PRESS RELEASE

RESULTS AS AT 30 SEPTEMBER 2024[1]

EXCELLENT PERFORMANCE CONFIRMED IN THE FIRST 9 MONTHS OF 2024:

ADJUSTED NET INCOME[2] AT € 1,245 MILLION (+25.1% Y/Y)

STATED NET INCOME AT € 1,696 MILLION (+79.8% Y/Y)

CONFIDENT TO EXCEED PREVIOUS GUIDANCE OF ~€0.95[3] EPS FOR 2024 IN SPITE OF THE DECLINING TREND IN INTEREST RATES

DIVIDEND PER SHARE (DPS)[4] MATURED IN THE FIRST 9 MONTHS 2024 EQUAL TO €0.75

APPROVAL OF INTERIM DIVIDENDS AGAINST 2024 EARNINGS OF €600 MILLION (€0.40 PER SHARE) IN PAYMENT IN THE CURRENT MONTH:

- **DISTRIBUTION TO SHAREHOLDERS FOR 2024 EQUAL TO € 1.45[5] BILLION, € 150 MILLION MORE THAN THE PLAN GUIDANCE**
- **IN ADVANCE OF THE SHAREHOLDER REMUNERATION TARGET SHAREHOLDERS OF € 4 BILLION CUMULATIVE IN 2023-2026**

[1] It should be noted that the definitions of the indicators and key balance sheet and income statement figures commented on in this press release are explained in the explanatory note No. 1 "Basis of preparation and accounting standards of reference - Alternative performance indicators."
[2] EPS net of nonrecurring items detailed in Explanatory Note No. 5 to this press release.
[3] EPS calculated net of nonrecurring components.
[4] Dividend per share calculated on the basis of a *payout* ratio of 67% applied to the net accounting earnings for the first nine months of 2024.
[5] Includes €844 million in dividends paid from 2023 earnings and an interim dividend on 2024 earnings (€606 million).

FURTHER IMPROVEMENT IN CAPITAL STRENGTH[6]:

- **CET 1 RATIO AT HISTORIC HIGH OF 15.5% (14.2% AT YEAR-END 2023)**
- **MDA BUFFER[7] AT 641 B.P. (508[8] B.P. AT YEAR-END 2023)**

SIGNIFICANT GROWTH IN OPERATING PERFORMANCE:

- **CORE REVENUES AT € 4,271 MILLION (+7% COMPARED TO 30 SEPT. 2023)**
- **OPERATING PROFIT[9] GROWING TO € 2,275 MILLION (+12% COMPARED TO 30 SEPT. 2023)**
- **LOAN LOSS PROVISIONS AT € 302 MILLION (-21% COMPARED TO 30 SEPTEMBER 2023)**
- **COST/INCOME IN REDUCTION TO 46.7% (48.4% AS OF 30 SEPT. 2023 AND 48.1% IN FY 2023)**
- **PROFITABILITY OUTLOOK SET TO BENEFIT FROM THE PROGRESSIVE GROUNDING OF THE GROUP'S PRODUCT FACTORIES, TO REACH FULL OPERATIONAL CAPACITY IN 2026**

CONTINUED IMPROVEMENT IN ASSET QUALITY, THANKS TO THE ACCELERATION OF THE DERISKING PLAN; COST OF RISK REMAINS BELOW PLAN TARGETS:

- **GROSS NPE RATIO IN REDUCTION TO 3.1% (3.5% AT YEAR-END 2023)**
- **GROSS NON-PERFORMING EXPOSURES DOWN TO € 3.2 BILLION (€ 3.8 BILLION AT YEAR-END 2023)**
- **NET NPE RATIO AT 1.7%.**
- **ANNUALIZED COST OF RISK AT 40 B.P. (53 B.P. IN 2023)**

---

[6] More details on how capital ratios are calculated can be found in Note 6 of this press release.
[7] Difference between the CET1 ratio measured as of 30 September 2024, including the result of the first nine months net of the 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 in Additional Tier 1 Capital or Tier 2 Capital compared to the requirements that can be covered with these classes of capital.
[8] Figure recalculated on a consistent basis to take into account the requirements communicated by ECB for 2024.
[9] This interim result does not include systemic charges, amounting to € -98.7 million, accounting impacts arising from Purchase Price Allocation (PPA), amounting to € -40.7 million, impacts arising from the change in its own creditworthiness on *certificate* issues, amounting to € -0.5 million, and the amount of charges related to the Incentive Retirement Plan activated by the Parent Company, 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 153%, NSFR AT 125%[10]**
- **CASH AND UNENCUMBERED ASSETS AT € 49.4 BILLION**

DIRECT BANK FUNDING AT € 128.6 BILLION, UP FROM € 126.0 BILLION AS OF 31 DEC. 2023

INDIRECT FUNDING AT € 114.4 BILLION, INCREASING FROM € 106.2 BILLION AS OF 31 DECEMBER, 2023

SUCCESSFUL CONCLUSION OF NUMIA TRANSACTION, SECOND NATIONAL PLAYER IN THE PAYMENTS SYSTEM; PATH TO FULL OPERATION ALREADY STARTED:

- **BANCO BPM STAKE IN NUMIA GROUP[11]: 28.6%**
- **CONSIDERATION RECOGNIZED AT CLOSING EQUAL TO € 500 MILLION, WITH POSSIBLE FURTHER EARN OUT UP TO A MAXIMUM OF € 80 MILLION**
- **POS FLEET MIGRATION PROCESS STARTED: TO DATE >46,000 POS CONTRACTUALLY ENGAGED, FOR A TOTAL OF ~29,000 CUSTOMERS, EQUAL TO >65% OF THE BANK'S TOTAL RETAIL ACQUIRING VOLUMES**

CREDIT RATING IN "INVESTMENT GRADE" AREA BY ALL AGENCIES FROM NOVEMBER 2023. ACTIONS ON RATINGS IN THE FIRST NINE MONTHS OF 2024:

- **MORNINGSTAR DBRS, ON NOVEMBER 4, 2024, IMPROVED FROM "STABLE" TO "POSITIVE" THE RATING TREND ALSO ON BANCO BPM'S LONG-TERM DEPOSITS, WHILE CONFIRMING THE RATINGS OF THIS TYPE**
- **STANDARD & POOR'S, ON OCTOBER 24, 2024, UPGRADED BANCO BPM'S LONG-TERM AND SHORT-TERM ISSUER CREDIT RATINGS (ICR) BY ONE NOTCH (FROM BBB-/A-3 TO BBB/A-2), AND THE RATING ON SENIOR UNSECURED DEBT (FROM BBB- TO BBB)**
- **FITCH RATINGS, ON MARCH 21, 2024, UPGRADED THE RATINGS ON SENIOR PREFERRED AND SENIOR NON-PREFERRED DEBT BY ONE NOTCH**

---

[10] Management figure.
[11] Numia Group in turn holds 100% of Numia's capital.

KEY ACHIEVEMENTS ON THE ESG SUSTAINABILITY FRONT:

- **DISBURSED NEW MEDIUM-LONG-TERM LOW-CARBON LOANS OF €4.2 BILLION IN THE NINE MONTHS (VS. AN ANNUAL TARGET FOR 2024 OF €5 BILLION)**
- **SHARE OF WOMEN IN MANAGERIAL POSITIONS AT 30.4% AT THE END OF SEPTEMBER (29.7% AT THE END OF 2023)**
- **ISSUE OF TWO BONDS, TOTALING €1.5 BILLION, UNDER THE GREEN, SOCIAL AND SUSTAINABILITY BONDS FRAMEWORK**
- **SHARE OF ESG BONDS IN THE TOTAL PROPRIETARY CORPORATE BOND PORTFOLIO [12] AT END-SEPTEMBER: 35.4%, UP FROM 29.1% AT THE END OF 2023**

***

The first nine months of 2024 were 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 registered significant growth in operating performance. In particular, "core" operating income shows excellent dynamics, coming in at € 4,271 million, up 7 % from 30 September 2023.
Operating profit rises to € 2,275 million, from € 2,035 million as of 30 September 2023, an increase of 12%. Net income for the period stands at € 1,696 million, with a growth of 80% compared to 30 September 2023. At the adjusted level, net income was € 1,245 million, an increase of 25% y/y.

Balance sheet ratios confirm the significant results achieved:

- ***direct funding from the banking business amounts to € 128.6 billion, up 2.0% from the end of 2023 and 2.4% y/y;***
- ***indirect customer funding reaches € 114.4 billion, up € 8.3 billion compared to 31 December 2023 and € 14.5 billion year-on-year;***
- ***net "core" performing loans (consisting of mortgages, loan financings, current accounts and personal loans) stood at € 95.1 billion (€ 95.6 billion gross), with a volume of new disbursements of € 15.2 billion in the period.***

In terms of portfolio quality, as of 30 September 2024, the ratio of impaired loans to total gross loans was further reduced to 3.1% from 3.5% as of 31 December 2023. The annualized cost of credit is down to 40 bp, from 53 bp at year-end 2023, while providing significant levels of impaired loan coverage.

The Group's capital position is further strengthened, reaching the highest historical levels since the merger as at 30 September 2024:

- ***CET 1 Ratio at 15.5% (up from 14.2% at year-end 2023 and 15.2% at June 2024);***
- ***MDA buffer at 641 bp (from 508[13] bp at the end of 2023 and 609 bp at June 2024).***

[12] Perimeter referred to the banking book, nominal values.
[13] Figure recalculated on a homogeneous basis to take into account the requirements communicated by ECB for 2024.

Main balance sheet aggregates.

- Direct funding from the banking business[14] € 128.6 billion: +2.0% from end-December 2023 and +2.4% from 30 September 2023; "core" customer deposits (deposits and current accounts) at € 97.3 billion;
- Indirect customer funding € 114.4 billion (+7.8% compared to 31 December 2023 and +14.5% compared to 30 September 2023), of which:
  - assets under management € 65.4 billion (+5.5% vs. 31 Dec. 2023 and +8.5% vs. 30 Sept. 2023);
  - assets under administration € 49.1 billion (+11.1% compared to 31 December 2023 and +23.5% compared to 30 September 2023);
- Net loans to customers € 101.4 billion: -3.9% compared to 31 December 2023 (of which performing loans -3.8% and impaired loans -8.7%) and -6.2% compared to 30 September 2023 (of which performing loans -6.0% and impaired loans -13.8%).

Main income statement items

- Net interest income:
  - € 861.9 million in Q3 2024 (€ 858.4 million in Q2 2024; +0.4%)
  - € 2,584.7 million as of 30 Sept. 2024 (€ 2,421.6 million as of 30 Sept. 2023; +6.7%)
- Net fee and commission income[15]:
  - € 488.1 million in Q3 2024 (€ 499.8 million in Q2 2024; -2.3%)
  - € 1,509.5 million as of 30 Sept. 2024 (€ 1,452.8 million as of 30 Sept. 2023; +3.9%)
- Operating expenses:
  - € 656.1 million in Q3 2024 (€ 669.9 million in Q2 2024; -2.1%)
  - € 1,994.7 million as of 30 Sept. 2024 (€ 1,910.0 million as of 30 Sept. 2023; +4.4%)
- Operating profit:
  - € 818.8 million in Q3 2024 (€ 690.6 million in Q2 2024; +18.6%)
  - € 2,274.6 million as of 30 Sept. 2024 (€ 2,034.6 million as of 30 Sept. 2023; +11.8%)
- Net adjustments on loans to customers:
  - € 107.8 million in Q3 2024 (€ 111.6 million in Q2 2024; -3.4%)
  - € 301.9 million as of 30 Sept. 2024 (€ 383.6 million as of 30 Sept. 2023; -21.3%)
- Profit (loss) before tax from continuing operations:
  - € 684.0 million in Q3 2024 (€ 580.0 million in Q2 2024; +17.9%)
  - € 1,925.7 million as of 30 Sept. 2024 (€ 1,593.2 million as of 30 Sept. 2023; +20.9%)
- Net income:

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

[15] As of fiscal year 2024, income components related to payment services income contributed to Numia Group 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.

- € 945.7 million in Q3 2024 (€ 379.9million in Q2 2024; +148.9%)
- € 1,695.8 million as of 30 Sept. 2024 (€ 943.4 million as of 30 Sept. 2023; +79.8%)

- *Adjusted* net income:
  - € 468.7 million in Q3 2024 (€ 399.7 million in Q2 2024; +17.3%)
  - € 1,244.8 million as of 30 Sept. 2024 (€ 995.1 million as of 30 Sept. 2023; +25.1%)

Capital position[16]
- CET 1 ratio 15.5% (14.2% as of 31 December 2023);
- MDA buffer 641 b.p.

Credit quality[17]
- Stock of gross impaired loans of € 3.2 billion, down 4.1% from year-end 2023 and a reduction of 6.4% y/y
  - Bad loans: € 1.3 billion (-19.9% from end-2023 and -21.3% y/y);
  - Unlikely-to-pay: €1.7 billion (-17.1% from end-2023 and -21.5% y/y);
  - Impaired past-due exposures: €0.2 billion (+€0.1 billion from both end-2023 and y/y);
- Total net non-performing exposures at € 1.7 billion: -8.7% from year-end 2023 and -13.8% y/y

Liquidity profile
- Liquidity at € 49.4 billion (cash + unencumbered assets);
- TLTRO III at € 1.7 billion;
- LCR 153% and NSFR 125%[18].

***

Milan, 6 November 2024 - The Board of Directors of Banco BPM met today under the chairmanship of Dr. Massimo Tononi to approve the balance sheet and income statement of Banco BPM Group as of 30 September 2024.

The 2024 financial year has so far been characterized by an overall positive macroeconomic framework, despite the fact that significant elements of uncertainty remain, arising, in particular, from the international geopolitical situation and the persistence of restrictive monetary and financial conditions that could hinder the growth of domestic demand. In this context, the Group nevertheless recorded excellent levels of profitability, with profit before tax from continuing operations at € 1,925.7 million and with net profit at € 1,695.8 million. At the adjusted level, these results amounted to € 1,974.0 million and € 1,244.8 million, respectively.

During the first nine months of 2024, the Group continued the process of implementing the new configuration of product factories in the payment systems and Bancassurance segments.

On 30 September, the Parent Company, together with Numia Group, Gruppo BCC Iccrea and Fondo Strategico Italiano (FSI) finalized the transaction involving the strategic partnership,

---

[16] For more details on how capital ratios are calculated, see Note 6 of this press release.
[17] Data calculated assuming only customer exposures measured at amortized cost and excluding loans held for sale.
[18] Management data.

announced on July 14, 2023, leading to the creation of the second national player in the e-money sector.
The completion of the transaction took place following the obtaining of regulatory and legal approvals, with Numia Group S.p.A. (a company holding the entire capital of Numia S.p.A.) becoming 42.86 % owned by FSI and with Banco BPM S.p.A. and BCC Banca Iccrea S.p.A. each holding 28.57 %.
As part of the transaction, Banco BPM contributed to Numia the business unit consisting of: i) the set of assets, activities, liabilities, payables, receivables and legal relationships functionally organized to carry out the activity related to acquiring and issuing services of electronic payment instruments ii) the 100% stake in Tecmarket S.p.A. At the same time, Numia carried out a capital increase of € 500 million, excluding option rights, to be released against the above-mentioned contribution in kind by Banco BPM.
On the same date, Banco BPM sold its stake in Numia to Numia Group S.p.A., for a total consideration of € 500 million, of which € 228 million in cash and € 272 million through the subscription to a Numia Group capital increase, resulting in a 28.57% stake in the latter's capital. The transaction resulted in the recognition of a capital gain in the income statement for the first nine months of € 500 million (€ 493 million net of specific applicable taxation).

With regard to the Bancassurance segment, the corporate reorganization had been completed at the end of 2023, with the completion of the sale and purchase transactions that had led to the Group's total control of the companies operating in the life insurance sector (Banco BPM Vita, Vera Vita and BBPM Life) and to the participation with a 35% stake in the companies operating in the non-life insurance sector (Banco BPM Assicurazioni, Vera Assicurazioni and, indirectly, Vera Protezione) in a joint venture with Crédit Agricole Assurances.
In May 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.
During the period, the internalization of the segment's activities also continued, with the aim of achieving IT migration to a new technological platform during the next fiscal year.

With reference to the process of rationalization of its real estate portfolio, in September the Parent Company's Board of Directors resolved on a securitization sale transaction ("Square" Project) of a portfolio of more than 330 properties owned for non-instrumental use, with a total book value of approximately € 295 million, at a price substantially in line with fair value. The sale will take place in several tranches, starting at the end of 2024, in favor of a securitization vehicle managed by Phoenix Asset Management S.p.A. and SPF Investment Management L.P., leading companies in the asset management and structured credit sectors, respectively. As a result of the afore-mentioned transaction, Banco BPM shall achieve, two years ahead of schedule, the targets for rationalization of the real estate portfolio set out in the 2023-2026 Strategic Plan.

Moreover, as regards the process of rationalization of its organizational and corporate structure, during the period, the partial spin-off transaction of Banca Akros in favor of Banco BPM was finalized, effective January 1, 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 June 25, 2024, the Parent Company and Banco BPM Invest SGR[19] signed the deed of contribution by which Banco BPM transferred to the SGR the business unit represented by the

[19] 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 24 February 1998.

complex of assets and people pertaining to the "Alternative Investments and Funds" organizational structure, effective July 1, 2024.

Finally, it should be noted that, on June 28, 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 June 28, 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 July 1-July 31, 2025 to July 1-July 31, 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 that can be activated at Banco BPM's request from July 1, 2025, until the expiration of the Shareholders' Agreement.

With regards to the derisking process, agreements were finalized during the first nine months for the sale of € 620 million of nonperforming exposures (increased by a further € 40 million in October), laying the foundations for the achievement of the target of disposals for a total of € 700 million envisaged over the Plan period.

On the funding and capital operations front, in the first nine months of 2024 the Parent Company concluded three issues, reserved for institutional investors, under 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 six years callable 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 three months, fixed coupon of 5% until June 2029 and repayable in advance from the fifth year; the third on 2 September 2024, regarding Social Senior Non-Preferred securities in the amount of € 750 million, maturity six years, fixed coupon of 3.875% and possibility of early redemption in September 2029.
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 maturity six years, the second in May 2024 in the amount of € 500 million and maturity seven years. Both transactions are part of the € 10 billion BPM Covered Bond 2 program.
Finally, in July 2024, the Parent Bank completed the issuance of a € 400 million Additional Tier 1 capital instrument with perpetual maturity and callable from January 2031. At the same time, Banco BPM launched an offer to repurchase a perpetual bond with a nominal value of € 400 million, which ended with a subscription of € 179.5 million. It should also be noted that Banco BPM, in June 2024, proceeded to the early redemption of an Additional Tier 1 capital instrument issued in 2019 for a nominal € 300 million and already subject to partial repurchase in November 2023 for € 223.3 million and, in September 2024, decided to exercise and early redemption right of the Tier 2 bond issued on 1 October 2019 with a maturity of ten years.

As for the programs to purchase treasury shares, intended to serve the short- and long-term incentive plans f employees, during the first nine months of 2024:
- 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 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, in the period from June 19 to June 24, 2024,

the first tranche of the program was executed 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. The program was completed in the period from 17 to 18 September, 2024 with the purchase of 2,464,487 treasury shares (equal to 0.16% of the outstanding ordinary shares) at an average unit price of € 6.09, for a total countervalue of € 15 million.

As a result of the transactions described above, Banco BPM, taking into account the allocations made during the period and the other treasury shares already in its portfolio, as of 30 September 2024 directly owns 13,806,714 treasury shares, equal to 0.91% of the share capital.

E-MONEY BUSINESS

In addition to what has been reported above regarding the reorganization process of the e-money business, it should be noted that this operation has created, together with the other two reference partners FSI and Iccrea, the second pole of domestic payments: in fact, Numia can count on more than 400,000 POS, 8 million cards and more than 100 billion transacted volumes, with a market share of more than 10% and a distribution share of about 20% of bank branches.

Starting from September 2024, Banco BPM's distribution operation of Numia's POS/Acquiring services was launched, which immediately led to particularly impressive commercial results: as of the end of October, more than 46,000 POS, for a total of about 29,000 customers, accounting for more than 65% of the Bank's total retail Acquiring volumes.

The next quarter and during 2025 will see the completion of the migration of all POS/Acquisition services and the start of the distribution (and gradual migration) of Issuing products related to debit, credit and prepaid cards.

CREDIT RATING

Banco BPM's credit ratings, which since November 2023 have been placed in the "Investment Grade " area by the four rating agencies that assess the Group's performance and credit, register a consolidation in 2024, as indicated here below:

- on November 4, 2024, Morningstar DBRS (DBRS) revised the ratings trend on Banco BPM's Long-Term Deposits from "Stable" to "Positive," while confirming the ratings for this type, both long-term and short-term, at BBB (high) and R-1 (low), respectively. This rating action follows DBRS's improvement of the Trend on Italy's Long-Term Foreign and Local Currency Issuer Rating from "Stable" to "Positive" on 25 October 2024, with concurrent confirmation of the sovereign rating at BBB (high). It follows that the rating assigned to Banco BPM on Long-Term Deposits is now fully aligned with Italy's recent assessment;
- on October 24, 2024, following the assignment on November 7, 2023 of new ratings in the Investment Grade area by S&P Global Rating, the rating company improved both Banco BPM's Long and Short Term Issuer Credit Rating (ICR) (from BBB-/A-3 to BBB/A-2,) and the rating for Senior Unsecured debt (from BBB- to BBB) by one notch. This rating action, with concomitant assignment of a Stable Outlook, was driven by the strengthening of Banco BPM's Additional Loss-Absorbing Capacity, resulting from the successful issuance activities of the Group's Senior Non-Preferred and Tier 2 instruments, which created more than adequate buffers within the capital and liability structure. In the same communication, S&P also indicated its expectation that Banco BPM's strong presence in the more affluent areas of northern Italy and well-diversified business model are expected to sustain business stability in the coming years.

These two recent rating actions are, therefore, in addition to the following improvements recorded in the first part of 2024:

- Fitch Ratings, on March 21, 2024, improved the ratings on Senior Preferred and Senior Non-Preferred debt by one notch, confirming all other ratings with Stable Outlook and acknowledging the significant strengthening of the Group's financial profile;
- Morningstar DBRS, on April 18, 2024, upgraded from “Stable” to “Positive” the Trend also of the Issuer Rating and the rating on both short-term and long-term (senior) debt of Banco BPM. This decision was motivated by the recent and continuous improvements in profitability and asset quality, which added to the positive assessment regarding the strengthening of the business model, as well as the Group's solid funding and liquidity profile and capital position.

The rating actions that occurred in 2024 consolidate Banco BPM's position in the “Investment Grade” category, within which all rating agencies have recognized the strengthening of the Group's financial profile, particularly on profitability, asset quality and capitalization, in addition to the Group's solid funding and liquidity position.

SUSTAINABILITY

On the front of **Environmental** initiatives, in the nine months of the year the Group disbursed approximately € 4.2 billion of new medium- and long-term loans to finance projects and/or counterparties characterized by low levels of carbon dioxide emissions (so-called “New Medium-Long-Term Low-Carbon Financing”), having thus achieved an excellent result with respect to the target of € 5 billion set for the whole of 2024.

In addition, 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, in early August 2024, set and communicated decarbonization targets for 2030 for each of the 5 sectors that had been identified as priorities when joining the NZBA.

In the **Social** sphere, the Group has continued its virtuous path in the enhancement of female staff, reaching a share of women in managerial positions at the end of September of 30.4% (vs. 29.7% 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, including at the business level.

With regards to ESG finance, as part of its Green, Social and Sustainability Bonds Framework, Banco BPM successfully completed the issuance of a Green Senior Non-Preferred bond in the amount of €750 million in January 2024 and a Social Senior Non-Preferred instrument for an additional €750 million in September 2024. Moreover, in July, it published the Green, Social and Sustainability Bonds Report covering bonds issued through 31 December 2023. Finally, considering the bonds in the proprietary corporate portfolio accounted for in the banking book, it should be noted that as of 30 September 2024, 35.4% of the bonds have ESG characteristics (29.1% at the end of 2023).

Finally, it should be noted that on 8 July 2024, the agency Standard Ethics informed the market that it confirmed the EE+ level for Banco BPM's ESG rating and shortened the estimated time for upgrading to the EEE- level to 1-2 years.

DIGITAL AND OMNICHANNEL BANKING

During 2024, the activities of the .DOT Digital and Omnichannel Transformation Program continued with the aim of ensuring the constant updating of internet and mobile banking platforms and introducing processes to make new products and services (e.g., escrow deposit, personal loans from mobile APPs) available for digital and remote sales.
The uptake of digital solutions among customers is constantly increasing. Subscriptions to digital identity, a contract that enables paperless processes and even remote business operations, reached nearly 1.6 million individual customers as of September 2024, while about 45% of corporate customers have activated the latest mobile APP dedicated to them.
In the first nine months of the year, the contribution of the "Digital Branch" (evolution of the Customer Center) to retail commercial activity, both in support of territory branches and direct sales of products/services, has expanded. As of 30 September, 58% of telephone interactions with customers were of commercial nature, with an increasing focus on Small Business customers (>40% of commercial activity carried out), in line with the priorities defined in the Strategic Plan.

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

- bring the share of so-called "omnichannel"[20] sales in relation to total retail sales to a value of more than 45%, which includes 22% of so-called "fully remote" sales[21];
- consolidate stably at 85% the share of transactional operations carried out by customers remotely (in-branch transactions thus represent 15% of the total), with a significant share of operations on mobile APPs at about 24%, which is constantly growing;
- support new customer acquisition activities for 23% with digital onboarding processes.

***

Economic performance of operations in the first nine months of 2024 compared with 30 September 2023.

Net interest income amounted to € 2,584.7 million, up 6.7 % compared to the figure for the first nine months of 2023 (amounting to € 2,421.6 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 € 106.0 million and compares with the figure of € 94.7 million in 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 € 54.7 million, compared to € 59.0 million in the first nine months of 2023, as well as the contribution of the associate Anima Holding, amounting to € 36.7 million (€ 18.8 million as of 30 September 2023).

Net fee and commission income[22] for the first nine months of 2024 amounted to € 1,509.5 million, up 3.9% compared to the corresponding period of the previous year due to the performance recorded in the savings products segment (+9.5% compared to 30 September 2023). The contribution of commercial banking and other services was also positive (+0.9% compared to 30 September 2023), thanks to the contribution of commissions from investment banking and lending activities, which

[20] Omnichannel sales: sales perfected in branch 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*").
[21] *Fully Remote* Sales : sales perfected remotely/in remotely (Self + Remote Offer Network + Remote Offer *Digital Branch* + Webank).
[22] See note no. 15.

offset the higher charges related to synthetic securitization transactions, amounting to € -17.3 million, and the disappearance, as of the second quarter of 2023, of liquidity management fees, amounting to approximately € 15 million[23].

The aggregate of **other net operating income[24]** shows a negative balance of € -7.9 million compared to the positive contribution of € 8.0 million in the first nine months of 2023.

Net financial result[25] for the period was positive and amounted to € 6.0 million, compared to the figure of € -65.3 million recorded as of 30 September 2023.
The aggregate in question includes dividends of € 26.5 million (€ 19.9 million as of 30 September 2023), trading gains of € 198.7 million (€ -4.5 million as of 30 September 2023) and from the sale of financial assets of € 20.6 million (€ 10.2 million as of 30 September 2023), which were partially offset by the negative contribution of liabilities designated at fair value and related derivatives, amounting to € -256.2 million (€ -105.0 million as of 30 September 2023) mainly attributable to the higher cost of funding through certificates.

The **result from the insurance business** came in at € 71.0 million in the first nine months of 2024 and included the contribution of Banco BPM Vita, Vera Vita and BBPM Life companies. This amount is not fully comparable with the figure of € 32.7 million as at 30 September 2023, which instead included the contribution of Banco BPM Vita and Banco BPM Assicurazioni[26].

As a result of the dynamics described above, **total operating income** thus amounted to € 4,269.3 million, up from € 3,944.6 million recorded in the corresponding period last year (+8.2%).

Personnel expenses, at € 1,296.1 million, showed an increase of 7.1% compared to € 1,210.4 million in the first nine months of 2023; the increase is attributable to higher charges resulting from the renewal of the National Collective Labor Agreement.
As of 30 September 2024, the total number of employees was 19,578 resources (of which 146 related to insurance companies), compared to 19,761 resources on the payroll as of 31 December 2023 (of which 146 related to insurance companies)[27].

Other administrative expenses[28] amounted to €501.3 million, broadly in line (-0.1%) with the figure for the first nine months of 2023 of €501.9 million.

Net adjustments to property, plant & equipment and intangible assets totaled € 197.3 million, a figure in line with the figure for the first nine months of 2023 (€ 197.7 million).

Total operating expenses thus amounted to € 1,994.7 million, an increase of 4.4 % from € 1,910.0 million as of 30 September 2023.

---

[23] Management data.
[24] See note no. 15.
[25] The item does not include the accounting effect resulting from the change in its own creditworthiness on the *fair value* measurement of liabilities of its own issuance (*certificates*), which resulted in the recognition during the period of a negative impact of € -0.5 million, compared to € -2.1 million recorded as of 30 September 2023. This effect is shown, net of taxes, in a separate item in the reclassified income statement.
[26] 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.
[27] As of 31 December 2022, there were 20,157 resources in the workforce.
[28] 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.

The **cost/income ratio** for the period was 46.7 %, lower than both the 48.4 % for the first nine months of 2023 and the figure for the whole of 2023 (48.1 %).

Operating profit for the period was €2,274.6 million, up 11.8% from €2,034.5 million in the corresponding period of the previous year.

Net adjustments on loans to customers for the first nine months, at € 301.9 million, showed a decline from the 30 September 2023 figure of € 383.6 million (-21.3%).
As of 30 September 2024, the annualized cost of credit, measured by the ratio of net loan adjustments to net loans, was 40 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 the fair value measurement of tangible assets as of 30 September 2024 was € -40.1 million (€ -44.1 million in the first nine months of 2023).

Net adjustments to securities and other financial assets include net capital losses of € -2.1 million (€ +0.1 million as of 30 September 2023).

Net provisions for risks and charges for the period amounted to € -7.9 million, compared to € -13.8 million recognized as of 30 September 2023.

Gains/losses on participations and investments as of 30 September 2024 amounted to € +3.1 million (€ +0.1 million as of 30 September 2023).

As a result of the described dynamics, **income before tax from continuing operations** amounted to € 1,925.7 million compared to € 1,593.2 million in the corresponding period of the previous year (+20.9%).

Taxes on income from continuing operations amounted to € -618.8 million (€ -500.1 million as of 30 September 2023).

As a result, **income after tax from continuing operations** amounted to € 1,306.9 million and was up 19.6 % from the figure of € 1,093.1 million for the first nine months of 2023.

Charges after tax related to the banking system of € 66.6 million (€ 98.7 million pre-tax) were debited to the income statement for the period, 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, on the other hand, the contribution to the FITD, amounting to € 103.2 million gross, and the last annual contribution due to the Single Resolution Fund, amounting to € 85.4 million gross, were charged[29]. The total impact on the income statement as of 30 September 2023, net of the related tax effect, amounted to € 127.3 million (€ 188.6 million before tax).

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

[29] For further details regarding charges arising from the contribution to resolution mechanisms, please refer to Note 3.

In the new reclassified income statement item called **impact of the payments business, after tax**, the positive effects are recognized and amounting to a total of € 493.1 million, attributable to the transactions finalized on 30 September for the reorganization of the payment systems division[30].

In the item **bancassurance impacts, after tax**, are recognized the effects totaling € 2.5 million, attributable to the revision of the estimates conducted in the 2023 financial statements, resulting from the pricing of purchase and sale transactions related to the reorganization of the bancassurance business, net of the related tax effect[31].

During the period, the **change in creditworthiness of Certificates issued by the Group, after taxe,** generated a negative impact of € -0.3 million (€ -0.5 million before tax effects), compared to the effect recognized as of 30 September 2023 of € -1.4 million (€ -2.1 million before tax effects).

As of 30 September 2024, the impact of the **Purchase Price Allocation, after tax**, amounted to € -28.0 million and compared with the figure for the first nine months of 2023 of € -21.5 million. As of the first quarter 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[32].

As a result of the above dynamics, the first nine months of 2024 ended with a positive net **result for the period** of € 1,695.8 million (€ 943.4 million as of 30 September 2023).

The adjusted net result for the period was € 1,244.8 million, (+25.1% compared to the figure of € 995.1 million as of 30 September 2023)

<u>Economic performance of operations in the third quarter of 2024 compared with the second quarter of 2024</u>

Net interest income amounted to € 861.9 million, broadly in line with the figure for the second quarter of 2023 (amounting to € 858.4 million), thanks to the resilience of the commercial spread.

The result of equity-accounted investments is positive at € 31.1 million, with a contribution down from the second quarter figure of € 44.6 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 third quarter amounted to € 488.1 million, down 2.3 % compared to the result reported in the second quarter. The decrease is mainly attributable to lower commissions on placement of insurance products (€ -6.1 million) and on purchases of tax credits (€ -8.9 million), partially offset by the increase in commissions on collection and payment services (€ +5.5 million).

[30] For further details, please refer to Explanatory Note No. 1 paragraph "Reorganization of the monetics business."
[31] For further details please refer to Explanatory Note No. 1 paragraph "Reorganization of bancassurance business."
[32] The PPA related to the combination of Vera Vita and BBPM Life was 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.

Other net operating income was € -10.4 million compared to the € -1.3 million figure for the second quarter of 2024. The third quarter figure includes the negative effect related to the reorganization of the Group's real estate assets.

The **net financial result** for the third quarter was € +48.0 million compared to € -50.8 million in the second quarter. This trend is mainly attributable to the higher contribution from trading activities (€ +212.9 million compared to the second quarter 2024) and management hedging transactions.

The **result from the insurance business** in the third quarter amounted to € 56.2 million and compares with the contribution of € 10.0 million in the second quarter.

As a result of the dynamics described above, **total operating income** thus amounted to € 1,474.9 million, up 8.4 % from the € 1,360.6 million recorded in the second quarter, mainly due to the dynamics of the net financial result described above.

Personnel expenses, at € 435.6 million, show a slight increase from € 428.9 million in the second quarter.

Other administrative expenses decreased from € 176.1 million in Q2 2024 to € 152.3 million in Q3 2024.

Net adjustments to property, plant & equipment and intangible assets totaled € 68.2 million, compared to the second quarter figure (€ 64.9 million).

Total operating expenses thus amounted to € 656.1 million, down (-2.1%) from € 669.9 million in the second quarter.

Operating profit for the quarter amounted to € 818.8 million up 18.6% from € 690.6 million in the second quarter.

Net adjustments on loans to customers amounted to € 107.8 million, compared to € 111.6 million in the second quarter.

The result of fair value measurement of tangible assets in the third quarter shows capital losses of € 14.1 million as a result of adjusting the value of some properties; in the second quarter 2024, write-downs of € 12.6 million had been recognized.

Net adjustments to securities and other financial assets in the third quarter amounted to € +1.2 million (€ -0.3 million in the second quarter).

Net provisions for risks and charges in the third quarter show net allocations of € -16.1 million and include the estimated charges, amounting to € 11.2 million, that Banco BPM has undertaken to repay to the buyer with reference to two properties included in the portfolio being sold (so-called "Square" project). Net recoveries of € +13.2 million had been recognized in the second quarter of 2024.

Gains/losses on participations and investments in the third quarter amounted to € +2.1 million (€ +0.6 million in the second quarter).

As a result of the described dynamics, **income before tax from continuing operations** shows a profit of € 684.0 million compared to the profit of € 580.0 million recorded in the second quarter.

Taxes for the period on income from continuing operations amounted to € -223.0 million (€ -180.4 million in the second quarter).

Income after tax from continuing operations for the third quarter thus amounted to € 461.0 million and was up 15.4 % when compared with the € 399.6 million figure for the second quarter.

The new item in the reclassified income statement called **impact of the payments business, after tax**, includes the positive effects and amounting to a total of € 493.1 million, attributable to the transactions finalized in September for the reorganization of the payment systems segment.

In the third quarter the **change in creditworthiness of Certificates issues, after tax,** generated a positive impact of € 1.0 million (€ 1.5 million before tax effects); in the second quarter a positive impact of € 0.5 million (€ 0.7 million gross) had been recognized.

In the third quarter the impact of the **Purchase Price Allocation, after tax**, amounted to € -9.4 million and compares with the figure for the second quarter 2024 of € -10.0 million.

As a result of the dynamics described above, the third quarter 2024 ended with a **net profit for the period** of € 945.7 million, compared to the net positive result of € 379.9 million achieved in the second quarter (+148.9%).

Adjusted net income for the third quarter was € 468.7 million compared to € 399.7 million in the second quarter 2024.

Evolution of the main balance sheet items

Direct funding from the banking business as of 30 September 2024 amounted to € 128.6 billion, up 2.0% in comparison with 31 December 2023 and 2.4% year-on-year.
More in detail, compared to the beginning of the year, there was an increase of € 3.8 billion, or 20.4%, in the component represented by bonds issued as a result of new issues that exceeded the redemptions of maturing bonds. "Core" funding, represented by current accounts and deposits, is down 1.5 % compared to the end of 2023.
On an annual basis, against the contraction of the "core" component (-3.1%), there was an increase of € 5.6 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 September 2024 stood at € 6.1 billion, up 14.9% from the figure of € 5.3 billion as of 31 December, 2023 and up 24.0% from € 4.9 billion as of 30 September 2023.

Direct insurance funding and insurance liabilities, which includes the aggregate consisting of financial and insurance liabilities of insurance companies, amounted to € 16.0 billion and includes the contribution of Banco BPM Vita, Vera Vita and BBPM Life (€ 15.0 billion as of 31 December, 2023 and € 5.6 billion as of 30 September 2023, referring only to the contribution of Banco BPM Vita).

Indirect customer funding amounted to € 114.4 billion, up 7.8 % in comparison with 31 December, 2023 and 14.5 % year-on-year.

The managed assets component amounted to € 65.4 billion, up from the figure of € 62.0 billion as of 31 December 2023 (+5.5%). The growth is mainly concentrated in the funds and Sicavs segment, which shows an increase of € 2.5 billion; deposits referring to asset management and bancassurance also increased.
Assets under administration reach € 49.1 billion, an increase of € 4.9 billion (+11.1%) compared to the end of 2023.
The positive dynamics of indirect deposits is also confirmed on an annual basis: managed assets show an increase of 8.5 %, mainly concentrated in the funds and Sicavs segment, while administered assets are up 23.5 %.

Financial assets pertaining to the banking segment amount to € 50.0 billion and are up 14.5% compared to € 43.7 billion as of 31 December 2023; the increase is mainly concentrated in debt securities (+€ 6.4 billion) and in particular in the segment of securities at amortized cost (+€ 3.1 billion) and in that of securities measured at fair value with impact on comprehensive income (€+ 2.7 billion). As of 30 September 2024, the aggregate under review includes debt securities of € 42.9 billion, equity securities and UCITS units of € 2.9 billion, derivatives and other financing of € 4.3 billion. Exposures in debt securities issued by sovereign states amount to € 34.8 billion of which € 13.6 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 € 10.9 billion, under the portfolio of financial assets measured at fair value with impact on comprehensive income in the amount of € 1.9 billion, and under financial assets measured at fair value with impact on the income statement in the amount of € 0.7 billion.

Financial assets attributable to insurance companies include the contribution as of 30 September 2024 of Banco BPM Vita, Vera Vita and BBPM Life insurance companies totaling € 16.3 billion (€ 15.3 billion as of 31 December 2023).

Net loans to customers[33] amounted to € 101.4 billion as of 30 September 2024, down € 4.1 billion from the figure as of 31 December 2023. The contraction is attributable to both performing (-3.8 %) and nonperforming (-8.7 %) exposures. On an annual basis, loans recorded a reduction of € 6.7 billion (-6.2%), resulting from the contraction of performing exposures by € 6.4 billion (-6.0%) and impaired loans by € 0.3 billion (-13.8%). During the period, the volume of new disbursements amounted to € 15.2 billion[34]. The quality of the core loan portfolio was confirmed, characterized by a high %age of secured positions for the Non-Financial Corporate segment (55%[35]).

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

- net bad loans of € 0.5 billion, down 17.1 % from 31 December 2023 and 22.9 % year-on-year;
- net unlikely-to-pay of € 1.0 billion, down 12.3% from the beginning of the year and 17.1% year-on-year;
- net past due exposures of € 156.7 million (€ 67.1 million as of 31 December 2023 and € 64.1 million as of 30 September 2023).

[33] 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*.
[34] Management figure.
[35] Management figure.

The ratio of impaired exposures to total loans before adjustments was 3.1 %, down from 3.5% as of 31 Dec. and 30 Sept. 2023. Even net of value adjustments, a declining ratio is observed, at 1.7% compared to 1.8% as of 31 Dec. and 30 Sept. 2023.

The coverage ratio of the entire aggregate of impaired loans stood at 46.7% (50.4% as of 31 December 2023 and 49.3% as of 30 September 2023), in detail:

- bad loans 59.5% (60.9% and 58.7% as of 31 December and 30 September 2023 respectively);
- unlikely-to-pay 39.9% (43.2% and 43.1% as of 31 Dec. and 30 Sept. 2023 respectively);
- past due exposures 23.0% (28.2% and 29.6% as of 31 December and 30 September 2023 respectively).

The trend registered in coverage levels reflects the significant derisking process carried out by the Group, which also resulted in a positive decline in the vintage of impaired loans.

The coverage ratio for performing exposures is 0.44%, up from both 31 December 2023 (0.41%) and 30 September 2023 (0.40%).

Group capital ratios[36]

Common Equity Tier 1 ratio is 15.48% 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 result for the period (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 the application of the new internal models on credit risk compared to the conservative estimates applied as of 31 December, 2023, as well as the effects of the synthetic securitization transaction carried out in the third quarter of 2024.

The Tier 1 ratio was 17.73% compared to 16.34% as of 31 December 2023, while the Total Capital ratio was 20.72 % compared to 19.00 % as of 31 December 2023. The growth in Total Capital ratio is also related to a new issue of Tier 2 subordinated securities with a nominal value of € 500 million which took place during the first quarter of 2024.

The buffer against the Maximum Distributable Amount, or MDA buffer, is 641 b.p. (compared to 508 b.p. as of 31 Dec. 2023, recalculated on a like-for-like basis).

BUSINESS OUTLOOK

The macroeconomic picture for the first nine months of 2024 moved in relative continuity in the third quarter as well, although incorporating in Europe a slowdown in the German economy grappling with difficulties in some key sectors (e.g., automotive). For Italy, expectations remain moderately positive, with inflation declining further and GDP growth positioned between 0.6 % (Bank of Italy) and 0.8 % (Confindustria), compared with a figure of 1 % reported in the Structural Budget Plan prepared by the government. Confirmation of the expansionary policies initiated by the ECB is expected to give a positive stimulus to investment growth and to a boost in exports.

In this context, the Group's ordinary operations are evolving positively. On the funding side, current accounts and deposits continue to hold up well, with a forecast of stability or slight growth also for

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

the last quarter: the much lower than expected recourse to restricted and onerous forms of funding and the switch to indexed deposits is providing a progressive benefit on the cost of funding, which is expected to continue in the last quarter. On the lending side, after the slowdown in disbursements in the first half of the year, there are signs of recovery in July and October (particularly in mortgages to households), which, with progressively more favorable interest rates for investments, could lead to less discontinuous growth trajectories in the months ahead. At the overall level, net interest income is expected to confirm an improving trend compared to 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 trajectories followed so far confirm the expected year-on-year growth supported by growing volumes of financial assets referable to customers, which will be able to benefit from a positive market effect, as well as from the recovery of net inflows; the positive signals coming from disbursements also hint at a positive outlook for other forms of commissions, despite the gradual fading of the contribution of the Ecobonus component. Also positive is the contribution expected from Life Bancassurance, which, after having benefited in the third quarter from the evolution of the rate scenario, is expected to draw possible benefits also from the upswing in placements recorded since September.

Operating expenses, which have seen a very favorable dynamic in the nine months, are expected to continue in a stable manner and in line with expectations also in the last part of the year, while on the side of personnel costs there could be further non-repeatable provisions linked 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 deploy positive effects from 2025, both in terms of generational turnover and at the income statement level. With regards to administrative expenses, the higher burden resulting from the implementation of the initiatives outlined in the new Strategic Plan is currently more than balanced by the effect of the optimization measures and the positive dynamics of operating expenses, the trend of which should be confirmed in the latter part of the year as well. With reference to credit, 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, caution shall anyway remain high on the front of credit policies, oriented to a careful selection of customers, just as coverage levels shall l remain substantially stable at precautionary levels on both performing and nonperforming exposures.

Fully consistent with what has been anticipated so far, the solidity of the results achieved and the resilience of the same despite a context of falling rates, lead us to be confident in the achievement of the EPS forecast of 95 eurocents (1.15 euro considering the one-off components that can be hypothesized at present) and in its possible exceedance. In the light of the trends described above and the ability to generate stable increases in profitability and organic capital creation, all the profit and capitalization targets announced in the last Plan are confirmed while, with reference to the payout, the approval by the Board of Directors of the proposal to pay an interim dividend of € 40 cents per share, which took place today, makes it possible to ensure shareholders a total distribution of € 1,450 million during the calendar year 2024, € 150 million higher than the one originally assumed at the time of the Strategic Plan, strengthening the confidence in the possibility of exceeding the total shareholder remuneration target of € 4 billion cumulative over the period 2023-2026.

***

Mr. 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.

***

The results as of 30 September 2024 of Banco BPM Group will be presented to the financial community in a conference call set for today, November 6, 2024, at 6 p.m. (CET). 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.

***

RESOLUTION OF THE BOARD OF DIRECTORS ON THE DISTRIBUTION by Banco BPM S.p.A. of an interim dividend for the year 2024 pursuant to Article 2433-bis of the Civil Code

The Board of Directors meeting today resolved to distribute 40 euro cents per share, gross of statutory withholdings, as an interim dividend based on the 2024 results, as there are no contraindications arising from the forecast results for the fourth quarter of 2024 or recommendations from the regulators regarding the capital requirements applicable to Banco BPM that prevent such distribution, also in view of the capital ratios – both recorded as of 30 September 2024 and expected at year-end – which are well above the minimum requirements set by supervisory regulations, and in particular the Common Equity Tier 1 Ratio, which is also higher than the target level of 14% when fully operational that the Group has set itself to comply with. In addition, the auditing firm PricewaterhouseCoopers S.p.A. today issued the opinion required by Article 2433-bis of the Civil Code. More specifically, the Board of Directors has approved the distribution of 606,072,850.40 euros, resulting from a unit amount of 40 eurocents for each of the 1,515,182,126; however, no distribution will be made to any treasury shares that the Bank may hold on the record date. The interim dividend will be paid on November 20, 2024 (payment date) with ex-dividend date on November 18, 2024 (ex-date) and record date on November 19, 2024. The allotment will be subject to the ordinary tax regime provided for dividend payments.

Explanatory notes

This News Release represents the document through which Banco BPM decided to disclose - on a voluntary basis - supplementary periodic information in addition to the half-year and annual reports ("quarterly reports") to the public and to the market, in compliance with the disclosure policy communicated to the market pursuant to art. 82-ter of the Issuers Regulation effective on 2 January 2017. For the sake of completeness, please note that the quarterly report also includes the result presentation handout prepared as a support for the conference call with the financial community to be held after this News Release has been released.

This quarterly report contained in this document includes a comment on the quarterly operating performance that focuses on the dynamics of the key P&L, balance sheet and financial items, and is based on the reclassified balance-sheet and income statements.

Please find below some explanatory notes that are deemed useful to better understand the approach followed in preparing the above-mentioned accounting statements, as well as the evolution of the interim results included 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 at 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 on 30 September 2024.
Moreover, the impacts related to the above reorganization of the payment systems are represented in the new line-item of the reclassified income statement "Monetics impact after tax"; this is an ad hoc line-item that was added after the aggregate line-item "Income (loss) before tax from continuing operations", to simplify the illustration of the P&L results and guarantee a swifter and like-for-like comparison of results. For further details, please refer to the paragraph below "Reorganization of the monetics business".

Reference accounting standards

The accounting standards adopted to prepare the financial accounts as at 30 September 2024 – 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 on 30 September 2024 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.

With respect to disclosure requirements, please note that the information illustrated in this document has not been prepared in compliance with IAS 34 on interim financial reporting.

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 financial accounts as at 30 September 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.
To this regard, although the world economy is recovering, it is still displaying significant elements of uncertainty. The weakness of the Chinese economy, the fragile geopolitical balance, the world trade tensions could hamper economic growth, sparking a deterioration of household and corporate confidence. Domestic demand could also be affected by continued restrictive monetary and financial conditions, as well as by the downsizing of home restructuring subsidies.
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 financial accounts as at 30 September 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 Half-yearly consolidated financial report as at 30 June 2024 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 September 2024, which is the subject of this news release.

Described below are some transactions or events which took place in the first nine months of 2024, that are deemed relevant for the definition of their accounting treatment and/or financial or P&L effects.

Reorganization of the monetics business

With respect to the payments system business, on 30 September 2024, Banco BPM S.p.A. – together with Numia S.p.A., Numia Group S.p.A., Iccrea Banca S.p.A., Fondo Strategico Italiano SGR S.p.A. (FSI), Fondo Strategico Italiano Holding S.p.A. – finalized the transaction involving the strategic partnership, announced on 14 July 2023, that gave rise to the second national player in the monetics sector.
At the closing of the transaction, after regulatory and statutory approvals were obtained, Banco BPM holds a 28.57% stake in Numia Group S.p.A., which fully owns Numia S.p.A., while FSI holds a 42.86% share and Iccrea Banca S.p.A. the remaining 28.57% share.

[37] Services related to the *Merchant Acquiring* business and POS management, as well as to the issuing and distribution of payment cards.

In more detail, the finalization of the transaction under examination was achieved through the following steps:

- Acquisition of a 38.162% stake in Numia S.p.A., by subscribing to the share issuance (no. 39,550 shares), against the transfer of the business line engaging in the production of monetics owned by Banco BPM, as well as of the entire stake held in Tecmarket Servizi S.p.A., amounting to a total value of € 500 million;
- Transfer to Numia Group S.p.A. of all the above acquired shares in Numia S.p.A., against a consideration of € 500 million, of which € 228 million were settled in cash, and the remaining € 272 million were offset against the debt owed to Numia Group S.p.A., as a result of the subscription of the capital increase as explained in the following bullet point;
- Banco BPM S.p.A. became a shareholder of Numia Group S.p.A., by purchasing a 28.57% stake in the company's share capital. The capital increase subscription totaling € 272 million was settled by offsetting the amount against the outstanding credit illustrated above.

With respect to the transfer, the value of the transferred net assets was basically nil; indeed, the agreements provided for the business line transfer to take place at balanced accounts, i.e., balancing off any imbalance between the business line's assets and liabilities in cash, based on the outstanding balances at the date of effectiveness of the transfer. On 30 September 2024, the business line's net liabilities totaled € 208.6 million, mainly ascribable to the balances of the prepaid cards; this imbalance was balanced off with an equal amount in cash, settled in compliance with the contract's provisions.
Even the value of the shareholding in Tecmarket Servizi S.p.A. was basically nil, considering the distributions in the first nine months of 2024 and the net income recognized over the same period.
On 31 December 2023, pursuant to the accounting standard IFRS 5, the business line and the shareholding under transfer were recorded among assets and liabilities under disposal; in more detail, on 31 December 2023, the liabilities disposal group included the balances of prepaid cards, totaling € 204.3 million, balanced off with the same amount in cash, classified in the assets disposal group.

As to the stake held in Numia Group S.p.A., following the subscription of the capital increase for € 272 million, the shareholding was recorded under the reclassified balance sheet line-item "Equity investments", as under IAS 28 it qualified as an investment in associates.

In light of what illustrated above, the transaction led to the recognition of a gross net income € 500 million in the income statement of the third quarter of 2024, as a result of the difference between the value of the transfer and the book value of net transferred asset, of which € 475.5 million pertaining to the monetics business, and € 24.5 million to the stake in Tecmarket Servizi S.p.A.. Net of taxes, it produced a net gain of € 493 million, posted as a non-recurring item in the reclassified income statement, under the ad hoc line-item "Monetics impact, after tax".

Rationalization of the real estate portfolio (Project "Square")

Under the 2024-26 Business Plan, which maps out the disposal of 50% of non-capital assets, on 12 September 2024 the Board of Directors of Banco BPM approved the disposal of a portfolio of more than 330 properties, represented almost exclusively by investment real estate under full ownership, totaling a book value of roughly € 295 million (Project "Square").
The assets will be disposed of in three tranches by June 2026 to a securitization vehicle (SPV), set up under art. 7.2 of Law no. 130/99, managed by Phoenix Asset Management S.p.A. and by SPF Investment Management L.P., which are leading companies respectively in the asset management and structured credit businesses. The first tranche is expected to be disposed of in December 2024, covering more than 50% of the properties in terms of value.
The purchase of the properties thus disposed shall be financed by the SPV by drawing on a senior credit facility of max. € 260 million granted by Banco BPM – to be classified in the portfolio of "Financial assets to be mandatorily measured at fair value" – and the issuance of mezzanine and junior notes, subscribed by third parties, totaling € 29.3 million.
Upon preparing the financial report as at 30 September 2024, in compliance with IFRS 5 the property portfolio under examination has been reclassified among "Non-current assets held for sale and discontinued operations", after the carrying value was realigned to the price of the future disposal, amounting to € 289.3 million.
From a P&L standpoint, on 30 September 2024 the acceptance of the binding offer submitted by Phoenix Asset Management S.p.A. gave rise to the recognition of a negative impact totaling € 29.2 million (€ - 20.8 million, net of the related tax effect). In more detail, the above impact was generated by:

- the alignment of the book value to the lower disposal price, giving rise to a negative impact of € 6.4 million recognized under the line-item "Profit (loss) on fair value measurement of tangible assets";
- the assignment to the SPV of the rental proceeds collected as of 31 December 2023 ("cut-off date") from the properties included in the project under examination, totaling €11.6 million and recognized as negative income components under the line-item "Other net operating income". This component shall be updated on the following reporting dates, depending on the collected rents;
- the commitments undertaken by Banco BPM to hold the SPV harmless from costs to be incurred for the execution of a series of prearranged works on two properties, amounting to a cost estimate of € 11.2 million, recognized under the line-item "Net provisions for risks and charges".

Finally, note that, in compliance with IAS 40 and IFRS 15, the properties included in the project under examination shall be written off the financial statements at the dates when the legal transfer of the property ownership comes into effect, which should take place in three tranches, when all the risks and benefits shall be transferred over to the SPV, as there are no buyback clauses, options or obligations on Banco BPM's part, nor guarantees in favor of the SPV, aiming at limiting the latter's losses.
Moreover, there is no obligation to consolidate the SPV's and/or the transaction's financial statements, as neither Banco BPM, nor the other Group companies shall have any control over the SPV's activities, as their management is the exclusive responsibility of the asset manager.

Reorganization of the bancassurance business

As to the Bancassurance business, its reorganization was completed at the end of 2023, with the finalization of certain purchase and sale transactions with Generali Italia and Crédit Agricole Assurances leading to the Group's full ownership of the Life insurance companies (Vera Vita and BBPM Life) and a 35% shareholding in the P&C insurance companies (Banco BPM Assicurazioni, Vera Assicurazioni and indirectly Vera Protezione) in joint venture with Crédit Agricole Assurances.

Please find below an illustration of the evolution up to the preparation date of this financial report as at 30 September 2024, as well as useful clarifications for a correct comparison between 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, has 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".
Conversely, 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 nine months 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 current financial report as at 30 September 2024, as the existence of new and different information had not been fully assessed yet, that would entail a different measurement of the acquired assets' fair value. However please note that, as provided for under IFRS 3[38] and in line with what was illustrated in the 2023 annual report, the PPA process should still be considered provisional. In line with the aforementioned standard, the PPA impact will be made final by 31 December 2024, with any restatements of the accounts – that in the meantime will have been disclosed to the market - should the fair value measurement of the acquired net assets, or their reversal pattern, differ from the initial provisional estimates.

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 financial report as at 30 September 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.

Alternative performance measures

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;

[38] 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.

- 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 refers.

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 representing customer financial assets managed (assets under management) or administered (assets under administration) by the bank, net of funds underlying the certificates with protected capital, included in direct funding;
- **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 to customers measured at amortized cost;
- **NPL coverage ratio including write-offs**: calculated as the ratio of total net write-downs on non-performing loans to cash gross non-performing loans to customers measured at amortized cost (inclusive of gross exposures and related write-downs tied to loans that were charged off, but whose recovery actions have not been completed yet);
- **bad loans coverage ratio**: calculated as the ratio of write-downs on bad loans to gross bad loans;
- **bad loans coverage ratio including write-offs**: calculated as the ratio of write-downs on bad loans to gross bad loans (inclusive of gross exposures and related write-downs tied to loans that were charged off, but whose recovery actions have not been completed yet);
- **unlikely to pay loans coverage ratio**: calculated as the ratio of write-downs on unlikely to pay loans to gross unlikely to pay loans;
- **past due loans coverage ratio**: calculated as the ratio of write-downs on past due loans to gross past due loans;
- **performing loans coverage ratio**: calculated as the ratio of 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;
- **DPS (dividend per share):** calculated as the ratio of total expected dividends (obtained by applying the expected payout ratio to the book net income) to the number of shares outstanding;
- **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 consolidated P&L as at 30 September 2024 caused by the reversal effect of value adjustments of purchased net assets on net interest income came in at € -4,2 million (in connection with the evolution of the various valuations of purchased assets), € -24,2 million on other net operating income (due to the depreciation of intangibles recognized under the PPA), and € -12,4 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 9M 2024 added up to € -28,0 (€ -21.5 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" as at 30 September 2024 was debited with the last annual contribution payment to the Deposit Guarantee Scheme (hereinafter, FITD, Fondo Interbancario Tutela Depositi) necessary to reach within 3 July 2024 the target level of the financial endowment under the *Deposit Guarantee Scheme Directive*[39], 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), and has been charged to income right from the first quarter of 2024. While in the same period last year, the P&L was debited with the contribution to the FITD, amounting to € 103.2 million gross, and with the last annual contribution payment due to the Single Resolution Fund (SRF)[40], amounting to € 85.4 million gross. The total P&L impact as at 30 September 2023, net of the related tax effect, came to € 127.3 million (€ 188.6 million before tax).

4. Changes in consolidation scope

Over the period the main changes in the consolidation scope were tied to the above-described effects of the transactions executed to reorganize the payment system business, finalized on 30 September. In summary, as of this date, the subsidiary Tecmarket Servizi is no longer fully consolidated, while the associate Numia Group is included among the companies consolidated under the equity method, as illustrated under Explanatory Note no.1, to which you may refer for further details.

A minor change involved the vehicle BP Mortgages S.r.l. that was no longer fully consolidated, following the winding up of the company as a result of the early closing of the last outstanding securitization.
Finally, over the period 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 settlements, with no impact on the Group's P&L and financial situation.

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.

---

[39] The DGS regulation (Deposit Guarantee Schemes Directive – "DGSD" 2014/49/EU) provided that the target level (0,8% of the amount of the covered deposits) was to be reached by 3 July 2024. The DGS statute (art. 42 bis) provided 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.
[40] The ordinary contribution phase, whose aim was to guarantee the accrual of the fund's minimum financial endowment, corresponding to 1% of guaranteed deposits, was completed in 1H 2023.

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 9M 2024

- the line-item "profit (loss) on fair value measurement of tangible assets" includes a net write-down of € -40.1 million, to account for valuation updates or prices derived from ongoing sales negotiations, of which € -6.4 million tied to the real estate portfolio related to the project Square, as illustrated in the above Explanatory Note no. 1, to which you may refer for further details;
- the line-item "Net provisions for risks and charges" includes the € 11.2 million provision related to the estimated charges Banco BPM undertook to refund to the buyer with regard to two properties included in the portfolio under disposal (project Square), as illustrated in the above Explanatory Note no. 1, to which you may refer for further details;
- 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 totaling € +15.4 million;
- the line-item "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 new line-item of the reclassified P&L "Impact from the monetics closing, after tax" includes the positive effect totaling € 493.1 million tied to the transactions finalized on 30 September to reorganize the monetics business, as illustrated in the above Explanatory Note no. 1, to which you may refer for further details;
- 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 generated a positive impact on the net income for the period of € +451.1 million.
Excluding the above effects, the net (adjusted) income would have come to € 1,244,8 million.

No non-recurring items with a significant impact were recognized in the income statement for the same period of last year.

6. Regulatory capital requirements

Clarifications on the calculation procedure for capital ratios

The capital ratios as at 30 September 2024 reported in this news release have been calculated by including the interim net income accruing in the first 9M of 2024, net of the expected dividend 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 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 27 September 2024, the Bank of Italy confirmed the Countercyclical Capital Buffer ratio for the exposures to Italian counterparties at zero percent also for Q3 2024.

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%.

[41] Pursuant to art. 5 of decision (EU) 2015/656 of the European Central Bank of 4 February 2015, dividends to be deducted from the half-yearly profits, for which inclusion in own funds is being asked, amount to 67% of the interim results, as, in the absence of a formal decision passed by the Board of Directors on the allocation of the FY 2024 net income, the rules set forth in art. 5.3 of Decision (EU) 2015/66 of the European Central Bank were applied.

[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.

7. Sovereign risk exposure represented by debt securities

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

30 September 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	10.921	1.892	737	13.550
France	4.858	2.054	-	6.912
USA	1.040	2.339	-	3.379
Spain	4.218	1.814	-	6.032
Germany	2.655	1.128	47	3.830
Other Countries	734	331	-	1.065
Total	**24.426**	**9.558**	**784**	**34.768**

As at 30 September 2024, the banking Group's sovereign debt exposure totaled € 34.8 billion (€30.4 billion as at 31 December 2023), of which 70.2% was classified in the portfolio of financial assets measured at amortized cost, 27.5% under financial assets measured at fair value through other comprehensive income, and 2.3% in the portfolio of financial assets measured at fair value through profit or loss, as they were held for trading.
About 90% of this exposure refers to securities issued by members of the European Union; notably about 39% by Italy.
As regards financial assets measured at fair value through other comprehensive income, as at 30 September 2024 the reserves generated by the fair value measurement of debt securities posted a negative amount equal to € 427.4 million, net of tax effect, of which € -433.2 million refer to government bonds (€ -30.6 million for Italian government bonds and € -402.6 million for other government bonds).
As to financial assets measured at amortized cost, the book value came out at € 24.4 billion, of which € 10.9 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 September 2024 (level 1 in the fair value classification) totaled € 24.3 billion (€ 11.1 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 that would call for a portfolio reclassification took place during the 9M.

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 September 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 September 2024 submitted to Banco BPM, or, if not available, on the most recent financial reports prepared by the associates.

Attachments

- Reclassified consolidated statement of financial position as at 30 September 2024 compared with data as at 31 December 2023
- 9M 2024 reclassified consolidated income statement compared with 9M 2023 data
- Reclassified consolidated income statement – 2024 and 2023 quarterly evolution
- 9M 2024 reclassified consolidated income statement net of non-recurring items

Contacts:

Media Relations e-mail: stampa@bancobpm.it
Investor Relations e-mail: investor.relations@bancobpm.it

BANCO BPM Group

Reclassified consolidated balance sheet

TOTAL ASSETS *(in euro thousand)*	30/09/2024	31/12/2023	Chg.	Chg. %
Cash and cash equivalents	9.078.570	18.297.496	-9.218.926	-50,4%
Financial assets at amortised cost	104.693.926	109.568.359	-4.874.433	-4,4%
- Due from banks	3.331.845	4.141.630	-809.785	-19,6%
- Customer loans	101.362.081	105.426.729	-4.064.648	-3,9%
Other financial assets	50.047.883	43.706.381	6.341.502	14,5%
- Financial assets designated at FV through P&L	7.985.821	7.391.989	593.832	8,0%
- Financial assets designated at FV through OCI	13.363.245	10.692.718	2.670.527	25,0%
- Financial assets at amortised cost	28.698.817	25.621.674	3.077.143	12,0%
Financial assets pertaining to insurance companies	16.290.722	15.345.008	945.714	6,2%
Equity investments	1.735.796	1.454.249	281.547	19,4%
Property and equipment	2.501.504	2.857.953	-356.449	-12,5%
Intangible assets	1.239.744	1.257.425	-17.681	-1,4%
Tax assets	3.707.730	4.201.154	-493.424	-11,7%
Non-current assets held for sale and discontinued operations	525.677	468.685	56.992	12,2%
Other assets	5.612.789	4.975.263	637.526	12,8%
TOTAL ASSETS	**195.434.341**	**202.131.973**	**-6.697.632**	**-3,3%**

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY *(in euro thousand)*	30/09/2024	31/12/2023	Chg.	Chg. %
Banking Direct Funding	122.502.881	120.770.064	1.732.817	1,4%
- Due from customers	99.749.902	101.861.964	-2.112.062	-2,1%
- Debt securities and other financial liabilities	22.752.979	18.908.100	3.844.879	20,3%
Insurance Direct Funding & Insurance liabilities	15.972.946	15.039.762	933.184	6,2%
- Financial liabilities measured at FV pertaining to insurance companies	3.226.455	2.800.121	426.334	15,2%
- Liabilities pertaining to insurance companies	12.746.491	12.239.641	506.850	4,1%
Due to banks	8.593.927	21.690.773	-13.096.846	-60,4%
Debts for Leasing	660.101	670.773	-10.672	-1,6%
Other financial liabilities designated at FV	25.792.485	25.697.583	94.902	0,4%
Other financial liabilities pertaining to insurance companies	69.880	72.561	-2.681	-3,7%
Liability provisions	791.539	894.841	-103.302	-11,5%
Tax liabilities	504.496	453.929	50.567	11,1%
Liabilities associated with assets held for sale	1.130	212.011	-210.881	-99,5%
Other liabilities	5.562.831	2.591.516	2.971.315	114,7%
Total Liabilities	**180.452.216**	**188.093.813**	**-7.641.597**	**-4,1%**
Minority interests	72	68	4	5,9%
Shareholders' equity	14.982.053	14.038.092	943.961	6,7%
Consolidated Shareholders' Equity	**14.982.125**	**14.038.160**	**943.965**	**6,7%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**195.434.341**	**202.131.973**	**-6.697.632**	**-3,3%**

The item "Customer Loans" includes the Senior notes coming from the securitizations of Non-performing Loans for an amount of € 1.1bn

BANCO BPM Group

Reclassified consolidated income statement

(in euro thousand)	30/09/2024	30/09/2023	Chg.	Chg. %
Net interest income	2.584.708	2.421.573	163.135	6,7%
Income (loss) from investments in associates carried at equity	106.050	94.747	11.303	11,9%
Net interest, dividend and similar income	**2.690.758**	**2.516.320**	**174.438**	**6,9%**
Net fee and commission income	1.509.454	1.452.772	56.682	3,9%
Other net operating income	-7.949	8.000	-15.949	n.m.
Net financial result	5.988	-65.269	71.257	n.m.
Income from insurance business	71.017	32.738	38.279	116,9%
Other operating income	**1.578.510**	**1.428.241**	**150.269**	**10,5%**
Total income	**4.269.268**	**3.944.561**	**324.707**	**8,2%**
Personnel expenses	-1.296.140	-1.210.404	-85.736	7,1%
Other administrative expenses	-501.310	-501.877	567	-0,1%
Net value adjustments on property and equipment and intangible assets	-197.255	-197.735	480	-0,2%
Operating costs	**-1.994.705**	**-1.910.016**	**-84.689**	**4,4%**
Profit (loss) from operations	**2.274.563**	**2.034.545**	**240.018**	**11,8%**
Net adjustments on loans to customers	-301.862	-383.551	81.689	-21,3%
Profit (loss) on fair value measurement of tangible assets	-40.132	-44.149	4.017	-9,1%
Net adjustments on other assets	-2.055	128	-2.183	n.m.
Net provisions for risks and charges	-7.888	-13.846	5.958	-43,0%
Profit (loss) on the disposal of equity and other investments	3.085	75	3.010	n.m.
Income (loss) before tax from continuing operations	**1.925.711**	**1.593.202**	**332.509**	**20,9%**
Tax on income from continuing operations	-618.835	-500.075	-118.760	23,7%
Income (loss) after tax from continuing operations	**1.306.876**	**1.093.127**	**213.749**	**19,6%**
Systemic charges after tax	-66.636	-127.275	60.639	-47,6%
Costs related to the incentivised pension scheme	-11.686	-	-11.686	n.m.
Impact form Payment Business, after Tax	493.125	-	493.125	n.m.
Realignment of fiscal values to accounting values	-	-	-	-
Bancassurance impact after tax	2.466	-	2.466	n.m.
Impact from the change in Own Credit Risk on certificates issued, after tax	-318	-1.400	1.082	-77,3%
Purchase Price Allocation (PPA) after tax	-28.000	-21.493	-6.507	30,3%
Income (loss) attributable to minority interests	8	434	-426	-98,2%
NET INCOME (LOSS) FOR THE PERIOD	**1.695.835**	**943.393**	**752.442**	**79,8%**

** 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)	Q3 2024	Q2 2024	Q1 2024	Q4 2023*	Q3 2023*	Q2 2023 *	Q1 2023*
Net interest income	861.922	858.390	864.396	867.655	868.673	809.926	742.974
Income (loss) from investments in associates carried at equity	31.136	44.572	30.342	49.350	34.140	24.295	36.312
Net interest, dividend and similar income	**893.058**	**902.962**	**894.738**	**917.005**	**902.813**	**834.221**	**779.286**
Net fee and commission income	488.056	499.778	521.620	466.799	474.942	484.699	493.131
Other net operating income	-10.443	-1.347	3.841	13.724	4.210	1.353	2.437
Net financial result	47.996	-50.813	8.805	-13.760	-22.777	-8.356	-34.136
Income from insurance business	56.222	9.977	4.818	13.113	8.158	14.969	9.611
Other operating income	**581.831**	**457.595**	**539.084**	**479.876**	**464.533**	**492.665**	**471.043**
Total income	**1.474.889**	**1.360.557**	**1.433.822**	**1.396.881**	**1.367.346**	**1.326.886**	**1.250.329**
Personnel expenses	-435.579	-428.926	-431.635	-461.548	-402.150	-402.858	-405.396
Other administrative expenses	-152.342	-176.068	-172.900	-150.516	-165.053	-166.630	-170.194
Net value adjustments on property and equipment and intangible assets	-68.187	-64.919	-64.149	-49.083	-68.084	-65.191	-64.460
Operating costs	**-656.108**	**-669.913**	**-668.684**	**-661.147**	**-635.287**	**-634.679**	**-640.050**
Profit (loss) from operations	**818.781**	**690.644**	**765.138**	**735.734**	**732.059**	**692.207**	**610.279**
Net adjustments on loans to customers	-107.810	-111.598	-82.454	-175.043	-124.832	-121.264	-137.455
Profit (loss) on fair value measurement of tangible assets	-14.143	-12.605	-13.384	-102.698	-11.774	-30.469	-1.906
Net adjustments on other assets	1.193	-287	-2.961	-2.114	-1.041	488	681
Net provisions for risks and charges	-16.130	13.220	-4.978	-8.343	-17.164	868	2.450
Profit (loss) on the disposal of equity and other investments	2.062	645	378	267	309	-388	154
Income (loss) before tax from continuing operations	**683.953**	**580.019**	**661.739**	**447.803**	**577.557**	**541.442**	**474.203**
Tax on income from continuing operations	-222.975	-180.425	-215.435	-104.676	-182.956	-169.683	-147.436
Income (loss) after tax from continuing operations	**460.978**	**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	-	-	-	-	-
Impact form Payment Business, after Tax	493.125	-	-	-	-	-	-
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 issued, after tax	981	476	-1.775	-2.063	1.168	-5.845	3.277
Purchase Price Allocation (PPA) after tax	-9.376	-9.954	-8.670	-6.847	-7.260	-6.830	-7.403
Income (loss) attributable to minority interests	2	4	2	-412	97	373	-36
NET INCOME (LOSS) FOR THE PERIOD	**945.710**	**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)	30/09/2024 STATED	30/09/2024 ADJUSTED	Non-recurring items
Net interest income	2.584.708	2.584.708	-
Income (loss) from investments in associates carried at equity	106.050	106.050	-
Net interest, dividend and similar income	**2.690.758**	**2.690.758**	**-**
Net fee and commission income	1.509.454	1.509.454	-
Other net operating income	-7.949	-7.949	-
Net financial result	5.988	5.988	-
Income from insurance business	71.017	71.017	-
Other operating income	**1.578.510**	**1.578.510**	**-**
Total income	**4.269.268**	**4.269.268**	**-**
Personnel expenses	-1.296.140	-1.296.140	-
Other administrative expenses	-501.310	-501.310	-
Net value adjustments on property and equipment and intangible assets	-197.255	-197.255	-
Operating costs	**-1.994.705**	**-1.994.705**	**-**
Profit (loss) from operations	**2.274.563**	**2.274.563**	**-**
Net adjustments on loans to customers	-301.862	-301.862	-
Profit (loss) on fair value measurement of tangible assets	-40.132	-	-40.132
Net adjustments on other assets	-2.055	-2.055	-
Net provisions for risks and charges	-7.888	3.310	-11.198
Profit (loss) on the disposal of equity and other investments	3.085	-	3.085
Income (loss) before tax from continuing operations	**1.925.711**	**1.973.956**	**-48.245**
Tax on income from continuing operations	-618.835	-634.235	15.400
Income (loss) after tax from continuing operations	**1.306.876**	**1.339.721**	**-32.845**
Systemic charges after tax	-66.636	-66.636	-
Costs related to the incentivised pension scheme	-11.686	-	-11.686
Impact form Payment Business, after Tax	493.125	-	493.125
Bancassurance impact after tax	2.466	-	2.466
Impact from the change in Own Credit Risk on certificates issued, after tax	-318	-318	-
Purchase Price Allocation (PPA) after tax	-28.000	-28.000	-
Income (loss) attributable to minority interests	8	8	-
NET INCOME (LOSS) FOR THE PERIOD	**1.695.835**	**1.244.775**	**451.060**