPM Life, recognized on a provisional basis on the date of acquisition of control, conventionally set on 31 December 2023, will be turned final by 31 December 2024, and restatements will be made, should the fair value measurement of the acquired net assets and their reversal patterns differ from the initial provisional estimates.

3. Charges generated by the contribution to the resolution mechanisms

The line-item "Systemic charges after tax" of H1 2024 was charged with the last annual contribution payment to the Deposit Guarantee Scheme (Fondo Interbancario Tutela Depositi - FITD) necessary to reach within 3 July 2024 the target level of the

financial endowment under the *Deposit Guarantee Scheme Directive*[40], calculated in proportion to the covered deposits of the member banks as at 31 March 2024. The amount of the above portion, net of the related tax effect, came in at € 66.6 million (€ 98.7 million pre-tax). In FY 2023, the DGS contribution had been charged to income in the third quarter, as it was calculated in proportion to the covered deposits of the member banks as at 30 September 2023.
The H1 2023 P&L under comparison included the last annual contribution due to the Single Resolution Fund (SRF), amounting to € 57.6 million (€ 85.4 million pre-tax), as in H1 2023 the ordinary contribution phase was completed, aimed at guaranteeing the creation of the fund's minimum financial endowment, equal to 1% of covered deposits.

4. Changes in the consolidation scope

In the first half of 2024, the vehicle BP Mortgages S.r.l. was no longer fully consolidated, following the winding up of the company as a result of the early closing of the last outstanding securitization.
In June, there was the execution of the deed of merger of Terme Ioniche Società Agricola S.r.l. into Terme Ioniche S.r.l., both subsidiaries of Banco BPM. The transaction, finalized on 30 June, with accounting and fiscal effects starting on 1 January 2024, followed the simplified procedure with no exchange ratio or cash settlement.
The above transaction had no impact on the Group's financial and operating position as at 30 June 2024.

As to the binding agreement entered on 14 July 2023 for the creation of a strategic partnership aimed at developing a new Italian independent entity in the digital payments space, under which Banco BPM's e-money business and the stake in Tecmarket Servizi are to be transferred to the joint venture BCC Pay S.p.A. (which on 1 May changed its name to Numia S.p.A.), please note that as of 30 June 2023 the related assets and liabilities under disposal are posted under the specific balance sheet items "Non-current assets held for sale and discontinued operations" and "Liabilities associated with discontinued operations", in accordance with IFRS5.

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.
According to the policy adopted by the Group, the following items are to be classified as non-recurring:

- gains or losses on the sale of all fixed assets (shareholdings, tangible fixed assets except for financial assets included 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, 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.

[40] The DGS regulation (Deposit Guarantee Schemes Directive – "DGSD" 2014/49/EU) provides that the target level (0,8% of the amount of the covered deposits) is reached by 3 July 2024. The DGS statute (art. 42 bis) provides that, for the last year of contribution, the amount of contributions of each single member bank be proportional to their outstanding covered deposits as at 31 March 2024 (instead of 30 September as in FY from 2015 to 2023) as compared to the total covered deposits of Italian DGS member banks and to the bank's risk level as compared to the risk levels of all the other DGS member banks as at 31 March 2024.

Whenever deemed significant, information on the impact on the Group's net income and/or on the financial position caused by events or transactions that are non-recurring or that do not occur frequently during the usual course of business is provided in the comments on the evolution of balance sheet and income statement items.

Based on the criteria described above, the following non-recurring items were reported in H1 2024:

- the line-item "profit (loss) on fair value measurement of tangible assets" includes a net write-down of € -26.0 million, to account for valuation updates or prices derived from ongoing sales negotiations;
- the line-item "profit (loss) on the disposal of equity and other investments" includes the positive impact of € 1.0 million from the disposal of tangible assets;
- "Tax on income from continuing operations" includes the tax effect of the above non-recurring components totalling € +8.2 million;
- the new line-item of the reclassified P&L "charges tied to early-retirement incentives" includes the total charges to be incurred for the Retirement Incentive Plan launched by the Parent company, amounting to € -11.7 million, net of tax effect (€ -17.5 million gross);
- the line-item "Bancassurance impact after tax" includes the total effects, amounting to € 2.5 million, tied to the revision of the estimates made in the 2023 financial statements for the pricing of the purchase and sale transactions underlying the reorganization of the bancassurance business, net of the related tax effect, as illustrated above in the Explanatory note no. 1, to which you may refer for further details.

Overall, non-recurring items gave rise to a negative impact of € -26.0 million on the net income of H1 2024.
Excluding the above effects, the (adjusted) net income would stand at € 776.1 million.

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

- the line-item "personnel expenses" included the allowance for the charges tied to the early resignation or retirement of personnel totalling € 8.5 million, net of the release of liabilities reported in prior financial years related to the incentive scheme, totalling € +9.1 million). The net impact on the line-item under examination totaled € -0.6 million;
- the line-item "profit/loss on the fair value measurement of tangible assets" posted a net write-down of € -32.4 million;
- the line-item "net provisions for risks and charges" included the allowance of € 8.7 million tied to the estimated charges relative to certain contract obligations;
- the line-item "profit/loss on equity and other investments" included the negative impact of € -0.2 million from the disposal of tangible assets;
- "Tax on income from continuing operations" included the tax impact of the above non-recurring components, totaling € +12.9 million.

As a whole, non-recurring items in H1 2023 added up to a negative amount of € -27.9 million.
Excluding the above impact, the net (adjusted) result would have been € 652.3 million.

6. Regulatory capital requirements

Clarifications on the calculation procedure for capital ratios

The capital ratios as at 30 June 2024 reported in this news release have been calculated by including the interim net income accruing at the end of the first half of 2024, net of the expected payout ratio based on the specific applicable regulation[41] and of the other income allocations. To this regard, please note that we shall apply for the permission to include the above H! 2024 net income in the own funds calculation pursuant to art. 26 paragraph 2 of Regulation (EU) no. 575/2013.

Minimum requirements

With communication of 24 November 2023, the Bank of Italy confirmed that the Banco BPM banking group remains an 'Other Systemically Important Institution' (O-SII) also for FY 2024. Considering the new methodology introduced by the ECB to assess capital adequacy, the O-SII capital buffer was set at 0.50% of the total risk-weighted exposure.

With communication of 22 March 2024, the Bank of Italy confirmed the Countercyclical Capital Buffer ratio for the exposures to Italian counterparties at zero percent also for Q2 2024.

[41] In accordance with the provisions of Article 5 of Decision (EU) 2015/656 of the European Central Bank of 4 February 2015, the dividends to be deducted from the amount of the economic result for the first half for which inclusion in own funds is sought are 67% of the result for the period because, in the absence of a formal decision by the Board of Directors on the allocation of the result for the financial year 2024, the rules provided for in Article 5.3 of Decision (EU) 2015/66 of the European Central Bank were applied.

On 8 December 2023, the European Central Bank (ECB) notified Banco BPM its SREP decision for FY 2024, lowering the Pillar 2 capital requirement (P2R) to 2.52%, compared to the previous year's requirement at 2.57%.

Therefore, considering also the countercyclical capital buffer established by the competent national authorities for exposures towards countries where the Group operates (equal to 0.04%), the minimum requirements Banco BPM must comply with in 2024, until a new communication is issued, are [42]:

- CET 1 ratio: 9.08%;
- Tier 1 ratio: 11.00%;
- Total Capital ratio: 13.56%.

7. Sovereign risk exposure represented by debt securities

The table below provides an illustration of the banking Group's sovereign risk exposure at 30 June 2024, broken down by single Country and by category of the classification accounting portfolio:

30 June 2024 *(data 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	10.969	1.775	944	13.688
France	4.786	1.580	-	6.366
USA	1.630	2.194	-	3.824
Spain	4.142	1.597	-	5.739
Germany	2.635	1.091	6	3.732
Other Countries	722	295	-	1.017
Total	**24.884**	**8.532**	**950**	**34.366**

As at 30 June 2024, the banking Group's sovereign debt exposure totaled € 34.4 billion (€30.4 billion as at 31 December 2023), of which 72.4% was classified in the portfolio of financial assets measured at amortized cost, 24.8% under financial assets measured at fair value through other comprehensive income, and 2.8% in the portfolio of financial assets measured at fair value through profit or loss, as they were held for trading.

About 88% of this exposure refers to securities issued by members of the European Union; notably about 40% by Italy.

As regards financial assets measured at fair value through other comprehensive income, as at 30 June 2024 the reserves generated by the fair value measurement of debt securities posted a negative amount equal to € 491.6 million, net of tax effect, of which € -488.3 million refer to government bonds (€ -52.1 million for Italian government bonds and € -436.2 million for other government bonds).

As to financial assets measured at amortized cost, the book value came out at € 24.9 billion, of which € 11.0 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 as at 30 June 2024 (level 1 in the fair value classification) totaled € 24.4 billion (€ 10.9 billion being the fair value of the Italian government bonds alone).

The debt securities management is still consistent with the decisions made in the prior financial years; no business model change calling for a portfolio reclassification took place during the quarter.

8. Other explanatory notes

The reclassified balance sheet and income statements reflect on a consolidated basis the financial accounts of Banco BPM and its subsidiaries with respect to 30 June 2024, or, when not available, the most recently approved financial reports.

Similarly, the equity method-based accounting of associates was carried out based on the accounting information as at 30 June 2024 submitted to Banco BPM, or, if not available, on the most recent financial reports prepared by the associates.

[42] These requirements are calculated as follows:

- The Pillar I minimum requirement of 8% (of which 4.5% CET1; 1.5% AT1 and 2% Tier2)
- the P2R requirement of 2.52% set by the ECB must be met: i) with 1.53% of CET 1 capital (calculated as follows: 100% of the calendar provisioning shortfall requirement, equal to 0,27%, plus 56.25% of the residual requirement, equal to 2.25%), ii) with 0.42% of AT 1 capital and iii) with 0.56% of Tier 2 capital;
- the Capital Conservation buffer of 2.50% to be fully met with CET1 capital;
- the O-SII buffer of 0.50% to be fully met with CET1 capital;
- the Countercyclical Capital buffer of 0.04% to be fully met with CET1 capital.

Attachments

- Reclassified consolidated statement of financial position as at 30 June 2024 compared with data as at 31 December 2023
- H1 2024 reclassified consolidated income statement compared with H1 2023 data
- Reclassified consolidated income statement – 2024 and 2023 quarterly evolution
- Reclassified consolidated income statement of the first half of 2024, net of non-recurring items

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BANCO BPM Group

Reclassified consolidated balance sheet

TOTAL ASSETS *(in euro thousand)*	30/06/2024	31/12/2023	Chg.	Chg. %
Cash and cash equivalents	10,994,286	18,297,496	-7,303,210	-39.9%
Financial assets at amortised cost	105,593,572	109,568,359	-3,974,787	-3.6%
- Due from banks	3,620,965	4,141,630	-520,665	-12.6%
- Customer loans	101,972,607	105,426,729	-3,454,122	-3.3%
Other financial assets	50,158,637	43,706,381	6,452,256	14.8%
- Financial assets designated at FV through P&L	8,697,884	7,391,989	1,305,895	17.7%
- Financial assets designated at FV through OCI	12,111,268	10,692,718	1,418,550	13.3%
- Financial assets at amortised cost	29,349,485	25,621,674	3,727,811	14.5%
Financial assets pertaining to insurance companies	15,695,387	15,345,008	350,379	2.3%
Equity investments	1,429,310	1,454,249	-24,939	-1.7%
Property and equipment	2,775,191	2,857,953	-82,762	-2.9%
Intangible assets	1,248,093	1,257,425	-9,332	-0.7%
Tax assets	3,926,381	4,201,154	-274,773	-6.5%
Non-current assets held for sale and discontinued operations	445,305	468,685	-23,380	-5.0%
Other assets	5,515,742	4,975,263	540,479	10.9%
TOTAL ASSETS	**197,781,904**	**202,131,973**	**-4,350,069**	**-2.2%**

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY *(in euro thousand)*	30/06/2024	31/12/2023	Chg.	Chg. %
Banking Direct Funding	124,149,132	120,770,064	3,379,068	2.8%
- Due from customers	103,682,822	101,861,964	1,820,858	1.8%
- Debt securities and other financial liabilities	20,466,310	18,908,100	1,558,210	8.2%
Insurance Direct Funding & Insurance liabilities	15,388,490	15,039,762	348,728	2.3%
- Financial liabilities measured at FV pertaining to insurance companies	3,076,295	2,800,121	276,174	9.9%
- Liabilities pertaining to insurance companies	12,312,195	12,239,641	72,554	0.6%
Due to banks	12,395,708	21,690,773	-9,295,065	-42.9%
Debts for Leasing	645,862	670,773	-24,911	-3.7%
Other financial liabilities designated at FV	26,746,250	25,697,583	1,048,667	4.1%
Other financial liabilities pertaining to insurance companies	71,022	72,561	-1,539	-2.1%
Liability provisions	778,478	894,841	-116,363	-13.0%
Tax liabilities	481,054	453,929	27,125	6.0%
Liabilities associated with assets held for sale	215,493	212,011	3,482	1.6%
Other liabilities	3,177,352	2,591,516	585,836	22.6%
Total Liabilities	**184,048,841**	**188,093,813**	**-4,044,972**	**-2.2%**
Minority interests	74	68	6	8.8%
Shareholders' equity	13,732,989	14,038,092	-305,103	-2.2%
Consolidated Shareholders' Equity	**13,733,063**	**14,038,160**	**-305,097**	**-2.2%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**197,781,904**	**202,131,973**	**-4,350,069**	**-2.2%**

The item "Customer Loans" includes the Senior notes coming from the securitizations of Non-performing Loans for an amount of € 1.2bn

BANCO BPM Group

Reclassified consolidated income statement

(in euro thousand)	H1 2024	H1 2023 *	Chg.	Chg. %
Net interest income	1,722,786	1,552,900	169,886	10.9%
Income (loss) from investments in associates carried at equity	74,914	60,607	14,307	23.6%
Net interest, dividend and similar income	**1,797,700**	**1,613,507**	**184,193**	**11.4%**
Net fee and commission income	1,021,398	977,830	43,568	4.5%
Other net operating income	2,494	3,790	-1,296	-34.2%
Net financial result	-42,008	-42,492	484	-1.1%
Income from insurance business	14,795	24,580	-9,785	-39.8%
Other operating income	**996,679**	**963,708**	**32,971**	**3.4%**
Total income	**2,794,379**	**2,577,215**	**217,164**	**8.4%**
Personnel expenses	-860,561	-808,254	-52,307	6.5%
Other administrative expenses	-348,968	-336,824	-12,144	3.6%
Net value adjustments on property and equipment and intangible assets	-129,068	-129,651	583	-0.4%
Operating costs	**-1,338,597**	**-1,274,729**	**-63,868**	**5.0%**
Profit (loss) from operations	**1,455,782**	**1,302,486**	**153,296**	**11.8%**
Net adjustments on loans to customers	-194,052	-258,719	64,667	-25.0%
Profit (loss) on fair value measurement of tangible assets	-25,989	-32,375	6,386	-19.7%
Net adjustments on other assets	-3,248	1,169	-4,417	
Net provisions for risks and charges	8,242	3,318	4,924	148.4%
Profit (loss) on the disposal of equity and other investments	1,023	-234	1,257	
Income (loss) before tax from continuing operations	**1,241,758**	**1,015,645**	**226,113**	**22.3%**
Tax on income from continuing operations	-395,860	-317,119	-78,741	24.8%
Income (loss) after tax from continuing operations	**845,898**	**698,526**	**147,372**	**21.1%**
Systemic charges after tax	-66,636	-57,629	-9,007	15.6%
Costs related to the incentivised pension scheme	-11,686		-11,686	
Realignment of fiscal values to accounting values	-	-	-	
Bancassurance impact after tax	2,466	-	2,466	
Impact from the change in Own Credit Risk on certificates issued, after tax	-1,299	-2,568	1,269	-49.4%
Purchase Price Allocation (PPA) after tax	-18,624	-14,233	-4,391	30.9%
Income (loss) attributable to minority interests	6	337	-331	-98.2%
NET INCOME (LOSS) FOR THE PERIOD	**750,125**	**624,433**	**125,692**	**20.1%**

** 2023 figures have been restated, for consistency of comparison with 2024, by reclassifying income related to monetics-related activities from "Other net operating income" to "Net fee & commission income". See Explanatory Notes for details.*

BANCO BPM Group

Reclassified consolidated income statement - Quarterly evolution

(in euro thousand)	Q2 2024	Q1 2024	Q4 2023*	Q3 2023*	Q2 2023 *	Q1 2023*
Net interest income	858,390	864,396	867,655	868,673	809,926	742,974
Income (loss) from investments in associates carried at equity	44,572	30,342	49,350	34,140	24,295	36,312
Net interest, dividend and similar income	**902,962**	**894,738**	**917,005**	**902,813**	**834,221**	**779,286**
Net fee and commission income	499,778	521,620	466,799	474,942	484,699	493,131
Other net operating income	-1,347	3,841	13,724	4,210	1,353	2,437
Net financial result	-50,813	8,805	-13,760	-22,777	-8,356	-34,136
Income from insurance business	9,977	4,818	13,113	8,158	14,969	9,611
Other operating income	**457,595**	**539,084**	**479,876**	**464,533**	**492,665**	**471,043**
Total income	**1,360,557**	**1,433,822**	**1,396,881**	**1,367,346**	**1,326,886**	**1,250,329**
Personnel expenses	-428,926	-431,635	-461,548	-402,150	-402,858	-405,396
Other administrative expenses	-176,068	-172,900	-150,516	-165,053	-166,630	-170,194
Net value adjustments on property and equipment and intangible	-64,919	-64,149	-49,083	-68,084	-65,191	-64,460
Operating costs	**-669,913**	**-668,684**	**-661,147**	**-635,287**	**-634,679**	**-640,050**
Profit (loss) from operations	**690,644**	**765,138**	**735,734**	**732,059**	**692,207**	**610,279**
Net adjustments on loans to customers	-111,598	-82,454	-175,043	-124,832	-121,264	-137,455
Profit (loss) on fair value measurement of tangible assets	-12,605	-13,384	-102,698	-11,774	-30,469	-1,906
Net adjustments on other assets	-287	-2,961	-2,114	-1,041	488	681
Net provisions for risks and charges	13,220	-4,978	-8,343	-17,164	868	2,450
Profit (loss) on the disposal of equity and other investments	645	378	267	309	-388	154
Income (loss) before tax from continuing operations	**580,019**	**661,739**	**447,803**	**577,557**	**541,442**	**474,203**
Tax on income from continuing operations	-180,425	-215,435	-104,676	-182,956	-169,683	-147,436
Income (loss) after tax from continuing operations	**399,594**	**446,304**	**343,127**	**394,601**	**371,759**	**326,767**
Systemic charges after tax	1,474	-68,110	698	-69,646	-351	-57,278
Costs related to the incentivised pension scheme	-11,686	-				
Realignment of fiscal values to accounting values			8,802	-	-	-
Bancassurance impact after tax		2,466	-22,245	-	-	-
Impact from the change in Own Credit Risk on certificates issue	476	-1,775	-2,063	1,168	-5,845	3,277
Purchase Price Allocation (PPA) after tax	-9,954	-8,670	-6,847	-7,260	-6,830	-7,403
Income (loss) attributable to minority interests	4	2	-412	97	373	-36
NET INCOME (LOSS) FOR THE PERIOD	**379,908**	**370,217**	**321,060**	**318,960**	**359,106**	**265,327**

** 2023 figures have been restated, for consistency of comparison with 2024, by reclassifying income related to monetics-related activities from "Other net operating income" to "Net fee & commission income". See Explanatory Notes for details.*

BANCO BPM Group

Reclassified consolidated income statement, excluding non-recurring items

(in euro thousand)	H1 2024 STATED	H1 2024 ADJUSTED	Non-recurring items
Net interest income	1,722,786	1,722,786	-
Income (loss) from investments in associates carried at equity	74,914	74,914	-
Net interest, dividend and similar income	**1,797,700**	**1,797,700**	**-**
Net fee and commission income	1,021,398	1,021,398	-
Other net operating income	2,494	2,494	-
Net financial result	-42,008	-42,008	-
Income from insurance business	14,795	14,795	-
Other operating income	**996,679**	**996,679**	**-**
Total income	**2,794,379**	**2,794,379**	**-**
Personnel expenses	-860,561	-860,561	-
Other administrative expenses	-348,968	-348,968	-
Net value adjustments on property and equipment and intangible assets	-129,068	-129,068	-
Operating costs	**-1,338,597**	**-1,338,597**	**-**
Profit (loss) from operations	**1,455,782**	**1,455,782**	**-**
Net adjustments on loans to customers	-194,052	-194,052	-
Profit (loss) on fair value measurement of tangible assets	-25,989	-	-25,989
Net adjustments on other assets	-3,248	-3,248	-
Net provisions for risks and charges	8,242	8,242	-
Profit (loss) on the disposal of equity and other investments	1,023	-	1,023
Income (loss) before tax from continuing operations	**1,241,758**	**1,266,724**	**-24,966**
Tax on income from continuing operations	-395,860	-404,072	8,212
Income (loss) after tax from continuing operations	**845,898**	**862,652**	**-16,754**
Systemic charges after tax	-66,636	-66,636	-
Costs related to the incentivised pension scheme	-11,686	-	-11,686
Bancassurance impact after tax	2,466	-	2,466
Impact from the change in Own Credit Risk on certificates issued, after tax	-1,299	-1,299	-
Purchase Price Allocation (PPA) after tax	-18,624	-18,624	-
Income (loss) attributable to minority interests	6	6	-
NET INCOME (LOSS) FOR THE PERIOD	**750,125**	**776,099**	**-25,974**