



Reports and Financial Statements

Consolidated 2024



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This document is a courtesy translation into English, for the convenience of international readers, of the non-official consolidated financial statements of Banco BPM Group in PDF format; this PDF document, prepared in Italian language, is a courtesy copy which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815 (European Single Electronic Format – ESEF) but consistent with the official annual consolidated financial Statements prepared in compliance with the Directive 2004/109/EC (so-called Transparency Directive) in Italian language and published in the new format (ESEF) within the legal deadlines.

In case of any discrepancies or doubts between the English and the Italian versions of the Report, the Italian version prevails.

Banco BPM S.p.A.

Registered office: Piazza F. Meda, 4 - 20121 Milan, Italy

Administrative headquarters: Piazza Nogara, 2 - 37121 Verona, Italy

Fully paid-up share capital as at 31 December 2024: Euro 7,100,000,000.00

Tax Code and Milan Companies' Register Enrolment no.: 09722490969

A company representing Banco BPM VAT Group, VAT no. 10537050964

Member of the Interbank Deposit Guarantee Fund and the National Guarantee Fund

Parent Company of Banco BPM Banking Group

Enrolled in the Bank of Italy Register of Banks and the Register of Banking Groups

OFFICERS, DIRECTORS AND INDEPENDENT AUDITORS AS AT 31 DECEMBER 2024

Chairman
Deputy Chairman
Chief Executive Officer
Directors

Board of Directors

Massimo Tononi
Maurizio Comoli
Giuseppe Castagna
Mario Anolli
Paolo Boccardelli
Paolo Bordogna
Nadine Farida Faruque
Paola Ferretti
Marina Mantelli
Chiara Mio
Alberto Oliveti
Mauro Paoloni
Eugenio Rossetti
Manuela Soffientini
Luigia Tauro

Chairman
Standing Auditors

Board of Statutory Auditors

Marcello Priori
Elbano de Nuccio
Maurizio Lauri
Silvia Muzi
Nadia Valenti

Alternate Auditors

Sara Antonelli
Marina Scandurra
Mario Tagliaferri

Co-General Manager
Co-General Manager

General Management

Domenico De Angelis
Edoardo Maria Ginevra

Manager responsible for preparing the Company's financial reports

Gianpietro Val

Independent Auditors

PricewaterhouseCoopers S.p.A.

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NOTICE OF CALL OF ORDINARY SHAREHOLDERS' MEETING

Pursuant to Articles 12 and 13 of the By-laws, the Ordinary Shareholders' Meeting of Banco BPM S.p.A. ("**Banco BPM**" or the "**Company**") is convened, in a single call, for **Wednesday 30 April 2025, at 9:00 a.m., in Milan**, at Allianz Convention Center – MICO Nuovo Nord, Viale Scarampo – entrance Gate 6, to discuss and resolve on the following

AGENDA

- 1) Approval of the financial statements of Banco BPM S.p.A. as of 31 December 2024, accompanied by the reports of the Board of Directors, the Board of Statutory Auditors and the External Auditor. Presentation of the consolidated financial statements of the Banco BPM Group.
- 2) Resolutions on the allocation and distribution of profits.
- 3) Report on the remuneration policy and compensation paid by the Banco BPM Group 2025 (Section I and Section II).
 - 3.1) Approval of the remuneration policy (Section I) pursuant to the applicable regulatory provisions. Related and consequent resolutions.
 - 3.2) Approval of the report on compensation paid in 2024 (section II) pursuant to the applicable regulations. Related and consequent resolutions.
- 4) Share-based compensation plans of Banco BPM S.p.A.:
 - 4.1) Short-term incentive plan (2025). Related and consequent resolutions.
 - 4.2) Long-term incentive plan (2025-2027). Related and consequent resolutions.
- 5) Adjustment, within the remuneration policy, of the maximum amount to be eventually granted in the event of early termination from employment relationship or early termination from the office, to the personnel remuneration. Related and consequent resolutions.
- 6) Request for authorisation to purchase and dispose of treasury shares for Banco BPM S.p.A.'s share-based compensation plans. Related and consequent resolutions.

The necessary information is provided below in accordance with the provisions of Article 125-bis of Legislative Decree no. 58 of 1998, as subsequently amended (Consolidated Finance Law).

ATTENDANCE AT THE SHAREHOLDERS' MEETING AND REPRESENTATION

All the individuals with voting rights who, within **25 April 2025**, being the third trading day prior to the date of the Shareholders' Meeting, have duly sent to the Company the notice issued by the authorised intermediary certifying their entitlement to attend the Shareholders' Meeting and exercise their voting rights, have the right to attend the Shareholders' Meeting.

In compliance with article 83-sexies of the Consolidated Finance Law and article 42 of the Single Post-Trading Provision of Consob and the Bank of Italy of 13 August 2018, as subsequently amended (the "**Joint Provision**"), such disclosure shall be made to the Company by the authorised intermediary on the basis of the evidence relating to the end of the accounting day of the seventh trading day preceding the date of the Shareholders' Meeting (**17 April 2025 - so-called "record date"**).

Those who hold shares in the Company after that date shall not be entitled to attend and vote at the Shareholders' Meeting.

The right to participate and vote shall remain valid should the notifications be received by the Company after the aforementioned term of 25 April 2025 as long as they are received by the start of the works of the Shareholders' Meeting. Shareholders, whose shares are already deposited in custody and administration, and as such already dematerialised, with the Parent Company Banco BPM S.p.A. or with Banca Aletti S.p.A., must in any case request **by 25 April 2025**, pursuant to Article 42 of the Joint Provision, the issuance of the notice, receiving at the same time a copy thereof, valid as an admission ticket to the Shareholders' Meeting.

For the benefit of Shareholders whose shares are deposited with other authorised intermediaries, it should be noted that, pursuant to the aforementioned Article 42 of the Joint Provision, the request for disclosure must always be made **by 25 April 2025**, taking care to obtain a copy.

Shareholders holding shares that have not yet been dematerialised must deliver them to Banco BPM S.p.A. or to another Banco BPM Group Bank or to another authorised intermediary to proceed with their dematerialisation and then request the issue of the notice for participation in the Shareholders' Meeting.

Individuals with voting rights are entitled to be represented by proxy at the Shareholders' Meeting, in accordance with the applicable law, and for this purpose may use the proxy form at the foot of the notification issued to the Shareholder by one of the Group banks or by another authorized intermediary, or the facsimile of the proxy form available on the Company's website (www.gruppo.bancobpm.it – "Corporate Governance – Shareholders' Meetings" section) or at the registered office of Banco BPM S.p.A. (Group Corporate Affairs Piazza Filippo Meda, 4 – 20121 Milano, Italy).

The Chairman of the Board of Directors, in his capacity as Chairman of the Shareholders' Meeting, has full powers, also via staff appointed specifically for this task, to verify the validity of the proxies, and in general the shareholders' actual entitlement to attend the Shareholders' Meeting and to cast their vote, as well as to verify whether the meeting has been duly constituted, and if the relevant quorum has been reached.

Should the representative sent or deliver to the Company a copy of the proxy, upon registering to attend the Shareholders' Meeting, they will have to attest under their own responsibility the compliance of the copy to the original proxy form and the identity of the holder.

REPRESENTATIVE APPOINTED BY THE COMPANY

The proxy may also be granted free of charge – with voting instructions on all or some of the proposals on the agenda – to Computershare S.p.A, as "Designated Representative" in accordance with article 135-*undecies* of the Consolidated Finance Law, by the end of the second trading day prior to the Shareholders' Meeting (hence no later than **28 April 2025**). The proxy shall be valid exclusively for the proposals for which voting instructions have been given. The proxy and the voting instructions may be revoked by the above deadline.

In this regard, in order to facilitate the submission of the proxy and voting instructions, from the section of Banco BPM's website dedicated to the Shareholders' Meeting, www.gruppo.bancobpm.it section "Corporate Governance - Shareholders' Meeting", it will be possible to fill in and **submit** the specific form prepared by the Designated Representative **also online and in guided mode until 12:00 on 29 April 2025**. Members are recommended to use the online mode.

As an alternative to filling in online, you may use the form downloadable from the same site to be submitted **by 28 April 2025** to the addresses and in the manner indicated on the form. The proxy to the Designated Representative, with voting instructions, together with an identity document – and in the case of a delegating legal entity a document proving the powers to issue the proxy – must be sent, in a copy reproduced electronically (PDF), to Computershare S.p.A. at the certified email address bancobpm@pecserviziitolitoli.it provided that the delegating party, even if a legal entity, uses its own certified email address or, failing that, its own ordinary email address.

The Designated Representative will be available for clarification or information on phone number 011/0923200.

In consideration of the deadline for the submission by the Shareholders of any resolution proposals as set forth below, the proxy forms shall be made available, in the manner indicated above, as of 7 April 2025.

ADDITIONS TO THE AGENDA AND PRESENTATION OF NEW RESOLUTION PROPOSALS

Shareholders who, also jointly, represent at least 1/40 of the share capital may request, by **7 April 2025** (ten days from the publication of this notice of call), the integration of the list of items to be discussed at the Shareholders' Meeting (except for those items on which the Shareholders' Meeting resolves, pursuant to law, upon the proposal of the management body or on the basis of a project or a report prepared by the same, other than those indicated in Article 125-*ter*, paragraph 1, of the Consolidated Finance Law), indicating in the request the additional items proposed, pursuant to Article 13.3. of the By-laws and Article 126-*bis* of the Consolidated Finance Law. Individuals with voting rights may individually submit proposed resolutions in the Shareholders' Meeting.

The written application must be submitted to the Company by electronic communication to the certified mail address soci@pec.bancobpm.it or by registered mail (Group Corporate Affairs, Piazza Filippo Meda, 4 - 20121 Milan).

The entitlement to exercise the right (including the ownership of the minimum shareholding indicated above) is attested by the filing of a copy of the notice issued by the authorised intermediary pursuant to Article 43 of the Joint Provision. Shareholders requesting the addition to the agenda or proposing new resolutions on subject matters already on the agenda shall prepare a report explaining the reasons for the proposed resolutions on new subject-matters they are submitting to the discussion or the reason for the additional resolution proposals on items already on the agenda. The report shall be sent to the Board of Directors within the deadline for the presentation of the request for additions, as described above. The Board of Directors shall make the report available to the public, together with any additional own

assessment, upon publishing the notice of the additions to the agenda or the presentation of new proposed resolutions, in the manner provided for by the regulations in force.

Notice on any additions to the agenda or the proposal of additional resolutions on items already on the agenda will be given in the same form prescribed for the publication of this notice **by 15 April 2025**.

THE RIGHT TO ASK QUESTIONS ON ITEMS ON THE AGENDA

Those entitled to vote may ask questions on the items on the agenda even prior to the Shareholders' Meeting, by submitting them **by 23 April 2025**, by certified e-mail to soci@pec.bancobpmspa.it.

Applicants must send the Company – through their intermediary – the notices certifying their entitlement to exercise their right; if they have asked their intermediary for the notice to participate in the Shareholders' Meeting, it will be sufficient to include in the request the references of the notice or at least the name of the intermediary itself.

Questions that are relevant to the item on the agenda shall be answered in accordance with applicable law during the Shareholders' Meeting at the latest. Please note that no answer will be provided if the requested information is already available in a "question and answer" format in a specific section of the Company's website or when the answer is already published in the same section. The Company may provide a single comprehensive answer to questions covering the same content.

INFORMATION ON THE SHARE CAPITAL

As of the date of this notice, the Company's subscribed and paid-up share capital is equal to Euro 7,100,000,000.00 divided into 1,515,182,126 shares with no express par value. As at the date of this notice, the Company holds 11,267,616 treasury shares.

DOCUMENTATION

The reports of the directors on each item on the agenda, including the proposed resolutions, as well as the other documentation, for which publication is required prior to the Shareholders' Meeting, will be made available to the public at the registered office of Banco BPM S.p.A. and at Borsa Italiana S.p.A., as well as published on the Bank's website (www.gruppo.bancobpm.it, section "Corporate Governance - Shareholders' Meeting") and on the website of the authorised storage mechanism www.emarketstorage.it, in accordance with the terms and procedures provided for by the regulations in force.

Once the deposit has been made, Shareholders are entitled to obtain a copy of the above documentation by sending a specific request to Banco BPM S.p.A. at the certified e-mail address soci@pec.bancobpmspa.it.

The Bank has also prepared the Report on Corporate Governance and Ownership Structure in accordance with Article 123-bis T.U.F., which will be made available to the public at the registered office of Banco BPM S.p.A. and at Borsa Italiana S.p.A., as well as published on the Bank's website (www.gruppo.bancobpm.it, "Corporate Governance" section) and on the website of the authorized storage mechanism www.emarketstorage.it in accordance with the terms and procedures set forth in current regulations.

This notice – also made for the purposes of Article 84 of the Issuers' Regulations – is published, pursuant to Article 125-bis of the Consolidated Finance Law and Article 13.4. of the By-laws, in the daily newspapers "Il Sole 24 Ore" and "MF" as well as in the other ways indicated above.

Further information on how to participate in the Shareholders' Meeting may be requested from Banco BPM S.p.A. (Affari Societari di Gruppo, Piazza Filippo Meda n. 4 – 20121 Milan) by sending a communication to the certified e-mail address soci@pec.bancobpmspa.it.

In compliance with the legislation on the protection of personal data (EU Regulation 2016/679 - GDPR), we inform you that the Data Controller is Banco BPM S.p.A.; the data will be processed for the sole purpose of executing the corporate contract to which the Member is a party and performing obligations or responding to requests arising from the role of Member of the Bank. The complete information is available at www.gruppo.bancobpm.it, section "Corporate Governance - Shareholders' Meetings".

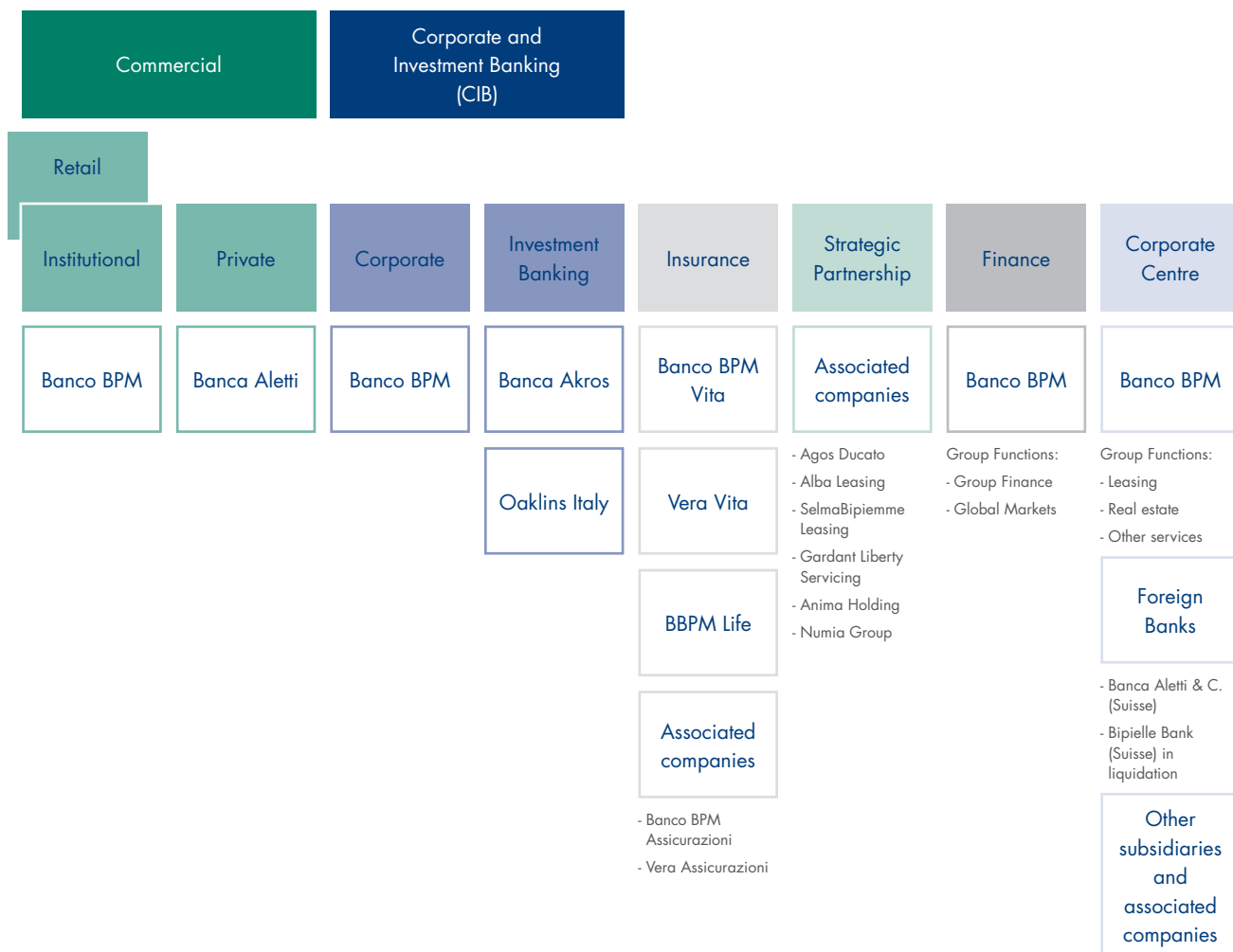
Milan, 27 March 2025

For the BOARD OF DIRECTORS
The Chairman
(Mr. Massimo Tononi)

Group report on operations and consolidated financial statements

It should be noted that the forecasting and forward-looking data and information contained in this document have been prepared on a stand-alone basis and therefore do not reflect the possible effects of the full Public Exchange Offer announced by UniCredit S.p.A. on 25 November 2024.

BUSINESS LINES OF THE BANCO BPM GROUP



GROUP TERRITORIAL NETWORK



Banco BPM Group Branches in Italy	Number
Banco BPM	1,379
Banca Aletti	54
Banca Akros	1
Total	1,434

Presence abroad

The Group's foreign operations include the subsidiary companies BBPM Life (Ireland) and Banca Aletti Suisse, as well as Representative Offices in China (Hong Kong) and India (Mumbai).

Group financial highlights and economic ratios

Highlights

The tables below provide the income statement and balance sheet highlights of the Group, calculated based on the reclassified financial statements. The underlying calculations for these are illustrated in the "Results" section of this Report. Some economic and financial ratios are also provided, based on accounting data, corresponding to those used by the Company Management to analyse performance and consistent with the most widespread practices in the banking sector.

The definitions of the ratios and of the main balance sheet and income statement items commented on in this report are illustrated in the following section "Results", to which reference should be made for further details.

The attachments to the consolidated financial statements provide a statement of reconciliation between the reclassified financial statements and those prepared on the basis of Circular no. 262.

(millions of euro)	2024	2023 (*)	% Change
Income statement figures			
Financial margin	3,591.7	3,433.3	4.6%
Net fee and commission income	2,003.8	1,919.6	4.4%
Operating income	5,703.5	5,341.4	6.8%
Operating expenses	(2,655.7)	(2,571.2)	3.3%
Profit (loss) from operations	3,047.8	2,770.3	10.0%
Profit (loss) before tax from continuing operations	2,503.4	2,041.0	22.7%
Profit (loss) after tax from continuing operations	1,713.8	1,436.3	19.3%
Parent Company's profit (loss) for the year	1,920.4	1,264.5	51.9%

(*) The figures relating to the previous year have been restated to provide a like-for-like comparison. For more details on data comparability, please refer to the "Results" section of this report.

(millions of euro)	31/12/2024	31/12/2023 (*)	% Change
Balance sheet figures			
Total assets	198,209.1	202,098.8	(1.9%)
Loans to customers (net)	99,727.3	104,012.7	(4.1%)
Financial assets and hedging derivatives	51,301.1	45,120.5	13.7%
Group shareholders' equity	14,603.9	14,038.1	4.0%
Customers' financial assets			
Direct bank funding	126,149.1	120,770.1	4.5%
Direct funding with protected capital certificates	132,044.1	126,044.0	4.8%
Indirect funding	120,372.3	110,772.7	8.7%
Indirect funding without protected capital certificates	116,169.4	106,166.1	9.4%
- Asset management	66,113.2	62,003.1	6.6%
- Mutual funds and SICAVs	44,725.2	41,927.2	6.7%
- Securities and fund management	4,852.8	4,369.3	11.1%
- Insurance policies	16,535.2	15,706.6	5.3%
- Administered assets	54,259.1	48,769.6	11.3%
- Administered assets without protected capital certificates	50,056.1	44,163.0	13.3%

(*) The figures relating to the previous year have been restated to provide a like-for-like comparison. For more details on data comparability, please refer to the "Results" section of this report.

	31/12/2024	31/12/2023	Absolute change
Information on the organisation			
Average number of employees and other staff (*)	18,694	19,011	(317)
Number of bank branches	1,434	1,436	(2)

(*) Arithmetic average calculated on a monthly basis in terms of full-time equivalent resources. Does not include the Directors and Statutory Auditors of Group Companies.

Financial and economic ratios and other Group figures

	31/12/2024	31/12/2023 (*)
Profitability ratios (%)		
Return on equity (ROE)	16.45%	11.18%
Return on tangible equity (ROTE)	18.23%	12.43%
Return on assets (ROA)	0.97%	0.63%
Financial margin/Operating income	62.97%	64.28%
Net fee and commission income/Operating income	35.13%	35.94%
Operating expenses/Operating income (cost/income ratio)	46.56%	48.14%
Operational productivity figures (thousands of euro)		
Loans to customers (net) per employee ⁽¹⁾	5,334.7	5,471.1
Operating income per employee (euro) ⁽¹⁾	305.1	281.0
Operating expenses per employee (euro) ⁽¹⁾	142.1	135.2
Credit risk ratios (%)		
Net bad loans/Loans to customers (net)	0.49%	0.60%
Net unlikely to pay/Loans to customers (net)	0.98%	1.12%
Net bad loans/Shareholders' equity	3.37%	4.46%
Texas ratio	11.74%	14.43%
Other ratios		
Financial assets and hedging derivatives/Total assets	25.88%	22.33%
Total derivatives/Total assets	1.42%	1.42%
- trading derivatives/total assets	0.90%	0.94%
- hedging derivatives/total assets	0.52%	0.48%
Net trading derivatives/Total assets	0.16%	0.06%
Loan to deposit ratio (net loans/direct funding)	75.53%	82.52%
Regulatory capitalisation and liquidity ratios		
Common equity tier 1 ratio (CET1 capital ratio) ⁽²⁾	15.05%	14.16%
Tier 1 capital ratio ⁽²⁾	17.30%	16.33%
Total capital ratio ⁽²⁾	20.33%	19.00%
Liquidity Coverage Ratio (LCR)	132%	187%
Leverage ratio	5.21%	5.22%
Banco BPM stock		
Number of outstanding shares	1,515,182,126	1,515,182,126
Official closing prices of the stock		
- Final	7.812	4.781
- Maximum	7.960	5.324
- Minimum	4.732	3.403
- Average	6.109	4.259
Basic EPS	1.273	0.836
Diluted EPS	1.273	0.836

(*) The figures relating to the previous year have been restated to provide a like-for-like comparison. For more details on data comparability, please refer to the "Results" section of this report.

(1) Arithmetic average calculated on a monthly basis in terms of full-time equivalent resources, as shown in the previous table. Does not include the Directors and Statutory Auditors of Group Companies.

(2) The capital ratios as at 31 December 2024 were calculated by including the net result for the year 2024 net of the proposed dividends and other allocations of profit.

Consolidated report on operations

Introduction

This Consolidated report on operations illustrates the Group's operating performance in the current economic scenario and its outlook, the significant events that occurred during the year, the relative results, also by business segment, the main supervisory, control and support activities, the main risks and uncertainties faced by the Group.

For the disclosure on relations and transactions with related parties, please refer to the Notes to the consolidated financial statements, "Part H - Transactions with related parties".

For a full description of the risks and uncertainties in the current market situation, please refer to "Part E - Information on risks and related hedging policies" and to "Part A - Accounting policies, Section 2 - General preparation principles, Significant accounting policies and uncertainties regarding the use of estimates in the preparation of consolidated financial statements" of the Notes to the consolidated financial statements.

For an illustration of subsequent events, please refer to "Part A - Accounting policies, Section 4 - Events subsequent to the reporting date" of the Notes to the consolidated financial statements.

Lastly, it should be noted that, starting from 31 December 2024, the Consolidated report on operations includes a specific section dedicated to Sustainability Reporting, pursuant to the provisions of Italian Legislative Decree no. 125 of 6 September 2024, which implemented in Italy Directive 2022/2464/EU of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive - CSRD).

ECONOMIC SCENARIO¹

The international scenario

2024 recorded better performance overall of the global economy than many observers had estimated at the beginning of the period: despite the persistence of geopolitical tensions, the mitigation of the inflationary trend continued, providing central banks with room to start lowering official interest rates. The easing contributed, in the main Western economies, to offsetting the uncertainty created by the fragmentation of international trade and by regional political tensions (France and Germany, among others), positively impacting the expectations of households and businesses. In general, the disinflation supported household spending, indirectly providing significant relief also to businesses, as well as to countries struggling with debt repayments. The growth of global GDP, according to the OECD estimate, should be around +3.2% in 2024, unchanged compared to the previous year. International trade is expected to accelerate moderately, increasing by +3.6% (+1.0% in 2023). However, the re-election of Donald Trump to the US Presidency in November introduced new uncertainties on trade and tax policies at global level. The electoral platform of the new President envisages the intention to introduce significant duties to the detriment of the main commercial partners, cut taxes and introduce greater deregulation and business-friendly policies.

More specifically, the US economy recorded lively growth in the first half of the year, particularly in the spring months, driven by solid growth in private consumption, reflecting considerable wage increases and a growing reliance on debt by households, despite the high costs of lending. Public consumption also continued to grow at a rapid pace. In the third quarter, growth continued at a fairly lively pace: GDP rose by +3.1% annualised quarterly, despite the persistence of high interest rates. The boost came, once again, from vigorous consumer spending and an increase in exports. The former, which accounts for about two thirds of US economic activity, grew at a pace of 3.7%, the fastest since the first quarter of 2023. Exports increased by 9.6%. Gross fixed investments recorded a more modest increase of 0.8%, but the equipment component jumped by 10.8%.

Also in the fourth quarter, the US economy continued to expand at a rapid pace, albeit slightly slower than the previous quarter: according to initial assessments, the increase in GDP was 2.3% annualised. Growth was driven by private consumption (+4.2%), at a faster pace compared to the previous quarter for both goods (6.6% vs 5.6%) and services (3.1% vs 2.8%); on the other hand, investments in capital goods were down. A negative contribution to GDP came from inventory management, with a 0.9% impact on growth. Considering the whole of 2024, the US economy advanced by 2.8%, a substantially unchanged pace compared to the previous year (+2.9%).

Overall inflation continued to fall to 2.4% in September 2024, approaching the Federal Reserve's 2% target, thanks in part to the drop in energy prices, to then rise again to 2.9% at the end of the year. Core inflation also fell towards the 2% target, albeit less rapidly: +3.2% in December. This combination of falling inflation in a context of strong growth is due in part to the continued relaxation of supply restrictions and the increase in labour productivity, partly reflecting strong domestic demand, the current account deficit remains high, well over 3%, corresponding to almost double the pre-pandemic levels.

The Japanese economy closed 2024 with contrasting figures. In fact, after the decline in GDP recorded in the first quarter, economic growth of 0.7% in the second quarter and 0.2% in the third quarter followed, thanks to the recovery in private consumption. On the other hand, imports made a negative contribution to Japanese GDP, which rose by 1.8% in the third quarter, namely to a lesser extent compared to exports. Businesses recorded high profits, but investments in plant and machinery in the third quarter fell. The last part of 2024 reported macroeconomic indicators that anticipate a situation of greater uncertainty for the Japanese economy. The inflation rate rose to 2.9% in November 2024 from 2.3% in the previous month, marking the highest value since October 2023, generating expectations of possible new rate hikes after the July intervention. In addition, industrial production fell by 2.2% on a monthly basis in November 2024 and by 2.7% on an annual basis. Manufacturing orders, especially in the automotive and semiconductor sectors, were also down. Overall, there are grounds for expecting GDP growth in 2024 of around 0.7%, down compared to that of 2023, when GDP increased by 1.8%.

In China, in the first three quarters of the year, real estate investments maintained a downtrend, due to the persistent weakness of land prices in the regional markets, continuing to impact growth, albeit to a lesser extent. In the second

¹ The data reported in this section are mainly taken from the following sources: International Monetary Fund, World Bank, European Commission, ECB, Bank of Italy, ABI, Ministry of Economy and Finance, Prometeia, Confindustria [Italian Manufacturers' Federation], Istat, Eurostat, Bloomberg, Datastream (Refinitiv).

half of the year, the rebound of external demand and lower input prices kept Chinese exports competitive, stimulated especially in the high-tech and automotive industries. Investments in infrastructure grew at a moderate pace, while those in the manufacturing sector were robust, thanks to improved foreign demand. Industrial production was lively, driven by high-tech industries. However, growth in consumption remained slow for most of the year, due to the persistence of high precautionary savings. The year ended with a further positive trend: in particular, in December, retail sales jumped by 3.7% compared to the previous year and industrial production grew by 6.2% compared to 2023. The entry into force of significant stimulus measures for the Chinese economy contributed to this final push, which drove growth in the fourth quarter to 5.4% YoY (+4.6% in the previous year, down compared to +5.3% in the first quarter). This acceleration in the last few months of the year allowed Beijing to reach its annual growth target of 5.0% in 2024. Consumer inflation remained very low: after reaching a maximum of +0.6% YoY in August, it closed the year at 0.1% in the face of significant drops in the prices of some services, especially in transport and telecommunications. Production prices fell in 2024 by 2.3% YoY in December. The urban unemployment rate for young people fell in the last months of the year, but in December it was still high: 15.7%.

India has been confirmed as one of the fastest growing economies: GDP +5.4% YoY in the third quarter of 2024, thanks to the visible effects of recent strategic economic reforms (labour market reform, investments in renewable energy and programmes to reduce carbon emissions) and the government's prudent policy measures. The manufacturing, construction and electrical sectors have become the main drivers of growth in recent quarters. Gross fixed investments, corresponding to 32.4% of GDP in the third quarter of 2024, indicate a constant expansion of production capacity. Expectations for the whole of 2024 are growth of 6.6% against an inflation rate of 4.2%.

With regard to commodity prices, the volatility of energy market prices increased during the year: alternating geopolitical tensions, particularly in the Ukraine and the Middle East, contributed to fluctuations in oil and gas prices. Brent crude oil prices averaged USD 85 per barrel in 2024, compared to USD 82 in 2023. However, the drive towards renewable energies has accelerated: a recent EIA report states that investments in renewable sources have reached a record figure of USD 771 billion globally (vs. USD 735 billion in 2023, +4.9%).

The economy in Europe and Italy

The Eurozone economy, after the weak performance of the previous year, recorded a modest acceleration in 2024, in a context characterised by high uncertainties and high risks related to geopolitical tensions due to the persistence of the Russia-Ukraine conflict, and to tensions in the Middle East. The concerns present in 2023 generated by the difficulties relating to the supply of energy commodities and inflation eased in the year just ended, thanks to a diversification of supplies of gas and oil. The launch of the monetary policy normalisation process in the Eurozone also had a positive impact on the expectations of households and businesses.

Real GDP growth in the Eurozone on a quarterly basis was 0.3% in the first quarter and 0.2% in the second. The third quarter recorded a slight acceleration QoQ (+0.4%), which brought annual growth to 0.9%. The better performance in the third quarter was the result of the growth in household consumption, which was fuelled by the recovery of spending capacity, thanks to the adjustment of wages, in conjunction with the fall in inflation. In addition, growth also benefited from a boost generated by important international one-off events such as the Paris Olympics. Gross fixed investments recorded an appreciable rebound (+2.0%) after the significant decline of the previous months, not to mention the positive contribution from the inventory component. On the other hand, Eurozone export figures were very disappointing (-1.5%), against a modest increase in imports (+0.2%).

Industrial production confirmed the period of weakness also in 2024, reflecting a decline in the competitiveness of European industry. In November, the decrease was 1.9% in volume compared to the same month in 2023, with different trends between sectors. It is estimated that the high uncertainty of the international scenario, the political instability and the outcome of the US elections have pushed operators to delay the investments in capital goods needed to increase the productivity and competitiveness of European businesses.

As regards the services sector in the Eurozone, the data released indicated a growth in the value of seasonally-adjusted production in November 2024, compared to October 2024, of 0.2%, while the YoY growth was 1.7%.

The preliminary estimate of GDP growth in the fourth quarter showed a setback in the Eurozone economy: zero cyclical growth, and 0.7% per year, in line with market expectations and with the assessments of the ECB. The stagnation of the last part of the year is based on the negative growth in GDP of 0.2% recorded in Germany and 0.1% in France. In 2024, inflation slowed down, falling from 2.9% in December 2023 to 1.7% in September, the lowest value since April 2021. The decline is the consequence of the reduction in the prices of energy products and the result of the restrictive policy implemented by the ECB to combat inflation. However, in the last quarter of 2024, price trends accelerated to 2.4% in December 2024, the highest value since July.

After a 2023 characterised by expansionary fiscal policies, 2024 recorded an inverse trend with a gradual tightening due to the withdrawal of a large part of the support measures related to energy and inflation. The latest data updated to the third quarter of 2024 indicate a public administration deficit in the Eurozone, as a percentage of GDP, of 2.6% compared to 3.6% recorded in 2023 and a public debt/GDP ratio of 88.2% in September 2024, lower than in the third quarter of 2023 (88.4%).

In Italy, the first part of 2024 showed more vigorous economic growth compared to that of the Eurozone, with a rise in GDP YoY of 0.4% in the first quarter and 0.6% in the second. The good performance recorded, especially in the second quarter, was due to the resilience of private consumption, supported by the good labour market trend and the increase in wages in real terms. Exports in the first half of the year recorded a slight decline compared to the record values of 2023; however, the commercial balance was positive and has expanded, thanks to the reduction of approximately 25% in value of imports of energy products.

On the other hand, the third quarter of 2024 proved to be weak, contrary to the trends of the Eurozone, with zero growth in Italian GDP QoQ, which was due to the slowdown in investments (-0.3%), the decline in exports of 0.7%, offset by the positive contribution of domestic demand (+0.8%) and inventory (+0.2%). Industrial production also confirmed the state of weakness of the Italian economy, fuelled by the difficulties of German industry and the lack of liveliness of international trade. Conversely, the services sector, where the growth in added value continued (+0.2%), thanks to the good performance of the trade, accommodation and food service sectors (+1.5%) and banking and insurance services (+0.7%). The quarterly and annual trend of gross investments in the third quarter continued to be very weak, as shown by the decrease of 1.1% and 1.2% respectively, despite the continuation of the 110% Superbonus incentives. Investments in capital goods fell sharply by 6.2% YoY due to the slowdown in manufacturing activity. The value of exports of goods and services in the first nine months rose by 0.4%, while imports fell by 3.1%, generating a higher trade balance compared to the first three quarters of 2023. Also in the third quarter, the labour market proved robust, thanks to the demand from services in the face of a decline in agriculture and construction, while in manufacturing the labour market was stable. Employment rose in 2024, but recourse to the Wage Guarantee Fund (Cassa Integrazione Guadagni) was confirmed as high, while the unemployment rate reached a very low level, even though it rebounded towards the end of the year.

The data referring to the fourth quarter were contradictory. Industrial production, exports and investments in machinery and capital goods showed signs of weakness. On the other hand, the services sector continued to show a favourable trend, as shown by the SME index above the zero growth threshold. The SME index for construction also did well, rising to 51.2 in December 2024, signalling growth for the first time in nine months.

The set of anticipatory indicators therefore led to an expectation of weak cyclical growth, which was even more feeble based on the preliminary estimates released by Istat, which indicated a zero quarterly change and a growth in GDP, for the whole of 2024, of 0.5%. The performance in the last quarter was the result of a decrease in added value in the agriculture, forestry and fishing sectors, an increase in industry and a decrease in services. On the demand side, the domestic component before inventory made a negative contribution, while the contribution of the net foreign component was positive.

As regards inflation, the rate fell significantly, landing at levels below the 2% target value set by the ECB and remaining among the lowest in the Eurozone: in December 2024, the national consumer price index, including tobacco products, was up by 0.1% on a monthly basis and by 1.3% on an annual basis. On average, consumer prices rose by 1.0% in 2024, compared to an increase of 5.7% in 2023, a decline favoured by the sharp reduction in the energy component. In 2024, the core values of Italian public finance improved, favouring a lower perception of risk than in 2023. The latest available data show a decline in public spending, net of interest, falling from 50.1% of GDP in 2023 to around 47% at the end of 2024, and a reduction in net debt from 7.3% to around 4%. There was a significant drop in primary debt from 3.5% of GDP to an estimated value close to zero in 2024. In 2024, the debt/GDP ratio will tend to rise from 134.8% to approximately 137% of GDP due to the allocation to the financial statements of the items still linked to the 110% Superbonus. Despite limited economic growth, the market has shown confidence in the sustainability of Italian debt: this is proven by the high demand for government bonds in a market no longer assisted by ECB purchase operations and the improvement in the Outlook from stable to positive by the rating agencies Fitch and Morningstar DBRS.

Monetary policy and the financial markets

The rapid decline in inflation during 2023 had fuelled expectations of a substantial cut in official interest rates in the USA and in the Eurozone as early as the beginning of the second quarter of 2024, but the markets had to wait longer than expected to see them materialise. At the turn of the year, in fact, the consumer price index showed some acceleration, particularly in the United States, prompting the central banks to be prudent, to avoid letting their guard

down too soon. In particular, in the USA, with economic growth that showed no signs of slowing down and a labour market that showed signs of overheating, the performance of the core component of consumer prices remained well above the overall index. In the Eurozone, albeit with a still rather weak economy, wages and prices of the services component caused concern, both of which above the values of the ECB's objectives. In addition, the deflationary effect of the sharp drop in energy prices in 2023 was wearing off, while the tensions that emerged in the Middle East led to fears of a reversal of the trend.

In this context, the major Western economies maintained a restrictive monetary policy stance during the first half of the year, which then gradually eased through a progressive cut of interest rates in the second half of the year.

The ECB started the ball rolling with an initial reduction of 25 basis points at the beginning of June, which brought the main refinancing rate to 4.25%, announced by clear communications from the Governing Council to pave the way for the change in pitch. The decision reflected the development of greater confidence in the medium-term prospects of inflation in the face of the economic data that was gradually published, albeit accompanied by prudence due to the persistence of a certain viscosity in the decline in inflation. This decision was followed by three other cuts during the year, in the September, October and December meetings, for a total of 100 basis points of easing during the year. The ECB became more aggressive in the phase of reducing policy rates, in parallel with signs of weakening of the Eurozone economic situation and the decline in inflation YoY, which in September fell briefly below the target level, to 1.7%, and then rose slightly (2.4% in December). It should be noted that this year the ECB changed the operational framework for the implementation of monetary policy. The overall approach has been largely confirmed, albeit with some changes. In particular, the spread between the refinancing rate and the rate on deposits was reduced to 15 basis points starting from 18 September 2024. As a result of the cuts and this change, the main refinancing rate closed the year at 3.15%, while that on deposits at 3.0%. At the same time, the amount of securities held by the ECB under the APP and PEPP programme has decreased significantly since July.

The Fed started the rate normalisation process a few months later, in September with a first cut of 50 basis points, more than four years after the last easing carried out in March 2020. This first reduction was followed by two further cuts of 25 basis points, which at the end of the year brought the Fed Funds rate into the 4.50 - 4.75% range. The interventions were justified by a level of inflation which, although remaining above the target level, showed signs of moderation, standing at 2.7% in December, and gave signs of normalisation of the labour market, including a slight increase in the level of unemployment. In parallel, the Fed continued to implement the quantitative tightening programme, reducing assets by over 800 billion during the year.

Finally, note that the Bank of Japan, in contrast to the trend, after having maintained the most accommodative and expansive monetary policy among all developed countries for over ten years, is now the only major central bank to still be engaged in a cycle of rate hikes. The decision to bring interest rates back into the positive, reducing the spread with those of the United States, caused a slowdown in speculative positions on "carry trades" in yen, with ramifications on the financial markets.

During the year, the strength of the US economy and the alternation of conflicting macroeconomic data caused significant changes in the expectations of operators on the expected level of interest rates, with wide repercussions on the bond markets. The persistence of high rates supported the dollar exchange rates, which towards the end of the year, also thanks to the outcome of the US presidential elections, came close to parity with the euro.

The global stock markets confirmed the positive tone of 2023, showing, during the year, a considerable capacity to react to certain events that temporarily fuelled fears of a slowdown in global growth. The final balance was largely positive: the US stock exchange recorded new all-time highs. The correction phases were also linked to fluctuating data relating to the US economy, which affected the expectations of a rate cut by the Fed. However, global stock exchanges quickly resumed a growth trend in the wake of US macroeconomic data that reduced the risks on the sustainability of US growth. In addition, Trump's election victory in November has boosted the US stock market because the markets see, at least in the short-term, more favourable economic policy action for businesses with the new administration. In this context, the annual growth of the Nasdaq Composite index was 28.6% and that of the S&P500 over 23%, driven by the performance of a limited number of companies with very high capitalisation, connected in various ways in the development of artificial intelligence (labelled the "magnificent seven"). The Dow Jones closed the year with a more limited increase of around +13%. European markets ended 2024 positively, but with lower growth rates than the American ones. In detail, the value of the Eurostoxx 600 rose by around 6%, while the French CAC 40 index remained weak, closing 2024 with a fall of 2.2%. The DAX did very well, up by almost 20%, reaching an all-time high in December 2024, despite the weakness of the German economy and political turbulence in Germany. The growth of the German stock exchange was supported by the excellent performances of a limited number of high-capitalisation companies. The performance of the Italian stock exchange was also positive, closing 2024 with an increase of 12.6% for the FTSE MIB, driven by bank securities, which rose by approximately 50%, reaching an all-time high in November 2024.

With regard to the bond market, the performance for the year fluctuated considerably. The first part of the year was characterised by an increase in the yields of ten-year T-Bonds, due to the good performance of the US economy, which reduced expectations of cuts by the Fed. Yields rose from 3.8% at the end of 2023 to 4.7% in April. In the spring, the current deflationary process was perceived by the market as an anticipatory indicator of possible cuts in official interest rates by the Fed and the interest rates of long-term bonds fell to a minimum of 3.6% in mid-September. This was followed by a sharp upturn in ten-year yields, reaching around 4.6% at the end of the year. This intense and steep growth is based on the presence of still very viscous inflation and a still dynamic US economy, well beyond expectations. Shorter-term government bonds had similar performance. The 2/10 year spread on the US government rate curve remained negative for the entire half-year. The ten-year Bund rose in the first part of the year, partly affected by US bond rates. A volatile period followed, with a high in November (2.44%) and a low at 2.04% at the beginning of December. The last month of the year was characterised by a recovery in yields, in conjunction with the dynamics of the US market, as well as the recovery of inflation in Germany, which rose from 1.6% in September to 2.6% at the end of the year. As regards the yield of the ten-year BTP, it fell slightly from 3.5% at the beginning of 2024 to around 3.4% at the end of the year. On the other hand, the yields of French ten-year bonds increased from 2.5% in January to 3.3% in December, due to the budgetary difficulties of France and the country's political crisis. The BTP/Bund spread narrowed further, from around 165 basis points at the beginning of the year to 115 at the end of 2024, with a decrease of around 50 basis points. The spread with respect to the Bund narrowed at the end of the year, also thanks to the more positive assessments of operators with respect to Italian public finances. An inverse trend, instead, for French ten-year bonds, whose spread with respect to the Bund increased during the year.

Domestic banking activity

The Eurozone banking sector remained resilient in 2024 and, on average, credit institutions confirmed solid capital and liquidity positions, well above regulatory requirements. Short-term interest rates, on average over the twelve months, remained at levels not much lower than the previous year, sustaining the profitability of the sector. The easing of monetary policies by the ECB, starting from June 2024, affected the levels of the yield curves only for part of the year. Overall, liquidity conditions remained favourable, allowing good access to retail and wholesale financing. The quality of bank assets remained high. The percentage of non-performing to total loans was close to historic lows.

This is the context in which the Italian banking industry also operated during the year just ended, albeit with some peculiarities. In Italy, in fact, the trend in loans shows a decline in loans to the private sector, while compared with the EMU average, they increased, albeit to a limited extent. The decline in the stock of loans to businesses is due to a greater use of self-financing by the same, by virtue of the solidity of their financial positions and lower financial requirements due to lower investments. Loans to households, on the other hand, remained substantially unchanged, in the face of still high interest rates and a real estate market in a settling phase; consumer credit was the only growth component, albeit slowing down, since the beginning of the year. On the funding side, the positive financial balances of households and businesses guaranteed ample liquidity, as was the case in the EMU average. The liquidity reallocation process was also reduced, allowing bank funding to close the year with modest growth.

More specifically, on the basis of the most recent estimates of the SI-ABI, total loans to residents in Italy (private sector plus public administrations, net of repurchase agreements with central counterparties) in December 2024 stood at 1,648.7 billion, with an annual change of -1.1%. Compared to the corresponding trend in 2023 (-3.3%), a deceleration in the decline in loans can be seen, thanks in particular to greater vigour in loans to households. Loans to residents in Italy in the private sector amounted to 1,416.5 billion, down -0.3% compared to a year earlier, while loans to households and non-financial companies were 1,266.9 billion, with an annual change of -1.0%. In December 2024, according to official data from the Bank of Italy, loans to businesses were down by 2.3% on an annual basis, while loans to households were slightly up (+0.2%).

On the credit quality front, the data recorded continues to be positive. In fact, it should be noted that net bad loans in December 2024 decreased to 30.4 billion, down compared to September 2024 (32.1 billion) and up slightly compared to December 2023 (30.5 billion). The ratio of net bad loans to total loans in December 2024 stood at 1.47% (1.54% in September 2024 and 1.41% in December 2023).

On the funding side, it should be noted that bank funding in December 2024 was positive, with an increase in the stock of time deposits and bonds. According to initial estimates of the SI-ABI, in December 2024, total direct funding (deposits from resident customers and bonds) was 2,095.6 billion, up by 2.7% compared to a year earlier, continuing the positive trend recorded since the beginning of the year (the change in December 2023 was -0.9% YoY). In detail, deposits from resident customers in December 2024 amounted to 1,830.5 billion and rose by 2.0% YoY (-3.0% in December 2023). Medium and long-term funding, through bonds, for an amount of 265.1 billion, rose compared to a year earlier (+7.2%).

The cut in official interest rates is gradually being transferred to the cost of bank funding and that of credit. A fractional decline in interest rates on bank deposits was recorded. In particular, the average rate on the total stock of funding (households and non-financial companies) in December 2024 was 1.12% (1.17% in December 2023). The rate on total deposits in euro was 0.89% (0.96% in December 2023) while that on current account deposits alone was 0.46% (0.54 in December 2023) and 2.84% (2.73% in December 2023) for bonds. The decrease in lending interest rates was more pronounced and concerned both outstanding amounts and new disbursements of loans. In particular, in December 2024, the weighted average rate on total loans to households and non-financial companies fell to 4.44% (4.76% in December 2023). The average rate on new disbursements only in euro to households for the purchase of a home was 3.11% (4.42% in December 2023), while that relating to new loans in euro to non-financial companies fell to 4.40% from 5.45% a year earlier. Consequently, the mark-up (calculated as the difference between the average rate on loans to households and businesses and the 3-month Euribor rate) rose to 1.62% (0.82% in December 2023), while the mark-down (calculated as the difference between the average rate on deposits and the 3-month Euribor rate) fell and was 1.93% (2.98% in December 2023). The banking spread was therefore 3.55% in December 2024, up compared to 3.80% in December 2023.

Indirect funding stood at 1,601.0 billion euro in December 2024 (of which 28.7% held directly by consumer households), marking an increase of +11.5% YoY.

As regards the assets of Italian and foreign open-end funds, in December 2024, this aggregate amounted to 1,210 billion, up 5.3% compared to December 2023.

The breakdown of assets by type of funds showed how, in the last year, the share of equity funds rose from 32.8% to 33.1%, that of bond funds from 35.4% to 37.3%, that of flexible funds from 16.1% to 15.0%, that of balanced funds from 11.8% to 10.6% and that of monetary funds from 3.7% to 4.0%.

SIGNIFICANT EVENTS DURING THE YEAR

2024 was characterised by an overall positive macroeconomic scenario, despite the fact that elements of uncertainty remained, deriving in particular from the geopolitical situation in Ukraine and the Middle East. In this context, the Group's operations focused on the areas described below.

Extraordinary transactions concerning Banco BPM Group

Voluntary public purchase offer on all shares of Anima Holding

On 6 November 2024, the Boards of Directors of Banco BPM and Banco BPM Vita resolved that Banco BPM Vita should promote a voluntary public purchase offer, pursuant to and for the purposes of Articles 102, paragraph 1 and 106, paragraph 4, of the Consolidated Finance Law and the relative implementing provisions on all ordinary shares of Anima Holding S.p.A. ("Anima"), at the price of 6.20 euro per share ("Offer"). The promotion of the Offer was announced to the market through the communication issued on the same date, pursuant to Art. 102 of the Consolidated Finance Law and Art. 37 of the Issuers' Regulation.

The acquisition of Anima, parent company of the largest independent Asset Management group in Italy, a partner of Banco BPM for over 15 years and highly active in the management of insurance reserves under mandate, which to date represent 45% of overall assets and 84% of those referring to the institutional segment, will allow, inter alia, Banco BPM Vita to:

- insource part of the value chain related to the management of reserves and funds underlying unit-linked products;
- leverage investment capabilities (ranging from traditional assets to alternatives) and Anima's track record to expand the offer of funds underlying unit-linked products;
- achieve, thanks to the complementarity between the business model of Anima and that of Banco BPM Vita, significant economies of scale and of production;
- increase the efficiency and effectiveness of the decision-making chain of both investment processes (strategic asset allocation on insurance reserves) and product oversight, thanks to the full coordination between the product development teams of Banco BPM Vita and the specialists of Anima in market analysis, in defining investment strategies and in portfolio management;
- develop product synergies in the pension sector, both individual (PIP) and collective (FPA), as well as combining selected investment solutions with coverage linked to demographic risk;
- develop limited revenue synergies, expected with gradual phasing, starting from 2025, resulting from the increased penetration of Anima products in Banco BPM distribution channels;
- develop cost synergies by removing the amortisation of intangible assets at consolidated level, in accordance with the provisions of IFRS 3 (Business Combinations) for accounting consolidation, with full effect from 2025;
- develop cost synergies, envisaged with gradual phasing starting from 2025, relating to a review of the incentive system and governance costs;
- better manage and address future regulatory developments (e.g. impact of the Retail Investment Strategy Directive proposed by the European Commission) by leveraging full integration with Asset Management.

The Offer is part of the broader context of the Strategic Plan of Banco BPM Group approved by the Board of Directors on 11 December 2023, and subsequently updated on 11 February 2025 with a three-year horizon to 2027, which leverages a revenue growth model strongly focused on product factories. The Offer will entail a further strengthening of the business model of Banco BPM Vita and, in a broader perspective, of the entire Banco BPM Financial Conglomerate, which will be able to obtain the benefits resulting from the establishment of a structure in which the proven potential of the distribution network will be supported by that of the new integrated Life Insurance and Asset Management factory resulting from the success of the Offer.

The Offer is conditional, inter alia, on reaching a total stake in Anima's share capital of at least 66.67%, including the shares held by the persons acting in concert in the calculation of the offeror's interest (also including the interest held in Anima by Banco BPM and any shares purchased by the offeror and by persons acting in concert outside the Offer in compliance with applicable regulations). Banco BPM Vita has reserved the right to waive this condition

provided, however, that the interest that it holds at the end of the Offer is in any case at least equal to 45% plus 1 (one) share of the share capital of Anima with voting rights (the latter threshold cannot be waived). The Offer is also conditional on the ECB confirming the applicability of the regulatory treatment of the so-called Danish Compromise.

In addition to the above, the completion of the transaction is subject to the fulfilment of the relative conditions, including those related to obtaining the regulatory authorisations, set forth in the communication issued by Banco BPM Vita on 6 November 2024 pursuant to Art. 102 of the Consolidated Finance Law.

By virtue of the outcome of the Shareholders' Meeting of Banco BPM held on 28 February 2025, all the voluntary conditions of effectiveness attached to the Offer and not yet fulfilled before said date may also be waived, in whole or in part, by the Board of Directors of Banco BPM and Banco BPM Vita, within the terms set forth in the communication issued by Banco BPM Vita on 6 November 2024 pursuant to Art. 102 of the Consolidated Finance Law.

On 12 February 2025, the commitments to subscribe the Offer were finalised between Banco BPM Vita and Poste Italiane S.p.A., as well as Banco BPM Vita and FSI SGR, concerning Anima shares representing a total of approximately 21.3% of the share capital of Anima which, added to the interest already held by Banco BPM of approximately 22%, represent a total of approximately 43.3% of the share capital of Anima. These commitments are subject to the conditions used for these types of commitments undertaken by institutional parties.

On 20 February 2025, the commitments to subscribe the Anima Offer were also finalised between Banco BPM Vita and several top managers of Anima (including the Chief Executive Officer), concerning shares representing approximately 1.5% of the share capital of Anima which, together with: (i) the shares of Anima already held by Banco BPM and (ii) the shares of Anima subject to the subscription commitments signed by Poste Italiane and by FSI SGR, represent a total of approximately 44.8% of the total share capital of Anima. These commitments are also subject to certain conditions.

On 28 February 2025, the Shareholders' Meeting of Banco BPM, called on 13 February 2025, resolved, with 97.64% of votes in favour, to authorise, pursuant to Art. 104, paragraph 1 of the Consolidated Finance Law, Banco BPM and on its behalf the Board of Directors, to ensure that, in compliance with the directives issued by Banco BPM in the exercise of management and coordination activities, the subsidiary Banco BPM Vita can: (i) increase the unit price offered from 6.20 euro (cum dividend) to 7.00 euro (cum dividend) and (ii) exercise the right, where deemed appropriate, to waive all or part of one or more of the voluntary conditions of effectiveness attached to the offer by Banco BPM Vita and not yet fulfilled at the date of the Shareholders' Meeting.

In execution of the resolution of the Shareholders' Meeting, the unit price of the Offer was therefore increased to 7.00 euro (cum dividend).

Based on the new unit price, the maximum outlay will be 1,776.3 million, if all the shares covered by the Offer are subscribed and may be reduced on the basis of the number of shares covered by the Offer purchased by Banco BPM Vita and/or by Banco BPM, as a person acting in concert, outside the Offer itself.

Banco BPM Vita will meet the financial commitments needed to cover the new consideration, up to the maximum outlay, through funds that will be made available to Banco BPM Vita by Banco BPM through a contribution for future share capital increases, taking into account the actual timing of the offer. In this regard, on 11 February 2025, Banco BPM and Banco BPM Vita signed an amendment to the capitalisation commitments already undertaken with the letter of commitment signed by Banco BPM on 6 November 2024, through which Banco BPM confirmed its commitment to make funds available to Banco BPM Vita up to the maximum outlay.

Purchase of Monte dei Paschi di Siena shares

On 13 November 2024, Banco BPM acquired a 5% interest in the share capital of Banca Monte dei Paschi di Siena S.p.A. ("MPS") as part of an accelerated bookbuilding offering procedure promoted by the Ministry of Economy and Finance.

More specifically, Banco BPM was assigned 62,984,485 shares at a unit value of 5.792 euro, for a total value of 364.8 million; the transaction was settled on 15 November 2024.

The transaction is part of the broader context of the voluntary public purchase offer for all shares of Anima Holding illustrated above and is consistent with the Group's strategy of strengthening its product factories. In fact, after Banco

BPM, MPS is the top distributor of Anima Group products, and represents a strategic partner for the future growth of Anima and its subsidiaries.

Voluntary public exchange offer promoted by UniCredit on Banco BPM shares

On 25 November 2024, UniCredit S.p.A. announced, pursuant to and by effect of Art. 102 of the Consolidated Finance Law and Art. 37 of the Issuers' Regulation ("Announcement 102"), its intention to promote a full voluntary public exchange offer ("PEO"), not previously agreed with the Bank, on all shares of Banco BPM. More specifically, the share swap ratio was set at 0.175 newly-issued UniCredit shares for each Banco BPM share, which entailed on the date of the announcement, an implicit offer price of 6.657 euro per share and a total consideration of approximately 10.1 billion.

In addition, the PEO is subject to conditions of effectiveness detailed in the same UniCredit Announcement 102, including the circumstances that, by the date of payment of the consideration of the Offer, Banco BPM and/or Banco BPM Vita do not change the terms and conditions of the Offer on all Anima shares, with respect to that communicated to the market on 6 November 2024, including therein the waiver, in whole or in part, of the conditions precedent to the Anima Offer or a change in the consideration.

The Board of Directors of Banco BPM, preliminarily announced, on 26 November 2024, and subsequently clarified, in a press release on 17 December 2024, in the best interest of its shareholders and of the market, that the PEO indicated a unit price that reflected a premium of 0.5% with respect to the official price of Banco BPM on the day prior to the promotion of the Offer (22 November 2024) and an implicit discount of 7.6% with respect to the official price on 25 November 2024 (day of the Offer).

In this regard, the Board of Directors of Banco BPM reported that these conditions were extremely unusual for transactions of this type, and did not in any way reflect the profitability and further potential to create value for Banco BPM shareholders, further strengthened by the above-illustrated extraordinary transactions, in addition to the actions already contained in the Business Plan, last updated by the Board of Directors on 11 February 2025.

In addition to these considerations, it should be noted that the promotion of the PEO, even in the presence of the aforementioned unusual price conditions, entailed the effect of subjecting Banco BPM to the so-called passivity rule pursuant to Art. 104 of the Consolidated Finance Law, on the basis of which the performance of actions or transactions that may conflict with the objectives of the PEO are subject to the authorisation of the Ordinary Shareholders' Meeting of Banco BPM.

Streamlining of the Group's activities

E-money business reorganisation

With regard to the payment systems sector, 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) and Fondo Strategico Italiano Holding S.p.A., completed the transaction concerning the strategic partnership, announced on 14 July 2023, which leads to the creation of the second national player in the e-money sector.

On conclusion of the transaction, which took place after obtaining the regulatory and legal authorisations, Banco BPM holds an interest of 28.57% in Numia Group S.p.A. - a company that holds the entire share capital of Numia S.p.A. - together with FSI which holds 42.86% and Iccrea Banca S.p.A. the remaining 28.57%.

Under the transaction, on 30 September 2024, Banco BPM transferred the following to Numia S.p.A.: i) the business unit comprising all goods, assets, liabilities, payables, receivables and legal relationships functionally organised for the performance of activities relating to acquiring and issuing services of electronic payment instruments; ii) a 100% interest in Tecmarket Servizi S.p.A.¹. At the same time, Numia S.p.A. carried out a share capital increase of 500 million, with the exclusion of the option right, to be released against the above contribution in kind by Banco BPM.

Also on 30 September 2024, Banco BPM sold the interest held in Numia S.p.A. to Numia Group for a total value of 500 million, of which 228 million in cash and 272 million through the subscription of a share capital increase of

¹ Note that the interest in Tecmarket Servizi and the business unit transferred, were classified as held for sale pursuant to IFRS 5 already as of the accounting situation as at 30 June 2023.

Numia Group, resulting in a stake of 28.57% in the capital of the latter. The transaction entailed the recognition of a capital gain in the income statement for the year of 500 million (493 million net of the specific taxation applicable).

From October 2024, the distribution operations of the POS/Acquiring services of Numia were launched by Banco BPM. During 2025, the Group will continue with the migration of all POS/Acquiring services and with the start of the distribution (and gradual migration) of issuing products relating to debit, credit and prepaid cards.

For more details on the above transaction, please refer to "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" of the Notes to the consolidated financial statements.

Contribution of a business unit to the subsidiary Banco BPM Invest SGR and launch of asset management business

On 25 June 2024, Banco BPM and Banco BPM Invest SGR, which in March received authorisation from the Bank of Italy to carry out collective asset and portfolio management activities pursuant to Art. 34 of Italian Legislative Decree no. 58 of 24 February 1998, signed the deed of contribution, effective from 1 July 2024, through which Banco BPM transferred to the asset management company the business unit represented by the set of goods and people relating to the organisational structure "Alternative Investments and Funds" dedicated to the investment of closed-end fund units of the Parent Company.

In this regard, it should be noted that the aforementioned contribution had no impact on the consolidated balance sheet and income statement, as it is an intercompany transaction.

Effective from 1 July 2024, Banco BPM, in order to continue to benefit from the expertise and experience of the aforementioned "Alternative Investments and Funds" structure, as regards alternative funds, conferred the management of the current Private Markets portfolio to Banco BPM Invest through an individual portfolio management contract.

The start of the operations of Banco BPM Invest SGR further strengthens the Group's product factories portfolio, also completing the offer in terms of customer segments served and expanding potential commission revenues.

Banco BPM Invest SGR is preparing, from 2025, to also offer a collective asset management service with the launch of a Private Equity fund of funds. All products will be structured according to ESG principles, in line with the Parent Company's policy.

Integration of the insurance business

As regards the Bancassurance segment, the corporate restructuring was completed at the end of 2023 with the finalisation of sales transactions that led to the Group obtaining full control over the companies operating in the Life business (Banco BPM Vita, Vera Vita and BBPM Life) as well as acquiring a stake of 35% in the companies operating in the non-life business (Banco BPM Assicurazioni, Vera Assicurazioni and indirectly Vera Protezione), in a joint venture with Crédit Agricole Assurances.

In May 2024, in compliance with the agreements between the parties, the purchase prices of the aforementioned interests were subject to an adjustment on the basis of the final values of the own funds and the profits accrued by the companies. The economic impact resulting from the definition of prices is positive for 2.5 million, after tax.

During 2024, the process of insourcing the segment's activities continued, with the aim of migrating to a new Group technology platform next year.

For more details on the reorganisation of the Bancassurance business, please refer to "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" and to "Part G - Business combinations regarding companies or divisions" of the Notes to the consolidated financial statements.

Streamlining of the real estate portfolio

With regard to the 2023-2026 Strategic Plan, which provides for the disposal of 50% of the non-operating properties, on 12 September 2024, the Board of Directors of the Parent Company resolved to proceed with the sale of a portfolio of over 330 owned properties, almost exclusively non-operating, for a total book value of approximately 295 million at a price substantially in line with the fair value ("Square" Project).

The sale is envisaged in several tranches, starting from the end of 2024, to a securitisation vehicle Square SPV, established pursuant to Art. 7.2 of Law no. 130/99, and 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.

The first tranche of sales took place on 27 December 2024 and involved 96 properties, for a book value of 70.7 million. The purchase of the properties, transferred on each occasion, will be financed by the SPV through a senior credit facility disbursed by Banco BPM for a maximum amount of 260 million, and the issue of mezzanine and junior securities, subscribed by a third-party investor (Phoenix Asset Management S.p.A.), for a total consideration of 29.3 million. In addition, at the date of the first transfer, Banco BPM subscribed a mezzanine tranche for a nominal value of 15.4 million, which was subsequently sold to the third-party investor for a consideration of 1 euro.

As a result of the aforementioned transaction, Banco BPM will achieve the real estate portfolio streamlining objectives set out in the 2023-2026 Strategic Plan, two years in advance.

The aspects relating to the accounting treatment of the above transaction and to the relative impacts on the financial statements as at 31 December 2024 are detailed in "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" of the Notes to the consolidated financial statements.

Demerger of the Banca Akros business unit in favour of the Parent Company

As part of the process to streamline its organisational structure, the partial demerger transaction of Banca Akros in favour of Banco BPM relating to the business unit consisting of the set of assets and resources organised for the performance of the "Proprietary Finance" activities of Banca Akros, mainly represented by financial assets and liabilities, was completed, effective as of 1 January 2024. The aforementioned transaction had no impact on the consolidated financial statements, as it is a business combination under common control.

Renewal of shareholders' agreement with the Crédit Agricole Group in consumer credit

On 28 June 2024, the renewal until 28 June 2029 of the Shareholders' Agreement relating to the joint venture in Agos Ducato was formalised between Banco BPM and Crédit Agricole S.A. and Crédit Agricole Consumer Finance. In this context, the right of Banco BPM to exercise the unconditional put option on 10% of the share capital of Agos Ducato was extended by another three years (with an exercise period from 1 July - 31 July 2025 to 1 July - 31 July 2028), at an already agreed strike price of 150 million.

In addition, the new Shareholders' Agreement has simplified the potential listing process of Agos Ducato, through the establishment of a single procedure, which can be activated at the request of Banco BPM starting from 1 July 2025, until the expiry date of the Shareholders' Agreement.

Other transactions

On 24 April 2024, the shareholders' meeting of BP Mortgages S.r.l. (special purchase loan securitisation vehicle pursuant to Law no. 130/1999, consolidated by Banco BPM), following the early closure of the last outstanding securitisation transaction, approved the early dissolution and placement in liquidation of the company, effective as of 1 May 2024. The company was removed from the relevant Companies' Register on 17 January 2025, to complete the liquidation procedure.

In June 2024, the deed of merger by incorporation of Terme Ioniche Società Agricola S.r.l. into Terme Ioniche S.r.l., both wholly controlled by Banco BPM, was signed. This transaction, completed on 30 June 2024, and effective for accounting and tax purposes as of 1 January 2024, took place in simplified form without an exchange ratio or cash adjustment, and did not have any financial or economic impact on the consolidated financial statements.

Derisking activities

As part of the derisking strategy, the Board of Directors of Banco BPM resolved an increase in the targets for the sale of non-performing loans of approximately 330 million: taking into account the portfolio sales completed in 2024 and those approved, totalling approximately 820 million, the residual sale target as at 31 December 2024 amounted to approximately 210 million, in line with the update of the 2023-2026 Strategic Plan. The expected impact resulting from the increase in the sale targets, equal to 34.1 million in terms of higher value adjustments, has already been charged to the 2024 income statement.

Among the main transactions approved in 2024, we draw attention to that aimed at the disposal of the Bank's non-performing leasing portfolio, now in run-off (known as the Toledo Project) to be carried out during the course of 2025

through en bloc sales and partial demergers of legal relationships and leased assets to two specifically established special-purpose companies: Tago LeaseCo S.r.l. and Burgos Leasco S.r.l. (hereinafter the "LeaseCos").

To this end, effective 8 October 2024, Banco BPM acquired 100% of the share capital of the two LeaseCos from Finanziaria Internazionale S.p.A. at the price corresponding to the share capital of 10 thousand euro.

It should be noted that these interests, acquired solely for the purposes of executing the transaction and for the time strictly necessary for its completion, will be subsequently sold, on the date of legal commencement of the demergers. For this reason, as at 31 December 2024, the aforementioned interests are included among non-current assets held for sale for a value equal to the share capital.

As illustrated in the section dedicated to significant events occurring after the end of the financial year, on 23 and 27 January 2025, after obtaining the authorisations issued by the European Central Bank, the project for the demerger of Tago LeaseCo S.r.l. and the project for the demerger of Burgos Leasco S.r.l. were recorded in the relevant Company Registers. On 25 February 2025, the Board of Directors of Banco BPM S.p.A. and the shareholders' meetings of Tago LeaseCo S.r.l. and Burgos Leasco S.r.l. approved the project for the demerger of Banco BPM S.p.A. in favour of the two vehicles. The transaction is expected to close by the end of the first half year of 2025.

Lastly, it should be noted that as at 31 December 2024, non-performing loans included in the Toledo Project were classified as assets held for sale pursuant to IFRS 5 for a total gross exposure of approximately 340 million.

Update of the Strategic Plan

2024 was a year of unprecedented excellent results for Banco BPM, which allowed the Group to reach in advance and in some cases exceed the objectives of the 2023-2026 Strategic Plan. These results also made it possible to increase shareholder remuneration to an all-time high.

The extraordinary transactions described above and the initiatives carried out in previous years have therefore made it appropriate to update the Plan in advance, envisaging new, more ambitious performance objectives and higher remuneration targets for shareholders.

At the meeting of 11 February 2025, the Board of Directors of Banco BPM approved the update of the Group's Strategic Plan, initially with a horizon of 2026, extending it to 2027.

The update is based on the same 7 strategic pillars of the 2023-2026 Plan, with the addition of a new pillar relating to the integration of Anima, starting from the second half of 2025. More specifically, the macro-strategy for the next three years envisages:

- the consolidation of its vocation as a bank close to businesses and SMEs;
- the strengthening of wealth management and life insurance;
- the development of product factories with a view to reinforcing a more diversified and higher value-added business model;
- the strengthening of omnichannel services for an increasingly digital bank;
- innovation as a priority to make the bank leaner and more secure in the cyber environment;
- the objective of being close to people and the community, supporting their growth;
- further strengthening the Group's capital profile.

Ambitious ESG sustainability objectives have also been defined, which envisage a strong commitment to actions to support customers' ESG sustainability paths, encouraging: i) the decarbonisation of production processes to support the transition to a net zero greenhouse gas emission economy, in line with the objectives of the European Green Deal, ii) support for the territories in which Banco BPM operates and the communities present therein, also through training and awareness initiatives on sustainability issues and the disbursement of grants for the development of social and environmental projects, iii) the promotion of interventions aimed at ensuring the production and housing continuity of the stakeholders and, lastly, iv) the ESG training activities of the Group's employees, an essential channel for the development and dissemination of ESG culture.

For more details, please refer to the documents published by Banco BPM (press release of 12 February 2025 and relative presentation to the market).

Other events during the year

Approval of interim dividend 2024

On 6 November 2024, the Board of Directors of Banco BPM S.p.A. resolved the distribution to shareholders of an interim dividend based on the results of FY2024 for a total of 600,552,927.60 euro, corresponding to a unit amount of 40 cents for each of the 1,501,382,319 shares in circulation eligible on the interim payment date.

Funding and capital transactions

In terms of funding and capital transactions, in 2024 the Parent Company concluded four issues, reserved for institutional investors, as part of the Euro Medium Term Notes Programme: the first, in January 2024, relating to Green Senior Non-Preferred securities for an amount of 750 million, a fixed coupon of 4.875% and a six-year maturity, which may be redeemed from the fifth year; the second in March 2024, relating to Tier 2 subordinated securities for an amount of 500 million, maturity of ten years and three months, with a fixed coupon of 5% until June 2029 and redeemable in advance from the fifth year; the third on 2 September 2024, relating to Social Senior Non-Preferred securities for an amount of 750 million, a six-year maturity, a fixed coupon of 3.875% and the option of early redemption in September 2029; the fourth in November 2024, relating to Tier 2 subordinated securities for an amount of 500 million, a twelve-year maturity, a fixed coupon of 4.5% and the option of early redemption in November 2031. In January 2025, a new issue of Social Senior Preferred securities was added for an amount of 500 million. For more details, please refer to "Part A - Accounting policies, Section 4 - Events subsequent to the reporting date" of the Notes to the consolidated financial statements.

The above transactions are part of the Euro Medium Term Notes Programme, and are aimed at financing and/or refinancing Eligible Green Loans and Eligible Social Loans as defined in the Bank's Green, Social and Sustainability Bond Framework.

The Framework integrates with Banco BPM's ESG strategy and represents the effective implementation of the environmental and social sustainability objectives that are increasingly guiding and characterising the Group's various business areas.

Furthermore, during the year, Banco BPM concluded two issues of European Covered Bonds (Premium) intended for institutional investors: the first in January 2024 for 750 million and a maturity of six years, the second in May 2024 for 500 million and a maturity of seven years. Both transactions are part of the BPM Covered Bond 2 programme of 10 billion.

In addition, in July 2024, the Parent Company concluded the issue of an Additional Tier 1 equity instrument with a perpetual duration and redeemable from January 2031, for an amount of 400 million. At the same time, Banco BPM launched an offer to buy back the perpetual bond issued on 21 January 2020 for a nominal amount of 400 million, which was concluded with a subscription for 179.5 million; the bond was then the subject of early redemption in January 2025. It should also be noted that, in June 2024, Banco BPM carried out the early redemption of an Additional Tier 1 capital instrument issued in 2019 for a nominal amount of 300 million, which had already been partially repurchased in November 2023 for 223.3 million and, in October 2024, it carried out the early redemption of the Tier 2 security issued on 1 October 2019.

As regards the optimisation of capital absorption (RWAs), note that in 2024, the following synthetic securitisation transactions were finalised:

- synthetic securitisation "Aretha": transaction concluded in August with six market investors, which entails the coverage of the junior tranche of a portfolio of around 3.5 billion in gross performing loans disbursed to Mid Corporate Plus and Large Corporate. The transaction was finalised through the issue of securities by a vehicle and the coverage of the tranche through a limited recourse loan disbursed by the SPV;
- three synthetic securitisations on a tranching cover basis "SMEGF 2002", "SMEGF 2003" and "SMEGF 2004": transactions performed pursuant to Italian Ministerial Decree of 14 November 2017, as amended and supplemented by Italian Ministerial Decree of 21 June 2019, characterised by the release by the Guarantee Fund for small and medium enterprises of a direct personal guarantee to cover the junior tranche of portfolios of new disbursements to SMEs and MID CAPs, for an amount of approximately 300 million each.

For more details, please refer to "Part E - Information on risks and related hedging policies, 1.1 Credit risk, C. Securitisation transactions" of the Notes to the consolidated financial statements.

Lastly, it should be noted that during the year, Banco BPM fully repaid the TLTRO operations that had matured, for a nominal value of 15.7 billion.

ESG issues and Sustainability Reporting

The consideration of Environmental Social & Governance (ESG) aspects, in particular with regard to climate and environmental issues, represents an important area of focus in the strategy pursued by the Group, which is aware of being able to play a leading role in the action against climate change, through initiatives to reduce the direct impact, but even more so, given the role of Banco BPM, through loans, asset management and financial advisory services. ESG issues also include aspects linked to governance and social sustainability, meaning the ability to effectively govern sustainability planning, management and reporting and to integrate components linked to the social sphere such as human rights, gender equality, sustainable supply chain management, etc.

Sustainability is in fact one of the pillars of the Strategic Plan, the pursuit of which requires the increasing integration and dissemination of the ESG elements in the Group's operations.

In this context, implementing Directive 2022/2464/EU (CSRD), the Group prepares Sustainability Reporting, which supplements this Report on operations, to which reference is made for an in-depth analysis of ESG commercial initiatives, the investments made by the Group with ESG characteristics, the collection of resources for sustainable projects and the internal control system set in place by the Parent Company with a view to defining the responsibilities and methods for verifying the information identified for sustainability reporting purposes.

Programme to purchase own shares

With regard to the programmes to purchase own shares, intended to service the short and long-term incentive plans for employees, during 2024:

- as part of the programme resolved by the Ordinary Shareholders' Meeting of 20 April 2023, 905,286 own shares (equal to 0.06% of outstanding ordinary shares) were purchased for a total equivalent value of 5 million;
- as part of the program, resolved by the Ordinary Shareholders' Meeting of 18 April 2024, which envisaged 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 for the approval of the 2024 annual financial statements, in the period from 19 to 24 June 2024, the first tranche of the programme was carried out with the purchase of 4,911,328 own shares (equal to 0.32% of outstanding ordinary shares) at the average unit price of Euro 6.11, for a total equivalent value of 30 million. The programme was completed in the period 17 to 18 September 2024 with the purchase of 2,464,487 own shares (equal to 0.16% of outstanding ordinary shares) at the average unit price of 6.09 euro, for a total equivalent value of 15 million.

As a result of the above-illustrated transactions, as a result of the assignments that took place during the year and the other own shares already in the portfolio, as at 31 December 2024, Banco BPM directly holds 13,799,807 own shares, equal to 0.91% of the share capital.

Incentivised retirement scheme and agreements with Trade Unions

In line with that envisaged in the 2023-2026 Strategic Plan, the Parent Company had launched an incentivised retirement scheme, requesting acceptance by 30 June 2024, for all those who had already met or would meet the first retirement requirement for early or old-age pension, with access (right to receive) to the relative benefits by 1 January 2026.

In more detail, this plan envisaged the payment of an incentive on termination of the employment relationship in an amount to be paid by way of an indemnity additional/supplementary to employee severance pay, consisting of a number of monthly salaries determined according to seniority and professional classification.

As at 30 June 2024 (final plan deadline), a total of around 500 actual acceptances had been received, for a total gross expense of 17.9 million.

In addition, on 19 December 2024, Banco BPM and the Trade Unions signed an agreement for access to the extraordinary benefits of the Solidarity Fund, with the option of accepting 1,100 voluntary redundancy applications which, together with subscriptions to the aforementioned incentivised retirement scheme, will allow the exit of 1,600 people, as already envisaged by the 2023-2026 Strategic Plan; the gross estimated expense, based on the information available as at the date of the financial statements, is 194.1 million gross.

This agreement provides for the entry of 800 new resources, in addition to the 150 hires already made in 2024, with priority recourse to apprenticeship contracts and a further 100 with fixed-term contracts, which will contribute to the development of new skills to support business growth.

Important agreements were also reached on the company bonus, on the harmonisation of company welfare, on the Group's second-level regulations, as well as on training, commercial policies and work organisation.

Capital requirements set by the ECB

On 11 December 2024, Banco BPM received a notification from the European Central Bank of the SREP decision, containing the results of the annual Supervisory Review and Evaluation Process (SREP).

On the basis of the analyses and assessments conducted by the Supervisory Authority, the ECB determined an overall "Pillar 2 Requirement (P2R)" for 2025 of 2.25%, an improvement on the 2.52% applied to 2024.

The Common Equity Tier 1 ratio requirement to be met on a consolidated basis from 1 January 2025 will therefore be 9.18%; it includes:

- the minimum Pillar 1 requirement of 4.50%;
- a Pillar 2 (P2R) capital requirement of 1.266%;
- the capital conservation buffer of 2.50%;
- the O-SII buffer¹ of 0.50%;
- the countercyclical capital buffer of 0.039%;
- the new systemic risk capital buffer (SyRB)² of 0.378%.

The additional requirements that Banco BPM must comply with are as follows:

- 11.10% in terms of Tier 1 capital ratio;
- 13.67% in terms of Total capital ratio.

Acquisition of building bonus tax credits

In the second quarter of 2024, Law no. 67 of 23 May 2024 entered into force, which converted, with amendments, the provisions of Decree Law no. 39 of 29 March 2024 on tax benefits pursuant to arts. 119 and 119-ter of Decree Law no. 34/2020. In particular, starting from 1 January 2025, banks, financial intermediaries and insurance companies will no longer be able to recover tax credits through offsetting with payables for social security and welfare contributions and premiums payable for insurance against accidents at work and occupational diseases.

In addition, for the same subjects that purchased tax credits for consideration of less than 75% of the nominal value of the credit, there is an obligation to allocate over 6 years the amounts usable as of 2025, in place of the original instalment plan. The portion of the tax credit not used during the year cannot be used in subsequent years and its refund cannot be requested. The instalments of the tax credits resulting from the new allocation cannot be transferred to other parties, or further allocated. These restrictions do not apply to parties that purchased the instalments of the above-mentioned credits at a consideration equal to or greater than 75% of the amount of the corresponding deductions, provided that they declare this circumstance by means of a specific communication to the Italian Revenue Agency to be sent electronically without exception by 31 December 2024.

The purchase of building bonus tax credits is limited to the Parent Company, Banco BPM, and refers to the HTC and HTCS accounting portfolios, as illustrated in detail in "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" of the Notes to the consolidated financial statements.

The Bank currently implements a process for the continuous monitoring of credit recoverability on the basis of the most up-to-date information relating to the tax credits acquired, the commitments made to purchase additional credits and

¹ In its communication of 18 November 2024, the Bank of Italy identified the Banco BPM banking group as an Other Systemically Important Institution (O-SII) authorised in Italy also for 2025. The Group is in the second class and will have to maintain, from 1 January 2025, an O-SII buffer of 0.50% of risk-weighted exposures. This value has remained unchanged compared to 2024.

² By means of a communication dated 26 April 2024, the Bank of Italy decided to apply a SyRB of 1.0% of credit and counterparty risk-weighted exposures to Italian residents to all banks authorised to operate in Italy. The target rate of 1.0% will have to be reached gradually, by establishing a buffer of 0.5% of the relevant exposures by 31 December 2024 and the remaining 0.5% by 30 June 2025.

the most updated estimate of offsetting capacity. This monitoring was immediately updated following the entry into force of the regulatory changes described above¹. On the basis of the analysis carried out, it was found that the expected offsetting capacity makes it possible to recover through offsetting all of the credits recognised in the financial statements as at 31 December 2024. The offsetting capacity could be marginally exceeded in financial year 2026, in the event that all the commitments to purchase additional credits already made as at 31 December 2024 were actually fulfilled. In this regard, it should be noted that, as a result of the regulatory change, the Bank has the possibility of unilaterally withdrawing from the commitments undertaken and that in any case, any credits exceeding its offsetting capacity may be recovered through transfer to third parties.

As regards the restrictions relating to credits acquired at a price of less than 75%, on the basis of analyses performed, no impacts are expected on the Group's financial position and income statement.

Claims, disputes and investigations regarding reports of customers involved in the purchase of diamonds in previous years by Intermarket Diamond Business S.p.A.

During 2024, new claims were negligible both in number and in total additional relief (less than 0.5 million). As at 31 December 2024, due to settlements reached by negotiation or final rulings, claims and disputes for total relief figure of roughly 672.5 million were settled against claims that on the same date amounted to a total of around 721.5 million. The disbursement was fully covered by the provision allocated by the Bank.

For more details, please refer to "Section 10 - Provisions for risks and charges - Item 100" contained in "Part B – Information on the consolidated balance sheet" of the Notes to the consolidated financial statements.

Inspections and proceedings of the Supervisory Authorities

During its standard business activities, the Group is subject to inspections conducted by the Supervisory Authorities. More specifically, within the European system of banking supervision (Single Supervisory Mechanism), the Group is subject to the prudential supervision and, following the acknowledgement of financial conglomerate status, to the supplementary supervision of the European Central Bank (ECB); with regard to specific matters, supervision is the direct responsibility of the Bank of Italy and CONSOB and, as regards the Group's insurance companies, of the Institute for Insurance Supervision (IVASS).

Supervisory activities entail making ordinary and recurring inspections ("on/off-site inspection"), accompanied by "remote" inspections, conducted through structured and continuous exchanges of information, as opposed to specific requests for documentation and in-depth examination of specific areas.

Most of the inspection activities have already been concluded with the release of the Final follow up letters or Final decisions, through which the ECB communicates the corrective actions required in relation to the areas for improvement identified. If the inspections regarded aspects with a potential impact on capital, the observations made as well as the information acquired during the entire process were duly considered, when relevant, within the valuation of the company's assets/liabilities. If the inspections have identified areas for improvement as regards the processes examined, the Group has prepared specific corrective action plans.

Listed below are the inspections launched in 2024 and the inspections that concluded with the receipt of the decision, containing binding requirements, for which the relative remediation plans are underway.

Banco BPM is also waiting to receive results from the Supervisory Authority regarding certain inspections concluded in 2024 (in particular, the inspection relating to the assessment of climate risk management).

Inspections by the ECB:

- on liquidity and funding risk, the inspection, which began on 15 April 2024 and was conducted on site, ended on 28 June 2024;
- with regard to the application sent by the Bank for the extension of the internal model for the purposes of calculating the prudential requirements of credit risk to the Specialised Lending exposure classes and the use of the slotting criteria approach, on 17 May 2024, the Bank received the decision, which contained 3 legally-binding requirements for which corrective measures are underway;

¹ The offsetting capacity estimate was updated taking into consideration the impossibility of recovering tax credits through offsetting with payables for social security and welfare contributions and premiums payable for insurance against accidents at work and occupational diseases starting from 1 January 2025.

- for the assessment of IT security risk management (Cybersecurity), on 2 August 2024, the Bank received the decision containing 5 legally-binding requirements for which the relative corrective actions are being developed;
- on internal models used to calculate capital requirements for credit risk for the following exposure classes: Corporate – Other, Corporate – SME, Retail - Other non-SME, Retail - Other SME, Retail - Qualifying revolving, Retail - Secured by real estate non-SME, Retail - Secured by real estate SME, the Bank received the decision containing 19 obligations for which the corrective measures are underway;
- on credit and counterparty risk to review asset quality, with reference to the Commercial Real Estate ("CRE") portfolio, and the assessment of the credit risk management procedures and control and governance systems ("Credit and counterparty risk – Credit Quality Review of CRE portfolio and assess selected credit risk processes"), on 21 April 2023, the Bank received the decision that contained binding requirements and qualitative recommendations. The corrective action plan, for the most part already implemented, is nearing completion;
- with regard to credit and counterparty risk, with reference to the Retail - Residential Real Estate (RRE) portfolio, inspection concerning the assessment of the regulatory compliance of the framework for the implementation of accounting standard IFRS 9, the execution of a Credit Quality Review of selected portfolios, and the assessment of credit risk processes, the inspection activities started on 30 September 2024 and ended on 13 December 2024. On 19 February 2025, the draft inspection report was received, which did not identify significant shortcomings, indicating certain areas for improvement (relating to forbearance, management of guarantees and models for calculating the lump-sum write-down of non-performing loans).

Lastly, although no binding requirements were established for the Bank, with regard to the SME Retail portfolio, note the inspection on credit and counterparty risk for the assessment of the regulatory compliance of the framework for the implementation of IFRS 9 and the examination of the credit risk management methods (policies, methodologies, procedures and governance) with reference to portfolios of assets specifically identified and subject to qualitative review (Credit Quality Review). On 27 May 2024, the Bank received the Final Follow up Letter, containing recommendations relating to the improvement of the LGD framework and reporting to the corporate bodies for which corrective measures have commenced.

Inspections by the Bank of Italy:

- with regard to anti-money laundering, transactional monitoring: the on-site inspection began on 18 June 2024 and ended on 26 July 2024;
- as regards consumer credit and real estate credit to consumers, verification of the adequacy of the organisational and control structures, policies and procedures on the issue of loans, for the protection of consumers in difficulty and prevention of the risk of over-indebtedness. The on-site inspection began on 21 November 2023 and ended on 2 February 2024. On 16 April 2024, Banco BPM received the result of the inspection, which identified items for improvement in terms of procedures and practice, particularly in the management of the pre-contractual phase. The corrective action plan is underway.

RESULTS

Introduction

The balance sheet and income statement shown below are presented in reclassified format, according to operating criteria, in order to promptly provide information on the general performance of the Group, based on economic-financial data that can be quickly and easily understood.

These layouts have been prepared based on the financial statement layouts indicated in the Bank of Italy's Circular no. 262/2005 as updated, applying the same aggregation and classification criteria applied when preparing the consolidated financial statements as at 31 December 2023, except for what is specified below.

Amendments to the reclassified balance sheet format

With reference to the balance sheet, during the fourth quarter, some reclassifications of the comparative balances were necessary to reflect a different presentation of some financial assets, and to take into account the results of the completion of the process of allocating the cost of the business combination of the insurance companies that was provisional pursuant to IFRS 3.

In addition, starting from 31 December 2024, to allow a more immediate and easier understanding of the evolution of the credit quality of loans to customers, the aggregate of senior debt securities deriving from securitisations originated by the Group, with underlying non-performing loans, previously classified under "Loans at amortised cost - loans to customers", was transferred to the item "Other financial assets - at amortised cost".

To ensure a like-for-like comparison, the figures for the previous year have been accordingly reclassified.

Amendments to the reclassified income statement format

With reference to the income statement, some reclassifications of the comparative balances were necessary in 2024:

- the income relating to e-money sector activities, carried out by the subsidiary Tecmarket Servizi S.p.A., which was shown in the item "Other net operating income", was reclassified under "Net fee and commission income";
- income for the management of digital payment services, provided by the Parent Company following the partial demerger of the above-mentioned subsidiary on 1 January 2023, is shown in the item "Net fee and commission income" of the reclassified income statement. To ensure a like-for-like comparison, the figures for previous periods, which were shown in the item "Other net operating income", were reclassified under "Net fee and commission income".

In fact, this representation enables a like-for-like comparison with the fee and commission income received by the Group for e-money services¹ following the finalisation of the project to boost the e-money business, completed on 30 September 2024;

- the capital gain recorded as a result of the reorganisation of the payment systems is represented in the new item of the reclassified income statement called "E-money impact net of taxes"; this is an item created ad hoc, after the aggregate relating to profit from continuing operations, with the aim of simplifying the illustration of the economic results and guaranteeing a more immediate and like-for-like comparison of the results.

¹ Services relating to both Merchant Acquiring and POS management, and Issuing and distribution of payment cards.

Reclassified accounting statements

Reclassified consolidated balance sheet

(thousands of euro)	31/12/2024	31/12/2023 (*)	Change	
Cash and cash equivalents	12,124,840	18,297,496	(6,172,656)	(33.7%)
Loans at amortised cost	103,089,541	108,154,286	(5,064,745)	(4.7%)
- Loans to banks	3,362,267	4,141,630	(779,363)	(18.8%)
- Loans to customers	99,727,274	104,012,656	(4,285,382)	(4.1%)
Other financial assets	51,301,101	45,120,454	6,180,647	13.7%
- at fair value through profit and loss	9,318,563	7,391,989	1,926,574	26.1%
- at fair value through other comprehensive income	13,279,954	10,692,718	2,587,236	24.2%
- at amortised cost	28,702,584	27,035,747	1,666,837	6.2%
Financial assets pertaining to insurance companies	16,689,586	15,345,008	1,344,578	8.8%
Interests in associates and joint ventures	1,708,439	1,454,249	254,190	17.5%
Property, plant and equipment	2,513,905	2,857,953	(344,048)	(12.0%)
Intangible assets	1,256,612	1,253,425	3,187	0.3%
Tax assets	3,372,636	4,201,154	(828,518)	(19.7%)
Non-current assets and disposal groups held for sale	444,525	468,685	(24,160)	(5.2%)
Other asset items	5,707,902	4,946,063	761,839	15.4%
Total assets	198,209,087	202,098,773	(3,889,686)	(1.9%)
Direct bank funding	126,149,114	120,770,064	5,379,050	4.5%
- due to customers	102,757,399	101,861,964	895,435	0.9%
- securities and other financial liabilities	23,391,715	18,908,100	4,483,615	23.7%
Direct funding from insurance business and insurance liabilities	16,214,811	15,041,362	1,173,449	7.8%
- financial liabilities pertaining to insurance companies measured at fair value	3,331,610	2,800,121	531,489	19.0%
- insurance liabilities	12,883,201	12,241,241	641,960	5.2%
Due to banks	6,332,722	21,690,773	(15,358,051)	(70.8%)
Lease payables	646,208	670,773	(24,565)	(3.7%)
Other financial liabilities designated at fair value	28,703,792	25,697,583	3,006,209	11.7%
Other financial liabilities pertaining to insurance companies	56,103	72,561	(16,458)	(22.7%)
Liability provisions	988,625	894,841	93,784	10.5%
Tax liabilities	471,782	453,929	17,853	3.9%
Liabilities associated with assets classified as held for sale	1,215	212,011	(210,796)	(99.4%)
Other liability items	4,040,703	2,556,716	1,483,987	58.0%
Total liabilities	183,605,075	188,060,613	(4,455,538)	(2.4%)
Non-controlling interests	69	68	1	1.5%
Group shareholders' equity	14,603,943	14,038,092	565,851	4.0%
Consolidated shareholders' equity	14,604,012	14,038,160	565,852	4.0%
Total liabilities and shareholders' equity	198,209,087	202,098,773	(3,889,686)	(1.9%)

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified balance sheet format" of this report.

Reclassified consolidated income statement

(thousands of euro)	2024	2023 (*)	Change
Net interest income	3,440,045	3,289,228	4.6%
Gains (losses) on interests in associates and joint ventures carried at equity	151,689	144,097	5.3%
Financial margin	3,591,734	3,433,325	4.6%
Net fee and commission income	2,003,846	1,919,571	4.4%
Other net operating income	23,360	21,724	7.5%
Net financial result	(8,843)	(79,029)	(88.8%)
Profit (loss) on insurance business	93,432	45,851	103.8%
Other operating income	2,111,795	1,908,117	10.7%
Operating income	5,703,529	5,341,442	6.8%
Personnel expenses	(1,745,204)	(1,671,952)	4.4%
Other administrative expenses	(644,781)	(652,393)	(1.2%)
Net value adjustments to property, plant and equipment and intangible assets	(265,715)	(246,818)	7.7%
Operating expenses	(2,655,700)	(2,571,163)	3.3%
Profit (loss) from operations	3,047,829	2,770,279	10.0%
Net adjustments to loans to customers	(461,475)	(558,594)	(17.4%)
Fair value gains (losses) on property, plant and equipment	(54,627)	(146,847)	(62.8%)
Net adjustments to securities and other financial assets	(8,567)	(1,986)	331.4%
Net provisions for risks and charges	(22,192)	(22,189)	0.0%
Gains (losses) on interests in associates and joint ventures and other investments	2,427	342	n.s.
Profit (loss) before tax from continuing operations	2,503,395	2,041,005	22.7%
Taxation charge related to profit or loss from continuing operations	(789,594)	(604,751)	30.6%
Profit (loss) after tax from continuing operations	1,713,801	1,436,254	19.3%
Banking industry charges net of taxes	(71,011)	(126,577)	(43.9%)
Charges relating to early retirement incentives net of taxes	(141,868)	-	n.s.
E-money impact net of taxes	493,125	-	n.s.
Impact of the realignment of tax values to book values	-	8,802	n.s.
Bancassurance impacts net of taxes	2,466	(22,245)	n.s.
Impairment on interests in associates and joint ventures	(42,446)	-	n.s.
Impact of the change in own credit risk on the issue of certificates (OCR) net of taxes	1,213	(3,463)	n.s.
Impact of the purchase price allocation (PPA) net of taxes	(34,898)	(28,340)	23.1%
Profit (loss) attributable to non-controlling interests	11	22	(50.0%)
Parent Company's profit (loss) for the year	1,920,393	1,264,453	51.9%

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified income statement format" of this report.

Reclassified consolidated income statement – Quarterly changes

Reclassified income statement items (thousands of euro)	2024				2023 (*)			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest income	855,337	861,922	858,390	864,396	867,655	868,673	809,926	742,974
Gains (losses) on interests in associates and joint ventures carried at equity	45,639	31,136	44,572	30,342	49,350	34,140	24,295	36,312
Financial margin	900,976	893,058	902,962	894,738	917,005	902,813	834,221	779,286
Net fee and commission income	494,392	488,056	499,778	521,620	466,799	474,942	484,699	493,131
Other net operating income	31,309	(10,443)	(1,347)	3,841	13,724	4,210	1,353	2,437
Net financial result	(14,831)	47,996	(50,813)	8,805	(13,760)	(22,777)	(8,356)	(34,136)
Profit (loss) on insurance business	22,415	56,222	9,977	4,818	13,113	8,158	14,969	9,611
Other operating income	533,285	581,831	457,595	539,084	479,876	464,533	492,665	471,043
Operating income	1,434,261	1,474,889	1,360,557	1,433,822	1,396,881	1,367,346	1,326,886	1,250,329
Personnel expenses	(449,064)	(435,579)	(428,926)	(431,635)	(461,548)	(402,150)	(402,858)	(405,396)
Other administrative expenses	(143,471)	(152,342)	(176,068)	(172,900)	(150,516)	(165,053)	(166,630)	(170,194)
Net value adjustments to property, plant and equipment and intangible assets	(68,460)	(68,187)	(64,919)	(64,149)	(49,083)	(68,084)	(65,191)	(64,460)
Operating expenses	(660,995)	(656,108)	(669,913)	(668,684)	(661,147)	(635,287)	(634,679)	(640,050)
Profit (loss) from operations	773,266	818,781	690,644	765,138	735,734	732,059	692,207	610,279
Net adjustments to loans to customers	(159,613)	(107,810)	(111,598)	(82,454)	(175,043)	(124,832)	(121,264)	(137,455)
Fair value gains (losses) on property, plant and equipment	(14,495)	(14,143)	(12,605)	(13,384)	(102,698)	(11,774)	(30,469)	(1,906)
Net adjustments to securities and other financial assets	(6,512)	1,193	(287)	(2,961)	(2,114)	(1,041)	488	681
Net provisions for risks and charges	(14,304)	(16,130)	13,220	(4,978)	(8,343)	(17,164)	868	2,450
Gains (losses) on interests in associates and joint ventures and other investments	(658)	2,062	645	378	267	309	(388)	154
Profit (loss) before tax from continuing operations	577,684	683,953	580,019	661,739	447,803	577,557	541,442	474,203
Taxation charge related to profit or loss from continuing operations	(170,759)	(222,975)	(180,425)	(215,435)	(104,676)	(182,956)	(169,683)	(147,436)
Profit (loss) after tax from continuing operations	406,925	460,978	399,594	446,304	343,127	394,601	371,759	326,767
Banking industry charges net of taxes	(4,375)	-	1,474	(68,110)	698	(69,646)	(351)	(57,278)
Charges relating to early retirement incentives net of taxes	(130,182)	-	(11,686)	-	-	-	-	-
E-money impact net of taxes	-	493,125	-	-	-	-	-	-
Impact of the realignment of tax values to book values	-	-	-	-	8,802	-	-	-
Bancassurance impacts net of taxes	-	-	-	2,466	(22,245)	-	-	-
Impairment on interests in associates and joint ventures	(42,446)	-	-	-	-	-	-	-
Impact of the change in own credit risk on the issue of certificates (OCR) net of taxes	1,531	981	476	(1,775)	(2,063)	1,168	(5,845)	3,277
Impact of the purchase price allocation (PPA) net of taxes	(6,898)	(9,376)	(9,954)	(8,670)	(6,847)	(7,260)	(6,830)	(7,403)
Profit (loss) attributable to non-controlling interests	3	2	4	2	(412)	97	373	(36)
Parent Company's profit (loss) for the year	224,558	945,710	379,908	370,217	321,060	318,960	359,106	265,327

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified income statement format" of this report.

Methodological Note

Information is provided below on the aggregations and main reclassifications systematically made with respect to the financial statements formats provided for in Circular no. 262/05, in accordance with that required by CONSOB in Communication no. 6064293 of 28 July 2006.

To prepare the consolidated balance sheet, the asset items have been reclassified as follows:

- the aggregate "Loans at amortised cost" is represented by item "40. Financial assets at amortised cost" with the exclusion of debt securities, included in "Other financial assets and hedging derivatives" and of the financial assets at amortised cost pertaining to insurance companies, shown in the aggregate "Financial assets pertaining to insurance companies" of the reclassified balance sheet. As previously illustrated, senior securities deriving from the sale of non-performing loans, shown under "Other financial assets and hedging derivatives", are also excluded;

- the aggregate "Other financial assets and hedging derivatives" is made up of items 20, 30 and 50, with the exception of financial assets pertaining to insurance companies, shown in the aggregate "Financial assets pertaining to insurance companies" of the reclassified balance sheet. This aggregate also includes the amount of debt securities measured at amortised cost and of the senior securities deriving from the sale of non-performing loans mentioned above;
- the aggregate "Financial assets pertaining to insurance companies" includes the financial assets attributable to insurance operations (asset items: "20. Financial assets at fair value through profit and loss", "30. Financial assets measured at fair value through other comprehensive income", "40. Financial assets at amortised cost", "50. Hedging derivatives");
- the aggregate "Other asset items" consists of the residual items "60. Fair value change of financial assets in macro fair value hedge portfolios (+/-)" and "130. Other assets". Insurance assets are also included (item 80 of balance sheet assets).

The main balance sheet liability items were instead subject to the following reclassifications:

- the aggregate "Direct bank funding" is made up of items "10. b) Financial liabilities at amortised cost: due to customers", with the exclusion of lease payables due to customers (shown in the item of the same name in the reclassified balance sheet), and of amounts due to customers pertaining to insurance companies (shown in item "Direct funding from insurance business and insurance liabilities" of the reclassified balance sheet); "10. c) Financial liabilities at amortised cost: debt securities in issue" and "30. Financial liabilities designated at fair value", net of protected capital certificates, included in the aggregate "Other financial liabilities designated at fair value" and of financial liabilities pertaining to insurance companies designated at fair value, shown in item "Direct funding from insurance business and insurance liabilities";
- the aggregate "Direct funding from insurance business and insurance liabilities" includes the liabilities of the insurance companies for policies underwritten by customers. In particular, these are liability items "30. Financial liabilities designated at fair value", for unit-linked policies and "110. Insurance liabilities", for the remaining insurance products;
- the item "Due to banks" refers to item "10.a) Financial liabilities at amortised cost: due to banks", with the exception of lease payables due to banks (shown in the item of the same name in the reclassified balance sheet) and of amounts due to banks pertaining to insurance companies (shown in item "Direct funding from insurance business and insurance liabilities" of the reclassified balance sheet);
- the item "Lease payables" includes the liabilities at amortised cost to banks and customers relating to leasing transactions, as previously described;
- the aggregate "Other financial liabilities designated at fair value" includes items "20. Financial liabilities held for trading", increased by the amount of the protected capital certificates as described above, and "40. Hedging derivatives";
- the item "Other financial liabilities pertaining to insurance companies" includes amounts due to banks and to customers of insurance companies, not related to commitments to policyholders, recognised under liability item "10. Financial liabilities at amortised cost";
- the aggregate "Liability provisions" includes items "90. Provisions for employee severance pay" and "100. Provisions for risks and charges";
- the aggregate "Other liability items" consists of the residual items "50. Fair value change of financial liabilities in macro fair value hedge portfolios (+/-)" and "80. Other liabilities";
- the aggregate "Group shareholders' equity" is represented by items "120. Valuation reserves", "140. Equity instruments", "150. Reserves", "155. Advances on dividends", "170. Share capital", "180. Own shares (-)" and "200. Profit (loss) for the year (+/-)".

Finally, as regards the reclassified income statement, the following main reclassifications were made:

- the portion of the economic results pertaining to investee companies carried at equity (included in item 250) has been stated in a specific item, which represents, together with the "Net interest income", the aggregate defined as the "Financial margin";
- the item "Profit (loss) on insurance business" includes the items specifically attributable to the insurance business represented by the profit (loss) on insurance services (item 160) and the balance of income and expenses from insurance activities (item 170), which includes the net change in technical reserves, claims for the period, as well as other income and expenses from insurance activities. In addition, this aggregate includes the economic components (interest, dividends, realised gains/losses, gains/losses from valuation) relating to the portfolios of financial assets and liabilities held by insurance companies ("10. Interest income", "20. Interest expense", "70. Dividends", "80. Net trading income", "90. Fair value gains/losses on hedging

derivatives", "100. Gains (losses) on disposal or repurchase", "110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss", "130. Net credit impairment losses/recoveries"). It should also be noted that, in the reclassified income statement, placement fees paid by insurance companies to the banking distribution network of Banco BPM, even if consolidated using the line-by-line method, are recognised as open balances. The item "Net fee and commission income" therefore includes fee and commission income received from the distribution network, while the item "Profit (loss) on insurance business" includes fee and commission expense paid by the insurance companies. The aim of this presentation method is to allow the contributions of the various operating segments that generate the economic result to be represented, in line with the requirements of accounting standard IFRS 8;

- dividends on shares classified under financial assets at fair value through profit and loss and measured at fair value through other comprehensive income (included in item 70) were re-attributed to the "Net financial result";
- the income relating to the issue of liabilities held for trading represented by Group certificates, which in the income statement drawn up based on Circular no. 262 is shown in item "80. Net trading income", was partially re-attributed to the reclassified income statement item "Net fee and commission income". In greater detail, with an operating outlook, net fee and commission income includes the portion of product profitability that remunerates the placement activities performed by the Group. Moreover, fee and commission expense relating to placement services carried out by third party networks are included in the net trading income;
- recoveries of taxes and duties and other expenses (included in item 230) were applied as a direct decrease in "Other administrative expenses", where the related cost is recorded, instead of being indicated in the reclassified aggregate of "Other net operating income";
- gains and losses on disposal of loans, not represented by debt securities (included in item 100) and gains (losses) from contractual modification without derecognition (booked to item 140), were added, together with net credit impairment losses/recoveries, to the item "Net adjustments to loans to customers";
- ordinary and extraordinary charges introduced for banks due to the single and national resolution funds (SRF and NRF), the deposit guarantee scheme (DGS) and the Guarantee Fund of the Life insurance sector were recognised, net of relative tax effects, in a separate item "Banking industry charges net of taxes", rather than in "Other administrative expenses" and "Taxation charge related to profit or loss from continuing operations";
- the expenses relating to the incentivised retirement scheme activated by the Parent Company, recognised under the item "Personnel expenses", are recognised in a separate item of the reclassified income statement named "Charges relating to early retirement incentives", net of taxes;
- the accounting effects attributable to the transactions aimed at reorganising the payment systems segment are shown, net of the related tax effect, in a separate item of the reclassified income statement called "E-money impact net of taxes", instead of being included in the items "Gains (losses) on interests in associates and joint ventures" and "Taxation charge related to profit or loss from continuing operations";
- the impact of exercising the option to realign the tax values to the book values of the real estate for the Group's use, recognised under "Taxation charge related to profit or loss from continuing operations" was re-attributed to an ad hoc item of the reclassified income statement named "Impact of the realignment of tax values to book values";
- the overall economic impacts related to the reorganisation of bancassurance activities are shown in an ad hoc item called "Bancassurance impacts net of taxes", which includes the relative tax effects;
- the impact deriving from the impairment test conducted on interests in associates and joint ventures is shown in the ad hoc item "Impairment on interests in associates and joint ventures";
- the economic impact of a change in own credit risk related to the issue of certificates classified in the portfolio of "Financial liabilities held for trading" is included in the ad hoc item "Impact of the change in own credit risk on the issue of certificates (OCR), net of taxes". This decision derives from the need to isolate the economic effects of the volatility of said own credit risk, as, with an operating outlook, they are not deemed expressive of actual profitability of the Group;
- the impacts arising from Purchase Price Allocations made following business combinations have been grouped into a single separate item in the reclassified income statement called "Impact of Purchase Price Allocation (PPA), net of taxes". This item groups together the impacts that in the income statement format are recognised in interest income (reversal effect of the fair value measurement of loans), amortisation of intangible assets recognised in item 220 (amortisation of "client relationships" and of the "value of business acquired"), in the balance of revenues and costs of a financial nature relating to insurance activities and in the item "Taxation charge related to profit or loss from continuing operations".

The annexes to the consolidated financial statements provide the statements of reconciliation between the reclassified financial statements and those prepared on the basis of Circular no. 262.

In addition to the financial information prepared on the basis of IAS/IFRS international accounting standards, this report contains some alternative performance measures (APMs) identified in order to facilitate the understanding of the economic and financial performance of Banco BPM Group operations.

The aforementioned measures are based on the guidelines of the European Securities and Markets Authority (ESMA) of 5 October 2015 (ESMA/2015/1415), incorporated in CONSOB Communication no. 0092543 of 3 December 2015.

In particular, it should be noted that alternative performance measures:

- are based exclusively on historical data and are not indicative of future performance;
- are not determined on the basis of the IFRS accounting standards and are not subject to audit;
- are calculated on the basis of the reclassified financial statements, unless otherwise specified, and must be read together with the financial information of the Group contained in this report;
- since not all companies calculate APMs in the same way, the measures used by Banco BPM may not be consistent with similar parameters used by other companies;
- are calculated consistently and in the same way for the periods to which the financial information in this Report refers.

A list of the main APMs contained in this report is provided below, with an indication of the calculation methodology:

- **direct bank funding:** includes funding from customers represented by demand and term deposits and current accounts, bonds issued, certificates of deposit and other securities, debts and protected capital certificates relating to the Group's banking activities. On the other hand, funding relating to insurance companies is not included. For consistency with the criteria for the representation of operating results, starting from 2024, total direct bank funding also includes short-term repurchase agreements. The figures relating to the previous year have been restated to provide a like-for-like comparison;
- **core direct funding:** funding from customers relating only to current accounts and deposits;
- **direct funding from insurance business and insurance liabilities:** includes the forms of funding classified under insurance liabilities and financial liabilities pertaining to insurance companies;
- **indirect funding:** management figure that represents the financial resources of customers under management (assets under management) or under administration (administered assets), net of funding underlying protected capital certificates, included in direct funding;
- **net loans to customers:** aggregate represented by loans to customers measured at amortised cost net of loans to customers which, following the application of IFRS 9, must be measured at fair value. As described above, starting from the accounting situation as at 31 December 2024, senior securities deriving from the sale of non-performing loans, shown under financial assets, are also excluded;
- **core net performing loans/receivables:** aggregate consisting of mortgages and other loans, current accounts, credit cards and personal loans;
- **net non-performing loans:** aggregate that includes bad loans, unlikely to pay and past due and/or overdue exposures;
- **Gross NPE ratio:** ratio of gross non-performing exposures to total exposures relating to the balance sheet item "Loans to customers at amortised cost";
- **Net NPE ratio:** ratio of net non-performing exposures to total net exposures relating to the balance sheet item "Loans to customers at amortised cost";
- **cost of credit or cost of risk:** calculated as the ratio of net value adjustments on loans to customers to total on-balance sheet exposures to customers measured at amortised cost, net of value adjustments;
- **coverage ratio of non-performing loans:** calculated as the ratio of net value adjustments on non-performing loans to the gross cash exposure of non-performing loans to customers measured at amortised cost;
- **coverage ratio of non-performing loans including write-offs:** calculated as the ratio of net value adjustments on non-performing loans to the gross cash exposure of non-performing loans to customers measured at amortised cost (including gross exposures and the relative value adjustments regarding loans derecognised from the financial statements, but for which the initiatives launched for their recovery have not yet been completed);
- **bad loan coverage ratio:** calculated as the ratio of net value adjustments on bad loans to gross bad loans;

- **coverage ratio of bad loans including write-offs:** calculated as the ratio of net value adjustments on bad loans to gross bad loans (including gross exposures and the relative value adjustments regarding loans derecognised from the financial statements, but for which the initiatives launched for their recovery have not yet been completed);
- **unlikely to pay coverage ratio:** calculated as the ratio of net value adjustments on unlikely to pay loans to gross unlikely to pay loans;
- **coverage ratio of past due exposures:** calculated as the ratio of net value adjustments on past due exposures to gross past due exposures;
- **coverage ratio of performing exposures:** calculated as the ratio of net value adjustments on total performing exposures to total gross performing exposures;
- **net bad loans/loans to customers (net):** calculated as the ratio of net bad loans to total cash exposures to customers measured at amortised cost, net of value adjustments;
- **net unlikely to pay/loans to customers (net):** calculated as the ratio of net unlikely to pay loans to total net cash exposures to customers measured at amortised cost, net of value adjustments;
- **net bad loans/shareholders' equity:** calculated as the ratio of net bad loans to shareholders' equity;
- **Texas ratio:** calculated as the ratio of the net value of non-performing loans to the Group's tangible shareholders' equity (net of related tax effects);
- **tangible shareholders' equity:** the difference between shareholders' equity pertaining to the Group and intangible assets (net of the related deferred tax effects);
- **financial assets and hedging derivatives/total assets:** calculated as the ratio of aggregate financial assets and hedging derivatives inferred from the reclassified balance sheet to total assets;
- **derivative assets/total assets:** calculated as the ratio of aggregate trading and hedging derivatives shown in the balance sheet assets to total assets;
- **trading derivative assets/total assets:** calculated as the ratio of trading derivatives shown in the balance sheet assets to total assets;
- **hedging derivative assets/total assets:** calculated as the ratio of hedging derivatives shown in the balance sheet assets to total assets;
- **net trading derivatives/total assets:** calculated as the ratio of the aggregate net trading derivatives (corresponding to the mismatch, in absolute terms, between the derivatives included under the balance sheet item 20 a) of assets, "Financial assets at fair value through profit and loss - held for trading", and item 20 of liabilities, "Financial liabilities held for trading") to total assets;
- **loan to deposit ratio (net loans/direct funding):** calculated as the ratio of cash exposures to customers measured at amortised cost net of value adjustments to the aggregate of direct bank funding;
- **core operating income:** aggregate consisting of net interest income, gains (losses) on interests in associates and joint ventures carried at equity, net fee and commission income and profit (loss) on insurance business;
- **cost/income ratio:** calculated as the ratio of operating expenses to operating income resulting from the reclassified Income Statement;
- **ROE:** calculated as the ratio of net profit (loss) for the year to shareholders' equity (excluding the profit (loss) for the year and the amount of AT1 equity instruments and advances on dividends);
- **ROTE:** calculated as the ratio of net profit (loss) for the year to shareholders' equity, determined by excluding the profit (loss) for the year, AT1 equity instruments, advances on dividends and intangible assets, net of the related tax effects;
- **ROA:** calculated as the ratio of net profit (loss) for the year to total assets;
- **financial margin/operating income:** calculated as the ratio of aggregate financial margin to aggregate operating income taken from the reclassified income statement;
- **net fee and commission income/operating income:** calculated as the ratio of net fee and commission income to operating income taken from the reclassified income statement;
- **loans to customers (net) per employee:** calculated as the ratio of cash exposures to customers measured at amortised cost net of value adjustments to the average number of employees;
- **operating income per employee:** calculated as the ratio of operating income to the average number of employees;
- **operating expenses per employee:** calculated as the ratio of operating expenses to the average number of employees;
- **adjusted result:** result net of the non-recurring components described in the following paragraph.

In addition, Sustainability reporting, an integral part of this Consolidated report on operations, includes the following alternative performance measures:

- **% Share of ESG debt securities in the owned Corporate portfolio:** indicator that monitors the percentage of ESG bonds calculated on the nominal operational aggregate of the banking book portfolio of non-governmental Corporate securities managed by the Parent Company's Finance function. Therefore, supranational securities, securities in the commercial portfolio and GACS senior notes do not fall within this scope;
- **Green Social & Sustainable Bond issues:** amount of issues by the Bank of Green and Social funding instruments finalised during the year and placed within the Green, Social & Sustainability Bonds Framework defined by the Group;
- **New disbursements of medium/long-term low-carbon loans:** new medium/long-term loans disbursed by the Group during the year, aimed at supporting the environmental transition towards an economy with zero net carbon dioxide emissions and to counterparties operating in sectors with low transition risk;
- **Issue of Green, Social and Sustainable bonds as Joint Bookrunner/Lead Manager:** amount of issues of Green and Social funding instruments placed by third-party companies, in which Banca Akros S.p.A. acted as Joint Bookrunner/Lead Manager;
- **Proportion of women in managerial positions:** indicator that monitors the number of women in managerial positions out of the overall total of Group resources with codified responsibilities;
- **Delivery of training to employees:** hours of training delivered during the year to Group employees;
- **Delivery of training on ESG issues:** hours of training on ESG issues delivered to Group employees;
- **New disbursements to customers belonging to the Third Sector:** amount of "social" loans disbursed to counterparts operating in non-profit businesses identified on the basis of the relevant business segmentation;
- **Energy intensity of activities in sectors with a high climate impact compared to net revenues from these activities:** indicator that monitors energy intensity in terms of: consumption in MWh per euro of net revenue of Group companies operating in high climate impact sectors (NACE). For this indicator, net revenues are represented by the amount of rent income on owned properties shown in the financial statements under item 230. Other operating expenses/income;
- **GHG intensity compared to net revenues:** indicator that monitors the emission intensity in terms of: tonnes of CO₂e emitted by the Group (scope 1, 2 and 3) per euro of net revenues of the Group. The aggregate of net revenues used to calculate the indicator in question for the banking business and the insurance business is represented by the following income statement items: 10. Interest and similar income, 40. Fee and commission income, 70. Dividends and similar income, 80. Net trading income, 90. Fair value gains/losses on hedging derivatives, 100. Gains (losses) on disposal or repurchase, 110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss and 160. Profit (loss) on insurance services. Income on current accounts and loans and rent income on owned properties, recorded under item 230. Other operating expenses/income, is also included. In particular, items 10, 40, 70, 80, 90, 100 and 110 cited above, were included only if their net amount is greater than zero;
- **Number of members of Senior Management by gender:** indicator that monitors the number of natural persons who exercise executive functions and who are responsible for day-to-day management and report to the management body;
- **ESG sponsorships and donations:** amount of disbursements in the form of sponsorships and donations to local communities, voluntary associations and non-profit organisations;
- **Economic contribution to foundations in accordance with the Articles of Association:** amount of disbursements allocated to the Group's foundations in line with the provisions of the Articles of Association;
- **Hours of corporate volunteering:** number of working hours of employees dedicated to volunteering initiatives organised by the Group.

The regulatory capitalisation and liquidity ratios contained in this report are calculated by applying the specific legislative and regulatory provisions.

Non-recurring components of the reclassified consolidated income statement

With Communication no. DEM/6064293 of 28 July 2006, CONSOB asked companies issuing financial instruments listed on Italian regulated markets to provide information on the impact of non-recurring events or operations.

It is noted that the general criterion adopted by the Group requires that the following be classified as non-recurring:

- the results of the sale transactions of all the fixed assets (interests in associates and joint ventures, property, plant and equipment excluding the financial assets in the Hold to Collect ("HtC") portfolio, which can be sold in compliance with the materiality and frequency thresholds set out in IFRS 9);
- gains and losses on non-current assets and disposal groups held for sale;
- adjustments/recoveries on receivables (both due to valuation, and to actual losses) deriving from a change in the NPE Strategy approved during the year by the Board of Directors consisting of an amendment in the objectives and/or type of receivables subject to assignment with respect to those set forth previously;
- the income statement items of significant amounts connected with streamlining, restructuring, etc. (e.g. expenses for use of the redundancy fund, early retirement incentives, merger/integration expenses);
- income statement items of a significant amount which are not destined to recur frequently (e.g. penalties, impairments of property, plant and equipment, goodwill and other intangible assets, extraordinary debits/credits by Resolution Funds and the Interbank Deposit Guarantee Fund, effects associated with legislative changes, exceptional results, etc.);
- the economic impacts deriving from the fair value measurement of properties and other property, plant and equipment (works of art);
- tax effects connected with the income statement impacts set out in the previous points.

Conversely, the following are usually considered to be recurring:

- income statement effects deriving from the sale or measurement of all financial assets (other than loans), including those in the HtC portfolio and financial liabilities;
- save for exceptional cases, the income statement impacts deriving from valuation aspects (credit impairment losses and adjustments to other financial assets or provisions for risks and charges);
- the income statement impacts deriving from changes in reference valuation parameters considered by the valuation models applied on an ongoing basis;
- the income statement impacts of insignificant or undeterminable amounts which have the nature of contingent assets and/or liabilities (e.g. costs and revenues and/or adjustments to costs and revenues pertaining to other years);
- tax effects connected with the income statement impacts set out in the previous points.

In light of the criteria set out above, it should be noted that in 2024 the following non-recurring items were recognised:

- the item "Net financial result" includes the loss of -15.4 million, recorded as a result of the sale of the mezzanine securities subscribed by Banco BPM as part of the revision of the contractual arrangements relating to the reorganisation of the Group's real estate assets (Square project);
- the item "Net adjustments to loans to customers" includes the impact, amounting to -34.1 million, deriving from the increase in the sales targets of non-performing loans following the change in the NPL management strategy resolved by the Parent Company;
- the item "Fair value gains (losses) on property, plant and equipment" includes net write-downs of -54.6 million, to take into account updates in appraisal values rather than prices inferred from sales negotiations underway, of which -6.6 million related to the real estate portfolio of the Square project;
- the item "Net provisions for risks and charges" includes the allocation of -10.2 million, relating to the estimated charges that Banco BPM has undertaken to repay to the buyer, with reference to two properties included in the sale portfolio (so-called Square project). Allocations relating to the estimated charges for several contractual commitments of -1.4 million are also included. The total impact on the item in question therefore amounts to -11.6 million;
- the item "Gains (losses) on interests in associates and joint ventures and other investments" includes the positive result of 2.4 million, deriving from the sale of property, plant and equipment;
- the "Taxation charge related to profit or loss from continuing operations" includes the tax impacts of the aforementioned non-recurring items amounting to +31.7 million;
- the item "Charges relating to early retirement incentives net of taxes", includes the estimated charges that are expected to be incurred in relation to the agreement signed with the Trade Unions in December for voluntary redundancy, including through access to the extraordinary benefits of the Solidarity Fund, amounting to -130.2 million (-194.5 million gross). The item in question also includes the amount of charges

relating to the Incentivised Retirement Scheme activated by the Parent Company, equal to -11.7 million net of taxes (-17.5 million gross). The total impact on the item in question therefore amounts to -141.9 million (-211.9 million gross);

- the item of the reclassified income statement called "E-money impact net of taxes" included the positive effects, totalling 493.1 million, attributable to the transactions finalised as at 30 September for the reorganisation of the structure of the e-money business;
- the item "Bancassurance impacts net of taxes" includes the effects, for a total of +2.5 million, attributable to the revision of the estimates carried out in the 2023 financial statements, resulting from the definition of the prices of purchase and sale transactions linked to the reorganisation of the bancassurance business, net of the relative tax effect;
- the item "Impairment on interests in associates and joint ventures" includes the capital loss recorded on some interests, equal to -42.4 million.

Overall, the impact of non-recurring items on the net result for 2024 was positive and equal to +230.0 million.

The following non-recurring items were recognised in the income statement of the previous year:

- the item "Personnel expenses" included the allocation relating to the charges incurred in relation to the agreements with the Trade Unions regarding the early retirement of personnel, totalling -10.2 million, net of the releases of liabilities recognised in previous years of +20.8 million. The net effect on the item in question totalled +10.6 million;
- the item "Net value adjustments to property, plant and equipment and intangible assets" included the non-recurring effects resulting from the recalculation of depreciation/amortisation on assets acquired through operating lease/rental contracts of +16.9 million;
- the item "Net adjustments to loans to customers" included the impacts deriving from the increase in the targets for the sale of non-performing loans, as a result of the change in the strategy for managing non-performing loans, totalling -91.7 million;
- "Fair value gains (losses) on property, plant and equipment" included net value adjustments of -146.8 million;
- the item "Net provisions for risks and charges" included the allocation of -19.4 million relating to the estimate of charges for certain contractual commitments;
- the item "Gains (losses) on interests in associates and joint ventures and other investments" included the positive impact of +0.3 million, deriving from the sale of property, plant and equipment;
- the "Taxation charge related to profit or loss from continuing operations" included the tax impacts of the aforementioned non-recurring items amounting to +75.7 million;
- the item "Impact of the realignment of tax values to book values" included the effect, equal to +8.8 million, deriving from the expiry of the so-called recapture period envisaged by the regulations on the realignment of tax values to the book values of properties, a realignment carried out in previous years;
- the item "Bancassurance impacts net of taxes" included the effects, for a total of -22.2 million, attributable to the extraordinary transactions related to the reorganisation of the bancassurance business.

Overall, non-recurring components for 2023 were a negative -168.0 million.

When deemed significant, information about non-recurring events or operations or those which do not occur frequently in the normal execution of the business and the impacts they have on the Group's equity and financial situation, as well as its cash flows is provided in the context of specific sections in the Notes which illustrate trends in equity items.

The main balance sheet and income statement items as at 31 December 2024 are illustrated below.

Consolidated balance sheet figures

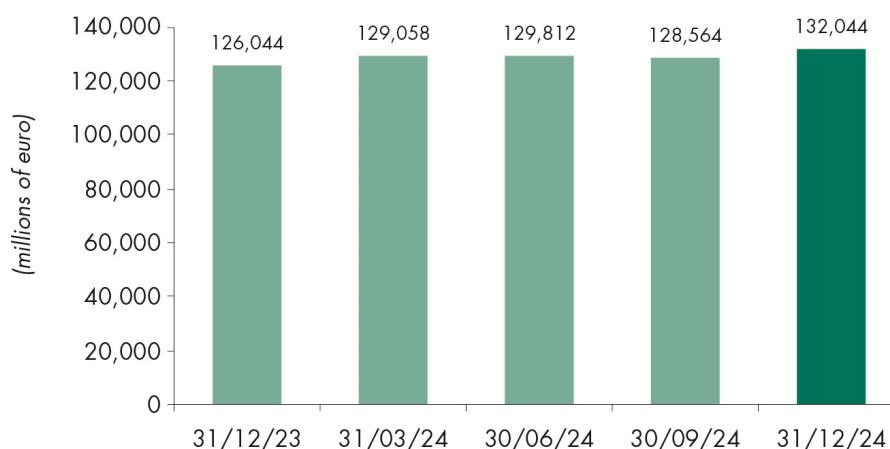
Loan brokering activities

Direct funding

(thousands of euro)	31/12/2024	% impact	31/12/2023	% impact	Abs. Change	% Change
Current accounts and deposits	100,234,499	79.5%	98,833,348	81.8%	1,401,151	1.4%
- current accounts and demand deposits	98,784,887	78.3%	98,587,817	81.6%	197,070	0.2%
- fixed-term deposits and other restricted current accounts	1,449,612	1.1%	245,531	0.2%	1,204,081	n.s.
Securities	23,391,715	18.5%	18,889,805	15.6%	4,501,910	23.8%
- bonds and liabilities at fair value	23,390,568	18.5%	18,886,862	15.6%	4,503,706	23.8%
- certificates of deposit and other securities	1,147	0.0%	2,943	0.0%	(1,796)	(61.0%)
Repurchase agreements	960,343	0.8%	1,290,049	1.1%	(329,706)	(25.6%)
Loans and other payables	1,562,557	1.2%	1,756,862	1.5%	(194,305)	(11.1%)
Direct bank funding	126,149,114	100.0%	120,770,064	100.0%	5,379,050	4.5%
Other funding (Protected capital certificates and other liabilities at fair value)	5,894,951		5,273,943		621,008	11.8%
Total direct bank funding with certificates (*)	132,044,065		126,044,007		6,000,058	4.8%

(*) For consistency with the criteria for the representation of operating results, starting from 2024, total direct funding also includes repurchase agreements. The figures relating to the previous year have been restated to provide a like-for-like comparison.

Direct funding



As at 31 December 2024, **total direct bank funding** amounted to 132.0 billion, showing an increase of 4.8% compared to 31 December 2023.

More specifically, compared to the beginning of the year, there was an increase of 4.5 billion, or 23.8%, in the component represented by bonds issued as a result of the new issues that exceeded the repayments of securities that had matured. "Core" funding, represented by current accounts and deposits, was up by 1.4% compared to the end of 2023, mainly due to the increase in fixed-term deposits and restricted current accounts.

As at 31 December 2024, the funding guaranteed by the stock of certificates with unconditional capital protection and other liabilities at fair value totalled 5.9 billion, up by 11.8% compared to the 5.3 billion as at 31 December 2023.

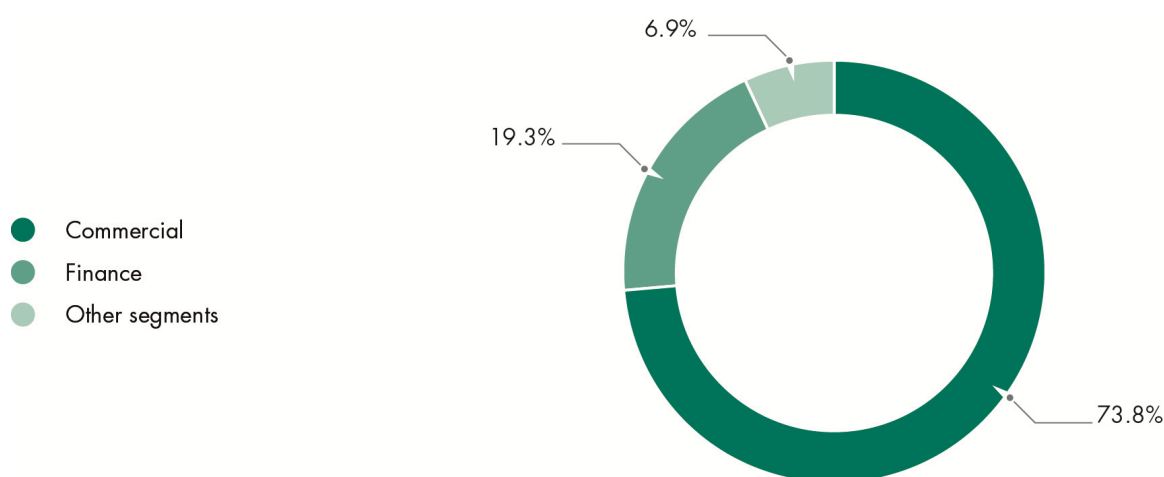
(thousands of euro)	31/12/2024	% impact	31/12/2023 restated (*)	% impact	Abs. Change	% Change
Commercial	97,429,993	73.8%	96,893,513	76.9%	536,480	0.6%
CIB	8,448,620	6.4%	7,389,916	5.9%	1,058,704	14.3%
Finance	25,457,881	19.3%	21,187,071	16.8%	4,270,810	20.2%
Corporate Centre	707,571	0.5%	573,507	0.5%	134,064	23.4%
Total direct funding	132,044,065	100.0%	126,044,007	100.0%	6,000,058	4.8%

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the balance sheet format. For more details, please refer to the Results by business segment section of this Report.

The following table shows the reconciliation of the breakdown of direct funding by business segment as at 31 December 2023 with the same table originally published in the Consolidated report on operations of the previous year.

(thousands of euro)	31/12/2023	Impact of changes in operating segments	Reclassifications (*)	31/12/2023 restated
Retail	83,262,030			
Institutional	11,555,352			
Private	2,107,453			
Commercial		96,924,835	(31,322)	96,893,513
Corporate	7,199,097			
Investment Banking	2,276,176			
CIB		9,475,273	(2,085,357)	7,389,916
Finance	19,228,439	19,228,439	1,958,632	21,187,071
Corporate Centre	(874,589)	(874,589)	1,448,096	573,507
Total	124,753,958	124,753,958	1,290,049	126,044,007

(*) The reclassifications refer to repurchase agreements which, starting from 2024, are included in the aggregate of total direct funding, for consistency with the criteria for representing operating results. The figures relating to the previous year have therefore been restated to provide a like-for-like comparison.



In terms of sector of economic activity, although with slightly higher balances at the end of the year compared to the previous year (+0.5 billion), Commercial showed a downward trend on average in 2024, also due to preference of customers for forms of indirect funding. On the contrary, the Corporate & Investment Banking business unit, thanks to the Corporate segment of the Commercial Network, grew by 1.1 billion.

However, most of the growth in Group direct funding is attributable to the Finance business unit, which stood at 25.5 billion (+4.3 billion compared to 2023). The gradual reduction, to zero, of the premiums deriving from TLTRO III, has prompted the Group to return with increasing vigour to issuing on the institutional market. Around 5.6 billion bonds

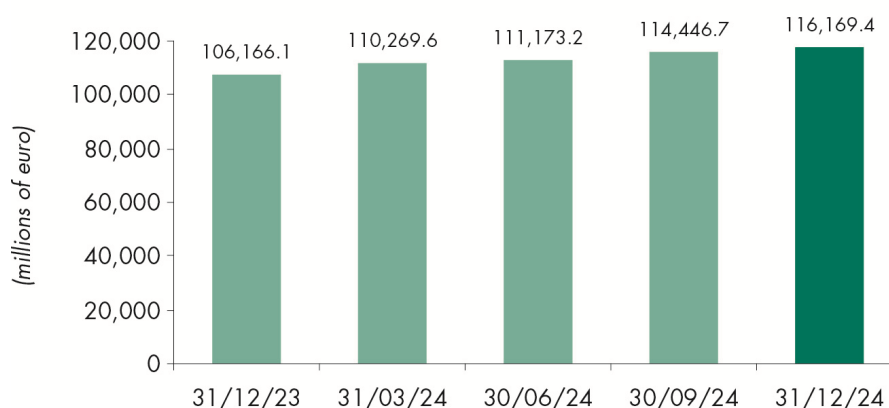
were placed with institutional investors (including repurchase agreements with underlying Group securities), of which 1.5 billion with ESG characteristics.

Direct funding from insurance business and insurance liabilities, which include the aggregate comprised by financial and insurance liabilities of insurance companies, amounted to 16.2 billion and included the contribution of Banco BPM Vita, Vera Vita and BBPM Life (15.0 billion as at 31 December 2023).

Indirect funding

(thousands of euro)	31/12/2024	% impact	31/12/2023	% impact	Abs. Change	% Change
Managed assets	66,113,211	54.9%	62,003,096	56.0%	4,110,115	6.6%
- mutual funds and SICAVs	44,725,212	37.2%	41,927,159	37.8%	2,798,053	6.7%
- securities and fund management	4,852,766	4.0%	4,369,295	3.9%	483,471	11.1%
- insurance policies	16,535,233	13.7%	15,706,642	14.2%	828,591	5.3%
Administered assets	54,259,136	45.1%	48,769,600	44.0%	5,489,537	11.3%
Total indirect funding	120,372,347	100.0%	110,772,696	100.0%	9,599,652	8.7%
Underlying funding for protected capital certificates	4,202,995		4,606,563		(403,568)	(8.8%)
Total indirect funding without certificates	116,169,352		106,166,133		10,003,220	9.4%

Indirect funding



Indirect funding net of protected capital certificates¹ amounted to 116.2 billion, up by 9.4% compared to 31 December 2023.

The managed assets component amounted to 66.1 billion, up compared to the figure of 62.0 billion as at 31 December 2023 (+6.6%). The increase is mainly concentrated in the fund and SICAV segment, which showed an increase of 2.8 billion; funding relating to asset management and the bancassurance segment also increased.

Administered assets reached 54.3 billion, an increase of 5.5 billion (+11.3%) compared to the end of 2023.

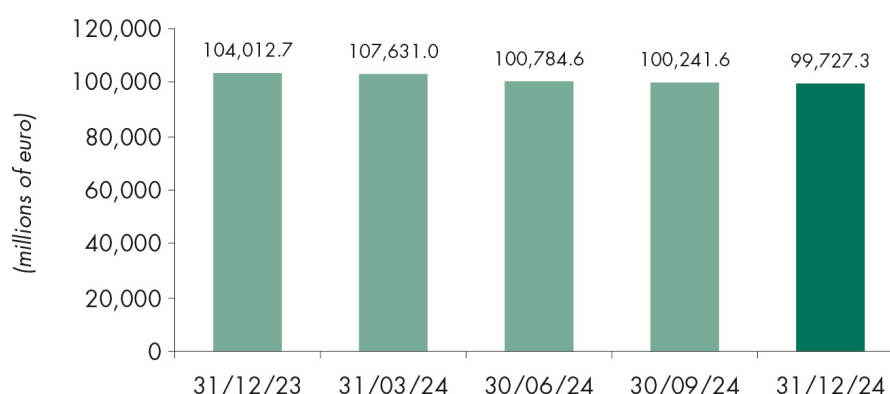
¹ For consistency with the criteria for the representation of operating results, the aggregate of indirect funding is represented net of the underlying funding for protected capital certificates.

Loans to customers

(thousands of euro)	31/12/2024	% impact	31/12/2023 (*)	% impact	Abs. Change	% Change
Mortgage loans	76,236,985	76.4%	78,346,183	75.3%	(2,109,198)	(2.7%)
Current accounts	7,865,528	7.9%	7,597,611	7.3%	267,917	3.5%
Repurchase agreements	2,997,838	3.0%	4,833,466	4.6%	(1,835,628)	(38.0%)
Finance leases	311,026	0.3%	518,682	0.5%	(207,656)	(40.0%)
Credit cards, personal loans and salary-backed loans	471,420	0.5%	666,206	0.6%	(194,786)	(29.2%)
Other transactions	11,844,477	11.9%	12,050,508	11.6%	(206,031)	(1.7%)
Total net loans to customers	99,727,274	100.0%	104,012,656	100.0%	(4,285,382)	(4.1%)

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified balance sheet format" of this report.

Net loans to customers



Net loans to customers¹ amounted to 99.7 billion as at 31 December 2024, down by 4.3 billion compared to the figure as at 31 December 2023. The decrease is attributable to both performing exposures (-3.9%) and to non-performing exposures (-15.1%). During the year, the volume of new loans amounted to 21.5 billion². The quality of the "core" loan portfolio, characterised by a high percentage of secured positions for the Non-Financial Corporate segment, was confirmed (54%³).

The disclosure relating to loans disbursed with ESG characteristics is provided in the next section of the Report on operations "Sustainability Reporting", to which reference is made for further details.

The disclosure on direct and indirect risks with customers residing in countries involved in the Russia-Ukraine and Middle-East conflicts is provided in "Part A - Accounting policies, Section 5 - Other aspects, Impacts of the Russia-Ukraine and Middle-East conflicts", to which reference is made for further details.

¹ The item in question does not include loans to customers which, following the application of IFRS 9, are mandatorily measured at fair value, and included in financial assets.

² Management figure.

³ Management figure.

Lastly, as regards the support measures implemented by the Group with regard to customers affected by the crisis resulting from the Covid-19 pandemic, please refer to "Part A - Accounting policies, Section 5 - Other aspects - Covid-19 support measures by the Group represented by loans with public guarantee".

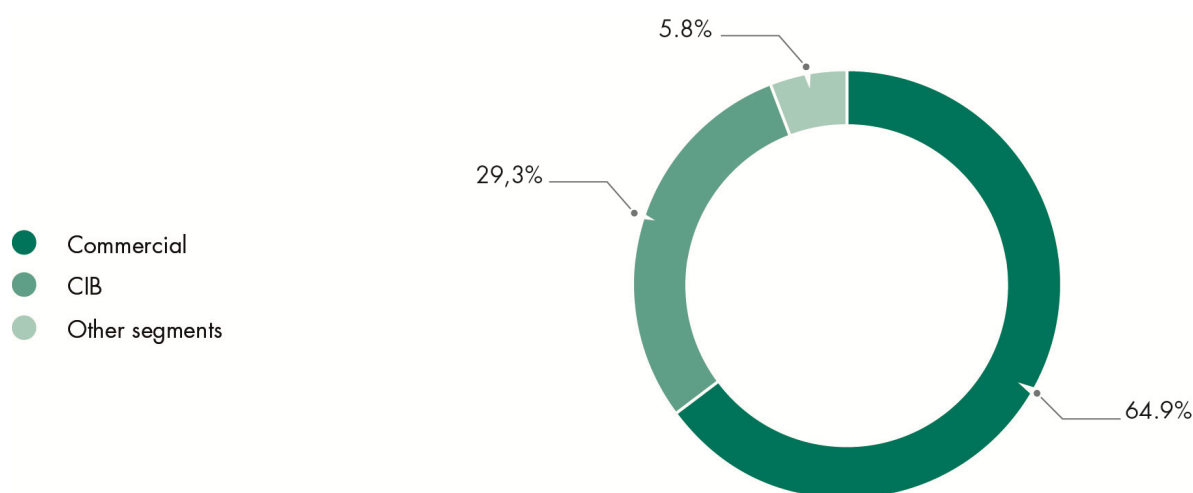
(thousands of euro)	31/12/2024	% impact	31/12/2023 restated (*)	% impact	Abs. Change	% Change
Commercial	64,730,425	64.9%	66,368,103	63.8%	(1,637,678)	(2.5%)
CIB	29,185,194	29.3%	29,591,673	28.5%	(406,479)	(1.4%)
Finance	2,996,039	3.0%	4,821,704	4.6%	(1,825,665)	(37.9%)
Corporate Centre	2,815,616	2.8%	3,231,176	3.1%	(415,560)	(12.9%)
Total net loans	99,727,274	100.0%	104,012,656	100.0%	(4,285,382)	(4.1%)

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the balance sheet format. For more details, please refer to the Results by business segment section of this Report.

The following table shows the reconciliation of the breakdown of loans by business segment as at 31 December 2023 with the same table originally published in the Consolidated report on operations of the previous year.

(thousands of euro)	31/12/2023	Impact of changes in operating segments	Reclassifications (*)	31/12/2023 restated
Retail	59,417,979			
Institutional	6,464,184			
Private	598,968			
Commercial		66,481,131	(113,028)	66,368,103
Corporate	29,439,419			
Investment Banking	296,151			
CIB		29,735,570	(143,897)	29,591,673
Finance	6,235,777	6,235,777	(1,414,073)	4,821,704
Corporate Centre	2,974,251	2,974,251	256,925	3,231,176
Total	105,426,729	105,426,729	(1,414,073)	104,012,656

(*) The reclassifications refer to the amount of senior securities deriving from the sale of non-performing loans, which starting from 2024, are excluded from the aggregate of loans to customers measured at amortised cost and shown under other financial assets. The figures relating to the previous year have therefore been restated to provide a like-for-like comparison.



In terms of sector of economic activity, the decrease in loans was observed in the Commercial and Corporate & Investment Banking business units, due to decreases in the segments that belong to the Commercial Network, in particular the medium/long-term loans component, mainly due to the interest rate trend.

The Finance business line also decreased, by 1.8 billion, as a result of the repurchase agreement component with institutional counterparties.

The Corporate Centre recorded a decrease (0.4 billion), mainly due to the run-off of leasing and consumer credit loans.

Credit quality

Loans to customers at amortised cost

(thousands of euro)	31/12/2024		31/12/2023 (*)		Abs. Change	% Change
	Net exposure	% impact	Net exposure	% impact		
Bad loans	491,434	0.5%	626,229	0.6%	(134,795)	(21.5%)
Unlikely to pay	978,930	1.0%	1,168,283	1.1%	(189,353)	(16.2%)
Non-performing past-due exposures	110,108	0.1%	67,146	0.1%	42,962	64.0%
Non-performing exposures	1,580,472	1.6%	1,861,658	1.8%	(281,186)	(15.1%)
Performing loans	98,146,802	98.4%	102,150,998	98.2%	(4,004,196)	(3.9%)
Performing exposures	98,146,802	98.4%	102,150,998	98.2%	(4,004,196)	(3.9%)
Total loans to customers	99,727,274	100.0%	104,012,656	100.0%	(4,285,382)	(4.1%)

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified balance sheet format" of this report.

(thousands of euro)	31/12/2024				31/12/2023 (*)			
	Gross exposure	Total value adjustments	Net exposure	Coverage	Gross exposure	Total value adjustments	Net exposure	Coverage
Bad loans	1,160,259	(668,825)	491,434	57.6%	1,601,345	(975,116)	626,229	60.9%
Unlikely to pay	1,552,028	(573,098)	978,930	36.9%	2,055,750	(887,467)	1,168,283	43.2%
Non-performing past-due exposures	142,590	(32,482)	110,108	22.8%	93,467	(26,321)	67,146	28.2%
Non-performing exposures	2,854,877	(1,274,405)	1,580,472	44.6%	3,750,562	(1,888,904)	1,861,658	50.4%
of which: forbore	971,332	(388,807)	582,525	40.0%	1,432,184	(632,584)	799,600	44.2%
Performing exposures	98,586,641	(439,839)	98,146,802	0.45%	102,575,086	(424,088)	102,150,998	0.41%
of which: Stage 1	89,482,716	(85,669)	89,397,047	0.1%	90,383,199	(103,730)	90,279,469	0.1%
of which: Stage 2	9,103,925	(354,170)	8,749,755	3.9%	12,196,907	(320,358)	11,876,549	2.6%
of which: forbore	1,434,986	(100,829)	1,334,157	7.0%	1,729,812	(65,341)	1,664,471	3.8%
Total loans to customers	101,441,518	(1,714,244)	99,727,274	1.7%	106,325,648	(2,312,992)	104,012,656	2.2%

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified balance sheet format" of this report.

The figures from the previous table correspond to the item "Loans to customers" in the Reclassified Balance Sheet, and coincide with the amounts indicated in "Loans" reported in table "4.2 Financial assets at amortised cost: breakdown by product for loans to customers" of these Notes to the financial statements in "Part B - Information on the consolidated balance sheet".

As illustrated in more detail in the paragraph entitled "2.3 Measurement methods for expected losses" in Part E of the Notes to the consolidated financial statements, in 2024, the Group continued with the process of revising and fine-tuning the current models, already undertaken from 2020, with a view to more accurately reflecting the expected losses of performing exposures, also as a consequence of the economic disruption caused by the situation of international political instability. This process moreover envisaged a series of post model managerial adjustments, in order to factor in certain measurement elements not adequately intercepted by current models.

Net non-performing loans (bad loans, unlikely to pay and non-performing past due and/or overdue) amounted to 1.6 billion as at 31 December 2024.

An examination of the components of the aggregate shows the following dynamics:

- net bad loans of 0.5 billion, with a decrease of 21.5% compared to 31 December 2023;
- net unlikely to pay loans of 1.0 billion, down by 16.2% compared the start of the year;
- net past due exposures amounting to 110.1 million (67.1 million as at 31 December 2023).

The percentage of non-performing exposures out of total loans, before value adjustments came to 2.8%, down compared to 3.5% as at 31 December 2023. Even net of value adjustments, there was a decrease of 1.6% compared to 1.8% as at 31 December 2023.

The coverage rate for the entire non-performing loans aggregate was 44.6% (50.4% as at 31 December 2023), in detail:

- bad loans 57.6% (60.9% as at 31 December 2023);
- unlikely to pay loans 36.9% (43.2% as at 31 December 2023);
- past-due exposures 22.8% (28.2% as at 31 December 2023).

This evolution in hedging reflects the significant derisking process carried out by the Group, which also led to a positive decline in the vintage of non-performing loans.

The coverage ratio of performing exposures was 0.45%, up compared to 31 December 2023 (0.41%).

Financial assets

(thousands of euro)	31/12/2024	% impact	31/12/2023 (*)	% impact	Abs. Change	% Change
Debt securities	42,282,230	82.4%	37,938,711	84.1%	4,343,519	11.4%
Equity instruments	2,016,383	3.9%	2,306,267	5.1%	(289,884)	(12.6%)
UCIT units	1,657,907	3.2%	1,460,186	3.2%	197,721	13.5%
Total securities portfolio	45,956,520	89.6%	41,705,164	92.4%	4,251,356	10.2%
Derivative trading and hedging instruments	2,818,245	5.5%	2,872,831	6.4%	(54,586)	(1.9%)
Loans	2,526,336	4.9%	542,459	1.2%	1,983,877	365.7%
Total financial assets	51,301,101	100.0%	45,120,454	100.0%	6,180,647	13.7%

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified balance sheet format" of this report.

Financial assets from the banking segment were equal to 51.3 billion, up by 13.7% compared to 45.1 billion as at 31 December 2023; the increase was mainly concentrated in debt securities (+4.3 billion) and, in particular, in the segments of securities at amortised cost (+1.7 billion) and securities measured at fair value through other comprehensive income (+2.2 billion). As at 31 December 2024, the aggregate in question consisted of debt securities for 42.3 billion, equity instruments and UCIT units for 3.7 billion, derivative instruments and other loans for 5.3 billion. Exposures in debt securities issued by Sovereign states amounted to 32.9 billion, of which 12.6 billion represented by Italian government securities. Investments in Italian government securities are classified under financial assets at amortised cost for 10.5 billion, in the portfolio of financial assets measured at fair value through other comprehensive income for 1.5 billion and under financial assets at fair value through profit and loss for 0.7 billion.

The table below provides the details of the financial assets of the banking segment by type and specific portfolio:

Financial assets at fair value through profit and loss and hedging derivatives

(thousands of euro)	31/12/2024	% impact	31/12/2023	% impact	Abs. Change	% Change
Debt securities	1,006,677	10.8%	486,865	6.6%	519,812	106.8%
Equity instruments	1,309,398	14.1%	2,029,648	27.5%	(720,250)	(35.5%)
UCIT units	1,657,907	17.8%	1,460,186	19.8%	197,721	13.5%
Total securities portfolio	3,973,982	42.6%	3,976,699	53.8%	(2,717)	(0.1%)
Financial and credit derivatives	2,818,245	30.2%	2,872,831	38.9%	(54,586)	(1.9%)
Loans	2,526,336	27.1%	542,459	7.3%	1,983,877	365.7%
Overall total	9,318,563	100.0%	7,391,989	100.0%	1,926,574	26.1%

Financial assets measured at fair value through other comprehensive income

(thousands of euro)	31/12/2024	% impact	31/12/2023	% impact	Abs. Change	% Change
Debt securities	12,572,969	94.7%	10,416,099	97.4%	2,156,870	20.7%
Equity instruments	706,985	5.3%	276,619	2.6%	430,366	155.6%
Total	13,279,954	100.0%	10,692,718	100.0%	2,587,236	24.2%

Financial assets at amortised cost

(thousands of euro)	31/12/2024	% impact	31/12/2023 (*)	% impact	Abs. Change	% Change
Debt securities	28,702,584	100.0%	27,035,747	100.0%	1,666,837	6.2%
Total	28,702,584	100.0%	27,035,747	100.0%	1,666,837	6.2%

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified balance sheet format" of this report.

Exposure to sovereign risk

The table below provides details of the total exposure, relating to the banking segment, in Sovereign debt securities as at 31 December 2024, (debt securities contained in portfolios of financial assets), broken down by country (amounts in thousands of euro):

Countries	Financial assets at fair value through profit and loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortised cost	Total debt securities	of which: Parent Company
Italy	663,181	1,500,578	10,478,504	12,642,263	12,639,962
Spain	-	886,409	3,893,935	4,780,344	4,780,344
Germany	6,622	1,269,610	2,882,344	4,158,576	4,158,576
France	-	2,123,641	4,556,637	6,680,278	6,680,278
Austria	-	-	306,513	306,513	306,513
Ireland	-	-	19,963	19,963	19,963
Other EU countries	-	169,624	310,122	479,746	479,744
Total EU countries	669,803	5,949,862	22,448,018	29,067,683	29,065,380
USA	1	2,709,588	720,953	3,430,542	3,430,542
Chile	-	13,295	2,031	15,326	15,326
China	-	59,514	43,523	103,037	103,037
Mexico	-	14,328	18,363	32,691	32,691
Hong Kong	-	21,936	-	21,936	21,936
Other countries	45	148,539	35,180	183,764	183,764
Total other countries	46	2,967,200	820,050	3,787,296	3,787,296
Total	669,849	8,917,062	23,268,068	32,854,979	32,852,676

Exposure is mainly concentrated within the Parent Company Banco BPM, which as at 31 December 2024 held a total of 32,852.7 million, of which 12,640.0 million relates to Italian government bonds.

Investments in sovereign debt securities are classified at 70.8% in the portfolio of financial assets at amortised cost, 27.2% in the portfolio of financial assets measured at fair value through other comprehensive income and 2.0% in the portfolio of financial assets at fair value through profit and loss as they are held for trading.

Out of this exposure, around 88.5% refers to securities issued by member states of the European Union; notably about 38.5% by Italy.

The Group has no exposures to debt securities of Russian or Ukrainian issuers. On the other hand, there are outstanding exposures of a nominal amount of 45 million in securities of Israeli issuers, as reported in "Part A - Accounting policies, Section 5 - Other aspects, Impacts of the Russia-Ukraine and Middle East conflicts" of these Notes to the consolidated financial statements.

The tables below provide, for securities issued by EU countries, more detailed information about the breakdown by accounting portfolio, residual life brackets and fair value hierarchy.

Financial assets at fair value through profit and loss

Status	Maturing by 2025	Maturing between 2026 to 2030	Maturing between 2031 to 2035	Maturing beyond 2035	Total fair value as at 31/12/2024	Total fair value by hierarchy		
						LEVEL 1	LEVEL 2	LEVEL 3
Italy	304,917	68,194	18,726	271,344	663,181	663,181	-	-
Spain	-	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-	-
Germany	-	6,622	-	-	6,622	6,622	-	-
Other EU countries	-	-	-	-	-	-	-	-
Other non-EU countries	-	-	-	46	46	46	-	-
Total	304,917	74,816	18,726	271,390	669,849	669,849	-	-
of which Parent Company	304,917	74,808	18,726	271,390	669,841	669,841	-	-

Financial assets measured at fair value through other comprehensive income

Status	Maturing by 2025	Maturing between 2026 to 2030	Maturing between 2031 to 2035	Maturing beyond 2035	Total fair value as at 31/12/2024	Net reserve at FVTOCI	Value adjustments	Total fair value by hierarchy		
								LEVEL 1	LEVEL 2	LEVEL 3
Italy	-	314,738	746,159	439,681	1,500,578	(35,252)	-	1,500,578	-	-
Spain	-	223,326	493,262	169,821	886,409	(53,786)	-	886,409	-	-
France	-	567,027	1,543,186	13,428	2,123,641	(170,138)	-	2,123,641	-	-
Germany	-	332,801	936,809	-	1,269,610	(99,408)	-	1,269,610	-	-
Other EU countries	-	57,291	112,333	-	169,624	(1,749)	-	169,624	-	-
Other non-EU countries	6,845	1,219,993	1,650,637	89,725	2,967,200	(151,359)	-	2,967,200	-	-
Total	6,845	2,715,176	5,482,386	712,655	8,917,062	(511,692)	-	8,917,062	-	-
of which Parent Company	6,845	2,715,176	5,482,386	712,655	8,917,062	(511,692)	-	8,917,062	-	-

Financial assets at amortised cost

Status	Maturing by 2025	Maturing between 2026 to 2030	Maturing between 2031 to 2035	Maturing beyond 2035	Total book value as at 31/12/2024	Total fair value by hierarchy		
						Total fair value	LEVEL 1	LEVEL 2 LEVEL 3
Italy	817,768	6,200,304	3,140,734	319,698	10,478,504	10,601,427	10,601,427	-
Spain	401,204	1,974,825	1,481,938	35,968	3,893,935	3,838,782	3,838,782	-
France	248,207	3,065,668	1,159,317	83,445	4,556,637	4,390,231	4,390,231	-
Ireland	-	19,963	-	-	19,963	19,823	19,823	-
Germany	197,793	1,268,474	1,416,077	-	2,882,344	2,808,691	2,808,691	-
Other EU countries	5,132	269,656	210,640	131,207	616,635	598,436	598,436	-
Other non-EU countries	2,031	376,139	322,324	119,556	820,050	809,146	809,146	-
Total	1,672,135	13,175,029	7,731,030	689,874	23,268,068	23,066,536	23,066,536	-
of which Parent Company	1,669,842	13,175,030	7,731,029	689,873	23,265,774	23,064,242	23,064,242	-

The item **financial assets pertaining to insurance companies** includes the contribution as at 31 December 2024 of the insurance companies Banco BPM Vita, Vera Vita and BBPM Life for a total of 16.7 billion (15.3 billion as at 31 December 2023).

Net interbank position

Loans to banks

(thousands of euro)	31/12/2024	% impact	31/12/2023	% impact	Abs. Change	% Change
Loans to central banks	1,017,014	30.2%	933,326	22.5%	83,688	9.0%
Loans to other banks	2,345,253	69.8%	3,208,304	77.5%	(863,051)	(26.9%)
Fixed-term deposits	126,034	3.7%	277,434	6.7%	(151,400)	(54.6%)
Repurchase agreements	195,841	5.8%	798,375	19.3%	(602,534)	(75.5%)
Other loans	2,023,378	60.2%	2,132,495	51.5%	(109,117)	(5.1%)
Total loans (A)	3,362,267	100.0%	4,141,630	100.0%	(779,363)	(18.8%)

Due to banks

(thousands of euro)	31/12/2024	% impact	31/12/2023	% impact	Abs. Change	% Change
Due to central banks	1,784,564	28.2%	17,042,573	78.6%	(15,258,009)	(89.5%)
Refinancing operations	1,784,564	28.2%	17,042,573	78.6%	(15,258,009)	(89.5%)
Due to other banks	4,548,158	71.8%	4,648,200	21.4%	(100,042)	(2.2%)
Current accounts and demand deposits	414,165	6.5%	219,038	1.0%	195,127	89.1%
Fixed-term deposits	218,275	3.4%	155,836	0.7%	62,439	40.1%
Repurchase agreements	3,361,454	53.1%	3,767,949	17.4%	(406,495)	(10.8%)
Other payables	554,264	8.8%	505,377	2.3%	48,887	9.7%
Total payables (B)	6,332,722	100.0%	21,690,773	100.0%	(15,358,051)	(70.8%)
Mismatch loans/payables (A) - (B)	(2,970,455)		(17,549,143)		14,578,688	(83.1%)
Due to central banks: refinancing operations	(1,784,564)		(17,042,573)		15,258,009	(89.5%)
Interbank balance (excl. refinancing operations)	(1,185,891)		(506,570)		(679,321)	134.1%
Mismatch towards central banks (excl. refinancing operations)	1,017,014		933,326		83,688	9.0%
Interbank balance towards other banks	(2,202,905)		(1,439,896)		(763,009)	53.0%

Net interbank exposure as at 31 December 2024 amounted to -2,970.5 million, compared to the balance of -17,549.1 million at the end of last year.

Due to central banks amounted to 1,784.6 million and refer mainly to deposits with the European Central Bank.

If net exposures to central banks are not considered, the net interbank balance towards other banks is negative, and amounts to -2,202.9 million (-1,439.9 million as at 31 December of last year).

Interests in associates and joint ventures

Interests in companies subject to significant influence as at 31 December 2024 amounted to 1,708.4 million, compared with 1,454.2 million as at 31 December 2023.

The increase recorded during the year, equal to 254.2 million, includes in detail:

- the acquisition of the stake in Numia Group, following the reorganisation of the e-money business (+272.0 million);
- the portions pertaining to the results recorded by investee companies during the year totalling +151.7 million;
- the effects of the reduction in equity, following the distribution of dividends totalling -81.5 million (of which: Agos Ducato -51.1 million, Anima Holding -17.9 million, Vera Assicurazioni -5.5 million, Gardant Liberty Servicing -1.9 million, SelmaBipiemme Leasing -1.9 million, Banco BPM Assicurazioni -1.4 million, Etica SGR -1.3 million);
- the net changes pertaining to the Group of valuation reserves and other reserves of associates (-4.6 million);

- the reclassification under assets held for sale of the book value, equal to -41.0 million, of SelmaBipiemme Leasing, for which negotiations are underway for its sale;
- value adjustments for impairment of -42.4 million.

Property, plant and equipment

(thousands of euro)	31/12/2024	31/12/2023	Abs. Change	% Change
Property, plant and equipment used in operations	2,036,727	2,035,759	968	0.0%
- at cost	742,360	762,595	(20,235)	(2.7%)
- at fair value	1,294,367	1,273,164	21,203	1.7%
Property, plant and equipment held for investment purposes	477,178	822,194	(345,016)	(42.0%)
- at fair value	477,178	822,194	(345,016)	(42.0%)
Total property, plant and equipment (item 90)	2,513,905	2,857,953	(344,048)	(12.0%)
Property, plant and equipment held for sale (item 120)	301,509	158,911	142,598	89.7%
Total property, plant and equipment	2,815,414	3,016,864	(201,450)	(6.7%)

The breakdown of property, plant and equipment used in operations is shown in the table below:

Property, plant and equipment used in operations (thousands of euro)	At cost	At fair value	31/12/2024	31/12/2023
Owned assets	77,553	1,294,367	1,371,920	1,341,013
- land	-	906,292	906,292	889,908
- buildings	-	335,119	335,119	330,300
- other	77,553	52,956	130,509	120,805
Rights of use acquired through leases	664,807	-	664,807	694,746
- buildings	619,105	-	619,105	665,667
- other	45,702	-	45,702	29,079
Total	742,360	1,294,367	2,036,727	2,035,759

The breakdown of property, plant and equipment held for investment purposes is shown in the table below:

Property, plant and equipment held for investment purposes (thousands of euro)	At cost	At fair value	31/12/2024	31/12/2023
Owned assets	-	477,178	477,178	822,194
- land	-	277,063	277,063	473,944
- buildings	-	200,115	200,115	348,250
Total	-	477,178	477,178	822,194

As at 31 December 2024, the total property, plant and equipment held by the Group amounted to 2,815.4 million (3,016.9 million last 31 December) and included assets held for sale of 301.5 million (158.9 million as at 31 December 2023), referring to properties for which sales agreements were defined.

The fair value measurement of the properties as at 31 December 2024 resulted in a negative adjustment of 54.6 million, of which 6.6 million attributable to the real estate portfolio relating to the Square project. Said adjustment is attributable to the valuation process carried out annually on properties and mainly refers to properties held for investment purposes.

For more details on the Square project, please refer to "Part A – Accounting policies, Section 5 – Other aspects, Other significant aspects relating to Group accounting policies" of the Notes to the consolidated financial statements.

Liability provisions

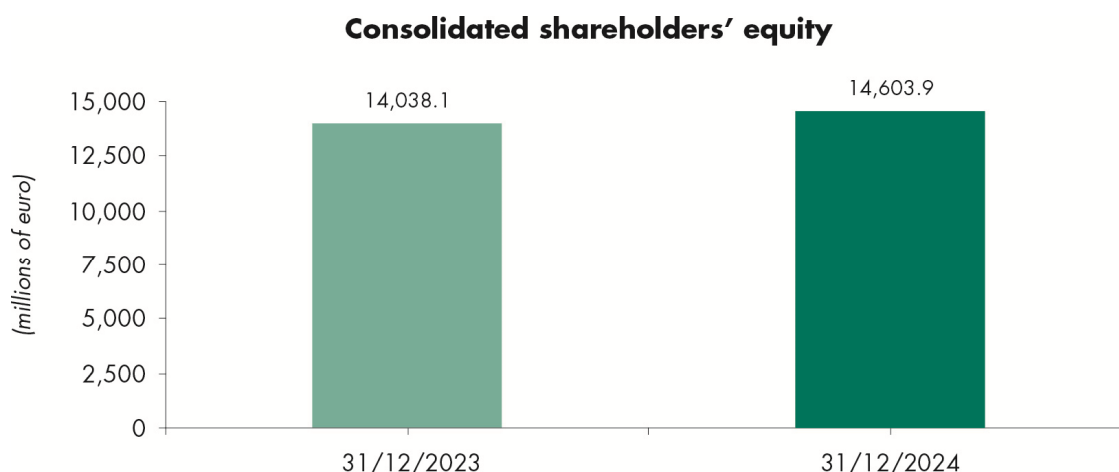
As at 31 December, liability provisions amounted to 988.6 million (894.8 million last 31 December) and included the provisions for employee severance pay of 237.8 million (246.2 million at the end of last year), pension funds of 83.5 million (91.7 million as at 31 December 2023), allocations against commitments and guarantees given of 121.3

million (133.8 million at the end of the previous year) and other provisions of 546.0 million (423.1 million at the end of 2023).

The latter included provisions for personnel expenses of 361.7 million (230.6 million as at 31 December 2023), mainly related to the charges envisaged for the use of the extraordinary provisions of the Solidarity Fund and for early retirement incentives, and provisions for legal and tax disputes of 59.9 million (68.6 million at the end of last year).

In the Notes to the consolidated financial statements, "Section 10 - Provisions for risks and charges - Item 100" in Part B liabilities, details are given with regard to the main pending legal proceedings, as well as disputes with the Tax Authorities and disputes and complaints involving customers.

Shareholders' equity and solvency ratios



The Group's consolidated shareholders' equity as at 31 December 2024, including valuation reserves and profit (loss) for the year, amounted to 14,603.9 million, compared to the figure at the end of 2023 of 14,038.1 million, with an increase of 565.8 million.

The main changes refer to the allocation of the profit for 2023, resolved by the Shareholders' Meeting of 18 April 2024 (-848.1 million), the payment of coupons on Additional Tier 1 instruments (-74.9 million), the payment of the advance on dividends for 2024, resolved in November (-600.6 million), the purchase of own shares carried out by Banco BPM to service the personnel incentive plans, net of the allocations made during the year (-47.2 million) and the change in equity instruments recorded during the year (+142.9 million) due to an issue of Additional Tier 1 securities for a nominal amount of 400 million and the repurchase of two Additional Tier 1 issues for a nominal 256.2 million. Lastly, other positive changes were recorded for a total of 1,993.7 million mainly referring to the contribution of the comprehensive income recorded in the year. The latter is positive by 1,995.0 million due to the net profit for the year of 1,920.4 million and the positive change in valuation reserves of +74.6 million, referring in particular to the valuation reserve relating to financial assets measured at fair value through other comprehensive income, as a result of financial market trends observed during the year, and that relating to costs and revenues of a financial nature relating to insurance contracts issued by the Group's insurance companies.

The following table shows the breakdown of valuation reserves:

(thousands of euro)	31/12/2024	31/12/2023
Financial assets measured at fair value through other comprehensive income	(441,283)	(530,957)
Property, plant and equipment	351,782	321,213
Foreign investment hedges	(1,823)	(2,806)
Cash flow hedges	(663)	(20,481)
Exchange rate differences	11,976	19,450
Financial liabilities designated at fair value through profit and loss (changes to its own credit risk)	(46,559)	(43,107)
Actuarial gains/(losses) on defined benefit pension plans	(59,022)	(58,468)
Share of valuation reserves related to interests in associates and joint ventures carried at equity	16,806	2,532
Revenues or costs of a financial nature relating to insurance contracts issued	(19,627)	36,246
Total	(188,413)	(276,378)

For more details, please refer to the "Statement of changes in consolidated shareholders' equity" contained in the consolidated financial statements.

The following table provides a reconciliation between the Parent Company's shareholders' equity and profit (loss) with the corresponding consolidated balances.

(thousands of euro)	Shareholders' equity	Net profit (loss) for the year
Balance as at 31/12/2024 as per the Parent Company's financial statements	14,274,128	1,850,168
Impact of the valuation at equity of associated companies	346,294	148,087
Cancellation of dividends received during the year by associated companies	-	(81,464)
Other consolidation adjustments	(16,479)	3,602
Balance as at 31/12/2024 as per the consolidated financial statements	14,603,943	1,920,393

Solvency ratios - reference legislation and standards to follow

With communication of 24 November 2023, again for the year 2024 the Bank of Italy confirmed Banco BPM Banking Group as an Other Systemically Important Institution (O-SII). Taking into account the new methodology established by the ECB for the assessment of the appropriateness of the capital buffers, the O-SII buffer is equal to 0.50% of regulatory requirements. This decision was also confirmed for 2025 by the Bank of Italy communication of 22 November 2024.

With its communication of 27 September 2024, the Bank of Italy confirmed the Countercyclical Capital Buffer ratio for exposures to Italian counterparties at zero percent also for the fourth quarter of 2024.

On 8 December 2023, the European Central Bank (ECB) informed Banco BPM of the SREP decision for the year 2024, reducing the Pillar 2 capital requirement (P2R) to 2.52%, which for the previous year was 2.57%.

Therefore, also considering the countercyclical capital buffer established by the competent national authorities for exposures to the countries in which the Group operates, (equal to 0.04%), and the introduction, from 31 December 2024, at phase-in level, of Systemic Risk Buffer (Syrb), of 0.37%, the minimum requirements that Banco BPM is required to meet as at 31 December 2024, are as follows¹:

- CET 1 ratio: 9.44%;
- Tier 1 ratio: 11.37%;
- Total Capital ratio: 13.93%.

¹ These requirements are set as follows:

- the Pillar 1 minimum requirement equal to 8% (of which 4.5% CET 1, 1.5% in terms of AT 1 and 2% in terms of Tier 2);
- the P2R requirement communicated by the ECB equal to 2.52% to be met: i) with CET 1 for 1.53% (calculated as follows: 100% of the "calendar provisioning shortfall" of 0.27% plus 56.25% for the residual requirement of 2.25%), ii) with AT 1 for 0.42% and iii) with Tier 2 for 0.56%;
- a capital conservation buffer equal to 2.50%, to be met entirely by CET 1;
- the O-SII buffer equal to 0.50% to be met entirely by CET 1;
- the countercyclical capital buffer equal to 0.04% to be met entirely by CET 1;
- the capital buffer against systemic risk (Syrb) equal to 0.37% to be met entirely by CET 1.

On 11 December 2024, Banco BPM announced that it had received the SREP decision for 2025 from the ECB, which further reduced the Pillar 2 capital requirement (P2R) from 2.52% to 2.25%. Therefore, also taking into account the new capital buffer against systemic risk, equal to 0.37%, the minimum requirements to be met on a consolidated basis from 1 January 2025 are as follows:

- CET 1 ratio: 9.17%;
- Tier 1 ratio: 11.10%;
- Total Capital ratio: 13.67%.

The Common Equity Tier 1 ratio was 15.0% compared to 14.2% as at 31 December 2023, reaching the highest level since the establishment of Banco BPM in 2017. The increase is due to both the growth in regulatory capital, which benefited from the result for the year (net of the pay-out), and the decrease in risk-weighted assets, which benefited from the lower impact deriving from application of the new internal credit risk models, compared to the conservative estimates applied as at 31 December 2023.

The Tier 1 ratio was equal to 17.3% against 16.34% as at 31 December 2023, while the Total Capital ratio was equal to 20.3% against 19.00% as at 31 December 2023. Total Capital ratio growth is also linked to the issue of Tier 2 subordinated securities for a nominal amount of 500 million in the first quarter of 2024.

Considering the requirements in force as at 31 December 2024, the buffer compared to the limit set for the possibility of distributing dividends (Maximum Distributable Amount or MDA buffer) was 587 basis points (compared to 508 basis points as at 31 December 2023, recalculated on a like-for-like basis).

Liquidity position and leverage

On 1 October 2015, Delegated Regulation (EU) no. 61/2015 entered into force, which requires that banks maintain a specific level of liquidity measured with regard to a short-term time horizon (Liquidity Coverage Ratio, "LCR"). As at 31 December 2024, Banco BPM Group had a consolidated LCR of 132% with respect to the regulatory limit of 100%.

Effective from 30 June 2021, the NSFR, the regulatory structural liquidity indicator, which measures the ratio of stable sources of funding to stable financing requirements, constitutes a regulatory requirement with a minimum of 100%. As at 31 December 2024, Banco BPM Group had a NSFR index of 126%¹.

Lastly, as regards the leverage ratio, the value as at 31 December 2024 was 5.21%.

Consolidated income statement figures

The main income statement items for 2024 are illustrated below.

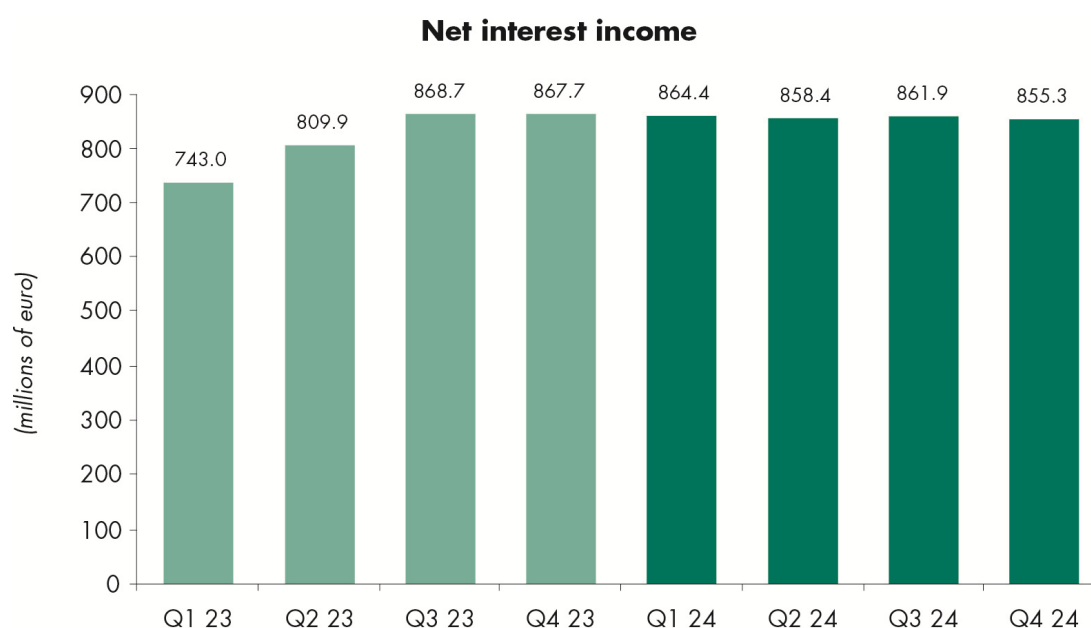
¹ Management figure.

Operating income

Net interest income

(thousands of euro)	2024	2023	Abs. Change	% Change
Financial assets (securities)	1,119,663	783,494	336,169	42.9%
Net interest due to customers	3,464,814	3,356,521	108,293	3.2%
Net interest due to banks	39,373	579	38,794	n.s.
Securities issued and other financial liabilities at fair value	(700,148)	(426,552)	(273,596)	64.1%
Hedging derivatives (net balance) (*)	5,148	68,981	(63,833)	(92.5%)
Net interest on other assets/liabilities	(488,805)	(493,795)	4,990	(1.0%)
Total	3,440,045	3,289,228	150,817	4.6%

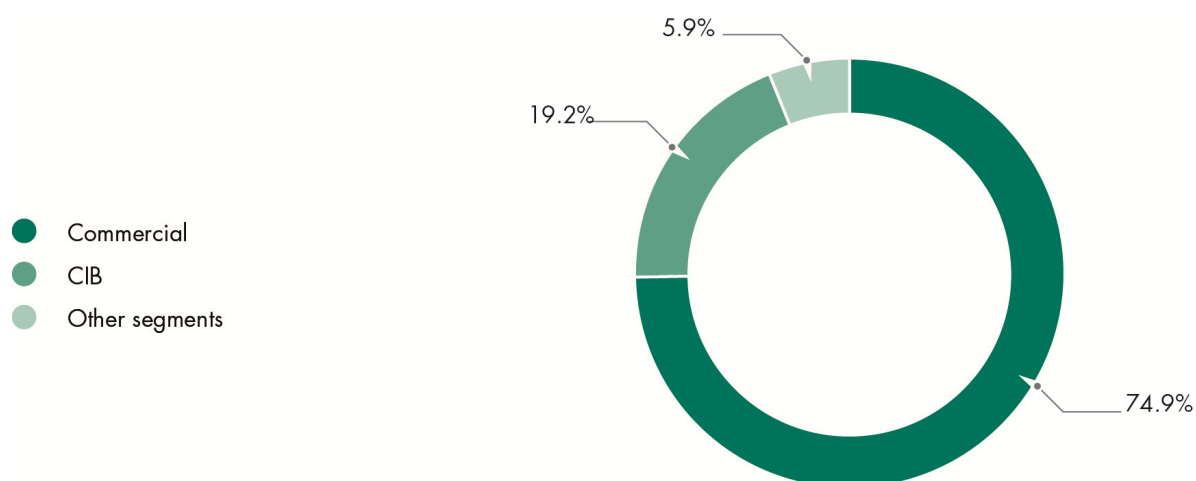
(*) The item includes the spreads pertaining to the year on derivative contracts hedging financial assets (securities held) and financial liabilities issued.



Net interest income amounted to 3,440.0 million, up by 4.6% compared to the 2023 figure (equal to 3,289.2 million), mainly due to managerial initiatives set in place to counter the reduction in the commercial spread, following the fall in interest rates.

(thousands of euro)	2024	2023 restated (*)	Abs. Change	% Change
Commercial	2,576,854	2,340,375	236,479	10.1%
CIB	660,322	602,623	57,699	9.6%
Insurance	(1,431)	(95)	(1,336)	n.s.
Strategic Partnerships	(9,893)	(1,764)	(8,129)	n.s.
Finance	130,093	368,559	(238,466)	(64.7%)
Corporate Centre	84,100	(20,470)	104,570	n.s.
Total	3,440,045	3,289,228	150,817	4.6%

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the income statement format. For more details, please refer to the Results by business segment section of this Report.



In terms of sector of economic activity, the net interest income of the Commercial business unit (2,576.9 million) benefited from the different reactivity to market rates of deposits and loans; in particular, the Retail segment recorded an increase of 202.7 million compared to 2023.

The trend in market rates also influenced the performance of the net interest income of Corporate & Investment Banking, equal to 660.3 million, within which the Corporate segment of the Commercial Network increased from 595.5 million in the previous year to 647.9 million in 2024.

With reference to the Finance business unit, a decrease was recorded (-238.5 million). In fact, the positive trend in interest income of the securities portfolio was not able to offset the higher cost of funding. The latter was impacted not only by the trend of interbank rates, but also by that linked to institutional issues, both due to the repricing of existing ones and for new issues, carried out due to the gradual loss of TLTRO loans. Moreover, 2023 had also benefited from the remuneration of the Minimum Reserve for around nine months.

The contribution to the net interest income of the Insurance and Strategic Partnerships business units was fairly negligible, while, as regards the Corporate Centre, a positive contribution from operations linked to tax credit was recorded. In particular, the interest linked to the "Ecobonus" scheme rose from 70.1 million in 2023 to 134.3 million in the current year, also benefiting from the contribution of new transactions in HTCS tax credit.

Gains (losses) on interests in associates and joint ventures carried at equity

(thousands of euro)	2024	2023	Abs. Change	% Change
Agos Ducato	76,675	76,648	27	0.0%
Anima Holding	48,499	29,513	18,986	64.3%
Vera Vita (*)	-	19,279	(19,279)	n.s.
Vera Assicurazioni	5,189	9,161	(3,972)	(43.4%)
Other investee companies	21,326	9,496	11,830	124.6%
Total	151,689	144,097	7,592	5.3%

(*) Company consolidated on a line-by-line basis effective as of 31 December 2023

Gains on interests in associates and joint ventures carried at equity were equal to 151.7 million, compared to the figure of 144.1 million last year.

The main contribution to the item in question was provided by consumer credit channelled from the interest held in Agos Ducato, equal to 76.7 million, in line with the figure of 76.6 million in 2023, as well as the contribution of the associated company Anima Holding, equal to 48.5 million (29.5 million as at 31 December 2023).

In terms of sector of economic activity, there was a decline in the Insurance business unit, while the Strategic Partnerships business unit recorded significant growth, especially thanks to the contribution of the investees Anima Holding (+19 million), Alba Leasing (+6.2 million) and SelmaBipiemme Leasing (+5.2 million).

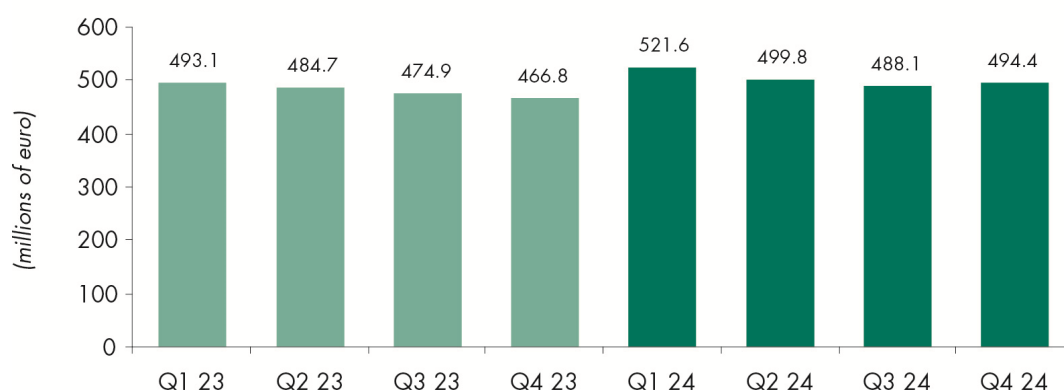
The contribution of the other interests in associates and joint ventures that are part of the Corporate Centre was substantially stable.

Net fee and commission income

(thousands of euro)	2024	2023 (*)	Abs. Change	% Change
Net fee and commission income Savings products	731,583	666,532	65,051	9.8%
- Indirect upfront - management	256,520	207,954	48,566	23.4%
- Indirect running - management	475,063	458,578	16,485	3.6%
Net fee and commission income Other	1,272,263	1,253,039	19,224	1.5%
Investment Banking	57,952	45,007	12,945	28.8%
Insurance protection (other)	63,824	54,129	9,695	17.9%
Keeping and management of current accounts	227,287	242,825	(15,538)	(6.4%)
Loans (including consumer credit and factoring) and unsecured loans	560,521	533,332	27,189	5.1%
Collection and payment services and e-money	331,694	329,638	2,056	0.6%
Other business services	121,929	115,707	6,222	5.4%
Fee and commission expense on synthetic securitisations	(85,205)	(62,164)	(23,041)	37.1%
Other services	(5,739)	(5,435)	(304)	5.6%
Total	2,003,846	1,919,571	84,275	4.4%

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified income statement format" of this report.

Net fee and commission income

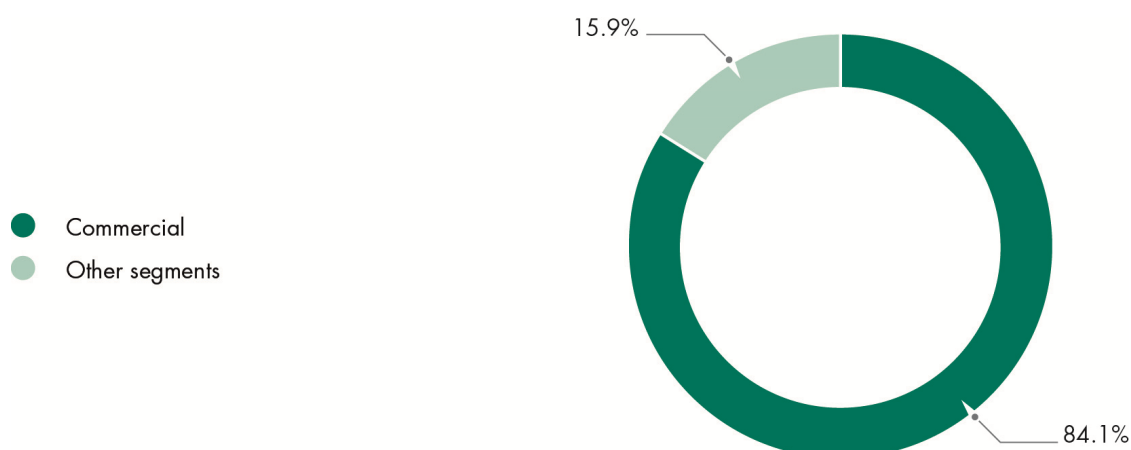


Net fee and commission income for 2024 amounted to 2,003.8 million, up 4.4% compared to the previous year, due to the performance recorded in the savings products segment (+9.8% compared to 31 December 2023). The contribution of commercial bank and other services was also positive (+1.5% compared to 31 December 2023), thanks to the contribution of fee and commission income from investment banking and loans, which offset the higher charges connected to synthetic securitisation transactions, equal to -23.0 million, and the elimination, starting from the second quarter of 2023, of fee and commission income for liquidity management, amounting to approximately 15 million¹.

(thousands of euro)	2024	2023 restated (*)	Abs. Change	% Change
Commercial	1,684,272	1,612,626	71,646	4.4%
CIB	429,328	389,560	39,768	10.2%
Finance	(32,456)	(31,994)	(462)	1.4%
Corporate Centre	(77,298)	(50,621)	(26,677)	52.7%
Total	2,003,846	1,919,571	84,275	4.4%

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the income statement format. For more details, please refer to the Results by business segment section of this Report.

¹ Management figure.



In terms of sector of economic activity, the increase recorded in net fee and commission income, which amounted to 2,003.8 million (+84.3 million), was largely due to the Commercial business unit. In particular, there was a significant increase in fee and commission income from asset management (especially mutual funds), also due to the greater demand from customers.

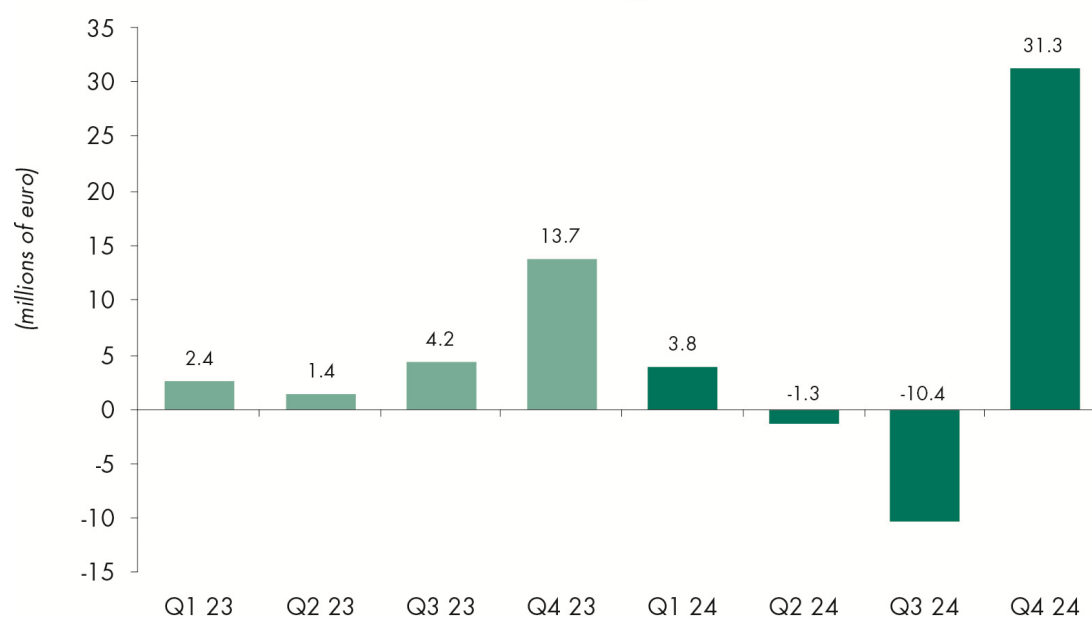
The contribution of the Corporate & Investment Banking business unit was also positive (+39.8 million), where the Corporate segment grew significantly due to the contribution of fee and commission income on loans to businesses. The Corporate Centre, on the other hand, recorded a decrease attributable to fee and commission expense relating to synthetic securitisation transactions, which rose from 62.2 million to 85.2 million.

Other net operating income

(thousands of euro)	2024	2023	Abs. Change	% Change
Income on current accounts and loans	6,269	6,466	(197)	(3.0%)
Rental income	34,673	39,156	(4,483)	(11.4%)
Expenses on leased assets	(13,768)	(12,859)	(909)	7.1%
Other income and charges (*)	(3,814)	(11,039)	7,225	(65.4%)
Total	23,360	21,724	1,636	7.5%

(*) The previous year's figures have been restated to provide a like-for-like comparison. For more details on the comparability of data, please refer to the previous paragraph "Amendments to the reclassified income statement format" of this report.

Other net operating income



Other net operating income totalled 23.4 million, compared to 21.7 million in 2023. The increase in the fourth quarter of 2024, +31.3 million compared to the negative figure of -10.4 million in the third quarter, is mainly due to the reinstatement of rental income no longer intended to be retroceded, following the contractual change in the structure of the reorganisation of the Group's real estate assets ("Square project").

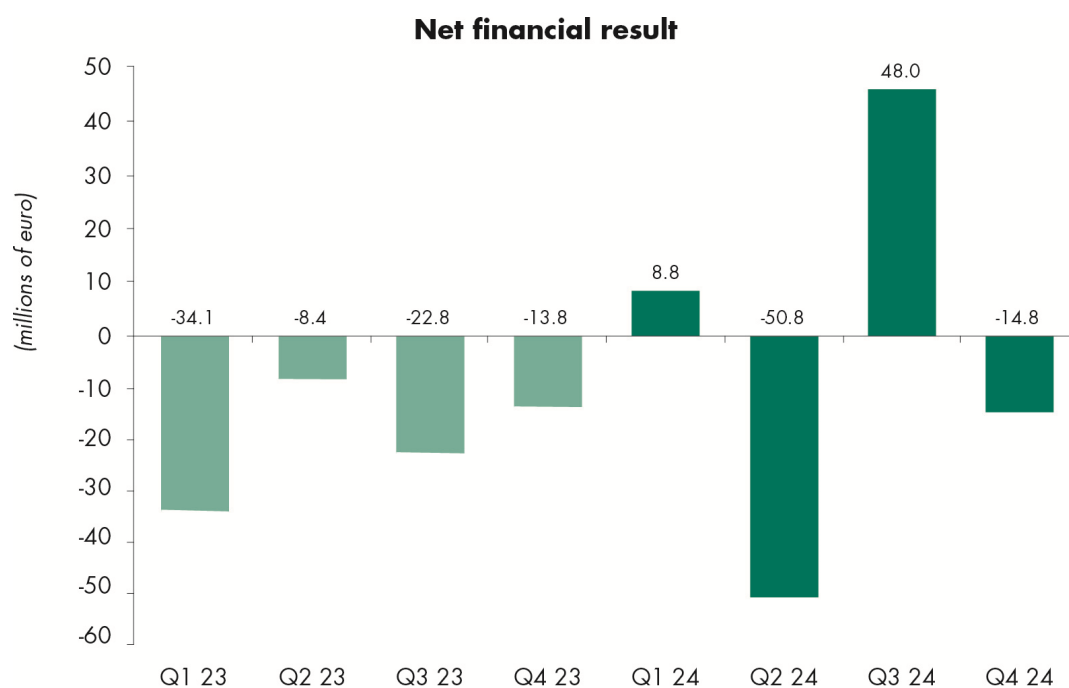
(thousands of euro)	2024	2023 restated (*)	Abs. Change	% Change
Commercial	6,019	7,653	(1,634)	(21.4%)
CIB	70	34	36	105.9%
Insurance	(1,656)	3,955	(5,611)	n.s.
Corporate Centre	18,927	10,082	8,845	87.7%
Total	23,360	21,724	1,636	7.5%

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the income statement format. For more details, please refer to the Results by business segment section of this Report.

The contribution to the aggregate in question by the sector of economic activity is substantially stable compared to the previous year.

Net financial result

(thousands of euro)	2024	2023	Abs. Change	% Change
Net trading income	156,125	95,339	60,786	63.8%
Gains/losses on disposal of financial assets	41,264	18,791	22,473	119.6%
Dividends and similar income on financial assets	34,034	24,213	9,821	40.6%
Gains/losses on repurchase of financial liabilities	1,726	1,267	459	36.2%
Fair value gains/losses on hedging derivatives	(7,013)	(1,246)	(5,767)	n.s.
Result of assets and liabilities at fair value	(234,979)	(217,393)	(17,586)	8.1%
Total	(8,843)	(79,029)	70,186	(88.8%)



The **net financial result**¹ for 2024 was negative at -8.8 million, compared to the figure of -79.0 million recorded as at 31 December 2023.

The aggregate in question includes dividends of 34.0 million (24.2 million as at 31 December 2023), net trading income of 156.1 million (95.3 million as at 31 December 2023) and the sale of financial assets of 41.3 million (18.8 million as at 31 December 2023), which were partially offset by the negative contribution of assets and liabilities designated at fair value and relative derivatives, equal to -235.0 million (-217.4 million as at 31 December 2023) mainly attributable to the higher cost of funding through certificates following the rally in rates.

The item also includes non-recurring effects of 15.4 million resulting from the sale of mezzanine securities subscribed by Banco BPM as part of the revision of the contractual arrangements relating to the "Square project".

(thousands of euro)	2024	2023 restated (*)	Abs. Change	% Change
Commercial	(31,724)	(36,079)	4,355	(12.1%)
CIB	10,945	19,300	(8,355)	(43.3%)
Finance	20,397	(47,787)	68,184	n.s.
Corporate Centre	(8,461)	(14,463)	6,002	(41.5%)
Total	(8,843)	(79,029)	70,186	(88.8%)

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the income statement format. For more details, please refer to the Results by business segment section of this Report.

In terms of economic sectors of activity, the improvement in the item recorded for the year is attributable to the Finance business line (which closed at 20.4 million, +68.2 million compared to 2023) and, in particular, to the securities portfolio of the Parent Company for trading and the sale of financial assets.

Corporate & Investment Banking recorded a downtrend, falling to 10.9 million (-8.4 million compared to 2023); the decrease is attributable to the Corporate segment, which in 2023 had benefited from the positive contribution of loans measured at fair value.

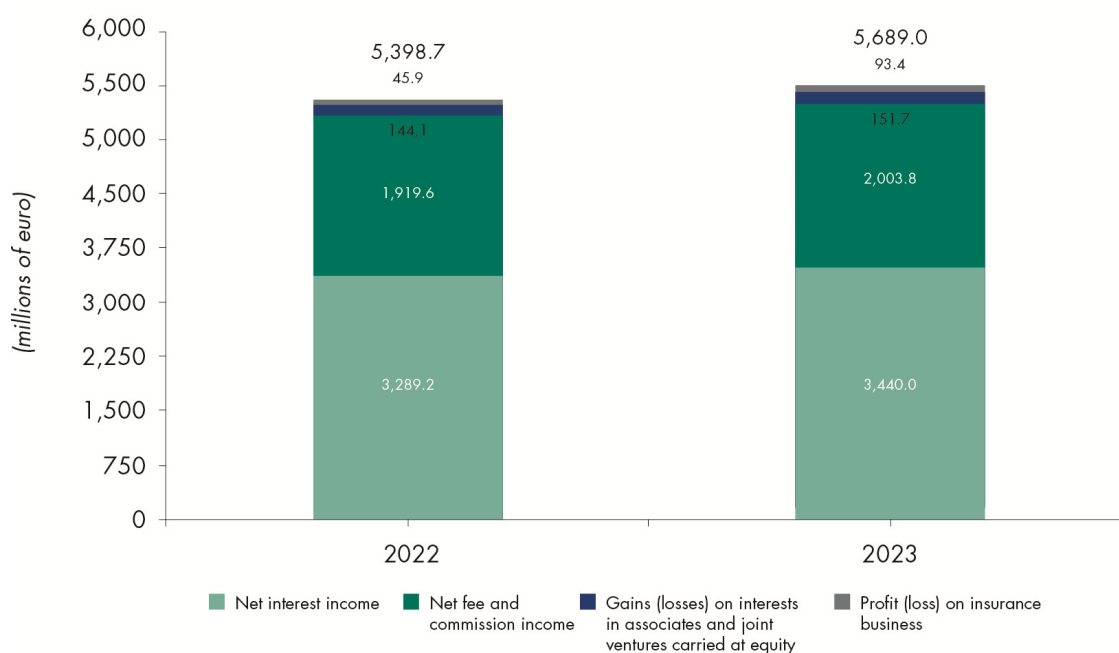
The **profit on insurance business** in 2024 amounted to 93.4 million and included the contribution of Banco BPM Vita, Vera Vita and BBPM Life. This amount is not fully comparable with the figure as at 31 December 2023 of 45.9 million, which instead included the contribution of Banco BPM Vita and Banco BPM Assicurazioni².

As a result of the trends described, the total **operating income** therefore amounted to 5,703.5 million, up compared to the 5,341.4 million recorded last year (+6.8%).

¹ The item does not include the accounting effect of the change in the credit rating of the Group with regard to the fair value measurement of bank-issued liabilities (certificates), which led to the recognition of a positive impact of 1.8 million in the year, compared to 5.2 million recorded as at 31 December 2023. This effect is shown, net of taxes, in a separate item of the reclassified income statement.

² The contribution to the item in question relating to Vera Vita and its subsidiary BBPM Life, whose control was acquired near the end of the year 2023, was recognised starting from 2024.

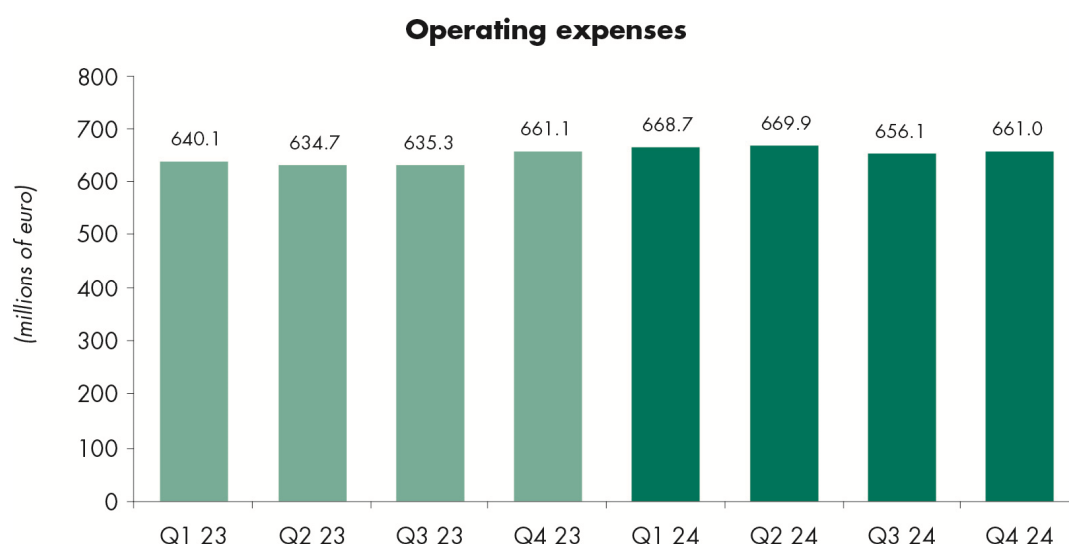
Core operating income



Taking only revenues from the core business into account, represented by the sum of the aggregates relating to net interest income, net fee and commission income, gains (losses) on interests in associates and joint ventures carried at equity and profit (loss) on insurance business, the 2024 figure reached 5,689.0 million, up 5.4% compared to the figure for the previous year.

Operating expenses

(thousands of euro)	2024	2023	Abs. Change	% Change
Personnel expenses	(1,745,204)	(1,671,952)	(73,252)	4.4%
Other administrative expenses	(644,781)	(652,393)	7,612	(1.2%)
- Taxes and duties	(338,645)	(308,852)	(29,793)	9.6%
- Services and consulting	(323,967)	(317,159)	(6,808)	2.1%
- Property	(63,933)	(69,208)	5,275	(7.6%)
- Postal, telephone and stationery	(19,255)	(24,333)	5,078	(20.9%)
- Maintenance and fees for furniture, machines and systems	(100,545)	(100,206)	(339)	0.3%
- Advertising and entertainment	(16,260)	(15,417)	(843)	5.5%
- Other administrative expenses	(85,847)	(91,307)	5,460	(6.0%)
- Expense recoveries	303,671	274,089	29,582	10.8%
Value adjustments to property, plant and equipment and intangible assets	(265,715)	(246,818)	(18,897)	7.7%
- Value adjustments to property, plant and equipment	(157,293)	(148,174)	(9,119)	6.2%
- Value adjustments to intangible assets	(107,741)	(98,024)	(9,717)	9.9%
- Net write-downs for impairment	(681)	(620)	(61)	9.8%
Total	(2,655,700)	(2,571,163)	(84,537)	3.3%



Personnel expenses, amounting to 1,745.2 million, showed an increase of 4.4% compared to 1,672.0 million in the previous year; the increase is mainly attributable to the higher charges deriving from the renewal of the National Collective Labour Agreement. The total number of employees was 19,490 as at 31 December 2024 (of which 150 pertaining to the insurance companies), compared to 19,761 staff employed as at 31 December 2023 (of which 146 pertaining to the insurance companies).

Other administrative expenses¹, equal to 644.8 million, were down by 1.2% compared to the 2023 figure of 652.4 million.

Net value adjustments to property, plant and equipment and intangible assets amounted to a total of 265.7 million, compared to 246.8 million in the previous year, which included positive non-recurring effects of 16.9 million.

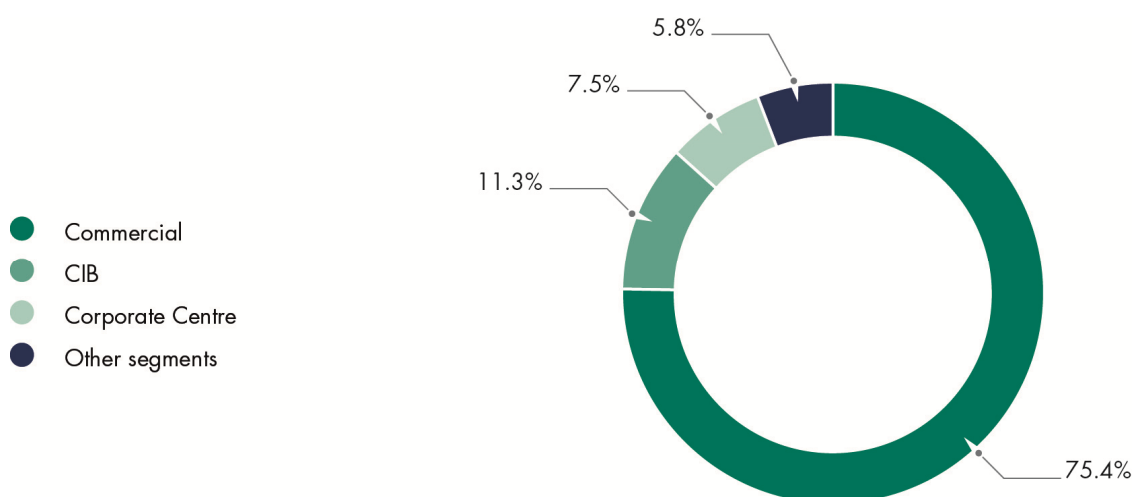
Total **operating expenses** therefore amounted to 2,655.7 million, up by 3.3% compared to 2,571.2 million as at 31 December 2023.

The **cost/income ratio** for the year was 46.6%, lower than the 48.1% recorded as at 31 December 2023, despite the inclusion of the aforementioned costs for the renewal of the National Collective Labour Agreement.

(thousands of euro)	2024	2023 restated (*)	Abs. Change	% Change
Commercial	(2,002,217)	(1,971,908)	(30,309)	1.5%
CIB	(300,034)	(272,996)	(27,038)	9.9%
Insurance	(24,222)	(13,906)	(10,316)	74.2%
Strategic Partnerships	(2,638)	(2,380)	(258)	10.8%
Finance	(128,289)	(113,346)	(14,943)	13.2%
Corporate Centre	(198,300)	(196,627)	(1,673)	0.9%
Total	(2,655,700)	(2,571,163)	(84,537)	3.3%

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the income statement format. For more details, please refer to the Results by business segment section of this Report.

¹ The aggregate does not include the "banking industry charges", represented by the contribution to the Interbank Deposit Guarantee Fund and to the new Guarantee Fund of the Life insurance sector, reported in a separate item of the reclassified income statement, net of the relative tax.



In terms of sector of economic activity, operating expenses, which amounted to 2,655.7 million, were up compared to the previous year in substantially all business units. The increase in personnel expenses, from 1,672.0 million to 1,745.2 million, is mainly attributable to charges for the renewal of the National Collective Labour Agreement, while the increase in other administrative expenses was negatively impacted by the increase in the level of prices.

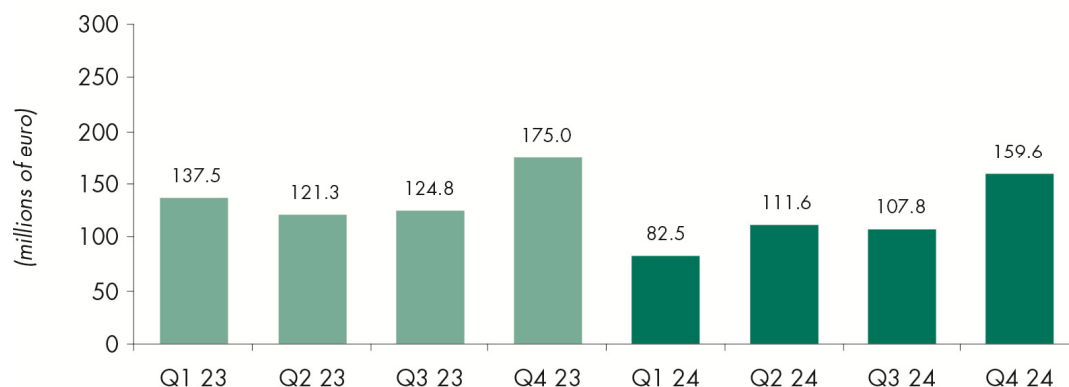
Profit (loss) from operations

The **profit from operations** for 2024 stood at 3,047.8 million, up by 10.0% compared to 2,770.3 million in the previous year.

Adjustments and provisions

(thousands of euro)	2024	2023	Abs. Change	% Change
Net adjustments to loans at AC to customers	(398,042)	(513,513)	115,471	(22.5%)
Stage 3	(369,561)	(491,755)	122,194	(24.8%)
Stage 2	(59,661)	(66,777)	7,116	(10.7%)
Stage 1	22,306	45,019	(22,713)	(50.5%)
Acquired or originated impaired	8,874	-	8,874	n.s.
Gains (losses) on disposal of loans	(64,031)	(45,546)	(18,485)	40.6%
Gains (losses) from contractual modification without derecognition	598	465	133	28.6%
Total	(461,475)	(558,594)	97,119	(17.4%)

Net adjustments to loans to customers



Net adjustments to loans to customers in 2024, amounting to 461.5 million, showed a decrease on the figure as at 31 December 2023, which was 558.6 million (-17.4%).

The aggregate includes the impact, amounting to 34.1 million, deriving from the increase in the sale targets of non-performing loans following the change in the NPL management strategy resolved by the Parent Company.

As at 31 December 2024, the cost of credit, measured by the ratio of net value adjustments on loans to net loans, was 46 bps, down with respect to the 54 bps¹ recorded at the end of 2023.

This result was achieved by safeguarding the solid levels of coverage achieved in previous periods.

Fair value gains (losses) on property, plant and equipment as at 31 December 2024 were -54.6 million (-146.8 million in 2023), following the adjustment of the value of several properties.

The item **net adjustments to securities and other financial assets** includes net losses of -8.6 million (-2.0 million as at 31 December 2023).

Net provisions for risks and charges in the year amounted to -22.2 million, in line with the figure recorded as at 31 December 2023.

The item **gains/losses on interests in associates and joint ventures and other investments** as at 31 December 2024 amounted to +2.4 million (+0.3 million as at 31 December 2023).

Due to the trends described, the **profit (loss) before tax from continuing operations** was 2,503.4 million compared to 2,041.0 million in the previous year (+22.7%).

Other revenue and cost items

The **taxation charge related to profit or loss from continuing operations** was -789.6 million (-604.8 million as at 31 December 2023).

Profit after tax from continuing operations was therefore 1,713.8 million, an increase of 19.3% compared to 1,436.3 million in 2023.

Banking industry charges net of taxes were also charged to the income statement for the year for a total of 71.0 million (105.0 million gross), represented by the amount of the last annual contribution due to the Interbank Deposit Guarantee Fund (FITD), equal to 98.7 million gross, and the estimated amount of the first contribution due to the new Guarantee Fund of the Life insurance sector, equal to 6.3 million gross. In the previous year, the contribution to the FITD, equal to 102.2 million gross, and the last annual contribution due to the Single Resolution Fund, equal to 85.4 million gross, were charged to the income statement. The overall impact on the income statement as at 31 December 2023, net of the related tax effect, amounted to 126.6 million (187.5 million gross).

The item **charges relating to early retirement incentives net of taxes**, included the estimated charges that are expected to be incurred in relation to the agreement signed with the Trade Unions in December for voluntary redundancy, through access to the extraordinary benefits of the Solidarity Fund, as well as the amount of charges relating to the Incentivised Retirement Scheme activated by the Parent Company in June 2024. The overall impact, net of the related tax effect, amounted to -141.9 million (-211.9 million gross).

The item **e-money impact net of taxes** included the positive effects, totalling 493.1 million, attributable to the transactions completed on 30 September 2024 for the reorganisation of the payment systems segment.

The item **bancassurance impacts net of taxes** included the effects, for a total of +2.5 million, attributable to the revision of the estimates carried out in the 2023 financial statements, resulting from the definition of the prices of purchase and sale transactions linked to the reorganisation of the bancassurance business, net of the relative tax effect.

The item **impairment on interests in associates and joint ventures** includes the capital loss recorded on some interests, equal to -42.4 million.

¹ Data recalculated for a like-for-like comparison.

In the year, the **impact of the change in own credit risk on the issue of certificates (OCR) net of taxes**, was a positive 1.2 million (1.8 million before taxes), compared to the negative impact recorded as at 31 December 2023 of -3.5 million (-5.2 million before taxes).

As at 31 December 2024, the **impact of the Purchase Price Allocation (PPA) net of taxes** amounted to -34.9 million, against -28.3 million in 2023. This item includes the overall economic impact, net of the related tax effect, of the reversal effects deriving from the allocation of the prices paid with regard to the following transactions:

- business combination between the former Banco Popolare di Verona e Novara Group and the Banca Popolare Italiana Group, which took place in 2007;
- business combination between the former Banco Popolare Group and the Banca Popolare di Milano Group, completed in 2017;
- acquisition of control of Banco BPM Vita in July 2022;
- acquisition of control of Vera Vita (and indirectly of the subsidiary BBPM Life) completed in December 2023, whose reversals took economic effect starting from the first quarter of 2024.

Starting from the first quarter of 2024, the item in question also included the impacts linked to the reversal of the PPA related to the acquisition of control of Vera Vita and BBPM Life completed at the end of 2023¹.

More specifically, the impact on the consolidated income statement for 2024 was -6.4 million on net interest income (relating to the evolution of the different valuations of the loans purchased), and -33.0 million on other net operating income (due to the amortisation of the intangibles recognised in the PPA) and -11.4 million on the result of insurance activities.

Net of the relative taxes, the total impact on the income statement for 2024 amounted to -34.9 million (-28.3 million for 2023).

As a result of the trends described above, 2024 closed with a **net profit** of 1,920.4 million (1,264.5 million as at 31 December 2023).

The **result net of non-recurring items** was 1,690.6 million, up on the previous year (1,432.4 million; +18%).

¹ The PPA relating to the business combination of Vera Vita and BBPM Life, recognised on a provisional basis as at 31 December 2023, was established as final as at 31 December 2024 with no further impact on the overall fair value of the acquired companies.

RESULTS BY BUSINESS SEGMENT

Introduction

According to IFRS 8, companies must provide information enabling users of financial statements to assess the nature and the effects on the financial statements of their business activities and the economic contexts in which they operate. Therefore, it is necessary to highlight the contribution of the various "operating segments" to the formation of the Group's income.

The identification of the "operating segments" of this Section is consistent with the procedures adopted by Company Management to make operating decisions and is based on internal reporting, used for allocating resources to the various segments and analysing their performance, as amended in 2024 following the corporate reorganisations illustrated below.

It should be noted that, following the demerger of the Global Markets business unit from the subsidiary Banca Akros in favour of the Parent Company, starting from the year 2024, the contribution of the operations of that business unit is shown in the Finance business unit.

In addition, the following additional changes were made to the structure of segment reporting:

- creation of a business unit named Commercial, which brings together the activities of the Retail, Institutional and Private segments of the Commercial Network;
- creation of a business unit, named Corporate and Investment Banking, which includes the Corporate segment of the Commercial Network and the contribution of Banca Akros and its subsidiary Oaklins Italy.

Therefore, for 2024, the business units taken as a reference to provide segment reporting are as follows:

- Commercial;
- Corporate and Investment Banking;
- Insurance;
- Strategic Partnerships;
- Finance;
- Corporate Centre.

A brief illustration of the breakdown of the various operating segments is provided below:

- The "Commercial" business unit includes, as mentioned above, the Retail, Institutional and Private segments. More specifically:
 - the "Retail" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers and small businesses. These activities are for the most part carried out by the Parent Company's Commercial Network;
 - the "Institutional" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at bodies and institutions (UCITs, SICAVs, insurance companies, pension funds and banking foundations). Those activities are conducted in an equal amount by the Commercial Network of the Parent Company, for "local institutional" counterparties, and by specialised branches, for "systemically-important institutional" counterparties;
 - the "Private" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers with assets that, individually and/or within their business, amount to at least 1 million. These activities are carried out by the subsidiary Banca Aletti;
- the "Corporate and Investment Banking" business unit includes, as mentioned above, the Corporate operations of the Commercial Network and the contribution of Banca Akros and its subsidiary Oaklins Italy. More specifically:
 - the "Corporate" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at medium and large-sized companies. These activities are for the most part carried out by the Parent Company's Commercial Network;
 - the "Investment Banking" segment includes the search for solutions for the efficient management of customers' assets and liabilities, also in order to reduce their financial risks, access to regulated markets and support and development of specialised financial services in the Corporate Finance area. These activities are carried out by Banca Akros and by Oaklins Italy;

- the "Insurance" business unit includes the contribution of Banco BPM Vita, BBPM Life and Vera Vita, as well as the contribution to the consolidated results of the interests held in Vera Assicurazioni and Banco BPM Assicurazioni;
- the "Strategic Partnerships" business unit includes the contribution of the interests held in Agos Ducato, Alba Leasing, SelmaBipiemme Leasing, Gardant Liberty Servicing, Anima Holding and Numia Group;
- the "Finance" business unit includes, aside from the above-mentioned Global Market operations, activities relating to the portfolio of owned securities, treasury, the Group's Asset and Liability Management and the stock of bond issues placed on institutional markets;
- in addition to governance and support functions, the "Corporate Centre" business unit also includes activities relating to the leasing business, equity interests not allocated to "Strategic Partnerships" and companies operating in the real estate sector. Lastly, all the consolidation entries are included in this residual segment.

The tables below provide details of the main income statement and balance sheet figures by segment as at 31 December 2024, compared with the corresponding figures for the previous year.

As envisaged by paragraph 29 of IFRS 8, the figures referring to 2023 have been restated with respect to those published in the Annual Financial Report as at 31 December 2023, to reflect the change introduced in the composition of the operating segments indicated above, so as to allow a like-for-like comparison. More specifically:

- the contribution referring to the Retail, Institutional and Private segments is shown in aggregate form in the new "Commercial" business unit;
- the contribution referring to the Investment Banking segment, net of the contribution referring to the Global Markets activity of Banca Akros, and the Corporate segment of the Commercial Network, is shown in the new "Corporate and Investment Banking" business unit;
- the contribution referring to the Global Markets activities of Banca Akros, previously included in the Investment Banking operating segment, is shown in the "Finance" business unit.

In addition, for management purposes, the data referring to 2023 have been restated for a comparison on a like-for-like basis with the profiling criteria used for 2024.

Lastly, the comparative data of the previous year were restated to take account of the amendments to the reclassified income statement format.

In more detail, income relating to e-money activities, carried out by the subsidiary Tecmarket Servizi, as well as income for the management of digital payment services, provided by the Parent Company following the partial demerger of the above-mentioned subsidiary on 1 January 2023, originally shown in the item "Other net operating income" was reclassified under "Net fee and commission income". In addition, the capital gain recorded as a result of the reorganisation of the payment systems is represented in the new item of the reclassified income statement named "E-money impact net of taxes".

In the following sections, at the foot of the income statements of each segment, a reconciliation is provided between the figures published in the Consolidated report on operations for the previous year and those included for comparative purposes.

Results by business segment: summary data

	Group	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Operating income							
2024	5,703,529	4,235,421	1,100,659	97,830	132,504	118,034	19,081
2023 (*)	5,341,442	3,924,575	1,011,517	78,151	111,833	288,778	(73,412)
Operating expenses							
2024	(2,655,700)	(2,002,217)	(300,034)	(24,222)	(2,638)	(128,289)	(198,300)
2023 (*)	(2,571,163)	(1,971,908)	(272,996)	(13,906)	(2,380)	(113,346)	(196,627)
Profit (loss) from operations							
2024	3,047,829	2,233,204	800,625	73,608	129,866	(10,255)	(179,219)
2023 (*)	2,770,279	1,952,667	738,521	64,245	109,453	175,432	(270,039)
Profit (loss) for the year							
2024	1,920,393	1,098,166	419,843	56,502	91,549	(10,477)	264,810
2023 (*)	1,264,453	926,987	373,492	56,285	110,810	111,154	(314,275)
Net loans							
2024	99,727,274	64,730,425	29,185,194	-	-	2,996,039	2,815,616
2023 (**)	104,012,656	66,368,103	29,591,673	-	-	4,821,704	3,231,176
Direct funding (with certificates)							
2024	132,044,065	97,429,993	8,448,620	-	-	25,457,881	707,571
2023 (***)	126,044,007	96,893,513	7,389,916	-	-	21,187,071	573,507

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. Account was also taken of the amendments to the income statement format as described in the previous paragraph.

(**) Starting from the accounting situation as at 31 December 2024, senior securities deriving from the sale of non-performing loans, previously included in the aggregate of net loans to customers, are included under financial assets. The figures relating to the previous year have been restated to guarantee a like-for-like comparison.

(***) For consistency with the criteria for the representation of operating results, starting from 2024, total direct funding also includes repurchase agreements. The figures relating to the previous year have been restated to provide a like-for-like comparison.

A description of the individual segments is given below, focusing first on the performance of the income statement and then providing a more detailed analysis of the main activities conducted, both commercial and otherwise, dividing them consistently with the internal organisation of the segment in question.

Commercial

	2024	2023 restated (*)	absolute change	% change
Net interest income	2,576,854	2,340,375	236,479	10.1%
Financial margin	2,576,854	2,340,375	236,479	10.1%
Net fee and commission income	1,684,272	1,612,626	71,646	4.4%
Other net operating income	6,019	7,653	(1,634)	(21.4%)
Net financial result	(31,724)	(36,079)	4,355	(12.1%)
Other operating income	1,658,567	1,584,200	74,367	4.7%
Operating income	4,235,421	3,924,575	310,846	7.9%
Personnel expenses	(1,176,357)	(1,140,808)	(35,549)	3.1%
Other administrative expenses	(730,973)	(734,147)	3,174	(0.4%)
Net value adjustments to property, plant and equipment and intangible assets	(94,887)	(96,953)	2,066	(2.1%)
Operating expenses	(2,002,217)	(1,971,908)	(30,309)	1.5%
Profit (loss) from operations	2,233,204	1,952,667	280,537	14.4%
Net adjustments to loans to customers	(308,683)	(332,994)	24,311	(7.3%)
Net provisions for risks and charges	(17,836)	(30,704)	12,868	(41.9%)
Profit (loss) before tax from continuing operations	1,906,685	1,588,969	317,716	20.0%
Taxation charge related to profit or loss from continuing operations	(635,600)	(531,216)	(104,384)	19.7%
Profit (loss) after tax from continuing operations	1,271,085	1,057,753	213,332	20.2%
Banking industry charges net of taxes	(62,779)	(106,690)	43,911	(41.2%)
Charges relating to early retirement incentives net of taxes	(89,911)	-	(89,911)	n.s.
Impact of the Purchase Price Allocation (PPA) net of taxes	(20,229)	(24,076)	3,847	(16.0%)
Parent Company's profit (loss) for the year	1,098,166	926,987	171,179	18.5%

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. The amendments to the income statement format, as described in the introduction to the Results by business segment of this report, which should be referred to for further details, have been taken into account.

The following table shows the reconciliation of the reclassified income statement of the Commercial business unit for 2023, with the same statement originally published in the Consolidated report on operations of the previous year.

2023	Retail	Institutional	Private	Reclassification of e-money income	Management reclassifications	Income statement 2023 restated
Net interest income	2,126,138	163,820	37,583		12,834	2,340,375
Financial margin	2,126,138	163,820	37,583	-	12,834	2,340,375
Net fee and commission income	1,432,851	46,533	96,797	19,098	17,347	1,612,626
Other net operating income	24,578	2,170	5	(19,098)	(2)	7,653
Net financial result	(20,044)	135	(1,468)		(14,702)	(36,079)
Other operating income	1,437,385	48,838	95,334	-	2,643	1,584,200
Operating income	3,563,523	212,658	132,917	-	15,477	3,924,575
Personnel expenses	(1,064,066)	(14,178)	(62,563)		(1)	(1,140,808)
Other administrative expenses	(684,644)	(32,014)	(17,489)			(734,147)
Net value adjustments to property, plant and equipment and intangible assets	(91,317)	(322)	(5,314)			(96,953)
Operating expenses	(1,840,027)	(46,514)	(85,366)	-	(1)	(1,971,908)
Profit (loss) from operations	1,723,496	166,144	47,551	-	15,476	1,952,667
Net adjustments to loans to customers	(329,143)	(3,748)	(265)		162	(332,994)
Net provisions for risks and charges	(24,484)	244	(6,360)		(104)	(30,704)
Profit (loss) before tax from continuing operations	1,369,869	162,640	40,926	-	15,534	1,588,969
Taxation charge related to profit or loss from continuing operations	(457,188)	(53,814)	(14,010)		(6,204)	(531,216)
Profit (loss) after tax from continuing operations	912,681	108,826	26,916	-	9,330	1,057,753
Banking industry charges net of taxes	(95,029)	(10,944)	(717)			(106,690)
Impact of the Purchase Price Allocation (PPA) net of taxes	(21,740)	(21)	(2,314)		(1)	(24,076)
Parent Company's profit (loss) for the year	795,912	97,861	23,885	-	9,329	926,987

Economic performance of the segment

Total operating income amounted to 4,235.4 million, up on the previous year. Within this aggregate, the Retail segment represented almost the entire contribution, with a share of approximately 3,845.0 million; overall, net interest income increased by 236.5 million, despite a decrease in the reference interest rates.

The trend in net fee and commission income, equal to 1,684.3 million (of which Retail represented 1,528.3 million) recorded an increase of 71.6 million, mainly due to a recovery in the investment products component (25.5 million) and in bonds issued by the Parent Company (28.4 million); these increases were impacted by fees and commissions on current accounts and deposits, which instead recorded a decrease. With regard to the Institutional segment, on the other hand, the contribution (48.9 million) was in line with the previous year, while the Private Customer segment recorded an increase of 9.9 million, standing at 107.1 million.

Other net operating income was down slightly, while the net financial result increased, related, in particular, to hedging products placed, mainly attributable to Retail.

Operating expenses, equal to 2,002.2 million, showed an increase of 30.3 million, mainly related to personnel expenses (+35.5 million), which reflect the effect of the renewal of the national collective agreement in the fourth quarter of 2023; the share represented by Retail was also predominant for this item.

Net adjustments to loans to customers of 308.7 million also fell (compared to 333.0 million recorded in 2023), benefiting from the lower risk of the portfolio.

Net provisions for risks and charges amounted to 17.8 million, compared to 30.7 million recorded last year, which included provisions for certain contractual commitments.

Banking industry charges net of taxes amounted to 62.8 million (compared to 106.7 million in the previous year) and included the last annual contribution due to the Interbank Deposit Guarantee Fund, as per the target defined by the Deposit Guarantee Scheme directive.

The charges relating to early retirement incentives, net of taxes, equal to 89.9 million for the business unit in question, refer to the estimate of the charges that are expected to be incurred in relation to the agreement signed with the Trade

Unions in December for voluntary redundancy, including through access to the extraordinary benefits of the Solidarity Fund.

Instead, the impact of the Purchase Price Allocation of 20.2 million was negative due to the lack of positive reversals on non-performing loans.

As a result of the above, the Commercial segment closed 2024 with a profit of 1,098.2 million, with a contribution from the retail segments of 943.2 million from "Retail", 124.2 million from "Institutional" and 30.8 million from the "Private Customers" segment.

As illustrated in the introduction, the "Commercial" segment encompasses the management and marketing of banking and financial products/services and loan brokering in the Retail, Institutional and Private Customers segments; more specifically for the Retail segment, the target is primarily individuals and small businesses; the Institutional segment focuses on entities and institutions, while the Private Customers segment's target is individuals, but with assets which, individually and/or at the level of their businesses, are equal to at least 1 million, with activities carried out by the subsidiary Banca Aletti.

More information on the activities managed by the business segment in question are provided below.

Retail

Private Customers

Introduction

2024 was a year in which several of the Group's important strategic projects were consolidated.

In particular, as anticipated in the section dedicated to the significant events that occurred during the year in this Report, on 30 September the transaction concerning the strategic partnership between Banco BPM, Numia, Numia Group, Iccrea Banca, Fondo Strategico Italiano SGR and Fondo Strategico Italiano Holding was finalised, which led to the creation of the second largest domestic player in the e-money sector.

Following this transaction, Banco BPM launched the distribution of Numia's e-money products, both issuing and acquiring, to its customers, benefiting from margins linked to the sale of the same and obtaining additional benefits in terms of increasing income thanks to a shareholding in Numia Group.

In addition to the e-money sector, the Group has strengthened its remote sales processes, both online and in self mode, involving most of the products and services offered. At the same time, direct sales through the Digital Branch were also enhanced.

The consolidation of the Digital Identity, an enabling element for a digital-driven service model, has provided customers with all the tools they need to interact and communicate with the Bank in digital mode.

The improvement and updating of the web platforms and Apps continued, with the enhancement of existing functions, the introduction of new services and the optimisation of the processes used by customers.

Last but not least, 2024 marked a further refinement of the green offer, with a focus on loans for both private customers and businesses. In line with its ESG strategies, Banco BPM confirms its commitment to being a reference partner for customers on the path towards the "green" transition.

More information on the activities managed by the business segment in question are provided below.

Banco BPM's Private Customers include all private individuals, with the exception of what is known as Private Banking customers, natural persons who are either "Personal", "Premium" or "Universal" customers.

In December 2024, Private customers broke down as follows:

Segment	no. of customers with current account	% of customers with current account
Universal	2,294,526	72.7%
Personal	593,596	18.8%
Premium	224,354	7.1%
Other Retail segments	45,328	1.4%
Total Retail customers with a current account (including card accounts)	3,157,804	100.0%

Products, services and loans for private Retail customers

Current accounts

During 2024, Banco BPM continued to update its commercial offer of savings accounts, current accounts and time deposits, for the consumers and non-consumers target.

As part of the .Dot Programme, in January the roll-out of the new "Time Deposit" product, relating to remunerated time-based deposits, was completed for all Banco BPM and Aletti branches.

With a view to multi-channel and full digital and paperless processes, in April and May, the functions of purchase and management of Time Deposits in self mode were released, on the web and app, for both WeBank and You customers. In addition, various campaigns were carried out on WeBank Time Deposits, to achieve objectives of retention, repayment of funding and caring. The initiatives were communicated to customers through DEM, push notifications and messages in their private banking areas, both on the web and app.

With the aim of developing the customer base, various acquisition initiatives were released on Conto You and Conto WeBank, with contents diversified over time and contextualised according to market conditions in terms of benchmarks and reference rates.

The initiatives were promoted through commercial sites, ADV and DEM campaigns. The summer Conto You promotional initiative was also accompanied by a Bonus Transaction with the aim of increasing product cross-selling. To oversee the offer for employees, the 4YOU offer was also updated, reserved to employees of companies, organisations and large associations affiliated with Banco BPM.

As part of the Numia project, the current account contracts were updated in relation to the various project steps, and the full digit onboarding process for the Conto You and the Conto WeBank was revised, with regard to requests for International Debit Cards.

For Small Economic Operators and the Business target, the commercial proposals of the YouBusiness Line were updated with the You Business Basic Starter Kit offer dedicated to new customers, to support the commercial and development objectives of the branches.

The offer to Businesses was also updated, through the marketing of the You Business Imprese 50 and You Business Imprese Illimitato Accounts. The content of the offers was also shared through focus groups organised by business managers; the new accounts support the onboarding process.

Again with reference to the non-consumers target, in the Condominium area, the offer was updated through the marketing of a proposal dedicated to condominium management companies, providing an answer for new companies that are increasingly working alongside individual administrators.

To support businesses, the offer of current accounts dedicated to a transparent, traced and monitored management of cash flows related to the implementation of facilitated interventions in the NRRP area was also updated.

The streamlining of the product catalogue also continued, with the closure of products marketed before the merger.

E-Money - Payment cards

Again in the area of credit cards, customers were given the option to request the "consumer" Cartimpronta Credit card through the Online channel, already available for other types of cards.

With regard to consumer debit cards, in the first half year of 2024, card replacement campaigns continued with the Maestro circuit.

In 2024, the Maestro card replacement campaigns involved around 700,000 customers.

This campaign also provided the opportunity to streamline the portfolio of cards in stock by replacing non-contactless cards with other innovative and digitisable types.

In general, for all payment cards, the propensity of customers towards digital and the use of Mobile Payments was confirmed: it rose from 310 thousand digitised cards in 2023 to more than 600 thousand digitised cards in 2024, and expenditure using Mobile Wallets more than doubled from 700 million in 2023 to over 1,400 million in 2024.

Omnichannel services

In 2024, the integration of some initial elements of Artificial Intelligence to support digital communication activities made it possible to increase the efficiency, both in terms of quality and volume, of the production of content for customers and prospects. Within a structured editorial process, a wide and diversified range of content was created, covering, in addition to commercial trends, fundamental issues such as banking security, personal finance and financial education.

During the year, activities relating to the evolution of the new service model continued, as envisaged by the 2023-2026 Strategic Plan.

The Digital Identity contract, as an enabling element for the digital-driven service model that provides the customer with all the tools to communicate and interact with the Bank digitally, paperless and online, was signed by 1.6 million customers as at 31 December 2024.

This result was also achieved thanks to the numerous initiatives aimed at increasing the dissemination of the ID, through better customer engagement.

The activities involved both Network and online processes and envisaged:

- integrating messages in the sales processes of products and services in the branch;
- the extension of the offer of products that can be subscribed in self mode/online (Agos Loans, Time Deposits and Cardless Withdrawals) and the enhancement of digital sales processes;
- the expansion of "omnichannel" and multi-channel engagement solutions.

With a view to encouraging greater use of omnichannel digital solutions, the use of digital signatures was also extended to the sales processes of products in the branch.

This solution makes it possible to:

- implement that permitted by the Digital Identity contract, with a view to dematerialising the documentation (pre-contractual and contractual);
- obtain the "digital" alternative to a graphometric signature, allowing the digital signature of "Third Party" contracts.

The new enabler has been made available in the International Debit Card purchase process since November. Over the next year, it will be progressively extended to other products and services sold by the Bank.

The efficiency of web platforms continued also in 2024, through the enhancement of existing functions and the optimisation of processes used by customers.

As an additional enabling tool for a paperless digital relationship, the Upload Documents function was released, a service that allows:

- customers to send documentation to the Bank from the private section;
- the Bank to examine and validate the documents sent by the customer without the need to go to the branch or use emails.

Onboarding

As in the past, work continued to develop the digitalisation of onboarding processes, aimed at increasing the Bank's customer base, thanks to steps that simplify the recognition of the identity of individuals in compliance with current regulations.

In the last quarter of 2024, a new application was implemented, used as a security tool, which allows the image of identity documents to be acquired, with compliance checks on the document and verifying that the photo on the document corresponds to the person who is performing the operation (biometric comparison of the face to verify the static correspondence of 68 face identification points). This will reduce any fraud caused by identity theft.

For prospective users who request a Webank mortgage, an option has been introduced to be able to open a current account by means of a Full Digital process, previously available exclusively in paper mode.

27% of current accounts opened with Banco BPM during the year originated from online onboarding.

Accessibility

The commitment to the technological accessibility and usability of digital tools was launched in 2022, bringing digital platforms in line with the requirements of Italian legislation (Agency for Digital Italy and relative implementing rules).

Among the various initiatives undertaken by the Group in the area of accessibility, the main ones aim to make both the documents and the digital platforms used by private customers and businesses more easily accessible, in line with the Web Content Accessibility Guidelines (WCAG).

The primary objective is to continuously monitor and improve the use of the Institute's digital assets, eliminating any barriers and ensuring inclusive access, with particular attention to the needs of people with disabilities or other difficulties.

The actions undertaken in 2024 led to significant improvements compared to previous years, as demonstrated by checks conducted on the accessibility of the platforms.

In addition, the implementation of accessibility measures for contract documentation was launched, with an extension envisaged for other types of documents in the next year.

To support this evolution, specialised training programmes were launched for technical staff, aimed at promoting advanced skills in the design, maintenance and updating of increasingly accessible digital services, documents and products.

Mobile banking developments and investments: private customers

During 2024, the App was continuously improved, accompanied by a constant increase in its use by customers. The main features released include:

- time deposit: a function that allows customers to commit a sum of money for a pre-established duration was implemented on the mobile channel;
- cardless: a service that allows the customer to book a sum of money on the YouApp to be withdrawn at the branches of Banco BPM Group; You customers were also given the option to activate the service from the App by signing the necessary documentation in self mode;
- Agos loan: a function that allows the customer to simulate the amount of a loan instalment was released in the App, by selecting the amount requested and choosing the duration of the loan. The customer can sign the contractual documentation in self mode and, if approved by the Bank, receive the amount credited to its current account within a few days;
- new showcase: the continuous evolution of apps has focused on providing a greater contribution to the commercial offer. The recent introduction of new products and services (such as Agos) and the challenge resulting from the new partnerships (Numia and Crédit Agricole Assicurazioni) have made it necessary to define a more commercial offer model in the digital field. Therefore, starting from April, some changes were made to the App home page, so as to make the showcase immediately available through the navigation bar. This change led to a significant increase in the number of individual customers who accessed the showcase. In 2025, the new UX/UI of the entire section is expected to be released, according to the following guidelines:
 - new navigation paths: making it easier and more immediate to access the product catalogue and simplify navigation;
 - User-Centered Approach: adopting structures and languages focused on the customer and its needs;
 - owned product hub: creating a single access point for subscribed products, including those of third parties;
 - cross-channel experience: encouraging the development of an omnichannel experience that encourages self-service and online sales, leverages personalised engagement strategies and that also includes the Digital Branch;
- e-money project: the transfer of the E-money business from Banco BPM to Numia made it necessary to start making the first changes to the card sales processes in self mode on the Web and App channels. This work will continue in 2025 and 2026, with the release of the sale of the new Numia cards (debit, credit and prepaid) in self mode, to replace those currently sold by Banco BPM;
- insurance profile: the option of completing the IDD (Insurance Distribution Direct) Questionnaire was also introduced in the App, which makes it possible to identify the customer's insurance needs and propose products consistent with them.

2024 .DOT Programme

Videocollaboration for the digital branch

Customer Support & Development (CSD) is taking on an increasingly central role in the omnichannel management of customer relations, aimed at strengthening the "remote" relationship between Digital Branch operators and customers. Consequently, continuing the digital transformation process, with particular attention to hybrid physical/remote interaction, the Bank has extended Videocollaboration to the Digital Branch. The innovative introduction of video calling represents a crucial step in developing a cutting-edge omnichannel, improving the customer experience and simplifying the management of appointments for Digital Branch operators.

The new contact method is designed to facilitate and improve remote interaction, allowing the sales contracts to be fully finalised online and providing support to customers in commercial decisions in self mode.

The solution was made available to Customer Support & Development exclusively for communication via App with private customers, partly replicating the experience of the physical branch.

The main features of the service include:

- Improvement of the remote relationship with customers, in the commercial sphere (Online offer), in assistance and in customer care;
- Solutions dedicated to Banco BPM customers who use the App for banking interactions.

Advantages and opportunities of the solution:

- multiple channels at the service of the Digital Branch;
- reduction of operations and contribution to sales;
- closer relationships, even remotely;
- simple and safe solution to meet customers;
- interaction with customers as if they were in the branch, actively involving them in decisions;
- saving time and improved service quality.

In addition, Videocollaboration will be further developed through the following actions:

- extension also to the YouWeb channel;
- renovation of the "Branch" section of YouApp, to enhance the Bank customer relationship, introducing the option to make an appointment with the Digital Branch on the customer's initiative.

Optimisation of inbound flows - Conversational App

With regard to the .DOT Programme, this initiative aims to structurally reduce the volume of assistance managed by Customer Support & Development (CSD) operators, through the development of new self-service functions and intelligent assistance for customers.

The Conversational App, called Virtual Assistant (VA), is designed to offer an area dedicated to the reactive and proactive management of the customer relationship, where support and answers in real time can be received.

In 2024, the Conversational App project was almost completed, with the aim of evolving it towards a reactive and proactive relationship channel with customers, able to receive support and responses in real time.

New hand-over functions from the Virtual Assistant (VA) to Customer Service have been added: where necessary, the VA suggests the customer to get in touch with the operators, giving them the option to choose the preferred interaction channel between chat (new synchronous written channel), VOIP call (new voice channel) that is activated without leaving the App, taking advantage of the data connection, and call me back/call me now, greatly simplifying access to the service. In addition, the VA is able to propose interactions with the Network by setting up appointments at the branch, remotely and via video collaboration; lastly, it offers the possibility of being recalled by the Digital Branch for commercial issues.

Through the App and the VA, the customer therefore has a point of contact for their questions, and get immediate answers or receive support for simplified access to the most appropriate human channel for managing the issue.

Trading and investment implementations

During 2024, the projects developed on the platforms for private customers as regards trading and investments were focused on:

- a new function in YouWeb for the self-compilation of the Mifid questionnaire (over 2,000 questionnaires completed in the last 3 months);
- introduction of options with midweek expiration on the E-mini S&P500 futures (+12% increase in the monthly average - April/October vs. January/March);
- introduction of conditional order operations, stop loss and take profit, from the Webank App;
- activation of real-time reporting on foreign markets in self mode for YouWeb customers (excluding Banca Aletti) with deactivation of the process from the branch;
- a new function in YouWeb for the self-compilation of the Mifid questionnaire (over 2,000 questionnaires completed in the last 3 months).

The "running" activities for the development and updating of the Apps have boosted the percentage of customers operating through mobile channels: as at 31 December 2024, 58.1% of operating accounts had placed purchase and sale orders through the App (vs. 54.0% in 2023), 28.5% of trading volumes were mobile.

Mobile Banking evolution: companies

Creation of the new YouBusiness App and evolution of YouBusiness Web

With regard to business customers, the main projects undertaken in 2024 are illustrated below:

YouBusiness App:

- new order functions: performing both foreign bank transfers and for deductions;
- new information functions: view your loans, deposit accounts and invoices falling due;
- new management and commercial functions: possibility of switching to the App token directly from smartphones and implementation of push notifications.

The total number of users at the end of 2024 was over 160,000, with a strong penetration in the SME segments. In addition, the YouBusiness App was confirmed as the best-in-class in the banking sector in the reference stores (Apple and Android) with excellent ratings.

YouBusiness Web:

- the Smart Lending Service continues to evolve, with the extension of the types of loan that can be requested remotely and in self mode. Today, the online offer concerns guaranteed and ordinary loans and is able to meet short, medium and long-term financing needs. The optimisation of the experience and of the processes has contributed to improving the use of functions in a more fully digital perspective;
- business customers use the YouPlan Business service through the YouBusiness Web platform, which makes it possible to optimise the financial management of their company, provides useful tools that simplify the control of cash flows and provides relevant information to make informed financial decisions;
- in 2024, the automatic reconciliation function for collection orders was implemented for invoices and the advance invoice function was simplified;
- additional new functions have been created that help customers communicate and interact with the bank remotely and digitally:
 - certification and change of contact details (mobile phone/e-mail);
 - password reset;
 - updating of the identity document;
 - user access block;
 - transition from physical token to App token;
 - document upload;
- as part of payment and collection services, the new wide-ranging CBILL service was released.

The table below outlines the trend for customers with multi-channel services:

Product/Service	End of 2024 figures	End of 2023 figures	% Change
No. of customers with the Home Banking service	2,207,222	2,164,245	2.0%
No. of customers with Digital Identity	1,678,061	1,355,593	23.8%
No. of pure digital customers (WeBank)	280,625	275,740	1.8%

% customers making transactions	End of 2024 figures	End of 2023 figures	% Change
% customers making online transactions against total customers making transactions	61.2%	58.9%	+3.9%
% customers making mobile transactions against total customers making online transactions	80.1%	77.2%	+3.6%

Customer Support and Development (CSD) and Digital Branch

During 2024, the CSD/Digital Branch continued in its efforts to support cross-selling in specific business areas, both private and corporate, in synergy with Omnichannel Customer Journeys and in line with the objectives stated in the 2023-2026 Business Plan.

The proactive contacts managed reached almost 58% of all of the unit's activities in 2024, with substantial stability in the number of resources engaged in commercial activities compared to 2023.

The space given to corporate customers increased, in particular SBO and Small Business, with 42.5% of commercial efforts for the year focused on these segments.

New remote offer processes were activated by the Digital Branch for credit cards for private customers (Banco BPM and Webank) and for the offer of Agos loans to Webank customers.

The focus on Webank customers continued, with a view to retention and to recover assets by proposing time deposits. The channel provided significant support to the porting project for POS product, by virtue of the new Numia catalogue. Proactive activities were managed both to stimulate customers to go to the branch to sign contracts for the new Numia POS, and to help customers activate the POS once received.

In addition, a new toll-free number was activated to support the activation of POS.

With regard to support activities, in addition to the channels usually available, two new channels to contact operators were implemented, accessible through the Virtual Assistant (VA) in the app (so-called "handover"): the chat channel (synchronous written channel) and the VoIP channel (voice channel that, also in the app, uses the data connection to enable users to speak to Customer service personnel). In both cases, the customer, who has already been identified, accesses the operator without the need to enter access codes and can choose a topic or browse the voice tree and therefore access assistance very easily, if it becomes necessary after having asked their question to the VA.

In terms of areas of operation, in addition to the usual services (assistance in the use of digital channels for private customers and businesses, support on card issues, telephone banking service and pre/post-sales assistance to customers of the Webank online service in synergy with the virtual branch), the CSD has launched a training course for the creation of a centre of excellence in the field of Business Assistance.

By virtue of the evolution of digital channels, support activities for digital self-service sales and the digital onboarding of Network customers increased.

The inbound optimisation process continued, with a further reduction of assistance activities carried out with operators and the increase in digital/self-service activities, in particular thanks to the continuous growth in the use of the Virtual Assistant by customers.

Private Mortgage Loans

The process of reducing interest rates launched at the end of 2023, thanks to the expansive economic policies of the ECB, contributed to the recovery of mortgage loan disbursements in 2024, at a faster pace particularly from the second half of the year. The Bank confirms its commitment to encouraging the redevelopment of residential buildings, thanks to an offer of mortgages to individuals for purchase, construction and renovation, which envisages a tangible incentive for customers who, during the life of the loan, demonstrate that they have made their property more efficient.

Banco BPM mortgages, in fact, contain a contractual clause called "Green Factor", thanks to which, customers who take out a mortgage, for purchase or renovation, will have the opportunity to obtain a discount on the interest rate, following work to make the property used as collateral more energy efficient, entailing a reduction of energy consumption by at least 30% or an improvement of at least 2 classes as certified by the comparison between APE before the work and APE after the work. Furthermore, to further incentivise the environmentally sustainable choices of customers, Banco BPM renewed the promotion for those who purchase a property in energy class A or B, increasing the amount of the discount on the spread from -10 bps to -20 bps.

In line with the Bank's commitment to ESG issues, attention continues to be focused on the under-36 target, namely the "You Giovani Green Mortgage" [Green Mortgage for Young People], assisted by the Fondo Garanzia Prima Casa [First Home Guarantee Fund] managed by CONSAP.

The renewal of the guarantee of the First Home Guarantee Fund to the extent of 80% has certainly contributed to maintaining a high level of interest among young people in the "Mutuo You Giovani Green" [Green Mortgage Loan for Young People] product. Also for this product dedicated to the new generations, the same concessions mentioned above relating to the "green factor" clause and the discount on the spread are valid if a property in energy class A or B is purchased.

With an eye always on the new generations, in 2024, the Bank proposed a further development of "Prestito studenti con Garanzia Consap" [Student Loan with Consap Guarantee], intervening both on the terms and on the disbursement process, with the aim of making the loan an increasingly digital experience.

This product enables deserving customers between the ages of 18 and 40, who lack sufficient financial means, to begin a course of study thanks to loan guaranteed by the "Fondo per il credito ai giovani" [Youth Credit Fund] managed by Consap.

Also in 2024, the Group supported customers affected by natural disasters or who found themselves in difficulty in paying their mortgage instalments.

Consumer credit

Almost all personal loans were disbursed by placing the Agos Personal Loan product, a company with which the Bank has a distribution agreement for Consumer Credit products.

During 2024, the digital channels for the online/self-service request of an Agos Personal Loan, for both Banco BPM and Webank customers, became fully operational.

With the intention of increasingly expressing its constant proximity and attention to the needs of its customers, the Bank has continued to propose recurring initiatives, thanks to which the customers targeted have been able to benefit from advantageous conditions. In addition, by continuously seeking to customise its offers, the Bank has also been able to serve Personal and Premium customers, leading to a 36% increase in the use of Personal Loans.

Advances on severance pay for employees of the Public Administration

Banco BPM continued to focus on the issue relating to the advance payment of severance pay (TFS) for employees of the Public Administration.

In fact, the agreements signed with the main Institutions and Professional Associations of the country were confirmed and further agreements are in the pipeline.

Investment products

In light of the macroeconomic scenario in 2024, the volumes of assets under management were mostly distributed in asset classes with a predominantly bond component, while maintaining a portion invested in flexible products with an equity component of between 30% and 50%.

The placement of Mutual investment funds, maintaining the characteristics of an open architecture system, entailed Anima Sgr as the main partner.

The main funds in time windows, therefore available in specific pre-established placement periods, include: Anima Cedola Più 2027 class C r class S in the II-III-IV and V editions, Anima Cedola Più 2028 3 years class C and class S, Anima Cedola Più 2029 class C and class S in the II-IV and V editions, Anima Collezione Multi-Brand 2029 and 2030 and Anima Obiettivo Bilanciato World 2029. The offer was completed with investment solutions in PIR Funds: Anima Tricolore Corporate Plus 2029 class A and AP and Anima Tricolore Corporate Plus 2029 II class A and class AP (two issues). These issues allowed customers to seize the opportunities resulting from the tax benefits of PIR funds, within the limits envisaged by current legislation, which also allowed further portfolio diversification given the specific nature of the investments envisaged for this type of Mutual Fund.

In May 2024, the placement of the open fund, therefore always available in the catalogue, called Anima Tricolore Corporate Breve Termine was also launched, with the option of choosing between the income accumulation and coupon distribution classes (class A and class AD).

The Group's offer of insurance investment policies continued through Banco BPM Vita, BBPM Life and Vera Vita.

In this context, customers continued to favour the BBPM Life product called Multi Obiettivo Personal.

The Unit-linked policy makes it possible to invest in Internal funds and External funds, allowing for a wide range of solutions, and to be able to adapt, where necessary, the investment to changed market conditions in line with the needs of the customer.

Customers were also able to opt for other types of Class I investment policies including: BPMVITA Accumula 3, Banco BPMVITA Coupon Plus and Vera Vita Rifugio Plus, able to guarantee coverage of the customer's invested capital and a return linked to the Segregated Fund(s).

With regard to Multi-segment policies, the placement of the BPMVITA Personal Insurance product continued, a policy that allows customers, in the medium-term, to build an investment solution compatible with their risk/return profile.

The Group continued to issue certificates, meeting customer preferences with products characterised by a financial structure aimed at protecting capital (Equity Protection).

The so-called memory effect mechanisms of periodic coupons with participation in the revaluation of the underlying assets with caps have been added to some structures.

With regard to the underlying assets of the issues, particular attention was paid to the Eurostoxx Select Dividend 30, SMI, Eurostoxx 50 stock market indices, and to a basket of sector indices.

In order to diversify the issuer credit risk and reduce the concentration of the issuer Banco BPM within the portfolios, three issues of certificates of Third-Party Issuers were placed with the Commercial Network in the second half year.

Furthermore, in the first part of the year, the Bank issued structured bonds, with fixed coupons and digital coupons linked to the performance of an underlying equity index, to allow customers to subscribe to a new financial instrument, characterised, in any event, by protection of the capital on maturity.

As regards Supplementary Pensions, the Group focused on promoting the knowledge and dissemination of two products in the catalogue: the "Arti & Mestieri" Pension Fund by Anima SGR and the Piano Individuale Pensionistico [Individual Pension Plan] by Vera Vita.

Bancassurance Protection

Following the agreement between Banco BPM and Banco BPM Assicurazioni, Vera Assicurazioni and Vera Protezione in 2023, efforts focused on streamlining the products in the catalogues of the aforementioned Companies, in order to create a single catalogue that would eliminate duplicates of existing products in the two commercial perimeters.

In 2024, in addition to monitoring products already in the catalogue, attention focused on the new Natural Catastrophes form, released as part of the Multi-protection Business product specific to companies, in line with legislative changes (2024 Budget Law).

Efforts were mainly concentrated on setting up the preparatory activities for migration to the new issue and consultation platforms.

In view of the migration, work is being carried out to ensure the maintenance of the sales and after-sales operations of the products in the catalogue.

Discussions began with the JV on developments in the Digital and channel development areas, and the development of the 2024-2027 product plan was planned with the Company.

Listening to customers

In continuity with the work carried out in previous years, also in 2024 the model of listening to the voice of the customer of Banco BPM continued to monitor the Customer Experience of Customers at almost all stages of the financial life cycle.

Consumers/end users are directly involved through questionnaires (hereinafter surveys) at different times:

- after subscribing to a product (branch/online);
- after performing a transaction (branch/online);
- after using the assistance service (operator/chatbot);
- at other times in the relationship (Customer Satisfaction, "ad hoc" research).

For the Customer Satisfaction survey, the contact frequency is once a year, for the other surveys on average once per quarter. Contact can be made by phone or via the web (e.g. from within the digital platforms of Banco BPM or via e-mail).

Customer Satisfaction Survey

The relational Customer Experience, or Customer Satisfaction survey was conducted, and involved around 166 thousand Retail, Private and SME customers. Approximately 80% of the interviews were conducted by phone (CATI method), while the remaining 20% via web questionnaire (CAWI method).

Satisfaction is measured using the Net Promoter Score (NPS), which monitors the customer's propensity to recommend Banco BPM, through the question "how likely are you to recommend Banco BPM to friends and acquaintances?" to which the customer can give an answer between 0 and 10. Customers are classified as follows:

- Detractors: score between 0 and 6
- Neutral: score between 7 and 8
- Promoters: score between 9 and 10.

It is calculated from the difference between the percentage of promoters and the percentage of detractors and has a range between -100 and +100. The NPS Satisfaction indicator in 2024 was 31, confirming the growth seen in previous years.

The Customer Satisfaction survey also assesses satisfaction regarding the aspects closer to the branch (e.g. active listening, competence, queuing at the cash desks, availability ...).

To continuously monitor the level of service perceived by customers, all results and insights of the surveys were published and made available to colleagues in a portal called "La voce del cliente" [The customer's voice], accessible from the company Intranet.

The Customer Feedback Management platform and the Close the loop

Customer feedback is constantly monitored, also thanks to the support of a CFM (customer feedback management) platform, to generate results that make it possible to carry out actions, with a view to "continuous improvement" (Close the loop).

Close the loop is a set of two processes (inner and outer loop):

- The Inner Loop is a Caring process, which takes place by recontacting individual customers in order to solve the problem and collect useful elements, to be submitted to marketing for the improvement of the processes.
- On the other hand, the Outer Loop is a process of structural improvement, which aims to intervene on platforms, products and services, with increasing priority as the statistical weight of the issues raised by customers increases.

Business Customers

There were approximately 462 thousand Business customers with a current account as at 31 December 2024, of which:

Segment	no. customers with current account	% compared to total businesses
Small Business Operators	147,030	31.8%
Businesses	137,312	29.7%
Companies	40,583	8.8%
Condominium Associations	92,599	20.1%
Other businesses	43,123	9.3%
Public Sector CIM and Third sector	1,443	0.3%
Total	462,090	100.0%

The distribution of customers (unique customers with current accounts) by turnover level confirms the significant concentration in the class of up to 25 million already recorded in previous years, attesting to the vocation of Banco BPM Group in its relations with medium-sized companies.

Regarding the breakdown of customers by production sector, commercial and manufacturing activities continued to represent the most significant area, followed by those related to construction and property, catering and the agricultural sphere.

Production sectors	no. customers with current account	% compared to total businesses
Real estate activities	117,548	25.4%
Wholesale and retail trade, motor vehicle repair	73,235	15.8%
Manufacturing	47,994	10.4%
Construction	44,342	9.6%
Other service activities	31,338	6.8%
Accommodation and food service activities	27,424	5.9%
Agriculture, forestry and fishing	21,900	4.7%
Professional, scientific and technical activities	21,790	4.7%
Transport and storage	14,092	3.1%
Arts, sports and entertainment	11,986	2.6%
Rental, travel agencies, business support services	11,615	2.5%
Other segments	38,826	8.5%
Total	462,090	100.0%

The distribution of Business customers includes a significant proportion of small and medium enterprises, for which the Group further strengthened its activities in 2024, thereby confirming its role as the bank of reference and support for the entrepreneurial fabric in the main areas served.

More specifically, this entailed the offer of dedicated products and services, illustrated below.

Collection and payment services

The entry into force of EU Regulation 886/2024 confirmed the desire of the European legislator to create a faster, safer and more efficient payment system, promoting competitiveness and innovation. EU Regulation 886/2024 has four main objectives:

- to promote the uptake of instant credit transfers;
- to make instant credit transfers more accessible by equating fees to those of ordinary transfers;
- to increase user confidence in the security of instant bank transfers through prior verification of the beneficiary;
- to remove the inefficiencies of the control processes on financial sanctions, so-called "sanction screening", while preserving the effectiveness of these controls.

To address the challenges and opportunities of the new EU Regulation 886/2024, the Bank has adopted a structured approach by creating a dedicated group to study the guidelines and their implementation in compliance with the envisaged deadlines. In particular, by 9 January 2025, the receipt of instant bank transfers must be guaranteed for all current accounts, where the receipt of ordinary bank transfers is already present, and the related fees must be equalised.

Also in 2024, similar to that recorded in previous years, the Bank has noted an uptrend for instant bank transfers, thanks to several factors, including greater knowledge and familiarity with the payment instrument for customers, together with dedicated training sessions for Network colleagues.

The double-digit growth trend of the pagoPA bills processed continued, confirming the appreciation of this type of payment now adopted, not only by the Public Administration, but also by the main invoicing bodies operating at national level (for example in the energy and telephone sectors).

In the final part of the year, we draw attention to the release of the "wide-ranging CBILL" service, which allows online users to organise the payment of bills using a single flow, reducing and optimising their management.

E-money - POS and Acquiring

The partnership between Numia and Banco BPM in the e-money sector envisaged, starting from the completion of the transaction, the replacement of the Nexi POS placed by the Bank with products of Numia, both for new installations and for customer stock. To manage the transfer of the stock of POS (approximately 140 thousand terminals) to the new counterparty, the migration of the same was launched.

The migration is expected to be completed during 2025. In addition, specific plans and activities are underway for the migration of specific customer segments, such as entities and institutions and e-commerce.

Loans and lending

The loan products that comprise the various Catalogues seek to meet their main and most frequent requirements: investment, working capital, liquidity, expansion, advances, cash flexibility, unsecured loans.

The growing importance of Sustainability issues within the agendas of Governments and Institutions allows the financial system to take on a leading role in guiding investments towards a low-carbon economy. In this context, Banco BPM, in line with its ESG strategies, intends to be a reference partner for companies in the important process towards green transition.

In this regard, the "Green Transition Approach" financing solution was already available, which allows companies to implement their own low-carbon investment plans, in line with EU environmental objectives such as mitigation and adaptation to climate change, the protection of water and marine resources, the circular economy, the prevention of biodiversity and of pollution. Following the methodology proposed with the "Green Transition Approach", efforts continue to provide support and to promote plants involved in the specific area of producing energy from renewable sources, through business financing solutions.

With the aim of facilitating access for companies to the opportunities for subsidies offered by the Transition Plan 5.0, the Bank established a ceiling of 2 billion, making these resources available through the broadest medium-long ordinary and subsidised financing solutions. The Transition Plan 5.0 is an incentive measure established by the Italian Government as part of the Decree to revise the NRRP (Art. 38 of Decree Law no. 19/2024 converted into Law 56/2024), whose objective is to support the process of digital and energy transition of companies. The overall methods

of implementation are defined by the Decree of 24 July 2024 of the Ministry of Enterprise and Made in Italy. The resources allocated by the Government for the "Tax credits" measure under the NRRP/Repower funds for 2024 and 2025 amounted to approximately 6.3 billion. Companies with production facilities located in Italy that make new investments in innovation projects that reduce energy consumption can access the incentives, granted in the form of tax credit.

Furthermore, during 2024, work continued to develop and update the types of loans, with a view to guaranteeing an offer that is always able to meet market needs and at the same time can be successfully distributed.

In this context, the design of the new loan product "Sustainability Linked Loan" was completed, whose special feature is that businesses can obtain a loan without any limitation on what the funds are used for, on condition that they make a real commitment to environmental, social and governance sustainability. The product concept was created with the aim of being modular and "customisable" based on the specific commercial needs of the Bank and customers, also in consideration of the best product practices at national and international level.

With regard to the product initiatives launched with the NRRP Plan, Banco BPM provides support to corporate customers both in their role as "direct beneficiaries" and as "suppliers of the PA" with particular regard to the need for:

- advance payments of grants or of receivables for supplies to the Public Administration;
- financing of investments;
- guarantees in the form of bank sureties for the advance of some of the contributions of the NRRP (depending on the text of the specific call for tenders) and the issue of guarantees for participation in tenders (in the case of Level 2 calls);
- issues of "bank reference" letters and "statements of financial standing".

Alongside the financing solutions, with a view to offering businesses advisory support, the Bank has entered into partnerships with specialised third-party companies, able to assist them to fully seize the opportunities for market development. In addition, the agreement continued with Deloitte Consulting, which provides the "Incentivi360" Platform Services, aimed at supporting companies in the search and analysis of incentives related to public tenders and notices issued by the individual Management bodies.

During the year, the following financing solutions were also released:

- Subsidised Loans (FRI) - Tourism, already in place in 2023, then reactivated during the following year, following the publication of the Notice of the Ministry of Tourism of 7 May 2024 which opened the 2nd Call for Tenders for the participation of companies in the hotel tourism sector in the period July-August 2024. The subsidised measure in question is addressed to tourism businesses that carry out, by 31 December 2025, energy redevelopment, environmental sustainability and digital innovation interventions for an amount between 0.5 million (minimum limit) and 10 million (maximum limit). The subsidy intervention (so-called FRI-Tur) is part of Measure M1C3, intervention 4.2.5 of the National Recovery and Resilience Plan ("NRRP") in implementation of the Business Revolving Fund (Fondo Rotativo Imprese, FRI) project line to support businesses and for development investments, as envisaged by Art. 3 of Italian Decree Law no. 152 of 6 November 2021, converted with amendments into Law no. 233 of 29 December 2021;
- Puglia Region Subsidised Loans - MiniPIA and MiniPIA Turismo - in the European Programming 2021-2027, the Puglia Region made use of the European Regional Development Fund (ERDF) and, as regards the S3 specialisation strategy "Regional strategy for smart specialisation", Smart Puglia 2030, it issued two important notices:
 - Integrated packages of Subsidies for Micro and Small Enterprises (MiniPIA) for the granting of subsidies to micro and small enterprises for technological and industrial innovation, digitalisation and energy and environmental transition activities, in addition to the development and qualification of expertise, in order to consolidate and strengthen the competitiveness of the regional economic production system;
 - Integrated packages of Subsidies for Micro and Small Enterprises (MiniPIA Turismo), the measure seeks to strengthen sustainable tourism, innovation and integration between businesses in cultural, tourism, creative and entertainment supply chains, also through the recovery of underused or unused buildings, the expansion, modernisation and renovation of properties for tourism activities, the development of products and services able to enhance the cultural and natural attractors of the local area, the promotion-marketing of regional tourism products, also created by business networks, expanding the opportunities for hospitality, cultural contamination and social integration.

In the area of "tax credit", the financing of renovation/energy efficiency solutions for residential buildings by Private Individuals, Condominiums and Businesses continued, through the following credit products (the first two of which, in terms of the granting of tax credit, were terminated in 2024):

- "Anticipo Superbonus Consumatori" (Advance of Superbonus to Consumers) designed to provide financial coverage for the time between the start of works on site and their completion (at progress of work or overall) with the consequent monetisation of the tax credit transferred to the intermediary, the Bank's commercial partner;
- "Anticipo Contratti Riqualificazione Edifici" (Advances on Building Upgrade Contracts), addressed to businesses, to obtain financial coverage for the time between the start of works on site and their completion (at progress of work or overall), with the consequent monetisation of the tax credit transferred to the intermediary, the Bank's commercial partner;
- a range of unsecured loans to Condominiums, "Ordinary" and "Energy Efficiency" condominium credit, intended to finance the costs of building recovery and energy efficiency of common areas.

Smart Lending

In terms of loans to Businesses, in 2024, through the digital channel (web platforms), customers continued to be offered short-term loans to be paid in instalments to support business liquidity or to facilitate the payment of taxes/13th month wages.

In particular, the implementation of the Smart Lending service continued to give customers the opportunity to request unsecured mortgage loans in an increasingly easy and complete manner, also with SMEGF guarantees (Guarantee Fund for Small and Medium Enterprises).

Invoice Financing

To improve access to financial services by businesses, considerable progress has been made by extending the type of receivables disposal transactions that may be requested through the YouBusiness Web channel.

Further projects were activated in the area of advance invoices, the implementation of which will be completed in the first part of 2025, aimed at computerising the entire management of notifications to debtors of the credit assignment as well as, for the cases envisaged, on receipt of their acceptance.

Other loans

In connection with the company e-money project ("Numia" agreement), the "Anticipo Flussi POS" [POS Advance Cashflows] loan product was modified to make it more attractive to customers using it.

Changes were also made to the "Finanziamento chirografario con Covenant Commerciali" [Unsecured loan with Commercial Covenants] product to add a new covenant to the types of covenants that can already be contracted, linked to cashflows collected from POS, through the terminals marketed by Banco BPM.

Other activities to support and increase business loans

The Bank has continued its commitment to find ways to support businesses, resulting from various emergency situations. The schemes implemented in 2024 in this regard mostly entailed arrangements related to the prompt implementation of the support measures and subsidies dictated by Laws, Decree Laws and ABI Agreements.

Specifically, the following were updated and made available:

- loans with the Guarantee of the Guarantee Fund for Small and Medium Enterprises (Law 15 December 2023 no. 191, Art. 15-bis - so-called Advances Decree);
- unsecured agricultural loans backed by the ISMEA 100% direct guarantee pursuant to Article 20 of Italian Decree Law no. 50 of 17 May 2022 (Aid Ter DL).

Agrifood

The traditional and consolidated focus on businesses in the "Agrifood" sector continued successfully through the synergistic presence of Agricultural Sales Specialists in all Territorial Departments, to support the Network in the phases of contact and visits to businesses in this sector.

Activity in the primary sector, influenced by numerous factors, such as floods, animal and plant diseases, the Russian-Ukrainian conflict, etc., was affected by a considerable increase in the cost of raw materials (fertilisers, feed and fuel) and very often from a reduction in production.

To meet the liquidity needs of businesses in the segment, loans with a 100% ISMEA guarantee have been extended (pursuant to Art. 20 of the Aid Decree Law).

Lastly, in relation to the NRRP tenders for "Agri-solar", "Agri-voltaic" and "Biomethane" Parks, the Bank made a modular mix of products from the "Sowing Catalogue" available, able to meet and support investments and advance payment requirements.

Subsidised Financing and Guarantee Bodies

Banco BPM continued to disburse subsidised loans to businesses and households, with a view to facilitating access to credit, or to reducing its cost.

These loans feature public guarantees (e.g. Guarantee Fund for SMEs, ISMEA Guarantee Funds, European Investment Fund-EIF, SACE Guarantees, Guarantee Fund for the First Home, etc.), or are granted by the Bank using funds obtained at advantageous conditions (e.g. funds of the European Investment Bank - EIB - or of the Cassa Depositi e Prestiti (state-controlled fund and deposit institution)).

The most significant initiatives in 2024 were as follows:

- Use of SACE guarantees to support companies of any type, for both liquidity and investment needs. Since 2024, SACE has only been active with structured market guarantees (guarantees that envisage pricing at market conditions and therefore do not accrue state aid), as the period of accumulation of emergency guarantees such as the SACE SupportItalia guarantee has now ended. In addition, the Bank has joined the SACE "Futuro" Guarantee Agreement; the FUTURO Guarantee is issued on MLT loans pursuant to Art. 2 of Italian Legislative Decree no. 143 of 31 March 1998, for transactions of strategic importance for the Italian economy in terms of internationalisation, economic security or the activation of production and employment processes in Italy. Banco BPM also facilitates SACE financial guarantees outside the agreement, guarantees given pursuant to Art. 6, paragraph 9-bis, of Decree Law no. 269 of 30 September 2003 for investment purposes and working capital for companies that finance their internationalisation process, or the preparation of foreign supplies.

Furthermore, the Bank continues to facilitate the SACE Green guarantee, both in direct agreement with SACE, and outside the agreement, for transactions above 50 million.

In addition, Banco BPM operates with SACE outside the agreement:

- on Unsecured Loans in Italy, in the form of the "Surety Bonds" or "Counter-Guarantees" both to hedge a Contract, for the supply of goods and/or the provision of services and/or the execution of works, stipulated between the "Beneficiary" and the "Supplier". SACE's hedging transactions concern different types of contractual guarantees, the most frequent of which are: the advanced payment bond and the performance bond with an underlying Contract concerning infrastructure projects, also falling within the scope of the National Recovery and Resilience Plan (NRRP);
- to cover the Bonds subscribed by Banco BPM and as part of the SACE Archimede Guarantee.
- SMEGF The SMEGF guarantee, referring not only to MLT loans, but also to short-term credit facilities and unsecured loans, allows a more extensive use of risk mitigation tools. With this in mind, the Bank also decided to launch the guarantee request on portfolios of new loans, known as the Tranché Cover. These transactions are considered, in accordance with Supervisory Regulations, synthetic securitisations, i.e. transactions in which the transfer of credit risk on the first losses (so-called junior tranches) of the portfolio of loans disbursed is transferred to a guarantor (in this case the SMEGF). In 2024, four portfolios were placed, three of which have already been completed.

Guarantee instruments for enterprises

Collaboration with the Confidi continues, through the strengthening of commercial relations with the Guarantors operating in the Territories, and with the agreement of new Confidi (Confidi imprese FVG), consolidating the support and assistance provided to the companies in the reference territories.

Furthermore, in order to facilitate the widest access to subsidised schemes by business customers, the Bank has added to the range of products and services available by signing an agreement with Simest Spa for the promotion, franchise and management of subsidised schemes for the Fund 394/81, in accordance with the provisions of the Interministerial Decree of the Ministry of Foreign Affairs and International Cooperation, in agreement with the Ministry of Economy and Finance and the Ministry of Enterprise and Made in Italy published in the Official Gazette General Series no. 164 of 15 July 2023. The purpose of this measure is to support companies that invest in: entry into international markets; participation in international trade fairs and events; development of electronic commerce in foreign countries for the marketing of goods or services produced in Italy or with Italian brands; digital and ecological transition; temporary

placement in a company of specialised professionals; product and sustainability certifications and consultancy for the development of internationalisation processes.

Other State subsidies for businesses

With regard to other schemes that benefit SMEs, Banco BPM also participates in different initiatives that envisage tax relief (interest rate subsidies or non-repayable grants/plant and equipment grants) dictated by various national and regional regulations, thus confirming its close deep-rooted relationship with the local communities served.

In fact, the Bank grants unsecured loans under the national "Capital Goods" subsidy scheme, made available by the Ministry of Enterprise and Made in Italy, with a view to facilitating access to credit for businesses and increasing the competitiveness of the country's production system.

The subsidy supports investments to purchase or lease machinery, equipment, plants, capital goods for production use and hardware, as well as software and digital technologies. With the disbursement of plant and equipment grants for investments in capital goods and/or investments in digital technologies (Industry 4.0) and/or green investments.

Partnerships

As part of the commercial partnership with Alphabet (BMW Group), which offers customers long-term rental of cars and industrial vehicles, work has been done to improve the pricing policy and customisation of the offer, in addition to service visibility, both for the private segment and for corporate fleets.

Commercial activities continued aimed at increasing the number of Teamsystem customers, who connect the company's management system to the Banco BPM "Invoice Management" service, dedicated to SMEs.

During 2024, the Bank established a partnership with the fintech SWITCHO which, within the Webank App and YouApp, offers customers a fully digital service for analysing and optimising expenses in the utilities and telephone sector.

Open banking

The Group participated in the regulatory Sandbox of the "Invoice control database" service proposed by CBI; the service entails creating a centralised database from a multi-bank and multi-channel perspective, in order to obtain useful information to improve the efficiency of credit disbursement processes.

The DB collects information on invoice advances with a view to mitigating the risk of fraud related to the presentation of false invoices and double spending. The service is expected to be activated in the third quarter of 2025.

The technological component of the "CHECK IBAN Multibanca" service was released (Presentation API), which enables customer companies to verify, in real time, whether the IBAN and Tax Code/VAT No. of the holder of an account with the Bank or with one of the member banks in the service, match correctly.

Also regarding Open Banking, a personalised service was also created through the presentation of an API dedicated to a social security institution, which makes it possible to query transactions in accounts directly from the company management system.

Institutional

The coordination and commercial support relating to Institutional customers, the Public Administration, Religious Entities, the Third Sector and Centralised Alliances, has been entrusted to the Institutional Customers, Entities and Third Sector Function, which manages the product range offered, developing suitable distribution channels, evolving the service model and developing dedicated products.

The business offices that the Institutional Customers, Entities and Third Sector Function is comprised by, are as follows:

- Institutional Customers, Religious Entities and the Third Sector, to which the following business units report:
 - Institutional Counterparty Managers;
 - Institutional Counterparties (dedicated branch);
 - Third Sector and Religious Institutions;
- Commercial partnerships with allies external to the Group;
- Entities and the Public Administration.

Institutional Customers, Religious Entities and the Third Sector

Institutional counterparties are the main "supervised" parties such as Insurance companies and Non-banking finance companies, asset management companies (SGRs), SIMs, open and closed-end Mutual Funds, Bank Foundations, Social Security and Social Welfare Entities and Pension Funds. Furthermore, institutional counterparties also encompass the State, Constitutional Bodies, Central State Entities and several Companies part-owned by the Central Public Administration, in addition to Regional Authorities, Healthcare Organisations and Hospitals and Large Municipalities.

Relations with Institutional Counterparties are monitored through a complete service model, which includes managers and specialised employees (bankers) and a dedicated branch, which handles the transactions of the accounts held by Institutional Counterparties Customers.

Institutional customers are broken down by type of SAE (Sector of Economic Activity) as follows (figures as at 31 December 2024):

Type of Entity by SAE (*)	% Breakdown
Mutual Investment Funds, Pension Funds and UCITs	30%
SIMs, SGRs and trust companies	6%
Non-banking (Leasing, Factoring) and Consumer Credit companies	4%
Regions, Healthcare Companies, Large Municipalities and Companies Co-owned by the Public Administration	7%
Insurance companies	4%
Bank foundations	2%
Central Government and Constitutional Bodies	2%
Social Security and Social Welfare Entities	2%
Other companies and financial intermediaries	43%
Total	100%

(*) Group companies are not included.

The unit that handles Institutional Counterparties also manages the transactions performed for Banco BPM Group companies.

In 2024, activities related to securitisations continued, within which Banca Akros acted as arranger and Banco BPM, through the banking book reserved to Institutional customers as purchaser of the senior notes, thus implementing a path complementary to the more traditional one of direct loans, to support the real economy. An important boost was given to transactions involving less significant banks which, given the end of the TLTRO, were offered forms of dedicated funding for their disbursements to SMEs (with underlying MCC guarantee) or to Private customers (residential mortgages).

Particular attention was paid to the financial support of companies associated with the MEF (Ministry of the Economy and Finance) that operate in the energy and other sectors (i.e. Gestore Mercati Energetici, Gestore Servizi Energetici, CSEA, Invitalia), providing them with operational/financial support, in application of the energy policies and, more generally, of redevelopment, managed by the Italian Government.

Following the launch of the Group's new Alternative SGR, Banco BPM Invest SGR, pre-marketing activities were very intense, with one-to-one meetings and participation in conferences to illustrate the new product range that is part of the specialised, and increasingly more evolving landscape of AIFs (Alternative Investment Funds).

Third Sector and Religious Institutions

Customers belonging to the Third Sector and Religious Entities are represented by Third Sector Entities (TSE) enrolled in the RUNTS (Single National Register of the Third Sector) and non-profit non-enrolled entities, amateur sports associations, Federations recognised by Coni, as well as dioceses, parishes, congregations and religious orders. The segment also includes trade unions and political parties.

Third Sector and Religious Entities customers are broken down by type of SAE (Sector of Economic Activity)/Legal nature as follows (figures as at 31 December 2024):

Type of Entity by legal nature	% Breakdown
Associations	41%
Foundations	3%
Religious Entities (parishes)	12%
Social Cooperatives	4%
Other entities with or without legal status	40%
Total	100%

The Third Sector and Religious Entities represent a central customer segment in terms of interest in ESG issues, and Banco BPM has strengthened its sales efforts towards these customers through a dedicated unit, with specialists in each geographical area of action of Banco BPM.

The most important initiatives of 2024 included:

- the granting of new finance for projects with a social impact (for details on the numbers and methodologies adopted, please refer to the Sustainability reporting contained in this Report on operations);
- the management and monitoring of activities relating to the Third Sector Portal, dedicated to customers in this segment, which is directly linked to Banco BPM's institutional website (<https://www.bancobpm.it/terzo-settore/>). Through this site, customers can contact the dedicated specialist office, which provides advice and facilitates opening new accounts;
- the sponsorship of the fifth edition of the "Cantieri Viceversa" laboratory, organised by the National Forum of the Third Sector, to ensure the matching of the demand for and the supply of funds between organisations and the Third Sector Entities;
- forging a partnership with Rete del Dono, CSVnet and with the Group Foundations, to enable crowdfunding to support initiatives and projects of customer associations;
- the sponsorship of the CSVnet conference in Trento, the European capital of volunteering 2024, on the topic of volunteering in major events, in view of the Jubilee in Rome in 2025;
- the project of collaboration between Profit and Non-Profit. through the instrument of Art. 14 of the "Biagi Law" on employment, for the recruitment, on a social cooperation basis, of disadvantaged personnel, in fulfilment of the legal obligations of companies: moreover, with the guidance of "Progetto QUID" concerning Social Cooperatives, training hours, commercial activities, education and corporate volunteering were provided.

Commercial partnerships with allies external to the Group

The Institutional Customers, Entities and Third Sector Function is also tasked with supervising and coordinating the unit dedicated to centrally managing commercial alliances with partners external to Banco BPM Group.

These alliances are regulated by specific commercial partnership agreements, which envisage a range of products addressed exclusively to the customers of the external alliance, through a dual distribution channel:

- "off-site" offer, through external financial advisors;
- branch sales, through dedicated branches, in the financial shops of the commercial ally.

The activity is managed by a dedicated unit, included within the Institutional Customers, Entities and Third Sector Function, which has 14 branches spread across Italy.

Direct supervision through a wholly dedicated unit enables commercial agreements to be constantly developed in view of legislative changes, better economic returns and better supervision of operational risks especially as regards Anti-Money Laundering Legislation.

The market for the off-site offer of banking products and services through the networks of financial advisors belonging to independent groups has strong potential and the organisational model specifically adopted, together with the know-how acquired to date by Banco BPM have laid the groundwork for the further development of this business.

Entities and the Public Administration

Pursuant to EU Regulation no. 549/2013 on the European system of national and regional accounts, Entities and Public Administration, or also Public Sector customers consist of:

- Public Administrations, which in turn include the Central Administrations (State and Constitutional Bodies, Ministries and relative Departments, etc.), Territorial Administrations (Regions and Autonomous Provinces) and Local Administrations (Provinces and Municipalities) and Public Social Security and Welfare Entities;
- Public Companies, namely parties that produce goods and/or services for sale, or which are a public corporation, or which are controlled directly or indirectly by the Public Administrations, under specific laws, decrees or regulations.

The Public Sector function is responsible for managing the segment from a commercial, regulatory and administrative perspective. The activity, in relation to the acquisition of relationships and the management of the Public Administration, is conducted with particular focus on the commitments and critical issues that arise, on the limitations of operational risks, risks of image, of credit and from a commercial perspective.

Banco BPM holds UNI EN ISO 9001:2015 quality certification for the management of treasury and cash services and loans to the Public Administration.

Commercial activities in 2024 entailed providing Public Sector counterparties with products and services able to meet their specific needs. In this regard, increasing attention was paid to activities performed by public investee companies in the water sector, local public transport and the waste disposal cycle sector, due to the clear environmental impacts, based on ESG logic.

The NRRP was the subject of specific focus, given the key role of Public Sector in this context.

Entities and P.A. customers are broken down by type of SAE (Sector of Economic Activity) as follows (figures as at 31 December 2024):

Type of Entity by SAE	% Breakdown
Municipalities - Unions of municipalities	38%
Schools and Universities	20%
Companies Co-Owned and Production Companies of Public Services	25%
Other entities	17%
Total	100%

Private

As illustrated in the introduction, the "Private" segment includes the management and marketing of banking and financial products/services and loan brokering aimed at private customers, with assets that, individually and/or within their business, amount to at least 1 million. These activities are carried out by the subsidiary Banca Aletti. More information on the activities managed by the business segment in question are provided below.

At the end of 2024, the Private Banking Network of Banca Aletti recorded a value of assets under management (direct funding, administered and managed assets), including accredited customers, of 28.0 billion, up by 2.4 billion against the end of 2023; the figure does not include the marginal liquidity positions of private customers of Banca Aletti with accounts at Banco BPM. In a situation that has seen the persistence of the economic and financial consequences of the conflicts in Ukraine and the Middle East, in 2024, the increase in operating income in the Private Customers segment was 9.3% compared to the previous year.

The increase in income was the result of the good quality of the investment portfolios, the assiduous advisory activities of the Private Customer Network and the entry of a considerable portion of new funding, approximately 1.2 billion, both as regards private and institutional customers. While the new funding was positioned mainly on the administered component, the substantial stability of the preferences expressed by investors in terms of the level of mandate and dynamic diversification of the portfolios, made it possible to maintain substantial asset management. The overall quality of the portfolios made it possible to significantly benefit, both in terms of AUM and recurring revenues, from the positive performance of the financial markets (carry and listings). Also in 2024, the growth trend of the Administered Assets component continued to be included in the scope of advanced fee-based consultancy contracts.

2024 also saw interest rates fall as a result of the decisions of the central banks called to monitor the dynamics of inflation. Unremunerated current account liquidity further lost appeal due to the recovery of the yields on maturity of bond investments: as a result, investors have started to extend to two-three year bond maturities, often confirming their preference for government-administered funding.

In line with Banco BPM's Strategic Plan, which envisages an increasingly pervasive approach to cross selling, the year saw the definitive confirmation, on a national scale, of the model for synergy with the Corporate and Business world. In the course of 2024, partnerships in the territory, which included the presence of Private Branches, Corporate Centres and Business Centres, yielded just over 1 billion in net funding. Collaboration with Banca Akros and with Corporate and Investment Banking generated considerable synergy.

To support development activities, in line with the strategy of previous years, efforts were made, in agreement with the Parent Company, to create opportunities to meet both potential customers and existing customers by organising a widespread network of local events. In the first part of the year, meetings were organised specifically for the launch of the new Private Markets, which saw the participation of General Management and the partner houses involved, to provide customers with a comprehensive vision of the reference financial market and to explain how the products in question work, in a simple but complete manner.

In order to boost the commercial impetus and forge an even more effective collaboration between Management and the distribution network, local meetings were organised at four different times of the year with all the branches of Banca Aletti.

Two of these, one at the beginning and one at the end of 2024, were attended by the General Manager, the Commercial Oversight Director and the Director of Human Resources, who gave the Network a general overview of the bank's performance and shared the main commercial objectives, also with a view to the Strategic Plan.

The remaining two meetings were chaired by a delegation from the Commercial Oversight and the Advisory & Model Portfolios departments, with the aim of exploring the main market issues, drawing from them useful commercial ideas for the daily activities of bankers. Along the same lines, the main rationales of commercial initiatives and, last but not least, the engagement dynamics of the Insieme Project were examined, given the strategic importance of the collaboration with the Corporate and Business segments.

To confirm the central role of human resources in the business model implemented in previous years, also in 2024, a significant amount of training continued to be provided (not only through digital tools): the development of the Aletti Academy continued in its main areas, represented by knowledge-enabling training, training in technical/commercial/soft skills and in managerial skills.

Corporate and Investment Banking

	2024	2023 restated (*)	absolute change	% change
Net interest income	660,322	602,623	57,699	9.6%
Financial margin	660,322	602,623	57,699	9.6%
Net fee and commission income	429,328	389,560	39,768	10.2%
Other net operating income	70	34	36	105.9%
Net financial result	10,945	19,300	(8,355)	(43.3%)
Other operating income	440,343	408,894	31,449	7.7%
Operating income	1,100,665	1,011,517	89,148	8.8%
Personnel expenses	(115,138)	(102,113)	(13,025)	12.8%
Other administrative expenses	(180,774)	(167,877)	(12,897)	7.7%
Net value adjustments to property, plant and equipment and intangible assets	(4,122)	(3,006)	(1,116)	37.1%
Operating expenses	(300,034)	(272,996)	(27,038)	9.9%
Profit (loss) from operations	800,631	738,521	62,110	8.4%
Net adjustments to loans to customers	(157,881)	(165,267)	7,386	(4.5%)
Net provisions for risks and charges	7,599	5,701	1,898	33.3%
Profit (loss) before tax from continuing operations	650,349	578,955	71,394	12.3%
Taxation charge related to profit or loss from continuing operations	(215,660)	(191,609)	(24,051)	12.6%
Profit (loss) after tax from continuing operations	434,689	387,346	47,343	12.2%
Banking industry charges net of taxes	(4,727)	(13,946)	9,219	(66.1%)
Charges relating to early retirement incentives net of taxes	(8,550)	-	(8,550)	n.s.
Impact of the Purchase Price Allocation (PPA) net of taxes	(1,563)	92	(1,655)	n.s.
Parent Company's profit (loss) for the year	419,849	373,492	46,357	12.4%

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. The amendments to the income statement format, as described in the introduction to the Results by business segment of this report, which should be referred to for further details, have been taken into account.

The following table shows the reconciliation of the reclassified income statement of the Corporate and Investment Banking business unit for 2023 with the same statement originally published in the Consolidated report on operations of the previous year.

2023	Corporate	Investment Banking	Management reclassification of the Global Markets business unit to the Finance business unit	Reclassification of e-money income	Other management reclassifications	Income statement 2023 restated
Net interest income	584,789	47,798	(11,045)	-	(18,919)	602,623
Financial margin	584,789	47,798	(11,045)	-	(18,919)	602,623
Net fee and commission income	315,747	59,274	27,445	575	(13,481)	389,560
Other net operating income	627	(225)	-	(575)	207	34
Net financial result	19,229	37,461	(134,445)	-	97,055	19,300
Other operating income	335,603	96,510	(107,000)	-	83,781	408,894
Operating income	920,392	144,308	(118,045)	-	64,862	1,011,517
Personnel expenses	(80,013)	(30,040)	7,940	-	-	(102,113)
Other administrative expenses	(133,977)	(71,244)	37,344	-	-	(167,877)
Net value adjustments to property, plant and equipment and intangible assets	(2,506)	(546)	46	-	-	(3,006)
Operating expenses	(216,496)	(101,830)	45,330	-	-	(272,996)
Profit (loss) from operations	703,896	42,478	(72,715)	-	64,862	738,521
Net adjustments to loans to customers	(165,105)	2	-	-	(164)	(165,267)
Net adjustments to securities and other financial assets	-	106	-	-	(106)	-
Net provisions for risks and charges	5,597	39	-	-	65	5,701
Profit (loss) before tax from continuing operations	544,388	42,625	(72,715)	-	64,657	578,955
Taxation charge related to profit or loss from continuing operations	(180,388)	(11,565)	24,247	-	(23,903)	(191,609)
Profit (loss) after tax from continuing operations	364,000	31,060	(48,468)	-	40,754	387,346
Banking industry charges net of taxes	(11,768)	(2,178)	-	-	-	(13,946)
Impact of the Purchase Price Allocation (PPA) net of taxes	92	-	-	-	-	92
Parent Company's profit (loss) for the year	352,324	28,882	(48,468)	-	40,754	373,492

The business line in question includes:

- the **Corporate** segment of the Commercial Network, which handles the management and marketing of banking and financial products/services and loan brokering, which are aimed at medium and large-sized companies;
- **Investment Banking**, represented by Banca Akros¹ and its subsidiary Oaklins Italy, in turn broken down into:
 - Corporate & Investment Products;
 - Corporate Finance;
 - Cross Assets Products & Solutions.

Economic performance of the segment

With regard to the trend in Income Statement items, net interest income, amounting to 660.3 million, was up thanks to the Corporate segment of the Commercial Network, despite a decline in loans and a higher volume of funding. Fee and commission income also recorded a good performance, standing at 429.3 million. The Corporate segment, in particular, recorded an increase mainly due to fees and commissions linked to corporate finance transactions, while the Investment Banking sector recorded increases in all of Banca Akros's business areas. In fact, the Corporate & Investment Products Division contributed revenues relating to the hedging of the financial risks of the Group's business customers, carried out by the Corporate Sales area, and with the positive contribution of the Debt Capital Markets area. The latter recorded a significant increase in revenues compared to the previous year (+2.7 million, +39%), also thanks to transactions as Co-Dealer completed with the Ministry of the Economy and Finance in the placement of the

¹ It should be noted that, with reference to Banca Akros, on 1 January 2024 the demerger transaction of the set of assets and resources relating to the Global Markets Division was completed in favour of the Parent Company Banco BPM for the performance of "Proprietary finance" activities.

third and fourth issues of the BTP Valore. The Corporate Finance Division, which performs Merger & Acquisition and Equity Capital Markets activities, recorded improved results, thanks in particular to the successful ABB transaction of MPS. The Brokerage Division also contributed to the completion of the ABB transaction of MPS, with revenues of 2.0 million. Lastly, the Cross Asset Products & Solutions unit, which contributes to developing commercial activities, with particular reference to domestic and foreign "non-captive" institutional customers, through the sale of products, services and investment solutions, recorded higher operating income than last year (9.1 million compared to 6.3 million, +44%).

The net financial result of the business line in question amounted to 10.9 million, down compared to the previous year, due to the trend in the fair value measurement of the loans of the Corporate segment that did not pass the SPPI test.

Operating expenses, amounting to 300.0 million, recorded an increase in both the component of personnel expenses, due to the renewal of the National Collective Labour Agreement for the sector, and in that of other administrative expenses, also due to the generalised increase in prices.

The cost of credit improved, from 165.3 million to 157.9 million, benefiting from an improvement in portfolio risk, largely attributable to the derisking measures and hedging policies completed in recent years. The contribution of unsecured loans was also positive, with write-backs rising from 5.7 million to 7.6 million.

In addition, Banking industry charges, net of taxes, of 4.7 million were deducted (last annual contribution of the Interbank Deposit Guarantee Fund), compared to 13.9 million in 2023, and charges relating to early retirement incentives net of taxes of 8.5 million.

After the PPA, the net result of the business line therefore stood at 419.8 million compared to 373.5 million of the previous year.

More information on the activities managed by the business segment in question are provided below.

Corporate

Evolution of the organisational and commercial model

One year from its establishment, the Corporate & Investment Banking Division (CIB Division) of Banco BPM completed the development of the organisational and commercial model of the Corporate network¹ according to specific guidelines:

- focus by type of Customer, through the creation of Corporate Key Client Centres and Territorial Corporate Centres;
- specialisation in the Real Estate sector, through the establishment of 2 new Corporate Real Estate Centres in specific locations (Rome and Milan);
- optimisation of the monitoring of more complex transactions and an approach based on specific industry skills through the establishment of the Industry coverage and lending function.

The objectives of the new organisational structure can be defined as:

- full commercial enhancement of relations with the entire customer base;
- better monitoring of the needs of Customers and more efficient exploitation of reciprocal opportunities;
- adequate specialist support for more complex transactions;
- maintaining the value of territoriality.

The CIB has a twofold ambition:

- to be the financial partner of choice for Large Companies and for Mid Corporates, thanks to skills and experience that allow it to meet market challenges, benefiting the growth of all business customers, in Italy and worldwide;
- to offer a truly complete and competitive range of tailor-made products and services, while guaranteeing a high level of service.

¹ The Corporate commercial network, divided into 5 Key Client Centres, 16 Territorial Centres, 2 Real Estate Centres, 2 Large Corporate Centres, serves Corporate customers (with group turnover greater than 75 million) and Large Corporate customers (with group turnover of more than 1 billion).

Corporate Customers

Business sectors and geographical distribution

In terms of breakdown by product sector, a large part of Corporate customers operate in Manufacturing sectors¹. The share of companies operating in the main Manufacturing sectors out of the total number of Corporate customers is approximately 24%, with a share of approximately 17% of total credit facilities within the Corporate perimeter. In terms of geographical distribution, the companies served are mainly present in the more economically dynamic regions, characterised by high GDP values and a greater concentration of industries and services. The territorial spread of the Corporate Network is able to support all types of companies, even in areas with reduced numbers. To date, the Group encompasses approximately 11 thousand individual counterparties² with a volume of approximately 36.6 billion in Loans (Cash and Unsecured Loans) and approximately 8 billion in Direct Funding. (Progressive average figures as at December 2024).

Corporate business strategy

2024 saw a scenario of persistent complexity (political instability at international level, crisis of some industrial sectors, albeit in the face of a fall in interest rates at global level and, in Italy, a slowdown in inflation) which highlighted the importance of the Bank's role alongside the business world in supporting the country's growth. The combination of deep local roots and openness to the global market proved to be a winning combination.

Also the professionalism of Relationship managers, who represent the core of the commercial network and who work in close synergy and coordination with the CIB Units and corporate centres (Structured Finance, Supply Chain Finance, Global Transaction Banking, Investment Banking), contributed to developing Italian production excellence, also locally. The Business Plan considers the first pillar of the Performance Acceleration programme to be the consolidation of leadership in the Business & Corporate Investment Banking segment and support for the green transition.

From a commercial perspective, these challenges have an extremely important impact, both in terms of organisation and the range of products and services offered.

Corporate and Investment banking, which serves the most structured Companies with complex needs through a tailor-made approach, represents an innovation factor for the entire range of products/services offered for Group companies.

The three main challenges that characterised 2024 stem directly from the objectives of the Plan:

- to consolidate the distinctive identity of Banco BPM;
- to grow on specific customer clusters, thanks to the ability to provide tailor-made services;
- to anticipate and govern the main market trends.

These three challenges also dictated the priorities for action:

- dissemination of performance, thanks to a greater focus on the Corporate service model;
- enhancement of the offer of Banca Akros to customers;
- strengthening of Supply Chain Finance activities;
- consolidation of leadership in structured finance activities.

All of the above was also developed with a focus on environmental issues, which are encompassed in the term green transition. Support for this is confirmed by the development and constant evolution of dedicated financing solutions to support the development of a low-carbon economy in all components of the various supply chains. Sustainability is a driver for the development of potential growth and competitiveness for Companies, which, at the same time, generates important opportunities; the Group is at the forefront to support Customers facing this new challenge.

Offer to Corporate customers

In 2024, Banco BPM Group further consolidated its benchmark role among financial players at national level, in the management of specific company needs in the Corporate segment. Its consolidated experience gained in this area, combined with its deep roots in local areas, enables the Group to always maintain a strong Bank-Business relationship, with market shares that continue to be significant in the specific Corporate customer segment.

¹ The "Manufacturing" macro-sector also includes the production of motor vehicles.

² Individual counterparties with one or more Bank products/services such as: credit facilities, loans, current accounts, deposits, collection/payment/e-money services, etc.

In 2024, the offer of financing products dedicated to Corporate customers was directed towards both the continuity of the product range, represented by products and solutions that were already available in previous years, and the implementation of new solutions, introducing technical developments, aimed at best supporting the specific needs of Corporate Customers. The development and flexibility of the product range is the result of a constant and profitable dialogue between the Commercial Network and the Customers assisted.

Among the tools and solutions most used by Corporate customers to deal with fluctuating market demand, the offer of loans secured by the various types of guarantees provided by SACE - as part of the agreements entered into with the Bank (SACE Green Guarantee, SACE Futuro, etc.) or not included in the agreements (other types of SACE Guarantees that envisage an ad hoc valuation and management in relation to individual transactions) - continued to play an important role. The SACE guarantees as a whole are seeking to provide support (in the manner envisaged for each case) both to making company investments and for working capital requirements.

In parallel, activities continued, in synergy with the various Bank Units involved, for the development of new solutions (products, services and tools) in line with the measures envisaged in the National Recovery and Resilience Plan (NRRP). These include the "Transition Plan 5.0", an incentive measure established by the Italian Government, whose objective is to support the process of digital and energy transition of companies. With the aim of facilitating access for companies to the opportunities for subsidies offered by the Transition Plan 5.0, the Bank established a lending ceiling of 2 billion, making the broadest medium-long ordinary and subsidised financing solutions available alongside the financial resources.

In regulatory terms, with regard to the framework of interventions of the European "Green New Deal", acknowledged and implemented by each Member State to achieve neutrality of polluting emissions by 2050, as the Bank wishes to enhance its ever-increasing commitment to reducing the environmental impacts, including indirect ones, it assists customers who invest today and/or will invest in the near future in "green investments", in terms of the related financing needs, in order to support their path towards "Green Transition".

In 2024, activities were consolidated as regards enhancing ESG information in the interaction platform of the Corporate network (Sales4Change); all the data that can be used to define the ESG profile of customer companies were entered and highlighted here, with particular attention to the "Environmental" parameter. The objective is to enhance the information assets to support commercial activity in the ESG area.

With a view to developing the product range, thanks to the new strategic partnership with Numia, a leading Italian player in the E-money sector, starting from September 2024, the Bank was able to offer its Customers, including Corporate customers, some of the most advanced and high-performing electronic payment instruments.

The objective is to provide Companies with technologically-advanced solutions in line with the level of innovation required by a market such as that of payments, in constant and rapid expansion.

Other distinctive commercial activities

Structured finance

2024 recorded a particularly satisfactory performance for the Structured Finance area which, by consolidating its mission as regards the structuring of tailor-made loans for customers with more advanced financial needs, outperformed the already significant results from the previous year, both for the amount of loans taken out and for the fees collected. This new milestone was achieved by virtue of the growing participation of Banco BPM in club loans, but also and above all thanks to the increasingly proactive approach of the commercial networks as a whole, combined with the fact that customers are gradually acknowledging the strategic value of these transactions.

In 2024, according to all the performance metrics considered, Structured Finance achieved the best result of its track record.

Specifically:

- Corporate Lending activities recorded a significant increase, both in the number of transactions closed and in returns, evaluated for the generation of fees and net interest income. In this regard, Structured Finance contributed to consolidating the role and reputation of the Group as one of the leading banking operators in Italy, taking part in most of the significant transactions in terms of size and strategic scope;
- the activities carried out for Financial Sponsors, an area in which Banco BPM has maintained its leadership position in the SME segment in terms of the number of transactions made, marked a very positive year mostly thanks to primary transactions and to large-scale transactions, which the Bank focused on in particular. To

seize the opportunities arising from new operators, 2023 had seen the launch of a team specialised in small-scale transactions, which in 2024 achieved a decidedly encouraging result;

- Project Finance activity confirmed the performance level recorded in recent years, thanks to the consolidation of relations with several operators, and to the participation in transactions for important infrastructure projects. Also in 2024, Banco BPM participated in several infrastructure projects with leading roles, demonstrating the expertise it has gained in this specialist area;
- activities in the Real Estate sector also recorded excellent performance during the year, significantly improving on the figures of the previous two years, thanks to the interest of institutional operators, including international ones, in investments in areas in which the Group boasts a privileged competitive positioning. In 2024, the new projects were also joined by some refinancing of high-performance assets already in the portfolio, an activity that is expected to continue in the years to come.

Over 250 Structured Finance transactions were concluded in 2024, for a total subscribed amount of over 6.5 billion. Of these, over 100 transactions, for over 4 billion in loans subscribed, relate to Corporate Lending. The following categories, in terms of numbers and relative volumes, are Leveraged transactions (around 50 transactions, for almost 1 billion), Real Estate transactions (over 30 transactions, for around 800 million), and lastly Project Finance transactions (around 30, for a total of around 750 million).

In general, Structured Finance has been confirmed as an important driver for the development of relationships with the most dynamic and sophisticated customers of Banco BPM Group.

Global Transaction Banking

Dedicated network, foreign merchandise unit, guarantees and international payments

2024, marked by the considerable complexity of the geopolitical context, recorded a non-positive trend in international trade; however, GTB was once again able to increase its market share, particularly in the area of International Guarantees. In this situation, the dedicated commercial network - made up of over 60 specialist figures located throughout the country - pursued its growth objectives.

During the year, the Bank set up the "Client & Sales" unit, which is responsible for the network of Foreign Specialists and Financial Institution colleagues. This led to the creation of a common vision of the relationships with GTB customers (Companies and Banks).

With a view to supporting companies in their internationalisation process, given the positive experience of 2023, the interesting initiative of the "Sales" and "Trade & Export Credit" units continued in 2024 as well. It concerns the development of the "Credito Fornitore" [Supplier Credit] product, also improved by the option to discount bills assisted by the Euler Hermes/Allianz policy, as well as by SACE.

The training provided by Sales continued, both within the Bank, collaborating with the Academy as part of the courses for business managers, and externally with the now consolidated participation in Master Carint, reserved to students of the Catholic University of Milan.

In terms of operational support, Banco BPM Group also has foreign-goods units located throughout the country. More specifically, in Milan, Verona, Modena, Bergamo and Lucca. The Legnano unit was closed, to geographically concentrate activities on Milan.

Specifically, the aforementioned units handle operations in documentary credits and documented remittances (around 90 employees).

The "International payments & guarantees" unit, which now encompasses foreign payments and the management of international guarantees, was numerically strengthened, considering the increase in business volumes. This is a single unit (with offices in Milan, Novara and Legnano), which provides these specific services to the entire country. The common objective is to provide customers with a high-added value service, which guarantees consistent returns in terms of commission income, while at the same time carefully and promptly monitoring all technical-operational areas. In addition to the activities relating to the afore-mentioned world of bonds, the presence of the international payments unit, within Global Transaction Banking, allows for more efficient interaction with Corporate and Retail, with particular reference to the closing of foreign transactions.

Financial Institutions

During 2024, in line with last year, the Financial Institutions Group (F.I.G.) carried out missions abroad to strengthen relations with local counterparties. The primary focus of these business trips was to maintain adequate credit facilities

to support the import and export activities of customers. In this way, risk assumptions were consolidated and increased, in consideration of the countries and markets of greatest commercial interest, and the prompt monitoring of the financial and socio-political performance of the borrowing banks and countries was strengthened, also thanks to synergies with the "Trade Finance Products & Controls" and "Banks, Institutions, Entities and the Public Sector" offices.

In order to consolidate and increase the ability to attract trade finance operations, also in 2024, participation in the "trade facilitation" programmes of the main supranational banks was maintained: EBRD, IFC, ADB, as well as the direct membership of B.A.F.T. and I.T.F.A.. The activities carried out by the Representative Offices in Mumbai and Hong Kong, which constantly monitored relations with the banks of the Indian subcontinent and the Asian area, also provided significant support. In December 2024, the Board of Directors of Banco BPM approved the proposal relating to the opening of a Representative Office in Mexico City.

Foreign Products and Services - Interactive channels

With regard to the interactive channels with both information and order functions, used by business customers that operate and/or intend to operate abroad, the You Lounge - Trade Club Alliance product was discontinued.

- YouWorld is an information platform that allows companies to access a comprehensive and constantly updated set of information on foreign trade (e.g. political-institutional framework of countries, customs and tax regulations, contractual obligations, calls for tenders, professional lists) and references of potential foreign suppliers or buyers (organised by country, type of goods or services offered). Approximately 800 companies use the service as at December 2024, including Retail and Corporate customers;
- YouTrade Finance is a portal that enables goods operations to be managed online (international guarantees - already operational, documentary credits - operational for the import phase), simplifying and optimising the bank-customer relationship, and able to guarantee maximum security (i.e. the use of digital signatures) through guided procedures. Approximately 460 customers use the service.

Agreements with leading institutions

In order to expand the support to customers that operate in the complex field of internationalisation, Banco BPM has joined numerous associations through its managers specialised in Foreign Operations and Trade Finance (including ICC Italia International Chamber of Commerce and Credimpex Italia). The bank also operates with Euler Hermes and SACE.

Trade and Export Finance

The "Trade and Export Credit" Unit encompasses all activities relating to:

- export finance, in collaboration with SACE/SIMEST/Euler Hermes, to support exports of leading national industries;
- international structured finance transactions with international industrial groups that have significant business activities or trade with Italy;
- loans to the main energy and commodity traders, to further promote trade with Italy;
- Trade Finance transactions with Italian counterparties to support exports and large foreign projects such as supplier credit, guarantees and letters of credit with insurance support.

The desk has been active since 2019. During 2024, the desk continued to develop buyer credit transactions through the Buyer's Credit tool with SACE insurance coverage and, at the same time, to promote the development of the SACE Push strategy and of supplier credit with SACE and Euler Hermes coverage.

Several important international transactions were completed, both as regards export finance, project finance and commodity and international corporate finance, creating new trade relations and consolidating existing relations with industrial groups active in International markets, focusing in particular on Africa and Europe.

Particular attention is and will be paid to the major players in energy and industrial transition and to the new tech verticals.

Synergy with Banca Akros

In 2024, the Bank continued to enjoy significant synergy with Banca Akros, which specialises in Capital Markets and Investment Banking activities.

Financial risk hedging: in 2024, through the Corporate & Investment Products unit of Banca Akros, Banco BPM Group reaffirmed its provision of specialised support to corporate customers in managing interest rate, exchange rate and commodity risks. This activity is directed towards companies that feature the aforementioned risk hedging needs in relation to their operational management or the structure of their financial statements. In a scenario of growth in Italian investments abroad, there is an increasing need for knowledge and understanding of financial risks on the part of companies. Thanks to the service model that envisages, for hedging products, sales staff and specialists to support the managers, transactions on financial risk hedging instruments were effectively monitored. The unit has forged, together with the Group, solid commercial relationships with its customers, providing services with high added value, in a market context characterised by strong competition from major Italian and foreign banks.

During the year, the Group continued to develop new products and services, continuing to strengthen its role as a benchmark for its customers in terms of innovation.

As regards exchange rate and commodity hedges, in 2024 the activity remained substantially unchanged compared to 2023; interest rate hedges, instead, recorded double-digit growth compared to the previous year, a trend essentially attributable to the situation of variability (down) of interest rates.

Securitisation & Structured Solutions: in 2024, the Securitisation & Structured Solutions unit developed further synergy with Banco BPM's Corporate network for the distribution of corporate securitisation products, through a joint action model to support the growth and consolidation of commercial relationships with key customers, providing them with innovative products and services with high added value, with a view to developing the company and its relative financial stabilisation, in a scenario of highly volatile interest rates and geopolitical conditions. The joint approach led to the achievement of significant results at Group level, and in particular to the performance of important transactions also with international companies, as well as those operating in the Green Economy sector, which confirmed and strengthened the leading commercial presence of Banca Akros and Banco BPM on the Italian banking scene.

Debt Capital Markets: in 2024, the Debt Capital Markets Team of Banca Akros worked with particular diligence and commercial effectiveness with the Corporate commercial network, and in particular with the Large Corporate unit, establishing its activities in the origination, structuring and placement of new bond issues. The main customers are medium-large companies, which to meet their funding needs combine the issue of bonds with bank loans or bank lending using the primary market. At a time in the markets permeated by expectations of a gradual reduction in interest rates by central banks, the abundant liquidity available to investors led to extremely positive results being achieved in terms of the amount issued. In this context, the Group's economic result exceeded that of the previous year with double-digit growth.

Corporate Finance: in 2024, the Corporate Finance unit of Banca Akros worked with particular synergy with the Corporate commercial network, intensifying its activities in the area of origination and execution of M&A advisory transactions and Equity Capital Market transactions. With reference to the M&A advisory business, an increasingly marked interest on the part of customers was noted, seizing growth opportunities by external means, in Italy and abroad, in order to consolidate their reference market or to diversify products, technologies and markets. With reference to Equity Capital Markets, customers needed support for extraordinary transactions, including IPOs, delisting and share capital increases.

Synergy with Banca Aletti: Insieme project

In continuity with previous years, and with a view to developing synergies, the Corporate function, in collaboration with Banca Aletti, continued with the initiative called "Insieme Project" [Together Project] with the aim of developing Customers and Private assets through the Corporate channels, enhancing the relationships already active within the Group.

Purchase of tax and trade receivables

During 2024, Banco BPM consolidated its presence in the service sector relating to the non-recourse purchase of trade and tax receivables and incentives, held by its Customers vis-à-vis both businesses, and the Public Administration (including tax credit relating to Decree Law 34/2020, so-called "Super Ecobonus").

This activity confirms the effectiveness of a tool aimed, first and foremost, at supporting production chains, through the optimisation of company working capital.

The experience acquired by the Group in this area is demonstrated above all by its ability to enter into customised agreements with leading companies that wish to optimise the opportunities available to manage supply credit/debt, while at the same time offering effective financial services to their suppliers.

An important market position was achieved in the purchase of tax credits deriving from the so-called "Super Ecobonus", an activity that has allowed both private and business customers to take full advantage of the important tax benefits envisaged by the relative decree.

Consolidating its leadership of this specific market was possible also due to an initial phase in which internal procedures were innovated by developing a platform able to facilitate operating aspects in the bank-customer relationship. This platform will be the subject of the final release of all the main functions by October 2025.

ESG culture and promotion of Sustainable Finance

Among the initiatives to support the dissemination of an ESG culture to the general public, some contributions published in the CLB section of the Banco BPM public website are worth mentioning. It is also important to highlight the participation of CLB top management in round tables/webinars focused on ESG issues in the economic and financial sphere.

Initiatives for corporate customers

In line with the ESG integration and professional development objectives set out in the Strategic Plan, the Corporate commercial network is adequately trained with respect to changes (regulatory evolution, development of the product range) and to points of attention that are functional to providing advice to support the 'green transition' and, ultimately, useful to achieve commercial objectives with regard to green disbursements in the segment monitored.

Corporate & Investment Products (C&IP)

During the year, the specialist commercial coverage and development activities of Corporate & Financial Institutions customers, in relation to the specialist products and services offered by the C&IB Division of Banca Akros, continued successfully, in coordination with the Parent Company.

Corporate Sales

Thanks to the service model that envisages, for hedging products, sales staff and specialists to support the Parent Company's managers, transactions on financial risk hedging instruments were effectively monitored, with particular attention to customer service and development for both retail and corporate areas. During the year, cash flows on derivative products amounted to a total notional value of around 7.0 billion for exchange rate and commodity risk hedges, substantially in line with last year, and around 4.3 billion for interest rate risk hedges, up by 34%, on the underlying loans at floating rate, mainly disbursed by Banco BPM. Operating income was substantially in line with the previous year in exchange rate activities (spot, forwards and options) and in commodities. On the other hand, there was a marked growth of around 20% in income from interest rate hedges, both for corporate customers and for businesses, despite the fact that the market was characterised by a sharp drop in interest rates.

Banca Akros continued to develop new activities, services and technical hedging solutions on interest rate and exchange rate risks, confirming its status as a benchmark in terms of innovation to the benefit of the customer.

The Bank improved its portfolio of products for financial risk management for businesses by including instruments that allow them to hedge the risk of fluctuations in interest and exchange rates which, both nationally and internationally, represent one of the main risks that businesses have had to deal with in recent times. It also continued to support companies in managing the risk of movement of commodities related to fluctuations in oil and its derivatives as well as in precious and base metals.

Investment Products

In 2024, Banca Akros provided support activities for the structuring of Equity-linked Certificates and Bond Equity issued and placed by Banco BPM for approximately 1.6 billion. In addition, it coordinated the structuring of some Intesa Sanpaolo Certificates, also in the role of Placement Manager, intended exclusively for Group customers, for approximately 300 million; this activity gained momentum especially in the last few months of the year and represented a change compared to the 2023, when the placement of only the Group's Certificates and Bonds was preferred.

Overall volumes rallied by around 10% compared to 2023. All products were characterised by unconditional capital protection on maturity.

With regard to the marketing and distribution activities of Directly Listed Certificates issued by Banco BPM, in 2024, starting from mid-March, 120 Certificates were issued in 9 different tranches, while the stock of outstanding Certificates at year end was 127 products. During the year, exchanges were carried out for a total value of approximately 68 million, recording an increase of 22% compared to 2023. All products issued and listed directly were characterised by conditional capital protection on maturity.

Debt Capital Market (DCM)

In the corporate issuers segment, Banca Akros participated as Joint-Bookrunner in the placement with institutional investors of bond issues for Terna (1.7 billion), Enel (1.7 billion), Mundys (1.2 billion), Autostrade per l'Italia (1 billion), Leasys (500 million), Snam (1.5 billion), Dufry (500 million), Pirelli (600 million), Cassa Depositi e Prestiti (750 million), Italgas (350 million) and Webuild (500 million).

In addition, again for corporate issuers, the segment in question participated as Joint-Bookrunner in the High-Yield bonds of Neopharmed, Sammontana, Al maviva and IGT B.V. for a total of 2.8 billion and participated in three public offer transactions with direct distribution on the MOT addressed to the general public in Italy, and qualified foreign investors for Alperia S.p.A., TIP S.p.A. and Alerion Clean Power.

In the Financial Institutions segment, Banca Akros participated, as Joint-Bookrunner, in the placement with institutional customers of the bond issues of the Parent Company and other institutions (European Investment Bank, Mediocredito Centrale - Banca del Mezzogiorno, Agos Ducato, Alba Leasing).

Lastly, Banca Akros participated as Co-Dealer in the third and fourth issue of the BTP Valore for a total amount of 30 billion.

Securitisation & Structured Solutions

In the Securitisation & Structuring Solutions segment, and with particular regard to performing securitisations, we draw attention to the participation of Akros, as Joint Arranger, in loan securitisation transactions: "Sunrise 2024-1" and "Sunrise 2024-2" for a total of 2.4 billion originated by Agos Ducato.

Banca Akros also assisted Alba Leasing S.p.A., as Joint Arranger, in the "STS" securitisation of receivables originating from "Alba 14 SPV S.r.l." lease contracts (830 million) and acted as Arranger, Placement Agent and Monitoring Agent in the real estate securitisation transaction, "Real Estate SPV Project 2307 Srl" (21 million).

Also note the participation of the Bank as Arranger in the securitisation of receivables originated by Sigla S.r.l., by Banca Popolare di Fondi Soc. Coop. and the Metinvest Group.

Brokerage and financial research activities

As regards specialist and corporate broker activities for issuers listed on the Borsa Italiana, 31 mandates were recorded, compared to 29 as at 31 December 2023, of which 9 related to companies listed on Euronext Milan, 12 to companies listed on Euronext STAR Milan (formerly STAR) and 10 companies listed on the Euronext Growth Milan market.

In 2024, the Equity Research team (consisting of 11 analysts) produced approximately 2,500 daily comments (around 2,300 in 2023) and 133 single-issue fundamental analysis reports (excluding the previews, a much higher number compared to 47 in 2023) as well as numerous technical analysis notes.

At the end of the period, counting the delistings and the 11 hedge originations, 97 issuers were analysed.

Marketing activities involved around 120 events including conferences, corporate roadshows and analyst roadshows, both in Italy and abroad.

With regard to bond products, Akros reached second place overall in third-party brokerage on the fixed-income market of Borsa Italiana (Source: AMF Italia), with total trading volumes representing 23.5% for the whole of 2024 (25.8% in 2023). More specifically, the value of brokerage on behalf of third parties enabled Banca Akros to confirm first place on the Borsa Italiana Euronext EMOT market for the whole of 2024, with 35.1% (Source: AFM Italia). Again with reference to the bond markets, Banca Akros came in second on the Domestic MOT (22.2% share), Euronext Access Milan (15.3% share), ETLX (21.9%) and Vorvel (23.2%) markets.

Banca Akros also holds third place on the ETF (ETFPLUS) market and on the Certificates SEDEX market, with a market share of 11.1% and 7.7% respectively. With particular reference to ETFs and bonds, we draw attention to the

significant total value of orders executed on alternative venues not yet included in the association's statistics. Lastly, note should be taken of the direct membership of Banca Akros in the Equiduct market, and the introduction of the new proprietary SABEequity best execution system on European equity instruments, which will go into production in 2025; in this way, after Sabe and SABEetf, the family of proprietary systems through which Banca Akros guarantees the execution of all orders on cash financial instruments, in fully automated best execution mode, will be completed.

Transactions on the energy derivatives markets saw a significant increase during the year, thanks to both the expansion of the national and international customer base, and the changed market conditions compared to 2022-2023. Volatility remained high on these commodities, but not at the extreme levels of the past two years, which had led many players to exit the regulated markets for hedging and portfolio optimisation purposes.

Banca Akros continued to support market players by expanding the offer of marketable products.

In terms of volumes, there was an increase in market share from 5.2% to 6.7% in index options, maintaining the fourth absolute position.

Corporate Finance

M&A

M&A activities on medium-sized enterprises were affected by macroeconomic issues, as well as by the changed geopolitical contexts, which influenced the execution of the mandates in the "pipeline"; nevertheless, Banca Akros has intensified its focus on its M&A activities, acquiring new "sell side" and "buy side" assignments with business and corporate customers, family businesses and Private Equity funds.

ECM

With regard to Equity Capital Markets, Akros acted as Joint-Global Coordinator in the IPO of I.CO.P on the Euronext Growth Milan market - the second largest IPO on EGM in 2024 - and in the share capital increase guaranteed by DoValue. Banca Akros was Sole Bookrunner in the accelerated placement carried out by the Ministry of Economy and Finance on Banca Monte dei Paschi di Siena for a total value of just over 1 billion. The Bank also acted as Intermediary in charge of Coordinating the Collection of Subscriptions in the public purchase offers on Salcef, Relatech, Prismi and Tiscali, as well as Financial Advisor in the public purchase offers on Renergetica by CVA and Servizi Italia. Lastly, Banca Akros acted as Equity Capital Markets advisor for the share capital increase of Landi Renzo.

Cross Asset Products & Solutions

The Cross Asset Products & Solutions unit contributes to developing commercial activities, with particular reference to domestic and foreign "non-captive" customers, including institutional customers, eligible counterparties, private funds, sovereign funds and family offices, through the sale of products, services and solutions, including investment solutions, with a view to achieving the best commercial and economic results.

During the year, the commercial coverage and development activities of all Financial Institutions customers in relation to the specialist products and services offered by Banca Akros, in coordination with the Parent Company, continued successfully, recording significant growth.

In particular, thanks to the service model that envisages, for hedging products, sales staff and specialists to support the Parent Company's managers, transactions on financial risk hedging instruments were effectively monitored.

Flows of repurchase agreements on government securities also increased, as did securities lending on equity and fixed income.

The unit has forged, together with the Group, solid commercial relationships with its institutional customers, providing services with high added value, in a market context characterised by strong competition from major Italian and foreign banks.

In 2024, the total of Investment Certificates structured by Banca Akros and placed on third-party networks decreased compared to the previous year, due to the updating of some internal processes and methodologies, which, after an in-depth review, will presumably have positive effects in 2025.

As regards the core business of trading in the secondary bond market, the cash flows from institutional customers in the segments of Government, Supranational and Agency securities, as well as from Corporate and Financial issuers, tripled with respect to the previous year, also thanks to the fact that Banco BPM achieved "BTP Specialist" status. The positive contribution of the "flow business" from institutional investors in the OTC equity derivative segments was also confirmed.

Insurance

	2024	2023	absolute change	% change
Net interest income	(1,431)	(95)	(1,336)	n.s.
Gains (losses) on interests in associates and joint ventures carried at equity	7,485	28,440	(20,955)	(73.7%)
Financial margin	6,054	28,345	(22,291)	(78.6%)
Other net operating income	(1,656)	3,955	(5,611)	n.s.
Profit (loss) on insurance business	93,432	45,851	47,581	103.8%
Other operating income	91,776	49,806	41,970	84.3%
Operating income	97,830	78,151	19,679	25.2%
Personnel expenses	(4,253)	(2,026)	(2,227)	109.9%
Other administrative expenses	(19,703)	(11,873)	(7,830)	65.9%
Net value adjustments to property, plant and equipment and intangible assets	(266)	(7)	(259)	n.s.
Operating expenses	(24,222)	(13,906)	(10,316)	74.2%
Profit (loss) from operations	73,608	64,245	9,363	14.6%
Net provisions for risks and charges	444	(34)	478	n.s.
Profit (loss) before tax from continuing operations	74,052	64,211	9,841	15.3%
Taxation charge related to profit or loss from continuing operations	(19,887)	(7,926)	(11,961)	150.9%
Profit (loss) after tax from continuing operations	54,165	56,285	(2,120)	(3.8%)
Banking industry charges net of taxes	(3,505)	-	(3,505)	n.s.
Bancassurance impacts net of taxes	5,842	-	5,842	n.s.
Parent Company's profit (loss) for the year	56,502	56,285	217	0.4%

The Insurance sector is the segment in which the contributions to the consolidated financial statements of the interests held in Banco BPM Vita, Vera Vita, BBPM Life, Banco BPM Assicurazioni and Vera Assicurazioni converge.

The breakdown of the above-cited sector represents the result of the insourcing transactions of the "Life" insurance business, launched with the acquisition of the entire share capital of Banco BPM Vita from Covéa in 2022, and continued in 2023 with the acquisition of Vera Vita (and its subsidiary BBPM Life), and the simultaneous activation of a strategic partnership with Crédit Agricole Assurances in the bancassurance, Non-Life/Protection sectors, which led the Group to hold 35% of the share capital of Banco BPM Assicurazioni and Vera Assicurazioni.

Due to the above, 2024 represented the first year in which Banco BPM Vita and Vera Vita were consolidated on a line-by-line basis, both at the Balance Sheet and Income Statement level (in 2023 this line-by-line consolidation was carried out only at the Balance Sheet level), while Banco BPM Assicurazioni and Vera Assicurazioni are consolidated at equity.

The Life insurance market in Italy

From the beginning of the year to November (latest ANIA update available), new individual life policies issued in Italy totalled 80.5 billion, 24.7% higher than in the same period of 2023, when instead, an annual decline of 4.3% was recorded.

The latter is certainly an extremely positive figure, as is the monthly premium trend, especially if compared to 2022 and 2023, years in which the trends were negative (in the first case), and rarely in the positivity threshold in the second case (with a maximum peak of 8.5% in August).

Focusing only on the Bancassurance channel, including non-EU companies, in which Banco BPM Group operates, at the end of November 2024, premiums written reached 56.6 billion, approximately 24% higher than in the same period of the previous year.

Moreover, 2024 was a year characterised in the first half by the effect of interest rate hikes, which ended in October 2023, made by the ECB with the aim of lowering inflation to the 2% target.

The ECB's restrictive monetary policy also had a significant impact on the market's business mix, which starting from 2022 began to shift its axis to Class I, leaving less room for Class III: Class I went from representing the 49.9% of total Life business in 2021 to 63.3% in November 2024.

With regard to product innovation, from the beginning of the year until the end of November 2024, 106 new IBIPs products were placed on the Italian insurance market, of which 54% were revaluable products, 24% multi-segment, 18% unit-linked, 3% capitalisation products and 1% TFM (source: Fairmat). Within the Bancassurance channel alone, a total of 56 new products were created at the end of November, i.e. just over half of the products placed on the market. Specifically, 44% of these were revaluable products, 15% multi-segment, 23% unit-linked and a residual 3% capitalisation products.

Economic performance of the segment

The mission of the Banco BPM Vita insurance group is to develop the range of insurance products offered to Banco BPM Group customers.

On average, the performance of almost all asset classes was positive during the year (shares, corporate bonds and government bonds), with the exception of some inevitable phases of volatility.

Segregated Funds maintained their expected profitability for the year, also thanks to the tactical transactions carried out, such as, for example, sales that allowed significant capital gains to be realised, mainly focused on the equity segment. In any event, Segregated Fund rates remained competitive with respect to BTP rates, since the latter, after the significant rally in the summer period, significantly fell from September, even below the levels recorded at the beginning of the year.

The financial choices were made on the basis of the recommendations of the ALM and Investments Committees, the asset diversification promoted by the Board of Directors and the ALM indicators, with a view to a correct balance of the Portfolios. The Company's Risk Appetite and therefore the restrictions relating to capital absorption were taken into consideration.

The main technical trends of the segment are illustrated in summary form.

Group gross production recorded a very positive performance, amounting to 3,357 million (a significant increase compared to the 2023 figure of 1,021 million, which was, however, influenced by a different and more restricted group perimeter, including only the contribution of Banco BPM Vita and Banco BPM Assicurazioni).

Analysing the figure at individual Company level, an increase in the production of Banco BPM Vita emerges, which recorded premiums of 1,365 million (984 million as at 31 December 2023), driven by the positive performance of traditional products whose premiums amounted to 1,294 million.

Vera Vita recorded premiums of 842 million, also in this case concentrated on traditional products, which amounted to 775 million, thanks to the significant contribution made by the marketing of the new product "Rifugio Plus" which was launched in September 2024.

Lastly, BBPM Life contributed 1,150 million to total premium income, referring entirely to Class III products.

With regard to the Non-Life business, this showed total premium income of approximately 4 million, referring entirely to Accident and Health products. The figure is down compared to the previous year, solely due to the exit from the scope of consolidation of the contribution of the Non-Life company Banco BPM Assicurazioni.

The operating income of the Insurance sector amounted to 97.8 million (78.2 million in the previous year), mainly due to income from insurance activities of 93.4 million (45.9 million as at 31 December 2023), and the contribution of the valuation at equity of the interests in Banco BPM Assicurazioni and Vera Assicurazioni (7.5 million, compared to 28.4 million in the previous year, where both Vera Assicurazioni and Vera Vita were consolidated at equity).

Operating expenses amounted to 24.2 million, up compared to the previous year when they were 13.9 million, mainly due to the cost of the Generali Italia Service for Vera Vita.

The income statement of the segment in question was also subject to banking industry charges, net of taxes, of 3.5 million, which represented the estimate of the first instalment of the contribution due to the new Guarantee Fund of the Life insurance sector; the impact related to the revision of the estimates conducted in the 2023 financial statements, following the definition of the prices of the purchase and sale transactions related to the reorganisation of the bancassurance activity, was positive, and amounted to 5.8 million, net of taxes.

After taxes of 20.0 million, the profit for the segment in question was 56.5 million (56.3 million in the previous year).

Bancassurance business

For Banco BPM Vita, 2024 was certainly a year with a wealth of initiatives, both in terms of product innovation and marketing, and commercial actions to support the dissemination of insurance products and in response to market trends. Various initiatives were put in place to support the sales network and the respective customers segments served, including the streamlining and gradual unification of the Company's product catalogue, in addition to implementing specific actions to support customers, to identify new requirements and the best offer to meet them through the revaluable and multi-segment products in the range.

Specifically, during the year, with Banco BPM Vita Coupon Plus, a revaluable policy marketed since the beginning of July 2023, the Company continued to support the value sought by customers, in line with market trends and the opportunities offered by the market. Banco BPM Vita also continued to offer concessions in terms of pricing on its Coupon Plus policy, which, starting from January 2024 and up to and including April, was placed with a discount on the loading fee for both Banca Aletti and Banco BPM. Subsequently, an agreement was drawn up, reserved to Banca Aletti, to continue to offer the product in a manner adapted to the specific target of customers.

In 2024, the company added a new bond line called "BPM Vita Obbligazionario" within the BPM Vita Personal Insurance multi-segment product, in order to offer new and existing customers greater portfolio diversification in light of new market opportunities. With the release in February of this internal bond insurance fund, Personal Insurance was offered in promotion for several months to both Banca Aletti and Banco BPM customers. Starting from January 2025, following the commercial closure of Vera Vita's multi-segment "Soluzione Personal" product, the marketing of Personal Insurance was extended to the entire Banco BPM Network, adding a further step to the process of streamlining the product catalogue. The offer in the catalogue of multi-segment policies is aligned with the market, which has recently rediscovered this type of policy which, alongside the financial protection and the return prospects of Class I to Class III, is being appreciated by an increasingly wider set of customers (looking at the new premiums recorded by ANIA, a recovery was noted in the production share of the multi-segment sector, after the minimum recorded in September 2023, reaching a peak of 40% in October 2024).

With regard to the subsidiary Vera Vita, a new revaluable product was designed and launched in September, called Vera Vita Rifugio Plus, which features three segregated funds. This initiative is also in line with the market trend (around half of the new policies have more than one underlying Segregated Fund).

Numerous training sessions dedicated to the distribution network were also provided, providing courses as further support for the sale of these new products.

In addition, during the year, the companies continued with the integration of risks and sustainability factors into the insurance, investment, risk management and corporate governance processes, with the aim of contributing to the dissemination of a culture of social accountability.

Strategic Partnerships

	2024	2023	absolute change	% change
Net interest income	(9,893)	(1,764)	(8,129)	n.s.
Gains (losses) on interests in associates and joint ventures carried at equity	142,397	113,597	28,800	25.4%
Financial margin	132,504	111,833	20,671	18.5%
Operating income	132,504	111,833	20,671	18.5%
Personnel expenses	(1,858)	(1,639)	(219)	13.4%
Other administrative expenses	(739)	(701)	(38)	5.4%
Net value adjustments to property, plant and equipment and intangible assets	(41)	(40)	(1)	2.5%
Operating expenses	(2,638)	(2,380)	(258)	10.8%
Profit (loss) from operations	129,866	109,453	20,413	18.7%
Profit (loss) before tax from continuing operations	129,866	109,453	20,413	18.7%
Taxation charge related to profit or loss from continuing operations	4,129	1,357	2,772	204.3%
Profit (loss) after tax from continuing operations	133,995	110,810	23,185	20.9%
Impairment on interests in associates and joint ventures	(42,446)	-	(42,446)	n.s.
Parent Company's profit (loss) for the year	91,549	110,810	(19,261)	(17.4%)

The Strategic Partnerships segment encompasses the contributions to the consolidated financial statements of the interests held in Agos Ducato, Alba Leasing, Selmabipiemme Leasing, Gardant Liberty Servicing, Anima Holding and Numia Group, strategic partnership in the e-money sector established from an agreement between Banco BPM Group, BCC Iccrea Group and FSI on 30 September 2024.

Economic performance of the segment

Operating income in the sector in question amounted to 132.5 million, up compared to the previous year, substantially as a result of the higher contribution of interests in associates and joint ventures carried at equity (+28.8 million, compared to 2023). In particular, note the positive contribution of Anima Holding (+19 million), Alba Leasing (+6.2 million) and SelmaBipiemme Leasing (+5.2 million).

Operating expenses were substantially stable, while value adjustments of 42.4 million were made to the interests in Gardant Liberty Servicing (30.7 million, following the impairment test conducted on the interests) and SelmaBipiemme Leasing (11.7 million, for adjustments to the value of sales negotiations in progress).

After taxes, the profit came to 91.6 million.

More details are provided below on the activities and performance recorded in 2024 by the investees Agos Ducato, Anima Holding and Numia Group.

Agos Ducato

Agos Ducato is a leading financial company in the consumer credit sector, present in Italy for over thirty years. Since 2008, following the partnership agreements, 61% of the company's share capital is held by Crédit Agricole, through the subsidiary Crédit Agricole Personal Finance & Mobility, and 39% by Banco BPM.

The company, which has around 2,000 employees, distributes its products through a network of around 250 branches and single-mandate agencies, through the banking channel consisting of the branches of Banco BPM and Crédit Agricole Italia and, lastly, through distribution agreements with the main chains specialised in electronics, in the supply of household equipment and in the distribution of motor vehicles and motorcycles. The specific areas of operations concern personal loans, special purpose loans, credit cards, salary-backed loans and a wide range of insurance services.

Banco BPM has a distribution agreement in place expiring on 28 June 2034.

The total stock of loans outstanding as at 31 December 2024 amounted to 17,700 million, of which performing loans for 16,870 million.

The total volume of new loans in 2024 amounted to 8,016 million, up by approximately 2.4% compared to the 2023 figure, with a market share at the end of 2024 which stood at 13.9%. In detail, new personal loans amounted to 4,180 million, special purpose loans amounted to 3,493 million (of which 1,278 million referred to cars/motorcycles) and salary-backed loans amounted to 238 million.

In 2024, the Banco BPM network placed personal loans for an amount of 1,116 million, credit cards for 134 million and salary-backed loans for 55 million.

Total net revenues were 842 million, up 2.0% compared to the previous year. The cost of risk, which amounted to 241 million, was 1.39%, down compared to 1.47% in 2023. operating expenses were 315 million, with a cost-income ratio of 37.4% (substantially stable). The consolidated net profit for the year of Agos Ducato as at 31 December 2024 amounted to 190 million, substantially in line with the 188 million of the previous year.

Anima Group

Anima is the largest independent asset management group in Italy, with total assets under management and administration exceeding 200 billion and more than one million customers. Banco BPM holds a 22.4% stake in Anima Holding.

The Anima Group, which was formed from a process of aggregation of several companies, with different and complementary specialisations, with the acquisitions of Castello SGR (in 2023) and Kairos Partners SGR (in May 2024) currently has over 500 professionals and implements and manages forward-looking, flexible investment solutions built around the specific needs of customers, whether they are institutional investors (insurance and financial groups, social security funds, pension funds), companies or individuals.

The parent company Anima Holding is a public company listed on the Milan Stock Exchange since 2014, which owns 100% of Anima SGR, Anima Alternative SGR (focused on private market investments) and Kairos Partners SGR and 80% of Castello SGR (focused on real estate investment funds).

Fully active in the world of investments, Anima has diversified its business into the following main areas: mutual funds, solutions for institutional customers, asset management, open pension funds and alternative investments.

Banco BPM has a distribution agreement in place with Anima SGR, expiring on 31 December 2037.

As at 31 December 2024, the total assets managed and administered by the Anima Group amounted to 204 billion, of which 117 billion relating to individual Portfolios and 86 billion relating to Open-end funds and Alternative funds, up by approximately 6.1% compared to 191 billion at the end of 2023. Net funding in 2024 was a positive 864 million.

Total revenues amounted to 530 million (of which net fee and commission income of 338.7 million and incentive fees of 125.3 million), up 44% compared to 368 million in 2023 (+33% net of Castello SGR). Ordinary operating expenses were 140 million, up by 37% compared to 2023, of which around 30% was attributable to the change in the scope of consolidation. Net profit amounted to 227.8 million, an increase of 53% compared to the 2023 figure of 149.3 million, while the "normalised" net profit (net of extraordinary components and non-monetary costs) was 276.5 million, marking an increase of 50% compared to the 2023 figure.

Numia Group

As illustrated in the section dedicated to significant events during the year in this Report on operations, on 30 September 2024, Banco BPM, together with Numia Group, the BCC Iccrea Group and FSI, finalised a transaction regarding a strategic partnership, which led to the creation of the second largest national player in the e-money sector, able to offer all of the e-money services present on the market today, guaranteeing the complete management of the entire chain of operations. Payment acceptance through the latest generation POS devices, and a complete range of products are some of the solutions immediately available.

In fact, Numia manages over 400 thousand POS, over 8 million cards and over 100 billion in transactions, with a market share in excess of 10% and with a distribution share which, thanks to the Banco BPM network, the BCC Iccrea Group and other local banks, as a whole, represents almost 20% of the bank branches in Italy.

Banco BPM has also entered into a ten-year distribution agreement, automatically renewable from year to year, for both acquiring and issuing.

In its first financial year, which is not representative of the company's profitability, as still in a start-up phase and, for Banco BPM, limited only to the last quarter of 2024, Numia Group achieved consolidated revenues of 183 million, an EBITDA of 68 million and a loss for the year of 5 million, due to the significant extraordinary costs incurred during the year.

Finance

	2024	2023 restated (*)	absolute change	% change
Net interest income	130,093	368,559	(238,466)	(64.7%)
Financial margin	130,093	368,559	(238,466)	(64.7%)
Net fee and commission income	(32,456)	(31,994)	(462)	1.4%
Net financial result	20,397	(47,787)	68,184	n.s.
Other operating income	(12,059)	(79,781)	67,722	(84.9%)
Operating income	118,034	288,778	(170,744)	(59.1%)
Personnel expenses	(18,166)	(18,199)	33	(0.2%)
Other administrative expenses	(109,616)	(94,892)	(14,724)	15.5%
Net value adjustments to property, plant and equipment and intangible assets	(507)	(255)	(252)	98.8%
Operating expenses	(128,289)	(113,346)	(14,943)	13.2%
Profit (loss) from operations	(10,255)	175,432	(185,687)	n.s.
Net adjustments to securities and other financial assets	(2,200)	262	(2,462)	n.s.
Profit (loss) before tax from continuing operations	(12,455)	175,694	(188,149)	n.s.
Taxation charge related to profit or loss from continuing operations	3,383	(58,599)	61,982	n.s.
Profit (loss) after tax from continuing operations	(9,072)	117,095	(126,167)	n.s.
Banking industry charges net of taxes	-	(5,941)	5,941	n.s.
Charges relating to early retirement incentives net of taxes	(1,405)	-	(1,405)	n.s.
Parent Company's profit (loss) for the year	(10,477)	111,154	(121,631)	n.s.

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. The amendments to the income statement format, as described in the introduction to the Results by business segment of this report, which should be referred to for further details, have been taken into account.

The following table shows the reconciliation of the reclassified income statement of the Finance business unit for 2023, with the same statement originally published in the Consolidated report on operations of the previous year.

2023	Finance	Reclassification of the Global Markets business unit from the Investment Banking business unit	Other management reclassifications	Income statement 2023 restated
Net interest income	220,196	11,045	137,318	368,559
Financial margin	220,196	11,045	137,318	368,559
Net fee and commission income	(4,549)	(27,445)	-	(31,994)
Other net operating income	-	-	-	-
Net financial result	(122,463)	134,445	(59,769)	(47,787)
Other operating income	(127,012)	107,000	(59,769)	(79,781)
Operating income	93,184	118,045	77,549	288,778
Personnel expenses	(10,259)	(7,940)	-	(18,199)
Other administrative expenses	(57,548)	(37,344)	-	(94,892)
Net value adjustments to property, plant and equipment and intangible assets	(209)	(46)	-	(255)
Operating expenses	(68,016)	(45,330)	-	(113,346)
Profit (loss) from operations	25,168	72,715	77,549	175,432
Net adjustments to securities and other financial assets	1,975	-	(1,713)	262
Profit (loss) before tax from continuing operations	27,143	72,715	75,836	175,694
Taxation charge related to profit or loss from continuing operations	(9,185)	(24,247)	(25,167)	(58,599)
Profit (loss) after tax from continuing operations	17,958	48,468	50,669	117,095
Banking industry charges net of taxes	(5,941)	-	-	(5,941)
Parent Company's profit (loss) for the year	12,017	48,468	50,669	111,154

The Finance business line is the segment that encompasses the contributions to consolidation of activities relating to the portfolio of owned securities, treasury, Group Asset and Liability Management and the bond issues placed on institutional markets.

Economic performance of the segment

Net interest income for the segment in question amounted to 130.1 million, down significantly compared to the same period of the previous year, which closed at 368.6 million. The positive trend in interest income of the securities portfolio, in fact, was not able to offset the higher cost of funding, both of that strictly related to it, and of that related to institutional issues. The latter saw, on one hand, the repricing of existing ones, while on the other hand the use of new issues, carried out due to the gradual loss of TLTRO loans (the last tranche of 1.7 billion was repaid in December 2024). Moreover, 2023 had also benefited from the remuneration of the Minimum Reserve for around nine months. Other operating income, especially as a result of the contribution of the Net financial result, rose sharply. In fact, the Net financial result, equal to 20.4 million, benefited from the contribution of the trading activity of the securities portfolio of the Parent Company, and from the improved performance of Global Markets. Lastly, note the increase in Operating expenses, equal to 128.3 million, especially in the component of Other administrative expenses.

After considering adjustments to financial assets, taxes and charges for early retirement incentives, the business unit in question closed with a loss of 10.5 million.

More information on the activities managed by the business segment in question are provided below.

The Parent Company coordinates and oversees the management policies of its structural asset and liability items, as well as those of the other Group companies, to optimise available capital, identify adequate funding strategies and transactions for the Group, through action on domestic and international markets, as well as to monitor liquidity requirements and dynamics, and the management of portfolios of securities and of other financial instruments held by the Group.

Group Finance operations are carried out by the following operating units: Funding and Capital Management, Banking Book and ALM, Trading and Funds, Group Treasury and Global Markets.

More information on the activities managed by the business segment in question are provided below.

Funding and Capital Management

The Group's liquidity position remained solid throughout 2024; during the year, liquidity indicators LCR and NSFR remained above the Group's Risk Appetite Framework objectives.

During the year, the monetary policy choices by the European Central Bank remained prudent: in the first part of the year, the ECB kept the reference interest rates unchanged pending consistent and positive data on the inflation front; starting from June, the ECB began a gradual easing of monetary policy, starting the process of reducing and normalising the reference interest rates. Overall, the ECB reduced the reference rates in four monetary policy meetings, bringing the main refinancing rate to 3.15%.

From an organisational perspective, it should be noted that since 2024, the function has been strengthened with a new unit dedicated to sustainable Funding transactions and ESG consulting for Finance activities, to support the decarbonisation process of the proprietary portfolio.

With regard to the issue of bonds for the wholesale market, the EMTN programme was adapted and updated, also through supplements and Covered Bond programmes that can be used for covered bond issues.

With regard to public bond issues, seven placements were made totalling 4.15 billion. In detail, the following were issued:

- in January, a Green Senior Non Preferred bond with a 6-year maturity, fixed coupon of 4.875% for first 5 years, then variable rate, with an early repayment option in the fifth year, for an amount of 750 million;
- in January, a European Covered Bond (Premium) with a 6-year maturity and a fixed coupon of 3.375%, for an amount of 750 million;
- in March, a Tier 2 Reset Note, maturity in June 2034 (early repayment option from the fifth year, for a period of three months), with a fixed coupon of 5.0% and for an amount of 500 million;

- in May, a European Covered Bond (Premium) with a 7-year maturity and a fixed coupon of 3.25%, for an amount of 500 million;
- in July, an Additional Tier 1 perpetual bond for an amount of 400 million (early repayment option 7 years from the issue date) and a coupon of 7.25%.
- in September, a Social Senior Non Preferred bond with a 6-year maturity, fixed coupon of 3.875% for the first 5 years then a floating rate (early repayment option 5 years from the issue date) and for an amount of 750 million;
- in November, a Tier 2 Reset Note with 12-year maturity (early repayment option in the seventh year), with a fixed coupon of 4.50% and for an amount of 500 million.

Furthermore, it should be noted that, together with the AT1 issue in July, the Bank made a public repurchase offer relating to the Additional Tier 1 security XS2089968270 for a maximum amount equal to the nominal value of 400 million. At the end of the offer period, Banco BPM fully accepted the offers received, repurchasing approximately 179.5 million of the security.

Lastly, as regards the optimisation of RWAs, note that in 2024, the following synthetic securitisation transactions were finalised:

- synthetic securitisation "Aretha": transaction concluded in August with six market investors and which entails the coverage of the junior tranche of a portfolio of around 2.8 billion in performing loans disbursed to Mid Corporate Plus and Large Corporate. The transaction was finalised through the issue of securities by a vehicle and the coverage of the tranche through a limited recourse loan disbursed by the SPV;
- three synthetic securitisations on a tranchised cover basis "SMEGF 2002", "SMEGF 2003" and "SMEGF 2004": transactions performed pursuant to Italian Ministerial Decree of 14 November 2017, as amended and supplemented by Italian Ministerial Decree of 21 June 2019, characterised by the release by the Guarantee Fund for small and medium enterprises of a direct personal guarantee to cover the junior tranche of portfolios of new disbursements to SMEs and MID CAPs, for an amount of approximately 300 million each.

Banking Book and ALM

ALM

The management of interest rate risk in the Banking Book is carried out centrally by the Parent Company within a specific delegated department, and the primary objective of management decisions is to mitigate the rebalancing of the dynamics of economic value volatility with the volatility of net interest income as the rate curve of monetary and financial market in general changes, in accordance with the provisions of specific regulations (BCBS, CRR/CRD, EBA and the Bank of Italy).

The Group utilises an integrated Asset Liability Management (ALM) system with the aim of calculating the risk measurements that also include the use of behavioural models and measures, and management is primarily based on a "natural hedge" model, which tends to pursue a natural compensation of the risks generated by the gaps in liabilities and assets, integrated with the use of hedging derivatives/optimisation. The items for which hedges are present are above all those on-demand, bond issues, mortgage loans and the securities portfolio.

Management of Proprietary Portfolios

Regarding the management of financial instruments under assets, in 2024 the strategies briefly described below were followed.

Positions in the HTCS category

In 2024, the Parent Company's HTCS business model portfolio recorded an increase of around 2.4 billion, from 11.2 billion to 13.6 billion.

The increase was spread over both components of the portfolio, Government and Corporate, whose net purchases at year end amounted to 1.3 billion and 1.1 billion, respectively. As a result of the increase, the sensitivity to the rate increased by 0.8 million per b.p.. The domestic government bonds component fell by approximately 400 million to approximately 1.6 billion as at 31 December 2024.

In a market context characterised by historically low and not very volatile spreads, the management of investments in non-government bonds recorded in the HTCS portfolio focused on the tactical management of interest rate risk and on

the extension of maturities, aimed at exploiting the slope of the credit curve. This approach and the dynamic management of the positions led to an improvement in the contribution to net interest income, which will also benefit in the medium-term. The increase in the nominal amount invested mainly concerned medium/long-term maturities, the credit sensitivity remained low at just under 1.8 million per basis point, and the average maturity of just under 5 and a half years. 75% of new investments, in particular those with higher maturities, were hedged against interest rate risk.

Positions in the HTC accounting category

Consistent with that carried out in the HTCS business model, in 2024 the HTC portfolio of the Parent Company's Banking Book was increased from a nominal 26.1 billion to 27.6 billion, with a consequent increase in exposure to interest rate risk. This increase was mainly focused on the Government Bonds component, which increased by 1.3 billion against Corporate Bonds, which changed by approximately 0.2 billion. The share of bonds issued by the Italian Treasury stood at 10.6 billion at the end of 2024, with a positive delta of around 1.7 billion compared to 2023.

The non-government component accounted for in HTC rose by 300 million in total nominal value.

Given the particular shape of the interest rate curve, inverted especially in the first few months of the year, a part of the investments was allocated to callable bonds of leading international counterparties.

In addition, anticipating the provisions of Basel IV, namely the change in the weighting coefficient for non-preferred senior bonds, a repositioning was carried out from this type of security towards senior securities, optimising capital absorption.

The share of ESG issues on the total portfolio (HTC+HTCS) of non-government securities held by the Parent Company rose during the year, bringing it to around 35%.

Trading and Funds

Positions in the HFT category

As regards trading activities, it should be noted that the approach taken at the beginning of 2024 was substantially the same with respect to the previous year, namely with a mainly tactical allocation to various asset classes, containing the Var and favouring intraday operations and spread positions, equally divided between equity, currency, bond and precious metals segments; the continuous change in market sentiment, the political and geopolitical tensions in the old continent and the presidential elections in the new one, led to unintuitive market dynamics and short-term trends on the currency front, with a single persistent note relating to the appreciation of the equity segment, especially in the Technological field.

Alternative Investments and Funds

In 2024, investment in both Italian and foreign Alternative Funds continued, maintaining a priority for Private Equity, even though, with a view to obtaining a lower level of risk and market diversification, on a par with the previous year, investments also regarded other asset classes, such as private debt, venture capital and infrastructure. In the selection of Alternative Investment Funds, particular attention was paid to the implementation of ESG factors in the investment policy applied by the managers.

It should be noted that, effective 1 July 2024, the Bank proceeded with the sale of the Business unit concerning investment activities, transferring all components of the Alternative Investments and Funds unit of Banco BPM to the newly-established Banco BPM Invest SGR S.p.A.. Also effective from the same date, the Bank entrusted the management of the Private Markets Portfolio to the SGR through an individual portfolio management contract, without prejudice to the Bank's willingness to continue to invest in this type of financial instrument, benefiting from the skills and experience of the investment team in alternative funds.

Global Markets

Market making activities in the fixed income segment recorded significant growth compared to 2023. The growth, which concerned all the market segments in which the Bank operates, was particularly marked in Italian government bonds. In this context, during the first part of the year, Banco BPM applied to the Ministry of the Treasury to be admitted to the role of Specialist in Government bonds; the application was approved in November.

The structuring of hedging products to offer to Corporate customers recorded an increase in volumes, following the decline in the previous year.

The volumes of structured investment products placed were down slightly compared to 2023, with a higher diversification of the types of instruments and the greater use of structured products by the Bank, although issued by third parties.

On the stock markets, the Bank recorded significant increases in volumes of market making activities, for both certificates and equity derivatives with institutional customers.

Group Treasury

Group Treasury activities in 2024 were particularly intense, due to the progressive full repayment of the tranches of the TLTRO III loan programme for a total of 15.7 billion. Despite the magnitude of the amount repaid, the Bank's liquidity position during the year was characterised by a constant surplus of liquidity, which led to participation in the ECB Deposit Facility for a daily average (including public holidays) of approximately 13 billion.

The effects of geopolitical tensions on the markets influenced foreign currency transactions and were managed with particular attention to the economic impacts and placing greater focus on the satisfaction and needs of the Group's business customers.

During 2024, the activities of the Money Markets Desk recorded a slight drop in Forex Swap operations, due both to lesser coverage needs of accounts in foreign currencies at the various treasury banks, and given potential arbitrage opportunities in the markets, generating an average monthly turnover of around 10 billion in nominal amount (value in euro), with a decrease of around 7% against the previous year.

In 2024, funding activities aimed at seizing market opportunities at CC&G amounted to around 6 billion in average volumes traded, down compared to 2023. Operations with the other Central Counterparties, Eurex Clearing AG and LCH SA, allowed Banco BPM to further increase funding by using most of the Eurozone government bonds. This contributed to reducing operational and counterparty risks, as well as guaranteeing access to European markets, able to cover almost the entire breakdown of the government bonds portfolio. The average volumes recorded in 2024 for the two foreign clearing houses amounted to approximately 5 billion each.

Overall secured financing activity through the three central clearing houses on proprietary assets reported total daily average funding of approximately 16.2 billion, rising on average to over 18 billion in the last quarter of the year. Lending activities, including medium/long-term transactions, were on average equal to approximately 2.7 billion.

To complete funding activities, Long-Term bilateral Repo operations were carried out, which over the year as a whole contributed to medium/long-term funding for a total of 1.4 billion in new transactions performed using ABS and retained covered bonds. The total outstanding of Long-Term Repos amounted to 8.4 billion at the end of 2024.

With regard to the secured investment of surplus liquidity, compared to last year, a recovery in repo volumes was recorded, despite the fact that recourse to the ECB Depo Facility remained significant; therefore, in some periods, we had General Collateral repo rates above the Depo Facility rate.

Moving on to the portfolio of government bonds in US dollars, 2024 saw a gradual reduction in the USD repo rate curve on all the main maturities, although in the last period of the year, a more conservative approach by the Federal Reserve was recorded in the easing of monetary policy. To fund US government bonds, a diversification strategy was adopted for maturities with a view to making the funding of said portfolio, which on average stood at 3.8 billion (in euro), as efficient as possible.

Collateral optimisation activities continued through open securities lending transactions as well as collateral switching. During 2024, we also recorded limited operations on Overnight Index Swap derivatives on the electronic platform, with a variable parameter of €STR with a short-term time horizon, carried out with the aim of seizing market opportunities.

Concluding with Forex operations, it should be noted that trading activities in FX Spot continued with good results, both in terms of profit and volume, with an increase in retrocessions to the networks against commercial activity.

Portfolio Management

With reference to the activities carried out in assets under management, the approach adopted focused on maintaining diversified strategies, seeking a balance between risks and opportunities, in an economic-financial context characterised by numerous elements of uncertainty, such as geo-political issues far from being resolved, trade tensions with the intensification of protectionism, political instability in some countries (e.g. France and Germany), the evolution of economic growth and the stability of company profits, open questions regarding public spending, the sustainability of huge public receivables and deficits.

With reference to the equity component, an overall neutral positioning was maintained, favouring the US market, due to high public spending to support economic growth, which made it possible to maintain high growth rates in company profits, also well supported by employment and solid domestic demand.

With regard to bond investments, in the first part of the year an underweight position in terms of duration was maintained, which then stabilised towards neutrality, whilst waiting to be able to better verify the economic evolution and the stabilisation of inflation rates, following the significant falls from the high rates recorded in previous years.

Investments referring to corporate bond markets were characterised by high selectivity in the choice of financial instruments, with particular attention to their return/risk profile, adopting an overall neutral positioning.

Investments in financial assets exposed to exchange rate risk contributed to the diversification of the portfolios, and were kept close to neutrality, in line with the different levels of risk of the lines.

The results of the activities carried out during the year were positive both in absolute and relative terms. As at 31 December 2024, assets under management stood at around 3.8 billion, 10.3% higher than the volumes at the end of 2023 (3.5 billion), with a positive contribution both from net funding and from the market.

Corporate Centre

	2024	2023 restated (*)	absolute change	% change
Net interest income	84,100	(20,470)	104,570	n.s.
Gains (losses) on interests in associates and joint ventures carried at equity	1,807	2,060	(253)	(12.3%)
Financial margin	85,907	(18,410)	104,317	n.s.
Net fee and commission income	(77,298)	(50,621)	(26,677)	52.7%
Other net operating income	18,927	10,082	8,845	87.7%
Net financial result	(8,461)	(14,463)	6,002	(41.5%)
Other operating income	(66,832)	(55,002)	(11,830)	21.5%
Operating income	19,075	(73,412)	92,487	n.s.
Personnel expenses	(429,432)	(407,167)	(22,265)	5.5%
Other administrative expenses	397,024	357,097	39,927	11.2%
Net value adjustments to property, plant and equipment and intangible assets	(165,892)	(146,557)	(19,335)	13.2%
Operating expenses	(198,300)	(196,627)	(1,673)	0.9%
Profit (loss) from operations	(179,225)	(270,039)	90,814	(33.6%)
Net adjustments to loans to customers	5,089	(60,333)	65,422	n.s.
Fair value gains (losses) on property, plant and equipment	(54,627)	(146,847)	92,220	(62.8%)
Net adjustments to securities and other financial assets	(6,367)	(2,248)	(4,119)	183.2%
Net provisions for risks and charges	(12,399)	2,848	(15,247)	n.s.
Gains (losses) on interests in associates and joint ventures and other investments	2,427	342	2,085	n.s.
Profit (loss) before tax from continuing operations	(245,102)	(476,277)	231,175	(48.5%)
Taxation charge related to profit or loss from continuing operations	74,041	183,242	(109,201)	(59.6%)
Profit (loss) after tax from continuing operations	(171,061)	(293,035)	121,974	(41.6%)
Charges relating to early retirement incentives net of taxes	(42,002)	-	(42,002)	n.s.
E-money impact net of taxes	493,125	-	493,125	n.s.
Impact of the realignment of tax values to book values	-	8,802	(8,802)	n.s.
Bancassurance impacts net of taxes	(3,376)	(22,245)	-	(84.8%)
Impact of the change in own credit risk on the issue of certificates (OCR) net of taxes	1,213	(3,463)	4,676	n.s.
Impact of the Purchase Price Allocation (PPA) net of taxes	(13,106)	(4,356)	-	200.9%
Profit (loss) attributable to non-controlling interests	11	22	(11)	(50.0%)
Parent Company's profit (loss) for the year	264,804	(314,275)	579,079	n.s.

(*) The figures relating to the previous year have been restated to reflect the changes introduced to the breakdown of operating segments and to guarantee a like-for-like comparison with the profiling criteria used for 2024. The amendments to the income statement format, as described in the introduction to the Results by business segment of this report, which should be referred to for further details, have been taken into account.

The following table shows the reconciliation of the reclassified income statement of the Corporate Centre business unit for 2023, with the same statement originally published in the Consolidated report on operations of the previous year.

2023	Corporate Center	reclassification of e-money income	management reclassifications	Income statement 2023 restated
Net interest income	110,763		(131,233)	(20,470)
Gains (losses) on interests in associates and joint ventures carried at equity	2,060			2,060
Financial margin	112,823	-	(131,233)	(18,410)
Net fee and commission income	(86,634)	39,879	(3,866)	(50,621)
Other net operating income	50,166	(39,879)	(205)	10,082
Net financial result	8,121		(22,584)	(14,463)
Other operating income	(28,347)	-	(26,655)	(55,002)
Operating income	84,476	-	(157,888)	(73,412)
Personnel expenses	(407,168)		1	(407,167)
Other administrative expenses	357,097			357,097
Net value adjustments to property, plant and equipment and intangible assets	(146,557)			(146,557)
Operating expenses	(196,628)	-	1	(196,627)
Profit (loss) from operations	(112,152)	-	(157,887)	(270,039)
Net adjustments to loans to customers	(60,335)		2	(60,333)
Fair value gains (losses) on property, plant and equipment	(146,847)			(146,847)
Net adjustments to securities and other financial assets	(4,067)		1,819	(2,248)
Net provisions for risks and charges	2,809		39	2,848
Gains (losses) on interests in associates and joint ventures and other investments	342			342
Profit (loss) before tax from continuing operations	(320,250)	-	(156,027)	(476,277)
Taxation charge related to profit or loss from continuing operations	127,968		55,274	183,242
Profit (loss) after tax from continuing operations	(192,282)	-	(100,753)	(293,035)
Impact of the realignment of tax values to book values	8,802			8,802
Bancassurance impacts net of taxes	(22,245)			(22,245)
Impact of the change in own credit risk on the issue of certificates (OCR) net of taxes	(3,463)			(3,463)
Impact of the Purchase Price Allocation (PPA) net of taxes	(4,357)		1	(4,356)
Profit (loss) attributable to non-controlling interests	22			22
Parent Company's profit (loss) for the year	(213,523)	-	(100,752)	(314,275)

Contributions to the consolidated financial statements that are not represented in the other lines of business are included within the Corporate Centre business line. Specifically, the Corporate Centre includes the financial contributions of the Group's real estate companies, of the run-off activities relating to the Group's leasing business, as well as the centralised management of functions for the entire Group.

Economic performance of the segment

Net interest income was a positive 84.1 million, up compared to the previous year. In particular, the contribution of operations in tax credits (Ecobonus), which rose from 70.1 million in 2023 to 134.3 million.

The total of Other operating income was down significantly, a negative 66.8 million, mainly due to the trend in Net fee and commission income (negative 77.3 million), which was affected by the new synthetic securitisation transactions, which led to a charge for fee and commission expense of approximately 85.2 million, compared to 62.2 million in 2023.

Operating expenses were stable overall (198.3 million), while value adjustments recorded on properties measured at fair value were down, from 146.8 million in the previous year to 54.6 million in 2024.

Note should also be taken of the increase in Provisions for risks and charges, which amounted to 12.4 million, largely relating to the charges that Banco BPM incurred to repay the buyer, with reference to two properties included in the portfolio sold (so-called Square project).

The business unit in question incurred Charges relating to early retirement incentives, net of taxes, of 42.0 million and impacts of the PPA of 13.1 million, while the item relating to E-money impact net of taxes recorded the positive effects of the transactions finalised on 30 September due to the reorganisation of the e-money business. The Corporate Centre closed the year with a profit of 264.8 million.

More information on the activities managed by the business segment in question are provided below.

Real Estate Sector

As at 31 December 2024, the total book value of the Group's real estate assets amounted to 2.0 billion (2.2 billion as at 31 December of last year).

Group operations in the real estate sector are addressed to the management of operating properties (head office and branches) and the enhancement, development and disposal of non-operating properties. In greater detail, in 2024 the Group's activities focused on improving the efficiency of the spaces occupied and reducing their management costs.

During the year, various energy efficiency initiatives were carried out, with a view to reducing consumption in line with that stated in the Strategic Plan. These interventions concerned both the large offices and the branches, entailing renovation work to ensure comfort and the rational use of energy.

Efforts to enhance and market non-operating properties were made in a real estate market that recorded a clear recovery, especially in the central part of the year. According to the latest forecasts, the year will close with approximately 710 thousand transactions, remaining at the levels of 2023. The lease market, on the other hand, was down by 2.5% due to poor supply, but rent payments increased by 5.5%. Among the factors that have contributed to the recovery in property sales are confidence in a fall in mortgage rates, purchases for investment purposes, the desire to buy a "green" house to reduce operating costs, while the scarcity of real estate and the high cost of renovations are among the main obstacles.

In 2024, Italy recorded investment volumes of 9.9 billion, marking an increase of 60% compared to the previous year and outperforming European growth (+13%). In the second half of the year, transactions, for a total value of 6.1 billion, were driven by the retail (+24%), offices (+23%), hotels (+17%) and logistics (+16%) sectors, which accounted for 80% of total transaction volume, reflecting strong market resilience.

As regards offices, the volume of investments at the end of the third quarter of 2024 exceeded that of the whole of 2023, with particularly intense activity in the Rome market, which recorded an increase in investments in the third quarter of 2024 of over 200% compared to the third quarter of 2023.

Institutional investors (national and international) showed a clear preference for ESG-compliant properties, driven by the growing pressure of regulations and the sensitivity of stakeholders. The scarcity of properties of this type has therefore led to a concentration of demand on a limited number of assets, further increasing the values for high-quality sustainable properties.

In the Milan market, the vacancy rate of office buildings is 9.5% and confirms the reduction already underway since the end of 2022, while the figure for the Rome market is 7.5% with a minimum of 1.5% in the business districts.

As regards the hotel sector, tourist flows in Italy for the first half of 2024 confirmed the positive trend that began in 2022, with levels approaching those recorded in the pre-Covid period. In this context, there was a 21% increase in the volume of transactions; over 50% of the transactions concerned Hotel Management Agreement (HMA) transactions. Investments in logistics amounted to 474 million (of which 184 million in the second quarter), down by 8% compared to the first half of 2023, mainly located in North-West Italy. The overall occupancy rate for the first nine months of 2024 closed at 1.7 million square metres, with a vacancy rate at an all-time low, below 1.5%.

The main users of spaces continue to be logistics operators on behalf of third parties and omnichannel retailers, new opportunities are emerging from the technologically advanced forms of Data Centres (Hyperscale Data Centre and Edge Data Centre). The Prime rent rate for Milan and Rome remained stable at around 67 euro/sqm/year, in line with the values of 2023, but with an increase in the "last mile" logistics sectors in the Milan area, with rent payments of up to 110 euro/sqm/year for newly built properties and a prime yield in line with 2023, at around 5.50%.

The retail sector was affected by a strong increase in investments (over 500% in the fourth quarter compared to the figures for the third quarter of 2024).

In Milan, the average lease cost for high streets fell from 1,500 euro to less than 700 euro/sqm/year, in Rome from 1,500 euro to less than 1,300 euro/sqm/year to promote greater accessibility, given the growing supply of properties and the doubling of available spaces.

As regards the residential sector, the trend was more lacklustre than last year, with -47% of volumes invested up until the third quarter of 2024, compared to the same value in the third quarter of 2023.

As regards the number of transactions, the updated value for the first half year of 2024 showed a slight decrease compared to the first half year of 2023 (-3%).

In this context, the Group entered into 68 deeds for approximately 100.1 million, a net increase compared to 45 million recorded last year; the properties for which sale negotiations are underway that meet the criteria for

classification under assets held for sale, pursuant to IFRS 5, amounted to 92.1 million (159 million as at 31 December 2023).

In addition to the above, as already mentioned in the section relating to significant events during the year, to which reference should be made for further details, on 12 September 2024, the Board of Directors of the Parent Company resolved to proceed with the sale of a portfolio of over 330 owned properties, almost exclusively non-operating, for a total book value of approximately 295 million at a price substantially in line with the fair value ("Square" Project). The sale is envisaged in several tranches, the first, for a book value of 70.7 million, was completed on 27 December 2024; further transfers will be carried out by June 2026.

In economic terms, the sale agreement entailed booking costs totalling 32.2 million to the 2024 income statement (-27.2 million, net of taxes).

For more details on the impacts of the transaction illustrated above, please refer to the paragraph entitled "Significant aspects relating to accounting policies" in Part A - Accounting policies of the Notes to the consolidated financial statements.

In terms of leases, despite a decline compared to the record year of 2023, the leases negotiated by the offices in both Milan and Rome were in line with the five-year average. The increase in demand for high-quality spaces, combined with a limited supply, has led to an increase in lease payments, which stand in Milan at 750 euro/sqm and in Rome at 550 euro/sqm.

Central positions continue to dominate the market, and it is expected that 2025 will see greater competition, with constantly evolving market dynamics.

At Group level, work continued for the purpose of generating income from free spaces, including those deriving the branch closures made in previous years.

Lastly, the update of the valuations as at 31 December 2024 of the Group's real estate assets resulted in an overall negative economic effect of 54.6 million (146.8 million as at 31 December 2023). This effect incorporates the new fair value estimates - drawn up with the support of special appraisals issued by leading companies, based on the "RICS Valuation" standards - rather than the presumed sale values inferred from ongoing negotiations or attributable to the "Square" Project. The causes underlying this result are numerous and are attributable both to changes in market parameters and to events involving some specific properties such as to require a revision of the assumptions used in the previous estimates.

RISK MANAGEMENT

Capital adequacy and main risks

The current level of own funds and of risk-weighted assets means that Banco BPM Group is easily able to comply with both the regulatory thresholds and the specific thresholds required by the Supervisory Authority on conclusion of the Supervisory Review and Evaluation Process (SREP).

In order to provide its management team, stakeholders and the Supervisory Authority with a complete and informed disclosure, which confirms the adequacy of its own funds, Banco BPM Group assesses its capital situation from a current and future perspective, both as regards Pillar I and Pillar II.

The Group's capital adequacy is substantiated in the continuous monitoring and management of capital ratios, so as to verify compliance with regulatory limits and ensure the maintenance of the minimum levels of capitalisation required by the Supervisory Authority, also leveraging the Risk Appetite Framework (RAF).

Credit risks

Credit risk is managed by means of a portfolio VaR risk estimation model, which is applied on a monthly basis to credit and financial exposures of Group banks to estimate the relative economic capital.

As regards the processes and the tools used to manage and control the quality of the loan portfolio pertaining to Corporate and Retail customers, a key element is represented by internal ratings calculated by models that are differentiated and estimated specifically for each customer segment.

Note that the internal rating is not applied for regulatory purposes to the perimeter of Banca Akros, to which the standardised regulatory approach is applied. Therefore, in operational applications, including the quantification of economic capital and the calculation of the Expected Credit Loss under IFRS 9, proxies with average values are used. Instead, the internal rating is used for Banca Akros as part of the loan granting process for customers in common with the Parent Company.

Financial risks

With regard to counterparty risk, the Group uses, both for supervisory reporting purposes and for internal management purposes, standardised methods to calculate exposures on the entire reference scope relating to derivatives and securities financing transactions (repurchase agreements and securities lending).

As regards derivative transactions, exposure to counterparty risk is calculated on the basis of the SA-CCR approach (Standardised Approach for Counterparty Credit Risk) (Ref. EU Regulation 2019/876), which makes it possible to better reflect the risks associated with derivative transactions.

With regard to the SFT (Securities Financing Transactions) segment, the exposure is calculated in accordance with the provisions of Articles 223-224 of Regulation (EU) no. 575/2013 for the Line-by-Line Approach also adopted for prudential supervision purposes.

Membership of Clearing Houses for transactions in OTC Derivatives and Credit Derivatives has enabled the mitigation of risks.

In accordance with the Basel III Framework, additional capital requirements regarding the following are to be calculated:

- own funds for the Credit Valuation Adjustment (CVA) Risk through the adoption of the Standardised Approach, as established by Regulation (EU) no. 575/2013 for banks that are not authorised to use the Internal Model Method (IMM) for counterparty risk or the IMM for Incremental Risk Charge (IRC);
- exposures relating to operations with Qualifying Central Counterparties (QCCP) by adopting the methods envisaged by Arts. 306-308 of Regulation (EU) no. 575/2013.

Total counterparty risk is determined by applying the credit parameters (PD, LGD, weightings) established (AIRB or Standard internal model) to the exposure measures defined above.

With regard to fair value measurement for the purposes of the accounting valuation of financial instruments, the Parent Company also estimates fair value adjustments (Valuation Adjustments) in order to reflect counterparty risk on OTC derivative exposures.

The above adjustments are made with reference to both credit exposures (CVA - Credit Valuation Adjustment) and debt exposures (DVA - Debit Valuation Adjustment), to take into account the probability of bankruptcy of the counterparty and the reporting bank, respectively. In order to determine the exposure, an advanced simulation approach (Monte Carlo) is adopted for the quantification of the CVA and DVA, in line with market best practices.

The Group has met the obligation envisaged by European Legislation (EU Delegated Regulation 2016/2251), by exchanging, based on the relative contracts (CTA - Collateral Transfer Agreement), the initial margins of OTC derivatives not cleared by a central counterparty, which provide additional protection in the event that one of the two counterparties is not able to meet its commitments over the life of the contract.

Banco BPM Group uses the SIMM (Standard Initial Margin Model) method, whose calculation is mostly risk-sensitive, and is based on aggregate sensitivities by risk and product category.

With reference to the IMA (Internal Model Approach) capital requirement, note that starting from 31 December 2020, Banco BPM Group has used the extended model for the calculation of the capital requirement for Market Risk including specific risk on debt securities.

From 17 April 2023, the model to calculate capital requirement is calculated on the basis of VaR and Stressed VaR metrics – including specific risk on debt securities and foreign exchange risk in the banking book – and IRC (Incremental Risk Charge) metrics.

At the end of 2024, the IMA (Internal Model Approach) Capital Absorption against market risks amounted to approximately 95 million, corresponding to approximately 1,184 million expressed in terms of RWA.

Following the finalisation of the demerger of the Global Markets business unit of Banca Akros to Banco BPM, effective for legal purposes as of 1 January 2024, the new operating model centralised capital markets activities that involve the assumption of market risk in the Parent Company.

The prevailing risk component in 2024 is that relating to equity risk (levels and volatility), followed in order of importance by interest rate risk. The specific risk component on debt securities is low, although it rose in the second half of the year, in line with a low exposure to the bond segment.

Operational risk

With reference to operational risk, Banco BPM Group fully adopts the Traditional Standardised Approach to calculate capital requirements for all companies that make up the Supervised Group, while with regard to the other qualitative-quantitative elements envisaged by Supervisory Regulations, as requested by the ECB, it meets all of the requirements of the CRR (EU Regulation no. 575/2013) for the TSA, as well as those envisaged by the above-mentioned AMA in Articles 321 (points b-e) and 322 (points b-f).

Liquidity risk

Regarding liquidity risk, in 2024 Banco BPM Group effectively carried out its Internal Liquidity Adequacy Assessment Process (ILAAP), which the Corporate Bodies use to ensure that the Group operates with liquidity and funding levels that meet both the minimum regulatory requirements and the risk appetite approved within the RAF.

As part of this process, liquidity risk is monitored regularly, on an intraday, daily (short-term liquidity) and monthly (structural liquidity and funding) basis, for both regulatory metrics (LCR, NSFR, ALMM) and metrics developed internally. In 2024, all regulatory liquidity reports required at the level of Banco BPM Group were prepared.

Insurance risks

The risks of the Group are quantified within the context of the calculation of the solvency capital requirement, on the basis of the standard formula, according to the methodology and parameters defined by the reference regulations. The analyses conducted by the Risk Management function show the adequacy of the standard formula for the assessment of the Group's risk profile.

The Group's risk profile also includes those risks not measured by the standard formula, but in any event monitored and managed under the risk management and control system.

Specifically, insurance risks represent the risks:

- of the life insurance portfolio related to underwriting risks of a biometric nature (risks of uncertainty of assumptions in the valuation of insurance liabilities) and operational risks (risks of uncertainty of the amount of expenses and the exercise of contractual options by policyholders);
- of the non-life business insurance portfolio relating to underwriting risks, which may depend on an inadequate estimate of the frequency and/or severity of the claims considered in the tariff-setting and reserving phase, the risk of early surrender by policyholders and losses deriving from extreme or exceptional events.

Financial risks deriving from the investment of premiums collected and other risks of the insurance business (e.g. operational, liquidity) are also included.

For further information on risk management, please refer to Part E in the Notes to the consolidated financial statements, which is dedicated to risk control.

Outlook for Group risks and objectives

The macroeconomic scenario currently forecast for 2025 envisages modest growth of the Italian economy, favoured by a greater decline in inflation than in other European countries and a recovery in household consumption, against a slow recovery in real wages. As regards the labour market, the current improved trend should continue, with positive effects on the employment rate. In this scenario, the ECB would continue to ease official interest rates until the orientation of monetary policy is neutral, while carefully monitoring inflation, which could still be affected by the volatility of energy prices.

In the background, a moderate level of uncertainty remains, linked to political and geopolitical factors, especially the trade policies of the new US Administration. Any escalation in the imposition of tariffs could exacerbate the already weak economic momentum in Europe, negatively impacting international trade and increasing costs for key industries. The developments of the conflicts in the Middle East and Ukraine, which could have repercussions on the energy market, and the state of USA-China relations, which could impact global supply chains, are also uncertain.

The foreseeable evolution of the risks must therefore take into account the consequences that could derive from the ongoing conflicts, from the renewed global protectionism, which risk reigniting inflation and, at domestic level, from the delays in the enforcement of the National Recovery and Resilience Plan (NRRP).

Any action taken by the Group will in any event be based on a prudent approach, continuously monitoring activities with a view to limiting the impact of potential adverse changes, which cannot be predicted in the current economic scenario.

The capital ratios of Banco BPM Group are actually much higher than the minimum levels set by the Supervisory Authorities, guaranteeing adequate coverage of risks also in adverse macroeconomic scenarios.

In view of the above, with regard to credit risk, the Group intends to continue the risk containment process started in recent years, supported by a growth in volumes directed towards sectors characterised by better prospects and lower default rates. Since 2022, the forward-looking assessment of counterparties has incorporated ESG risk factors, mainly related to the transition risk associated with the sector to which they belong. Also in 2024, the careful use of mitigation instruments (guarantees) and the accurate provisioning policy were the foundation for a prudent approach to loan portfolio management.

With reference to the interest rate risk of the portfolio owned by the Group, in 2024 the risk profile was generally adequate in line with the approved risk limits. In the second half year, in particular, there was a slight managerial overshoot (Managerial RAF) on the measure relating to the SOT NII, promptly managed with remedial action that allowed its prompt return. The liquidity profile was considered adequate in the short and long-term, complying with internal risk limits and, where present, regulatory ones.

The Risk Function coordinated the renewal of insurance coverage relating to the protection of the assets used in operations of the Group, property, plant and equipment and intangible assets, and assets used to guarantee business transactions and to cover damages relating to banking activities, with a view to appropriately managing the transfer of operational risk.

In this context, an analysis of the Group's active coverage was conducted, therefore making any possible rationalisations and boosting the effectiveness of the guarantees acquired.

SUPERVISORY, CONTROL AND SUPPORT ACTIVITIES

Human Resources

Human Resource management at Banco BPM seeks to enhance people through a policy that promotes their growth and supports them in their professional development, right from their entry into the Group.

In this perspective, dedicated initiatives were adopted in 2024 that confirm the central role played by people in the Group, and highlight how they are considered fundamental resources for the Group's growth and competitiveness.

The main initiatives that characterised Human Resource management during the year are described below, referring for further details and explanations on Sustainability reporting which, from 2024, is an integral part of this Report on operations.

In this regard, generational turnover and the strengthening of strategic skills continued, also in line with the objectives of the updated Strategic Plan. In greater detail, as anticipated in the section dedicated to significant events in this Report on operations, with the trade union agreement signed on 19 December 2024, 1,100 retirements were planned during 2025 through access to the extraordinary benefits of the Solidarity Fund, which, together with the approximately 500 subscriptions to the incentivised retirement scheme implemented from June 2024, will allow a total of approximately 1,600 people to retire.

Against these retirements, 800 hires are planned, with priority recourse to apprenticeship contracts and a further 100 with fixed-term contracts. These hires, together with the 150 new hires already made in 2024, will contribute to the growth of the business, while ensuring the acquisition and development of new skills.

The policies aimed at attracting young people and encouraging generational turnover are implemented through intense Employer Branding activities and a fair, standardised selection process, based on the potential, skills and professionalism of the candidates.

In 2024, initiatives aimed at encouraging the internal growth of talents also continued, through targeted development and training programmes for specialist and managerial roles for young people, key people and managers; on-the-job experience, structured mentoring and Company Visits were also organised, which encourage discussion and interaction between different functions and generations, as well as assessments aimed at mapping the possession of distinctive skills with a view to professional development.

The Performance Management system was also renewed in order to further support professional development through continuous feedback to create involvement and enhance listening.

Particular attention was also paid to the pursuit of policies aimed at achieving gender parity, through programmes for the development and enhancement of female talent and to define action plans aimed at increasing the percentage of women in managerial roles.

Over 140,000 training days were provided with continuous training programmes for the business segments, as well as dedicated up-skilling and re-skilling initiatives in line with professional development. Particular attention was paid to the issues of risk culture, ESG monitoring, digital skills and leadership development for managerial roles, strengthening and innovating learning access channels (Learning Management System, mobile, simulators, virtual reality).

Banco BPM is committed to promoting a culture and a policy of inclusion of all forms of diversity (gender, age, ethnicity, disability, sexual and emotional orientation, religion and culture) through events, publications, webinars and ad hoc initiatives.

Fostering a participatory and inclusive work environment, in which everyone is treated with dignity and fairness, is a fundamental objective of the Group, which contributes to spreading a culture of respect in relations between people and creating the context for a more accessible, inclusive and sustainable bank.

With a view to caring for and respecting people, on 10 October 2024, an important agreement was signed with the Trade Unions which envisages important protection measures, in addition to those envisaged by law and industry regulations, for people who are victims of violence, harassment and discrimination. In addition, on 24 November 2024, a specific internal regulation was adopted, "Combating harassment, violence and all forms of discrimination in the workplace", which formalises the practices adopted previously, regulating commitments and methods for managing reports relating to incidents of violence, harassment and discrimination in the workplace received by the Human Resources function.

During 2024, the Group further developed its welfare system to promote better time management in the work-life balance, also through smart working and flexible working hours. In this regard, on 15 October 2024, the agreement establishing the Time Bank was signed with the Trade Unions, a solidarity solution that envisages the establishment of

an annual pool of paid hours of absence for workers who need an additional allocation of permits in relation to specifically identified special circumstances.

Internal audit

On the one hand, the Audit Function of the Parent Company is responsible for monitoring the regular performance of operations and the evolution of risks, with a view to third-level controls, including on-site and off-site checks, and, on the other hand, it strives to assess the efficiency and effectiveness of the Internal Control System overall, reporting the results of its activities to the corporate bodies, as well as the measures that management needs to implement to achieve the full adequacy of the control system and its processes.

The Audit Function is responsible for the internal audit activities relating to all the central and peripheral units of the Italian companies of the banking Group. For the only foreign entity belonging to the Group (Banca Aletti Suisse), it conducts its own audits, in addition to those conducted by the local unit assigned audit activities, and coordinates with the same where necessary. The Audit Function of the Parent Company also carries out the role of guidance, coordination and control of the Internal Audit Functions of the insurance companies belonging to the Financial Conglomerate.

In addition to that envisaged by external legislation, when performing its duties, the Audit Function takes the provisions of international professional standards into account.

The audits conducted in 2024 regarded the following areas:

- governance processes;
- risk control and management processes;
- finance;
- commercial;
- credit;
- support processes - IT;
- banking networks.

With regard to the organisational processes adopted, compliance with internal and external regulations as well as employee conduct, and, more generally, the adequacy of the Internal Control System as a whole.

The most significant activities involving the Audit Function in 2024 included, in addition to obligatory audits (obligations relating to external regulations or Internal Regulations), audits regarding the granting of credit, the management of irregular or non-performing loans, also through credit file reviews, the development of measures relating to risk management and measurement processes (with specific regard to the areas interested by the internal models validated for regulatory and Second Pillar purposes). Through specific follow-up activities, the Audit Function also verified the correct implementation of the corrective actions in relation to the findings formalised by the same Function and by the Supervisory Authority, to which it provided its support as part of the audits conducted on-site.

Lastly, in addition to the usual internal audit activity, the Audit Function provided advisory services, offering its experience mostly by participating in projects and working groups, with specific reference to aspects relating to the internal control structure.

Compliance

The Group's Compliance function carries out its activities, reporting directly to the Chief Executive Officer, both for the Parent Company and for the Group companies that have outsourced the service, and has direct access to the Corporate Bodies, communicating with them without any restrictions or intermediation and performs the functions of direction, coordination and control in accordance with the rules for the units of the companies belonging to the Group that have not outsourced said function to the Parent Company. In order to effectively enforce compliance within the Group, information flows have been set in place that involve the Compliance function of the Parent Company and the respective functions of the aforementioned subsidiaries; this exchange of information, in fact, represents a fundamental tool through which coordination mechanisms can be implemented.

The Compliance Manager of the Parent Company also acts as the Data Protection Officer pursuant to Article 37, paragraph 7, Regulation (EU) 679/2016 (GDPR) regarding privacy.

Bank of Italy Circular no. 285/2013 defines compliance risk as the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of the violation of binding rules (laws, regulations) or self-regulatory systems (e.g., Articles of Association, codes of conduct, codes of corporate governance).

The function oversees the management of compliance risk with regard to all Group activities, according to a risk based approach, verifying that internal procedures are adequate to mitigate that risk.

In 2024, as part of the activities carried out to implement an integrated control model, the Compliance function of Banco BPM i) started to extend its methodological and operating model to Banco BPM Invest SGR, an asset management company for institutional customers, which started operating in 2024, ii) continued the process of extending its methodological and operating model to the Compliance function of Banco BPM Vita and Vera Vita.

The Compliance function also worked on identifying the applicable regulations and assessing their impacts on company processes, models and procedures, providing advice on compliance, as well as assessing compliance with internal regulations as part of the issuing process. In application of the annual or specific plan required by the Corporate Bodies or the Supervisory Authorities, the Function conducted compliance checks to evaluate the existence and adequacy of governance, organisation, control and IT measures of the Group, their strength and effectiveness in mitigating compliance risks, and the compliance of the operating practices and conduct of employees or workers, reporting any situations of non-compliance and identifying possible remediation actions, monitoring their implementation. The Compliance function also provided advice and assistance to the Group's corporate units on topics where compliance risk is important, particularly as regards preparatory work relating to the issue of internal regulations and sales proposals.

The function also provided its assistance in conducting personnel training courses, in order to disseminate and promote a solid and robust risk management culture within the Group, adequate knowledge of the regulations and the relative responsibilities, as well as ensure awareness of the supporting instruments and procedures in the fulfilment of obligations.

With reference to the process of introducing new products and the entry into new markets, the Compliance function was involved in the technical preliminary inquiries to identify and assess the significant elements linked to compliance risk. The function also participated in the meetings of the specific Group Committee, representing the various organisational units, which is responsible for validating new products/services and the entry into new markets.

Among the most significant activities that involved the Compliance function in 2024, and which will continue on 2025, we draw attention to specific company projects aimed at strengthening and streamlining the analysis of remote indicators (known as Key Risk Indicators - KRI) used by the Compliance function.

Anti-Money Laundering

The Group's Anti-Money Laundering function carries out its activities, reporting directly to the Chief Executive Officer, both for the Parent Company and for the Group companies that have outsourced the service, with full autonomy to oversee the risk of money laundering and terrorist financing, as well as reports of suspicious transactions, and has direct access to the Corporate Bodies, communicating with them without any restrictions or intermediation. The function also carries out the activities envisaged by the regulations for the Head of the Anti-Money Laundering function and for the Suspicious Transaction Reporting Officer (SOS); the roles and responsibilities of the Sanction Compliance Officer are outlined in the same Function in order to guarantee the adequacy of the controls with respect to countries and counterparties subject to restrictive measures.

The activities are performed according to a risk-based approach, conducting audits and checks in order to assess exposure to the risk of money laundering and terrorist financing, the effectiveness of the organisational and control oversight measures, when setting them in motion and when established, and any corrective measures to be implemented to remedy the vulnerabilities found.

Among the significant elements that regarded the Anti-Money Laundering function in 2024, note, in particular: (i) the control activities and the additional measures to strengthen oversight, promoted with reference to the provisions issued by the competent Authorities, also in response to the changed socio-economic and geopolitical context, influenced by the current conflicts between Russia and Ukraine, and in the Middle East, and to the consequent and growing focus on international sanctions and the adequacy of control measures as regards relations with counterparties and countries subject to restrictive measures; (ii) the various training initiatives, many of which are directly provided by the Anti-

Money Laundering function, addressed to the Commercial Network as well as to Head Office resources, as well as the specific sessions addressed to the Corporate Bodies (board induction), together with the specialist training courses for the function's resources, provided by highly qualified external teachers; (iii) the involvement in Group strategic projects, including activities to define AML oversight for the e-money partnership between Banco BPM and Numia Group, with a view to defining the anti-money laundering operating model and the obligations of Banco BPM as the party performing the placement.

Lastly, the series of projects focused on the continuous expansion and consolidation of technologies to support risk control and monitoring activities, continues to be autonomous and transversal with respect to the entire scope of the Function. In October, the project to replace the Know Your Customer (KYC) procedures was launched, which will support due diligence obligations, as well as the project to set in place the Anti Money Laundering dashboard with the aim of promoting a system of even more innovative anti-money laundering measures.

Research and development

Given the banking and insurance nature of the Group, research and development mainly regards studying the possible application of new technology to customer accounts, to improve and/or extend the range of products/services offered, as well as internal company services, to simplify them or make them more efficient. In addition, important regulatory projects, relating to the issue of new legislation at industry level have been completed or are in progress.

These activities are managed centrally by the Parent Company Banco BPM.

The main initiatives for each area are outlined below.

Technological projects and investments

Legal compliance

During the year, work continued on streamlining internal regulations to render them compliant with legislative changes, specifically with regard to:

Italian Legislative Decree 231/01 - Administrative liability of Companies

Banco BPM continuously updates its Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and that of its subsidiaries. During 2023, a number of interventions were carried out, including:

- the updating of the "Regulation of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01" of the subsidiaries Banco BPM Vita, Sirio Immobiliare, BRF Property, Partecipazioni Italiane in liquidation and PMG in liquidation, to incorporate all the changes that have occurred in the year with reference to both the relevant legislation on the liability of companies and entities, and the safeguards to prevent the commission of the offences referred to in the decree;
- the preparation of the system pursuant to Italian Legislative Decree 231/01 for the subsidiary Sagim;
- the mapping of the 231/01 risks of the subsidiaries Banca Akros, Banco BPM Vita, Sirio Immobiliare, BRF Property, Partecipazioni Italiane in liquidation, PMG in liquidation and Sagim, in order to identify the areas that are most exposed to the possibility of committing the offences identified by Italian Legislative Decree 231/2001.

Italian Legislative Decree 24/23 - Whistleblowing

The IT platform set up to receive the reporting of violations, in compliance with the principles of confidentiality, correctness and protection of personal data, was extended to the subsidiaries Vera Vita in conjunction with its entry into Banco BPM Group and Banco BPM Invest SGR at the same time as the operational start-up of the newly-established company.

Italian Legislative Decree 231/07 – Anti-money laundering and the prevention of terrorist financing

During 2024, the regulatory system on anti-money laundering and the prevention of terrorist financing was extended to the newly-established company Banco BPM Invest SGR at the same time as its operational start-up.

In addition, the regulation on the remote onboarding of customers was refined to support the Banco BPM Group's service model, and the regulatory indications relating to the requirements regarding the restrictive measures of the European Union in the face of the invasion of Ukraine by Russia and those referring to controversial weapons, were updated on an ongoing basis.

Regulations on the management of transactions with parties with a conflict of interest (Article 136 of Consolidated Banking Law, Italian Legislative Decree no. 285 of 1/9/1993 - Consolidated Banking Law, Bank of Italy Circular no. 285, CONSOB Regulation 17221, international accounting standard IAS 24, Articles 2391 or 2475-ter of the Italian Civil Code and Article 88 of Directive (EU) 2013/36)

The regulations governing the methods for identifying and recording all parties with a potential conflict of interest, and for examining and approving proposals in their favour, have been streamlined.

In addition, the preliminary and decision-making process of transactions with related parties and with associated entities was standardised, distinguishing them by type:

- transactions excluded from the application of the enhanced procedure, i.e. those examined and approved on an ordinary basis in compliance with internal regulations on the matter;
- transactions partly exempt from the enhanced procedure, i.e. those for which the examination and approval must expressly contain the reasons for performing the transaction and its convenience, as well as objective elements regarding whether they meet standard or arm's length conditions;
- transactions subject to the enhanced procedure, i.e. those that must also be submitted for the opinion of the Related Parties Committee before their approval;
- transactions that have specific characteristics, i.e. transactions to be submitted to the Shareholders' Meeting, those relating to disputed relationships and those with personnel.

Technological projects and investments

The main areas in which the Group invested were the following:

DOT – Digital Omnichannel Transformation

During 2024, the DOT initiative continued, focusing on functions for "Private" customers, including:

- development of the self-opening of private accounts, through the integration of the Veridas application, both for single accounts and for joint accounts, which allows an immediate "liveness check" of the remote party as well as checking the compliance of identity documents, strengthening remote identification processes;
- the self-opening of a Webank account, with the introduction of the option of signing loans by digital signature;
- interventions for the massive dissemination of digital identity;
- introduction of the possibility for customers to upload documents via app and web without having to go to the branch;
- introduction of a function for filling in and updating the Mifid Questionnaire in self mode;
- improvements relating to the management of deposit accounts in self mode, offered to Webank and You customers for the web and app platform, through request and query of restrictions;
- possibility of using the remote digital signature also in the branch for customers with a digital identity, in the process of signing contracts through Vera.

In addition, the following functions were made available to Private customers to purchase:

- Agos loans in self mode, allowing Webank and You (web/app) customers to make a full digital request for an Agos loan in complete autonomy, guaranteeing its disbursement within three days of the request;
- time deposit accounts online, making it possible to activate the restriction directly from the reference current account, without the need for the customer to first transfer the amounts to a free deposit account.

With regard to the development of the "Business" app, work to expand the services offered has been completed, such as the option to view active loans, deposit accounts, the due dates of advance payments on invoices, as well as the option to send foreign bank transfers and for deductions.

As regards "Business" customers, important functions and services have been introduced on the YouBusinessWeb channel, such as:

- the possibility for customers to digitally request both short-term and medium-long-term unsecured loans; compared to the past, this implementation allows customers to access by means of a request process that can be activated independently and on long-term initiatives (so-called "pull" process);
- the possibility, for requests for loans guaranteed by the SME Guarantee Fund ("pull" mode), to complete the application for the subsidy independently through direct integration with CERVED;
- the CBILL PagoPA payment transmission service in bulk mode, which makes it possible to import pre-established payment flows, thus optimising the process of managing multiple payments. To further improve the experience of Corporate customers, the process of reconciliation for collection order invoices was also made more efficient.

At the same time, the development and expansion of enabling factors continued, in particular the option to use remote digital signatures in the branch to sign international debit cards.

With reference to the Quick Fix Directive, important changes were introduced to the methods of providing the disclosure by intermediaries to customers envisaged by MiFID II; in particular, the necessary work was carried out to digitise the disclosure documents and the pre-contractual forms for all batch processes, excluding the print-outs produced by the external counterparties SGR, Anima, AllFunds, which will be digitised in 2025 together with the on-line processes.

Activities continued aimed at expanding the services offered by the Digital Branch through the optimisation and digitalisation of customer assistance processes, and the enhancement of the virtual assistant; further development initiatives included:

- Voice Over IP (VOIP) call VA Handover: allows the customer, through a chat with the app's virtual assistant, to initiate a VOIP call to speak with a Customer Support and Development (CSD) operator;
- Operator chat VA Handover: the automatic interaction with the system is interrupted and the user is put in contact with an operator through an audio-video chat to deal with more complex issues;
- Commercial Call Back from CSD: new function that allows the CSD operator to book a commercial call on behalf of a customer;
- Online appointment: the operator of the CSD can make a telephone appointment with the customer in videocollaboration.

With regard to CRM activities:

- VOC (Voice Of Customer) functions have been implemented, such as the CSD inner loop and data transmission/receipt encryption;
- work relating to contact industrialisation and the extension of videocollaboration to the digital branch was completed.

In the Marketing Automation area, new channels were integrated and new features were implemented (including Push for businesses, pre-login channel and PRPEF channel app tracking for Smart Lending, pop-up activation on Youweb real time, activation of web campaigns and real-time apps and profiling on the public website).

Other areas developed:

IT Architecture and Cloud Adoption

During the year, the new "agile" architecture became the reference standard for the implementation of the technological assets to support the annual plan initiatives: it was in fact used by over 60% of potential projects, guaranteeing agility, automation, resilience, scalability and efficiency, and contributing to the technological upgrading of the application pool, as well as reducing the use of legacy systems.

With a view to the extension of the information system in hybrid mode and to accelerate the adoption of cloud services, the priority application areas have been defined, identifying a set of pilot applications from which to implement the technological enablers in the cloud, so-called "building blocks" (components equivalent to on-prem, including the relative configuration and management processes).

Data Quality, Data Management and AI

To ensure the advancement of the business model and compliance with regulatory and legislative requirements, projects have been launched to increase data reliability and quality in line with the important projects and strategies set in place by the Bank.

Activities in the world of Credit, Transition and Sustainability and Risks are of particular importance, with the extension of the relative DWHs and the consequent extension of the Data Governance and Data Quality framework; the project for the technological evolution of the reporting supply chain was also launched, to support the entry into force of the CRR3 regulation, which involved offloading significant components of the RWA calculation process from the mainframe.

Based on the business plan objectives on the use of artificial intelligence (AI), great impetus was given to the use of AI models to support banking processes in the Credit, Marketing, Risk, AML, Audit areas, and several use cases were carried out, including the application of AI to Transaction Monitoring in the AML area and Smart Lending in the Credit area.

The process for the adoption of Generative Artificial Intelligence (Gen-AI) was also launched through the first experiments in the Regulatory and HR areas.

Lastly, to consistently govern new AI risks in accordance with the AI Act, a project was launched to align processes and internal regulations.

Data Centre Evolution and IT System Convergence

Banco BPM continued with the project to extend the back-up of the distributed world and carried out the Teck refresh of the Mainframe components with new Z machines, as well as new Storage infrastructure in the Mainframe and Distributed world.

Managing Obsolescence

Like every year, to contain operational risks and guarantee service quality and continuity, an overall assessment of the state of obsolescence of all software was conducted, carrying out the consequent updating activities for operating systems, databases, application servers and languages at "End of Life" and the dependent application components; in addition, an initiative was launched, specifically aimed at also addressing the obsolescence of hardware layers (servers, firewalls, network equipment).

Communication

The Brand Identity Partnership and Sponsorship Unit oversees all Group projects and activities that involve and communicate the Bank's image. Banco BPM's institutional and commercial communications are characterised by transparent and clear communication with customers.

Various Bank units are cooperating in a project called "Guardiamo Oltre" [Let's Look Beyond], with a view to overcoming physical-sensory/technological and cultural/communication barriers and making the Group increasingly accessible and inclusive of all forms of diversity.

In 2024, the five-year partnership agreement with the AIRC Foundation (Foundation for Cancer Research) as institutional partner of Banco BPM was renewed, with a view to raising funds for scientific research and disseminating useful information on the prevention, diagnosis and treatment of cancer.

By sharing the values of sport, which have a great ability to educate, aggregate and inspire, Banco BPM supports the Phola Varese A.S.D. for the disabled and the A.S.D. Verona Swimming Team, both engaged in teaching swimming to boys and girls with disabilities. Some of the athletes of both clubs participate in the Paralympics.

Also in 2024, there was no shortage of partnerships with the Milan Foundation for social projects and support for national handbike and wheelchair tennis competitions. As regards art and culture, Banco BPM sponsored the Poldi Pezzoli Museum for the refurbishment of the 18th century hall, where the masterpieces of Canaletto and Tiepolo are located, and the Mets Percorsi d'Arte for the exhibition at the Castello di Novara "Landscapes. Reality, Impression and Symbol. From Migliara to Pellizza da Volpedo".

In 2024, the Sustainability unit oversaw initiatives in the social and environmental domain and, in the broader sense, other initiatives connected to the sustainability of the Group's business.

In this regard, the unit has supported communities in the areas of education and training, solidarity and social, research and health, environment and territory, art, culture and sport, through initiatives and projects designed to understand and accommodate the needs of the territory, setting the most appropriate tools for action in place.

116 social and environmental projects were carried out in Italy, with an economic contribution of around 814 thousand euro in donations, of which 200 thousand donated to Fondazione per la Scuola Italiana (Foundation for the Italian School), the new non-profit organisation that will operate in coordination with the Ministry of Education and Merit to

understand local needs and optimise the allocation of resources through the development of national projects and tenders.

For the "School Project", 301 public schools in Italy received support, with tangible assistance given to schools that demonstrated the need for help in terms of structures, implementation of teaching materials, renewal of scientific and music laboratories and organisation of special training projects (e.g. integration of the disabled, theatre, language workshops and STEM subjects).

Financial and ESG awareness initiatives have taken on a significant role; in fact, for the sixth consecutive year, meetings continued for customers, new generations and other stakeholders. 41 events were held, which addressed the issues of savings and sustainable investments, with the involvement of over 6,000 participants. Of these meetings, 16 were dedicated to schools, with the participation of over 2,000 students on topics related to financial instruments, business plans and the objectives of the 2030 Agenda.

Particular attention was paid to the business world with the ESG Factory project launched in 2021, designed to provide companies with all the information necessary to handle ecological transition. Over 1,800 hours were dedicated to the 16 meetings organised locally, involving around 1,000 entrepreneurs. ESG-related topics were covered at these meetings, as well as in-depth analyses of the green transition and its impact on business and of the opportunities related to this change.

In 2024, the seven Foundations of the Group continued to receive its support. Contributions of 4.2 million were allocated to the same for assistance, charity and public interest activities in the reference communities.

The media relations activities carried out during the year first and foremost consolidated and further expanded contacts with journalists from national, local and digital newspapers, television broadcasters and press agencies. In 2024, there were more than 130 press releases concerning the activities of the entire Banco BPM Group (Parent Company, Group companies and Foundations), some of which contained regulated, price and non price-sensitive information relating to the corporate events of the Bank (corporate governance topics, strategic agreements, financial statements results, ECB communications on SREP tests, bond issues, ratings, etc.). Other unregulated press releases represented a channel to highlight the activities that the company had implemented during the year in various areas, with the aim of achieving a reputational positioning in line with its mission, and maintaining lively and constant dialogue with its stakeholders: customer loan transactions, launch of new products and ceilings, results achieved on ESG issues, community support initiatives. These communication actions were accompanied by a schedule of interviews with top management and managers and participation in events and conferences.

On social media, the objective of improving Brand Reputation was pursued through the publication of posts dedicated to the Group's main institutional initiatives, with particular attention to those promoting businesses and communities. Among the latter, charity activities, volunteering and cultural initiatives were highlighted, enriched by a new editorial that explores the Group's artistic heritage.

In continuity with the previous year, importance was given to the participation of top management and managers in local events. At the same time, the management of customer relations continued, also by promptly responding to the requests received on the official social channels.

Overall, without counting shares, around 1,500 posts were published and a general increase of the fanbase on the various channels was recorded, in particular on Instagram (+28.5%) and LinkedIn of Banco BPM (+12.5%).

In 2024, the Internal Communication and Events Unit played a fundamental role in strengthening corporate identity and promoting the values, culture and vision of Banco BPM Group. In agreement with the Human Resources Function, initiatives were set in place to encourage colleagues to share and to be involved, thus contributing to consolidating the sense of belonging and stimulating an inclusive and dynamic working environment. Internal Communication and Events ensured that news on strategic and extraordinary transactions at the end of 2024 were continuously updated, always maintaining a high level of information and involvement. The Company Intranet and Corporate TV continued to be the main channels for commercial, institutional and Human Resources communications, highlighting awards and prizes, to present Units and Management, and to give a voice to the Territorial Departments and Group Foundations. Constant monitoring of access to the Intranet made it possible to identify the most popular content, with a view to optimising the editorial strategy and achieving more targeted and effective communication. Numerous innovations have been introduced: first of all TAU (Talk About Us), a video-podcast to explain the Bank's strategies, projects and success stories in a dynamic and very contemporary way; BBPM Experience, to relive the unique experiences that Banco BPM reserves for its Community, and Storybook, a storytelling format that celebrates the achievements of colleagues in areas such as sport, culture and volunteering. Among the main analytics in 2024, the Company Intranet recorded over 4 million visits and published about 1,000 editorials, with an average of 2,214 views (carousel), 1,310 (commercial news), 4,663 (HR news) and 640 (news relating to local departments). Internal Communication and Events maintained a high focus throughout the year on content management to support the Bank's units, and on ghost

writing to support top management. Much of 2024 was dedicated to the design, organisation and implementation of internal events, for numerous Functions and for the Group Banks, key opportunities to promote corporate values, objectives and strategy, foster and strengthen dialogue with top management, shorten the distance and consolidate the spirit of the Group. 2024 was a year with a wealth of challenges and transformations, during which the Internal Communication and Events Unit was able to respond to the needs of a constantly evolving Organisation, contributing significantly to the achievement of the objectives of the updated Strategic Plan.

In addition, the unit coordinated and managed over 90 events and conferences in order to enhance and promote culture and consolidate the relationship with stakeholders.

The events, which took place in Italy, prioritised financial topics, market outlooks and supporting cultural assets, with specific reference to sustainable investments, sports and artistic spheres, and were addressed to both existing and potential customers for the entire Group.

There were also numerous social and environmental events to disseminate ESG culture; in particular, in 2024 we draw attention to the participation in the national initiative promoted by ABI, "There's Culture", which saw the involvement of thousands of people with 17 events organised in Milan, Bergamo, Genoa, Lucca, Modena, Novara and Verona.

In 2024, Banco BPM's Artistic Heritage unit worked hard to enhance the Bank's cultural heritage, promoting awareness and dissemination with the aim of returning it to the community.

To strengthen ties with local communities and to increase opportunities to exploit this, partnerships were forged with local entities, such as the Municipality of Pontremoli, and institutions of national importance, including the Diocesan Museum of Brescia, the Royal Museums of Turin, which hosted the loan of Guercino's work Christ and the Woman of Samaria, and the Grande Brera, which received the painting Maternity by Gaetano Previati.

During the year, Banco BPM made hundreds of works from its collection available. This result was achieved thanks to numerous works loaned from museums, the design and preparation of exhibition routes in the Bank's spaces, the organisation of artistic-cultural events and guided tours of its historic buildings. Overall, these initiatives made it possible to welcome around 10,000 visitors.

For the first time, the Bank participated in initiatives such as MuseoCity, the FAI Days and activities in support of scientific research in collaboration with AIRC. At the same time, it consolidated its commitment to cultural events of national importance, such as Archivissima.

In addition, numerous initiatives were carried out in collaboration with other internal units, providing works and resources for exclusive events dedicated to customers. A series of meetings was also launched for colleagues, with the aim of using art as a tool to strengthen the link between work and leisure. Lastly, hundreds of works were restored, ensuring their preservation and value over time.

Internal and external communication activities increased through the creation and publication of articles, podcasts and news.

Thanks to this constant commitment, the Artistic Heritage unit continues to promote the value of art as a shared heritage, consolidating its role as custodian and promoter of culture.

Investor Relations

As part of its ordinary relations with institutional stakeholders in the financial market, in 2024 the Investor Relations team planned, managed and implemented a total of 192 events, meetings and calls, in some cases also involving the Group's top management. This activity has made it possible to interact with 759 investment companies, financial analysis firms (both in the stock market and in fixed income), credit rating agencies and other institutional entities. Of these events, 9 with a total of 48 parties attending, focused specifically on ESG issues¹.

¹ Includes exclusively ESG focused meetings. It should also be noted that it is not unusual for ESG issues to be addressed also in events or meetings without a specific ESG focus or for ESG funds to participate in events or meetings with an exclusively financial focus; nevertheless, these cases are not included in this count, as they are difficult to define.

The following table summarises the events held over the year:

	no. of events	% of total	no. of companies met with	% of total
Industry conferences (stock market)	4	2.1%	108	14.2%
Industry conferences (fixed income market)	11	5.7%	103	13.6%
Roadshows & Reverse Roadshows (stock market)	7	3.6%	101	13.3%
Roadshows & Reverse Roadshows (fixed income market)	6	3.1%	37	4.9%
Other individual and/or group meetings, telephone conferences and video conferences (stock market)	132	68.9%	337	44.4%
Other individual and/or group meetings, telephone conferences and video conferences (fixed income market)	16	8.3%	18	2.4%
Meetings exclusively focused on ESG (stock and fixed income market)	9	4.7%	48	6.3%
Meetings/calls with credit rating companies	7	3.6%	7	0.9%
Total	192	100%	759	100%
Presentation to the financial market with conference calls/webcasts	4			

During the year, 4 telephone conferences with audio webcasts took place, during which top management presented the Group's financial performance to the market (results as at 31 December 2023, 31 March 2024, 30 June 2024 and 30 September 2024), as well as the Public Purchase Offer on Anima Holding.

On the stock market front, the Group participated in 4 industry conferences and 7 Roadshows and Reverse Roadshows organised by leading research and brokerage companies. Together, these resulted in meeting 209 counterparties, equal to 27.5% of the total reached overall during the year.

In the fixed income market, Banco BPM participated in 11 industry conferences and 6 Roadshows and Reverse Roadshows, meeting 140 counterparties (18.5% of the total).

The remaining 54.0% of the institutional parties involved had the opportunity to dialogue with the Group on a further 164 occasions (meetings and/or calls, individually and/or as a group). These included 7 meetings with Credit Rating companies, of which 5 represented by Annual Review Meeting activities.

It should be noted that these figures do not include regular contacts which, during the year, the Investor Relations unit manages with investors, analysts and Credit Rating companies.

It should also be noted that, in 2024, no meetings were held as part of the procedures set out in the Shareholder-Director Engagement policy (the policy for the management of dialogue by the BoD or its members with the generality of the Banco BPM shareholders).

OTHER INFORMATION

Members and Shareholders

The share capital of Banco BPM, amounting to 7,100,000,000.00 euro, is represented by 1,515,182,126 ordinary shares, with no nominal value.

Banco BPM shares are listed on the Euronext Milan (EXM) market, organised and managed by Borsa Italiana S.p.A.

As at 31 December 2024, Banco BPM had around 230,000 shareholders, broken down as follows:

- approximately 150,000 depositors at Banco BPM Group;
- around 80,000 depositors with other brokers. This figure represents the situation as at the date of distribution of an advance on the dividend, relating to the result of FY 2024 (20 November 2024 - payment date), as no accounting transactions regarding the entire share capital were subsequently recorded.

In accordance with Article 120 of the Consolidated Finance Law, anyone who has more than 3% of the capital in a listed share-based company will have to notify the investee company and CONSOB.

As at 31 December 2024, according to the information published on the CONSOB website regarding parties which hold shares exceeding 3% of the share capital of Banco BPM are the following:

- Crédit Agricole with a 15.01% interest;¹
- BlackRock Inc. with a 5.04% interest;
- JP Morgan with 3.06% interest.

In addition to the above shares²:

- the interest held by Davide Leone, through the subsidiaries DL Partners Opportunities Master Fund Ltd and DL Partners A Fund LP. This interest is represented by voting rights relating to shares (2.147% of the share capital) and by potential interests and other long positions with physical and cash settlement (3.177% of the share capital);
- the interest held by Bank of America Corporation, through the subsidiaries Merrill Lynch International, Bank of America National Association and BOFA Securities Europe SA. This interest is represented by voting rights relating to shares (1.168% of the share capital) and by potential interests and other long positions with physical and cash settlement (5.684% of the share capital).

Banco BPM stock

In 2024, the value of Banco BPM shares fluctuated between a minimum closing price of 4.732 euro on 16 January 2024 and a maximum closing price of 7.96 euro on 17 December 2024.

From the beginning of the year, Banco BPM shares recorded a positive performance of +60%. During 2024, average daily volumes were approximately 12.5 million shares.

In addition, it should be noted that at the end of 2024, the Banco BPM share was "covered" by 15 equity research companies (of which: 8 with positive recommendations, 7 neutral and 0 negative), with which continuous dialogue was maintained during the year.

Lastly, the shareholders of Banco BPM have a consultation agreement in place relating to the shares of Banco BPM S.p.A., made public pursuant to Art. 122 of Italian Legislative Decree 58/1998 and Art. 129 of CONSOB Regulation 11971 of 14 May 1999.

This consultation agreement was originally signed on 21 December 2020 between several Italian Foundations, shareholders of Banco BPM for a total share of 5.49% of Banco BPM's share capital. It was subsequently updated following the entry or exit of new shareholders from the agreement itself, or due to changes in the shareholding held by an individual participant in the agreement, on 20 July 2021, 18 October 2022, 31 December 2022, 27 March

¹ The share includes 5.20% falling in the investment category of "Other long positions with cash settlement", represented by two total return swap derivatives with cash settlement, but with the right of Delfinances SAS to request, subject to obtaining the necessary authorisations, that the settlement takes place with physical delivery of the shares underlying the derivatives.

² Source: Consob.it website - Listed companies - Investments in financial instruments and aggregate investments section.

2023, 19 December 2023, 16 February 2024 and 31 December 2024. To date, this agreement encompasses shareholders that hold 6.51% of the Bank's share capital.

For further details, please refer to the website www.gruppo.bancobpm.it Investor Relations - Stock, shareholder base and dividends section, "Consultation Agreements".

Group ratings

Summary table of Banco BPM ratings

Rating Agency	Type of Rating	31/12/2024	31/12/2023
DBRS Morningstar	Long-term on Senior Debt and Long-term Issuer Rating/Trend	BBB/Positive	BBB/Stable
	Short-term on Debt and Short-term Issuer Rating/Trend	R-2 (high)/Positive	R-2 (high)/Stable
	Long-term on Deposits/Trend	BBB (high)/Positive	BBB (high)/Stable
	Short-term on Deposits/Trend	R-1 (low)/Stable	R-1 (low)/Stable
	Intrinsic Assessment	BBB	BBB
Fitch Ratings	Long-term Issuer Default Rating (IDR)/Outlook	BBB-/Stable	BBB-/Stable
	Short-term Issuer Default Rating (IDR)	BBB-/Rating Watch Positive	F3
	Long-term Senior Preferred Debt (SP)	F3/Rating Watch Positive	
	Long-term Deposits	BBB-/Rating Watch Positive	BBB
	Short-term Deposits	BBB-/Rating Watch Positive	F3
	Viability Rating (VR)	F3/Rating Watch Positive	bbb-
Moody's Ratings	Long-term on Senior Unsecured Debt and Issuer Rating/Outlook	Baa2/On watch for Possible Upgrade	Baa2/Stable
	Long-term on Deposits/Outlook	Baa1/Stable	Baa1/Stable
	Short-term on Deposits	P-2	P-2
	Baseline Credit Assessment	baa3	Baa3
S&P Global Ratings	Long-term Issuer Credit Rating and Senior Unsecured rating/Outlook	BBB-/Stable	BBB-/Positive
	Short-term Issuer Credit Rating	A-2	A-3
	Stand-alone credit profile (SACP)	bbb-	bbb-

Summary table of Banca Akros ratings

Rating Agency	Type of Rating	31/12/2024	31/12/2023
DBRS Morningstar	Long-term on Senior Debt and Long-term Issuer Rating/Trend	-	BBB/Stable
	Short-term on Debt and Short-term Issuer Rating/Trend	-	R-2 (high)/Stable
	Long-term on Deposits/Trend	-	BBB (high)/Stable
	Short-term on Deposits/Trend	-	R-1 (low)/Stable
Fitch Ratings	Long-term Issuer Default Rating (IDR)/Outlook	BBB-/Rating Watch Positive	BBB-/Stable
	Short-term Issuer Default Rating (IDR)	F3/Rating Watch Positive	F3
	Shareholder Support Rating	bbb-/Rating Watch Positive	bbb-

As part of normal rating activity, the agencies Morningstar DBRS, Moody's Ratings, Fitch Ratings and Standard & Poor's Global Ratings monitored Banco BPM's activities through reports, press releases and rating actions; the following were the main events:

- On 18 April 2024, Morningstar DBRS confirmed the ratings of Banco BPM as well as the trend linked to deposits, both short and long-term, while the trend linked to debt, both short and long-term, improved from stable to positive. On 29 August 2024, Morningstar withdrew its ratings on Banca Akros following the Group's organisational streamlining. Subsequently, on 4 November 2024, the agency improved the long-term rating trend on deposits from stable to positive;

- On 21 March 2024, Fitch Ratings confirmed the Banco BPM ratings in the investment grade area, with a "stable" outlook. It also raised the senior preferred (SP) and senior non-preferred (SNP) debt by 1 notch, from BBB- to BBB and from BB+ to BBB-, respectively, to reflect the expectation that the senior non-preferred and more junior debt buffers will stably exceed 10% of the RWAs. On 2 December 2024, the agency placed the following ratings of Banco BPM and Banca Akros in Rating Watch Positive (RWP): long- and short-term Issuer Default Rating (IDR), senior and deposit rating and additional Tier1 (AT1) and Tier 2;
- On 2 April 2024, Moody's Investors Service confirmed the main ratings of Banco BPM in the investment grade area. The outlook of the main long-term ratings remained stable. On 28 November 2024, the agency confirmed the main ratings to Banco BPM and placed the LT issuer and the senior unsecured "on watch for possible upgrade";
- On 18 June 2024, Standard & Poor's Global Ratings confirmed the investment grade rating for Banco BPM's ratings and the positive outlook. On 24 October 2024, the agency upgraded Banco BPM's long and short-term issuer credit ratings (ICR) to BBB/A-2 from BBB-/A-3 with a Stable Outlook. Following the upgrade, the senior unsecured also improved to BBB from BBB-. Subsequently, on 15 November 2024, the agency confirmed the main ratings to Banco BPM.

PERFORMANCE OF THE MAIN GROUP COMPANIES

A summary of the main equity interests in Group companies is presented below, with an indication of the most significant balance sheet, income statement and operating balances as at 31 December 2024.

As regards the Parent Company, Banco BPM, please refer to the separate financial statements.

Banca Aletti

(millions of euro)	2024	2023	Change
Income statement figures			
Net interest income	44.4	47.6	(6.8%)
Net fee and commission income	115.5	102.3	12.9%
Operating income	160.7	148.5	8.2%
Operating expenses	(88.6)	(85.4)	3.8%
Profit (loss) from operations	72.1	63.2	14.1%
Profit (loss) before tax from continuing operations (*)	70.9	59.2	19.9%
Profit (loss) for the year	42.4	36.2	17.2%

(*) also including the contributions to guarantee schemes.

(millions of euro)	31/12/2024	31/12/2023	Change
Balance sheet figures			
Total assets	2,120.3	1,805.2	17.5%
Loans to customers (net)	714.2	572.7	24.7%
Financial assets and hedging derivatives	1.6	0.9	79.2%
Shareholders' equity	404.4	394.8	2.4%
Customers' financial assets			
Direct funding	1,579.0	1,286.9	22.7%
Indirect funding	24,673.1	23,095.6	6.8%
- Asset management	11,360.3	10,593.0	7.2%
- Mutual funds and SICAVs	5,741.8	5,280.1	8.7%
- Securities and fund management	3,989.3	3,634.2	9.8%
- Insurance policies	1,629.3	1,678.7	(2.9%)
- Administered assets	13,312.7	12,502.6	6.5%
Information on the Organisation			
Average number of employees	479	477	2
Number of bank branches	53	53	-

Financial and economic ratios and other data

	31/12/2024	31/12/2023
Alternative performance measures		
Profitability ratios (%)		
Financial margin/Operating income	27.6%	32.1%
Net fee and commission income/Operating income	71.9%	68.9%
Operating expenses/Operating income	55.1%	57.5%
Return on assets (ROA) ⁽¹⁾	2.00%	2.00%
Return on equity (ROE) ⁽²⁾	11.72%	10.09%
Return on tangible equity (ROTE) ⁽³⁾	12.61%	10.96%
Operational productivity figures (thousands of euro)		
Loans to customers (net) per employee	1,491	1,201
Operating income per employee	336	311
Operating expenses per employee	(185)	179
Regulatory capitalisation and liquidity ratios		
Common equity tier 1 ratio (CET1 capital ratio)	68.9%	77.2%
Tier 1 capital ratio	68.9%	77.2%
Total capital ratio	68.9%	77.2%
Leverage ratio	35.9%	43.3%
Other Ratios		
Loan to deposit ratio (LTD) ⁽⁴⁾	45.2%	44.5%

(1) Calculated as the ratio of net profit (loss) for the year to total assets.

(2) Calculated as the ratio of net profit (loss) for the year to shareholders' equity excluding the profit (loss) for the year.

(3) Calculated as the ratio of net profit (loss) for the year to shareholders' equity, determined by excluding the profit (loss) for the year and intangible assets, net of the related tax effects, from shareholders' equity.

(4) Calculated as the ratio of loans to customers to direct funding.

For a more detailed analysis of the main events that affected Banca Aletti, please refer to the section in this Report on operations containing an illustration of the business segments and, specifically, the Private segment.

Banca Akros

(millions of euro)	2024	2023	change
Income statement figures			
Financial margin	12.1	4.9	146.2%
Net fee and commission income	85.6	48.0	78.4%
Operating income	98.0	52.9	85.2%
Operating expenses	(64.6)	(58.8)	10.0%
Profit (loss) from operations	33.4	(5.8)	
Profit (loss) before tax from continuing operations (*)	33.7	(5.8)	(683.2%)
Profit (loss) after tax from continuing operations	22.3	(4.1)	(642.9%)
Net profit for the year	21.8	28.9	(24.5%)

(*) also gross of contributions to guarantee schemes.

(millions of euro)	31/12/2024	31/12/2023	change
Balance sheet figures			
Total assets	524.9	7,702.7	(93.2%)
Loans to customers (net) (*)	69.4	79.5	(12.7%)
Financial assets	0.0	0.0	-
Shareholders' equity	243.0	743.1	(67.3%)
Customers' financial assets			
Direct funding	125.8	155.9	(19.3%)
Information on the organisation			
Average number of employees and other staff	159	148	
Number of bank branches	1	1	

(*) Customers consisting of qualified and professional counterparties.

	31/12/2024	31/12/2023
Alternative performance measures		
Profitability ratios (%)		
Return on Equity (ROE)	9.86%	4.04%
Return on assets (ROA)	4.15%	0.37%
Financial margin/Operating income	12.37%	9.31%
Net fee and commission income/Operating income	87.31%	90.67%
Operating expenses/Operating income	65.92%	111.04%
Profit (loss) before tax from continuing operations (*)/Operating income.	34.39%	(10.93%)
Operational productivity figures (thousands of euro)		
Loans to customers (net) per employee	436.2	537.0
Operating income per employee	616.6	357.6
Operating expenses per employee	406.4	397.0
Other ratios		
Net loans/Direct funding	55.14%	50.97%
Regulatory capitalisation ratios		
Common equity tier 1 ratio (CET1 capital ratio)	79.27%	23.99%
Tier 1 capital ratio	79.27%	23.99%
Total capital ratio	79.27%	23.99%
Leverage ratio	119.54%	14.06%

(*) also gross of contributions to guarantee schemes.

It should be noted that, for greater clarity, the above figures relating to 2023 have not been stated considering the accounting classifications envisaged by IFRS 5, following the partial demerger that concerned, effective 1 January 2024, the assignment of the business unit relating to "Proprietary finance" activities by Banca Akros to Banco BPM.

For a more detailed analysis of the main events that affected Banca Akros, please refer to the section in this Report on operations dedicated to describing the business segments and, specifically, the Investment Banking segment.

Other investee companies

<i>(millions of euro)</i>	Total assets	Shareholders' equity (*)	Direct Funding	Indirect Funding	Net loans	Profit (Loss)
Banks						
Banca Aletti & C. (Suisse)	2,120.3	404.4	1,579.0	679.3	714.2	(0.2)
Bipielle Bank (Suisse) in liquidation	10.7	8.0	-	-	-	(1.3)
Insurance companies						
Banco BPM Vita	7,316.9	886.7	6,325.2	-	-	46.7
Vera Vita	7,283.5	360.8	6,534.5	-	-	10.7
BBPM Life	3,622.9	88.8	3,444.5	-	-	10.6
Financial companies						
Aletti Fiduciaria	8.3	6.7	-	842.0	0.8	(0.3)
Oaklins Italy	2.4	2.0	-	-	-	(0.2)
Banco BPM Invest SGR	4.3	2.3	-	-	-	(0.2)
Other companies						
Ge.Se.So.	1.6	0.4	-	-	-	0.07

(*) amount inclusive of the profit (loss) for the year.

The figures shown in the previous table refer to the balance sheets and income statements as at 31 December 2024 used to prepare the consolidated financial statements.

Relations with subsidiaries and associates

The disclosure on related party transactions and the description of the significant transactions concluded with related parties during the financial year, as provided for by the Regulation adopted by CONSOB through resolution no. 17221 dated 12 March 2010 and subsequent amendments, are included in "Part H - Transactions with related parties" of the Notes to the consolidated financial statements, to which reference should be made.

Own shares of the Parent Company and of subsidiaries

The disclosure relating to own shares of the Parent Company and to changes in the year is provided in "Part B - Information on the consolidated balance sheet, Section 13 - Group Equity" of the Notes to the consolidated financial statements.

As described in the Section dedicated to the significant events that occurred during the year of this report, in 2024 the Parent Company, as part of the programmes resolved by the Ordinary Shareholders' Meeting of 20 April 2023 and by the Ordinary Shareholders' Meeting of 18 April 2024, purchased 8,281,101 own shares, to support the short and long-term incentive plans in place, for a total value of 50 million.

As a result of these transactions, considering the assignments that took place during the year and the other own shares already in the portfolio, as at 31 December 2024, it directly holds 13,799,807 own shares, equal to 0.91% of the share capital.

Report on corporate governance and ownership structures

Banco BPM Group prepares the Report on corporate governance and ownership structures pursuant to Art. 123-bis of Italian Legislative Decree no. 58/1998 in a separate document published on the website www.gruppo.bancobpm.it, in the "Corporate Governance - Report on Corporate Governance" section.

Remuneration report

Banco BPM Group prepares the Policy-on-remuneration report and payouts awarded of Banco BPM Group's staff pursuant to the Supervisory Provisions of the Bank of Italy (Circular no. 285/2013, 37th update, Part I, Title IV, Chapter 2 "Remuneration and incentive policies and practices"), of Art. 123-ter of Italian Legislative Decree 58/1998 as amended, of Art. 84-quater of the Issuers' Regulation (CONSOB resolution no. 11971/1999 as amended) and of IVASS Regulation 38/2018 and related Guidelines, in separate documents, published on the website www.gruppo.bancobpm.it, in the "Corporate Governance – Remuneration Policy" section.

Preparation of the financial statements in XBRL format

According to the provisions of European Commission Regulation 815/2019 (European Single Electronic Format – ESEF Regulation), Banco BPM has drawn up this Annual financial report in the ESEF format, which represents a combination between xHTML language (for the presentation of the financial reports in a legible format for human users) and the XBRL markup (eXtensible Business Reporting Language).

Furthermore, the information contained in the schedules of the consolidated financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement) and in the Notes to the Consolidated Financial Statements were mapped according to "inline XBRL" specifications contained in the basic taxonomy issued by the ESMA (European Securities and Markets Authority).

It should also be noted that, to fulfil the communication obligations envisaged by the Transparency directive (Directive 2004/109/EC), the Annual financial report drawn up by Banco BPM in the format envisaged by the ESEF Regulation will be published within the legal terms.

For further details, please refer to "Part A - Accounting policies, Section 5 - Other aspects" of the Notes to the consolidated financial statements.

OUTLOOK FOR BUSINESS OPERATIONS

The macroeconomic scenario at the end of 2024 recorded a moderate slowdown, also affected by the persistent weakness of the German economy struggling with the difficulties of some key sectors (e.g. automotive). For Italy, expectations for 2025 remain moderately positive, with stable inflation and GDP growth positioned, in the most recent estimates, between 0.8% (Bank of Italy) and 0.7% (International Monetary Fund). The confirmation of the expansionary policies launched by the ECB is expected to provide a positive stimulus to investment performance, held back by the elimination of tax incentives for restructuring, and to boost household consumption, which is rallying thanks to the recovery of real income.

In terms of direct funding, the stock of current accounts and deposits is expected to be stable, as is the overall amount of direct funding from customers. The stock of loans to customers could benefit from a good rise in disbursements, sustained more by a level of interest rates that boost investments than by an expected economic performance that is still only moderately improving. Overall, in any event, the trend in net interest income is expected to be affected by the gradual easing of monetary policy, the effects of which can be expected to be gradually mitigated by the continuation of managerial actions, in line with the situation in 2024.

In terms of fees and commissions, the scenario of market interest rates will be a driver for assets under management and administration, including the insurance component, which will benefit from the gradual entry into force of the new internal structure for the "life" component and the long-term partnership with Credit Agricole for "non-life" business. The expected growth in commission on loans, thanks to higher disbursements, should contribute to driving the amount of total net fee and commission income up year on year, despite the substantial elimination of the contribution of the component relating to the purchase of building bonus tax credits, and of commission on instant bank transfers.

With regard to operating expenses, the HR component will begin to benefit from a decrease in the workforce as a result of the trade union agreements signed on 19 December relating to the Voluntary exit plan, overcoming the effects of the residual increases resulting from the renewal of the National Collective Labour Agreement. With regard to administrative expenses, the higher burden resulting from the implementation of the initiatives outlined in the updated Business Plan, is currently more than offset by the effect of the optimisation measures and the positive trend in operating expenses. With reference to credit, the level of the NPE ratio is expected to be substantially stable, although prudentially introducing an expected default rate higher than that of 2024. In this context, caution remains high with regard to credit policies, oriented towards a careful selection of customers, just as coverage is expected to remain stable at precautionary levels on both performing and non-performing exposures.

In full compliance with that anticipated so far, the solidity of the results achieved and the resilience of the same, even in a context of interest rates lower than forecasts, led to the updating of the Strategic Plan, for the 2025-2027 horizon, increasing the targets compared to those envisaged by the previous Plan. In particular, with reference to the current year, also following the expected integration of Anima starting from the end of the second quarter of 2025, net profit is expected to be higher than the adjusted¹ level in 2024.

¹ Profit net of non-recurring components as defined in the Results section of this Report.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

In compliance with special instructions issued by the Bank of Italy, significant events occurring after the end of the financial year are illustrated in "Part A - Accounting policies, Section 4 - Events subsequent to the reporting date" of the Notes to the consolidated financial statements.

Milan, 13 March 2025

The Board of Directors

Sustainability reporting

GENERAL INFORMATION

Criteria for preparation

General basis for preparation of sustainability statements

The Sustainability Reporting of the Banco BPM Group (hereinafter, also "Group") is prepared on a consolidated basis on the same scope used to prepare the consolidated financial statements.

The Group's Sustainability Reporting takes into account the upstream and downstream value chain.

Specifically:

- the assessment of the materiality of impacts, risks and opportunities (known as "IRO") was carried out with reference to its own operations and direct and indirect commercial relationships in the upstream and downstream value chain based on the data available when the analysis was carried out. In this sense, starting from the next few years, the Group is committed to expanding the scope and depth of the assessments carried out on its activities and on those of the parties upstream and downstream of its value chain;
- the policies, actions and objectives are defined with reference to its own operations and take into account the upstream and downstream value chain;
- availing itself of the phase-in measures, the Banco BPM Group does not normally report metrics with data on the upstream and/or downstream value chain (with the exception of, for example, some entity-specific metrics; see "Entity-specific metrics for the management of IROs" and Scope 3 GHG emissions; see "Metrics on Gross Scopes 1, 2, 3 and Total GHG emissions"). Also in light of the extension of the scope of application of the greater reporting and disclosure obligations, the Group expects to continue to improve the levels of coverage, availability and quality of the data reported in the coming years.

Disclosures in relation to specific circumstances

As indicated by the ESRS, sustainability reporting includes forward-looking information on events that may occur in the future and on possible future actions by the Group. Forward-looking information is, by its very nature, subject to greater uncertainty in its measurement or evaluation than historical information.

Estimates regarding the value chain

In the absence of direct primary data regarding the upstream and/or downstream value chain, the Group used estimation processes, applying assumptions and methodological hypothesis based on the best information available. The metrics that include data from the estimated value chain refer, in particular, to Scope 3 greenhouse gas emissions, the calculation of which requires the use of data from external sources, such as: suppliers, customers and business partners. The estimates made by the Group were based on the most widespread calculation frameworks (such as GHG Protocol, Technical Guidance for Calculating Scope 3 Emissions implemented by the ABI LAB Guidelines on the application of the ESRS in the Bank on environmental matters and Partnership for Carbon Accounting Financials, also "PCAF") that allow for the adoption of structured approaches for data estimation and reporting.¹ In particular, it should be noted that the following Scope 3 emission categories envisaged the integration of input data using estimates:

Scope 3 emissions category 6. Business travelling

The calculation of emissions related to employees' business travelling is carried out based on precise input data for train and air travel, while the travel by private car is estimated, assuming that the car fleet of the Group is representative in terms of supply and capacity of the private car fleet of employees. For more details on the calculation methodologies, please see the section "Metrics on gross GHG emissions in scope 1, 2, 3 and total GHG emissions".

¹ Reference is made in particular to the "ABI Lab Guidelines on the application of the European Sustainability Reporting Standards (ESRS) for environmental issues in the field of banking operations - December 2024 version", which address the application of some environmental topics of the ESRS in the banking sector, taking into account the interpretations that have emerged in various working groups, including at institutional level.

Scope 3 emissions category 7. Employee commuting

Emissions related to employee commuting are estimated on the basis of the actual attendance of employees assuming, as a precaution, that 70% of the travels are carried out by car and 30% by train, excluding the possibility of travel with zero emissions (on foot or by bicycle). In addition, it was assumed that the Group's car fleet is representative in terms of fuel and capacity of the private car fleet of employees. For more details on the calculation methodologies, please see the section "Metrics on gross GHG emissions in scope 1, 2, 3 and total GHG emissions".

Financed emissions - Scope 3 category 15. Investments

With reference to the financed emissions related to exposures to financial and non-financial companies, the portion of emissions related to investments that is not obtained from precise data published by counterparties is estimated starting from official data obtained from public sources on emission intensity. In addition, for emissions financed by commercial real estate and mortgage asset classes, the estimate is made based on the building's APE Certificate or through the use of PCAF grids. For more details on the calculation methodologies, please see the section "Metrics on gross GHG emissions in scope 1, 2, 3 and total GHG emissions".

Causes of uncertainty in the estimates of results

With regard to its own operations, in the absence of accurate data, the Group used estimates, adopting proxies and applying methodological assumptions based on the best information available. It should be noted that the quantitative metrics subject to estimates for own transactions, shown below, present a reasonable level of measurement uncertainty which, as a precaution, could lead to overestimates:

Energy consumption

The natural gas consumption for condominium heating is estimated using a significant sample of condominiums (greater than 10%) to project the relative consumption (obtained from reports, invoices or other documentation) on the entire condominium area owned by the Group. For further information, please see the section "Energy consumption and mix metrics".

For properties owned by the Group leased to third parties, the consumption of electricity, heat, steam and cooling from purchased or acquired fossil sources and the consumption of natural gas are calculated through estimation, applying to the areas of leased properties specific consumption factors per square metre for electricity (KWh/sqm) and natural gas (Smc/sqm) obtained based on the precise consumption KWh/sqm and Smc/sqm of the Group's properties¹. The sum of the areas of leased properties is an overestimation, as a precaution, considering all the surface area of the owned properties leased to third parties, without distinction of the part of the property actually leased.

If precise data regarding the square footage of a property leased to third parties are not present, the leased surfaces are estimated in terms of square metres starting from the average of the square metres for which precise data are available for the same type of property. For further information, please see the section "Energy consumption and mix metrics".

Accident rate

The rate of recordable work-related accidents is calculated using the available precise data and, to a lesser extent, the number of theoretical hours that can be worked. In particular, the Group does not have the exact number of hours worked:

- for employees who work for Banca Aletti & C. (Suisse) S.A., BBPM Life, Sagim S.r.l. Società agricola and Terme Ioniche S.r.l., for which the number of theoretical workable hours envisaged by the contract is counted;
- for employees with a classification higher than or equal to the managerial level, for which the number of theoretical workable hours envisaged by contract, for each contract type, is counted based on the recorded presence.

For further information, please see the section "Health and safety metrics".

¹ Excluding the properties owned by the Group and leased to third parties for which precise consumption data is available.

Disclosures required by other regulations or by provisions on sustainability reporting

The Sustainability Reporting of the Banco BPM Group does not include additional information deriving from other regulations or provisions on sustainability reporting, with the exception of the information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament (for more information, see the section "Taxonomy pursuant to Article 8 of Regulation (EU) 2020/852").

Governance**Role of the administrative, management and supervisory bodies**

The Banco BPM Group (which has been granted the status of Financial Conglomerate) shares values that guide the actions of all its member companies, in addition to the work of management and staff. These values, on which the strategy and the governance model are based, are:

- focus on the customer;
- focus on results;
- enhancement of staff as a strategic asset;
- focus on corporate social responsibility.

In order to achieve the objectives defined in accordance with the values indicated, the Banco BPM Group is divided into various companies, among which Banco BPM performs the role of Parent Company, exercising management, coordination and control activities over all the other Companies (for further in-depth information on the Group composition, please see the section "Banco BPM Group Business Line").

In this context, the bodies and structures of the Parent Company, each in the areas of its competence and on the basis of the powers and delegations received, carry out the strategic and operational guidance of the Banco BPM Group, as well as the coordination and supervision of the central and business functions. The Parent Company also carries out services and activities in a centralised manner for the entire Group and for some subsidiaries on the basis of specific service agreements, ensuring homogeneous and consistent management at consolidated level, guaranteeing the effectiveness of the relationship, the quality of the service and proper risk management. Functional relationships may exist between the corporate functions of the Parent Company and those of the Subsidiaries, as well as between the functions and structures of the Parent Company.

In order to facilitate the concrete performance of the functions assigned to the Parent Company, various methods of coordination with the Subsidiaries are envisaged, including:

- Group steering committees;
- functional relationships;¹
- service agreements and/or conventions;
- organisational unit of the Parent Company with a specific coordination function with the Subsidiaries;
- information flows between the Parent Company and the Subsidiaries and/or between the Subsidiaries themselves.

The corporate management and coordination of the Parent Company and the Group, in compliance with the general planned and strategic guidelines established by the Banco BPM Board of Directors, are entrusted to the Chief Executive Officer who works with the Co-General Managers and the areas, functions and Companies directly reporting to them (areas: Chief Innovation Officer, Chief Lending Officer, Chief Risk Officer, Corporate & Investment Banking; functions: Compliance, Corporate Communication and Responsibility, Legal and Regulatory Affairs, Human Resources, Organisation, Anti-Money Laundering; Companies: Banco BPM Invest SGR S.p.A.) or the Co-General Managers themselves (the Chief Financial Officer oversees the Strategic Planning, Administration and Budget, Finance, Equity Investments and Transition and Sustainability areas, while the Chief Business Officer oversees the Sales area as well serving the Subsidiaries Banca Aletti S.p.A. and Banco BPM Vita S.p.A.).

The Banco BPM Board of Statutory Auditors, insofar as it is pertinent, meets periodically with the control bodies of the other Group banks and the main Subsidiaries to ensure, inter alia, an adequate exchange of information and overall supervision of the activities carried out in the within the scope of competence of the individual bodies.

¹Relationships that exist between the corporate functions of the Parent Company and those of the Subsidiaries, as well as between the functions and structures of the same Parent Company.

In order to ensure the monitoring of impacts, risks and opportunities identified as material as a result of the dual materiality analysis (herein also “DMA”), Banco BPM has defined a consistent corporate strategy, approved by the Board of Directors and implemented by the Chief Executive Officer, the Co-General Managers and their direct reports, also adopting an effective governance model.

In the context of a traditional corporate governance model, the Shareholders' Meeting, which represents the universality of the Shareholders, appoints:

- the Board of Directors, which exercises the functions of strategic supervision and management of Banco BPM, to be conducted also with a view to sustainable success, understood as the creation of value in the long-term for the benefit of the shareholders, taking into account the interests of other relevant stakeholders, also with the support of the Chief Executive Officer and Co-General Managers;
- the Board of Statutory Auditors performs the control function, monitoring, among other things, compliance with the law, regulations and articles of association, as well as observance of the principles of proper administration; the adequacy of Banco BPM's organisational and administrative-accounting structure and the financial and sustainability reporting process; the effectiveness and adequacy of the risk management and control system, internal auditing and the operation and adequacy of the overall internal control system.

The tasks and responsibilities of each body are outlined in the Articles of Association and in the internal regulations adopted by Banco BPM in compliance with the reference external regulations. In this context, the Board of Directors of the Parent Company:

- defines the strategies and the guidelines and coordination policies on sustainability (i.e., environmental, social and governance);
- defines the governance model for social and cultural responsibility and for combating corruption and bribery;
- annually approves the results of the dual materiality analysis;
- approves the Consolidated Sustainability Reporting in compliance with the relevant regulatory provisions;
- updates the Code of Ethics and Whistleblowing policies.

The Board is assisted by the Committees established within it, governed by the articles of association and vested with the functions and duties envisaged by the legislation, including regulations in force at the time, as well as by the code of conduct on corporate governance promoted by the regulated market management company (Corporate Governance Code promoted by the Corporate Governance Committee) which Banco BPM endorses.

In particular, with regard to sustainability, the Board is supported, for the respective areas of competence, by the Sustainability Committee, the Internal Control and Risk Committee and the Remuneration Committee. In particular, the Sustainability Committee carries out the functions envisaged by sustainability regulations, including support in the assessment and in-depth analysis of ESG issues related to the exercise of the Group's activities and the approval of strategies and policies on sustainability, also in light of shared best practices and market developments.

In addition to the roles specified in the Articles of Association, in the “Regulation for the functioning and organisation of the Board of Directors and self-evaluation of the Board of Directors and its Committees”, the mechanisms for the circulation of information between the corporate bodies and therein to oversee the management efficiency objectives, also with a view to sustainable success and effectiveness of controls, in line with the provisions of the supervisory provisions on the corporate governance of banks as well as the provisions of the Articles of Association in force.

The Chief Executive Officer of Banco BPM coordinates the enforcement of the strategic policies on sustainability through a management committee (ESG Committee), which they chair, composed of the two Co-General Managers, in addition to almost all the Bank's front-line managers.

The main tasks of the ESG Committee include the assessment of the Group's positioning and the coordination of all the activities necessary to achieve the strategic objectives, overseeing the integration of ESG profiles into the Group's operating model and also ensuring the preparation of consolidated sustainability reporting.

The other management committees (Credit Committee, Risk Committee, Finance Committee, Investment Committee, New Products and Markets Committee, Donations Committee), according to their respective areas of responsibility, also deal with sustainability issues. Each business area and function is involved in ESG matters according to the scope of operations.

In addition, specific monitoring, management and control roles on significant sustainability matters are assigned to the functions of the Parent Company (and the Consolidated Companies) and set out in internal regulatory documents, some of which are disseminated to the public through publication on the Bank's website. These roles and activities are fully integrated into the Group's governance processes, controls and procedures.

In this context, in management terms, the new, central Transition and Sustainability structure was established in 2024 by decision of the Board of Directors. It reports directly to the Co-General Manager CFO and is responsible for

coordinating all the activities carried out by the internal functions in relation to sustainability. This function is organised into two structures:

- ESG Strategy, responsible for ESG approaches, methodologies, metrics, KPIs and reporting;
- ESG Business Advisory, which plays a role in supporting the corporate functions (of all Group companies) in the implementation of the ESG strategy.

The Group ensures the design and implementation of procedures dedicated to quality control and the effective integration of sustainability issues in business processes also through the internal control system, a fundamental element of the overall governance system, to ensure that the business activity is in line with company strategies and policies and is based on sound and prudent management standards. Articulated in rules, functions/structures, resources, processes and procedures, this system plays a fundamental role, as it fosters the dissemination of a culture aimed at risk awareness and control, legality and respect for corporate values. Sustainability issues are part of the internal control system, making explicit and expanding the responsibilities of corporate bodies and functions at Group level with regard to the integration and dissemination of ESG factors in operational processes and the assessment and monitoring of inherent risks.

In this context, the Integrated *Tableau de Bord* represents the summary management tool through which the control functions report quarterly to the administrative and control bodies on the gaps found in the course of their audit activities. In addition to the findings of the control functions, this instrument includes the gaps highlighted by the Auditing Firm and the findings raised by the Supervisory Authorities (including, inter alia, ECB, Bank of Italy, IVASS and Consob) through their inspection activities on the Banco BPM Group.

The gap score detected by the control functions (residual risk and consequent level of resolution urgency) is established based on a common methodology that considers, among other things, reputational and compliance aspects, economic impact and impact on risk parameter calculation models.

The reporting systems are a further control tool: one relating to the functioning and observance of the Organisational, Management and Control Model (pursuant to Italian Legislative Decree no. 231/2001) of each Group Company which has one, entrusted to the Supervisory Body, aimed at monitoring the possible commission of crimes, acts, omissions and/or conduct not in line with the Code of Ethics, the Organisational Model and the underlying rules. The second system is instead dedicated to any behaviour that does not comply with the regulations (Whistleblowing), overseen by the Parent Company's Audit function and, for the insurance business, by Banco BPM Vita S.p.A.

Strategic planning is one of the Group's main medium-long term governance tools, also with reference to sustainability issues. In particular, the Group directs the creation of sustainable value over time through this process, seizing the opportunities presented by a constantly evolving context. The Banco BPM Group business model welcomes stakeholder requests and integrates environmental, social and governance objectives to translate them into a strategy of responsible growth, in line with the Risk Appetite Framework (also "RAF"), the strategic medium-long term objectives and with the related implementation measures, indicating them in a single document (Strategic Plan or Plan).

In this sense, it should be noted that on 11 February 2025, the Board of Directors of the Parent Company, on the occasion of the approval of the results for the year as at 31 December 2024, having already achieved the main objectives of the 2023-26 Strategic Plan in advance thanks to the excellent performance recorded in 2024, updated the Strategic Plan, extending the objectives to 2024-27 and taking into account the acquisition and integration of Anima SGR.

There is substantial continuity especially in terms of ESG objectives, therefore in the following, both the results obtained in 2024 and the targets, in particular those updated to 2027, will generally be explained in accordance with the required data points. Strategic planning is based on the forward-looking analysis of the evolution of the business with market scenarios in ordinary and stressed conditions, taking into account the positioning of the Group with respect to its competitors.

Starting from the relationship with the territory, listening to stakeholders, the relationship with the financial market and the acquisition of the indications of the international bodies to identify relevant objectives, the characteristics and needs of the customers to be met are considered in the projection, as well as the constraints of both a regulatory nature and deriving from any commitments undertaken towards third parties (for example in relation to agreements or initiatives, such as the Net Zero Banking Alliance - also "NZBA"), to which the Group is subject or for which it is committed. The proposed Strategic Plan to be submitted for approval of the Board of Directors of the Parent Company is developed on the basis of the medium/long-term risk appetite, expressed through the RAF Guidelines, outlining the objectives for homogeneous areas of activity, including those relating to the business, the organisational structure, the asset-based and liquidity situation, in line with the material sustainability issues.

Based on the objectives defined as part of the strategic planning, the operational objective represents one of the main short-term governance tools through which the Group defines specific objectives, assigning them to the business units

and monitoring them over time. The budget and Strategic Plan monitoring are the main control tools through which the Group:

- measures and analyses the final economic, equity and financial results, assessing deviations in forecasts and drawing up projections for the end of the current year;
- verifies the consistency of the results with respect to the short-term objectives and the sustainability of the medium-long term objectives, also in relation to forward-looking scenarios;
- oversees the enforcement of strategic projects and managerial actions defined in the Strategic Plan;
- evaluates the opportunity to define remedial actions to ensure compliance with the objectives or, ultimately, to envisage any updates to the budget objectives or the Strategic Plan.

Periodic reports are envisaged, at least on a quarterly basis, for the Board of Directors of Banco BPM regarding the performance of the final results with respect to the budget and the progress of the Strategic Plan projects with the analysis of the main deviations. In the event of significant discrepancies which could have material effects on the economic results net of non-recurring components and/or on the Group's risk profile, the Chief Executive Officer informs the Board of Directors to assess any mitigation actions or proceed with any updating of the budget or Strategic Plan.

The Banco BPM Board of Statutory Auditors, both through participation in Board meetings and through the independent examination of the reports produced, in particular by the control functions, detects any shortcomings or misalignments with respect to the regulations, specifically with reference to ESG governance and processes that affect the dimensions of sustainability, including that aimed at drafting the consolidated sustainability reporting.

Banco BPM has adopted a policy that defines, in line with the legislative and regulatory provisions in force from time to time, the suitability requirements of the members of the administration, management and control bodies, a policy that has been implemented and also applies to the other Companies belonging to the Group to which the specific sector regulations on the requirements of suitability for office apply.

As part of this policy, the expertise and experience of the members regarding sustainability matters in general are important, also in terms of the qualitative and quantitative breakdown considered optimal for each body.

The members of the administrative, management and control bodies of Banco BPM and of the other Group Companies to which specific sector requirements apply have consolidated experience in relation to the Group's sectors and products, ascertained through the periodic verification of skills with respect to the requirements of current national and European legislation, ensuring adequate diversification in terms of skills and experience in relation to different sectors. In particular, the Board of Directors and Board of Statutory Auditors of Banco BPM and of the other Group Companies to which specific sector regulations on the breakdown and appointment of the corporate bodies apply, at the time of their respective renewals, identify the qualitative-quantitative breakdown in advance which is deemed optimal for the effective performance of the tasks and responsibilities entrusted to the administrative and control bodies.

In this regard, the following are prepared:

- a document on the qualitative and quantitative composition of the Board of Directors containing, inter alia, the expected profiles of the members of the same Board and of the Internal Board Committees, including particularly relevant roles (Chairman, Deputy Chairman, Chief Executive Officer and Chairmen of the Internal Board Committees);
- a document on the qualitative-quantitative composition of the Board of Statutory Auditors.

In addition to the suitability requirements set out in the aforementioned policy, specific skills are also required for the roles of the administrative, management and control bodies in addition to the knowledge required for all areas envisaged by current legislation. In fact, the directors have a very good or distinctive level of expertise in the following areas:

- internal control systems and other operational mechanisms (11 out of 15, equal to 73.33%);
- organisational and corporate governance structures (15 out of 15, equal to 100%);
- ESG area (10 out of 15, equal to 66.66%).

The standing auditors also have a very good or distinctive level of expertise in the following areas:

- internal control systems and other operational mechanisms (four out of five, equal to 80%);
- organisational and corporate governance structures (four out of five, equal to 80%);
- identification and assessment of the risk of money-laundering and terrorist financing (four out of five, equal to 80%);
- sustainability and non-financial reporting and, in particular, the management of environmental and climate risks (five out of five, equal to 100%).

For Banco BPM and for the other Group Companies to which specific sector regulations on the suitability requirements for office are applied, each body ascertains the suitability of the individual member and the overall body itself, also taking into consideration the skills and experiences on sustainability issues.

This check is carried out both at the time of establishment and periodically (for example during the self-evaluation) or per event, in line with the legislative and regulatory provisions in force from time to time. As part of this process, the skills already present and those to be strengthened or supplemented are therefore identified.

With regard to sustainability, the Board of Directors of each Group Company can also make use of the specific expertise:

- ascertained for the members of the Parent Company's Sustainability Committee, which in its breakdown has members with recognised experience and skills at both professional and academic level, as well as knowledge of the path of integration of the Group's ESG profiles;
- developed over the years in dedicated operating contexts, for example at the Parent Company, the CRO and CLO Areas, the Transition and Sustainability function and the Sustainability Reporting Control structure.

The skills and experience of the members are continuously strengthened, also in light of the results of the dual materiality analysis, through annual or dedicated training plans, periodically scheduled by the Banco BPM Board of Directors in the interest of all the members of relevant Group Companies. Similarly, the skills present at managerial level are periodically reassessed, also based on the results of the dual materiality analysis, envisaging dedicated training courses where necessary or appropriate.

The table below shows the breakdown by gender of the administrative, management and control bodies of Banco BPM.

	Men	% Men	Women	% Women	Total
Members of the administrative, management and control bodies	12	60%	8	40%	20
Members of the Board of Directors (including committees)	9	60%	6	40%	15
Executive members of the Board	1	100%	0	0%	1
Non-executive members of the Board	8	57%	6	43%	14
Independent Board members	7	54%	6	46%	13
Gender diversity	66.7%				

The line "Members of the administrative, management and supervisory bodies" includes: Board of Directors (incl. Committees) and the Board of Statutory Auditors (including only standing auditors).

Independent members of the Board of Directors, including committees, account for 86.67% of the total number of members. On the occasion of the renewal of the Board of Directors of Banco BPM, which took place at the Shareholders' Meeting of 20 April 2023, one employees' representative was nominated (chosen from the List of Shareholders - Employees).

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Banco BPM and the other Group Companies to which specific sector regulations apply have governed, with specific regulations, the principles, criteria, roles and responsibilities regarding the functioning and organisation of the work of the Board of Directors and the Internal Board Committees as well as the Board of Statutory Auditors and with regard to information flows to the respective members, also ensuring mechanisms for the circulation of information between and within the Corporate Bodies to monitor the management efficiency objectives, also with a view to sustainable success and effectiveness of controls, in line with regulatory provisions and those of the articles of association.

The topics covered by the envisaged information flows also include the material sustainability issues, sometimes addressed separately, as in the case of the examination of the dual materiality analysis results or approval of the Consolidated Sustainability Reporting, but in most cases integrated into ordinary processes relating, for example, to business, credit policies or risk management.

When examining topics pertaining to significant impacts, risks and opportunities, the Banco BPM Board of Directors has been supported by observations and opinions expressed by the competent internal Board Committees (Internal Control and Risk Committee, Sustainability Committee, Remuneration Committee) as well as by the Board of Statutory Auditors, where deemed appropriate.

As part of its role of defining and approving strategic policies, the Banco BPM Board of Directors approves the ESG risk management and control policies, assessing the degree of efficiency and adequacy of the internal control system and drawing up the remuneration and incentive policies (including ESG performance objectives), to be submitted to the Shareholders' Meeting for approval.

The Banco BPM Board of Statutory Auditors participates in Board meetings and thereby supervises any ESG impacts deriving from initiatives and decisions taken by the Bank, reporting, if necessary, any noteworthy aspects in its report to the Shareholders' Meeting.

The Banco BPM Group is aware of the impact that environmental, social and governance factors have on its business model, market competitiveness and company objectives and strategy, in particular considering the fundamental role it plays as a guide for companies and private individuals in the transition process to a sustainable economy, in which traditional considerations on economic-financial profiles are accompanied by environmental and social ones.

Therefore, in addition to being integrated into the Banco BPM Strategic Plan, operating processes and financial planning, these considerations are evaluated on an ongoing basis also in the context of Risk Identification and in the definition of the Risk Appetite and the related Framework (managed by the risk control function of Banco BPM, responsible for building and enforcing the risk management system at Group level).

During 2024, the Banco BPM Board of Directors examined significant sustainability issues during 20 sessions, estimating a total of 41 the various ESG topics covered.

More specifically and without limitation, the Board:

- periodically monitored the progress of the 2023-26 Strategic Plan for the main areas of activity through a set of the most significant Key Performance Indicators (also "KPIs"), including those associated with sustainability objectives;
- in line with the commitments undertaken in March 2023 with the NZBA endorsement, identified five priority sectors, communicating the relative targets by the deadline, with roll-out to all sectors identified by 2026;
- as part of the annual approval of credit policies for the direction of commercial activities, approved the adoption of guidelines and new metrics aimed at achieving the integration of ESG sustainability factors in the Group's business model;
- for this purpose, examined the periodic reporting prepared by the competent structures, including updates on customer engagement initiatives for acquiring information also relating to the ESG profile thereof, as well as specific reporting with regard to transition and physical risks and financed issues;
- draws up remuneration and incentive policies, including ESG performance targets, to submit to the Shareholders' Meeting for approval;
- resolved new issues of social and green bonds, the proceeds of which are intended for the loan and/or refinancing of eligible loans, as defined in the "Green, Social and Sustainability Bonds Framework" adopted and periodically updated;
- within the framework of its spending and social responsibility policies, and subject to resolution by the Shareholders' Meeting, allocates a portion of the year's profit to the Group's Territorial Offices and Foundations for charitable initiatives to support the needs of the Group's reference communities.

In this context, in 2024 the Board relied on the support of the Internal Board Committees for the profiles under their responsibility, as detailed below:

- the Internal Control and Risk Committee, in compliance with its own Regulations, has carried out the matters within its competence in the ESG area, paying particular attention to the risk profiles underlying sustainability and social responsibility. In particular, the Committee assisted the Board of Directors in defining the guidelines of the internal control and risk management system (including climate/environmental risks), so that the main risks pertaining to the Parent Company and its Subsidiaries are correctly identified and adequately measured, managed and monitored; and determined the degree of compatibility of the risks pertaining to the Group with a sound and prudent management, consistent with the strategic objectives identified. The Committee handled approximately 55 ESG topics during the 23 meetings held during the year;
- the Remuneration Committee, in line with the attention paid by the Group to the social principles of diversity and inclusion, continued to monitoring the progress of the initiatives launched in the field of diversity and aimed in particular at increasing the number of women in managerial positions, as well as at gradually eliminating the gender pay gap, promoting an approach strongly oriented towards the less represented gender and the neutrality of remuneration with respect to gender. It also confirmed the need to consider, among the sustainability objectives, the promotion of social initiatives, corporate volunteering and the development of ESG awareness and culture among customers. In compliance with its prerogatives in terms of remuneration policies, it also paid particular attention to the criteria for defining the objective sheets, specifically furthering their ESG profiles and contributing to outlining adequate management incentive

systems, including a selected number of KPIs referring to these specific assessment areas. The Committee handled approximately 21 ESG topics during the 23 meetings held during the year;

- the Sustainability Committee assisted the Board of Directors in assessing a broad spectrum of ESG issues, from strategy to objectives to reporting. The Committee held 17 meetings during the year, addressing numerous and recurring topics related to the areas of competence (including: "ESG Risks and Compliance", "ESG Governance", "ESG Reporting", "Relations with Supervisory Authorities" and "ESG Rating"), making use of a complex system of information flows and the support of the Head of the Transition and Sustainability function, as a permanent guest, as well as the other competent company functions. In particular, the Committee carried out intense reporting activities during the year, supervising the preparation of the Consolidated Non-Financial Statement for the year 2023 as well as the project activities related to the new Consolidated Sustainability Reporting for the year 2024, aimed at implementing the provisions of the reference regulations, and those serving its drafting (such as the dual materiality analysis process and the definition of the dedicated internal control system), in liaison with the Financial Reporting Manager and the Auditing Firm. The Committee examined, inter alia, the initiatives pursued in connection with NZBA endorsement, the implementation of the sustainability objectives defined in the Strategic Plan and the contribution relating to the ESG dimensions in the context of the disclosures disseminated to the public.

In general, the Internal Control and Risk Committee and the Remuneration Committee acquire the observations and make use of the support of the Sustainability Committee, taking into account the responsibilities reserved to the latter in matters of sustainability. To this end, the Chairman of the Sustainability Committee is invited to participate in meetings of the two Committees when topics that have sustainability implications are discussed.

Integration of sustainability-related performance in incentive systems

The Group's incentive systems are designed to motivate and reward employees based on their performance and the achievement of strategic objectives monitored with specific KPIs. Thanks to the definition of Short-Term Incentives ("STI") and Long-Term Incentives ("LTI") for employees, both cash and share holdings are awarded to promote the success and sustainable growth of Banco BPM. In particular, the integration of sustainability factors into the incentive systems reflects the Group's commitment to responsible and sustainable business practices.

One of the pivotal elements of the Remuneration Policy (Section 1) pursuant to the provisions of legislation in force is the close correlation between variable staff remuneration and strategic actions concerning environmental, health and safety issues and human resources management, with a focus on inclusiveness and gender neutrality.

The combination of objectives relating to the financial and insurance business, such as profitability, credit and asset quality, capital adequacy, along with ESG metrics (hereinafter also Key Sustainability Indicators or KSIs) is in fact considered a key factor in strengthening the Group's results in the medium-long term, as it makes it possible to combine stakeholder satisfaction - among which a fundamental component consists of Banco BPM employees - with socio-environmental sustainability.

The remuneration of the Group's employees is divided into fixed and variable components: the former reflects professional experience, organisational responsibilities and technical skills, according to a principle of equal opportunities and fair pay. The variable component is instead performance-related and allows staff to be valued, recognising their individual contribution to achieving results.

Regarding the Board of Directors, the Articles of Association of Banco BPM establish that its members are entitled, besides the reimbursement of expenses incurred in performing their duties, to an annual fee that is set at a fixed amount for the entire period of office. In addition, directors holding special offices are granted additional remuneration. The Chief Executive Officer is the only member of the Board for whom the variable component is envisaged.

Banco BPM's Policy envisages both a Short-Term Incentive Plan (STI) to be paid by more than 50% in shares, and a Long-Term Incentive (LTI) Plan to be paid in full in shares.

The incentive is linked to achieving the annual targets of the STI Plan, and is recognised if the profitability and capital and liquidity levels (known as access gates) are met. The economic resources actually available at the end of the year are determined based on financial and non-financial indicators, the latter being indicators related to reputational risk (ECAP Reputational Risk) and Anti-Money Laundering (AML).

In particular, the ECAP Reputational Risk indicator representing the amount of economic capital that Banco BPM must retain with respect to the reputational risk estimated using an internal model could reduce the economic resources intended for the STI Plan in the event of a sudden deterioration of the Group's image, also in relation to the possible occurrence of ESG risk factors.

The STI Plan is intended for both identified staff¹ and other staff.

The STI sheet of the Chief Executive Officer also includes specific KSLs in relation to the annual articulation of the respective ESG objectives included in the Strategic Plan.

In particular, the 2024 STI plan includes the following 2 KSLs with a weight of 10%:

- new disbursements of medium/long-term low-carbon loans;
- share of ESG bonds in the owned corporate portfolio.

Additionally, always with a weight of 10%, the qualitative assessment formulated by the Board of Directors is envisaged, after consultation with the Remuneration, Internal Control and Risk and Sustainability Committees, on the following sustainability drivers:

- monitoring and development of areas related to the Net-Zero Banking Alliance;
- monitoring of operational and reputational risks and dissemination of a risk culture;
- promotion of values and behaviour in line with the corporate culture.

On the other hand, the LTI Plan supports the Strategic Plan to pursue results that create value in the medium/long term for the relevant stakeholders. The scope of the beneficiaries of the LTI Plan includes around 80 positions (excluding those belonging to functions with control tasks), selected on the basis of the level of the position, the impact on the business or for retention purposes. The beneficiary roles include the Chief Executive Officer and executives with strategic responsibilities of the Parent Company.

The incentive related to the LTI Plan is commensurate with the achievement of performance conditions and objectives. In particular, in compliance with capital, liquidity and economic conditions, the performance objectives focus managers' attention on profitability, de-risking and issues related to sustainability, the increase in female representation in managerial roles and the issuance volumes of Green, Social & Sustainable bonds.

The ESG metrics included in the STI and LTI Plans are the same as those used for monitoring the objectives of the Strategic Plan and also included in the Risk Appetite Framework, in the section related to reporting objectives.

The portion of variable remuneration that depends on sustainability-related objectives and/or impacts amounts to 17.5%.²

The remuneration Policy (Section I), the STI Plan (and specifically the objectives sheet of the Chief Executive Officer) and the LTI Plan are approved by the Shareholders' Meeting. The Corporate Bodies, Internal Board Committees and company functions are involved in the process of their drafting, preparation and approval. Specifically:

- the Human Resources function ensures technical support to the Corporate Bodies and prepares the supporting documentation;
- the Chief Risk Officer and the Planning and Value Management function identify the strategic and performance objectives to ensure that the incentives system is consistent with the Company's risk appetite, medium/long-term strategies and objectives;
- the Transition and Sustainability function defines, based on any indications of the Sustainability Committee, the ESG KPIs and sends them to the Human Resources function for adoption;
- the Compliance function verifies compliance with the reference legislative framework;
- the Audit function verifies the correct implementation;
- the Board of Directors draws up the submission to the Shareholders' Meeting, with the assistance of the Chief Executive Officer and Internal Board Committees.

¹ Parties whose professional activity has or may have a significant impact on the Group's risk profile. These include, among others, the Chief Executive Officer, the General Manager (where appointed), the Co-General Managers, operational and senior management, the Chief Risk Officer and the Managers in the first line of the Parent Company, the Chief Executive Officer, the General Manager, the Co-General Manager and the Deputy General Manager (where present) of Banca Aletti and Banca Akros, the Chief Executive Officer of Banco BPM Vita and Vera Vita.

² Considering that the variable component of the annual remuneration of the Chief Executive Administrator is 50% connected to the STI Plan and the remaining 50% to the LTI Plan, the percentage is obtained as the average of the weight of the objectives linked to the sustainability of the STI Plan and the weight of those of the LTI Plan. The average between 20% (STI plan) and 15% (LTI plan) is 17.5%.

As part of the definition of the remuneration system for the members of the Administration, Management and Control Bodies, the Parent Company envisages the disbursement of a variable component for the Chief Executive Officer. In particular, in the variable remuneration paid to the Chief Executive Officer in 2024 (deriving from the sum of the portions of the STI Plans relating to the years 2018 to 2023), a portion directly connected to climate change mitigation objectives was not recognised. However, in the 2024 STI Plan, which includes the possible recognition and disbursement in 2025, a qualitative assessment is envisaged, with a weight of 10% compared to the total of the objective sheet, formulated by the Board of Directors on the opinion of the Committees (Remuneration, Internal Risk and Control, Sustainability) with respect to:

- monitoring and development activities of areas related to the Net-Zero Banking Alliance;
- monitoring activities of operational and reputational risks and dissemination of a risk culture;
- promotion of values and behaviour in line with the corporate culture.

In addition, it should be noted that the evaluation sheet of the Chief Executive Officer has a KPI, with a weight of 6%, on new medium/long-term Low-Carbon loans. With reference to the 2021-2023 LTI Plan, recognised in 2024 and whose first portion of shares is delivered in 2025, note the presence of the KPI "CO₂ emissions", with a weight of 3.75% (fully achieved thanks to carbon neutrality reached). The 2024-2026 LTI Plan envisages a "Green Social & Sustainable Bond Issues" KPI with a weight of 7.5%.

The achievement of carbon neutrality and the assessment of the areas related to the Net Zero Banking Alliance are considered objectives directly in support of climate change mitigation, while the KPIs relating to new medium/long-term Low-Carbon loans and Green, Social & Sustainable bond issues contribute to the climate change mitigation strategy by financing the transition of customers and that of the Bank.

Declaration on Due Diligence obligations

This disclosure aims to facilitate an understanding of the due diligence process of the Banco BPM Group. Although there is no structured process consistent with the OECD Due Diligence Guidelines for responsible business conduct, due diligence is implemented as a normal practice and principle in all areas mapped below with reference to the different sections of the Sustainability Reporting:

Fundamental elements of due diligence	Sustainability Reporting Sections
Integrate due diligence into governance, strategy and business model	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	Integration of sustainability-related performance in incentive systems
	Material impacts, risks and opportunities and their interaction with strategy and business model
Stakeholder engagement in all phases of the due diligence process	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	Stakeholder engagement activities
	Process of identifying and assessing impacts, risks and opportunities
	Policies related to climate change mitigation and adaptation
	Policies related to working conditions and the well-being of own workforce
	Policies related to the health and safety of own workforce
	Policies related to equal pay and opportunities for own workforce
	Policies related to the confidentiality and correct processing of own workforce data
	Policies related to affected communities
	Policies related to consumers and end-users
	Policies related to corporate culture and business conduct
Identify and assess negative impacts	Interests and views of own workers
	Interests and opinions of the communities affected
Interventions (actions taken) to address negative impacts	Interests and opinions of consumers
	Process of identifying and assessing impacts, risks and opportunities
	Material impacts, risks and opportunities and their interaction with strategy and business model
	Definition and monitoring of actions for own workforce
	Prevention and identification of corruption and bribery and confirmed cases of corruption
	Actions and resources in relation to climate change policies
	Actions related to the management of IROs in relation to working conditions and well-being of own workforce
	Actions related to the management of IROs in relation to health and safety
	Actions related to the management of IROs in relation to equal treatment and opportunities for own workforce
	Actions related to the management of IROs in relation to the confidentiality and correct processing of own workforce data
Monitoring the effectiveness of actions and achievement of objectives	Actions related to the management of IROs in relation to corporate culture and conduct
	Targets related to climate change mitigation and adaptation
	Process of defining objectives related to own workforce
	Objectives related to working conditions and the well-being of own workforce
	Objectives related to the health and safety of own workforce
	Objectives related to equal treatment and opportunities for own workforce
	Objectives related to confidentiality and proper processing of own workforce data
	Objectives related to corporate culture and conduct
	Metrics on energy consumption and mix
	Metrics on Gross Scopes 1, 2, 3 and Total GHG emissions
	Metrics on GHG removals and GHG mitigation projects financed through carbon credits
	Metrics related to the characteristics of employees and non-employees in own workforce
	Health and safety metrics
	Metrics related to adequate wages, remuneration and social protection
	Work-life balance metrics
	Diversity and pay gap metrics
	Training and skills development metrics
	Metrics related to incidents, complaints and severe human rights impacts
	Prevention and identification of corruption and bribery and confirmed cases of corruption
	Management of relations with suppliers and metrics related to payment practices

Risk management and internal controls over sustainability reporting

The Sustainability Reporting has been prepared in compliance with the reporting standards approved by the European Commission (also "European Sustainability Reporting Standard" or "ESRS") and the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 (Taxonomy Regulation).

To this end, as part of the "CSRD Project", a suitable Internal Control System (hereinafter also "ICS-SR") was defined and made operational to guarantee the aforementioned compliance obligations, with the aim of simultaneously supporting the issuance of the joint certification required by Article 12 of Italian Legislative Decree 125/2024.

The overall control framework, in the absence of specific legislation on the matter, was established by taking as reference the general principles set forth in the international standard published by the Committee of Sponsoring Organisations (also "COSO") as well as maximising synergies with the financial reporting Internal Control System.

The main rationale and key elements of the framework implemented by the Group to verify the adequacy of the Sustainability Reporting (relating to the year 2024) are summarised below.

The Internal Control System (ICS) envisages, as a first logical step, the definition of the overall "Process Governance" with the aim of clearly identifying the various structures involved, assigning them precise roles and responsibilities. More specifically:

- the functions responsible for the data to be reported provide the sustainability data and information falling within their area of competence, performing first-level controls thereon;
- the Transition and Sustainability function supervises and oversees the adequacy of the information reported, also coordinating the combination and standardisation of the data included in the final reporting;
- the Data Quality & Aggregation office carries out second-level controls on the quality of sustainability data and information. The Data Governance function instead ensures the application and extension of the framework defined by the Group to the ESG data being reported;
- the Sustainability Control Reporting structure verifies the overall adequacy and effectiveness of the internal control system overseeing the specific disclosure, supporting the Chief Executive Officer and the Financial Reporting Manager in their assessments;
- the Organisation function ensures the adequate functioning and evolution of the disclosure and control processes, as well as the related internal regulations.

Lastly, the framework envisages the involvement of the Compliance function as part of the verification of compliance with external regulations, and the Audit function with regard to third-level audits on the internal control system.

The second key element of the framework (ICS-SR) relates to the definition of the scope of analysis (Scoping), i.e., identifying the quantitative indicators and qualitative sustainability information deemed most relevant for the Banco BPM Group and representing, namely, the object of the overall Control System.

The described framework (ICS-SR) envisages a "progressive and modular" adoption approach.

For the first disclosure exercise, the audits carried out were indeed focused on a defined set of data points subject to reporting, selected through specific prioritisation criteria (qualitative information that required preliminary sharing with the Corporate Bodies, thematic areas that highlighted negative impacts/very material risks, indicator calculation complexity) and rationalisation thereof (efficiency due to the concentration of ownerships for the calculation of multiple data points).

The application of these criteria makes it possible to ensure suitable and adequate coverage of the reporting scope with regard to the Sustainability Disclosure for the year 2024. The complete extension of the overall Control System (ICS-SR) will take place with the implementation of the target solution by the end of the year 2025.

The modularity of the approach is instead determined by the different calibration of the verification activities based on the different type of information examined.

As already highlighted, the Internal Control System (ICS-SR) adopted requires the extension of the Data Governance framework defined by the Group, also to the sustainability information subject to verification. Specifically, the mapping of the Data Management tools, in particular the workflows through which the data pass and the census of the IT applications used, were addressed.

Second-level controls on the adequacy of the operating processes for the management and processing of quantitative information as well as on the overall assessments of data quality were also progressively defined and implemented.

The cornerstone of the Control System (ICS-SR) implemented by the Group is the "Risk & Control assessment" phase, i.e., the survey and subsequent assessment of the potential risks identified and the relative controls carried out, formalised in what is known as the "Risks - controls matrix".

With regard to risk mapping, the methodology adopted is based on the identification, for each key ESG information disclosure process, of the type of "inherent risk" associated with the potential violation of one or more sustainability assertions.

These assertions - listed below - expressly refer to the qualitative characteristics that non-financial information must meet (Appendix B - Standard ESRS 1):

- **Relevance:** sustainability information is relevant when it can make a difference in the decisions of users according to a dual materiality approach;
- **Completeness:** sustainability information is complete when it includes the relevant information necessary to understand the impacts, risks and opportunities of the area examined, in compliance with all the reporting requirements envisaged by the ESRS standards;
- **Assessment and Accuracy:** the sustainability information is collected in accordance with the ESRS standards, simultaneously guaranteeing the accuracy and verifiability (i.e. the information itself or the data from which it was obtained can be corroborated);
- **Representation:** sustainability information is clear, free of bias and is not compromised (i.e., opportunities are not overestimated and risks are not underestimated). The information is also comparable with information provided in previous periods as well as with information provided by other financial institutions.

For each individual process examined, the assessment of the “inherent risk” of the violation of the specific sustainability assertion derives from the joint analysis of two distinct factors: the probability of occurrence (related to the process complexity and stability as well as the competence of the staff involved) and the possible expected impact (considering the materiality of the information and its relevance with respect to the overall process of preparing the Sustainability Reporting).

The potential risks identified are mitigated through the mapping and classification of the different controls implemented by the Group (first level, first and second level, second level). The verification of their adequacy (Test of Design) originates from the expert-based analysis of criteria related to the expected effectiveness of the controls supplemented by overall considerations relating to their efficiency.

In greater detail, controls are considered effective when they ensure appropriate coverage of the risk assumed as a reference (judgement expressed through the following assessment drivers: timing, frequency, traceability, suitability and formalisation of the verification activities). Controls are instead considered efficient when the expected mitigation benefits are adequate relative to the tools and resources used.

The intersection between the inherent risk and the overall assessment of the related controls determines the attribution of a score - defined on four possible levels (Low, Medium Low, Medium High, High) - to the “partial residual risk”, i.e., the inherent risk mitigated by the control.

The presence of any internal controls adopted in line with the Data Governance framework defined by the Group (e.g., Data Management and Data Quality tools) generates a further potential reduction of the partial residual risk if the evidence of the controls, carried out by the Data Quality & Aggregation office, confirm the adequacy of these controls.

The verification phase of the effective application of the controls (Test of Effectiveness) - aimed at assessing the actual implementation of the processes and procedures for preparing the Sustainability Disclosure - was carried out on a sample of controls identified on the basis of specific selection drivers (materiality of the processes, recent updates/regulatory changes, diversification of the areas examined, findings emerged from the control functions, multi-year rotation of the processes subject to analysis, etc.).

The sample checks were carried out by the Sustainability Reporting Control structure through appropriate interviews with the owner functions, the collection/inspection of specific documentation and, where possible, by reperforming the test examined.

The results emerging from the Test Of Effectiveness affected the judgement of the “final residual risk” assigned. When the result of the TOE was found suitable or partially suitable, the score which originated from the Test of Design was confirmed, while in the case of an unsuitable result, the final residual risk was worsened.

If the examined control is not carried out, the related final residual risk will coincide with the inherent one initially estimated, effectively sterilising the mitigating effect that emerged from the Test of Design.

The detailed analyses and the overall results of the “Risk & Control Assessment” activity were included and reported in the periodic report - illustrated by the Financial Reporting Manager of the Group's Corporate and Control Bodies - in preparation for the issuance of the required certificates of specific competence.

The potential risks and shortcomings that emerged from the audits carried out were classified and prioritised in order to prepare an effective and suitable action plan aimed at reducing/eliminating these risks, as expressly required by the ESRS-2 reporting standard.

The remedial actions identified by the Internal Control System on Sustainability Reporting will be subject to careful monitoring, on an ongoing basis, through the definition of adequate reporting flows to the Corporate Bodies and control functions of the Group.

Specifically, a specific half-yearly report will be prepared and submitted to the Sustainability Committee. The same findings will also be integrated into the "Integrated *Tableau de Bord*" managed by the Audit function and periodically reviewed by the Internal Control and Risk Committee (ICRC).

Strategy, business model and value chain

Sustainability issues are fully integrated into the fundamental elements of the Group's strategy in terms of:

Products and/or services offered

Banco BPM mainly operates as a commercial bank and, through specialised Group companies, offers specialised services in the areas of investment banking, bancassurance, asset management, consumer credit, leasing and e-money. The products and services offer is aimed at individuals, businesses, institutions and companies operating in the third sector and includes: current accounts and digital services, loan products, credit and debit cards, mortgages, savings and investment products, insurance products and services related to mobility. With regard to companies, the offer also includes ad-hoc products and services such as payment collection services, for foreign operations and for leasing. For companies with more advanced financial needs, the offer is enhanced with corporate and investment banking solutions and structured finance services.

Sustainability issues have been integrated into the Group's offer with products and services for energy transition and efficiency. Third sector companies benefit from an ad-hoc range designed for particular needs, such as the five per thousand advance or loans that can cover the time delay between the start of activities and the disbursement of public financing.

With particular reference to climate and environmental issues, in order to support customers in the transition towards an economy with zero net greenhouse gas emissions, the Group's offer includes products with specific green purposes, approved by the New Products and Markets Committee and identified in the individual commercial proposals:

- catalogue-oriented loans with Green characteristics, whose green purpose is demonstrated by specific documentation;
- loans for the purchase, development or renovation of properties with an adequate level of energy efficiency;
- project financing for green purposes, also in pools with other banks, for example the construction of photovoltaic plants.

Lastly, also through commercial partnerships, the Group distributes financial products related to sustainability issues (for example, products pursuant to Article 8 and Article 9 of the Sustainable Finance Disclosure Regulation (also "SFDR")).

Customers and markets served

The Group operates almost exclusively in Italy, mainly targeting retail customers (natural persons and small and medium-size companies), corporate customers and, in the context of corporate and investment banking activities, larger companies, also listed ones or those with development objectives through the capital market. The customers benefiting from the offer of products related to sustainability issues are both companies (through ESG loans or services related to mobility) and natural persons (green mortgages and personal loans, services related to mobility, investment products that integrate ESG factors). In order to guarantee quality, widespread service with respect to the territorial distribution of its customers, the Group's employees are also spread over the different geographical areas served by the same, as shown below.

Number of employees by geographical area:¹

North	Centre	South and islands	Foreign operations	Total
15,607	2,549	1,280	54	19,490

¹North: Emilia-Romagna, Friuli-Venezia Giulia, Liguria, Lombardy, Piedmont, Trentino-Alto Adige, Valle d'Aosta, Veneto. Centre: Lazio, Marche, Tuscany, Umbria. South and Islands: Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily.

Sustainability objectives related to products and customers

In the 2023-26 Strategic Plan, and recently confirmed with the update and approval of the 2024-27 Strategic Plan, Banco BPM formalised its ambition to support customers in the transition process through consulting and commercial offer activities, paving the way for a Net Zero strategy.

At present, the Group's offer linked to sustainability issues, although constantly evolving, is in line with the strategic ambition adopted.

In particular, as part of the 2023-26 Strategic Plan, and recently confirmed with the update and approval of the 2024-27 Strategic Plan, Banco BPM outlined a path to integrate sustainability issues into strategic policies, ensuring that the growth of the business and financial soundness are accompanied by social and environmental sustainability. The integration process was facilitated by the full use of governance levers to create shared value in the long term.

The main project areas identified during strategic planning were:

- consolidation of leadership in the Business & Corporate Investment Banking segment and support of the green transition;
- strengthening of Wealth Management and Life Insurance;
- extraction of greater value from recent non-life insurance and e-money deals;
- benefits of the further development of omnichannel;
- strengthening of tech innovation, lean banking and cybersecurity;
- further strengthening of the Group's capital profile;
- empowerment of employees and communities in line with the social vocation of the Group.

ESG issues are integrated in these areas, representing an enabling factor to achieve the objectives of the Plan, and are made concrete through the definition and monitoring of specific targets. In particular, the Group has defined the following objectives:

- in the environmental field:
 - supporting customers along the transition path through consultancy activities and commercial offers, paving the way for a Net Zero strategy;
 - strengthening the management and monitoring of climate and environmental risk;
 - continuing to reduce environmental impact;
- in the social sphere:
 - further improving the People Strategy, generational turnover, women's empowerment and work-life balance;
 - strengthening the leadership position as a Third Sector lender;
 - confirming itself as a top Community Bank, with a strong impact on the communities present in the areas where the Group operates (with a focus on school and education);
- in the governance sphere:
 - confirmation of short and long-term incentive plans for managers and employees in line with ESG objectives;
 - supporting the digital transformation, with a strong focus on privacy and cybersecurity;
 - further improvement of ESG risk factor measurement systems, consistent with developments in external regulations and risk materiality;
 - defining sustainable finance policies related to proprietary investments and funding.

The business model adopted by the Group aims to create sustainable value over time, seizing the opportunities presented by a constantly evolving context, also by listening to stakeholders to integrate environmental, social and governance objectives and translate them into a responsible growth strategy. In fact, the relationship established with the territory, the financial market and international bodies facilitates the identification of material sustainability issues for full integration within the corporate strategy.

The Group's operating model is that of a financial conglomerate: the resources raised are used to offer financial and insurance products and services through an "omnichannel" model. The economic value generated is largely distributed, becoming a driver of development for the company. The main enabling factors of the Group's business model are the solid capital structure, staff engagement and skills, risk management skills and balanced governance.

The widespread network found throughout almost the entire country makes it possible to fully understand the needs and peculiarities of each territory and guarantee proximity to customers, also through the various relationship channels (omnichannel) made available by the Group (physical branches, web, app, telephone, consultants, etc.). Customers can therefore benefit from a complete and integrated range of banking, financial and insurance solutions and a proximity to the bank that is expressed both through local proximity and knowledge of the needs of the communities

served. In addition, the lean operating model guarantees an adequate level of efficiency and profitability, thereby benefiting investors and other Group stakeholders.

The Group's value chain includes suppliers (upstream of the value chain), customers (downstream), interests held in associates and joint ventures and direct investments in securities. During the dual materiality analysis, the Group carried out a precise mapping and analysis of direct and indirect business relationships in its upstream and downstream value chain.

In particular, the list of suppliers was considered when defining the upstream value chain, broken down by sector of economic activity on the basis of the prevailing Budget item associated at the entry of purchase requests. To define the downstream value chain, the main business activities carried out by the Group in terms of product lines/services offered and customers served were considered and the following was assessed:

- amount of credit exposure by economic sector of the counterparties;
- amount of exposures in securities by economic sector of the issuers;
- book value of interests in associates and joint ventures in the financial statements by economic sector to which the investee belongs;
- amount of expenses broken down by supply sector.

The use, collection, processing and protection of data were managed in accordance with the national and internal regulations of reference.

Stakeholder engagement activities

Listening to our stakeholders is a very important moment in defining strategic choices, as in the daily work of the Group.

To this end, Banco BPM's organisational model envisages specialised corporate functions responsible for overseeing the main stakeholders (for example: Investor Relations for investors, analysts and rating companies; Marketing and Sales for customers; Human Resources for its own workforce; etc.).

In particular, the dedicated specialist functions report to the administrative, management and control bodies (mainly the Board of Directors, the Sustainability Committee and the Internal Control and Risk Committee) the outcome of listening to stakeholder requests and interests in order to guarantee - where deemed appropriate - integration between the Group's strategic priorities and as part of the assessment of any organisational developments.

For the main stakeholder categories, the engagement methods and purposes are summarised below, as well as how this engagement was considered within the management of the Group's activities.

The engagement with institutional subjects of the financial market takes place through the Investor Relations function (directly reporting to the Co-General Manager, Chief Financial Officer) with the day-by-day activities of this function. The most important initiatives include sector conferences, financial roadshows and events (calls/webcasts) to present the Group's financial results, business plans and other strategic transactions to the market.

These transactions allow to disseminate qualified, exhaustive, timely and equal disclosure regarding the Group's strategy, activities, results, sustainability issues and prospects, also in light of the indications of Consob, the principles expressed by the Corporate Governance Code and of national and international best practices, ensuring the correct understanding of the issues of interest to the market.

In addition, a specialised team within the Corporate Affairs Secretariat function is responsible for overseeing the relationship with retail shareholders, providing assistance and overseeing the organisation of meetings. These processes oversee and facilitate the participation of shareholders in shareholders' meetings, as an opportunity for engagement and dialogue.

The meetings and events organised with the financial community represent an opportunity to share financial results and the main sustainability issues that impact the Group's business, strategies and prospects. On these occasions, feedback from external stakeholders is collected and subsequently reported to the Co-General Manager, CFO and Board of Directors through the Investor Relations function, which reports the results of the engagement activities in terms of issues addressed and requests collected from the market, guaranteeing the full understanding of the interests and opinions of the financial market players for the Corporate Bodies and Top Management.

Customer engagement takes place through various listening channels such as:

- Customer Satisfaction surveys to detect the degree of customer satisfaction in relations with the Group;
- ad-hoc research projects to investigate services, products and new ways of using them;
- Customer Feedback Management (CFM) platform for collecting instant feedback on customer experience, regarding channel usage, digital interactions and the purchase of products and services;
- survey on sustainability issues, aimed at companies to understand levels of awareness, needs and expectations concerning ESG areas;
- adequate channels for reporting complaints, detailed in the section "Processes for engaging consumers and end-users and channels for expressing concerns".

These initiatives aim to ensure an understanding of the level of satisfaction with the service offered, as well as the identification of commercial and organisational solutions to make it more responsive to customer needs. In addition, customer feedback is useful in the strategic planning phase.

The engagement of the Group's employees instead mainly takes place through the staff managers and the managers of the Headquarters and Network structures, who receive dedicated training and are constantly made aware and incentivised to devote themselves to the active listening of their collaborators. The engagement activities also include:

- a listening channel for collecting professional aspirations that allows staff to communicate their career growth and development goals to the company;
- listening spaces aimed at fostering an inclusive culture and supporting physical and mental well-being in the company.

These activities allow the Group to understand the experience and needs of staff. In this regard, during 2024, 200 people were involved in 13 Focus Groups in which ideas and proposals for mitigation and improvement actions were collected as part of the initiatives for Group employees. As a result of the ideas that emerged through this activity, the performance assessment system was revised and a new internal communication plan was launched, in addition to the implementation of operational interventions relating to workplaces and IT equipment.

Community engagement is ensured by the local presence of Banco BPM, which has developed, inter alia, channels dedicated to the community. In particular, in the main geographical areas of reference for the Group's operations, the Territorial Committees and Foundations envisaged by the Articles of Association have the aim of responding to the social and environmental needs of the communities in a widespread manner. The Territorial Committees include representatives of the economic, professional and associative world of the territory and, through periodic meetings, formulate proposals, plan and organise events and initiatives and, where required, express opinions on the issues presented.

In addition, in order to strengthen the coverage of requests collected in the territory, in 2024 Banco BPM established the "Corporate Social Responsibility" structure, which reports to the Communication and Social Responsibility function and is responsible, among other activities, for coordinating activities related to donations. The structure represents a point of continuous dialogue with the territories and makes it possible to seize and welcome the needs of the community to direct any initiatives and projects.

The Supplier Registry portal ensures that the Group maintains constant dialogue with its suppliers. In addition, suppliers complete an ESG questionnaire when being assessed in order to understand their sustainability performance, thereby allowing the Group to create an opportunity for dialogue that promotes supplier awareness both in terms of ESG and in the progress of their corporate practices. In addition, the survey allows Banco BPM to have significant information that enhances supply chain sustainability and makes it possible to better understand the ESG positioning of suppliers, also with a view to an effective use of this information in the logic related to supply chain management.

Banco BPM takes into account the interests and opinions of stakeholders when defining its medium/long-term strategy. In particular, for the formalisation of the 2023-26 Strategic Plan and the recent update to the 2024-27 Strategic Plan, the Group considered:

- feedback received from customers on various areas of operations. With particular reference to the issues of environmental, social and governance sustainability, the needs expressed by client companies significantly contributed to the launch of the ESG Factory project and to the development of digital technologies that improve accessibility to products, services and information;
- requests collected from its own workforce to define professional development paths, initiatives for accessibility and the inclusion of diversity, systems to guarantee the protection of the right to equal pay and strengthening work-life balance initiatives.

The administrative, management and control bodies of the Parent Company are regularly informed on the opinions and interests of the main stakeholders with respect to issues related to ESG sustainability and, in carrying out their role, take these opinions and interests into account.

In particular, the various sustainability initiatives launched to respond, where deemed appropriate, to the interests and opinions of the main stakeholders (for example, results emerged from surveys related to staff or customers, ESG preferences expressed by customers through the MiFID questionnaire, results of ESG questionnaires completed by Group suppliers, etc.) are presented to the Corporate Bodies and internal board committees.

In addition, the administrative, management and control bodies of the Parent Company are informed of the methods for conducting and the results emerging from the dual materiality analysis carried out, at least annually, at Group level. Also in this context, Banco BPM collects and listens to the requests, interests and opinions of the main stakeholders called upon to express themselves on the impacts, risks and opportunities deriving from sustainability issues identified internally.

Interests and views of own workers

People are the very heart of Banco BPM Group's business strategy, which recognises their value as a primary resource, fundamental for the company's continuous development. In labour relations, Banco BPM is committed to promoting respect for dignity, fairness and equal opportunities and enhancing each individual's specificities in order to create an inclusive and welcoming work environment and thus foster collaboration and improve effectiveness and productivity. The opinions and interests of the people who work in the Group guide the Group's strategy and organisational development. With regard to strategy, as already highlighted, one of the areas of the 2023-26 Plan (also confirmed when updating the 2024-27 Strategic Plan) concerns the People Strategy. In particular, the welfare and work-life balance measures, expressed both through climate surveys and through discussions with Trade Unions, contributed to defining a plan to bring greater employee empowerment, with particular reference to better work-life balance.

With regard to the operating model, specific organisational controls are envisaged in relation not only to staff management, but also to welfare, industrial relations and remuneration policies in order to spread a corporate culture focused on people and to develop Diversity and Inclusion initiatives.

Interests and opinions of the communities affected

The interests and opinions of the communities affected are collected through activities carried out by the Group and through the Sales Network and Territorial Committees. Listening to the communities allows continuous dialogue with the areas where the Group is rooted, to welcome and understand the needs of the community, cementing any initiatives and projects. The issues that emerge as being of greatest interest and importance to stakeholders are considered for the subsequent development of initiatives and sensitisation activities. They are mainly related to respect for human rights and the dissemination of a culture focused on sustainable development.

Interests and opinions of consumers

The Banco BPM Group takes into account the interests, opinions and rights of customers in strategic planning as well as in the Group's business model through dedicated organisational controls and processes. In particular, the Group is committed to monitoring the level of satisfaction with the services offered and identifies commercial and organisational solutions to increasingly align them with its customers' needs. These solutions are also brought to the attention of the competent Corporate Bodies for the necessary strategic and organisational implementations.

In this regard, the main dedicated listening channels are:

- customer satisfaction surveys to measure overall customer satisfaction;
- research projects to investigate services/products and new ways of using them;
- customer feedback management platform for collecting instant feedback on customer experience regarding channel usage, digital interactions and the purchase of products and services;
- survey on sustainability issues, mainly aimed at companies to understand levels of awareness, needs and expectations concerning ESG areas;
- analysis of complaints submitted by customers in the event of a violation of contractual obligations and diligence, fairness, information and transparency on banking, financial and insurance products and services.

People, companies and organisations are considered partners of a shared future in a relationship that is consolidated day after day, with the aim of facilitating the lives of customers and making it possible for them to seize every opportunity for sustainable growth.

Process of identifying and assessing impacts, risks and opportunities

Banco BPM carried out the dual materiality analysis (DMA) as a criterion for the selection of material sustainability topics for the Group and its value chain, which were therefore included in the 2024 Sustainability Reporting. The exercise was carried out by assessing impact materiality - which made it possible to identify the positive and negative, current and potential material impacts on people and the environment that are connected to the Group's operations or generated by the value chain in the short, medium and long term (inside-out perspective) - and financial materiality - which made it possible to identify the risks and opportunities deriving from sustainability topics that may have material effects on the Group's financial position in the short, medium and long term (outside-in perspective) - adopting the highest level of granularity (sub-topic or sub-sub-topic, where applicable) allowed by the European Sustainability Reporting Standards (ESRS) envisaged by the Corporate Sustainability Reporting Directive (CSRD).

The process was developed through an approach consistent with the dictates of the EFRAG Guidelines for the enforcement of the Standards on materiality analysis ("Implementation Guidance EFRAG IG 1 Materiality Assessment" of 31 May 2024). In particular, the methodology adopted envisaged the breakdown of the work into four phases:

- context analysis: provided an overview of key information to identify Impacts, Risks and Opportunities (IRO) by developing an overview of the Group's activities and commercial relations with customers and suppliers, as well as the context in which these take place, and an understanding of the main stakeholders. Banco BPM carried out the context analysis through:
 - benchmarking activities on the banking sector;
 - analysis of the 2023-26 Strategic Plan;
 - materiality analysis reported in the previous Consolidated Non-Financial Statement (CNFS);
- IRO identification: provided a first long-list of Impacts, Risks and Opportunities on environmental, social and governance issues starting from the sustainability issues reported in ESRS 1 AR16, and secondly, through the assessment of any necessary additions for specific Banco BPM matters (not recognised for the year 2024);
- IRO assessment: through the application of qualitative/quantitative criteria, the various functions of the Parent Company responsible for the matter associated an assessment score with the IROs identified;
- determination of materiality: on the basis of the defined materiality threshold, the IROs were judged as material (if associated with higher score than the established threshold level) or non-material (if associated with lower score than the established threshold level) to be subsequently subject to validation by a selected panel of external stakeholders.

During the identification and assessment, the Group indicated the time horizon in which a sustainability topic is expected to produce effects in terms of IRO. In particular, the time horizons considered are aligned with those established by the ESRS:

- short-term scenario - the reference time horizon is one year;
- medium-term scenario - the reference time horizon is from one to five years;
- long-term scenario - the reference time horizon is over five years.

When identifying and assessing impacts, the Group focused on its *own operations* and on its upstream and downstream value chain. In particular, the work concentrated efforts to identify the impacts generated by the main activities carried out on the basis of the business model of the Group Companies (for example: credit disbursement, insurance business, investments, savings management) and by the parties with which commercial relationships are established upstream and downstream of the value chain (for example, the main suppliers). For each IRO identified, Banco BPM specified whether the impact, risk or opportunity referred to its operations and/or the upstream or downstream value chain, defining:

- *own-operations*: the set of internal processes of the Group (including the activities of the Legal Entities consolidated on a line-by-line basis in the financial statements) and which focus on internal stakeholders such as, for example, employees;
- *supply chain*: the Group's suppliers;
- *customers/investments*: the Group's business processes that focus on external stakeholders such as customers. In particular, the following were analysed: interests in associates and joint ventures, investments in securities (including investments to cover provisions for insurance portfolios) and loans disbursed.

The identification of the long-list of impacts generated in the context of own operations leveraged, first and foremost, what was reported in the 2023 CNFS, tracing the issues identified in the past as material according to the GRI Standards (Global Reporting Initiative) to those envisaged by the new ESRSs. Secondly, any additional impacts that

emerged during 2024 were identified through discussions with the main functions of the Parent Company directly involved in the issues subject to analysis.

For the identification of a long-list of impacts generated along the upstream value chain, the analysis was based on the data available in the Group Supplier Register: the main suppliers and related sectors to which they belong were associated with potentially material ESRS topics according to the "Materiality Map" published by SASB.

For the identification of a long-list of impacts generated along the downstream value chain, the analysis was based on the data available with respect to the macro-sectors to which the Group's main customers/investments belong (understood as financed customers, issuers of securities in the portfolio and investee companies), subsequently identifying the potentially material ESRS topics according to the "Materiality Map" published by the SASB.

For the identification of a long-list of **risks** related to ESG issues, the Group has taken into consideration:

- the positive/negative impacts that could generate consequent risks (by way of non-limiting example: the negative impact on the climate deriving from a customer's production processes can generate a worsening of its credit rating and, consequently, an increase in the credit risk profile to which Banco BPM is exposed);
- the results of the internal risk identification process carried out by the Risk Management function in the reference year, in which the risks deriving from sustainability topics are fully assessed.

Financial and non-financial risks were traced back to ESG issues and to at least one of the three reference perimeters for the purposes of the dual materiality analysis according to the value chain or circle of *own operations* from which the risk is generated. As a result, the Group identified a long-list of "traditional" risks on which to carry out a materiality assessment in relation to the areas required by the ESRS.

For the identification of a long-list of **opportunities** on ESG issues, the Group took into consideration:

- the analyses carried out when identifying impacts in order to identify any opportunities linked to the direct dependency of the Group and/or the sectors to which the players in the value chain belong upstream (supply chain) and downstream (customers, investments, interests in associates and joint ventures);
- the positive/negative impacts that could generate consequent opportunities (by way of example but not limited to the positive impacts on staff generate opportunities to attract young talent);
- the initiatives set out in the Group Strategic Plan and the projects/opportunities in the commercial area.

For the phase of assessing the impacts on people and the environment in the short, medium or long term, each actual or potential negative or positive impact was associated with a score of 0.1 to 5 (where 0.1 represents the minimum score and five the maximum score) on the basis of the opinions expressed by the various functions of the Parent Company responsible for the matter, associated with the following dimensions:

- scale: indicates how serious the negative impact is or how great the benefit of the positive impact is for people or the environment;
- scope: indicates the extent of the impact along *own operations* and the value chain upstream and downstream of the Group;
- irremediability: assessed exclusively for negative impacts, it indicates the expected complexity to remedy the resulting damage or to neutralise the negative impact assessed;
- probability: used exclusively for potential impacts, it indicates the probability of generating an impact.

The relevant Parent Company functions are responsible for continuously monitoring the impacts (actual and potential) generated by the company on people and the environment.

The risk and opportunity assessment process, aimed at expressing an opinion on the assessment dimensions envisaged by the regulations, was carried out through expert-based assessment and leverage the results of internal processes and tools available and governed by the Risk Management function of the Parent Company.

For the purposes of assessing the risks and opportunities to which the Group is exposed in the short, medium or long term, each was assigned a score of 0.1 to 4.5 (where 0.1 represents the minimum score and 4.5 the maximum score¹) according to an expert-based assessment of the following assessment dimensions:

- extent;
- probability of occurrence.

The relevant functions of the Parent Company are responsible for continuously monitoring risks and opportunities on sustainability topics.

At the end of the internal assessment phase, the score associated with the IROs in the context of both Financial Materiality (risks and opportunities) and Impact Materiality (impacts) were aggregated in a summary view through a

¹ With reference to risks and opportunities, since these are "probable" events, the maximum value assumed by the "probability" size is 90%, for which the maximum final score is 4.5.

heat map from which the Group defined the value to be considered as the materiality threshold. This threshold was defined starting from the judgement scales adopted for the assessment dimensions of IRO (scope, probability, extent, etc.) which envisaged the allocation of a final relevance score between 0.1 and 5.

In order to ensure that the reporting includes the most significant issues for Banco BPM and its value chain, it was deemed appropriate to adopt a threshold that was at least higher than the median value of the scales envisaged, thus setting it at a value of 3.5.

Subsequently, in the process of identifying the material information to be reported, the Group excluded the voluntary and/or phase-in information - as indicated by EFRAG regarding the first Sustainability Reporting - and applied the criteria for determining the materiality from the information contained in the IG 1 implementation guidelines published by EFRAG.

Lastly, once the score was assigned to the assessment dimensions envisaged for the IROs through the discussions with the internal functions of the Parent Company, the external stakeholders were involved in order to gather a qualitative judgement of validation and possible integration with respect to the topics that emerged as material.

In particular, the methodological framework used for the analysis and the related results were illustrated to the external stakeholders in order to gather their feedback and observations, thus guaranteeing the integration of the market point of view with respect to the material topics subject to reporting. In fact, the involvement of professionals, analysts, professors and independent sustainability experts from outside the Group made it possible to understand the information needs regarding ESG issues from the point of view of professionals with in-depth knowledge in the field of Sustainability and spokespersons of interests of the Affected Communities and the Market.

The criteria that guided the selection of external stakeholders to assess the preliminary results of the materiality analysis were as follows:

- academic background with teachings and publications in the ESG field and/or in the context of the integration of sustainability in the financial sector;
- corporate reporting experts, with particular reference to the integration between sustainability and financial disclosure;
- experts in sustainability management within large companies (including non-banking), including a customer of Banco BPM.

Stakeholder engagement involved the conduct of focus groups aimed at encouraging discussion, exchange and reciprocal dialogue. The open and direct involvement of experts representing the vision of external stakeholders was oriented towards two main objectives:

- sharing and validating the robustness of the methodology used for the dual materiality analysis;
- taking into account any suggestions/considerations regarding the ESRS Topics and related IROs that emerged as material from the internal analysis as well as with regard to the ESRS Topics and related IROs considered non-material as a result of the dual materiality exercise carried out internally.

The results of the DMA and material topics subject to reporting for the year 2024 were approved by the Board of Directors of the Parent Company at the meeting of 6 November 2024, informing the Board of Statutory Auditors in this regard, following a process of involvement and sharing of the methodological framework adopted with: the (managerial) ESG and Risk Committees, the (Internal Board) Sustainability and Internal Control and Risk Committees (the latter limited to the materiality analysis of the risks) and the Board of Directors, to which the DMA framework was pre-emptively illustrated in a Board Induction held on 24 September 2024.

Process of identifying and assessing impacts, risks and opportunities related to climate change and their interaction with the strategy and business model

To identify and assess the impacts generated on climate change with particular reference to GHG emissions, the Group assessed:

- as regards own operations, energy consumption and emissions generated by its operating offices;
- in the upstream value chain, the emission intensity of the sectors in which the Group's main suppliers operate;
- in the downstream value chain, the emission intensity of the sectors in which the counterparties operate, to which it is exposed through loans and/or investments (including equity interests in associates and joint ventures).

In addition, the main functions of the Parent Company involved in the above processes expressed an expert-based opinion in order to assess these impacts. In particular, the opinion expressed regarding the extent of the impacts generated by suppliers and customers/issuers was associated based on the Group's level of exposure to the sectors

in which the main suppliers, customers, issuers of securities in the portfolio and interests in associates and joint ventures operate.

With regard to its own operations, the Group screened its owned properties in order to identify the actual and potential sources of GHG emissions as part of its own operations through a structured Environmental and Energy Management System that covers all operating properties (excluding leased properties) and allows to constantly monitor and measure consumption performance and the achievement of objectives.

The sources of GHG emissions in the upstream and downstream value chain have not been accurately identified; however, the Group carried out an analysis based on a screening of the economic sectors of suppliers and counterparties to which it is exposed through loans and/or investments (including interests in associates and joint ventures). This assessment was based on data from the SASB framework.

In order to identify and assess climate-related **opportunities**, the Group considered, as part of its own operations, the existence of opportunities to improve its brand reputation and, as part of the downstream value chain (customers), any commercial opportunities in terms of extension/creation of dedicated products aligned with the needs of counterparties in terms of climate change mitigation were assessed (e.g., disbursement of new green and low transition risk loans to companies and SMEs).

The identification and assessment of **risks**, for the description of which please see chapter *"Description of the process to identify and assess material impacts, risks and opportunities"*, leverage the results of internal processes and tools available and governed by the Risk Management function of the Parent Company.

The analysis of the effects of physical and transition climate risks on the Group and its customers in terms of financial and non-financial risks is, in fact, subject to assessment as part of the capital adequacy assessment processes (regulatory and operational) and of liquidity - which make it possible to project and simulate the evolution of economic figures as well as the related underlying risk measures - and through the main risk identification and risk assessment processes (the latest framework was presented to the corporate bodies) in October 2024.

These analyses also make it possible to assess the Group's resilience to climate change as a whole. The scope of the analyses is differentiated in consideration of the type of assets being assessed, focusing on the risk drivers that materially impact the Group's risk profile.

In this context, the Group makes use of the climate scenarios developed periodically at institutional level, in particular those produced by the Network for Greening the Financial System (NGFS), a group of Central Banks and Supervisory Authorities committed to sharing best market practices, to contributing to the development of climate and environmental risk management in the financial sector, and to mobilising traditional finance to support the transition to a sustainable economy. Over time, the NGFS has prepared a set of scenarios that incorporate the effects of climate change on the global economy and individual countries under different climate shock assumptions.

Banco BPM assesses its own capital adequacy, also in light of the financial KPIs generated by the information contained in the new NGFS scenarios (phase IV), by adopting specific sector/territorial analyses, as well as by implementing increasingly advanced and accurate approaches. The choice of climate scenario based on the NGFS provision was made following a materiality analysis conducted on the prospective Probability of Default (PD) under the assumptions of the "Orderly Transition," "Disorderly Transition," and "Hot House World" scenarios, with short-term (2023-2026), medium-term (2030), and long-term (2050) horizons, in line with the guidelines set forth in the "Thematic Review – Climate-related and Environmental Risk Strategies".

Based on the three NGFS scenarios mentioned, the impact of climate shocks on PD has been quantified by applying the financial module of internal rating models to projected financial statements of corporate clients, aligned with key climate indicators. In particular, the impact on PD of the sectoral financial indicators perturbed on the basis of costs and investments that companies are expected to incur as a result of the climate transition is understood. In this context, the impacts of a potential introduction of a carbon tax are considered, which is aimed at discouraging greenhouse gas emissions, alongside the costs of increased debt incurred by companies to fund investments aimed at the decarbonisation of their production processes. The long-term projections also capture the increase in insurance premiums for policies stipulated to mitigate the impacts of physical risk.

The variations in financial factors adjusted for climate drivers observed in the projected financial statements across the three scenarios were aggregated at the sector level and across macro-clusters to estimate the prospective PD through the aforementioned financial module. At the aggregate level, across the entire credit portfolio, the following observations are made:

- In the short term, the three scenarios analysed lead to an increase in the PD which is much more pronounced in the "Orderly" scenario due to the immediate implementation of greenhouse gas emission reduction measures, resulting in increased costs and investments for the transition. The other two scenarios show a

more modest increase in the PD, as it is assumed that no specific emission reduction policies are implemented in the initial years of projection;

- in the medium (2030) and long (2050) term, an opposite performance is observed: the higher PD values are reached in the "Hot House World" scenario as a result of the costs necessary to deal with the increase in adverse weather events, as a result of the failure to reduce greenhouse gas emissions.

This analysis highlights the impacts of different scenarios on the creditworthiness of the Bank's clients, delving into the effects of both transition risk (comparing the "Orderly" and "Disorderly" scenarios) and physical risk, captured in the "Hot House World" scenario and the long-term implications in the "Disorderly" scenario.

In conclusion, distinguishing the impacts on PD in the short term (2023-2026), medium term (2030), and long term (2050), it is observed that in the short term, the "Orderly" scenario is the most conservative and, therefore, the most suitable to be used in projection exercises on a short-medium term horizon.

The aforementioned scenarios are also used in the accounting estimate of value adjustments (Expected Credit Losses or ECL) on performing credit exposures. For further details on the integration methodology of these scenarios in the ECL measurement, please see the section "2.3 Methods for measuring expected losses".

In order to identify and assess the physical risks deriving from climate change in the short, medium and long term, the Group therefore considered:

- as part of its **own operations**:
 - owned properties and activities carried out by assessing the degree of exposure to real estate and operating risks deriving from the occurrence of adverse weather events on owned instrumental assets, in line with the Group's Business Continuity framework approach;
 - the reputational risk deriving from a perception that the Group is not adequately sensitive to the problems of climate adaptation by its stakeholders;
 - the strategic risk linked to the loss of customers due to the lack of products aimed at supporting the Group's counterparties in terms of adapting to climate change;
- as part of the **upstream value chain**, the operational risk deriving from the occurrence of adverse weather events on outsourced services and IT activities (in line with the Group's Business Continuity framework approach), as well as the reputational risk deriving from suppliers that do not have defined objectives or policies to support climate change adaptation;
- as part of the **downstream value chain**, credit and liquidity risks deriving from the Group's exposure to counterparties operating in sectors or geographical areas vulnerable to physical risks, as well as the reputational risk deriving from exposure to counterparties that have not defined objectives or policies to support climate change adaptation.

With reference to the transition risks linked to climate change, it considered:

- in the context of its **own operations**:
 - operational and real estate risk deriving mainly from legal liabilities (e.g., in relation to Greenwashing");
 - the strategic risk deriving from the failure to achieve commercial objectives (envisaged in the Group's Strategic Plan) in terms of inadequate or insufficient supply and marketing of products and services to support climate change mitigation initiatives; and
 - the reputational risk deriving from the failure to achieve the objectives defined in support of climate change mitigation (e.g., failure to achieve the objectives defined as part of the Net-Zero Banking Alliance);
- in the **upstream value chain**:
 - the reputational risk deriving from suppliers that have not defined objectives or policies to support climate change mitigation or show little attention to energy efficiency objectives; and
 - operational risk deriving from legal liabilities related to transition risk events affecting the Group's supply chain;
- in the context of the **downstream value chain**: credit, market and liquidity risks deriving from exposure to counterparties that will be required to incur additional costs or investments to make up for the failure to define a Transition Plan and energy efficiency objectives, as well as reputational risk deriving from exposure to counterparties that have not defined objectives or policies to support climate change mitigation or show little attention to energy efficiency objectives.

For a description of the time horizons used, please see the chapter “Process for identifying and assessing impacts, risks and opportunities”. It should further be specified that:

- the short term guarantees full alignment with the budget and three-year planning horizon;
- the medium term is consistent with the intermediate decarbonisation objectives of the loan and securities portfolios identified following membership in the Net-Zero Banking Alliance or with the time horizon required by regulatory exercises (for example, One-off Fit-for-55 climate risk scenario analysis);
- the long term is consistent with the Paris climate objectives signed by the European Union and with the Green Deal approved by the European Parliament.

In continuity with the exercises conducted in previous years, the Group conducted analyses to measure its exposure to climate and environment-related risk factors in key economic sectors and geographic areas and thus determine the current impacts on the Group's credit risk profile. In particular, the materiality level of loan portfolio exposure to transition, physical and environmental risk was constantly monitored during the year and the related analysis methodology expanded and consolidated. Analyses to measure the impact on the Group's risk profile of exposure to climate and environmental risk factors also include market, operational and liquidity risks as well as other types of "second-pillar" risk. Below is a summary of the actions taken by the Group to measure climate risk exposure for each risk category.

Credit risk

Impacts related to climate change are assessed in the context of credit risk based on what is expressly set out in the relevant regulations, which require banks to consider climate and environmental risk factors in all phases of the lending and credit monitoring process, carrying out analyses to identify any concentrations in sectors or geographical areas that are strongly exposed to these risk factors, even if only potentially.

In particular, in the vertical reporting produced on the issue, the Group integrated the assessments of transition and physical risks (the most relevant factors of climate and environmental risk as a whole) with a series of detailed analyses that provide a complete methodological overview and an analytical representation for each individual risk driver, in order to be able to examine all the elements considered most significant. The methodology described, developed with the support of an external data provider, allows continuous updating of the physical (acute, chronic and environmental) and transition risk score with regard to:

- real estate received as collateral;
- companies financed;
- related production assets.

The score scale adopted is consistent for all types of risk and based on specific assessment classes, from “Very Low” (score 0) to “Very High” (score 4) risk. The approach implemented also makes it possible to consider specific elements of analysis in relation to the individual driver examined. For example, the “Very Low” score, defined with specific regard to transition risk, is assigned to all corporate counterparties that conduct green economic activities (i.e., fully aligned with EU Taxonomy requirements).

Instead with reference to acute physical risk, the “Very Low” score is assigned to real estate located in geographic areas not substantially exposed to the relative risk factors (flooding, landslides, fire, etc.). The scoring process is firstly based on the availability of precise and analytical data that allow the Group to carry out adequate detailed assessments. In some cases, this information is public (i.e., the maps provided by the Italian Institute for Environmental Protection and Research - ISPRA for flood and landslide risks), in others it was necessary to request the support of specialised providers (e.g., on emission intensities) or draw from appropriate certified external data sources (i.e., for energy performance certificates of production assets and/or guarantees).

In order to assign an overall summary score, the information collected is then integrated with that made available directly by borrower customers through the completion of specific qualitative ESG questionnaires. The risk score obtained, for each individual counterparty or property, was therefore calculated with a top-down approach (mainly sector-based for transition risk) and a bottom-up approach (often relevant for significantly larger customers that draw up a Non-Financial Statement or Sustainability Reporting).

In general, the methodology for estimating climate and environmental risks is therefore based on the combination of sector elements, precise geographic data, and where available, additional information provided by the customer or relating to the individual asset examined.

With regard to the specific analysis of transition risk, for the purpose of its internal assessments the Group also considers the emission intensities relating to the counterparty examined, its overall alignment with the EU Taxonomy requirements and the possibility for the customer to access the CO₂ emissions market (EU Emissions Trading System).

Lastly, for certain types of loans, requested by companies in order to make specific investments of a structural nature, the Bank envisages certification of the overall projects by independent third-party experts in the field.

With reference to the analysis of other environmental risk factors (related to the protection and restoration of biodiversity and ecosystems, the transition to a circular economy, the sustainable use of water resources and the reduction of pollution), the Group adopts separate assessment criteria for each individual objective examined, borrowing its approach from the EU Taxonomy regulations. Particular importance is attributed to "Do No Significant Harm" (DNSH) and the indications adopted by the main Italian and European institutions.

The methodology developed by the Group for the purposes of assessing the physical risk component takes into account what is expressly required by the current legislation on the matter, considering all the potential physical risk hazards envisaged by the "Taxonomy". This methodology makes it possible to assess, directly or indirectly - also considering the important correlations between the various events examined - the overall list of physical risk hazards (acute and chronic) envisaged by the Supervisory Authority, therefore guaranteeing a complete score mapping. It should be specified that, by virtue of the predominantly domestic nature of its business, Banco BPM pays great attention to the most significant risk factors to which Italy is exposed with a dedicated focus, in particular, on hydrogeological events (landslides and floods) and the phenomenon of drought.

During 2024, Banco BPM continued to strengthen and fine-tune the estimation models used to assess the potential impacts of climate and environmental risk factors on its business model and on the definition of specific company strategies, also through greater availability of detailed information. Such increasing data availability will at the same time determine a substantial improvement in the quality, accuracy and timeliness of the information relating to these particular areas of analysis. In addition, thanks to the improvement of the methodology, it was possible to refine the assessment of customers' climate risks by increasing the use of single-name information on the Group's loan portfolio in relation to the real estate sector.

With reference to credit risk, climatic, physical and transition risks currently emerge as material but at the same time the score attributed to these types of risk is limited overall, confirming the fact that Banco BPM customers are on average concentrated in geographical areas and sectors not excessively exposed to these risk factors. In addition, consistent with the measurement models described above, the Risk function of Banco BPM carries out specific sensitivity analyses to estimate the impact of the factors examined on the main risk parameters (PD and LGD - Loss Given Default), taking into account expected evolutions over the different time horizons considered and in relation to the different scenarios used.

Specifically, in the credit risk area, Banco BPM has:

- integrated climate risks into IFRS 9 provisioning measures (via Post Model Adjustment - PMA - already starting from December 2022);
- integrated climatic risks, adopting an advanced approach, into capital adequacy assessments - ICAAP (starting from March 2023);
- defined the methodological framework for including climate risks in the internal rating system for management purposes.

With reference to the first two points, climate risk is considered in the PD and LGD satellite models, in particular in those in application from 31 December 2024 but, albeit to a less precise extent, also in the previous ones since 2023, through the use of specific exogenous factors as a vehicle for the higher costs due to the energy transition as well as the need for mitigation or reconstruction following the occurrence of an extreme event (e.g., flood).

The PD satellite models relate the change in default rates with the performance of the main macroeconomic drivers, also envisaging the use of sector financial KPIs as additional explanatory drivers. In fact, financial KPIs represent an important indicator that makes it possible to better understand the transmission of transition risk and, in the long term, of physical risk depending on the climate scenario being analysed. The introduction of the carbon tax and the need to reduce emissions translate into higher costs that a company must face for higher taxation and for the investments to be made to support the energy transition. In addition, the increase in the likelihood of extreme physical events involves the use of insurance as protection against such events, and the investments necessary for any reconstruction following the damage suffered. The increase in costs caused by the aforementioned factors affects the financial statements of corporate customers, which in the starting point are indirectly affected by the scoring assessments described above, and on the relative prospective financial stability, which is why they were integrated as external drivers in the PD satellite models of the financial and non-financial companies, discriminating by economic sector.

The LGD satellite models instead make it possible to capture the relationship between the changes in the expected recovery rates of the Group's credit exposure and the performance of a selected set of macroeconomic drivers and financial KPIs. Similarly to the PD satellite models, the LGD satellite models integrate climate risk as a vehicle for transmitting transition policies that can cause a shock on residential/commercial property price indices and financial KPIs.

Both satellite models were used in IFRS9 and ICAAP with a reference date of 31 December 2024, applying the Orderly NGFS (Net-Zero 2050) scenario, integrated with the flood scenario of the Climate Stress Test conducted by the ECB in 2022, which instead impacts the value of the properties as collateral.

The methodology described above aims to quantify the impact of climate and environmental risk factors, as described later in the diagram relating to financial risk transmission channels.

With regard to the third point, at the end of 2023 a framework was defined to support the Rating Desk structure, in order to attribute a credit rating to borrowing customers, and the manager who can override the rating. This framework envisages the calculation of a Climate rating alongside the AIRB reporting rating, while waiting for the climate and environmental risk drivers to be directly included in the regulatory rating system.

The Climate rating is obtained thanks to the application of a specific model developed by the Group that can modify the counterparty AIRB rating through the application of worsening or improving notches, in order to incorporate the (positive or negative) impacts on the assessment of the debtor's credit rating deriving from exposure to physical and transition risks.

With regard to transition risk, the Climate rating considers both the costs and investments that impact the single-name balance sheet projections of the debtor under different climate scenarios, and the qualitative ESG questionnaires completed by the relationship managers. These two factors are integrated so as to create a single climate score to be compared with notch-up and notch-down thresholds defined for each estimation sector or cluster during the assessment of the model.

The factors considered by the climate rating for physical risk, on the other hand, are represented by synthetic scores at counterparty level and by specific questions on the ESG qualitative questionnaires completed by the relationship managers. Also in this case, these factors are integrated so as to create a single climate score to be compared with specific thresholds (notch-up and notch-down) defined during the model estimation phase. Starting from June 2024, the climate rating was applied in the IFRS9 framework for the purpose of computing and refining the above-mentioned PMA to manage one of the emerging risks that the Supervisory Authorities have been monitoring.

Lastly, with regard to the measurement of the Social (S) and Governance (G) components, it should be noted that the Group has launched an assessment activity to acquire the necessary information from counterparties also in these two areas, which will be added to the assessments already present, for example, the qualitative component of the ESG questionnaire of credit policies, which includes questions on the Governance and Social aspects of the counterparties. The increasing availability/quality of the information collected through the questionnaire will allow the Group to strengthen the strategies put in place with regard to the specific management of climate and environment risk factors, allowing the competent company functions to target appropriate initiatives to proactively manage the impacts of these special components on its business model, processes and company policies adopted internally. For more information, please see the section "Lending policies".

Market risk

The impacts relating to climate change were assessed by Banco BPM also with specific reference to market risk, by analysing the potential impairment of financial instruments included in the owned portfolios following unexpected economic difficulties or default of the issuing companies, due to the effect of higher costs or investments incurred by them to support the energy transition.

In particular, the Group conducted an in-depth analysis to estimate the materiality - in terms of overall exposure - of investment portfolios (trading and banking books) to these risk factors, examining their composition (bonds, shares and derivatives) as well as the concentration by individual issuer with respect to the business sectors deemed most sensitive to transition risk and physical risks.

The results of the checks carried out confirm what already emerged in the previous analyses carried out by the Group: almost all of the exposure deriving from the financial instruments falling within the scope considered is marginally impacted by climate and environmental risk factors.

Banco BPM also conducts an estimate of the transition risk on the fair value of (equity and bond) positions included in the trading portfolio. The analysis described is also extended, from a management point of view, to the banking books limited to the credit spread risk factor, as the latter represents the main risk factor of the portfolios in question. The methodology adopted by the Bank is mainly based on the rationales and evolution of macroeconomic variables envisaged for these types of risk as part of specific "Climate Stress Test" exercises.

With reference to the (corporate and financial) issuers of bonds and shares of the Group's proprietary portfolios, separately by trading book and banking book, Banco BPM also conducts a materiality analysis of the exposure to ESG risks, based on certain indicators calculated by the platform of a leading external info provider.

Liquidity risk

As part of the activities on ESG risks applied to liquidity risk, in line with what was done for the other risks to which Banco BPM is exposed and in line with the materiality analyses conducted, the focus was on risks related to the Environmental (E) component.

The potential impacts linked to climate change are assessed by the Group with specific reference to three main areas of analysis: credit lines, funding mix and securities portfolio. Within each of the three clusters, a materiality analysis is conducted on exposure to environmental and climate risk factors, based on NACE sectors classified by different risk scores, as well as data and information related to GHG emissions. The results of the analyses show, on the whole, low exposure of the Group to NACE sectors characterised by high transition risk scores.

With reference to the cluster relating to the investment portfolio, the analysis on transition risk was also conducted on the basis of the ESG score, calculated via the platform of a primary external info provider. The Group's exposure to issuers with medium-high ESG scores highlighted negligible values. With reference to credit lines and funding (funding mix), starting from 2023 the assessments also entailed measuring ESG scores relating to acute and chronic physical risks. The results of these assessments resulted in overall low exposures to counterparties with high ESG scores.

In addition, Banco BPM carries out specific sensitivity analyses to assess the historical impacts on liquidity and funding profiles originating from acute and unforeseen physical events, which actually occurred, with a specific focus on the collection of liquidity via demand deposits. In 2024 the Group integrated into the databases used in the measurement of liquidity/funding risks, a set of ESG information considered material for the purpose of preparing adequate periodic reporting on the three clusters analysed and mentioned above.

The integrations regarded the following aspects:

- acquisition of the information flow from the supplier's DWH, in accordance with the methods defined by Banco BPM, containing information and data on environmental risks relating to the Group's customers;
- acquisition of the information flow from the platform of a leading international data provider that is used to estimate the ESG risk on the investment portfolio, consisting of various ESG data points that make it possible to assign an average score to each securities issuer.

Among the various data points extracted from the platform of a leading international data provider, there is a synthetic parameter that considers all ESG aspects, including that related to Governance. Therefore, with reference to the securities portfolio, the assessment carried out periodically also includes specific aspects relating to governance risk. The Governance Risk Score is also extracted from the same database, which allows the Group to isolate the governance risk, making it possible to assess any impacts at the level of liquidity and funding risk.

Lastly, it should be noted that the risk factors linked to climate and environment are integrated within the Internal Liquidity Adequacy Assessment Process (ILAAP) framework through materiality and sensitivity analyses.

The ILAAP framework contains the description of the methodological approach adopted in the Materiality Assessment of C&E risks on the main aggregates: investment portfolio, funding mix and credit lines, on a half-yearly basis. The materiality analysis is based on the exposure of the main aggregates assessed on the basis of specific synthetic scores. In particular, with reference to physical risks, the internally developed score was used, which summarises the exposure of the province of residence to acute physical events (landslides, fires, floods, etc.). For transition risk, the exposure to these risk factors of the individual production sectors (ATECO) was assessed, while for the investment portfolio an additional score was also used (primary international data provider source) that measures exposure to ESG risks of the economic value of the instrument issuer in the portfolio.

Operational risk

The potential impacts related to climate change are assessed by the Group in terms of operational risk in relation to the consequences arising from adverse events related to the climate and the environment (floods, landslides, fires, droughts, weather phenomena, etc.) that could cause an increase in operational risks, with a focus, in addition to the effects on business continuity and on the damage to the real estate and artistic assets of the Group, also on the potential losses directly or indirectly caused by legal actions (e.g., for greenwashing linked to the sale of banking or financial products or to legal action and complaints by stakeholders due to environmental non-compliance of products issued or placed or for Group exposures in controversial sectors). In particular, the objective is to assess the potential exposure

of the Group to operational ESG risk factors, both through the historic reporting of the events and through the forward-looking analyses carried out, including the results of in-depth analyses.

The application of Risk Self-Assessment (RSA) analytical scenarios allowed for an assessment of potential exposures related to physical risk and the associated conduct risk, the outcome of which showed limited impacts even in terms of unexpected losses. These impacts were considered in determining second-pillar risks in the periodic capital adequacy assessment exercises (ICAAP).

Lastly, the transmission channels of climate factors (in particular those linked to physical risk events) to operational risk are represented by the same tangible assets owned or used by the Group (branches, service centres but also the same artistic heritage), which may be directly affected by acute or chronic natural disasters which, directly or indirectly affecting the Group's production sites, may cause interruptions to business continuity and system failure. For both transmission channels, Banco BPM estimates unexpected loss scenarios in the RSA process whose purpose is to intercept vulnerabilities of the Bank systems and processes, also returning a materiality in terms of potential economic loss. The Group continuously implements further methodological developments, also in line with the relevant regulatory developments. In this context, the refinement of the operational risk taxonomy is noteworthy, as it aims to include the categorisation of climate events, thereby further enhancing the granularity of operational risk databases.

Lastly, ESG risk factors have been integrated into the measurement models of the other types of Pillar 2 Risk.

Reputational risk

With reference to reputational risk, Banco BPM has refined the methodology it uses for quantifying estimates of economic capital in order to include the possible deterioration of the Group's image, perceived by its various stakeholders, as a result of the potential emergence of specific ESG risk factors. The reputational risk assessment model includes the Corporate Social Responsibility area and the ESG area, which consist of indicators that allow the Group's reputational positioning in these areas to be monitored over time. In particular, the ESG area consists of three web sentiment indicators, one for Environmental issues, one for Social issues and one for Governance issues, which assess the news on the web that pairs the Group's image to these three areas.

The Environmental web sentiment indicator evaluates news relating to the Group that are appropriately classified in this area through cataloguers developed with artificial intelligence techniques. In addition to an aggregate assessment, the score is opened to evaluate the marginal contribution of the various climate and environmental risk factors to the overall measure of economic capital to deal with this particular type of risk. In particular, four different risk sub-categories are considered (transition risk, physical risk, conduct risk and other) in which the news is further classified. Finally, the news is associated, where possible, with the business cases contained in the ECB Climate Stress Test. A what-if analysis is also carried out to assess potential reputational impacts due to events that have occurred in the banking system as a whole, in order to measure the impact that they could have on the measure of economic capital if they were to occur for the Group.

The Social and Governance web sentiment indicators also offer an aggregate score with respect to the Group's positioning in these areas. In particular, the Social indicator is then opened for sub-areas of risk relating to issues such as culture, education, dignity, peace, health, inclusion and territory.

Finally, with a view to stress testing and sensitivity analysis, the scores of the indicators of the two areas mentioned above are appropriately stressed by considering pejorative scoring on the basis of the probability distributions assigned by the machine learning engines.

Banco BPM has also defined a framework for continuous monitoring and for the preventive mitigation of the reputational risk to which counterparties with loans are exposed. The framework is based on analyses deriving from instruments of the commercial network, from credit policy processes, from activities of the Rating Desk on the credit rating of counterparties and, lastly, envisages second-level controls conducted by the Risk Management function, both for purposes of monitoring, and ex-ante. The tools available in the commercial network make it possible to analyse companies by collecting a wide range of information, including elements useful for identifying potential reputational risk factors.

The main drivers of the credit policy framework include the ESG score of counterparties. This score is directly impacted by the results of the ESG questionnaire which covers, in particular in the qualitative section, elements of potential reputational risk for environmental, social and governance aspects, and a specific question is also envisaged to be completed by the manager on the reputational aspects known to them not already covered by the questions in the questionnaire.

There are also two "fatal" questions on social and governance matters that can nullify the mitigation effect of the ESG questionnaire.

The activities carried out by the Rating Desk envisage the option to override the credit rating of counterparties, in a negative sense, in the presence of potential reputational risks of an ESG nature. These risks are identified by reviewing the news of the main newspapers on the counterparty analysed as well as the information acquired from the analysis of the Notes to the Financial Statements, the Report on Operations and, above all, the Independent Auditors' Report. If these events are considered material, an override/attribution is triggered with the appropriate ESG motive.

In order to carry out these assessments, the Rating Desk also makes use of the information provided by the manager, the decision maker or of the indications available in the ESG questionnaire. Its intervention may, in the most serious cases, lead the counterparty to be included on the watchlist.

The Risk Management function also manages the analysis of the reputational risk of counterparties, both as part of ex-ante assessments, and in periodic monitoring with reference to the second level controls.

Strategic risk

With reference to strategic risk, the Group completed a review of the main methodological assumptions to further strengthen assessments of short-term commercial objectives with the Business Plan targets, more oriented to a medium and long-term horizon, at the same time strengthening the strategic controls relating to the impacts of ESG factors and the overall evolution of digitalisation processes.

In particular, to calculate the economic capital measurement related to this risk, the quantitative KPIs underlying the main initiatives of the Group Strategic Plan are considered in order to provide the contribution of ESG issues to the overall measure of economic capital, as well as to carry out what-if and sensitivity analyses to assess changes in terms of capital absorption.

Real estate risk

Banco BPM refined the property risk model by including the physical risk and transition risk components in the estimation methodologies. In particular, in the measurements of economic capital used to assess the Group's capital adequacy, the impacts deriving from the potential occurrence of physical risk were considered, according to scenarios published by the Network for Greening the Financial System (NGFS), or used in the context of specific climate stress test exercises. Using these scenarios, the historical series of prices underlying the geographical clusters in which the properties owned by the Group are located are projected on a three-year basis in order to assess the potential increase in the relative volatility that then impacts, for the same real estate portfolio, the measurement of economic capital.

Equity Risk

With regard to equity risk, with reference to economic capital measures, similar assessments were carried out by the Group in order to include the impact of the climate component, again with respect to the scenarios mentioned above, taking advantage of the overlaps with the credit, banking and trading book input perimeter of the portfolio model. The underlying logic is the determination of an impairment loss (fair value) of the assets in the event of the occurrence of the above-mentioned risks. Specifically, climate risk assessment methods, scenarios and transmission channels are borrowed from the above for credit risk.

With reference to the climate stress test exercises carried out within the context of the Supervisory Authority requests, it should be noted that in the last quarter of 2023, the Group was engaged in preparatory activities for the first data collection exercise "Fit for 55 climate risk scenario analysis" conducted by the European Banking Authority (EBA) in collaboration with the ECB, which took place in early 2024. This exercise is part of the mandates received from the EBA, as part of the renewed sustainable finance strategy of the European Commission. Its primary objective is to assess the overall resilience of the banking sector with respect to the targets defined with the "Fit for 55" package and to acquire information on the ability of banks to support the transition to a low greenhouse gas emission economy. The participating intermediaries have provided the starting point values, as at 31 December 2022, of the required climate data, which are included in the banking sector module of the "One-off Fit for 55 climate risk scenario analysis". The forward-looking results of this module were obtained using the top-down climate risk stress test models developed by the ECB. At the end of May 2024 the ECB sent each participant an individual report that shows, for selected areas, the progress compared to the results of the 2022 SSM Climate Risk Stress Test, highlighting a good positioning of Banco BPM with respect to its peers. Lastly, in November 2024, ESA, ECB and ESRB published a joint report with the aggregate results for the year, which shows that, for the EU banking sector, the costs of the transition due to the application of the "Fit-for-55" package, equal to approximately 6% (€340 billion) of the value of the assets analysed,

(€5.9 trillion in loans and investments of the 110 SSM supervised banks), substantially neutralise further negative, purely climate-related impacts, but not their combination with other macroeconomic shocks.

The overall impacts of the ESG factors, particularly environmental and climate-related, resulting from the analyses conducted on the main types of material risk for the Group show a marginal exposure and materiality in consideration of the current risk score. Based on this analysis, the expected potential economic loss linked to C&E risks is low.

The outcomes of the monitoring of each type of risk, including the related ESG impacts, are periodically reported within both the respective vertical reporting and the Group's integrated reporting (Risk Appetite Monitoring - RAM).

In addition, the Group ensures its ability to adjust or adapt its strategy and business model to climate change in the short, medium and long term by integrating these aspects into its Strategic Plan, company operating processes and financial planning. In this regard, please see the chapter "*Material impacts, risks and opportunities and their interaction with the strategy and business model*".

The assets and business activities that require significant efforts to be compatible with the energy transition were identified by screening the credit portfolio and the proprietary investment portfolio, which allowed to identify the counterparties that will have to gradually reconvert their business or substantially change the production process to remain in the market.

These assessments are an integral part of the Credit Policy framework, within which each counterparty in the portfolio is associated with a transition risk on the basis of the economic sector of activity (NACE) in which it operates, expressed on a five-class scale: Very High, High, Medium, Negligible, Green.

Moreover, with reference to the five priority sectors selected by the Bank as part of its commitment to the NZBA, ad-hoc assessment logic has been introduced. In particular, as part of the credit policy risk assessment, a notching is calculated on the basis of point data, where available, on the counterparty's greenhouse gas emission intensities and their distance in relation to sector decarbonisation trajectories. These sectors are subject to more stringent credit strategies, in particular with regard to those counterparties that do not draw up Sustainability Reporting or the Non-Financial Statement or which, in general, have not begun a transition process towards a carbon-free economy.

In particular, the application of a run-off strategy is confirmed towards coal-related sectors, which are incompatible with the climate transition, consistent with the objective of progressively reducing direct exposure up to eliminating them by 2026, as indicated in the 2021-2024 Strategic Plan and confirmed by the 2023-2026 Strategic Plan and its updating to 2027.

Process of identifying and assessing impacts, risks and opportunities related to pollution

As part of the dual materiality analysis, the Group has implemented processes for identifying and assessing impacts, risks and opportunities related to the topic of pollution.

In particular, to identify and assess the **impacts** generated on pollution, the Banco BPM Group assessed:

- in the area of *own operations*: the level of air pollution generated through its offices and the performance of business operations (for example: polluting emissions from the company fleet, gas heating systems, etc.);
- in the upstream value chain, the level of exposure to particularly polluting sectors with reference to those in which the Group's suppliers operate;
- in the downstream value chain, the level of exposure to particularly polluting sectors with reference to those in which the counterparties to which the Group is exposed through loans and/or investments (including interests in associates and joint ventures) operate.

The main functions of the Parent Company involved in the identification and assessment process have formulated an expert-based judgement in order to assess these impacts. In particular, the opinion expressed on the level of the extent of the impacts generated by suppliers and customers/investments was expressed on the basis of the Group's exposure level to the sectors in which the main suppliers, customers, issuers of securities in the portfolio and interests in associates and joint ventures operate.

In order to identify and assess the **opportunities** linked to the topic of pollution, any commercial opportunities in terms of extension and creation of dedicated products were considered, as part of the downstream value chain (customers), in line with the needs of the counterparties to carry out investments or bear the costs of interventions aimed at reducing pollution. The main functions of the Parent Company involved in the identification and assessment process have expressed an expert-based judgement in order to assess these opportunities.

To identify and assess the **risks** linked to pollution, the credit risk deriving from (i) higher write-downs of mortgage collateral with reference to properties located in geographical areas and from debtors belonging to sectors exposed to pollution risk was taken into consideration as part of the downstream value chain, as well as deriving from (ii) additional costs that companies will be required to incur to adapt to the new standards on pollution. In particular, the

identification and assessment process carried out by the Parent Company's Risk Management function took advantage of a previous assessment and measurement of the exposure of the credit portfolio to non-financial companies with respect to environmental risks.

Following the assessments carried out by internal stakeholders on the basis of qualitative and quantitative criteria, Banco BPM considered the negative impact generated on the environment by loans to customers operating in sectors that contribute to air pollution as material. The results of the analyses conducted on the impact materiality and financial materiality front with reference to the issue of pollution were validated through the involvement of external stakeholders. For further information on the stakeholder engagement methods carried out during the dual materiality analysis, please see the section *"Interaction of impacts, risks and opportunities with the strategy and business model"*.

Process of identifying and assessing impacts, risks and opportunities related to water and marine resources

As part of the dual materiality analysis, Banco BPM has implemented processes for identifying and assessing impacts, risks and opportunities related to the topic water and marine resources.

In particular, to identify and assess the **impacts** generated on water and marine resources, the Group assessed:

- in the area of *own operations*: the impact of the water consumption of the Group's offices on the availability of water resources;
- in the upstream value chain: the Group's exposure level to suppliers operating in sectors whose production activities require significant water consumption and/or which, when finished using the water, discharge it incorrectly in groundwater;
- in the downstream value chain: the Group's exposure level, through loans and/or investments (including interests in associates and joint ventures) to counterparties that operate in sectors whose production activities require significant water consumption and/or which, when finished using the water, discharge it incorrectly in groundwater.

The main functions of the Parent Company involved in the identification and assessment process have formulated an expert-based judgement in order to assess these impacts. In particular, the opinion expressed on the level of the extent of the impacts generated by suppliers and customers/investments was assessed on the basis of the Group's exposure level to the sectors in which the main suppliers, customers, issuers of securities in the portfolio and interests in associates and joint ventures operate.

In order to identify and evaluate **opportunities** related to water and marine resources, Banco BPM considered, as part of the downstream value chain (customers), any commercial opportunities in terms of extension and creation of dedicated products, aligned with the needs of counterparties to make investments or bear costs with the aim of reducing water consumption, withdrawals discharge and water into the oceans and extraction and use of marine resources. The main functions of the Parent Company involved in the identification and assessment process have expressed an expert-based judgement in order to assess these opportunities.

In order to identify and assess the **risks** linked to the use of water resources, Banco BPM considered, as part of the downstream value chain, the credit risk deriving from:

- lower valuations of mortgage guarantees referring to properties exposed to hydraulic risk;
- additional costs that companies will be required to incur to adapt to the new standards regarding the use of water resources.

In particular, the identification and assessment process carried out by the Parent Company's Risk Management function took advantage of a previous assessment and measurement of the exposure of the credit portfolio to non-financial companies with respect to environmental risks.

The results of the DMA related to water and marine resources were validated through the involvement of external stakeholders who, in relation to the Group's scope of activities and its value chain, confirmed the assessment of non-applicability with respect to marine resources and non-material for the topics related to the water resources in question. For further information on the Stakeholder Engagement methods carried out during the DMA, please see the section *"Interaction of impacts, risks and opportunities with the strategy and business model"*.

Process of identifying and assessing impacts, risks and opportunities related to biodiversity and ecosystems

As part of the DMA, with reference to biodiversity and ecosystem issues, actual impacts were identified and assessed both with reference to *own operations* and along the upstream and downstream value chain.

In particular, to identify and assess the **impacts** generated on biodiversity and ecosystems, the Group:

- in the area of *own operations*, considered the positive impact on the protection of biodiversity deriving from the promotion of initiatives related to the protection and restoration of ecosystems carried out through the subsidiary Lido dei Coralli, which operates within a protected environmental area. The assessments carried out did not result in the materiality threshold being exceeded;
- in the upstream value chain, the impacts associated with activities in sectors that typically negatively impact biodiversity (for example: change in land use, desertification, deforestation, excessive urbanisation) of suppliers operating in the ICT, paper and catering sectors were considered;
- in the context of the downstream value chain (customers, investments and interests in associates and joint ventures), negative impacts were assessed from deforestation practices or the deterioration of ecosystems that risk being disrupted by intensive agriculture, extraction of raw materials and fossil fuels in the agricultural, agri-food, manufacturing, textile and clothing sectors. Ecosystem dependencies were also considered for these sectors.

The analysis conducted to assess the impacts identified upstream and downstream gave, in both cases, evidence of limited Group exposure to the most affected sectors, leading to an overall outcome of the materiality assessment below the materiality threshold.

The DMA related to biodiversity and ecosystems has brought **opportunities** to light deriving from the potential increase in the disbursement of loans for this purpose and/or the extension of the range of products aligned with the needs of counterparties for initiatives in favour of ecosystem restoration, protection of species biodiversity and reduction of impacts and dependencies in terms of ecosystem services. The Group has assessed the opportunities identified as non-material, taking into account:

- the possible presence of 2023-26 Strategic Plan objectives linked to the disbursement of products dedicated to the area in question;
- the current commercial offer;
- the definition of new products and services to be offered to customers.

In order to identify and assess the **risks** connected to the loss of biodiversity and the impacts on ecosystems, the Group has considered, in the context of the downstream value chain, the credit risk deriving from:

- lower valuations of mortgage collateral on properties against exposures to sectors or geographical areas vulnerable to the risk of biodiversity loss (physical risk);
- additional costs that companies will be required to incur to adapt to the new standards in terms of the preservation of biodiversity and ecosystems (transition risk).

In particular, the identification and assessment process carried out by the Parent Company's Risk Management function took advantage of a previous assessment and measurement of the exposure of the credit portfolio to non-financial companies with respect to environmental risks and did not identify material risks for the Group.

As part of the DMA, no consultations were conducted with the communities affected. The results of the analyses conducted on the impact materiality and financial materiality front with reference, *inter alia*, to the issue of biodiversity and ecosystems, were validated through the involvement of external stakeholders. For further information on the stakeholder engagement methods carried out during the DMA, please see the section "*Material topics - Impacts, risks and opportunities and their interaction with the strategy and business model*".

The subsidiary Lido dei Coralli is located within a protected area. The related activity involves the management of a bathing establishment, in compliance with the regulations in force regarding the positioning within a protected area. With reference to 2024, it was not necessary to implement measures to mitigate the impacts on biodiversity deriving from the operations of the aforementioned company.

Process of identifying and assessing impacts, risks and opportunities related to resource use and circular economy

As part of the dual materiality analysis, the Group has implemented processes for identifying and assessing impacts, risks and opportunities related to the topic of resource use and circular economy.

In particular, in order to identify and assess the **impacts** generated with regard to resource use and circular economy, the following were considered:

- in *own operations*, the use of "virgin" raw materials compared to recycled, regenerated or recovered raw materials (for example, office paper, toner, IT devices);

- in the upstream value chain, the level of exposure to suppliers operating in sectors in which circular economy principles are not typically applied, employing critical resources in their production processes, without activating strategies to reduce resource use;
- in the downstream value chain, the level of exposure to counterparties belonging to sectors typically characterised by a linear economy and which are not committed to reducing the flow of incoming resources or reducing waste and outgoing resources not covered by recycling/recovery activities.

The main functions of the Parent Company involved in the process of identifying and assessing the impacts have formulated an expert-based opinion based on the Group exposure level to the sectors in which the main suppliers, customers, issuers of securities in the portfolio and interests in associates and joint ventures operate.

To identify and evaluate the **opportunities** related to resource use and circular economy, the following were considered:

- as part of the downstream value chain (customers), any commercial opportunities in terms of extension and creation of dedicated products, aligned with counterparties' needs for initiatives in favour of recycling, reuse and contribution to circular economy systems (reduction of resource inflows);
- as part of *own operations*, the potential improvement of the Group's brand reputation as well as the reduction of operating expenses following the definition of internal initiatives to support the circular economy.

The main Parent Company functions involved in the process of identifying and assessing opportunities have expressed an expert-based opinion.

In order to identify and assess the **risks** linked to resource use and circular economy, in the context of the downstream value chain, the credit risk deriving from additional costs and investments that companies will be required to bear to adapt to the new standards in circular economy was considered. In particular, the identification and assessment process carried out by the Parent Company's Risk Management function took advantage of a previous assessment and measurement of the exposure of the credit portfolio to non-financial companies with respect to environmental risks.

As a result of the assessments carried out by internal stakeholders on the basis of qualitative-quantitative criteria, the negative impact generated on the environment by suppliers operating in sectors with a high use of critical resources (e.g., extraction of virgin raw materials used in the technological components) was considered material. The results of the analyses conducted on the impact materiality and financial materiality front, with reference, inter alia, to the topics of resource use and circular economy, were validated through the involvement of external stakeholders. For further information on the stakeholder engagement methods carried out during the dual materiality analysis, please see the section *"Interaction of impacts, risks and opportunities with the strategy and business model"*.

Process of identifying and assessing impacts, risks and opportunities related to business conduct

As part of the dual materiality analysis, the Group has implemented processes to identify and assess impacts, risks and opportunities related to the topic of business conduct in terms of culture, whistleblowing, anti-corruption and management of supplier relations. In particular, to identify and assess the **impacts**, the following were assessed:

- in the area of own operations, the activities carried out by the Group in terms of business and products/services offered, as well as the regulatory context in which it operates and the operating model adopted;
- in the upstream value chain, the exposure level to sectors particularly exposed to issues related to business conduct with reference to those in which the Group's suppliers operate;
- in the downstream value chain, the exposure level to sectors particularly exposed to issues related to business conduct with reference to those in which the counterparties to which the Group is exposed through loans and/or investments operate (including interests in associates and joint ventures).

The main functions of the Parent Company involved in the identification and assessment process have formulated an expert-based judgement in order to assess these impacts. In particular, the opinion on the extent of the impacts generated by suppliers and customers/investments was expressed on the basis of the Group's exposure level to the sectors in which the main suppliers, customers, issuers of securities in the portfolio and interests in associates and joint ventures operate.

To identify and assess the **risks** related to business conduct, the reputational, strategic and operating risk to which the Group is exposed was taken into consideration, with particular reference to the issues in question. In particular, the identification and assessment process carried out by the Parent Company's Risk Management function was based on an expert-based assessment of episodes of operational risks and expected impacts on the Group's brand reputation, also in light of the controls activated by the same.

In order to identify and assess the **opportunities** linked to the issue of business conduct, any improvements in the Group's brand reputation were considered in terms of the activation of particular processes and controls on the issues in question as well as the reduction of costs and operational efficiency through the optimisation of management processes in supplier relations. The main functions of the Parent Company involved in the identification and assessment process have expressed an expert-based judgement in order to assess these opportunities.

Following the assessments carried out by internal stakeholders on the basis of qualitative and quantitative criteria, the Banco BPM Group considered material:

- the positive impacts generated through dissemination of an adequate culture of ethics and corporate integrity (including controls with respect to its suppliers) and preparation of internal reporting processes and channels;
- the potential negative impacts generated in the event of unlawful conduct, disputes with customers and corruption and bribery.

The results of the analyses conducted on the impact materiality and financial materiality with reference to the issue of business conduct were validated through the involvement of external stakeholders. For further information on the stakeholder engagement methods carried out during the dual materiality analysis, please see the section "Interaction of impacts, risks and opportunities with the strategy and business model".

Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts generated by the Group's operations (in terms of own operations or through the links in the upstream and downstream value chain) identified as material as a result of the DMA have positive and negative effects on people and the environment.

In general, the Group has a negative impact on the environment through:

- greenhouse gas emissions from activities carried out directly and indirectly by its customers and suppliers;
- disbursement of loans and investments to counterparties operating in sectors that contribute to air pollution;
- working with suppliers that use critical resources (for example virgin raw materials) without strategies to reduce the influx of resources.

At the same time, the Group has a positive impact on the environment through the promotion of loan products and services that accompany customers in the ecological transition and in the production of energy from renewable sources.

In addition, the Group has a positive impact on people and communities through:

- providing its workforce with quality employment, equal pay and skills development programmes;
- local initiatives dedicated to supporting communities;
- protection of the data of its workforce and customers, also indirectly through its suppliers;
- dissemination to customers of financial awareness, transparency and accessibility to products and services;
- dissemination of the culture of ethics and corporate integrity within the Group.

Finally, potential negative impacts on its workforce may derive from:

- injuries/near-misses/occupational diseases/work-related stress due to ineffective application of preventive actions;
- discriminatory wage disparities between employees.

In the case of potential impacts, during the dual materiality analysis, the Group estimated the time horizon within which the effects of the impact are reasonably expected. As a result of this exercise, the potential negative impacts on its stakeholders were material in the medium term and are attributable to:

- disputes, unlawful conduct and litigation arising, for example, from fraud, insider dealing, anti-competitive conduct, etc.;
- corruption and bribery.

The risks and opportunities to which the Group is exposed have repercussions on its economic and financial condition. In particular, the potential financial effects of the major risks of Banco BPM may lead to reductions in equity and worsening of the economic result through the following transmission channels:

- increase in defaults among carbon-emitting companies due to higher costs and investments that these companies undergo to reduce greenhouse gas emissions;
- impairment of properties used as collateral for loan transactions;
- decrease in the amount of liquidity deposited by customers due to withdrawals to cover costs and investments related to mitigation, energy efficiency or climate change adaptation;

- negative impacts deriving from the variability of bond and equity prices of issuers operating in sectors exposed to transition risk or energy-intensive sectors;
- losses caused by incorrect, untimely or inconsistent decisions due to the use of inadequate/estimated quality data or by “adverse” changes in ESG regulations;
- increase in defaults and the consequent loss (Loss Given Default (LGD)) due to the damages suffered by production sites/properties of customers located in climate/environmental risk areas and/or the need to incur higher costs and make specific investments for their prevention/mitigation.

Banco BPM has insurance coverage to protect the Group's instrumental assets, both tangible and intangible, and the assets backing its business operations, in addition to the coverage of damage typical of its activities, with a view to appropriately managing the transfer of operational risk.

The financial effects of the material opportunities that the Group can seize instead improve its financial performance, acting through the following transmission channels:

- expansion of the customer base;
- development of products that meet the needs of ESG counterparties;
- increase in the productivity of Group staff.

For details of the material IROs along the value chain or associated with the Group's operations, please see the following table. In particular, there are no impacts, risks and opportunities other than those covered by the report obligations envisaged by the ESRS, for which it is not deemed necessary to use the specific additional disclosure.

The Group has embarked on a path to integrate significant social, environmental and governance impacts, risks and opportunities generated by the business model into activities, operating processes and governance mechanisms, starting with the Group's Strategic Plan that includes measurable ESG objectives and can be reached through the implementation of the operating model and monitoring dedicated KSI.

The Group expects to continue to implement and direct its strategy in order to ensure the management and integration of emerging impacts, risks and opportunities in the short, medium and long term linked to sustainability, ensuring that the corporate operating and financial planning processes are adequate. In particular, considering the constantly evolving context, the Group expects to take action in the short and medium term to manage the emerging negative impacts that will be progressively integrated into the Group's strategy and business model with reference to:

- air pollution caused by operations in the downstream value chain (customers);
- use of critical materials in the upstream value chain (ICT suppliers).

The resilience of the strategy relies on:

- in the business model, the definition and offer of solutions, products and consulting services that support customers in the transition to a sustainable economy;
- in credit policies, the integration of ESG factors into the framework that makes it possible to define the Group's credit strategies;
- in the risk management process, the definition and implementation of assessments dedicated to monitoring the main ESG risk factors;
- in IT architecture and data governance, through developments of the IT infrastructure and related management of ESG data.

The following table shows the impacts, risks and opportunities identified as material in the dual materiality analysis. The details related to the metrics used to assess their performance and effectiveness are subsequently included in the respective Topical Standards.

ESRS Topic	ESRS sub-topic or sub-sub-topic	Perimeter	Negative impact (potential)	Positive impact (potential)	Risk	Opportunity
ESRS E1 Climate Change	Climate change mitigation	Upstream value chain	x			
		Own operations		x		x
	Climate change adaptation	Downstream value chain	x	x	x	x
		Downstream value chain			x	
		Upstream value chain	x			x
		Own operations	x			
	Energy	Downstream value chain	x	x		x
		Downstream value chain				
ESRS E2 Pollution	Air pollution	Downstream value chain	x			
ESRS 5 Resource use and circular economy	Resource inflows, including resource use	Upstream value chain	x			
		Own operations		x		x
	Secure employment, Working hours	Own operations		x		
		Own operations				
	Adequate wages	Own operations				
		Own operations				
	Social dialogue, Freedom of association, existence of company committees and information rights, consultation and participation of workers, Collective bargaining	Own operations		x		
		Own operations				
	Work-life balance	Own operations		x		
		Own operations				
S1 Own workforce	Training and skills development	Own operations		x		
		Own operations				
	Measures against workplace violence and harassment	Own operations		x		
		Own operations				
	Diversity, Employment and inclusion of people with disabilities	Own operations		x		
		Own operations				
	Confidentiality	Own operations		x		
		Own operations				
	Health and safety	Own operations	x			
		Own operations				
S3 Affected communities	Gender equality and equal pay for work of equal value	Own operations		x		
		Own operations				
	Economic, social and cultural rights of communities, Civil and political rights of communities	Downstream value chain				x
		Upstream value chain		x		
	Confidentiality	Own operations		x		
		Own operations				
	Freedom of expression	Own operations		x		
		Own operations				
	Access to quality information	Own operations		x		
		Own operations				
S4 Consumers and end-users	Access to products and services/Responsible business practices	Own operations		x		
		Downstream value chain				x
	Protection of whistleblowers	Own operations		x		
		Own operations				
G1 Business conduct	Management of relations with suppliers, including payment practices	Own operations		x		
		Own operations	x			
	Corporate culture	Own operations	x			
		Own operations	x			

ESRS disclosure obligations included in this Sustainability Reporting

Content index

The report obligations that Banco BPM Group has fulfilled in preparing the Sustainability Reporting, based on the results of the materiality assessment, are reported below, indicating the sections of the document in which the related information is found.

Section	ESRS	Disclosure obligation and corresponding information	Section
General information	ESRS 2	BP-1 - General basis for preparation of sustainability statements	General basis for preparation of sustainability statements
		BP-2 - Disclosures in relation to specific circumstances	Disclosures in relation to specific circumstances
		GOV-1 - Role of the administrative, management and supervisory bodies	Role of the administrative, management and supervisory bodies
		GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
		GOV-3 - Integration of sustainability-related performance in incentive systems	Integration of sustainability-related performance in incentive systems
		GOV-4 - Statement on due diligence	Statement on due diligence
		GOV-5 - Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting
		SBM-1 - Strategy, business model and value chain	Strategy, business model and value chain
		SBM-2 - Interests and views of stakeholders	Stakeholder engagement activities
		SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and their interaction with strategy and business model
		IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Process of identifying and assessing impacts, risks and opportunities
		IRO-2 - Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Process for identifying and assessing impacts, risks and opportunities
		ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive systems	Disclosure requirements in ESRS covered by this Sustainability Reporting
		E1-1 - Transition plan for climate change mitigation	Integration of sustainability-related performance in incentive systems
		ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Transition plan for climate change mitigation
		ESRS 2 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Material impacts, risks and opportunities and their interaction with strategy and business model
Environmental information	E1 Climate change	E1-2 - Policies related to climate change mitigation and adaptation	Process of identifying and assessing impacts, risks and opportunities related to climate change and their interaction with the strategy and business model
		E1-3 - Actions and resources in relation to climate change policies	Policies related to climate change mitigation and adaptation
		E1-4 - Targets related to climate change mitigation and adaptation	Actions and resources in relation to climate change policies
		E1-5 - Energy consumption and mix	Targets related to climate change mitigation and adaptation
		E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions	Metrics on energy consumption and mix
		E1-7 - GHG removals and GHG mitigation projects financed through carbon credits	Metrics on Gross Scopes 1, 2, 3 and Total GHG emissions
		ESRS 2 IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Metrics on GHG removals and GHG mitigation projects financed through carbon credits
		E2-1 - Policies related to pollution	Process of identifying and assessing impacts, risks and opportunities related to pollution
		E2-2 - Actions and resources related to pollution	Policies, Actions and Targets related to pollution
		E2-3 - Targets related to pollution	Policies, Actions and Targets related to pollution
	E2 Pollution		

Section	ESRS	Disclosure obligation and corresponding information	Section
E3 Water and marine resources E4 Biodiversity and ecosystems	ESRS 2 IRO-1 - Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities		Process of identifying and assessing impacts, risks and opportunities related to water and marine resources
	ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities		Process of identifying and assessing impacts, risks and opportunities related to biodiversity and ecosystems
	ESRS 2 IRO-1 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities		Process of identifying and assessing impacts, risks and opportunities related to resource use and circular economy
	E5-1 - Policies related to resource use and circular economy		Policies, Actions and Targets related to circular economy
E5 Resource use and circular economy	E5-2 - Actions and resources related to resource use and circular economy		Policies, Actions and Targets related to circular economy
	E5-3 - Targets related to resource use and circular economy		Policies, Actions and Targets related to circular economy
	E5-4 - Resource inflows		Metrics related to resource inflows
	ESRS 2 SBM-2 - Interests and views of stakeholders		Interests and views of own workers
S1 Own workforce	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model		Significant impacts, risks and opportunities for own workers and their interaction with the strategy and business model
			Policies related to own workforce
	S1-1 - Policies related to own workforce		Policies related to the working conditions and well-being of own workforce
			Policies related to the health and safety of own workforce
			Policies related to equal pay and opportunities for own workforce
	S1-2 - Processes for engaging with own workers and workers' representatives about impacts		Policies related to the confidentiality and correct processing of own workforce data
	S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns		Processes for engaging with own workforce and channels for expressing concerns
			Definition and monitoring of actions for own workforce
	S1-4 - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		Actions related to the management of IROs in relation to the working conditions and well-being of own workforce
			Actions related to the management of IROs in relation to health and safety
Social information			Actions related to the management of IROs in relation to equal pay and opportunities for own workforce
			Actions related to the management of IROs in relation to the confidentiality and correct processing of own workforce data
			Process of defining objectives related to own workforce
	S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		Targets related to the working conditions and well-being of own workforce
			Targets related to the health and safety of own workforce
			Targets related to equal pay and opportunities for own workforce
	S1-6 - Characteristics of the undertaking's employees		Targets related to confidentiality and proper processing of own workforce data
	S1-7 - Characteristics of non-employee workers in the undertaking's own workforce		Metrics related to the characteristics of employees and non-employees in own workforce
	S1-8 - Collective bargaining coverage and social dialogue		Metrics related to the characteristics of employees and non-employees in own workforce
	S1-9 - Diversity metrics		Metrics related to adequate wages, remuneration and social protection
			Diversity and pay gap metrics

Datapoints deriving from other EU legislative acts listed in Appendix B

Below are all the datapoints deriving from other EU legislative acts listed in Appendix B, indicating where they can be found in this document and indicating those assessed as non-material.

Disclosure requirements and corresponding datapoint	Reference to other EU legislative acts	Materiality	Section
ESRS 2 GOV-1 Gender diversity in the board, paragraph 21, letter d)	SFDR reference: Annex I, table 1, indicator no. 13 Reference Regulation on Benchmarks: Commission Delegated Regulation (EU) 2020/1816, annex II	Not subject to dual materiality analysis	"Role of the administrative, management and supervisory bodies"
ESRS 2 GOV-1 Percentage of independent members of the Board of Directors, paragraph 21, letter e)	Reference benchmark regulation: Commission Delegated Regulation (EU) 2020/1816, annex II	Not subject to dual materiality analysis	"Role of the administrative, management and supervisory bodies"
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	SFDR reference: Annex I, table 3, indicator no. 10	Not subject to dual materiality analysis	"Declaration on due diligence obligations"
ESRS 2 SBM-1 Involvement in activities related to activities in the fossil fuel sector, paragraph 40, letter d), point i)	SFDR reference: Annex I, table 1, indicator no. 4 Third pillar reference: Article 449-bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk Reference benchmark regulation: Commission Delegated Regulation (EU) 2020/1816, annex II	Not subject to dual materiality analysis	Disclosure subject to progressive entry into force
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40, letter d), point ii)	SFDR reference: Annex I, table 2, indicator no. 9 Reference benchmark regulation: Commission Delegated Regulation (EU) 2020/1816, annex II	Not subject to dual materiality analysis	Disclosure subject to progressive entry into force
ESRS 2 SBM-1 Participation in activities related to controversial weapons, paragraph 40, letter d), point iii)	SFDR reference: Annex I, table 1, indicator no. 14 Reference benchmark regulation: Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818 and annex II of Delegated Regulation (EU) 2020/1816	Not subject to dual materiality analysis	Disclosure subject to progressive entry into force
ESRS 2 SBM-1 Involvement in activities related to the cultivation and production of tobacco, paragraph 40, letter d), point iv)	Reference benchmark regulation, Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818 and annex II of Delegated Regulation (EU) 2020/1816	Not subject to dual materiality analysis	"Strategy, business model and value chain"
ESRS EI-1 Transition plan to achieve climate neutrality by 2050, paragraph 14	EU climate legislation references: Article 2, paragraph 1) of Regulation (EU) 2021/1119	Material	"Transition plan for climate change mitigation"
ESRS EI-1 Companies excluded from the benchmarks aligned with the Paris Agreement, paragraph 16, letter g)	Third pillar reference: Article 449-bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking portfolio - Indicators of potential transition risk related to climate change: credit quality of exposures by sector, emissions and residual maturity Reference benchmark regulation: Article 12, paragraph 1, letters d) to g) and paragraph 2 of Delegated Regulation (EU) 2020/1818	Material	Disclosure not applicable, as paragraph 16 is not reported due to lack of the Transition Plan. In any case, it should be noted that the Group is not excluded from benchmarks aligned with the Paris Agreement.
ESRS EI-4 GHG emission reduction targets, paragraph 34	SFDR reference: Annex I, table 2, indicator no. 4 Third pillar reference: Article 449-bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Indicators of potential transition risk related to climate change: alignment metrics Reference benchmark regulation: Article 6 of Delegated Regulation (EU) 2020/1818	Material	"Targets related to climate change mitigation and adaptation"
ESRS EI-5 Energy consumption from fossil fuels broken down by source (high climate impact sectors only), paragraph 38	SFDR reference: Annex I, table 1, indicator no. 5 and annex I, table 2, indicator no. 5	Material	"Metrics on energy consumption and mix"
ESRS EI-5 Energy consumption and mix, paragraph 37	SFDR reference: Annex I, table 1, indicator no. 5	Material	"Metrics on energy consumption and mix"
ESRS EI-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	SFDR reference: Annex I, table 1, indicator no. 6	Material	"Metrics on energy consumption and mix"
ESRS EI-6 Gross Scope 1, 2, 3 and total GHG emissions, paragraph 44	SFDR reference: Annex I, table 1, indicators no. 1 and 2 Third pillar reference: Article 449-bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking portfolio - Indicators of potential transition risk related to climate change: credit quality of exposures by sector, emissions and residual maturity Reference benchmark regulation: Article 5, paragraph 1), Article 6 and Article 8, paragraph 1) of Delegated Regulation (EU) 2020/1818	Material	"Metrics on Gross Scopes 1, 2, 3 and Total GHG emissions"

Disclosure requirements and corresponding datapoint	Reference to other EU legislative acts	Materiality	Section
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	SFDR reference: Annex I, table 1, indicator no. 3 Third pillar reference: Article 449-bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3; Banking book - Indicators of potential transition risk related to climate change: alignment metrics Reference benchmark regulation: Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818	Material	"Metrics on Gross Scopes 1, 2, 3 and Total GHG emissions"
ESRS E1-7 GHG removals and carbon credits, paragraph 56	EU climate legislation references: Article 2, paragraph 1 of Regulation (EU) 2021/1119	Material	"Metrics on GHG removals and GHG mitigation projects financed through carbon credits"
ESRS E1-9 Exposure of the benchmark index portfolio to climate-related physical risks, paragraph 66	Reference benchmark regulation, Annex II of Delegated Regulation (EU) 2020/1818 and annex II of Delegated Regulation (EU) 2020/1816	Material	Disclosure subject to progressive entry into force
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66, letter a)	Third pillar reference: Article 449-bis of Regulation (EU) no. 575/2013; points 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; Template 5; Banking book - Indicators of potential physical risk related to climate change: exposures subject to physical risk	Material	Disclosure subject to progressive entry into force
ESRS E1-9 Position of significant activities at material physical risk, paragraph 66, letter d)	Third pillar reference: Article 449-bis of Regulation (EU) no. 575/2013; point 34 of Commission Implementing Regulation (EU) 2022/2453; Model 2; Banking book - Indicators of potential transition risk related to climate change: loans secured by real estate - Energy efficiency of collateral	Material	Disclosure subject to progressive entry into force
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	Reference benchmark regulation: Annex II of Delegated Regulation (EU) 2020/1818	Material	Disclosure subject to progressive entry into force
ESRS E2-4 Amount of each pollutant listed in annex II of the EPRTR (European Pollutant Emissions and Transfer Register) released to air, water and soil, paragraph 28	SFDR reference: Annex I, table 1, indicator no. 8; annex I, Table 2, indicator no. 2; annex 1, table 2, indicator no. 1; annex I, Table 2, indicator no. 3	Not material	
ESRS E3-1 Water and marine resources, paragraph 9	SFDR reference: Annex I, table 2, indicator no. 7	Not material	
ESRS E3-1 Dedicated policy, paragraph 13	SFDR reference: Annex I, table 2, indicator no. 8	Not material	
ESRS E3-1 Sustainability of the oceans and seas, paragraph 14	SFDR reference: Annex I, table 2, indicator no. 12	Not material	
ESRS E3-4 Total water recycled and reused, paragraph 28, letter c)	SFDR reference: Annex I, table 2, indicator no. 6.2	Not material	
ESRS E3-4 Total water consumption in m3 compared to net revenue from own operations, paragraph 29	SFDR reference: Annex I, table 2, indicator no. 6.1	Not material	
ESRS 2 IRO-1 - E4 paragraph 16, letter a), point i)	SFDR reference: Annex I, table 1, indicator no. 7	Not subject to dual materiality analysis	Disclosure subject to progressive entry into force
ESRS 2 IRO-1 - E4 paragraph 16, letter b)	SFDR reference: Annex I, table 2, indicator no. 10	Not subject to dual materiality analysis	Disclosure subject to progressive entry into force
ESRS 2 IRO-1 - E4 paragraph 16, letter c)	SFDR reference: Annex I, table 2, indicator no. 14	Not subject to dual materiality analysis	Disclosure subject to progressive entry into force
ESRS E4-2 Sustainable agricultural/land use policies or practices, paragraph 24, letter b)	SFDR reference: Annex I, table 2, indicator no. 11	Not material	
ESRS E4-2 Sustainable sea/ocean use policies or practices, paragraph 24, letter c)	SFDR reference: Annex I, table 2, indicator no. 12	Not material	
ESRS E4-2 Policies to address deforestation, paragraph 24, letter d)	SFDR reference: Annex I, table 2, indicator no. 15	Not material	
ESRS E5-5 Non-recycled waste, paragraph 37, letter d)	SFDR reference: Annex I, table 2, indicator no. 13	Not material	

Disclosure requirements and corresponding datapoint	Reference to other EU legislative acts	Materiality	Section
ESRS E5 Hazardous waste and radioactive waste, paragraph 39	SFDR reference: Annex I, table 1, indicator no. 9	Not material	
ESRS 2 - SBM3 - S1 Forced labour risk, paragraph 14, letter f)	SFDR reference: Annex I, table 3, indicator no. 13	Material	"Material impacts, risks and opportunities for own workers and their interaction with the strategy and business model"
ESRS 2 - SBM3 - S1 Child labour risk, paragraph 14, letter g)	SFDR reference: Annex I, table 3, indicator no. 12	Material	"Material impacts, risks and opportunities for own workers and their interaction with the strategy and business model"
ESRS S1-1 Human rights policy commitments, paragraph 20	SFDR reference: Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11	Material	"Processes for engaging with own workforce and channels which allow to raise concerns"
ESRS S1-1 Due diligence policies on issues addressed by the International Labour Organisation Core Conventions 1 to 8, paragraph 21	Reference benchmark regulation: Commission Delegated Regulation (EU) 2020/1816, annex II	Material	"Policies related to the health and safety of own workforce"
ESRS S1-1 Procedures and measures to prevent trafficking in human beings, paragraph 22	SFDR reference: Annex I, table 3, indicator no. 11	Material	"Policies related to own workforce"
ESRS S1-1 Work-related injury prevention policy or management system, paragraph 23	SFDR reference: Annex I, table 3, indicator no. 1	Material	"Policies related to the health and safety of own workforce"
ESRS S1-3 Grievance/complaint handling mechanisms, paragraph 32, letter c)	SFDR reference: Annex I, table 3, indicator no. 5	Material	"Processes for engaging with own workforce and channels which allow to raise concerns"
ESRS S1-14 Number of deaths and number and rate of work-related injuries, paragraph 88, letters b) and c)	SFDR reference: Annex I, table 3, indicator no. 2 Reference benchmark regulation: Commission Delegated Regulation (EU) 2020/1816, annex II	Material	"Health and safety metrics"
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illnesses, paragraph 88, letter e)	SFDR reference: Annex I, table 3, indicator no. 3	Material	"Health and safety metrics"
ESRS S1-16 Unadjusted gender pay gap, paragraph 97, letter a)	SFDR reference: Annex I, table 1, indicator no. 12 Reference benchmark regulation: Commission Delegated Regulation (EU) 2020/1816, annex II	Material	"Diversity and pay gap metrics"
ESRS S1-16 Excessive pay gap in favour of the CEO, paragraph 97, letter b)	SFDR reference: Annex I, table 3, indicator no. 8	Material	"Metrics related to adequate wages, remuneration and social protection"
ESRS S1-17 Incidents related to discrimination, paragraph 103, letter a)	SFDR reference: Annex I, table 3, indicator no. 7	Material	"Metrics related to incidents, complaints and serious impacts on human rights"
ESRS S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and OECD principles, paragraph 104, letter a)	SFDR reference: Annex I, table 1, indicator no. 10 and annex I, table 3, indicator no. 14 Reference benchmark regulation: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818	Material	"Metrics related to incidents, complaints and serious impacts on human rights"
ESRS 2 SBM3 - S2 Serious risk of child labour or forced labour in the labour chain, paragraph 11, letter b)	SFDR reference: Annex I, table 3, indicators no. 12 and 13	Not material	
ESRS S2-1 Political commitments on human rights, paragraph 17	SFDR reference: Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11	Not material	
ESRS S2-1 Policies related to workers in the value chain, paragraph 18	SFDR reference: Annex I, table 3, indicators no. 11 and 4	Not material	
ESRS S2-1 Failure to comply with UN Guiding Principles on Business and Human Rights and OECD Guidelines, paragraph 19	SFDR reference: Annex I, table 1, indicator no. 10 Reference benchmark regulation: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818	Not material	
ESRS S2-1 Due diligence policies on issues addressed by the International Labour Organisation Core Conventions 1 to 8, paragraph 19	Reference benchmark regulation: Commission Delegated Regulation (EU) 2020/1816, annex II	Not material	
ESRS S2-4 Human rights issues and incidents in its upstream and downstream value chain, paragraph 36	SFDR reference: Annex I, table 3, indicator no. 14	Not material	

Disclosure requirements and corresponding datapoint	Reference to other EU legislative acts	Materiality	Section
ESRS S3-1 Human rights policy commitments, paragraph 16	SFDR reference: Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11	Material	"Processes for engaging affected communities and channels which allow to raise concerns"
ESRS S3-1 Failure to comply with UN Guiding Principles on Business and Human Rights, ILO Principles or OECD Guidelines, paragraph 17	SFDR reference: Annex I, table 1, indicator no. 10 Reference benchmark regulation: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818	Material	"Policies related to the affected communities"
ESRS S3-4 Human rights issues and incidents, paragraph 36	SFDR reference: Annex I, table 3, indicator no. 14	Material	"Policies related to the affected communities"
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	SFDR reference: Annex I, table 3, indicator no. 9 and annex I, table 1, indicator no. 11	Material	"Policies related to consumers and end-users"
ESRS S4-1 Failure to comply with UN Guiding Principles on Business and Human Rights and OECD Guidelines, paragraph 17	SFDR reference: Annex I, table 1, indicator no. 10 Reference benchmark regulation: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818	Material	"Policies related to consumers and end-users"
ESRS S4-4 Human rights issues and incidents, paragraph 35	SFDR reference: Annex I, table 3, indicator no. 14	Material	"Actions related to the management of IROs in relation to consumers and end-users"
ESRS G1-1 United Nations Convention against corruption, paragraph 10, letter b)	SFDR reference: Annex I, table 3, indicator no. 15	Material	"Policies on business culture and business conduct"
ESRS G1-1 Protection of whistleblowers, paragraph 10, letter d)	SFDR reference: Annex I, table 3, indicator no. 6	Material	"Policies on business culture and business conduct"
ESRS G1-4 Fines imposed for violations of the laws against corruption and bribery, paragraph 24, letter a)	SFDR reference: Annex I, table 3, indicator no. 17 Reference benchmark regulation: Annex II of Delegated Regulation (EU) 2020/1816	Material	"Prevention and detection of corruption and bribery and confirmed cases of corruption"
ESRS G1-4 Anti-corruption and anti-bribery standards, paragraph 24, letter b)	SFDR reference: Annex I, table 3, indicator no. 16	Material	"Prevention and detection of corruption and bribery and confirmed cases of corruption"

ENVIRONMENTAL INFORMATION

Climate change

The following table provides a description of the impacts, risks and opportunities that the Group has assessed as material in relation to climate change following its dual materiality assessment.

ESRS Topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Climate change mitigation	Negative impact	Upstream value chain	Generation of greenhouse gas emissions from activities carried out by Group suppliers	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
		Own operations	Generation of greenhouse gas emissions from activities conducted by the Group in carrying out its business	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions E1-7 GHG removals and GHG mitigation projects financed through carbon credits
		Downstream value chain	Loans and investments (incl. interests in associates and joint ventures) in sectors and companies that generate greenhouse gas emissions, that contribute to the acceleration of climate change and/or have inadequate/delayed decarbonisation plans	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
	Positive impact	Downstream value chain	Promotion of loan products and services that accompany counterparties in the transition to an economy with low global greenhouse gas emissions	
	Transition risk	Downstream value chain	Economic losses related to financial and non-financial risks caused by counterparties exposed to transition risk (e.g., increase in default among carbon-emitting companies that need to incur higher costs and make specific investments for technological development aimed at reducing CO ₂ emissions or energy efficiency).	
	Opportunity	Own operations	Improvement of the Group's reputation deriving from the definition and achievement of targets in support of climate change mitigation (e.g., achievement of the Carbon Neutrality targets deriving from membership in the Net Zero Banking Alliance)	E1-7 GHG removals and GHG mitigation projects financed through carbon credits
		Downstream value chain	Increase in the disbursement of targeted loans and/or extension of the range of products aligned with the climate change mitigation needs of counterparties (e.g., disbursement of new green and low transition risk loans to companies and SMEs), consolidating leadership in the Business & Corporate Investment Banking segment (e.g., products that finance the transition to energy from renewable sources, such as solar and wind power, and reduced use of fossil fuels for the benefit of electricity from renewable sources, such as the electrification of processes and mobility)	
	Physical risk		Risk of incurring economic losses related to the occurrence of financial and non-financial risks caused by counterparties exposed to physical risk (e.g., decrease in cash deposits due to large withdrawals following adverse events, impairment of properties in areas exposed to physical risks)	
	Opportunity	Downstream value chain	Increase the disbursement of targeted loans and/or extend the range of products aligned with the needs of counterparties in terms of climate change adaptation (e.g., granting loans for the implementation of data backup and recovery systems, loan for infrastructure/work for climate change adaptation such as rainwater collectors for adaptation to periods of prolonged drought, construction of works to protect buildings in case of floods)	
Climate change adaptation				

ESRS Topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Energy	Negative impact	Upstream value chain	Generation of energy consumption generated by Group suppliers	E1-5 Energy consumption and mix
		Own operations	Generation of energy consumption generated by the Group's activities	
		Downstream value chain	Loans and investments in sectors and companies with high energy impact dependent on high amounts of energy generated from fossil sources that slow down the transition to renewable energies and low-emission technologies	
	Positive impact	Downstream value chain	Promotion of loan/investment products and services to support solutions that promote the self-production of energy from renewable sources such as solar, wind, hydroelectric and biomass and energy efficiency.	
			Increase the disbursement of targeted loans and/or extend the range of products aligned with the needs of counterparties in terms of energy efficiency of buildings and production activities	
	Opportunity	Downstream value chain		

Transition plan for climate change mitigation

The Group does not yet have a transition plan which is aligned with the ESRS requirements; it will publish the transition plan for climate change mitigation of its financed emissions in relation to the priority sectors defined in terms of the NZBA by the beginning of August 2025. In particular, in relation to the project for developing its transition plan, Banco BPM:

- has endorsed the NZBA agreement since March 2023 and plans activities to achieve the Net Zero targets, in particular having communicated to the market in August 2024 the interim decarbonisation targets to 2030 for the priority sectors identified;
- continuously supports customers in their transition process, also by proposing products that facilitate their transition;
- implements and progressively refines an assessment process (also through the formulation of dedicated climate sheets for the counterparties in scope pursuant to the NZBA priority sectors intended for decision-making bodies) and monitoring of ESG risk factors (including the integration of specific KSLs in the RAF), in particular climate control;
- updated credit policies for 2025 to support the transition in the most impactful sectors in order to mitigate climate risk, which are precisely the priority sectors pursuant to the NZBA;
- updates the roles of the Board of Directors and Top Management and implements new remuneration and incentive policies linked to ESG objectives, including climate mitigation objectives in line with those set out in the Strategic Plan;
- promotes ESG culture with training initiatives dedicated to all employees and to financed companies, in order to maximise the effectiveness of its policies, including in the field of climate mitigation.

Policies related to climate change mitigation and adaptation

The sustainability policies adopted by the Group deal with:

- issues related to **climate change mitigation**. In particular, the policies adopted aim to:
 - reduce the impact of employee mobility with sustainable mobility solutions such as carpooling platforms, low-emission company cars and agreements with public transport operators;
 - implement solutions and technologies that promote virtual communication, also leveraging projects like smart learning and smart working;
 - stimulate virtuous conduct in employees in relation to environmental issues;
 - design and provide training sessions for employees on environmental protection, the importance of energy efficiency and climate change, in order to emphasise the impact of individual behaviour within collective responsibility;
 - maintain a constant level of information and awareness regarding sustainable mobility policies;
 - ensure appropriate prevention and protection measures in emergency situations, as required by legislation in force;
 - provide a framework aimed at integrating ESG risks in the provision of investment services;
 - engage in conduct and offer solutions that help customers to effectively manage the transition to a sustainable economy;

- define, with regard to lending, exclusionary policies and selective approaches to high-risk ESG sectors. To this end, climate and environmental risks are integrated into credit policies and the overall risk management framework, with particular attention to the transition risk associated with the counterparty's sector, assessing its emission profile and reduction path, and the physical risks to which production properties and properties used as collateral for loan transactions are exposed;
- issues related to **climate change adaptation**. In particular, the policies adopted aim to:
 - assess the impacts of adverse climatic and environmental events (e.g., floods, droughts, fires, etc.) which could cause disruptions to customers' business continuity, considering the consequent need to disburse loans aimed at restoring full operations;
 - integrate the assessment of a client's exposure to climate and environmental risks in lending policies and in the overall risk management framework. In particular, the negative impacts of climatic/physical phenomena on the credit rating of the counterparty and on the value of the assets guaranteeing the loans granted are considered;
- issues related to energy efficiency and renewable energy deployment, with regard to which the policies of Banco BPM aim to:
 - confirm the use of only electricity from renewable sources for offices and branches;
 - implement energy plans with continuous improvement objectives in terms of energy consumption, supply and efficiency;
 - promote, in renovations and new builds, choices and solutions aimed at improving energy performance and reducing emissions.

The main policies adopted to manage issues related to climate change mitigation and adaptation are:

- Guidelines on the management of environmental and energy issues and the fight against climate change;
- Guidelines for the integration of sustainability factors in the investment strategies of the proprietary portfolio;
- Guidelines on the integration of sustainability risks in the provision of investment services to customers;
- Regulations on the integration of sustainability factors in the provision of investment services.

Guidelines on the management of environmental and energy issues and the fight against climate change

The Guidelines on the management of environmental and energy issues and the fight against climate change, applied by the entire Group along the entire value chain, which also includes its own operations, regulate principles, roles and responsibilities regarding the management of the environmental, energy and climate change mitigation issues, with greater attention to the impacts deriving from the choices and actions implemented by the Group companies. In particular, they define the principles and values that guide the Group in this area, directing its strategic and operational choices, with greater detail with respect to the direct and indirect impacts deriving from its operations.

The main objectives of the Guidelines in question are to reduce the environmental impact and support the transition towards a low greenhouse gas emission economy, making it possible to:

- manage direct and indirect negative impacts related to climate change mitigation and energy consumption, referring to the entire value chain, including its own operations;
- favour direct and indirect positive impacts related to climate change mitigation and energy consumption, referring to the downstream value chain;
- manage the transition risk linked to climate change mitigation and the physical risks linked to climate change adaptation, referring to the downstream value chain;
- seize the opportunities deriving from the actions taken by the Group or its customers in order to support climate change mitigation, climate change adaptation and energy consumption.

Through the application of the aforementioned Guidelines, the Environment, Social and Governance (ESG) Management Committee ensures monitoring the implementation and alignment of corporate strategies and initiatives in the field of environment, energy and climate change.

ensures monitoring the implementation and alignment of corporate strategies and initiatives in the field of environment, energy and climate change.

In addition, with the implementation of the aforementioned Guidelines, the Group undertakes to:

- respect the principles of the Global Compact and the Sustainable Development Goals (SDGs) promoted by the United Nations and in Agenda 2030;

- favour the plan to align loan and investment portfolios aimed at achieving the goal of net zero greenhouse gas emissions by 2050, in line with the targets set by the Paris Climate Agreement and with the interim targets to 2030 published by the Group for the five priority sectors (sectors with high greenhouse gas emissions present in the Bank's portfolios: Automotive, Cement, Coal, Oil and Gas, Power Generation) following membership in the Net-Zero Banking Alliance.

The highest management level responsible for the enforcement of the aforementioned Guidelines coincides with the role of the Chief Executive Officer.

An extract of the Guidelines on the management of environmental and energy issues and the fight against climate change is made available to stakeholders on the Group's website. Internal stakeholders can consult the full version of the document on the company intranet.

Guidelines for the integration of sustainability factors in the investment strategies of the proprietary portfolio

The Guidelines for the integration of sustainability factors in the investment strategies of the proprietary portfolio, applied by the Parent Company at the level of the downstream value chain, regulate the principles, roles and responsibilities regarding the integration of environmental, social and governance sustainability factors in the proprietary portfolio investment strategy.

In particular, they define the principles and values that guide the Parent Company in this area, directing its strategic and operational choices, with greater detail with respect to the direct and indirect impacts deriving from its operations. In particular, the document describes:

- the exclusion criteria, aimed at avoiding investments in issuers whose activities or sectors could worsen the Group's ESG profile;
- the inclusion criteria through which the bank undertakes to encourage investments in companies that are most active in the field of environmental responsibility and respect for human and minority rights, as well as investments in bonds aimed at financing environmental and social projects as well as projects for improving the issuer's governance.

The Guidelines in question seek to build portfolios that avoid financing activities that are not aligned with the Group's ESG profile, instead including those considered virtuous from an environmental, social and governance point of view, making it possible to:

- manage the indirect negative impacts generated by investments in sectors and companies:
 - that generate greenhouse gas emissions, accelerating climate change and/or which have inadequate/delayed decarbonisation plans;
 - with high energy impact dependent on high amounts of energy generated from fossil sources that slow down the transition to renewable energies and low-emission technologies;
- manage the transition risk linked to climate change mitigation and the physical risks linked to climate change adaptation, referring to the downstream value chain.

The highest management level responsible for enforcing the Guidelines on the integration of sustainability factors in the investment strategies of the proprietary portfolio coincides with the role of the Chief Executive Officer.

The Guidelines are made available to internal stakeholders via the company intranet.

Guidelines on the integration of sustainability risks in the provision of investment services to customers

The Guidelines on the integration of sustainability risks in the provision of investment services to customers apply to Banco BPM and Banca Aletti at the downstream value chain level and govern the principles, roles and responsibilities regarding the integration of risks relating to ESG issues in the provision of investment services and, in particular, in investment consulting and portfolio management.

The objectives of the Guidelines in question are the identification of investment opportunities connected with a sustainable development model and to the offer of high-quality products and services, keeping pace with the reference regulatory and market developments.

The application of the regulations related to the collection of sustainability preferences in the context of MiFID envisages, for customers who have indicated a high level of interest, the possibility of proposing products that have the objective of:

- favouring positive impacts related to climate change mitigation and energy, referring to the downstream value chain;

- seizing opportunities related to climate change mitigation, climate change adaptation and energy, referring to the downstream value chain.

The Guidelines envisage that the monitoring process on investment activities ensures that the services and products offered in the catalogue (e.g., UCIs, management lines, issue of administered savings instruments) remain consistent over time in relation to risk profiles and customer needs (by filling in the appropriate questionnaire).

Through the enforcement of the Guidelines, the company undertakes to comply with the provisions of Regulation (EU) 2019/2088 (also “SFDR”), Directive 2014/65/EU (also “MiFID II”), as supplemented by Regulation (EU) 2017/565, and by Regulation (EU) 2020/852 (also referred to as the “Taxonomy Regulation”).

The highest management level responsible for enforcing the Guidelines on the integration of sustainability risks in the provision of investment services coincides with the role of the Chief Executive Officer.

The Guidelines are made available to stakeholders on the institutional website of Banco BPM and Banca Aletti as indicated by the SFDR regulations.

Regulations on the integration of sustainability factors in the provision of investment services – Banco BPM Invest SGR

The Regulations on the integration of sustainability factors in the provision of investment services applies to Banco BPM Invest SGR at the downstream value chain level and governs the principles, roles and responsibilities regarding the integration of ESG factors in the performance of investment activities and services, particularly in collective asset management and portfolio management services.¹

The objective of integrating ESG factors is pursued through the application of exclusion and inclusion principles, as well as criteria aimed at encouraging investments in products that promote investments with environmental or social characteristics, or a combination of these characteristics, and provided that the managers and the AIFs, in which the investments are made, comply with good governance practices, allowing:

- managing negative impacts related to climate change mitigation and energy, referring to the downstream value chain;
- favouring positive impacts related to climate change mitigation and energy, referring to the downstream value chain;
- managing the transition risk linked to climate change mitigation, referring to the downstream value chain.

The Regulations envisage monitoring following completion of the investment in order to verify that the ESG factors analysed and the declared requirements are periodically monitored.

The highest management level responsible for the enforcement of the aforementioned Regulations coincides with the role of the Chief Executive Officer of Banco BPM Invest SGR.

The Regulations are available to stakeholders on the institutional website of Banco BPM Invest SGR, as indicated by the SFDR regulations.

Actions and resources in relation to climate change policies

The Group has adopted and planned multiple actions in order to manage relevant climate change issues, as well as to achieve the purposes and objectives of its internal policies.

In particular, in order to achieve the objectives set by the Guidelines on the management of environmental and energy issues and the fight against climate change, the main actions adopted by the Group relate to:

- the efficient use of energy by replacing obsolete boilers and installing new refrigeration units and/or heat pumps;
- with reference to atmospheric emissions, the use of agile work and training solutions (including remote working and remote learning) and initiatives aimed at promoting sustainable corporate mobility;
- the preparation of a range of products and services to ensure more favourable access to capital for customers affected by transition paths towards a sustainable economy, contributing to the fight against and mitigating climate change, through:
 - the purchase of ESG bonds within the securities portfolio owned by the Parent Company;
 - updating the Green, Social & Sustainability Bonds Framework and the contextual definition of a Green, Social & Sustainability Bonds emission plan based on the updated framework;
 - implementing a dedicated process for measuring and monitoring lending performance in the context of low-carbon disbursements;

¹It should be noted that as at 31 December 2024, the Company had not yet carried out savings management activities for third party customers, it only holds the Asset Management of Banco BPM.

- allocating specific objectives for the Commercial Networks in terms of volumes disbursed, consistent with the objectives set in the context of low-carbon disbursements.

The Group has implemented and planned numerous actions as detailed below, but has not yet published a climate transition plan and therefore a list of climate change mitigation actions broken down by decarbonisation lever. In any case, as is clear in this paragraph, the analysis of the actions did not reveal any significant monetary amounts necessary for the enforcement of the actions undertaken or planned.

Lastly, in line with what the Group declares in the Code of Ethics, namely to believe "*in the distinctive value of the professionalism and merit of our people, encouraging the continuous development of skills and competencies, providing suitable training, refresher training and development tools*", specific ongoing training initiatives were activated, internally in the commercial production chain and externally to customers, focusing on the ESG product catalogue.

Together, these actions allow the Group to make a positive contribution to remedying the material and actual negative impacts in terms of issues related to climate change and referring to the Group's own operations and its downstream value chain. With reference to the latter, the initiatives launched (and partly completed) by the Group are aimed at managing:

- the negative impact on the environment resulting from loans and investments in sectors and companies that generate greenhouse gas emissions, that contribute to the acceleration of climate change and/or have inadequate/delayed decarbonisation plans;
- the negative impact on the environment resulting from loans and investments in sectors and companies with a high energy impact dependent on high quantities of energy generated from fossil sources, which slow down the transition to renewable energies and low-emission technologies and/or which have inadequate/delayed energy efficiency plans.

Replacing obsolete boilers and installing new refrigeration units and/or heat pumps

During 2024, the Group continued to pursue an overall reduction in its energy consumption, making it possible to manage the significant negative impacts related to the mitigation of climate change and energy through initiatives to replace obsolete boilers with condensing boilers or heat pumps and the installation of new refrigeration units and/or higher performance heat pumps. It should be noted that these interventions allow to improve the conditions of the working environments.

In addition, following the energy audits carried out in 2023, the Group carried out a series of interventions in 2024, including:

- the installation of a new LED lighting system at the Verona offices in Via Meucci;
- the installation of inverters and reluctance motors at the offices in Bergamo, Largo Porta Nuova, and Verona, Via Meucci;
- commissioning the first power quality project at the Lodi offices in Via Cavour, at the end of which (first half year of 2025) it will be possible to assess its effectiveness for possible extension to other sites.

These interventions guarantee, in addition to savings in terms of consumption for greater efficiency of the installed systems, a better quality of the environment and therefore a situation of greater well-being for the personnel working in the redeveloped sites. In fact, in some cases, the choices of plant requalification depend on the intervention requests from personnel highlighting anomalies in system operation (incorrect temperatures, humidity, poor air quality).

All the initiatives undertaken are focused on the Group's operating properties distributed throughout the country, and normally have a duration of about 12 months, although they could take place over two tax years as the timeframes for the tender, procurement of materials, construction and inspection may not coincide with the calendar year. Initiatives on properties owned by third parties can be implemented where heating or cooling is the Group's responsibility and the lease agreements allow these activities.

Use of agile working and initiatives aimed at promoting sustainable mobility

With particular reference to emissions generated by commuting, Banco BPM has implemented the following initiatives at Group level:

- the implementation of solutions and technologies that favour virtual communication and the use of remote work, which makes it possible to avoid home-work commuting with a consequent reduction in emissions deriving from daily commuting. The remote work tool was activated for the first time on an experimental

basis in 2018, and subsequently extended as an organisational measure to all professional roles compatible with remote services;

- between the end of October and the beginning of November 2024, employees in offices with more than 100 people were asked to complete a questionnaire on mobility; in addition to supporting the preparation of Home-Work Travel Plans, as required by law, this tool allows to learn about people's commuting habits and the propensity to change towards more sustainable mobility alternatives;
- activation on the company portal of a section dedicated to Mobility Management with info-training content on sustainable mobility and a set of agreements dedicated to green mobility.

Purchase of ESG bonds within the securities portfolio owned by the Parent Company¹

In order to achieve the objectives set by the Guidelines on the management of environmental and energy issues and the fight against climate change, the Parent Company envisages:

- an increase in purchases on the primary and secondary ESG bonds market from Corporate and Financial issuers that invest in projects aimed at reducing the negative effects generated on the climate, in line with the objective of reaching a share equal to 40% of these bonds relative to the overall portfolio of non-government bonds owned by the end of 2026, and further detailed in the section "*Targets related to climate change mitigation and adaptation*";²
- refocusing investments towards those attributable to the companies most committed to environmental and social sustainability issues, as well as decarbonisation if belonging to priority sectors in the Net-Zero Banking Alliance, obtained by using the inclusion and exclusion criteria defined in the Guidelines for the integration of sustainability factors in the investment strategies of the proprietary portfolio.

Updating the Green, Social & Sustainability Bonds Framework and the contextual definition of a Green, Social & Sustainability Bonds Emission Plan

The Parent Company has adopted a Green, Social & Sustainability Bonds Framework, aligned with the ICMA Principles³ and for some categories of Eligible Green Loans, the European Taxonomy⁴, to regulate the issue of Green, Social & Sustainability Bonds to the market. The updating of the Framework continued during the year, mainly involving IT and data collection processes.

In particular, in 2024 Banco BPM worked to analyse the IT developments necessary to be able to implement IT solutions and strengthen the data collection process, drawing mostly from external sources.

These actions will make it possible to more accurately identify those eligible in the green area (for example, green mortgages, renewable energy or energy efficiency projects) and in the social area (for example, loans to SMEs located in disadvantaged areas) within the existing portfolios.

At the same time, the Parent Company has defined a plan with annual issue targets in order to reach the total amount envisaged in the Strategic Plan in the period 2024-2026. In addition, the refinancing of the loans portfolio to SMEs located in disadvantaged areas will allow Banco BPM to strengthen its support to companies located in economically less favourable areas or which have been affected by natural catastrophes.

Low Carbon Disbursements

Consistent with the objective of supporting companies in the transition towards a sustainable business model, the Parent Company has launched several initiatives aimed at the Commercial Networks in relation to new medium/long-term loans.

In particular, Banco BPM worked to further develop and rationalise its product catalogue in the lending sector in 2024, activating, among other things, some important initiatives such as:

¹ The Corporate debt securities in the portfolio are classified under Consolidated Balance Sheet item "40. Financial assets at amortised cost - b) loans to customers" and "30. Financial assets measured at fair value through other comprehensive income".

² The indicator considers one of which of the "non-government" component of the overall debt securities portfolio. Specifically, the following are not included in the scope: supranational securities, securities in the commercial portfolio, GACS senior notes. The denominator as at 31 December 2024 was €6,509 million.

³ In particular, the framework is aligned with the ICMA "Green Bond Principles" (2022), "Sustainability Bond Guidelines" (2023) as well as the "Sustainability Bond Guidelines" (2022).

⁴ In particular, the categories of "Eligible Green Loans" aligned with the European Taxonomy are Green Building (7.1, 7.2 and 7.7), Renewable Energies (4.1, 4.3, 4.5 and 4.8) and Manufacture of Organic Basic Chemicals (3.14).

- the integration of the catalogue with a new ordinary finance product of the Sustainability Linked Loan type (also called "SLL") named "Impresa Sostenibile" and offered to customers from 2025;
- streamlining the catalogue by offering pre-arranged, simpler, more rational and easily understandable products for Networks and customers (which will be completed in 2025);
- the implementation, starting in 2024, of higher discounts for green loan products for individuals.

In addition to the initiatives described above, Banco BPM has integrated the objective of new disbursements in the incentive system of the Commercial Networks, modulating the performance objectives on the individual commercial segments, also activating specific and dedicated commercial initiatives, where possible.

The allocation of these objectives was also accompanied by the preparation of an adequate monitoring framework as well as the forecasting of new KSIs within the Group RAF.

Evolution of credit and risk management processes in line with the commitments made in relation to the NZBA

Banco BPM has envisaged the integration into the Group 2025 RAF, in continuity with previous years, of specific KSIs up to the strategic level to monitor the carbon footprint by 2030 for the sectors with greater emission intensity (called Priority Sectors). The related monitoring activity, already active in 2024, includes the involvement of the Corporate Network and the Corporate Banking Books function in controlling the portfolios for the priority sectors defined in the NZBA. Continuous portfolio monitoring makes it possible to avoid the assumption of significant positions that are not compatible with the Group targets, enabling the progressive concentration of the portfolio on counterparties with better emission intensity.

With reference to the credit policies framework, Banco BPM has embarked on a path, already launched in previous years and further evolved in 2024, to adjust them in order to reward the most virtuous customers who have already embarked on a climate transition path. Specifically, ad-hoc evaluation logics have been introduced for sectors selected by the Bank in the context of NZBA membership, which are characterised by a high environmental impact. These sectors are subject to more stringent credit strategies, in particular with regard to those counterparties that do not draw up a sustainability reporting and which, in general, have not begun a transition process to decarbonise their production processes.

In addition to updating the credit policy framework, Banco BPM has envisaged the formulation of sustainability assessment sheets for decision-making bodies, created by analysing the contribution of new operations to specific climate performance indicators, including current emission intensities and prospective in NZBA. In particular, for each counterparty falling within the priority sectors, the collection of data on Scope 1, 2 and 3 emissions and, in general, on its exposure to climate risk factors was activated.

Activation of training for the commercial chain and customers with a focus on the ESG product catalogue

In line with the provisions of the Code of Ethics, Banco BPM has implemented the following initiatives:

- the preparation of a basic and detailed training offer, customised for the various professional figures;
- the activation of specific modules in relation to the offer of new products (for example, activating an initiative dedicated to the new SLL Impresa Sostenibile product, concluded in January 2025);
- greater customer involvement in the training and disclosure processes of ESG issues (e.g., ESG Factory Project in the section "Actions related to the management of IROs in relation to consumers and end-users").

The dissemination of knowledge of ESG issues and the dedicated commercial offer aims to expand knowledge (of colleagues and customers) on medium/long-term loan solutions defined by Banco BPM to support, in particular, companies that decide to invest in energy transition and ecological projects.

Targets related to climate change mitigation and adaptation

The main targets aimed at managing relevant climate change issues as well as monitoring the effectiveness of policies and actions are:

- reduced direct energy consumption¹;
- reduced Scope 1 and 2 emissions (market-based)²;
- maintenance of the current value of indirect emissions deriving from commuting;

¹ Excluding the consumption of properties owned by the Group and leased to third parties.

² Excluding the emissions of properties owned by the Group and leased to third parties and the emissions deriving from HFC gas leaks.

- setting by 2026 emission intensity reduction targets for the sectors that are materially more relevant for the Group's operations in terms of emissions financed for the sectors envisaged by the NZBA;
- elimination of direct exposure (run-off) in the coal sector by 2026;
- elimination by 2050 - with interim targets to 2030 - of the net greenhouse gas emissions of the corporate counterparties operating in the Automotive, Cement, Oil and Gas and Power Generation sectors present in the loans and securities portfolios of the Banking Book;
- new disbursements of medium/long-term low-carbon loans;
- cumulative issue of Green, Social and Sustainable bonds;
- issue of Green, Social and Sustainable bonds as Joint Bookrunner/Lead Manager;
- achievement, within the securities portfolio owned by the Parent Company, of a share of ESG bonds equal to 40% of the total Corporate bonds managed by the Finance function by 2026.

When setting the targets, the various functions responsible for the matter envisaged a formal step involving Top Management in order to share the methodologies and approaches employed.

Reduced direct energy consumption¹

In line with the update of the 2024-27 Strategic Plan, the Group aims to achieve, by 2027, a total energy consumption of 472,000 GJ - 131,111 MWh, down compared to what was consumed in 2024 (485,998 GJ - 135,000 MWh).

In the energy reduction process implemented to achieve this target, the Group further expects to achieve the following interim targets:

Consumption 2024	Target 2025	Target 2026	Target 2027
485,998 GJ	483,000 GJ	477,000 GJ	472,000 GJ
135,000 MWh	134,167 MWh	132,500 MWh	131,111 MWh

The 2027 target was defined in line with:

- the objectives declared in the Guidelines for the management of environmental and energy issues and the fight against climate change;
- the initiatives and objectives declared in the Energy Plan²;
- the Group's commitments in seeking the best and most innovative solutions to reduce the direct impacts deriving from the conduct of its activities.

In particular, the objectives were defined considering the expected effects deriving from the necessary technical and organisational interventions. In particular, the reduction in consumption deriving from:

- specific interventions on the network, with estimated savings of 9,099 GJ - 2,527 MWh, determined on the basis of the historical analysis of previous closure plans, with the exception of cases in which the disposal of entire buildings made it possible to accurately determine the volume of consumption saved (related to an entire site). This contribution was then spread over two years and divided by energy carrier;
- ordinary revamping activities for which the savings are estimated on the basis of:
 - a historical analysis of the savings achieved following system remediation;
 - interventions planned to respond to reports from Group staff regarding any system malfunctions.
 This annual contribution was divided by energy carrier (electricity and gas);
- revamping activities deriving from the Energy Diagnoses on the basis of feasibility studies aimed at calculating the potential savings according to the technical data sheets of the proposed solutions. This contribution was spread over several years in order to identify the correct period of benefit. The annual quota was then broken down by energy carrier.

In addition, as part of the 2024-27 Strategic Plan, the Group confirmed the target of purchasing 100% of its electricity needs from renewable sources.

¹ Excluding the consumption of properties owned by the Group and leased to third parties.

² The Energy Plan is the document that, drawn up by the Group's Energy Management structure, reports the consolidated energy consumption of the previous year and identifies the actions to be taken in order to make them more efficient.

Reduced Scope 1 and 2 emissions (market-based)¹

As part of the update of the 2024-27 Strategic Plan, the Group has declared the target of reducing its CO₂e emissions (Scope 1 and 2 market-based) by -94 tCO₂e by 2027, compared to the 10,994 tCO₂e² emitted in 2024, a year in which there were no influences from external factors (for example, COVID-19) and representative of the efficiency and reduction process undertaken.

As part of this process, the Group expects to achieve the following interim targets:

- 2025: 10,968 tCO₂e;
- 2026: 10,920 tCO₂e.

The target was defined in line with the emissions declared in the GHG inventory and attributable to the Group's direct consumption and with the dictates of the Guidelines on the management of environmental, energy and climate change issues, in which the Group declares the target of reducing its environmental impact.

In particular, the objective was outlined considering savings deriving from:

- system requalification from energy diagnoses;
- the ordinary revamping of systems;
- the closure of branches.

The contributions of each intervention category were broken down by energy carrier (electricity and gas) and, subsequently, an annual forecast of total consumption was defined, spread over several years according to the expected benefits. This made it possible to accurately quantify only the consumption that contributes to determining the market-based Scope 1 and 2 emissions. In fact, the reductions in emissions deriving from the reductions in electricity consumption are not considered for the purposes of this target, as electricity is purchased from renewable sources and the related market-based emissions are considered nil.

The actions underlying the definition of the target constitute the decarbonisation levers that the Group expects to activate to achieve the market-based Scope 1 and 2 reduction objective. In particular, the estimated contributions for the reductions for each year amount to:

- 2025:
 - Revamping systems: -91 tCO₂e (corresponding to -1,540 GJ of gas consumption);
- 2026:
 - Revamping systems: -91 tCO₂e (corresponding to -1,540 GJ of gas consumption);
 - Energy Diagnosis: -28 tCO₂e (corresponding to -474 GJ of gas consumption);
 - Rationalisation of branches: -34 tCO₂e (corresponding to -567 GJ of gas consumption);
- 2027:
 - Revamping systems: -91 tCO₂e (corresponding to -1,540 GJ of gas consumption);
 - Energy Diagnosis: -28 tCO₂e (corresponding to -474 GJ of gas consumption);
 - Rationalisation of branches: -34 tCO₂e (corresponding to -567 GJ of gas consumption).

In light of the reductions highlighted above, the total expected market-based Scope 1 and 2 emissions in 2027 is 10,900 tCO₂e³.

GHG emissions Scope 1 + 2	2024 (base year)	2027 (target year)
Absolute value of GHG emissions in tCO ₂ e	10,994	10,900
% change in GHG emissions compared to the base year	-	-1%

Maintenance of the current value of indirect emissions deriving from commuting

In line with the update of the 2024-27 Strategic Plan, the Group⁴ has set itself the target of maintaining a cumulative indirect emissions value deriving from employee commuting in line with the value recorded as at 31 December 2024: 12,000 tCO₂.

¹ Excluding the emissions of properties owned by the Group and leased to third parties and the emissions deriving from HFC gas leaks.

² Of which 8,019 tCO₂e related to Scope 1 and 2, 975 tCO₂e related to Scope 2 market-based (excluding the emissions of properties owned by the Group and leased to third parties and the emissions deriving from HFC gas leaks)

³ For the calculation of the target value in terms of tCO₂e, potential future increases in emissions deriving from other sources of Scope 1 and 2 (e.g., consumption of the company car fleet and district heating) are taken into account.

⁴ Reference perimeter: all employees of Group companies based in Italy

The target was set in line with:

- the objectives declared in the Guidelines for the management of environmental and energy issues and the fight against climate change;
- the Group's commitments in seeking the best and most innovative solutions to reduce the direct impacts deriving from the conduct of its activities.

The objective was defined while also considering the expected evolution of the Group's workforce and according to the agreements signed with regard to the agile working methods in force from time to time.

In particular, for the estimation of emissions, the Group considered the conversion and emission factors from the ISPRA portal for cars and the ABI Guidelines for trains, as well as taking into account the number of days worked in the offices by the average work-home distance in terms of total km travelled. In addition, as a precautionary measure, it was assumed that the commuting methods were carried out by car or train and that the Group's car fleet is representative of employees' car fleet.

Setting emission intensity reduction targets by 2026 for the sectors that are more material for the Group's operations in terms of emissions financed for the sectors envisaged by the NZBA.

In consideration of the decarbonisation process launched following membership in the Net Zero Banking Alliance, Banco BPM plans to assess the setting by 2026 (known as the second wave) of emission reduction targets for sectors other than those considered "priority" during the first assessment of the portfolio.

This target was set by the competent Parent Company function, in line with the Guidelines on the management of environmental and energy issues and the fight against climate change, taking into account that the Group "achieves objectives and lines of action aimed at guaranteeing more favourable access to capital for green activities or to companies involved in a transition process".

Elimination of direct exposure (run-off) in the coal sector by 2026

Upon its endorsement of the Net Zero Banking Alliance, the Parent Company has planned to achieve by 2026, through portfolio run-off activities, the net zero emissions target with reference to exposures to Large Corporate and Corporate counterparties (considering loans and securities of the Banking Book) operating mainly in the coal sector (considered "priority" to achieve the climate neutrality objectives despite being completely marginal on the overall portfolio).

The target was set in accordance with:

- the objectives declared in the Guidelines for the management of environmental and energy issues and the fight against climate change;
- the initiatives and objectives declared in the 2023-26 Strategic Plan and confirmed in the 2024-27 Strategic Plan.

When setting the target in question, the competent Parent Company function envisaged monitoring the indicators with respect to the set target, although it did not formalise interim targets. From the periodic monitoring activity, the performance is substantially in line with the envisaged decarbonisation plan.

Elimination by 2050 - with interim targets to 2030 - of the net greenhouse gas emissions of the corporate counterparties operating in the Automotive, Cement, Oil and Gas and Power Generation sectors present in the loans and securities portfolios of the Banking Book

Upon its endorsement of the Net Zero Banking Alliance, the Parent Company has planned to achieve the net zero emissions target by 2050 for Large Corporate and Corporate counterparties (with reference to the scope of loans and securities of the Banking Book) operating in the Oil & Gas, Power Generation, Cement and Automotive sectors.

In this context, it was asked to identify the sectors within the loan portfolio with the most impact in terms of greenhouse gas emissions and to set interim emission reduction targets in line with the expectations of the Paris Agreements to maintain the rise in the global average temperature within +1.5 °C.

On this occasion, the competent Parent Company function set targets consistent with the scope of its GHG inventory (i.e., category 15 of Scope 3) considering the specificities of the business conducted by the Group (mainly loan activities).

To this end, the Parent Company conducted a preliminary assessment of the loan portfolio, obtaining an estimate of the baseline of the emissions financed for all priority sectors based on the quality of the emissions data and the

feasibility of achieving the targets. The aforementioned assessment, in line with market best practices, allowed the identification of four additional priority sectors (Automotive, Cement, Oil & Gas and Power Generation, in addition to the aforementioned Coal) to allow a more incisive contribution to the decarbonisation targets of its loan and securities portfolios of the Banking Book it has undertaken to achieve.

The target setting methodology was based on what is called the "physical WACI" metric, which represents the weighted average per used (loans and securities) of total CO₂e equivalent emissions (CO₂e or GHG from greenhouse gases) of the counterparty with respect to the typical output quantity of the business sector to which it belongs. In order to estimate the inertial path of the portfolio from the starting point until 2050, the metric is projected in a "static balance-sheet" perspective for each counterparty based on the available information, as follows:

- for counterparties that publish starting points and NZ2050 path validated on a scientific basis, the projection of the metric took place based on individual transition plans (the use of estimates is not envisaged);
- for the other counterparties, starting from the 2022 starting point, the sector metric was projected in a "business as usual" perspective using the STEPS and APS inertial scenarios produced on a scientific basis by the International Energy Agency (IEA), which incorporate, with varying degrees of optimism, the expected evolution of the sectors in terms of emissions.

Lastly, the final quantification of the targets is the result of a recalibration of the inertial scenarios, as they are not sufficient to reach a metric level in line with the net zero logic in 2050. The point of passage of the recalibrated net zero paths in the year 2030 identifies the percentage reduction target of the metric with respect to the starting point. The selection of the target metrics, based on solid scientific elements, was carried out by analysing the metrics also suggested by the Regulators (for example, indications of the European Banking Authority - also "EBA" - for the compilation of Pillar 3, ESG section) in the context of transition risk and verifying its usefulness and dissemination - in the reference standards and benchmarks - in the context of the Net Zero Banking Alliance.

In summary, the decarbonisation process of the loans and securities portfolios envisages interim sector targets to 2030 with which the Parent Company undertakes to decrease, compared to 2022 (base year considered representative of the activities envisaged by the Group in accordance with the rules specified by the NZBA) emission intensity in relation to the following specific indicators:

- 48% reduction in the Automotive sector (measured in tonnes of CO₂e per billion passenger-kilometres travelled by vehicles sold);
- 23% reduction in the Cement sector (measured in tonnes of CO₂e per tonne of cement product);
- 14% reduction in the Oil & Gas sector (measured in grams of CO₂e per megajoules of oil/natural gas produced or distributed);
- 56% reduction in the Power Generation sector (measured in tonnes of CO₂e per megawatt-hour of energy produced).

Sector	Reference metric	2022 (base year)	2030 (target year)
Automotive	Tonnes of CO ₂ e per billion passenger-kilometres travelled by vehicles sold	0.45	-48%
Cement	Tonnes of CO ₂ e per tonne of cement product	0.50	-23%
Oil & Gas	Grams of CO ₂ e per megajoules of oil/natural gas product produced or distributed	60.7	-14%
Power Generation	Tonnes of CO ₂ e per megawatt-hour of energy produced	0.17	-56%

The targets were set in line with:

- the objectives declared in the Guidelines for the management of environmental and energy issues and the fight against climate change;
- the initiatives and objectives declared in the 2023-26 Strategic Plan and confirmed in the 2024-27 Strategic Plan.

To pursue its decarbonisation targets with reference to category 15 of Scope 3, the Parent Company envisages the use of multiple actions: customer engagement, exclusion policies, divestment, development of new capacities, development of new tools and products, assessment of portfolio alignment, assessment of portfolio exposure/risks, development of new policies, public policy and advocacy positions for government/regulatory actions and strategy to grow the customer base.

From the periodic monitoring activity, the performance is substantially in line with the envisaged decarbonisation plan.

New disbursements of medium/long-term low-carbon loans

In line with what was indicated during the presentation of results as at 30 June 2024 to the public, the Parent Company has planned a target of new medium/long-term low-carbon loans of at least €5 billion for 2024.¹ It should be noted that with the recent approval of the updated 2024-27 Strategic Plan, the target was updated to €7 billion² for 2027. The target was set in accordance with the Guidelines on the management of environmental and energy issues and the fight against climate change, in which the Group declares to "achieve objectives and lines of action aimed at ensuring more favourable access to capital for green activities or to companies involved in a transition process".

The 2024 target was set considering the performance in disbursements envisaged in the 2024 budget and with the support of the related commercial areas concerned (bottom-up approach), estimating the expected volumes at the end of the year.

Monthly monitoring of the indicator was carried out during the year. The new disbursements, with disbursed volumes of €5,712 million as at 31 December 2024³, confirmed the full achievement of the target in 2024.

Cumulative issue of Green, Social and Sustainable bonds

In line with the Group's 2023-26 Strategic Plan, the Parent Company envisaged the issue of €5 billion in Green, Social and Sustainability bonds in the period between 2024 and 2026.

The target was set in line with the asset selection and income allocation and management criteria reported in the Group's Green, Social and Sustainability Bonds Framework. This Framework is complementary to the commitment and strategy implemented to combat climate change and generate a positive social impact.

When setting this target, the following were considered:

- the targets in the 2021-24 Strategic Plan, which envisaged issues of Green and/or Social Bonds for a value of €2.5 billion and the amount actually achieved in the three-year period 2021-23 (€4.5 billion);
- the reconciliation with Banco BPM's Funding Plan, defined for the period 2024-2026 and approved by the Board of Directors, envisages a total amount of over €12 billion in bonds to be issued as senior/senior non-preferred/covered bonds;
- the consistency of the target with the stock of eligible assets, as well as with the expected evolution of green and social loans disbursed by the Bank.

In order to monitor the performance of the target, interim targets were set for Green, Social and Sustainability bond issues equal to:

- €1.5 billion in 2024;
- €1.5 billion in 2025;
- €2 billion in 2026.

The performance monitoring activities have confirmed that the interim target to 2024 is achieved. In particular, the figure as at 31 December 2024 highlights the issue of Green, Social and Sustainability bonds for a value of €1.5 billion.⁴ In consideration of the above, during the recent approval of the 2024-27 Strategic Plan, the target was confirmed at €5 billion also for the period between 2025 and 2027. In this regard, it should be noted that in January 2025 Banco BPM successfully concluded the issue of a senior social bond, intended for institutional investors, for a total value of €0.5 billion.

Issue of Green, Social and Sustainable bonds as Joint Bookrunner/Lead Manager

Confirming the commitment made on the financial markets for the collection of resources for ESG sustainability projects, also providing support in the placement process of other issuers, in 2024 the subsidiary Banca Akros S.p.A. supported the placement of ESG bonds as a Joint Bookrunner or Lead Manager for a value of €9.4 billion.

¹ This includes loans of transactions with "green" characteristics aimed at supporting the transition to an economy with net zero greenhouse gas emissions by customers operating in sectors with high transition risk and disbursements to counterparties operating in green and low transition risk sectors, assessed by applying a specific score developed internally.

² New loans to households, companies and businesses with an original due date of > 18 months, including "green" lending products (targeted loans, project financing and SLL) and ordinary loans granted to sectors classified as "green" or with low exposure to climate transition risk

³ New low-carbon disbursements are classified in the Consolidated Balance Sheet under item "40. Financial assets at amortised cost - b) loans to customers".

⁴ The bond issues of the Parent Company are classified under liability items in the Consolidated Balance Sheet under item "10. Financial liabilities at amortised cost - c) debt securities in issue".

The Group, again through Banca Akros, has also planned to participate in the placement of ESG bonds in the period between 2025 and 2027, as Joint Bookrunner or Joint Lead Manager, for a total nominal value of €19.5 billion. The target was set in line with the objectives of the Guidelines on the management of environmental and energy issues and the fight against climate change, in particular facilitating the reduction of environmental impact and support for the transition to a low greenhouse gas emission economy.

In particular, to set this target in the 2024-27 Strategic Plan, the historical trends relating to the results achieved by Banca Akros were taken into consideration, together with an analysis of the maturity of the current market and of potential developments and future volatility.

Achievement, within the securities portfolio owned by the Parent Company, of a share of ESG bonds equal to 40% of the total Corporate bonds managed by the Finance function by 2026

In line with what is indicated in the 2023-26 Strategic Plan and recently confirmed in the update of the Plan to 2024-27, Banco BPM has set itself the objective of increasing the share of ESG bonds present in the corporate investment portfolio managed by the Finance function to 40% by 2026.¹

The target was defined in line with the objectives declared in the Guidelines for the integration of sustainability factors in the investment strategies of the proprietary portfolio.

In particular, when formalising the 2023-26 Strategic Plan, for the definition of this target, the share of ESG bonds in place as at 30 September 2023 (equal to 27% of the corporate investment portfolio managed by the Finance function) was considered as the starting point.

In addition, internal in-depth analyses were carried out on the current market conditions and possible evolutionary prospects, on the basis of which the maximum share of the proprietary portfolio investable in ESG bonds was determined without substantial negative impacts on the profitability of the investments. Based on target monitoring, at 31 December 2024 the percentage of the non-government portfolio invested in this type of bond was close to 35%², being fully in line with the target of 40% by the end of 2026.

Metrics on Energy consumption and mix

As at 31 December 2024, the Group recorded total energy consumption of 221,888 MWh (135,000 MWh if the consumption related to properties owned by the Group and leased to third parties are not considered), considering the conversion factors of the ABI LAB Guidelines on the Bank's application of ESRS on environmental matters (17/12/2024).

The total energy consumption is certified by the supplier. In addition, for this consumption, the relevant Guarantees of Origin are issued by the GSE, as required by the supply contract itself.

¹ The Corporate debt securities in the portfolio are classified under Consolidated Balance Sheet item "40. Financial assets at amortised cost - b) loans to customers" and "30. Financial assets measured at fair value through other comprehensive income".

² The percentage share is calculated on the total "Other corporate debt securities" managed by the Finance function and equal to €6,509 million as at 31 December 2024. In particular, with respect to the total "non-government securities" (equal to €9,427 million as at 31 December 2024), the denominator of the indicator in question does not consider: supranational securities, securities in the commercial portfolio and GACS senior notes.

Details of the energy mix are provided below.

Energy consumption and mix	2024
Fuel consumption from coal and coal products (in MWh)	-
Fuel consumption from crude oil and petroleum products (in MWh)	7,924
Natural gas consumption (in MWh)	57,165
Fuel consumption from other fossil sources (in MWh)	-
Consumption of electricity, heat, steam and cooling purchased or acquired from fossil sources (in MWh)	62,407
Total fossil energy consumption (in MWh)	127,496
% share of fossil fuels in total energy consumption	57%
Consumption from nuclear sources (in MWh)	-
% of consumption from nuclear sources of total energy consumption	-
Consumption of fuel from renewable sources, including biomass (also including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (in MWh)	-
Consumption of electricity, heat, steam and cooling purchased or acquired from renewable sources (in MWh)	94,292
Consumption of self-generated non-combustible renewable energy (in MWh)	99
Total renewable energy consumption (in MWh)	94,392
% share of renewable sources of total energy consumption	43%
Total energy consumption (in MWh)	221,888

The Group has three photovoltaic plants at the Milan offices (two on the Via Massaua complex and one on the Viale Eginardo complex), equipped with meters from which it is possible to obtain the consumption and production figures. In particular, as at 31 December 2024, 119 MWh of electricity had been produced from renewable sources.

As at 31 December 2024, the energy intensity of the Companies operating in sectors with a high climate impact was 0.002 MWh per euro of net revenue.

The sectors with high climate impact analysed for reporting purposes are:

- the purchase and sale of real estate on own assets, in which the companies BRF Property S.p.A. and Sirio Immobiliare S.r.l. operate;
- agricultural crops associates with animal breeding: mixed activity, in which the company Sagim S.r.l. Società agricola operates;
- the construction of residential and non-residential buildings, in which the companies Lido dei Coralli S.r.l. and P.M.G. S.r.l. (company in liquidation) operate.

With regard to net revenues, it should be noted that the item in the financial statements used is "Other operating expenses/income - Other operating income - Rental income on real estate."

The energy intensity shown in the table below is calculated with reference to:

- the Company Lido dei Coralli S.r.l.;
- the Company Sirio Immobiliare S.r.l.;
- the Company Sagim S.r.l.; Società agricola.

The remaining Companies operating in the sectors mentioned above (BRF Property S.p.A. and P.M.G. S.r.l.) do not have direct energy consumption and do not record values in the financial statements under the item "Other operating expenses/income - Other operating income - Rental income on real estate".

Energy intensity of companies operating in sectors with a high climate impact	2024
Total energy consumption of activities in high climate impact sectors (in MWh)	2,915
Net revenue deriving from activities in high climate impact sectors (in euro)	1,565,000
Energy intensity of activities in sectors with a high climate impact compared to net revenues from these activities (MWh/euro)	0.002

Metrics on Gross Scopes 1, 2, 3 and Total GHG emissions

The Group's emissions (Scope 1, 2 and 3) as at 31 December 2024 amounted to 58,139,824 tCO₂e market-based and 58,161,576 tCO₂e location-based (of which 26 tCO₂e market-based and 79 tCO₂e location-based in Switzerland and 47,268 tCO₂e market-based and 47,276 tCO₂e location-based in Ireland).

It should be noted that the Group's Scope 1 and 2 emissions as at 31 December 2024, without taking into account the portion deriving from owned properties leased to third parties, amount to 10,525 tCO₂e for Scope 1, 2,975 tCO₂e for Scope 2 market-based and 29,408 tCO₂e for Scope 2 location-based.

The figure, not certified by an external body, was defined considering the emission and conversion factors according to the ABI LAB Guidelines on the application in the Bank of ESRs on environmental matters (17/12/2024).

The Scope 1, 2 and 3 emissions are shown below, broken down by geographical area as at 31 December 2024.

Greenhouse gas emissions (GHG)	Italy	Switzerland	Ireland	Total
Gross Scope 1 GHG emissions (in tCO ₂ e)	16,813	0	0	16,813
Gross Scope 2 GHG emissions location-based (in tCO ₂ e)	47,045	69	15	47,129
Gross Scope 2 GHG emissions market-based (in tCO ₂ e)	25,355	16	7	25,377
Total indirect gross Scope 3 GHG emissions 3 (in tCO ₂ e)	58,050,363	10	47,261	58,097,634
of which category 1. Purchased goods and services ¹ (in tCO ₂ e)	2,088	0	0	2,088
of which category 2. Capital Goods ¹ (in tCO ₂ e)	502	0	0	502
of which category 6. Business trips ¹ (in tCO ₂ e)	1,405	0	0	1,405
of which category 7. Employee commuting ¹ (in tCO ₂ e)	11,974	10	13	11,997
of which category 15. investments (in tCO ₂ e)	58,034,394	0	47,248	58,081,642
of which banking business (in tCO ₂ e)	56,597,635	0	0	56,597,635
of which insurance business (in tCO ₂ e)	1,436,759	0	47,248	1,484,007

It should be noted that 46% of Scope 2 emissions (market-based) are covered by guarantees of origin contracted in the electricity supply.

With regard to Scope 3 emissions, the excluded categories (not considered significant enough to be calculated), are listed below:

- category 3. Fuel and energy-related activities;
- category 4. Upstream transport and distribution;
- category 5. Waste generated during operations;
- category 8. Upstream leased assets;
- category 9. Downstream transport;
- category 10. Transformation of products sold;
- category 11. Use of products sold;
- category 12. End-of-life treatment of products sold;
- category 13. Downstream leased assets;
- category 14. Franchising.

The methodological reference for accounting Scope 3 (for categories other than 15) is the GHG Protocol, Technical Guidance for Calculating Scope 3 Emissions, implemented by the ABI LAB Guidelines on the application in the Bank of the ESRs on environmental matters (version 17/12/2024). In addition, the methodological choices and assumptions adopted for the calculation of the relative emission categories are specified below:

- category 1. Goods and services purchased: includes emissions deriving from the consumption of office paper, calculated starting from the kg purchased and the type of paper used (recycled or not), and applying the conversion factors provided by the "UK Government GHG Conversion Factors for Company Reporting" (latest available update);
- category 2. Capital Goods: includes emissions deriving from purchases of IT equipment (PCs, smartphones, printers, etc.) calculated on the basis of the weight and type of equipment and applying the conversion factors envisaged by Ademe (French environment and energy management agency);
- category 6. Business travel: includes emissions deriving from business travel by car, plane and train, for which the provisions of the ABI LAB Guidelines on the application in the Bank of ESRs on environmental matters have been applied in both cases, version 17/12/2024. For Companies that do not have any Full Time Equivalent (FTE) employees, the contribution in terms of commuting is considered equal to zero;
- category 7. Employee commuting: includes only emissions from home-work commuting. The emissions are calculated starting from the average home-work distance and the number of days in the offices, applying the conversion factors envisaged by ISPRA for car travel and by the ABI LAB Guidelines on the application in the Bank of ESRs on environmental matters, version 17/12/2024, for the train. For Companies that do not

¹ The perimeter considered is the same as that defined in the consolidated financial statements.

have any Full Time Equivalent (FTE) employees, the contribution in terms of commuting is considered equal to zero.

For the calculation of the Scope 3 emissions of categories 1, 2, 6 and 7: in 13% of cases, input from specific activities along the upstream and downstream value chain were used and in 9% of cases from primary data obtained from suppliers or other partners along the value chain.

Financed emissions were calculated by adopting a methodology compliant with the Global GHG Accounting and Reporting Standard developed by the Partnership for Carbon Accounting Financials (PCAF) - Financed Emission, Part A.

More specifically:

- for the banking business, the calculation of financed emissions focuses on the exposures present in the banking book, thus excluding the assets of the trading book, and covered all seven assets identified by PCAF for reporting financed emissions: Listed equity and corporate bonds; Business loans and unlisted equity; Project finance; Commercial real estate; Mortgages; Sovereign debt; Motor vehicle loans¹;
- for the insurance business, the calculation focuses on the emissions related to the investments of the Group's insurance companies according to the PCAF methodology. With reference to the assets classified by PCAF, the calculation of the financed emissions therefore concerned the following portfolios: Listed equity and corporate bonds; Business loans and unlisted equity; Sovereign debt.

With reference to the financed emissions related to exposures to financial and non-financial Companies, the Banco BPM Group based the calculation on the collection of information on counterparties with the support of an external supplier. In particular, the information on greenhouse gas emissions was collected and determined in compliance with the PCAF considering, where available, the precise emissions, communicated directly by the individual counterparties subject to analysis through public reports (such as the Non-Financial Statement and Sustainability Reporting). In the absence of precise data, the emissions are estimated using methodologies aligned with market practices.

The estimation methodology is based on official data from public sources (Eurostat) on emission intensity, broken down by sector (NACE code). This coefficient is further refined by incorporating, where available, more detailed data on emissions for specific NACE/Ateco codes².

The emissions intensity, expressed in tonnes of CO₂ per euro of added value, is then recalibrated to obtain a measure of intensity per euro of revenues. The sector emission factor obtained is finally applied to the turnover of the individual counterparty to determine the estimated volume of emissions.

With reference to the financed emissions deriving from the "commercial real estate" and "mortgages" asset classes, the Group based the calculation of the estimate through the building's EPC Certificate (which reports a reference value in tCO₂e/m²), if available, or through the use of PCAF grids.

The financed emissions are calculated as part of exposures for an amount of €129.6 billion (of which €118.4 billion relating to the banking business and €11.2 billion relating to the insurance business), corresponding to 74.9% of the overall Gross Carrying Amount (GCA).

This perimeter will be subject to further progressive extension. More specifically, with reference to the insurance business, the activation of specific projects is envisaged that will make it possible to expand the calculation of the financed emissions to portfolios not currently covered, in particular to UCIT funds (exposures of approximately €5.6 billion), ideally by means of look-throughs in order to promptly identify the related underlyings, and to other unlisted companies.

With regard to the banking business, it should be noted that the Group will direct specific activities aimed at strengthening the coverage of the information assets necessary for each counterparty and, at the same time, at structuring an adequate data collection process in order to ensure a precise quantification of the financed emissions related to the "Project Finance" asset class.

With respect to the exposures subject to analysis, the actual coverage of specific data is 42.8% while the remaining 57.2% is based on estimated data.

Finally, there are no biogenic emissions of Scope 1, 2 and 3. Nevertheless, the emission factors applied to the electricity consumed do not distinguish the percentage of biomass or biogenic CO₂.

¹ With reference to the asset class of "motor vehicle loans", the materiality of the type of loan within the activities of Banco BPM is residual; therefore, taking into account the complexities of treatment envisaged by the PCAF methodology on this type of asset class, these loans were included in the generic "business loans" category.

² The sources used are mainly the Higher Institute for Environmental Protection and Research (ISPRA) and the Single Register for the Emissions Trading System.

With reference to the aforementioned emissions, as at 31 December 2024, the intensity of its greenhouse gas emissions with respect to net revenues, shown in the table below, is equal to 0.01 tCO₂e per euro, both for location-based and market-based emissions.

GHG intensity compared to net revenues	2024
Total GHG emissions location-based (in tCO ₂ e)	58,161,576
Total GHG emissions market-based (in tCO ₂ e)	58,139,824
Net revenues (in thousands of euro)	9,690,050
Intensity of GHG emissions location-based (tCO ₂ e / euro)	0.01
Intensity of GHG emissions market-based (tCO ₂ e / euro)	0.01

The revenue items in the Income Statement used to calculate the intensity of greenhouse gas emissions are:

- 10. Interest and similar income;
- 40. Fee and commission income;
- 70. Dividends and similar income;
- 80. Net trading income;
- 90. Fair value gains/losses on hedging derivatives;
- 100. Gains (losses) on disposal or repurchase
 - Financial assets at amortised cost
 - Financial assets measured at fair value through other comprehensive income
 - Financial liabilities;
- 110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit or loss;
- 160. Profit (loss) on insurance services (ex Net premiums);
- 230. Other operating expenses/income - Other operating income - Income on current accounts and loans;
- 230. Other operating expenses/income - Other operating income - Rental income on real estate.

These items were included only if their amount is greater than 0 (positive).

Metrics on GHG removals and GHG mitigation projects financed through carbon credits

Between December 2024 and February 2025, the Group requested the removal of carbon credits, referring to the year 2024, for offsetting its own residual scope 1 and 2 emissions (market-based)¹ recorded as at 31 December 2024. In particular, the offsetting took place through the purchase of carbon credits resulting from climate change mitigation projects outside the value chain, for a total of 13,500 tCO₂e².

The quality of the credits that the Group cancels, certified and exchanged, is confirmed by the presence in the registers of the voluntary credit market within which the documents supporting the project and the promoting body can be consulted.

Carbon credits cancelled in the reference year	2024
Total (in tCO ₂ e)	13,500
% share of emission reduction projects	70%
% share of emissions removal projects	30%
% share of credits certified by Goldstandard	63%
% share of credits certified by VCS	26%
% share of credits certified by VCS/CCB	11%
Type of well related to carbon credits from removal projects	Biogenic

100% of the credits cancelled in 2024 represent a corresponding adjustment pursuant to Article 6 of the Paris Agreement; none of them derive from projects developed in the EU.

¹ In quantifying Scope 1 and 2 emissions as at 31 December 2024, the Group excluded those generated by real estate leased to third parties

² Of which 10,525 tCO₂e linked to Scope 1 emissions and 2,975 tCO₂e linked to scope 2 market-based emissions (excluding emissions from Group-owned properties leased to third parties).

The offsetting of emissions through carbon credits took place with reference to the Group's Scope 1 and 2 emissions recorded in 2024, while emission reduction targets are envisaged starting from 2025. Therefore, the purchase of loans does not hinder or reduce their achievement.

There is no removal or storage of greenhouse gases resulting from projects developed as part of own operations or to which the Group contributes along the upstream and downstream value chain.

Pollution

The following table provides a description of the impacts, risks and opportunities that the Group has assessed as material in relation to pollution following its dual materiality assessment.

ESRS Topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Air pollution	Negative impact	Downstream value chain	Disbursement of loans to customers operating in sectors that contribute to air pollution and emit polluting emissions as part of their production processes	<i>Disclosure subject to progressive entry into force</i>

Policies, Actions and Targets related to pollution

The Group has not yet adopted specific policies, actions and targets related to pollution. The emergence of these issues as material, with reference to Group customers following the extension to the entire value chain of the dual materiality analysis conducted in 2024, did not make the implementation of appropriate policies, actions and targets possible, due to time constraints. These additional interventions will be planned over the following years, also in line with the phase-in period envisaged for the metrics by the relevant regulations.

Resource use and circular economy

The following table provides a description of the impacts, risks and opportunities that the Group has assessed as material in relation to resource use and circular economy following its dual materiality assessment.

ESRS Topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Resource inflows, including resource use	Negative impact	Upstream value chain	Failure to adopt circular economy principles by Group suppliers who use critical resources in their production processes without activating strategies to reduce the influx of resources	<i>Disclosure subject to progressive entry into force</i>

Policies, Actions and Targets related to circular economy

The Group has not yet adopted specific policies, actions and targets related to circular economy. The emergence of these issues as material, with reference to Group suppliers following the extension to the entire value chain of the dual materiality analysis conducted in 2024, did not make the implementation of appropriate policies, actions and targets possible, due to time constraints. These additional interventions will be planned over the following years in line with the phase-in period envisaged for the metrics by the relevant regulations.

Metrics related to Resource inflows

As a result of the dual materiality analysis conducted by Banco BPM Group in relation to the management of incoming resource inflows, a material impact was found generated by suppliers (upstream value chain) who mainly provide services to Banco BPM Group.

The main supply categories used by the Group, based on the amount of expense items recorded, include:

- technological and telecommunications services;
- financial services;

- consumables (e.g., paper, forms, etc.);
- property maintenance services.

Among these, the most significant expense items concern ICT (Information and Communications Technology) services essential for the performance of the Group's activities, such as hardware, software and telecommunications. Typically, the incoming material flows in these areas generate a negative impact on the environment since they include minerals and rare earths, as well as more common materials and resources such as plastic, metal and water for cooling systems. As non-renewable resources, minerals and rare earths are characterised by criticalities related to their limited availability in terms of quantity and geographical concentration (mainly in vulnerable geographical areas, in terms of geopolitical conflicts, working conditions and extraction processes not regulated by adequate environmental standards).

The impacts related to the extraction of these materials can be mitigated through the adoption of purchasing and production policies that promote compliance with high environmental standards and the protection of human rights, together with the implementation of circular economy solutions focused on the recovery and recycling of critical materials from end-of-life electronic devices. At the same time, investments in research and development for the use of new materials, alternatives to rare earths and with a lower environmental impact, are decisive for the creation of innovative long-term solutions.

Taxonomy pursuant to Article 8 of Regulation (EU) 2020/852

The following tables include the disclosure requirements set forth in Article 8 of the Disclosures Delegated Act, which supplements the EU Taxonomy Regulation (2020/852). These obligations require financial companies to communicate the KPIs of eligibility and alignment with the Taxonomy, according to the annexes provided by EU Delegated Regulations 2021/2178 and 2022/1214 (Annex XII Template for gas and nuclear). Specifically, we have also completed the template form required for insurance companies (Annex X) and the Group summary indicator as required by Commission Notice 2024/6691 published in the OJEU on November 8, 2024. The main aligned portfolios are those relating to exposures to companies subject to NFRD obligations and private loans secured by real estate. At a methodological level, refinements have been made, mainly with regard to the calculation of "flow KPIs" and the extension to the other objectives of the Taxonomy in terms of eligibility. Adequate data quality activities have also been carried out, necessary for the use of the information collected through info providers. The Group pursues a strategy of defining and marketing new products aimed at ensuring an ever-increasing level of eco-sustainability of its assets.

Annex VI - Template for the KPIs of Credit Institutions

Template Annex VI: GAR KPIs and off-balance-sheet KPIs

Template 0: Summary of KPIs to be disclosed by Credit Institutions under Article 8 of the Taxonomy Regulation

	GAR (green asset ratio) for stock		KPI****		KPI*****		% Coverage (over total assets)*** - TURNOVER	% Coverage (over total assets)*** - CAPEX	% of assets excluded from the GAR numerator (Article 7, paragraphs 2 and 3, and point 1.1.2 of Annex V)	% of assets excluded from the GAR denominator (Article 7, paragraph 1, and point 1.2.4 of Annex V)
Main KPI	GAR (green asset ratio) for stock		KPI****		KPI*****		% Coverage (over total assets)*** - TURNOVER	% Coverage (over total assets)*** - CAPEX	% of assets excluded from the GAR numerator (Article 7, paragraphs 2 and 3, and point 1.1.2 of Annex V)	% of assets excluded from the GAR denominator (Article 7, paragraph 1, and point 1.2.4 of Annex V)
	3,292.68	3,702.57	2.52	2.84	71.62	71.62	48.73	28.38		
Additional KPIs	GAR (flow)		KPI (TURNOVER)		KPI (CAPEX)		% Coverage (over total assets) - TURNOVER	% Coverage (over total assets) - CAPEX	% of assets excluded from the GAR numerator (Article 7, paragraphs 2 and 3, and point 1.1.2 of Annex V)	% of assets excluded from the GAR denominator (Article 7, paragraph 1, and point 1.2.4 of Annex V)
	1,481.52	1,676.15	2.45	2.78	53.87	53.87	42.54	46.13		
Trading book*	Not in scope	Not in scope	Not in scope	Not in scope	Not in scope	Not in scope				
Financial guarantees	0.15	0.24	0.02	0.03						
Assets under management	7.25	14.47	0.35	0.69						
Fees and commissions income**	Not in scope	Not in scope	Not in scope	Not in scope	Not in scope	Not in scope				

* For credit institutions that do not meet the conditions of Article 94, paragraph 1 of the CRR or the conditions set out in Article 325a, paragraph 1 of the CRR

** Fees and commissions income from services other than lending and assets under management

Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

*** % of assets covered by the KPI over banks' total assets

**** based on the turnover KPI of the counterparty

***** based on the CapEx KPI of the counterparty, except for lending activities where turnover KPI is used for general lending

Template 1: Assets for the calculation of GAR (Turnover)

Million euro	a	b	c	d	e	f	Disclosure reference date T																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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(continued) Template 1: Assets for the calculation of GAR (Turnover)

Million euro	a	b	c	d	e	f	Disclosure reference date T							m	n		
							Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)				
							Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)				
							Of which environmentally sustainable (taxonomy-aligned)	Of which specialised lending	Of which enabling	Of which environmentally sustainable (taxonomy-aligned)	Of which specialised lending	Of which enabling	Of which environmentally sustainable (taxonomy-aligned)			Of which specialised lending	Of which enabling
Total (gross) carrying amount																	
31 Collaterals obtained by taking possession: residential and commercial immovable properties	398.18	398.18															
32 Other assets excluded from the numerator for GAR calculation (covered in the denominator)	88,756.77																
33 Financial and non-financial corporations	73,578.04																
34 SMEs and NFCs (Non-Financial Corporations other than SMEs) not subject to NFRD disclosure obligations	52,758.66																
35 Loans and advances	52,075.91																
36 of which loans collateralised by commercial immovable property	10,497.52																
37 of which building renovation loans	0.93																
38 Debt securities	598.05																
39 Equity instruments	84.70																
40 Non-EU country counterparties not subject to NFRD disclosure obligations	858.62																
41 Loans and advances	482.88																
42 Debt securities	375.73																
43 Equity instruments	0.00																
44 Derivatives	1,033.27																
45 On demand interbank loans	252.64																
46 Cash and cash related assets	738.82																
47 Other assets (e.g. goodwill, commodities, etc.)	13,154.01																
48 Total GAR assets	130,447.49	34,940.73	3,290.43	2,556.40	41.76	422.00	47.75	2.25	-	0.83	84.11	-	-	-	-		
49 Other assets not covered for GAR calculation	51,695.45																
50 Sovereigns	33,550.96																
51 Central banks exposure	12,136.44																
52 Trading book	6,008.06																
53 Total assets	182,142.94																
Off-balance sheet exposures - Corporates subject NFRD disclosure obligations																	
54 Financial guarantees	780.28	8.38	0.14	-	0.03	0.05	4.77	0.01	-	0.01	-	-	-	-	-		
55 Assets under management	2,096.91	28.70	7.06	-	0.59	3.97	7.77	0.19	-	0.14	0.17	-	-	-	-		
56 Of which debt securities	171.37	17.38	4.43	-	0.48	2.22	1.79	0.13	-	0.07	0.16	-	-	-	-		
57 Of which equity instruments	146.19	10.16	2.64	-	0.10	1.75	5.98	0.06	-	0.06	0.01	-	-	-	-		

(continued) Template 1: Assets for the calculation of GAR (Turnover)

	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T																
	Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)								
	Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				
	Of which specialised enabling lending				Of which specialised enabling lending				Of which specialised enabling lending				Of which specialised enabling lending				
Million euro																	
Collaterals obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	398.18	-	-	-	-
31	-	-	-	-	-	-	-	-	-	-	-	-	398.18	-	-	-	-
Other assets excluded from the numerator for GAR calculation (covered in the denominator)																	
32																	
Financial and non-financial corporations																	
33																	
SMEs and NFCs (Non-Financial Corporations other than SMEs) not subject to NFRD disclosure obligations																	
34																	
Loans and advances																	
35																	
of which loans collateralised by commercial immovable property																	
36																	
of which building renovation loans																	
37																	
Debt securities																	
38																	
Equity instruments																	
39																	
Non-EU country counterparties not subject to NFRD disclosure obligations																	
40																	
Loans and advances																	
41																	
Debt securities																	
42																	
Equity instruments																	
43																	
Derivatives																	
44																	
On demand interbank loans																	
45																	
Cash and cash related assets																	
46																	
Other assets (e.g. goodwill, commodities, etc.)																	
47																	
48 Total GAR assets	40.62	-	-	-	2.38	-	-	-	0.02	-	-	-	35,115.60	3,292.68	2,556.40	41.76	506.11
Other assets not covered for GAR calculation																	
49																	
Sovereigns																	
50																	
Central banks exposure																	
51																	
Trading book																	
52																	
Total assets																	
53																	
Off-balance sheet exposures - Corporates subject NFRD disclosure obligations																	
54 Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	13.15	0.15	-	0.03	0.05
55 Assets under management	0.07	-	-	-	0.01	-	-	-	0.00	-	-	-	36.73	7.25	-	0.59	4.14
56 Of which debt securities	0.06	-	-	-	0.00	-	-	-	0.00	-	-	-	19.39	4.55	-	0.48	2.38
57 Of which equity instruments	0.01	-	-	-	0.01	-	-	-	-	-	-	-	16.17	2.70	-	0.10	1.76

(continued) Template 1: Assets for the calculation of GAR (Turnover)

Million euro	ag	ah	ai	aj	ak	al	Disclosure reference date T-1					at
	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)			Water and marine resources (WTR)		
	Of which towards taxonomy relevant sectors (taxonomy-eligible)						Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)		
Total (gross) carrying amount	Of which environmentally sustainable (taxonomy-aligned)						Of which environmentally sustainable (taxonomy-aligned)			Of which environmentally sustainable (taxonomy-aligned)		
	Of which specialised lending						Of which specialised lending			Of which specialised lending		
31 Collaterals obtained by taking possession: residential and commercial	518.77	518.77										
32 Other assets excluded from the numerator for GAR calculation (covered in the denominator)	95,570.22											
33 Financial and non-financial corporations	77,649.36											
34 SMEs and NFCs (Non-Financial Corporations other than SMEs) not subject to NFRD disclosure obligations	54,479.91											
35 Loans and advances	53,933.92											
36 of which loans collateralised by commercial immovable property	11,527.87											
37 of which building renovation loans	1.23											
38 Debt securities	356.62											
39 Equity instruments	189.37											
40 Non-EU country counterparties not subject to NFRD disclosure obligations	736.30											
41 Loans and advances	478.16											
42 Debt securities	258.14											
43 Equity instruments	0.00											
44 Derivatives	979.92											
45 On demand interbank loans	318.73											
46 Cash and cash related assets	454.39											
47 Other assets (e.g. goodwill, commodities, etc.)	16,167.83											
48 Total GAR assets	132,514.46	30,457.58	2,678.12	-	100.30	202.45	5.19	1.33	-	-	-	-
49 Other assets not covered for GAR calculation	54,631.47											
50 Sovereigns	31,831.28											
51 Central banks exposure	18,457.45											
52 Trading book	4,342.74											
53 Total Assets	187,145.93											
Off-balance sheet exposures - Corporates subject NFRD disclosure obligations												
54 Financial guarantees	429.12	3.06										
55 Assets under management	1,844.33	10.50	2.56		0.01	1.63	0.00					
56 Of which debt securities	74.43	4.58	1.16			0.76						
57 Of which equity instruments	129.23	5.00	1.40		0.01	0.88	0.00					

(continued) Template 1: Assets for the calculation of GAR (CapEx)

Million euro	a	b	c	d	e	f	Disclosure reference date T							n		
							Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)			
							Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)			Of which towards taxonomy relevant sectors (taxonomy-eligible)			
							Of which environmentally sustainable (taxonomy-aligned)	Of which specialised transitional lending	Of which enabling	Of which environmentally sustainable (taxonomy-aligned)	Of which specialised lending	Of which enabling	Of which environmentally sustainable (taxonomy-aligned)		Of which specialised lending	Of which enabling
Total (gross) carrying amount																
31 Collaterals obtained by taking possession: residential and commercial immovable properties	398.18	398.18														
32 Other assets excluded from the numerator for GAR calculation (covered in the denominator)	88,756.77															
33 Financial and non-financial corporations	73,578.04															
34 SMEs and NFCs (Non-Financial Corporations other than SMEs) not subject to NFRD disclosure obligations	52,758.66															
35 Loans and advances	52,075.91															
36 of which loans collateralised by commercial immovable property	10,497.52															
37 of which building renovation loans	0.93															
38 Debt securities	598.05															
39 Equity instruments	84.70															
40 Non-EU country counterparties not subject to NFRD disclosure obligations	858.62															
41 Loans and advances	482.88															
42 Debt securities	375.73															
43 Equity instruments	0.00															
44 Derivatives	1,033.27															
45 On demand interbank loans	252.64															
46 Cash and cash related assets	738.82															
47 Other assets (e.g. goodwill, commodities, etc.)	13,154.01															
48 Total GAR assets	130,447.49	35,373.36	3,681.71	2,556.40	41.46	702.84	184.79	20.85	-	0.14	121.06	-	-	-	-	-
49 Other assets not covered for GAR calculation	51,695.45															
50 Sovereigns	33,550.96															
51 Central banks exposure	12,136.44															
52 Trading book	6,008.06															
53 Total assets	182,142.94															
Off-balance sheet exposures - Corporates subject NFRD disclosure obligations																
54 Financial guarantees	780.28	8.05	0.22	-	0.02	0.07	6.59	0.02	-	0.00	0.03	-	-	-	-	-
55 Assets under management	2,096.91	32.68	13.84	-	0.90	7.19	7.13	0.63	-	0.00	0.30	-	-	-	-	-
56 Of which debt securities	171.37	21.13	8.93	-	0.83	4.59	1.60	0.38	-	0.00	0.28	-	-	-	-	-
57 Of which equity instruments	146.19	11.55	4.91	-	0.07	2.60	5.53	0.25	-	0.00	0.02	-	-	-	-	-

(continued) Template 1: Assets for the calculation of GAR (CapEx)

Million euro																	
	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T																
	Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)				Of which towards taxonomy relevant sectors (taxonomy-eligible)								
	Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				Of which environmentally sustainable (taxonomy-aligned)				
		Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling		
Collaterals obtained by taking possession: residential and commercial immovable properties																	
31	-	-	-	-	-	-	-	-	-	-	-	-	398.18	-	-	-	-
Other assets excluded from the numerator for GAR calculation (covered in the denominator)																	
33	Financial and non-financial corporations																
34	SMEs and NFCs (Non-Financial Corporations other than SMEs) not subject to NFRD disclosure obligations																
35	Loans and advances																
36	of which loans collateralised by commercial immovable property																
37	of which building renovation loans																
38	Debt securities																
39	Equity instruments																
40	Non-EU country counterparties not subject to NFRD disclosure obligations																
41	Loans and advances																
42	Debt securities																
43	Equity instruments																
44	Derivatives																
45	On demand interbank loans																
46	Cash and cash related assets																
47	Other assets (e.g. goodwill, commodities, etc.)																
48	22.21	-	-	-	1.50	-	-	-	16.29	-	-	-	35,719.21	3,702.57	2,556.40	41.46	702.98
49	Other assets not covered for GAR calculation																
50	Sovereigns																
51	Central banks exposure																
52	Trading book																
53	Total assets																
Off-balance sheet exposures - Corporates subject NFRD disclosure obligations																	
54	-	-	-	-	-	-	-	-	-	-	-	-	14.67	0.24	-	0.02	0.07
55	0.34	-	-	-	0.01	-	-	-	0.00	-	-	-	40.46	14.47	-	0.90	7.19
56	0.32	-	-	-	0.00	-	-	-	0.00	-	-	-	23.33	9.31	-	0.83	4.59
57	0.02	-	-	-	0.01	-	-	-	-	-	-	-	17.13	5.16	-	0.07	2.60

[illegible]

(continued) Template 1: Assets for the calculation of GAR (CapEx)

	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Million euro	Disclosure reference date T-1																
	Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Of which towards taxonomy relevant sectors (taxonomy-eligible)	Of which environmentally sustainable (taxonomy-aligned)	Of which specialised lending	Of which enabling	Of which towards taxonomy relevant sectors (taxonomy-eligible)	Of which environmentally sustainable (taxonomy-aligned)	Of which specialised lending	Of which enabling	Of which towards taxonomy relevant sectors (taxonomy-eligible)	Of which environmentally sustainable (taxonomy-aligned)	Of which specialised lending	Of which enabling	Of which towards taxonomy relevant sectors (taxonomy-eligible)	Of which environmentally sustainable (taxonomy-aligned)	Of which specialised lending	Of which enabling	
Collaterals obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	518.77	-	-	-	-
31 Other assets excluded from the numerator for GAR calculation (covered in the denominator)																	
32 Financial and non-financial corporations																	
33 SMEs and NFCs (Non-Financial Corporations other than SMEs) not subject to NFRD disclosure obligations																	
34 Loans and advances																	
35 of which loans collateralised by commercial immovable property																	
36 of which building renovation loans																	
37 Debt securities																	
38 Equity instruments																	
39 Non-EU country counterparties not subject to NFRD disclosure obligations																	
40 Loans and advances																	
41 Debt securities																	
42 Equity instruments																	
43 Derivatives																	
44 On demand interbank loans																	
45 Cash and cash related assets																	
46 Other assets (e.g. goodwill, commodities, etc.)																	
47 Total GAR assets	-	-	-	-	-	-	-	-	-	-	-	-	30,568.12	3,015.15	-	59.61	205.49
48 Other assets not covered for GAR calculation																	
49 Sovereigns																	
50 Central banks exposure																	
51 Trading book																	
52 Total assets																	
Off-balance sheet exposures - Corporates subject NFRD disclosure obligations																	
53 Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	3.12	-	-	-	-
54 Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	15.57	8.60	-	0.05	3.10
55 Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	7.04	3.91	-	-	2.25
56 Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	7.62	4.69	-	0.05	0.86

Breakdown by sector - NACE 4 digits level (code and label)	A	b	c	d	e	f	g	h	y	z	aa	ab
	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Non-financial corporations (subject to NFRD)		SMEs and other NFCs not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFCs not subject to NFRD		Non-financial corporations (subject to NFRD)		SMEs and other NFCs not subject to NFRD	
	(Gross) carrying amount	Of which environmental y sustainable (CCM)	Million euro	Of which environmental y sustainable (CCM)	(Gross) carrying amount	Million euro	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Million euro	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	A01.1.1 - Growing of cereals (except rice), leguminous crops and oil seeds	3.90	0.00		0.59	-			4.50	0.00		
2	B06.1.0 - Extraction of crude petroleum	37.73	5.55		-	-			37.73	5.55		
3	B08.1.2 - Operation of gravel and sand pits; mining of days and kaolin	0.23	0.03		-	-			0.23	0.03		
4	C10.5.1 - Operation of dairies and cheese making	2.84	0.09		-	-			2.84	0.09		
5	C10.7.3 - Manufacture of macaroni, noodles, couscous and similar farinaceous products	20.48	0.68		-	-			20.48	0.68		
6	C10.8.6 - Manufacture of homogenised food preparations and dietetic food	1.70	0.00		1.70	0.00			3.40	0.00		
7	C11.0.1 - Distilling, rectifying and blending of spirits	144.44	-		-	-			144.44	-		
8	C14.1.3 - Manufacture of other outerwear	0.03	-		-	-			0.03	-		
9	C14.3.9 - Manufacture of other knitted and crocheted apparel	35.83	-		-	-			35.83	-		
10	C15.2.0 - Manufacture of footwear	101.13	2.03		0.55	0.21			101.67	2.24		
11	C17.1.2 - Manufacture of paper and paperboard	2.80	-		-	-			2.80	-		
12	C17.2.3 - Manufacture of paper stationery	5.80	-		-	-			5.80	-		
13	C19.2.0 - Manufacture of refined petroleum products	208.90	42.82		-	-			208.90	42.82		
14	C20.1.1 - Manufacture of industrial gases	61.85	-		-	-			61.85	-		
15	C20.1.4 - Manufacture of other organic basic chemicals	69.49	10.21		-	-			69.49	10.21		
16	C20.4.2 - Manufacture of perfumes and toilet preparations	0.60	0.00		0.60	0.00			1.21	0.00		
17	C20.6.0 - Manufacture of man-made fibres	21.19	3.39		-	-			21.19	3.39		
18	C21.2.0 - Manufacture of pharmaceutical preparations	167.03	-		-	-			167.03	-		
19	C22.2.1 - Manufacture of plastic plates, sheets, tubes and profiles	0.00	-		-	-			0.00	-		
20	C22.2.9 - Manufacture of other plastic products	21.31	-		-	-			21.31	-		
21	C23.5.1 - Manufacture of cement	5.23	0.74		-	-			5.23	0.74		
22	C23.7.0 - Cutting, shaping and finishing of stone	0.22	0.00		-	-			0.22	0.00		
23	C24.1.0 - Manufacture of basic iron and steel and of ferroalloys	30.82	4.64		0.00	0.00			30.82	4.64		
24	C24.2.0 - Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	5.01	0.00		0.01	0.00			5.02	0.00		

Breakdown by sector - NACE 4 digits level (code and label)	A	b	c	d	e	f	g	h	y	z	aa	ab								
													Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
													Non-financial corporations (subject to NFRD)				Non-financial corporations (subject to NFRD)			
(Gross) carrying amount	Of which environmental y sustainable (CCM)	Million euro	Of which environmental y sustainable (CCM)	Million euro	Of which environmental y sustainable (CCA)	Million euro	Of which environmental y sustainable (CCA)	Million euro	Of which environmental y sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Million euro	Of which environmental y sustainable (CCM + CCA + WTR + CE + PPC + BIO)									
76	F43.2.2 - Plumbing, heat and air-conditioning installation	0.23	0.09	-	-	-	-	-	0.23	0.09	-	-								
77	F43.2.9 - Other construction installation	0.57	0.26	-	-	-	-	-	0.57	0.26	-	-								
78	F43.9.9 - Other specialised construction activities n.e.c.	13.33	9.64	0.31	0.30	0.31	0.30	0.31	13.65	9.94	-	-								
79	G45.1.1 - Sale of cars and light motor vehicles	0.06	0.04	0.06	0.04	0.06	0.04	0.06	0.12	0.08	-	-								
80	G46.1.8 - Agents specialised in the sale of other particular products	0.00	-	-	-	-	-	-	0.00	-	-	-								
81	G46.5.1 - Wholesale of computers, computer peripheral equipment and software	20.98	-	-	-	-	-	-	20.98	-	-	-								
82	G46.6.6 - Wholesale of other office machinery and equipment	0.63	-	-	-	-	-	-	0.63	-	-	-								
83	G46.6.9 - Wholesale of other machinery and equipment	1.73	-	-	-	-	-	-	1.73	-	-	-								
84	G46.7.1 - Wholesale of solid, liquid and gaseous fuels and related products	0.00	0.00	-	-	-	-	-	0.00	0.00	-	-								
85	G46.7.2 - Wholesale of metals and metal ores	1.44	-	-	-	-	-	-	1.44	-	-	-								
86	G47.1.1 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	78.60	-	-	-	-	-	-	78.60	-	-	-								
87	G47.1.9 - Other retail sale in non-specialised stores	26.10	1.13	-	-	-	-	-	26.10	1.13	-	-								
88	G47.7.4 - Retail sale of medical and orthopaedic goods in specialised stores	25.17	-	-	-	-	-	-	25.17	-	-	-								
89	G47.9.1 - Retail sale via mail order houses or via Internet	0.29	-	-	-	-	-	-	0.29	-	-	-								
90	H49.1.0 - Passenger rail transport, interurban	1.67	1.41	0.05	0.04	0.05	0.04	0.05	1.72	1.45	-	-								
91	H52.1.0 - Warehousing and storage	0.00	0.00	-	-	-	-	-	0.00	0.00	-	-								
92	H52.2.1 - Service activities incidental to land transportation	57.93	47.54	54.96	1.44	54.96	1.44	54.96	112.89	48.98	-	-								
93	H53.2.0 - Other postal and courier activities	24.13	-	-	-	-	-	-	24.13	-	-	-								
94	I55.1.0 - Hotels and similar accommodation	2.00	0.00	-	-	-	-	-	2.00	0.00	-	-								
95	J58.1.1 - Book publishing	0.00	-	-	-	-	-	-	0.00	-	-	-								
96	J58.1.3 - Publishing of newspapers	25.67	-	-	-	-	-	-	25.67	-	-	-								
97	J58.1.4 - Publishing of journals and periodicals	5.12	-	-	-	-	-	-	5.12	-	-	-								
98	J60.1.0 - Radio broadcasting	0.00	-	-	-	-	-	-	0.00	-	-	-								
99	J61.1.0 - Wired telecommunications activities	20.64	0.52	0.97	0.00	0.97	0.00	0.97	21.61	0.52	-	-								
100	J61.2.0 - Wireless telecommunications activities	9.14	0.09	-	-	-	-	-	9.14	0.09	-	-								
101	J61.9.0 - Other telecommunications activities	28.77	-	-	-	-	-	-	28.77	-	-	-								

Breakdown by sector - NACE 4 digits level (code and label)	A		b		c		d		e		f		g		h		y		z		aa		ab	
	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		SMEs and other NFCs not subject to NFRD		SMEs and other NFCs not subject to NFRD		SMEs and other NFCs not subject to NFRD		SMEs and other NFCs not subject to NFRD		SMEs and other NFCs not subject to NFRD		SMEs and other NFCs not subject to NFRD		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)		Non-financial corporations (subject to NFRD)		SMEs and other NFCs not subject to NFRD		SMEs and other NFCs not subject to NFRD	
	(Gross) carrying amount	Of which environmental y sustainable (CCM)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCM)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)	(Gross) carrying amount	Of which environmental y sustainable (CCA)
	Million euro		Million euro		Million euro		Million euro		Million euro		Million euro		Million euro		Million euro		Million euro		Million euro		Million euro		Million euro	
102 J62.0.1 - Computer programming activities	20.27	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.27	0.00	-	-	-	-	-	-
103 J62.0.2 - Computer consultancy activities	0.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.51	-	-	-	-	-	-	-
104 J62.0.9 - Other information technology and computer service activities	5.02	2.29	0.13	0.11	0.13	0.11	0.13	0.11	0.13	0.11	0.13	0.11	0.13	0.11	0.13	0.11	5.15	2.41	0.13	0.11	0.13	0.11	0.13	0.11
105 J63.1.2 - Web portals	0.08	-	0.02	-	0.02	-	0.02	-	0.02	-	0.02	-	0.02	-	0.02	-	0.10	-	0.10	-	0.10	-	0.10	-
106 K64.2.0 - Activities of holding companies	37.76	27.66	25.71	3.05	25.71	3.05	25.71	3.05	25.71	3.05	25.71	3.05	25.71	3.05	25.71	3.05	63.46	30.71	63.46	30.71	63.46	30.71	63.46	30.71
107 L68.1.0 - Buying and selling of own real estate	5.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.22	-	-	-	-	-	-	-
108 L68.2.0 - Renting and operating of own or leased real estate	13.31	-	0.14	-	0.14	-	0.14	-	0.14	-	0.14	-	0.14	-	0.14	-	13.44	-	13.44	-	13.44	-	13.44	-
109 L68.3.2 - Management of real estate on a fee or contract basis	0.02	-	0.01	-	0.01	-	0.01	-	0.01	-	0.01	-	0.01	-	0.01	-	0.03	-	0.03	-	0.03	-	0.03	-
110 M70.1.0 - Activities of head offices	1,180.09	509.75	104.23	3.70	104.23	3.70	104.23	3.70	104.23	3.70	104.23	3.70	104.23	3.70	104.23	3.70	1,284.32	513.45	1,284.32	513.45	1,284.32	513.45	1,284.32	513.45
111 M70.2.2 - Business and other management consultancy activities	12.31	-	0.08	-	0.08	-	0.08	-	0.08	-	0.08	-	0.08	-	0.08	-	12.39	-	12.39	-	12.39	-	12.39	-
112 M71.1.2 - Engineering activities and related technical consultancy	0.51	0.00	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.51	0.00	0.51	0.00	0.51	0.00	0.51	0.00
113 M72.1.9 - Other research and experimental development on natural sciences and engineering	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
114 M73.1.1 - Advertising agencies	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03	-	0.03	-	0.03	-
115 M73.1.2 - Media representation	1.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.44	-	1.44	-	1.44	-	1.44	-
116 N77.1.1 - Renting and leasing of cars and light motor vehicles	0.15	-	0.04	-	0.04	-	0.04	-	0.04	-	0.04	-	0.04	-	0.04	-	0.19	-	0.19	-	0.19	-	0.19	-
117 N78.2.0 - Temporary employment agency activities	33.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33.56	-	33.56	-	33.56	-	33.56	-
118 N79.1.1 - Travel agency activities	1.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.27	-	1.27	-	1.27	-	1.27	-
119 N82.3.0 - Organisation of conventions and trade shows	11.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.21	-	11.21	-	11.21	-	11.21	-
120 N82.9.1 - Activities of collection agencies and credit bureaus	60.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60.38	-	60.38	-	60.38	-	60.38	-
121 N82.9.9 - Other business support service activities n.e.c.	21.61	-	6.66	-	6.66	-	6.66	-	6.66	-	6.66	-	6.66	-	6.66	-	28.27	-	28.27	-	28.27	-	28.27	-
122 Q86.2.2 - Specialist medical practice activities	17.18	6.16	16.11	6.16	16.11	6.16	16.11	6.16	16.11	6.16	16.11	6.16	16.11	6.16	16.11	6.16	33.30	12.32	33.30	12.32	33.30	12.32	33.30	12.32
123 Q87.3.0 - Residential care services for the elderly and disabled	0.24	0.24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
124 S95.1.1 - Repair of computers and peripheral equipment	0.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22	-	0.22	-	0.22	-	0.22	-
125 S96.0.1 - Washing and (dry)cleaning of textile and fur products	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02	-	0.02	-	0.02	-

Template 3: GAR KPI (Stock turnover)

	a	b	c	d	e	f	g	h	Disclosure reference date T								p	q								
									Climate change mitigation (CCM)				Climate change adaptation (CCA)						Water and marine resources (WTR)				Circular economy (CE)			
									Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			
									Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			
									Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling							
GAR - Assets hedged in both the numerator and the denominator																										
1	Loans and advances, debt securities and equity instruments not held for trading, eligible for GAR calculation	26.48	2.52	1.96	0.03	0.32	0.04	0.00	-	0.00	0.06	-	-	-	0.03	-	-									
2	Financial corporations	0.47	0.03	-	0.00	0.00	0.01	0.00	-	0.00	0.00	-	-	-	0.00	-	-									
3	Credit institutions	0.42	0.02	-	0.00	0.00	0.00	0.00	-	0.00	-	-	-	-	-	-	-									
4	Loans and advances	0.02	0.00	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-									
5	Debt securities, including UoP	0.28	0.02	-	0.00	0.00	0.00	0.00	-	0.00	-	-	-	-	-	-	-									
6	Equity instruments	0.11	0.00	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-									
7	Other financial corporations	0.05	0.01	-	0.00	0.00	0.01	0.00	-	-	0.00	-	-	-	0.00	-	-									
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
16	of which insurance undertakings	0.01	0.00	-	0.00	0.00	0.01	0.00	-	-	-	-	-	-	-	-	-									
17	Loans and advances	0.00	0.00	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-									
18	Debt securities, including UoP	0.01	0.00	-	0.00	0.00	0.01	0.00	-	-	-	-	-	-	-	-	-									
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
20	Non-financial corporations	0.98	0.53	-	0.03	0.32	0.02	0.00	-	0.00	0.06	-	-	-	0.03	-	-									
21	Loans and advances	0.82	0.42	-	0.02	0.28	0.00	0.00	-	0.00	0.06	-	-	-	0.03	-	-									
22	Debt securities, including UoP	0.16	0.12	-	0.01	0.04	0.02	0.00	-	0.00	-	-	-	-	0.00	-	-									
23	Equity instruments	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
24	Households	25.04	1.96	1.96	-	-	-	-	-	-	-	-	-	-	-	-	-									
25	of which loans collateralised by residential immovable property	20.92	1.96	1.96	-	-	-	-	-	-	-	-	-	-	-	-	-									
26	of which building renovation loans	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
27	of which motor vehicle loans	0.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
29	Constitution financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
31	Collaterals obtained by taking possession: residential and commercial immovable properties	0.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
32	Total GAR assets	26.79	2.52	1.96	0.03	0.32	0.04	0.00	-	0.00	0.06	-	-	-	0.03	-	-									

(continued) Template 3: GAR KPI (Stock turnover)

	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
% (compared to total covered assets in the denominator)	Disclosure reference date T													
	Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)					
	Of which specialised lending				Of which specialised lending				Of which specialised lending					
GAR - Assets hedged in both the numerator and the denominator														
1 Loans and advances, debt securities and equity instruments not held for trading, eligible for GAR calculation	0.00	-	-	-	0.00	-	-	-	26.61	2.52	1.96	0.03	0.39	22.67
2 Financial corporations	0.00	-	-	-	0.00	-	-	-	0.48	0.03	-	0.00	0.00	2.15
3 Credit institutions	-	-	-	-	-	-	-	-	0.42	0.02	-	0.00	0.00	1.14
4 Loans and advances	-	-	-	-	-	-	-	-	0.02	0.00	-	0.00	0.00	0.07
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.28	0.02	-	0.00	0.00	0.81
6 Equity instruments	-	-	-	-	-	-	-	-	0.11	0.00	-	-	0.00	0.26
7 Other financial corporations	0.00	-	-	-	0.00	-	-	-	0.06	0.01	-	0.00	0.00	1.01
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	0.02	0.00	-	0.00	0.00	0.04
17 Loans and advances	-	-	-	-	-	-	-	-	0.00	0.00	-	0.00	0.00	0.00
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.02	0.00	-	0.00	0.00	0.04
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	0.00	-	-	-	0.00	-	-	-	1.10	0.53	-	0.03	0.39	2.49
21 Loans and advances	0.00	-	-	-	0.00	-	-	-	0.92	0.42	-	0.02	0.34	2.18
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.18	0.12	-	0.01	0.04	0.31
23 Equity instruments	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
24 Households	-	-	-	-	-	-	-	-	25.04	1.96	1.96	-	-	17.93
25 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	20.92	1.96	1.96	-	-	14.98
26 of which building renovation loans	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.02
27 of which motor vehicle loans	-	-	-	-	-	-	-	-	0.10	-	-	-	-	0.07
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
29 Construction financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
31 Collaterals obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	0.31	-	-	-	-	0.22
32 Total GAR assets	0.00	-	-	-	0.00	-	-	-	26.92	2.52	1.96	0.03	0.39	71.62

(continued) Template 3: GAR KPI (Stock turnover)

	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1													
% (compared to total covered assets in the denominator)	Pollution (PPC)			Biodiversity and ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)							
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)							
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)							
	Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling
GAR - Assets hedged in both the numerator and the denominator														
1 Loans and advances, debt securities and equity instruments not held for trading, eligible for GAR calculation	-	-	-	-	-	-	-	-	22.60	2.02	-	0.08	0.15	19.46
2 Financial corporations	-	-	-	-	-	-	-	-	0.41	-	-	-	-	2.36
3 Credit institutions	-	-	-	-	-	-	-	-	0.39	-	-	-	-	1.40
4 Loans and advances	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.58
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.33	-	-	-	-	0.79
6 Equity instruments	-	-	-	-	-	-	-	-	0.01	-	-	-	-	0.03
7 Other financial corporations	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.96
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
17 Loans and advances	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	-	-	-	-	-	-	-	-	0.98	0.39	-	0.08	0.15	1.98
21 Loans and advances	-	-	-	-	-	-	-	-	0.87	0.32	-	0.07	0.12	1.77
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.11	0.08	-	0.00	0.03	0.22
23 Equity instruments	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
24 Households	-	-	-	-	-	-	-	-	21.21	1.63	-	-	-	15.02
25 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	20.95	1.63	-	-	-	14.84
26 of which building renovation loans	-	-	-	-	-	-	-	-	0.06	-	-	-	-	0.04
27 of which motor vehicle loans	-	-	-	-	-	-	-	-	0.20	-	-	-	-	-
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
29 Construction financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
31 Collaterals obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	0.39	-	-	-	-	0.28
32 Total GAR assets	-	-	-	-	-	-	-	-	22.99	2.02	-	0.08	0.15	70.81

Template 3: GAR KPIs (CapEx stock)

%	(compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	Disclosure reference date T										p	q						
										Climate change mitigation (CCM)				Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)					
										Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
										Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional			Of which enabling		Of which specialised lending	Of which transitional	Of which enabling	
GAR - Assets hedged in both the numerator and the denominator																											
1	Loans and advances, debt securities and equity instruments not held for trading, eligible for GAR calculation	26.81	2.82	1.96	0.03	0.54	0.14	0.02	-	0.00	0.09	-	-	0.02	-	-	-										
2	Financial corporations	0.47	0.04	-	0.00	0.01	0.01	0.00	-	-	0.00	-	-	0.00	-	-	-										
3	Credit institutions	0.42	0.03	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-										
4	Loans and advances	0.02	0.00	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-										
5	Debt securities, including LoP	0.28	0.02	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-										
6	Equity instruments	0.11	0.00	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-										
7	Other financial corporations	0.05	0.01	-	0.00	0.00	0.01	0.00	-	0.00	-	-	-	0.00	-	-	-										
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
10	Debt securities, including LoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
14	Debt securities, including LoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
16	of which insurance undertakings	0.01	0.00	-	0.00	0.00	0.01	0.00	-	-	-	-	-	-	-	-	-										
17	Loans and advances	0.00	0.00	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-										
18	Debt securities, including LoP	0.01	0.00	-	0.00	0.00	0.01	0.00	-	-	-	-	-	-	-	-	-										
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
20	Non-financial corporations	1.30	0.83	-	0.03	0.53	0.13	0.01	-	0.00	0.09	-	-	0.02	-	-	-										
21	Loans and advances	1.06	0.63	-	0.02	0.45	0.08	0.01	-	0.00	0.09	-	-	0.01	-	-	-										
22	Debt securities, including LoP	0.24	0.20	-	0.01	0.08	0.04	0.00	-	0.00	0.00	-	-	0.00	-	-	-										
23	Equity instruments	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
24	Households	25.04	1.96	1.96	-	-	-	-	-	-	-	-	-	-	-	-	-										
25	of which loans collateralised by residential immovable property	20.92	1.96	1.96	-	-	-	-	-	-	-	-	-	-	-	-	-										
26	of which building renovation loans	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
27	of which motor vehicle loans	0.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
29	Construction financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
31	Collaterals obtained by taking possession: residential and commercial immovable properties	0.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
32	Total GAR assets	27.12	2.82	1.96	0.03	0.54	0.14	0.02	-	0.00	0.09	-	-	0.02	-	-	-										

(continued) Template 3: GAR KPIs (CapEx stock)

	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T													
	Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)					
% (compared to total covered assets in the denominator)	Of which specialised lending	Of which enabling	Of which enabling	Of which enabling	Of which enabling	Of which specialised lending	Of which specialised lending	Of which enabling	Of which enabling	Of which specialised lending	Of which specialised lending	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Assets hedged in both the numerator and the denominator														
1 Loans and advances, debt securities and equity instruments not held for trading, eligible for GAR calculation	0.00	-	-	-	0.01	-	-	-	27.08	2.84	1.96	0.03	0.54	22.67
2 Financial corporations	0.00	-	-	-	0.00	-	-	-	0.49	0.04	-	0.00	0.01	2.15
3 Credit institutions	-	-	-	-	-	-	-	-	0.42	0.03	-	0.00	0.00	1.14
4 Loans and advances	-	-	-	-	-	-	-	-	0.02	0.00	-	0.00	0.00	0.07
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.28	0.02	-	0.00	0.00	0.81
6 Equity instruments	-	-	-	-	-	-	-	-	0.11	0.00	-	-	0.00	0.26
7 Other financial corporations	0.00	-	-	-	0.00	-	-	-	0.06	0.01	-	0.00	0.00	1.01
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Loans and advances	-	-	-	-	-	-	-	-	0.02	0.00	-	0.00	0.00	0.04
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	0.00	0.00	-	0.00	0.00	0.00
19 Equity instruments	-	-	-	-	-	-	-	-	0.02	0.00	-	0.00	0.00	0.04
20 Non-financial corporations	0.00	-	-	-	0.01	-	-	-	1.55	0.84	-	0.03	0.53	2.49
21 Loans and advances	0.00	-	-	-	0.00	-	-	-	1.25	0.64	-	0.02	0.45	2.18
22 Debt securities, including UoP	0.00	-	-	-	0.01	-	-	-	0.30	0.20	-	0.01	0.09	0.31
23 Equity instruments	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
24 Households	-	-	-	-	-	-	-	-	25.04	1.96	1.96	-	-	17.93
25 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	20.92	1.96	1.96	-	-	14.98
26 of which building renovation loans	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.02
27 of which motor vehicle loans	-	-	-	-	-	-	-	-	0.10	-	-	-	-	0.07
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
29 Construction financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
31 Collaterals obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	0.31	-	-	-	-	0.22
32 Total GAR assets	0.00	-	-	-	0.01	-	-	-	27.38	2.84	1.96	0.03	0.54	71.62

Template 3: GAR KPIs (CapEx stock)

% (compared to total covered assets in the denominator)																	
GAR - Assets hedged in both the numerator and the denominator																	
Disclosure reference date T-1																	
Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			
Of which specialised lending						Of which transitional				Of which specialised lending				Of which specialised lending			
ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	
1 Loans and advances, debt securities and equity instruments not held for trading, eligible for GAR calculation																	
2 Financial corporations																	
3 Credit institutions																	
4 Loans and advances																	
5 Debt securities, including UoP																	
6 Equity instruments																	
7 Other financial corporations																	
8 of which investment firms																	
9 Loans and advances																	
10 Debt securities, including UoP																	
11 Equity instruments																	
12 of which management companies																	
13 Loans and advances																	
14 Debt securities, including UoP																	
15 Equity instruments																	
16 of which insurance undertakings																	
17 Loans and advances																	
18 Debt securities, including UoP																	
19 Equity instruments																	
20 Non-financial corporations																	
21 Loans and advances																	
22 Debt securities, including UoP																	
23 Equity instruments																	
24 Households																	
25 of which loans collateralised by residential immovable property																	
26 of which building renovation loans																	
27 of which motor vehicle loans																	
28 Local governments financing																	
29 Construction financing																	
30 Other local government financing																	
31 Collaterals obtained by taking possession: residential and commercial immovable properties																	
32 Total GAR assets																	

(continued) Template 3: GAR KPIs (CapEx stock)

	ax	ay	az	ba	bb	bc	Disclosure reference date T-1					bk			
							Pollution (PPC)			Biodiversity and ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)		
							Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		
							Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)		
							Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling
GAR - Assets hedged in both the numerator and the denominator															
1	Loans and advances, debt securities and equity instruments not held for trading, eligible for GAR calculation	-	-	-	-	-	-	-	22.68	2.28	-	0.04	0.16	19.46	
2	Financial corporations	-	-	-	-	-	-	-	0.27	-	-	-	-	2.36	
3	Credit institutions	-	-	-	-	-	-	-	0.26	-	-	-	-	1.40	
4	Loans and advances	-	-	-	-	-	-	-	0.03	-	-	-	-	0.58	
5	Debt securities, including UoP	-	-	-	-	-	-	-	0.23	-	-	-	-	0.79	
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	0.03	
7	Other financial corporations	-	-	-	-	-	-	-	0.01	-	-	-	-	0.96	
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	0.00	
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	0.00	
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	of which insurance undertakings	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00	
17	Loans and advances	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00	
18	Debt securities, including UoP	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00	
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Non-financial corporations	-	-	-	-	-	-	-	1.20	0.65	-	0.04	0.16	1.98	
21	Loans and advances	-	-	-	-	-	-	-	1.01	0.50	-	0.04	0.15	1.77	
22	Debt securities, including UoP	-	-	-	-	-	-	-	0.19	0.15	-	0.01	0.01	0.22	
23	Equity instruments	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00	
24	Households	-	-	-	-	-	-	-	21.21	1.63	-	-	-	15.02	
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	20.95	1.63	-	-	-	14.84	
26	of which building renovation loans	-	-	-	-	-	-	-	0.06	-	-	-	-	0.04	
27	of which motor vehicle loans	-	-	-	-	-	-	-	0.20	-	-	-	-	-	
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	0.10	
29	Construction financing	-	-	-	-	-	-	-	-	-	-	-	-	-	
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	0.10	
31	Collaterals obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	0.39	-	-	-	-	0.28	
32	Total GAR assets	-	-	-	-	-	-	-	23.07	2.28	-	0.04	0.16	70.81	

Template 4: GAR KPIs (Flow turnover)

% (compared to flow of total eligible assets)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	
	Disclosure reference date T																	
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)					
	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																		
1 Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation	16.34	2.45	1.75	0.04	0.44	0.03	0.00	-	0.00	0.05	-	-	-	-	0.07	-	-	
2 Financial corporations	0.73	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00	-	-	
3 Credit institutions	0.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4 Loans and advances	0.04	0.00	-	-	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	
5 Debt securities, including UoP	0.39	0.03	-	-	0.00	0.00	0.00	-	0.00	-	-	-	-	-	-	-	-	
6 Equity instruments	0.23	0.00	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	-	
7 Financial corporations	0.07	0.01	-	-	0.00	0.02	0.00	-	-	0.00	-	-	-	-	0.00	-	-	
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16 of which insurance undertakings	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
17 Loans and advances	0.00	0.00	-	-	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	
18 Debt securities, including UoP	0.02	0.00	-	-	0.00	0.02	0.00	-	-	-	-	-	-	-	-	-	-	
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20 Non-financial corporations	1.08	0.70	-	0.04	0.44	0.03	0.00	-	0.00	0.05	-	-	-	-	0.07	-	-	
21 NFCs subject to NFRD disclosure obligations	0.98	0.60	-	0.04	0.41	0.00	0.00	-	0.00	0.05	-	-	-	-	0.06	-	-	
22 Loans and advances	0.10	0.10	-	0.00	0.03	0.03	0.00	-	0.00	0.00	-	-	-	-	0.00	-	-	
23 Debt securities, including UoP	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
24 Equity instruments	14.53	1.75	1.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
25 Households	11.83	1.75	1.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
26 of which loans collateralised by residential immovable property	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
27 of which building renovation loans	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
28 of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
31 Collateral obtained by taking possession: residential and commercial immovable properties	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
32 Total GAR assets	16.34	2.45	1.75	0.04	0.44	0.03	0.00	-	0.00	0.05	-	-	-	-	0.07	-	-	

(continued) Template 4: GAR KPIs (Flow turnover)

	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T														
% (compared to flow of total eligible assets)	Pollution (PPC)			Biodiversity and ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)								
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)								
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)								
	Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling		Of which specialised lending	Of which enabling	
GAR - Covered assets in both numerator and denominator															
1 Loans and advances, debt securities and equity instruments not IFR eligible for GAR calculation	0.00	-	-	-	0.00	-	-	-	-	16.49	2.45	1.75	0.04	0.44	11.34
2 Financial corporations	0.00	-	-	-	0.00	-	-	-	-	0.73	-	-	-	-	1.76
3 Credit institutions	-	-	-	-	-	-	-	-	-	0.67	-	-	-	-	1.40
4 Loans and advances	-	-	-	-	-	-	-	-	-	0.04	0.00	-	-	0.00	0.10
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	0.39	0.03	-	-	0.00	0.92
6 Equity instruments	-	-	-	-	-	-	-	-	-	0.23	0.00	-	-	0.00	0.38
7 Financial corporations	0.00	-	-	-	0.00	-	-	-	-	0.09	0.01	-	-	0.00	0.37
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.06
17 Loans and advances	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	0.04	0.01	-	-	0.00	0.06
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	0.00	-	-	-	-	-	-	-	-	1.22	0.70	-	0.04	0.44	1.72
21 NFCs subject to NFRD disclosure obligations	0.00	-	-	-	-	-	-	-	-	1.09	0.60	-	0.04	0.41	1.49
22 Loans and advances	-	-	-	-	-	-	-	-	-	0.13	0.10	-	0.00	0.03	0.23
23 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
24 Equity instruments	-	-	-	-	-	-	-	-	-	14.53	1.75	1.75	-	-	7.83
25 Households	-	-	-	-	-	-	-	-	-	11.83	1.75	1.75	-	-	6.37
26 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.02
27 of which building renovation loans	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.01
28 of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
29 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Total GAR assets	0.00	-	-	-	0.00	-	-	-	-	16.49	2.45	1.75	0.04	0.44	53.87

Template 4: GAR KPIs (Flow CapEx)

% (compared to flow of total eligible assets)																	
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	
		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			
		Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling	
GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation																
2	Financial corporations																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments																
7	Financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments																
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments																
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments																
20	Non-financial corporations																
21	NFCs subject to NFRD disclosure obligations																
22	Loans and advances																
23	Debt securities, including UoP																
24	Equity instruments																
25	Households																
26	of which loans collateralised by residential immovable property																
27	of which building renovation loans																
28	of which motor vehicle loans																
29	Local governments financing																
30	Other local government financing																
31	Collateral obtained by taking possession: residential and commercial immovable properties																
32	Total GAR assets																

(continued) Template 4: GAR KPIs (Flow CapEx)

	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T													
	Pollution (PPC)							Biodiversity and ecosystems (BIO)						
% (compared to flow of total eligible assets)	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)							Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)							Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						
	Of which aligned	Of which specialised lending	Of which enabling	Of which enabling	Of which enabling	Of which enabling	Of which enabling	Of which aligned	Of which specialised lending	Of which enabling	Of which enabling	Of which specialised lending	Of which enabling	Of which enabling
GAR - Covered assets in both numerator and denominator														
1 Loans and advances, debt securities and equity instruments not HIF eligible for GAR calculation	0.00	-	-	-	0.13	-	-	-	16.94	2.78	1.75	0.04	0.73	11.34
2 Financial corporations	0.00	-	-	-	0.00	-	-	-	0.74	-	-	-	-	1.76
3 Credit institutions	-	-	-	-	-	-	-	-	0.67	-	-	-	-	1.40
4 Loans and advances	-	-	-	-	-	-	-	-	0.04	0.00	-	-	0.00	0.10
5 Debt securities, including Ucp	-	-	-	-	-	-	-	-	0.40	0.03	-	-	0.01	0.92
6 Equity instruments	-	-	-	-	-	-	-	-	0.23	0.00	-	-	0.00	0.38
7 Financial corporations	0.00	-	-	-	0.00	-	-	-	0.10	0.02	-	-	0.00	0.37
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including Ucp	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including Ucp	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.06
17 Loans and advances	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00	0.00
18 Debt securities, including Ucp	-	-	-	-	-	-	-	-	0.05	0.01	-	-	0.00	0.06
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations	0.00	-	-	-	0.13	-	-	-	1.66	1.02	-	0.04	0.73	1.72
21 NFCs subject to NFRD disclosure obligations	0.00	-	-	-	0.11	-	-	-	1.43	0.86	-	0.03	0.66	1.49
22 Loans and advances	0.00	-	-	-	0.02	-	-	-	0.23	0.17	-	0.01	0.07	0.23
23 Debt securities, including Ucp	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
24 Equity instruments	-	-	-	-	-	-	-	-	14.53	1.75	1.75	-	-	7.83
25 Households	-	-	-	-	-	-	-	-	11.83	1.75	1.75	-	-	6.37
26 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.02
27 of which building renovation loans	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.01
28 of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
29 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
32 Total GAR assets	0.00	-	-	-	0.13	-	-	-	16.94	2.78	1.75	0.04	0.73	53.87

Template 5: KPIs for off-balance sheet exposures (Stock CapEx)

% (compared to total eligible off-balance sheet assets)														
Disclosure reference date T														

(continued) Template 5: KPIs for off-balance sheet exposures (Stock CapEx)

% (compared to total eligible off-balance sheet assets)	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae						
	Disclosure reference date T																							
	Circular economy (CE)						Pollution (PPC)						Biodiversity and ecosystems (BIO)						TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)					
	Of which specialised lending						Of which specialised lending						Of which specialised lending						Of which specialised lending					
	Of which enabling						Of which enabling						Of which enabling						Of which enabling					
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	1.88	0.03	-	0.00	0.01						
	Assets under management (AuM KPI)	0.02	-	-	-	0.00	-	-	0.00	-	-	-	-	1.93	0.69	-	0.04	0.34						

Template 5: KPIs for off-balance sheet exposures (Flow turnover)

	Disclosure reference date T											
	a	b	c	d	e	f	g	h	i	j	k	m
	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
	Of which specialised lending						Of which specialised lending					
	Of which transitional						Of which specialised enabling					
	Of which enabling						Of which specialised enabling					
	Of which enabling						Of which specialised enabling					
	Of which enabling						Of which specialised enabling					
1 Financial guarantees (FinGuar KPI)	1.70	0.03	-	-	0.01	1.01	-	-	-	-	-	-
2 Assets under management (AuM KPI)	2.80	0.55	-	0.10	0.34	0.79	0.03	-	0.02	-	-	-

(continued) Template 5: KPIs for off-balance sheet exposures (Flow turnover)

	Disclosure reference date T											
	n	o	p	q	r	s	t	u	v	w	x	z
	Circular economy (CE)						Pollution (PPC)					
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
	Of which specialised enabling						Of which specialised enabling					
	Of which enabling						Of which specialised enabling					
	Of which enabling						Of which specialised enabling					
	Of which enabling						Of which specialised enabling					
	Of which enabling						Of which specialised enabling					
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	0.01	-	-	-	0.00	-	-	-	0.00	-	-	-

% (compared to total eligible off-balance sheet assets)														
	a	b	c	d	e	f	g	h	i	j	k	l	m	
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)			
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			
	Of which specialised lending					Of which specialised lending					Of which specialised lending			
1	1.72	0.04	-	-	0.02	1.41	0.00	-	0.00	0.01	-	-	-	
2	1.81	0.60	-	0.03	0.39	0.62	0.05	-	-	0.04	-	-	-	

(continued) Template 5: KPIs for off-balance sheet exposures (Flow CapEx)

% (compared to total eligible off-balance sheet assets)	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae				
	Disclosure reference date T																				
	Circular economy (CE)								Pollution (PPC)				Biodiversity and ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)		Of which specialised lending		Of which specialised lending		Of which specialised lending		Of which specialised lending		Of which specialised lending		Of which specialised lending		Of which specialised lending		Of which specialised lending				
1	Financial guarantees [FinGuar KPI]	-	-	-	-	-	-	-	-	-	-	-	3.14	0.04	-	-	0.02				
2	Assets under management [AuM KPI]	0.05	-	-	-	-	-	-	0.00	-	-	-	2.52	0.65	-	0.03	0.39				

Annex XII - Additional information on nuclear and fossil gas related activities

Template Annex XII: disclosure on nuclear and fossil gas related activities (GAR stock)

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities		Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		Yes/No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	9.21	0.01	9.21	0.01	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.03	0.00	0.03	0.00	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.05	0.00	0.05	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3,283.38	2.52	3,281.13	2.52	2.25	0.00
8	Total applicable KPI	3,292.68	2.52	3,290.43	2.52	2.25	0.00

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	9.21	0.28	9.21	0.28	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.03	0.00	0.03	0.00	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.05	0.00	0.05	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	3,283.38	99.72	3,281.13	99.72	2.25	100.00
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	3,292.68	100.00	3,290.43	100.00	2.25	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.04	0.00	0.04	0.00	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	10.96	0.01	10.96	0.01	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	19.22	0.01	19.22	0.01	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.14	0.00	0.14	0.00	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	31,665.44	24.27	31,619.95	24.24	45.50	0.03
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	31,695.80	24.30	31,650.31	24.26	45.50	0.03

Template 5: Taxonomy non-eligible economic activities - Turnover

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	2.29		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.93		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	95,455.79		73.18	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	95,459.01		73.18	

Template 2 - Taxonomy-aligned economic activities (denominator) - CapEx

Economic activities	a	b	c	d	e	f	
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)						
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)		
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	1.34	0.00	1.34	0.00	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	7.86	0.01	7.86	0.01	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.36	0.00	0.36	0.00	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3,692.97	2.83	3,672.12	2.82	20.85	0.02
8	Total applicable KPI	3,702.57	2.84	3,681.71	2.82	20.85	0.02

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	1.34	0.04	1.34	0.04	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	7.86	0.21	7.86	0.21	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.36	0.01	0.36	0.01	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	3,692.97	99.74	3,672.12	99.74	20.85	100.00
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	3,702.57	100.00	3,681.71	100.00	20.85	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Economic activities	a		b		c		d		e		f	
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)							
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											
	-		-		-		-		-		-	
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											
	-		-		-		-		-		-	
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											
	0.03		0.00		0.03		0.00		-		-	
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											
	5.08		0.00		4.71		0.00		0.38		0.00	
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											
	15.21		0.01		15.21		0.01		-		-	
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											
	0.21		0.00		0.21		0.00		-		-	
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI											
	31,835.04		24.40		31,671.48		24.28		163.56		0.13	
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI											
	31,855.58		24.42		31,691.64		24.29		163.94		0.13	

Template 5: Taxonomy non-eligible economic activities - CapEx

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	7.15		0.01	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	1.04		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.74		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	94,880.40		72.73	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	94,889.34		72.74	

Template Annex XII: Disclosure on nuclear and fossil gas related activities (GAR flow)

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities		Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		Yes/No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.00	0.00	0.00	0.00	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	2.04	0.00	2.04	0.00	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.02	0.00	0.02	0.00	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.03	0.00	0.03	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI					
	1,479.43	2.45	1,478.58	2.45	0.85	0.00
8	Total applicable KPI					
	1,481.52	2.45	1,480.67	2.45	0.85	0.00

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	2.04	0.14	2.04	0.14	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.03	0.00	0.03	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,479.43	99.86	1,478.58	99.86	0.85	100.00
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,481.52	100.00	1,480.67	100.00	0.85	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	1.15	0.00	1.15	0.00	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	7.01	0.01	7.01	0.01	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.06	0.00	0.06	0.00	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,393.21	13.90	8,377.75	13.88	15.46	0.03
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	8,401.45	13.92	8,385.99	13.89	15.46	0.03

Template 5: Taxonomy non-eligible economic activities - Turnover

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.43		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.23		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	50,491.85		83.63	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	50,492.51		83.63	

Template 2 - Taxonomy-aligned economic activities (denominator) - CapEx

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.28	0.00	0.28	0.00	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	1.68	0.00	1.68	0.00	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.01	0.00	0.01	0.00	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.22	0.00	0.22	0.00	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.01	0.00	0.01	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI					
	1,673.96	2.77	1,664.46	2.76	9.49	0.02
8	Total applicable KPI					
	1,676.15	2.78	1,666.66	2.76	9.49	0.02

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.28	0.02	0.28	0.02	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	1.68	0.10	1.68	0.10	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.22	0.01	0.22	0.01	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,673.96	99.87	1,664.46	99.87	9.49	100.00
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,676.15	100.00	1,666.66	100.00	9.49	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02	0.00	0.02	0.00	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.80	0.00	0.73	0.00	0.07
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	3.55	0.01	3.55	0.01	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.06	0.00	0.06	0.00	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,405.93	13.92	8,375.52	13.87	30.41
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	8,410.35	13.93	8,379.87	13.88	30.48

Template 5: Taxonomy non-eligible economic activities - CapEx

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	1.73		0.00	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.22		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.18		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	50,286.84		83.29	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	50,288.97		83.29	

Template Annex XII: Disclosure on nuclear and fossil gas related activities (AUM KPI stock)

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities		Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		Yes/No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.00	0.00	0.00	0.00	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.00	0.00	0.00	0.00	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.39	0.02	0.39	0.02	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.00	0.00	0.00	0.00	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI					
	0.00	0.00	0.00	0.00	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI					
	6.86	0.33	6.67	0.32	0.19	0.01
8	Total applicable KPI					
	7.25	0.35	7.06	0.34	0.19	0.01

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Economic activities		a	b	c		d		e	f	
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)								
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)				
		Amount	Percentage	Amount	Percentage	Amount	Percentage			
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-			
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-			
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.39	5.37	0.39	5.51	-	-			
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-			
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-			
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-			
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	6.86	94.62	6.67	94.48	0.19	100.00			
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	7.25	100.00	7.06	100.00	0.19	100.00			

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
4 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.47	0.02	0.47	0.02	-	-
5 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	1.21	0.06	1.21	0.06	-	-
6 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	27.53	1.31	19.95	0.95	7.58	0.36
8 Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	29.22	1.39	21.63	1.03	7.58	0.36

Template 5: Taxonomy non-eligible economic activities - Turnover

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.08		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2,060.35		98.26	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	2,060.44		98.26	

Template 2: Taxonomy-aligned economic activities (denominator) - CapEx

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.09	0.00	0.09	0.00	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.46	0.02	0.46	0.02	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	13.92	0.66	13.29	0.63	0.63	0.03
8 Total applicable KPI	14.47	0.69	13.84	0.66	0.63	0.03

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.09	0.63	0.09	0.66	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.46	3.19	0.46	3.33	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.01	0.00	0.01	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	13.92	96.17	13.29	95.99	0.63	100.00
8 Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	14.47	100.00	13.84	100.00	0.63	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
4 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.19	0.01	0.19	0.01	0.00	0.00
5 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.80	0.04	0.80	0.04	-	-
6 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
7 Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	24.33	1.16	17.84	0.85	6.50	0.31
8 Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	25.34	1.21	18.84	0.90	6.50	0.31

Template 5: Taxonomy non-eligible economic activities - CapEx

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.06		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2,057.03		98.10	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	2,057.10		98.10	

Template Annex XII: Disclosure on nuclear and fossil gas related activities (AUM KPI flow)

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities		Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		Yes/No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3.98	0.58	3.79	0.55	0.19	0.03
8 Total applicable KPI	3.98	0.58	3.80	0.55	0.19	0.03

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.04	0.00	0.04	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	3.98	99.96	3.79	99.96	0.19	100.00
8 Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	3.98	100.00	3.80	100.00	0.19	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities		a		b		c		d		e		f	
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
		TOTAL (CCM + CCA)				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
		Amount		Percentage		Amount		Percentage		Amount		Percentage	
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-		-		-		-		-	
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-		-		-		-		-	
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00		0.00		0.00		-		-	
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.04		0.01		0.04		0.01		-		-	
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.32		0.05		0.32		0.05		-		-	
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00		0.00		0.00		-		-	
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	20.46		2.96		15.19		2.20		5.28		0.76	
8	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	20.82		3.02		15.54		2.25		5.28		0.76	

Template 5: Taxonomy non-eligible economic activities - Turnover

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	665.48		96.40	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	665.50		96.41	

Template 2: Taxonomy-aligned economic activities (denominator) - CapEx

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4.52	0.65	4.16	0.60	0.36	0.05
8 Total applicable KPI	4.52	0.65	4.16	0.60	0.36	0.05

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

Economic activities		a		b		c		d		e		f	
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)							
		Amount	Percentage	Amount	Percentage	Amount	Percentage						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		-	-	-	-	-	-	-	-			
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		0.00	0.00	0.00	0.00	-	-	-	-			
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		0.00	0.05	0.00	0.05	-	-	-	-			
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		-	-	-	-	-	-	-	-			
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		0.00	0.00	0.00	0.00	-	-	-	-			
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		0.00	0.00	0.00	0.00	-	-	-	-			
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI		4.52	99.95	4.16	99.95	0.36	100.00					
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI		4.52	100.00	4.16	100.00	0.36	100.00					

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.21	0.03	0.21	0.03	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	12.04	1.74	8.11	1.17	3.93	0.57
8	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	12.27	1.78	8.34	1.21	3.93	0.57

Template 5: Taxonomy non-eligible economic activities - CapEx

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01		0.00	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	673.50		97.57	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	673.51		97.57	

Template Annex XII: Disclosure on nuclear and fossil gas related activities (finguar KPI stock)

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities		Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		Yes/No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0.14	0.02	0.13	0.02	0.01	0.00
8 Total applicable KPI	0.15	0.02	0.14	0.02	0.01	0.00

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Economic activities	a		b		c		d		e		f	
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
	TOTAL (CCM + CCA)				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	Amount		Percentage		Amount		Percentage		Amount		Percentage	
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	0.01		5.24		0.01		5.44		-		-	
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI											
	0.14		94.76		0.13		94.56		0.01		100.00	
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI											
	0.15		100.00		0.14		100.00		0.01		100.00	

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
5 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
6 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	12.97	1.66	8.21	1.05	4.76	0.61
8 Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	13.00	1.67	8.24	1.06	4.76	0.61

Template 5: Taxonomy non-eligible economic activities - Turnover

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	767.13		98.31	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	767.13		98.31	

Template 2 - Taxonomy-aligned economic activities (denominator) - CapEx

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0.23	0.03	0.21	0.03	0.02	0.00
8	Total applicable KPI	0.24	0.03	0.22	0.03	0.02	0.00

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.01	3.11	0.01	3.42	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0.23	96.89	0.21	96.58	0.02	100.00
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	0.24	100.00	0.22	100.00	0.02	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	0.00	0.00
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14.39	1.84	7.82	1.00	6.56	0.84
8	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	14.40	1.85	7.84	1.00	6.56	0.84

Template 5: Taxonomy non-eligible economic activities - CapEx

Economic activities	a	b
	TOTAL (CCM + CCA)	
	Amount	Percentage
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	765.63	98.12
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	765.64	98.12

Template Annex XII: Disclosure on nuclear and fossil gas related activities (finguar KPI flow)

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities		Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
Fossil gas related activities		Yes/No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Economic activities		a		b		c		d		e		f	
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)							
		Amount	Percentage	Amount	Percentage	Amount	Percentage						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											-	
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											-	
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											-	
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											-	
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											-	
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI											-	
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI											-	
8	Total applicable KPI											-	

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Economic activities		a		b		c		d		e		f	
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)							
		Amount	Percentage	Amount	Percentage	Amount	Percentage						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		-	-	-	-	-	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		-	-	-	-	-	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		0.01	5.66	0.01	5.66	-	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		-	-	-	-	-	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		-	-	-	-	-	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI		-	-	-	-	-	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI		0.13	94.34	0.13	94.34	-	-	-	-	-	-	-
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI		0.13	100.00	0.13	100.00	-	-	-	-	-	-	-

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities	a	b	c	d	e	f
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
1 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
5 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
6 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7 Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	12.45	2.67	7.75	1.66	4.71	1.01
8 Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	12.49	2.68	7.78	1.67	4.71	1.01

Template 5: Taxonomy non-eligible economic activities - Turnover

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1 Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
2 Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
3 Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
4 Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00		0.00	
5 Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
6 Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-		-	
7 Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	453.09		97.29	
8 Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	453.09		97.29	

Template 2: Taxonomy-aligned economic activities (denominator) - CapEx

Economic activities		a		b		c		d		e		f	
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)							
		Amount	Percentage	Amount	Percentage	Amount	Percentage						
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-	-	-	-	-	-	-			
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-	-	-	-	-	-	-			
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		0.01	0.00	0.01	0.00	-	-	-	-			
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-	-	-	-	-	-	-			
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-	-	-	-	-	-	-			
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-	-	-	-	-	-	-			
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI		0.19	0.04	0.19	0.04	0.00	0.00	0.00	0.00			
8	Total applicable KPI		0.20	0.04	0.20	0.04	0.00	0.00	0.00	0.00			

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

Economic activities	a		b		c		d		e		f	
	Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
	TOTAL (CCM + CCA)				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	Amount		Percentage		Amount		Percentage		Amount		Percentage	
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	0.01		3.79		0.01		3.79		-		-	
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI											
	-		-		-		-		-		-	
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI											
	0.19		96.21		0.19		96.21		0.00		100.00	
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI											
	0.20		100.00		0.20		100.00		0.00		100.00	

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Economic activities		a	b	c	d	e	f
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		TOTAL (CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	0.00	0.00
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00	0.01	0.00	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14.36	3.08	7.80	1.67	6.56	1.41
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	14.38	3.09	7.81	1.68	6.56	1.41

Template 5: Taxonomy non-eligible economic activities - CapEx

Economic activities	a		b	
	TOTAL (CCM + CCA)			
	Amount		Percentage	
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		0.00	0.00
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		0.00	0.00
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		-	-
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI		451.14	96.87
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI		451.14	96.87

Template Annex X: Templates for key performance indicators (KPIs) of insurance and reinsurance undertakings

Template 2: Insurance Companies

Weighted average value of all investments that are directed at funding, or are associated with taxonomy-aligned economic activities with respect to the value of all assets covered by the KPI, with the following weights for investments in the undertaking:	
Based on turnover (%):	0.66
Based on CapEx (%):	1.27
Percentage of assets covered by the KPI relative to total investments (total financial assets managed). Excluding investments in sovereign entities.	
Coverage (%):	50.01
Weighted average value of all investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with the following weights for investments in the undertaking:	
Based on turnover (€ million):	56.93
Based on CapEx (€ million):	108.87
Monetary value of the assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage (€ million):	8,584.00

Additional complementary information: break down of the KPI denominator

Percentage of derivatives relative to total assets covered by the KPI:	
Percentage (%):	-
Proportion of exposures to financial and non-financial undertakings in the European Union not subject to the application of Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	
for non-financial undertakings (%):	5.55
for financial undertakings (%):	16.48
Proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to the application of Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	
for non-financial undertakings (%):	0.34
for financial undertakings (%):	1.28
Proportion of exposures to financial and non-financial undertakings subject to the application of Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	
for non-financial undertakings (%):	3.41
for financial undertakings (%):	3.98
Proportion of exposures to other counterparties over total assets covered by the KPI:	
Percentage (%):	0.29
Proportion of investments of the insurance or reinsurance undertaking other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:	
Percentage (%):	68.68
Value of all the investments that are funding economic activities that are not taxonomy-eligible, relative to the value of total assets covered by the KPI:	
Based on turnover (%):	97.02
Based on CapEx (%):	96.68
Value of all the investments that are funding taxonomy-eligible but not taxonomy-aligned activities relative to the value of total assets covered by the KPI:	
Based on turnover (%):	2.32
Based on CapEx (%):	2.05
Value in monetary amounts of derivatives	
Monetary amount (€ million):	0.00
Value of exposures to financial and non-financial undertakings in the European Union not subject to the application of Articles 19a and 29a of Directive 2013/34/UE:	
for non-financial undertakings (€ million):	476.07
for financial undertakings (€ million):	1,414.55
Value of exposures to financial and non-financial undertakings from non-EU countries not subject to the application of Articles 19a and 29a of Directive 2013/34/UE:	
for non-financial undertakings (€ million):	29.58
for financial undertakings (€ million):	110.02

Value of exposures to financial and non-financial undertakings subject to the application of Articles 19a and 29a of Directive 2013/34/EU:

for non-financial undertakings (€ million):	292.41
for financial undertakings (€ million):	341.54

Value of exposures to other counterparties:

Monetary amount (€ million)	24.54

Value of investments of the insurance or reinsurance undertaking other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:

Monetary amount (€ million)	5,895.29

Value of all the investments that are funding taxonomy-non-eligible economic activities:

Based on turnover (€ million):	8,327.89
Based on CapEx (€ million):	8,299.31

Value of all the investments that are funding taxonomy-eligible but not taxonomy-aligned economic activities:

Based on turnover (€ million):	199.18
Based on CapEx (€ million):	175.82

Additional complementary disclosures: breakdown of the KPI numerator**Proportion of taxonomy-aligned exposures to financial and non-financial undertakings subject to the application of Articles 19a and 29a of the Directive 2013/34/EU over total assets covered by the KPI:**

for non-financial undertakings (turnover %):	0.51
for non-financial undertakings (CapEx %):	1.10
for financial undertakings (turnover %):	0.10
for financial undertakings (CapEx %):	0.12

Proportion of investments of the insurance or reinsurance undertaking other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:

Percentage (turnover %):	0.05
Percentage (CapEx %):	0.05

Proportion of taxonomy-aligned exposures to other counterparties (real estate) over total assets covered by the KPI:

Other Assets and Other counterparties (turnover %):	-
Other Assets and Other counterparties (CapEx %):	-

Value of taxonomy-aligned exposures to financial and non-financial undertakings subject to the application of Articles 19a and 29a of the Directive 2013/34/EU over total assets covered by the KPI:

for non-financial companies (turnover € million):	44.06
for non-financial undertakings (CapEx € million):	94.59
for financial companies (turnover € million):	8.84
for financial undertakings (CapEx € million):	10.04

Value of investments of the insurance or reinsurance undertaking other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are, on the basis of the main activity carried out by the issuer (financial assets) or on the nature of the investment (real estate), directed at funding, or are associated with, taxonomy-aligned economic activities:

Based on turnover (€ million):	4.03
Based on CapEx (€ million):	4.24

Value of taxonomy-aligned exposures to other counterparties (real estate) over total assets covered by the KPI:

Other Assets and Other counterparties (turnover € million):	0.00
Other Assets and Other counterparties (CapEx € million):	0.00

Breakdown of the KPI numerator by environmental objective

Taxonomy-aligned activities	Turnover %	Turnover % - Transitional activities	Turnover % - Enabling activities	CapEx %	CapEx % - Transitional activities	CapEx % - Enabling activities
1) Climate change mitigation (CCM)	0.62	0.01	0.39	1.14	0.05	0.59
2) Climate change adaptation (CCA)	0.04	-	0.03	0.11	-	0.00
3) Sustainable use and protection of water and marine resources (WTR)	0.01	-	-	0.01	-	-
4) Transition to a circular economy (CE)	0.00	-	-	0.00	-	-
5) Pollution prevention and control (PPC)	-	-	-	-	-	-
6) Protection and restoration of biodiversity and ecosystems (BIO)	-	-	-	-	-	-

Template Annex XII: Templates for key performance indicators (KPIs) of insurance and reinsurance undertakings

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES

Fossil gas related activities

4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2: Taxonomy-aligned economic activities (denominator) - Turnover

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) - based on turnover					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
1. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7. Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	56.41	0.66	53.03	0.62	3.38	0.04
8. Total applicable KPI	56.41	0.66	53.03	0.62	3.38	0.04

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) - based on turnover					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
1. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7. Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	56.41	100.00	53.03	100.00	3.38	100.00
8. Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	56.41	100.00	53.03	100.00	3.38	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) - based on turnover					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
1. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
3. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
4. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.10	0.00	0.10	0.00	-	-
5. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.04	0.00	0.04	0.00	-	-
6. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7. Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	198.15	2.31	166.52	1.94	31.63	0.37
8. Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	198.30	2.31	166.66	1.94	31.63	0.37

Template 5: Taxonomy non-eligible economic activities - Turnover

Economic activities	based on turnover	
	Amount	%
1. Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
2. Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
3. Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.01	0.00
4. Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
5. Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
6. Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.04	0.00
7. Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,327.84	97.02
8. Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	8,327.89	97.02

Template 2: Taxonomy-aligned economic activities (denominator) - CapEx

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) - based on CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
1. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
6. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7. Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	107.95	1.26	98.14	1.14	9.81	0.11
8. Total applicable KPI	107.95	1.26	98.14	1.14	9.81	0.11

Template 3: Taxonomy-aligned economic activities (numerator) - CapEx

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) - based on CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
1. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
2. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
6. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7. Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	107.95	100.00	98.14	100.00	9.81	100.00
8. Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	107.95	100.00	98.14	100.00	9.81	100.00

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) - based on CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
1. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
4. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.05	0.00	0.05	0.00	-	-
5. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.02	0.00	0.02	0.00	-	-
6. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00	-	-
7. Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	175.12	2.04	146.39	1.71	28.73	0.33
8. Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	175.19	2.04	146.46	1.71	28.73	0.33

Template 5: Taxonomy non-eligible economic activities - CapEx

Economic activities	based on CapEx	
	Amount	%
1. Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
2. Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00
3. Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00
4. Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00
5. Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	-	-
6. Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.03	0.00
7. Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,299.27	96.68
8. Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	8,299.31	96.68

Consolidated KPI at Group level

	Net Revenues*	Share of total revenues	KPI Turnover	KPI CapEx
Bank	9,284,700	93.6%	2.52%	2.84%
Insurance	637,076	6.4%	0.66%	1.27%
Total	9,921,776	100%		
Banco BPM Group Summary KPI (weighted average)			2.40%	2.74%

* It should be noted that the amount of net revenues represented in the table refers to the reported values of the two specific businesses examined.

SOCIAL INFORMATION

Own workforce

The following table provides a description of the impacts, risks and opportunities that the Group has assessed as material in relation to own workforce following its dual materiality assessment.

ESRS topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Secure employment, Working hours	Positive impact	Own operations	Provide own workforce with a guarantee of stable and safe employment (permanent employment contract) and compliance with the working hours envisaged by the terms	S1-6 Characteristics of the undertaking's employees S1-7 Characteristics of non-employees in the undertaking's own workforce S1-11 Social protection
Adequate wages	Positive impact		Definition of competitive remuneration programmes based on the recognition of merit and on a system of benefits/welfare for own workforce and related families (e.g. incentives linked to performance/results obtained, welfare that can also be extended to family members)	S1-10 - Adequate wages
Social dialogue, Freedom of association, existence of company committees and information rights, consultation and participation of workers, Collective bargaining	Positive impact		Guarantee the right to free association for own workforce (e.g. forecasting and formalisation of periodic consultations between management and trade union representatives) and promotion of dialogue at all company levels through the definition of procedures that guarantee greater commitment to workers' legal representation through internal communication channels	S1-8 - Collective bargaining coverage and social dialogue
Work-life balance	Positive impact		Definition of initiatives aimed at guaranteeing the balance between private and professional life (e.g. implementation of programmes dedicated to well-being including programmes to encourage a healthy lifestyle, support for parental leave, the right to disconnect), increasing employee well-being	S1-15 - Work-life balance metrics
Health and safety	Negative impact		Possible cases of injuries/near-misses/occupational diseases/work-related stress and potential decrease in the psycho-physical wellness of people due to an ineffective application of preventive actions and procedures	S1-14 - Health and safety metrics
Gender equality and equal pay for work of equal value	Negative impact		Wage disparities between employees	S1-16 - Remuneration metrics (pay gap and total remuneration)
Training and skills development	Positive impact		Activation of initiatives to support training, skills development and enhancement of the potential and uniqueness of employees, also through the definition of talent management and development programmes, feedback procedures and regular assessments	S1-13 - Training and skills development metrics
Measures against workplace violence and harassment	Positive impact		Promotion of a climate of respect and open communication and activation of internal channels for reporting any discriminatory act/mobbing/harassment	S1-17 - Incidents, complaints and severe human rights impacts
Diversity, Employment and inclusion of people with disabilities	Positive impact		Creation and dissemination of a culture oriented towards Diversity & Inclusion and the enhancement of equal opportunities	S1-9 Diversity metrics S1-12 Persons with disabilities
Confidentiality	Positive impact		Definition of internal policies/systems aimed at protecting the data of resources, in order to prevent impractical use involving confidential information for business purposes, to the detriment of employees. The improvement of data protection and IT security skills is guaranteed thanks to training courses provided to employees and transparent disclosure	
Secure employment, Working hours	Opportunity		Increase in the Group's productivity, reduction in operating expenses linked to staff and attraction of young talent through the definition of Talent Management programmes to encourage generational turnover, hiring young resources including IT-Tech specialists	

Significant impacts, risks and opportunities for own workers and their interaction with the strategy and business model

Within the scope of this report, all the workers on which the Banco BPM Group could produce material impacts have been considered. Almost all of the Group's workers who make up own workforce subject to material impacts are employees hired on permanent contracts. In addition to these, the residual portion includes non-employees working at head office structures.

The material negative impacts identified within the dual materiality analysis consider the entirety of the workforce (in this regard, it should be noted that there are no specific categories of workers that by activity and/or context in which they operate and/or personal characteristics are more exposed to risks) and are attributable to individual episodes of workplace injuries and wage disparity, a phenomenon to be considered systemic within the broader socio-economic context in which the Group operates.

The activities implemented by the Group generate material positive impacts on employees through multiple initiatives undertaken for the following sustainability topics:

- working conditions and well-being of own workforce, through welfare and well-being plans, promotion of work-life balance, support for parenting;
- health and safety, through health care and insurance policies, programmes and training to promote physical and mental well-being;
- equal pay and opportunities, through fairness in recruitment and selection, promotion of a climate of respect and open communication, initiatives and training to protect diversity and disability, channels for listening to personal aspirations and performance assessment systems, incentives related to performance, enhancement of female talent and monitoring the gender pay gap, promotion of growth for young talents;
- protection of employee data and information privacy, also through the Annual Cybersecurity Training and Awareness-raising Plan.

For more information on the actions implemented by the Group, please see the section "Actions related to the management of IROs in relation to the working conditions and well-being of own workforce", "Actions related to the management of IROs in relation to health and safety", "Actions related to the management of IROs in relation to equal pay and opportunities for own workforce", "Actions related to the management of IROs in relation to the confidentiality and correct processing of own workforce data".

It should be noted that the Group does not generate specific positive and/or negative impacts on its own workforce deriving from transition plans aimed at reducing negative impacts on the environment and implementing greener and more climate-neutral operations. Lastly, as part of the dual materiality analysis conducted, no material risks were identified for the Group deriving from impacts and dependencies in terms of its own workforce. As the Group mainly operates in Italy and does not carry out activities in countries or geographical areas significantly affected by phenomena such as forced and compulsory labour or child labour, is not exposed to the related risks. Vice versa, an opportunity to increase the Group's talent attraction and productivity has been identified, strictly interconnected with the positive impacts generated on its own workforce as per the above-mentioned activities.

Processes for engaging with own workforce and channels for expressing concerns

Through stakeholder engagement activities, the perspectives and interests of its own workforce guide the Group's decisions and activities aimed at managing material impacts.

Specifically:

- the Group provides moments for sharing information, consultation and periodic discussions, usually on a fortnightly basis, with the Trade Unions, with the aim of fostering a climate of mutual listening and dialogue in the continuous search for fruitful industrial relations through constant and systematic trade union dialogue;
- the Group has ad hoc channels to facilitate the reporting of violations by its own workforce.

In this context, the Human Resources function of the Parent Company is given the operational responsibility of ensuring that this engagement takes place and that the results guide the Group's approach.

In addition, the Group activates ad hoc measures to better understand the prospects of its workers, including those who may be particularly vulnerable to impacts and/or marginalised.

By way of example, in addition to the Whistleblowing channel (please see the chapter "Business Conduct" for more details), the following is guaranteed:

- the provision of a "Listening Space" managed by authorised internal psychologists in order to provide support and accompaniment to deal with work and/or personal difficulties with the utmost confidentiality;

- the establishment of a mailbox (*segnalo@bancobpm.it*) dedicated to reporting harassment and discriminatory acts, which are managed in accordance with the provisions of the reference internal regulations;
- the provision, for each employee, of a representative of the Personnel Management structure with whom constant and continuous dialogue is maintained.

The Group strives to ensure the availability of these channels in the workplace. In this sense, a section of the company intranet is specifically dedicated to these channels (Whistleblowing), ad hoc thematic carousels and dedicated news/communications are periodically published.

With particular reference to the reports submitted by the alleged victims and/or by witnesses using the e-mail address *segnalo@bancobpm.it*, the Human Resources structures involved in the management process are: Diversity, Inclusion and Social (responsible for communicating to the whistleblower that the report has been accepted and providing, by telephone, all the indications on the process and on the management of the report itself), Labour Policies, Legal Human Resources with the possible support of Staff Management and, if deemed appropriate, also with the support of external lawyers in line with internal regulations on disciplinary measures.

The Group reserves the right to implement the appropriate management interventions, promptly and even before the analysis and in-depth exploration of the report are completed, also taking into account the seriousness of the situation. These activities are carried out in compliance with the rules and regulations in force and in full respect of the principles of confidentiality and fairness, as well as with the legislation on the protection of personal data. In this sense, both the Circular "Combating harassment, violence and all forms of discrimination in the workplace" and the Process Regulation "Internal whistleblowing system" expressly provide for the Group's commitment to protect the whistleblower, the alleged victim and anyone involved in the process of handling the report from any retaliation.

In order to monitor the reporting phenomena as well as the consequent procedures and measures adopted, the Diversity, Inclusion and Social structure, in coordination with the structures involved in the process, produces a specific report on an anonymous and aggregate basis, of which evidence is given to the company structures and Bodies concerned as part of the annual Sustainability Reporting of the Group.

The Human Resources Legal function collaborates with the Academy structure in the design and provision of training activities on these issues. Finally, at the end of the training sessions, an assessment questionnaire is provided to certify the actual understanding of the course contents and assess the level of awareness of the workforce with respect to the existence of channels, structures and processes on which to rely to communicate concerns or needs.

Policies related to own workforce

The main policies adopted by the Banco BPM Group to manage its own workforce are:

- Guidelines on respecting and safeguarding human rights;
- Guidelines on workplace health and safety;
- Remuneration policy;
- Regulation on IT security;
- Regulation on privacy, processing and protection of personal data (see Confidentiality and correct data processing).

In preparing the internal reference regulations for the management of IROs related to its own workforce, the Group complies with all national and international regulations on issues such as trafficking in human beings, forced or compulsory labour and child labour, which however has not been found within the contexts in which the Group operates.

Definition and monitoring of actions for own workforce

The Group has adopted and planned multiple actions in order to manage the main material issues related to relations with its own workforce, as well as to achieve the purposes and objectives of its internal policies. The actions adopted concern the material sustainability topics identified by the Group for its own workforce:

- working conditions and the well-being of its own workforce;
- health and safety;
- equal pay and equal opportunities;
- confidentiality and correct processing of data.

The resources committed by the Group for the implementation of the different actions refer to both financial resources, attributable to the dedicated budgets and assigned to the individual structures, company contributions and loans

obtained by using sector funds for financed training, and to human resources, attributable to staff involved in the management and organisation of the various initiatives.

In particular, the actions implemented by the Group and described in detail below promote the pursuit of the material opportunities identified during the dual materiality analysis, in relation to the possibility of increasing the Group's productivity and attracting young talent through the definition of Talent Management programmes and recruitment of young resources to encourage generational turnover.

Through constant dialogue with the workers of its own workforce, also with the support of specific reference figures of the Staff Management structure, the Group ensures monitoring the effectiveness of all the initiatives introduced for its own workforce, evaluating, among other things, its suitability in the event of actions aimed at mitigating negative impacts.

Process of defining objectives related to own workforce

The objectives defined by the Group concern the following material sustainability topics identified for its own workforce:

- working conditions and the well-being of its own workforce;
- health and safety;
- equal pay and equal opportunities.

The definition of sustainability objectives is part of the more complex process of drafting the Strategic Plan, to which the various company functions and Top Management contribute according to their specific sphere of competence. This process takes into account the issues and requests that emerged during the meetings with the workforce and workers' representatives who are periodically involved through participation in trade union discussions, as well as the performance recorded in previous years and the resources made available in determining company objectives. The process of defining sustainability objectives also requires the involvement of Top Management.

The monitoring of performance linked to the sustainability objectives included in the Strategic Plan is carried out, for the respective areas of competence, by the Planning and Value Management function and by the Transition and Sustainability function at least on a quarterly basis.

The performance measured periodically is compared with the predetermined interim targets in order to detect any gaps. The results of the monitoring activity are brought to the attention of the corporate bodies, also in order to direct any remediation actions activated by engaging the company structures responsible for pursuing the company objectives.

Working conditions and the well-being of own workforce

Policies related to working conditions and the well-being of own workforce

Guidelines on respecting and safeguarding human rights

The Guidelines on respecting and safeguarding human rights are applied by all Group Companies, both in the context of their operations and in the upstream and downstream value chain, and govern the principles, roles and responsibilities for respecting and safeguarding human rights, with particular attention to the direct and indirect impacts deriving from the choices and actions implemented by the Group Companies, guiding their strategic and operational choices.

The main objectives of the Guidelines in question are the definition and promotion of values that inspire the Group and which aim to promote respect for dignity, equity, equal opportunities, the enhancement of the specificities of each individual, inclusiveness, data and information protection; these values are also integrated in the Group's Code of Ethics and in all other internal regulations on the matter.

The principles outlined in the Guidelines encourage the development of initiatives dedicated to listening to, respecting and combating all forms of harassment and discrimination, recognising the value of diversity and inclusion to:

- manage and prevent negative impacts related to human rights, such as incidents of discrimination and harassment;
- foster positive impacts, such as the promotion of dialogue at all company levels and initiatives aimed at increasing employee well-being, as well as protecting the economic, social and cultural rights of communities and the freedom of expression of customers;
- seize opportunities to make the Group as attractive as possible in the labour market, with particular reference to young talents.

Through the aforementioned Guidelines, the ESG Committee ensures monitoring the implementation and alignment of corporate strategies and initiatives in the field of human rights protection.

By enforcing the Guidelines in question, the Group undertakes to respect:

- the UN Declaration of Human Rights;
- the European Convention on Human Rights;
- the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO) and subsequent related conventions;
- the initiative of the United Nations Global Compact for the promotion of a sustainable global economy, a voluntary initiative with which the Group has formally complied.

The highest management level responsible for the enforcement of the Guidelines coincides with the role of the Chief Executive Officer.

An extract of the Guidelines on respecting and safeguarding human rights is made available to all stakeholders on the Group's institutional website. Internal stakeholders can consult the full version of the document on the company intranet.

Actions related to the management of IROs in relation to working conditions and well-being of own workforce

The Group has adopted and planned multiple actions dedicated to safeguarding the working conditions and well-being of its people, contributing to increasing the ability to attract and retain talent, in line with the purposes and objectives of its internal policies. In particular, the main actions adopted in the reference year in this area are reported below:

- offer of a Welfare Plan and the free Welfare Coach service;
- offer of supplementary pension plan schemes, conventions and corporate recreational clubs;
- implementation of workplace well-being programmes;
- implementation of activities and contributions to support parenting;
- activation of specific training courses for work-life balance;
- consolidation of the #Respect programme and preparation of a netiquette manual for managing virtual meetings.

Welfare Plan, free Welfare Coach service offer, conventions and corporate recreational clubs

With reference to employees of Italian Companies¹ in the credit sector for the Professional Areas and Middle Manager categories, in 2024 the Group confirmed awarding a welfare budget and the possibility of transforming the company bonus into a welfare budget in 2025.

The service can be used through a welfare platform that can also be used via an app, and is dedicated to the purchase of goods and services for the family, mobility, leisure, health care, supplementary pension plan and the repayment of domestic utilities.

The Welfare Coach service was also activated for the two-year period 2024-2025, offered to all employees of the Italian Companies² operating in the credit and insurance sector, for an orientation, information and support service for the care of frail family members, offering educational guidance for children and for their own personal growth. The service is accompanied by timely information that also communicates the opportunities offered in terms of welfare by the public service.

In addition, the Group has provided the possibility of taking advantage of special agreements and conditions for the purchase of goods and services and participation in events, also through the corporate recreational clubs of workers, which involve, in addition to employees, also retired staff and family members.

Supplementary pension plan offer

With reference to all Italian companies operating in the credit and insurance sector³, the Group offers employees the opportunity to subscribe to one of the supplementary pension plans, identified on the basis of the Company to which they belong/origin and place of work, and granting a company contribution according to the person's choice to pay an individual contribution calculated on their remuneration. For some of these options, there is an additional possibility of registering the dependent family members for tax purposes.

¹ Banco BPM, Oaklins, Aletti Fiduciaria, Banca Aletti, Banca Akros

² Banco BPM, Oaklins, Aletti Fiduciaria, Banca Aletti, Banca Akros, Vera Vita and Banco BPM Vita

³ Banco BPM, Oaklins, Aletti Fiduciaria, Banca Aletti, Banca Akros, Vera Vita and Banco BPM Vita

Implementation of the "Taking care" programme for work well-being

The "Taking care" programme was implemented by the Group with the aim of improving the work well-being of families with children in different age groups, caregivers, women returning from maternity leave and new fathers. The programme envisages the provision of specific courses and webinars on the issues of care for people in the family unit and on financial inclusion in the family. In addition, families with children with disabilities are involved in the "Ability Parent Care" parenting support programme, tailored to the needs of the family unit. The programme is provided through webinars, which makes the courses easy to use by the entire Banco BPM Group.

Implementation of activities and contributions to support parenting

In order to improve the well-being of its own workforce and promote balance between work and family life, several activities related to parenting have been implemented that concern the employees of the credit companies.

During the summer, employees can take advantage of campuses dedicated to children between 6 and 16, with different types of stays offered at different times in both Italy and abroad. For each child aged between 0 and 12, a dedicated budget is also made available for the purchase of a gift for the Christmas holidays.

To provide significant support in caring for the children of employees during working hours, Banco BPM has a company crèche available at its Milan office, "Il giardino di Bez". Thanks to the agreement with the Municipality of Milan, the crèche welcomes around 70 children every year and is open to families in the neighbourhood, demonstrating the Group's commitment to the relationship with the community in which it operates.

Activation of specific training courses for work-life balance

The Group activated two training courses focused on improving work-life balance in 2024, helping to mitigate the negative impacts related to the risk of work-related stress. Specifically, the "Balancing Life and Work" workshop for all Group staff, aimed at transmitting new skills in reconciling the work with private life for greater effectiveness and organisational efficiency. The managerial workshop "Facilitating work-life balance", dedicated to figures who hold positions of responsibility, instead aimed at providing the management skills of their team to improve productivity while respecting work-life balance, encouraging regular feedback, meetings and effective communications.

Consolidation of the #Respect programme and preparation of a netiquette manual for virtual meetings

In line with the Strategic Plan, the Group is committed to consolidating and spreading a culture based on the value of respect and on the idea of a more accessible and inclusive company that values diversity, equity and inclusion. To this end, as part of the #Respect programme, the #Respect Tour was launched in October 2024, divided into a series of stops scheduled until December 2025 throughout the country, involving the company population at both the headquarters and in the network.

Taking its cue from the Manifesto Commitment of the #Respect programme, Banco BPM subsequently drew up a netiquette manual on the correct behaviour during virtual meetings. Made available to the entire Group, the document aims to stimulate behaviours that ensure respectful and inclusive communication, both in terms of language and in the methods with which company tools are used.

Objectives related to working conditions and the well-being of own workforce

The main objectives aimed at managing working conditions and the well-being of its own workforce as well as monitoring the effectiveness of policies and actions are:

- promoting generational turnover and investing in young talents;
- increasing the share of remote working for head office employees.

Promoting generational turnover and investing in young talents

In order to renew its workforce and contribute to the development of the new skills required to support business growth - by acquiring, in particular, new IT tech and cybersecurity skills - in the 2023-26 Strategic Plan, the Group has set out to hire 800 people under 30 on a permanent basis by 2026, envisaging that among the new IT tech specialists hired,

15% have specific cybersecurity skills.¹ This objective pursues the aim of internalising key skills to improve and strengthen the tech innovation, lean banking and cybersecurity sectors. With the recent approval of the update of the 2024-27 Strategic Plan, the objective was updated by envisaging the recruitment - aimed at generational turnover - of 800 people on a permanent basis over the 2025-26 time horizon. The 15% target on newly hired IT tech specialists with specific cybersecurity skills is confirmed and extended to 2027.

The objective in question is defined through specific business control and validation processes of the data and considering the results of a detailed discussion that involved the workers' representatives in dedicated trade union tables. In this discussion, the Group signed specific agreements for access to the extraordinary benefits of the Solidarity Fund, which made it possible to define a new target in terms of recruitment in the 2025-26 time horizon, leveraging the acceptance of requests for voluntary redundancy and on departures for benefiting from the incentivised retirement plan.

The figure as at 31 December 2024 shows the recruitment of 133 young people under 30, of which four are IT tech specialists with specific cybersecurity skills.

Increasing the share of remote working for head office employees

The Group expects to reach, by 2026, a share of remote working equal to 40% of the ordinary hours worked by employees of the headquarters.

Defined in the 2023-26 Strategic Plan and rescheduled by 2027 in the recent update of the 2024-27 Strategic Plan, the objective pursues various purposes in line with the Guidelines on respecting and safeguarding human rights, such as: the improvement of work-life balance and increase in the Group's attractiveness towards talents (in particular in the IT tech field), in addition to the consequent reduction of Scope 3 emissions deriving from commuting.

The Group has defined the objective based on the analytical data recorded through the internal attendance management system. In particular, the figure as at 31 December 2024, calculated considering the scope of the Banking Group, shows the achievement of a share of remote working equal to 33.8% of the ordinary hours worked.

Metrics related to the characteristics of employees and non-employees in own workforce

As at 31 December 2024, the Group had a total of 19,490 employees, counting each employee and/or person who carries out the majority of their activities in a Group Company as a "full-time equivalent" (hereinafter "FTE").

The Group also publishes the figure on the total number of employees in the Annual Financial Report in the section "Consolidated Financial Results".

The table below shows the breakdown of employees by type (gender and contract)

Employee type	Women	Men	Total
Number of permanent employees	9,108	10,379	19,487
Number of temporary employees	2	1	3
Number of employees with variable hours	0	0	0
Total	9,110	10,380	19,490
Number of full-time employees	5,998	10,157	16,155
Number of part-time employees	3,112	223	3,335

The Group recorded 529 employees who left in 2024 (and a consequent turnover rate of 2.71%), including in the count all the exits of employees of the Group and/or those who carry out most of their activities in a Group company. As at 31 December 2024, the Group had a total of 32 non-employed workers (of which two are self-employed and 30 are provided by companies that carry out staff recruitment, selection and provision activities), who carry out most of their activities in a Group Company, considering each person equivalent to an FTE.

The most common types of non-employed staff included in the count are collaborators, temporary workers and people on internships.

¹ Specifically, IT tech specialists are the figures hired in the Chief Innovation Officer Area (also "CIO") or graduates in STEM (specifically mathematics, statistics, IT, etc.). For the calculation of the percentage of IT tech specialists with specific cybersecurity skills, the resources hired in the Data Governance function and in the Logical and Physical Security structure are considered out of the total resources hired within the CIO Area.

Metrics related to adequate wages, remuneration and social protection

The Group states that all employees (100%) receive an adequate salary, considering the results of the analyses carried out on the salaries of the foreign Companies' workforce (based on the regulations in force in each country) and considering that in the Italian Companies, all workers have National Collective Labour Agreements applied. Collective Agreements are envisaged for 99.8% of the workers of the entire Group, as only employees hired in Ireland and Asia¹ are subject to individual bargaining.

The overall percentage of Group employees covered by workers' representatives is 99.71%, while that recorded for employees in Italy amounts to 99.98%, taking into account all those hired by the Companies based in Italy for which national bargaining in the credit sector and ANIA or with more than 15 employees is envisaged.

The ratio between the total annual remuneration of the person receiving the maximum remuneration at Group level and the median total annual remuneration of all Group employees (excluding the aforementioned person) is equal to 47.9. This ratio is calculated considering the total annual remuneration of each employee of all Group companies for the denominator, with the exception of BBPM Life, for which the average annual remuneration at Company level is considered for each employee.

All Group workers are covered by the social protection envisaged by the institutions of national legislation and national bargaining that intervene in the event of loss of income (understood as job loss) due to one of the important life events listed below: illness, unemployment from the moment the employee ceases working for the company (excluding employees at BBPM Life), workplace injuries and acquired disability, parental leave and retirement. It should be noted that the Credit Sector currently includes national bargaining institutions that can help in the event of a reduction/loss of work through the Solidarity Fund and the Employment Fund.

Health and safety

Policies related to the health and safety of own workforce

In line with the issues defined by the Code of Ethics, the guiding values of the decisions made by the Banco BPM Group incorporate the protection of people's health and safety, through a commitment to ensuring a work environment compliant with legal standards. The definition of the principles, roles and responsibilities regarding health and safety identified to promote the policies, internal processes regarding safety and well-being in the workplace, is based on:

- the main international treaties on the protection of human rights, with reference to safeguarding health and safety and, in particular:
 - the UN Declaration of Human Rights (articles 3 and 23);
 - Convention C155 on the health and safety of workers issued by the ILO (International Labour Organisation) on 22 June 1981;
 - the principles of the Global Compact promoted by the United Nations (principle 1.06);
 - the UN Sustainable Development Goals (UN Agenda 2030 - Goal 8);
- the applicable legal provisions.

For the health and safety area, the Group has adopted both prevention policies and a system for managing workplace injuries.

Guidelines on workplace health and safety

The Guidelines on workplace health and safety regulate the principles and controls on the prevention, management and reduction of negative impacts on health and safety, guaranteeing a work environment that complies with legal standards.

The general objective of the Guidelines in question, in line with what is expressed in the Code of Ethics, is the protection of the health and safety of people, paying particular attention to the following purposes:

- allowing staff and associates to engage in good conduct in their daily work activities, making available and keeping up-to-date the information on company safety;
- developing human resources by offering of a training plan aimed at continuously improving the skills of all employees, promoting involvement and enhancing their awareness of workplace health and safety issues;
- verifying the technical-professional suitability of partner firms and freelance associates.

¹ The colleagues hired in Asia are local staff who deal with financial brokerage aimed at facilitating foreign transactions between our company and local companies. As already explained, their employment relationship is regulated by individual bargaining.

The implementation of the aforementioned Guidelines, with reference to own operations, guarantees the management and mitigation of the negative impact detected during the DMA on the subject in question.

The Guidelines are applied by Banco BPM, Banca Akros S.p.A (including the subsidiary Oaklins Italy S.r.l.), Banca Aletti S.p.A. (including the subsidiary Aletti Fiduciaria S.p.A.), Banco BPM Vita S.p.A. (including the subsidiary Vera Vita S.p.A.) and Banco BPM Invest SGR S.p.A. at the level of its own operations and of the entire value chain. Specifically, they apply to all employees and all parties who come into contact with the activities carried out by the Group, as well as those who access its properties.

The Guidelines do not apply (by definition) to companies with no staff and therefore not subject to Italian Legislative Decree 81/2008 and to the company Ge.Se.So. S.r.l. and Banca Aletti & C. (Suisse) S.A. which ensure the monitoring and management of health and safety in accordance with the dictates established by law and the Code of Ethics.

The company BBPM Life adopts the "Health and Safety Statement", through which it undertakes to comply with the legal provisions in force deriving from the Safety, Health and Welfare at Work Act 2005 in compliance with Irish legislation and the principles of the Group Guidelines. The policy applies to all employees and all parties who enter or access the Company's offices and identifies the risks and control measures adopted, divided into the different sections.

The highest management level responsible for the enforcement of the Guidelines coincides with the role of the Chief Executive Officer.

The Compliance function and the Chief Innovation Officer are responsible for monitoring the Guidelines.

Specifically:

- the Compliance structure constantly monitors the evolution of EU and Italian legislation, identifying any need for updating with reference to operating processes;
- the Chief Innovation Officer, who represents the highest level of management responsible for the enforcement of the Guidelines on behalf of the Parent Company, and the relative structures reporting to them monitor the actual enforcement of the periodic verification activities within the health and safety management system at work.

Owing to the systematic framework of the internal processes and health and safety services integrated with the principles outlined above, Banco BPM's workplace health and management system is compliant with standard UNI EN ISO 45001:2018 - cited above and complies with the current legal provisions deriving from Italian Legislative Decree 81/2008.

The Guidelines are made available to all external stakeholders through the institutional website of Banco BPM. Internal stakeholders can consult the document on the company intranet.

Actions related to the management of IROs in relation to health and safety

The Group has adopted and planned multiple actions in order to manage material health and safety issues, as well as to achieve the purposes and objectives of its internal policies.

The health and safety management system is entrusted to an organisational structure that monitors all the aspects established by the regulations, including health surveillance activities. Aside from the central structure, there are also company physicians covering the entire country, one of which works as coordinator in risk assessments and the implementation of measures to protect the health and mental/physical integrity of employees.

The actions implemented by the Group in relation to health and safety illustrated below also include the activities implemented in response to and to mitigate the negative impacts identified during the dual materiality analysis and also defined within the Strategic Plan. In particular, given the negative impact on health and safety issues, the Group is committed to actions aimed at:

- offering prevention and care services related to the health and well-being of employees and their families through various forms of health care, as well as benefiting from the voluntary suspension of work which is partially paid, for personal and family needs;
- guaranteeing and promoting the psycho-physical well-being of workers, including the agile work measures described in the section "Use of agile working and initiatives aimed at promoting sustainable mobility".

Healthcare and insurance policies

Employees operating in Italy in the credit and insurance sectors can benefit from funds the Group has had in place for many years to provide concrete support to employees and their families. Having good health coverage makes it possible to deal with any health protection needs that may arise. The forms of healthcare offered by the Group cover

the healthcare and social and health expenses incurred by members, guaranteeing employees and their families the opportunity to economically benefit from additional or replacement services with respect to those provided by the Italian National Health Service. The Banco BPM Group contributes to the availability of the funds with economic payments that are added to the contributions paid by those enrolled.

In addition, the Group provides insurance coverage in the event of workplace injuries and those occurring outside of work and in the event of disability deriving from illness, in addition to the Long Term Care policy (also "LTC") of the credit sector for cases of loss of self-sufficiency due to accident or illness.

Promoting physical and mental well-being

With the aim of promoting healthy lifestyles, the Group has activated and developed various initiatives for the employees of all Companies operating in Italy. These include:

- the W@W (Wellbeing at Work) project that includes a dedicated section within the company intranet offering training courses on proper nutrition, stress management, physical activity, postural education and mental well-being, also offering the possibility of accessing free courses with specialists in these areas;
- for mental well-being, the W@W project also offers staff the opportunity to attend four sessions annually with a psychologist, in addition to the five already provided for by the "Listening Space" project, the initiative managed by authorised internal professionals and aimed at those who feel the need for support and accompaniment to deal with work and/or personal difficulty;
- through the OSA initiative, the Group has activated a non-competitive virtual challenge for employees. It consists of recording their physical activity on a dedicated platform, also allowing them to monitor the reduction of greenhouse gas emissions;
- to raise awareness of the importance of blood donations, the Group has launched a multi-year collaboration with AVIS, with the aim of expanding the involvement of employees of all Group companies operating in Italy, through periodic campaigns;
- to promote good practice in the field of prevention, it offered employees working in Milan and its province the opportunity to join the free lung cancer screening campaign at the European Institute of Oncology (IEO) in Milan.

Training to prevent and manage the risk of aggression

In order to support employees in acquiring effective management and communication techniques with aggressive customers and to help mitigate the negative impacts on their health, the Group has provided all staff with the "Prevention and aggression risk management" course in remote learning mode. Preceded by communications on how to prevent and manage external intimidating and/or aggressive events, the course focuses on creating greater awareness of traumatic events, such as robberies and assaults, providing some measures that can help those involved in such events. and illustrating to all participants the support path that can be activated in these cases.

Objectives related to the health and safety of own workforce

Increasing the share of remote working for head office employees

The objective of achieving a remote working share equal to 40% of the hours worked for employees at headquarters by 2027, described in detail in the section "Objectives relating to working conditions and the well-being of own workforce", contributes to mitigating the risk of work-related stress by improving work-life balance.

Health and safety metrics

The health and safety management system covers all Group employees (100%). In particular, with regard to health and safety, the Group recorded in 2024:

- 187 workplace injuries, with an injury rate of 6.3 (which corresponds to the number of injuries per one million hours worked)¹;
- 0 deaths due to work-related injuries and illnesses²;

¹ In calculating the rate of work-related injuries, the company divides the number of cases of work-related injuries reported to INAIL by the total number of hours worked by workers in the year, multiplied by 1,000,000.

² For the calculation of deaths due to work-related injuries and illnesses, the Group considers the number of deaths due to work-related illnesses and the number of work-related injuries recognised by INAIL (even if referring to previous years).

- One case of work-related illness¹ concerning an employee of the Company Ge.Se.So., exposed to different levels of risk than those in the banking and insurance sectors as it operates in the catering sector;
- 6,718 days lost due to injuries due to work-related injuries or illnesses².

Work-life balance metrics

All employees of all Group Companies are entitled to leave for family reasons, by virtue of social policy and/or collective agreements. The table below shows the percentage of employees who have taken leave for family reasons, considering the staff in service at the end of the period who received at least one leave of absence, including: maternity leave, paternity leave, childcare or family care.

	Women	Men	Total
Percentage of employees who are entitled to take leave for family reasons	100%	100%	100%
Percentage of eligible employees who took leave for family reasons	28%	17%	22%

Equal pay and opportunities for all

Policies related to equal pay and opportunities for own workforce

The Guidelines on respecting and safeguarding human rights, described in the section "Policies related to working conditions and the well-being of own workforce", are implemented by the Group in order to eliminate discrimination and harassment and to promote equal opportunities. The Guidelines are implemented through specific procedures that ensure discrimination is avoided, mitigated and addressed once detected, as well as to support inclusion and the enhancement of diversity.

In particular, in order to promote a participatory and professional work environment, in which all people are treated with dignity and respect, the Group contributes to spreading a culture of respect in relationships between people. From this perspective, the Group considers any type of behaviour that may be considered a threat to the dignity of the person who suffers it to be unacceptable, as it could compromise their health, confidence, morale, work motivation, work performance and the organisational climate. In addition, through the dissemination of specific internal Circulars, the Group guarantees the implementation of conduct consistent with the principles enshrined in the "Guidelines on respecting and safeguarding human rights" (referred to below) by defining ad hoc processes, by way of example for managing reports related to episodes of violence, harassment and discrimination (alongside, and without replacing, the Whistleblowing channel).

In line with the Code of Ethics, the Group is committed every day, in all areas in which it operates, to respecting human rights and promoting a culture focused on them, to combating and removing from conduct any form of discrimination, respecting and valuing differences in gender, age, ethnicity, nationality, religion, language, different abilities, sexual orientation and identity, political and trade union membership. All recipients of the Code of Ethics can report any violation of the Code itself or of the Model pursuant to Italian Legislative Decree 231/2001. The Group undertakes to carry out investigations in relation to any violations of which it becomes aware and to report them to the Supervisory Body through the dedicated IT platform or to the address that each Group company publishes on its institutional website. All recipients are also required to cooperate in internal investigations of violations and behaviour not in line with the Code of Ethics.

The Group implements line, second- and third-level controls to verify compliance with the principles set forth in the Guidelines on human rights and in the internal procedures issued in the application thereof. Human rights are integrated into the Group's risk management model and as such, are subject to periodic assessment as part of the broader corporate sustainability strategy.

The Group provides staff with appropriate channels to receive reports of alleged violations, reporting annually on performance in protecting human rights in terms of how it is managed and monitored, the risks identified, the results of assessment activities and management and mitigation actions.

In addition, the Human Resources function, through the Diversity, Inclusion and Social structure, designs and develops initiatives aimed at respecting individuals and their diversity and disabilities, as well as promoting gender, age and affective orientation, organisational well-being, social inclusion and equality.

¹ For the calculation of work-related illnesses, the Group considers the number of work-related illnesses recognised by INAIL (even if referring to previous years).

² For the calculation of days lost caused by injuries due to work-related injuries or illnesses, the Group considers the days of work lost due to injury, death or work-related illness reported to INAIL.

Finally, the Group consistently monitors the need to adapt its processes in response to new regulatory requirements or changes to existing requirements.

Remuneration policy

The "Remuneration Policy" (hereinafter also Policy), applied by the entire Group at the level of its own operations, defines the principles and elements of the Group's remuneration system, guaranteeing:

- criteria based on responsibilities, professional skills, seniority, merit, regardless of gender;
- operational leverage useful for attracting, motivating and retaining management and staff;
- reducing the risks taken on (including legal and reputational risks), protecting customers and increasing loyalty while also being careful to manage conflicts of interest;
- the creation of long-term value for the benefit of shareholders and in the interest of the Group's stakeholders.

At the same time, with reference to its own operations, the Policy also represents one of the levers implemented by the Group to manage the negative impact detected during the DMA on the issue of equal pay and to favour the positive impact linked to adequate salaries.

Through the implementation of the Policy, the Group undertakes to respect:

- the 37th update of Circular 285/2013, with which the Bank of Italy implemented the changes introduced by Directive 2019/878/EU (CRDV) and the "Guidelines for healthy remuneration policies" of the European Banking Authority (EBA);
- the "Provisions regarding the transparency of banking and financial transactions and services. Fairness of relationships between intermediaries and customers" with which the Bank of Italy, inter alia, implemented the "Guidelines on remuneration policies and practices for staff responsible for offering banking products and for third parties employed in the banking network sale", issued by the EBA in September 2016;
- the Intermediaries Regulation adopted by CONSOB with resolution 20307/2018 (art. 93) and most recently updated with Resolution of 28 July 2022, as well as Delegated Regulation 2017/565/EU which supplements Directive 2014/65/EU (MiFID II). The "Guidelines on certain aspects of MiFID II remuneration requirements" issued by the European Securities and Markets Authority (ESMA) are also relevant;
- IVASS Regulation 38 on the corporate governance of companies and insurance groups, which implements Directive 2009/138/EU (Solvency II), with which the Italian Insurance Authority (IVASS) implements the Guidelines of the European Insurance and Occupational Pensions Authority (EIOPA) on the corporate governance system and which contains the provisions relating to the remuneration policy;
- the deed amending the Implementing Regulation of articles 4-undecies and 6, paragraph 1, letters b) and c-bis) of the Consolidated Finance Law;
- articles 123-ter of Italian Legislative Decree 58/1998 and 84-quater of the Issuers' Regulation (CONSOB Resolution no. 11971/1999) apply, which have implemented the provisions contained in the Shareholder Rights Directive 2 (2017/828/EU). In addition, in terms of self-regulation, the Corporate Governance Code of January 2020 applies.

The highest level of management responsible for the enforcement of the Policy coincides with the Board of Directors. The Parent Company's Audit function verifies compliance of the procedures implemented by the Group and by the Group Companies with respect to the Policy approved and the regulations in force.

The same control activity is carried out in the insurance companies by the Internal Audit function.

When defining the Policy, the Group considers and integrates the interests of the various stakeholders inside and outside the Group in its remuneration system, and in particular:

- shareholders: the alignment of the interests of shareholders and management is guaranteed, recognising the latter part of the remuneration in shares;
- customers: the criteria used to assess increases in the fixed and variable components of remuneration of all staff comply with the remuneration requirements of MiFID II and do not create conflicts of interest that encourage staff to act against the interests of customers. In addition, the Remuneration Policy provides malus and claw-back mechanisms, which affect the incentive until it is eliminated, to discourage misconduct, further align the interests of staff with those of customers and adjust the variable remuneration if unlawful conduct towards the customer is ascertained;
- workforce: the 2024 Policy includes mechanisms which, in compliance with the legislative framework, enable the Group to attract and retain individuals whose professionalism and expertise meet the Company's needs,

with a view to achieving a competitive advantage and good governance. Pursuing internal fairness as regards remuneration has a profound impact on staff motivation and therefore, on performance; evaluating it with respect to the external labour market enables the best talents to be retained as well as attracting external ones. For this purpose, the Group has implemented a system for assessing positions with the support of a leading consultancy company using the international IPE (International Position Evaluation) methodology;

- Social Parties: the criteria and methods for determining and disbursing the company bonus, intended for non-executive staff of the banking Group companies that apply the National Credit Agreement, are subject to discussion and negotiation with the Social Parties.

The Policy is made available to all stakeholders on the Group's institutional website. Internal stakeholders can consult the document on the company intranet.

Actions related to the management of IROs in relation to equal treatment and opportunities for own workforce

The actions implemented by the Group in relation to equal pay and opportunities for its own workforce illustrated below also include the activities envisaged in response to and to mitigate the negative impacts identified during the dual materiality analysis and also defined within the Strategic Plan. In particular, given the negative impact on fair remuneration issues, the Group undertakes various actions, as described below, aimed at:

- promoting fairness in the recruitment and selection of staff;
- spreading the culture of respect and open communication and denouncing discriminatory acts;
- promoting accessibility and training for diversity and disability management;
- listening to individual professional aspirations and evaluating performance;
- implementing competitive remuneration programmes;
- enhancing female talent and monitoring the gender pay gap;
- favouring the coaching of young people and accelerated growth paths.

Promoting fairness in staff recruitment and selection

Within the context of staff selection, the Group has defined a standardised and fair process, applying objective and transparent selection criteria based on the competence and professionalism of the candidates which guarantees equal opportunities for all, as well as allowing the identification of the most suitable candidates in line with the vacant positions. Among the activities implemented for recruitment, Employer Branding initiatives allow the Banco BPM Group to interact with young university talents within career orientation programmes, career days, testimonials and projects in collaboration with the main universities, entering in contact with a large number of potential candidates. The initiatives are carried out for the benefit of all Group Companies operating in Italy and cover the entire country, in line with the recruitment objectives published in the Strategic Plan.

Spreading a climate of respect and open communication

Within the context of promoting a climate of respect and open communication within the workplace, the Banco BPM Group has implemented a series of actions and initiatives related to the issue of inclusion, dedicated to all employees of the Banco BPM Group:

- the "Dialogue between generations" project includes the delivery of a course with the aim of promoting knowledge of the characteristics of the different generations cooperating within the company;
- "The LGBTQAI+ Inclusion Journey" event, in collaboration with the Parks Liberi e Uguali Association, focused on strategies to prevent and deal with both systemic and occasional discriminatory practices;
- training and awareness-raising through video snippets published on the company intranet on the issues of stereotypes and prejudices related to inclusion, an online course on the topic of harassment and a webinar entitled "Financial education for inclusion and the prevention of economic violence";
- the agreement with Trade Unions to support people who are victims of violence, harassment and discrimination.

On the occasion of the international Day for the Elimination of Violence against Women, the Group has also published the new circular "Combating harassment, violence and all forms of discrimination in the workplace". In addition to the "Combating harassment, violence and all forms of discrimination" course for all employees activated in 2024, the circular provides specific training which will be provided to employees during 2025, in addition to training dedicated

to the people involved in the Whistleblowing Process. In addition, inclusion initiatives on the issue of emotional, sexual orientation and gender identity will continue in 2025.

Promoting accessibility and inclusion of disabilities and diversity

Through the “GuardiamOltre” project, the Group has launched the introduction of the Universal Design approach in various areas, including communication, in order to make it accessible through various media such as, for example: subtitles, sign language interpreters, speech synthesis software and video magnifiers. All Group employees can take advantage of these communication aids and individual needs are identified through a database dedicated to “Mapping needs”. Within the “GuardiamOltre” project, reports are also collected - from both staff and customers - on the possible presence of architectural barriers, in order to allow the activation of consequent mitigation actions (for example, elimination of barriers or the provision of reasonable accommodations). To promote inclusion, the Banco BPM Group has provided training courses and personalised interventions dedicated to managers and workers of teams where people with disabilities are present. In addition, the team of internal psychologists provides consulting to managers and human resources managers and interventions with working groups aimed at facilitating the inclusion of people with disabilities.

Moreover, in 2024, 12 Disability Managers were trained - obtaining the relative certification - who participated in the dedicated executive course the Università Cattolica del Sacro Cuore in Milan and 12 Diversity Managers who followed a professional training course at ABI. The training courses will be followed throughout 2025, with the aim of progressively updating the audience of recipients.

Listening to professional aspirations and performance evaluations

The Group has implemented several initiatives dedicated to increasing staff satisfaction, which contribute to the mitigation of work-related stress.

Among these, since 2023 it has provided a space in its application that allows all staff to share their development objectives, with the aim of intercepting and promoting the satisfaction of the professional aspirations of each person. At the same time, in order to annually assess the qualitative performance of its people and measure the ability to effectively manage the activities for which each person is responsible, the Group has introduced a new professional performance evaluation tool for all employees of the companies that meet the Credit National Collective Labour Agreement and Banco BPM Vita, with the exclusion of Top Management, which is evaluated with a dedicated system. In this context, to accompany the evolution of the performance evaluation model, the Group has activated:

- new training courses, started in 2024 and continuing in 2025, aimed at all managers and focused on new performance management;
- since 2025, the Continuous Feedback process has sought to disseminate evolutionary and constructive feedback on a continuous basis between managers and collaborators (bidirectional).

Implementing competitive remuneration programmes

In order to enhance the commitment and dedication of employees and increase talent retention, the Group has established that staff remuneration is based on:

- fixed components, which reflect professional experience, organisational responsibilities and technical expertise, according to a principle of equal opportunities and fair pay;
- variable components related to performance, which allows staff to be valued, recognising their individual contribution to achieving results. In particular, the variable components are divided into short-term components (STI) for all staff and long-term components (LTI) for specific groups. In addition to the variable incentive plans, it should be noted in particular that in December 2024, an agreement was reached with the Trade Unions regarding staff to which the Credit National Collective Labour Agreement applies, in relation to a company bonus and a welfare bonus (for more information, see the description “Activation of a Welfare Plan and the free Welfare Coach service”) for employees. Since the incentive (both short-term and long-term) of the identified staff during the year is paid over a period of five or six years, divided into an up-front portion and four or five annual deferred portions subject to the positive verification of future conditions, the time horizon within which the company carries out each existing incentive plan (short or long term) in force ends, without prejudice to the treatment on the occasion of extraordinary events, in 2033. The Short Term Incentive for non-identified staff, the company bonus and the welfare bonus are paid in 2025.

The financial resources intended to support the short and long-term incentive plans are disbursed in cash or in ordinary shares of Banco BPM, while the company bonus can be used in cash or welfare according to the criteria and methods of individual choice established by the current tax regulations.

The dedicated financial resources amount to €84.7 million for the STI plan¹ and €25 million for the share component of the 2024 STI Plan and 2024-2026 LTI² (current and future amount distributed over the performance and accrual period of the existing plans, i.e. in the period 2024-2031).

The actual expense will be determined based on the performance achieved in the respective incentive plans. With regard to the company bonus and the welfare bonus, €36.6 million³ was allocated to be used in cash or welfare mode according to the criteria and methods of individual choice established by current tax regulations.

Empowering female talent

In order to encourage virtuous behaviour and the spread of an inclusive culture, the Group has envisaged, within the 2024-2026 LTI Plan, the inclusion of a KPI related to the increase in the percentage incidence of female staff in managerial roles out of the total of managerial roles as at 31 December 2026 (compared to the figure recorded as at 31 December 2023). The monthly monitoring of the target achievement level allows a precise calibration of the management actions to prestigiously achieve the targets that the Group has set itself. The increase of female staff in managerial roles is a strategic element for enhancing diversity within the organisation, which reflects the Group's commitment to creating a more inclusive environment and to fostering a corporate culture that recognises and values talent in all its forms. The KPI refers to the managerial roles of the entire Group. The 2024-2026 LTI Plan, including this KPI, is specifically for about 80 positions (excluding those belonging to functions with control tasks), selected on the basis of the level of the position, the impact on the business or for retention purposes. At the end of 2026, a further 20% growth is expected in the percentage incidence of female staff in managerial roles out of the total number of managerial roles (compared to the figure recorded as at 31 December 2023).

The actions adopted in the Group's People Strategy processes have contributed to significantly increasing the presence of women in managerial roles. In particular, the representation of women in managerial roles has increased over time at almost all managerial levels, both in the Headquarters and in the Commercial Network, reflecting Banco BPM's huge commitment to creating a correctly balanced pipeline between both genders. In the processes of the identification and validation of candidates for managerial roles, the presence of an adequate number of female profiles is always guaranteed.

Banco BPM undertakes to implement actions and carry out projects to increase and enhance female participation within the Group: in fact, it is a supporting member of "Valore D", the first business association that promotes gender balance and an inclusive culture for the growth of companies and the country. In this regard, it should also be noted that BBPM Life has joined the Women In Finance Charter, a commitment to gender balance in financial services.

Monitoring the gender pay gap and remedial actions

With the aim of contributing to mitigating the negative impact on diversity in salary remuneration between individuals of different genders who cover roles of equal value, the Group has defined a process for measuring and monitoring the gender pay gap for all staff; it is based on the provisions of the banking regulatory framework according to criteria and approaches outlined in compliance with the EBA guidelines and Bank of Italy Circular 285/2013⁴. Furthermore, considering the implications of EU Directive 2023/970 on remuneration transparency, the Group has already taken steps to refine its process of constructing and measuring Equal Pay for Equal Work, which will be recognised on the basis of a new architecture of the professions that can enhance a skill-based approach and consider professional complexities and levels of expertise as fundamental elements, also with the aim of guaranteeing fairness and transparency in career progression paths. Lastly, starting from 2025, the Group will adopt additional analysis tools to neutralise pay differences stemming from additional objective factors, to which gender gaps can be attributed.

¹ Remuneration for the year is included in the Consolidated Income Statement under item "190 a) personnel expenses" as a balancing entry to item "100. Provisions for risks and charges - c) personnel expenses" of the Consolidated Balance Sheet;

² This remuneration component is classified in the Consolidated Income Statement under item "190 a) personnel expenses" as a balancing entry to Shareholders' Equity item "150. Reserves" of the Consolidated Balance Sheet;

³ This component is included in the Consolidated Income Statement under item "190 a) personnel expenses".

⁴ The overall difference between the average remuneration of men and women expressed as a percentage of the average remuneration of men (raw gap), albeit being a material indicator, does not take into account the type of work carried out and is therefore affected by the different gender distribution in the organisation (different distribution of women and men among the highest paid roles). As required by said regulatory framework which establishes that banks can identify additional methods for recognising and monitoring the gender pay gap, Banco BPM, in line with the best practices observed in banking, has adopted an analysis methodology (Equal Pay for Equal Work) which splits the population into clusters (Job Class): for managers, the responsibilities and complexity of the activities managed are considered (evaluated by means of the International Position Evaluation (IPE) methodology) and for the remaining staff the type of activity carried out.

By June 2027, the Group must publish the report on the gender pay gap relating to the 2026 data pursuant to EU Directive 2023/970, which requires an explanation of whether the pay gaps are due to objective and gender-neutral factors with respect to the characteristics of the company. For further details on the remuneration and pay gap metrics, please see the section "Diversity and pay gap metrics".

Activation of initiatives dedicated to young people: Mentoring Project, Youth Project and Boost Your Talent programme

With specific reference to Companies based in Italy operating in the credit and insurance sector, the Group has activated various initiatives dedicated to the growth of young talents. For the period 2024-2025, the third edition of the "Mentoring Project" continued with the aim of facilitating and supporting the growth path of young new hires, supporting them in reading and understanding the organisation and developing their talent, in order to make them feel part of the corporate identity. In addition, also for the year 2024, the Group renewed the "Youth Project", aimed at young employees who, based on age, role and classification criteria, are involved in a two-year professional knowledge and soft skills development path to enhance their individual potential.

In addition to these initiatives, there is the "Boost Your Talent" programme carried out annually; it is dedicated to talented people currently in professional and commercial roles, created to fuel the development of roles that are decisive for the Group's future and to encourage generational turnover. The path is divided into several stages that promote empowerment, the development of soft skills and the consolidation of a new vision of one's leadership.

Activation of accelerated growth paths towards first management roles

In order to promote and enhance its talents, in 2024 the Group prepared accelerated growth paths throughout the country towards first management roles, aimed at young Network Managers under the age of 35 hired in the last three years and professional Network Managers who have stood out for their high growth potential. The initiative is aimed at encouraging planning more complex professional experiences, offering specific dedicated training and providing coaching within the relevant Regional Department. With regard to recently appointed Branch Managers, in addition to the role training course, support is guaranteed by working alongside a Director with proven managerial experience, known as the "Supporter". This coaching allows the new Directors to have an experiential exchange that can be immediately spent in the field and the "Supporter" Directors to increase their awareness of the role and the ability to support people in their professional development. Specific "mentoring" and "company visit" initiatives were also dedicated to young people and growing professionals; the objective is to develop an overall vision and organisational awareness, promote synergies and inter-functional relationships, as well as to increase transversal and specialist knowledge. The paths described were launched in 2024 and will be continued throughout 2025.

Objectives related to equal treatment and opportunities for own workforce

The main objectives aimed at managing matters related to equal pay and opportunities for its own workforce as well as monitoring the effectiveness of policies and actions are:

- increasing the percentage of women in managerial roles;
- annual delivery of training for Group employees;
- delivery of training on ESG issues.

Increasing the percentage of women in managerial roles

In the 2023-26 Strategic Plan, the Group¹ planned to achieve a 20% increase in the proportion of women in managerial roles by 2026 compared to 31 December 2023 (when the incidence was equal to 29.7%), with a target of 35.6% in absolute terms. Following the recent approval of the updated 2024-27 Strategic Plan, the target was updated to 36% by 2027 in absolute terms.

The target was defined in line with the Group's Staff Remuneration Policies, pursuing the aim of further improving the People Strategy and the integration of the ESG strategy into Group policies.

The indicator relates the number of women in managerial roles to the total of managerial roles, without considering managers belonging to the Sales Network for the purposes of the calculation. The objective was defined taking into account any corporate reorganisations and the organisational developments envisaged over the course of the Plan, on the basis of the data collected through the company management programme.

The figure as at 31 December 2024 shows an increase of +46.9% in the period 2021-2024. The proportion of female staff in managerial positions is therefore 30.7% at present.

¹ Excluding the Company Sagim S.r.l. Società agricola and Terme Ioniche S.r.l..

Annual delivery of training to Group employees

The Group undertakes to provide 140,000 training days¹ per year to its employees, for the 2024-26 time horizon. The annual target, defined in the context of the 2023-26 Strategic Plan and also confirmed for the year 2027 in the recent update of the 2024-27 Strategic Plan, is consistent with the values expressed in the Guidelines on respecting and safeguarding human rights and pursues, through the Academy, the following purposes:

- training for the inclusion and professional growth of young people in the company;
- management training programmes aimed at spreading a leadership style based on trust, respect and cooperation;
- organisation of training by business segment to increase customisation and effectiveness, with particular attention to digitalisation;
- support for all internal initiatives in the field of ESG and Digital, Privacy & Cybersecurity.

The target includes the training provided to resources with whom the employment relationship is terminated during the year and was defined taking into consideration both the mandatory course days envisaged for each employee in compliance with the different regulations to which the Group is subject (for example health and safety, anti-corruption) and a number of days of voluntary training linked to the needs of the role. To define the total amount of training days to be provided, market benchmark analyses were carried out and the data available in the system were used on the number of employees receiving the activities envisaged in the Strategic Plan.

The figure as at 31 December 2024 shows a value of 140,319 training days provided, confirming the full achievement of the annual target for the reference year.

Delivery of training on ESG issues

Within its training programmes and in line with the values underlying the Guidelines on respecting and safeguarding human rights, the Group has defined in the 2023-26 Strategic Plan the target of providing its employees 200,000 cumulative hours of training related to ESG issues in the 2024-26 time horizon. Rescheduled to 2027 on the occasion of the update of the 2024-27 Strategic Plan, the target pursues the aim of increasing the skills and awareness of employees in the ESG field, contributing to providing useful knowledge for the purposes of measuring the related risks, consistent with the evolution of external regulations and with the materiality of these risks.

The Group has determined the target by considering the types of mandatory training courses to which it is subject and supplementing the training envisaged on relevant ESG issues, on the basis of the data available in the system regarding the number of employees receiving these courses.

The figure as at 31 December 2024 shows a value of 177,790 hours provided.

Diversity and pay gap metrics

The breakdown of employees by age bracket and type of employment is shown below. In defining and clustering the roles shown in the first column, the Group considered the classification envisaged by the National Collective Labour Agreement applied for employees in Italy. Employees at companies abroad, for which there is no collective bargaining or classification, fall into the category of "office workers".

Number of employees	< 30 years	30-50 years	> 50 years	Total staff
Executives	0	40	276	316
% of executives out of total staff	0.00%	0.21%	1.42%	1.62%
Middle Managers	5	2,301	6,024	8,330
% of middle managers out of total staff	0.03%	11.81%	30.91%	42.74%
Office workers	646	4,800	5,357	10,803
% of office workers out of total staff	3.31%	24.63%	27.49%	55.43%
Labourers	2	14	25	41
% of labourers out of staff	0.01%	0.07%	0.13%	0.21%
Total staff	653	7,155	11,682	19,490

¹ The ESG training mentioned in the following target is included.

As at 31 December 2024, the roles of Senior Management (i.e., those who exercise executive functions and who are responsible for day-to-day management, reporting directly to the management body) are held by nine people, all men. The criteria for defining Senior Management were shared with ABI.

The gender pay gap, calculated in compliance with the methods defined in the standard ESRS S1 section S1-16 Application Requirements 98 as the difference between the average hourly remuneration levels paid to female and male workers expressed as a percentage of the hourly remuneration level of the average hourly remuneration of male workers amounts to 16.6%. In particular, in calculating the average remuneration level paid, the Group considers the gross hourly remuneration of employees by adding the basic remuneration (RAL) to all the other components of remuneration paid during the year (role indemnity, agreements, incentive systems, benefits, one-offs, company bonus, etc.) and dividing it by the number of weekly hours envisaged by the reference National Collective Labour Agreement and the actual working weeks of the year. The portions paid in shares are valued at the market price upon assignment. The Group believes that the indicator calculated according to the logic cited therein (hereinafter also "raw gap"), although significant, cannot be considered representative of potential gender inequalities, since it would not allow a comparison between the salaries of men and women who perform similar functions according to an Equal Pay for Equal Work principle.

In this sense and in line with the best practices observed, Banco BPM is moving towards the adoption of a methodology for calculating and monitoring the pay gap which, in line with the principle of Equal Pay for Equal Work:

- divides the population of employees into job clusters on the basis of responsibility, level of complexity managed and type of activities carried out;
- neutralises the effects of any other "gender-neutral" factors that could affect a person's remuneration (e.g., level of education, seniority in the role, etc.).

It should be noted that the indicator calculated as the average of the raw gap of each job class weighted by the relative number of people has decidedly lower values than the raw gap, as it is not affected by the different gender distribution within the organisation. Despite this, the raw gap of Banco BPM is getting smaller, supported by an improvement in the representativeness of women in managerial roles and the associated remuneration actions and, in the context of generational change, by the exit of men in greater numbers than women.

The number and gender of employees with disabilities present in the Group as at 31 December 2024 are shown below, including in the definition of disability assumptions of lasting physical, mental, intellectual or sensory impairments, for which interaction for the individual person with a barrier of a different nature can hinder full and effective participation in society on an equal basis with others.

Employees with disabilities	Number	% incidence with respect to gender category
Women	637	7.0%
Men	689	6.6%
Total staff with disabilities	1,326	6.8%

The figure related to the number of employees with disabilities is also reported in the Prospectus (i.e., communication made by the employer to the Ministry of Labour) where the employment situation of the Group with respect to the recruitment obligations of disabled employees and/or employees belonging to the other protected categories as envisaged by Italian Law 68/1999.

Training and skills development metrics

The Group provides its employees with the Performance Management process for performance evaluation (Professional Evaluation and Top Management Evaluation). In particular, the number of employees who participated in periodic performance reviews during 2024 is shown below.

	Number of employees who participated in periodic reviews	% incidence with respect to the reference category
Women	8,645	94.9%
Men	9,985	96.2%
Total	18,630	95.6%

In addition, with respect to the portion of employees who participated in the periodic audits, referred to in the previous point, the breakdown by category (i.e., managers, middle managers, office workers) is also shown below:

	Number of employees who participated in periodic reviews	% incidence with respect to the reference category
Executives	299	94.6%
Middle Managers	8,119	97.5%
Office workers	10,212	94.5%
Total	18,630	95.6%

On average, the Group's employees received 54 hours of training in 2024 (56 hours on average for female employees and 52 for male employees), while non-employees received an average of 12 hours of training. For the calculation of the average, the actual hours of training provided to employees during the year were considered.

The training programmes provided are broken down into specific areas, identifiable as: compulsory, technical/professional, qualifying, relationship/capacity development/commercial and managerial. The topics proposed include those dedicated to ESG aspects and cybersecurity (mainly classified as mandatory).

Metrics related to incidents, complaints and severe human rights impacts

The Group notes that during 2024, four incidents of discrimination among its own workforce were reported. Specifically, two reports were submitted through the specific email address segnalo@bancobpm.it, dedicated to reporting harassment and discriminatory acts, which was activated after the publication - on 25 November 2024 - of the thematic circular "Combating harassment, violence and all forms of discrimination in the workplace".

The other two reports came directly to the attention of the Human Resources Legal structure, respectively, through forwarding from the Staff Management Department and through communication sent via certified email by the lawyer of the reporting employee.

In particular, there were three reports of harassment and one report for discrimination based on race or ethnicity. The figure is extracted manually from the Human Resources Legal structure of Banco BPM, together with the Diversity Inclusion and Social structure.

In any case, the Group announces that during the reference period no serious human rights incidents related to its own workforce were recorded and, consequently, no amount was paid for fines, penalties or compensation for damages in this sense.

Confidentiality and correct processing of data

Policies related to the confidentiality and correct processing of own workforce data

Regulation on IT Security

The Regulation on IT Security applied by the entire Group governs the principles, roles and responsibilities regarding IT security.

The objective of the Regulation in question is the prevention of IT and cyber risk with particular reference to any episodes of data leaks and/or losses related to cyber attacks and IT security incidents, favouring positive impacts related to the protection of data confidentiality and workforce information.

Through the enforcement of the Regulation, the Group undertakes to comply with the following national and European regulations in the field of financial services and/or privacy:

- Bank of Italy Circular 285/2013;
- ECB recommendations;
- EBA guidelines;
- PSD2 regulations on payments;
- European and national regulations on privacy (e.g., GDPR).

The Board of Directors is the highest management level responsible for enforcing the Regulation and the overall monitoring of IT security at Group level, and is promptly informed of possible serious events relating to IT risk.

The Regulation can be consulted by internal stakeholders on the company intranet.

Actions related to the management of IROs in relation to the confidentiality and correct processing of own workforce data

The Group ensures that its practices do not cause or contribute to causing material negative impacts on its workforce in terms of procurement, sales and use of data through the formalisation and supervision/monitoring activities with respect to the implementation of the principles outlined in the Code of Ethics, in the Guidelines on respecting and safeguarding human rights, in the Regulation on privacy, processing and protection of personal data, in the Privacy Process Standard - Management of the rights of data subjects and in the Privacy Policy Circular - Data processing and protection of personal data, as well as any other internal regulations on the matter.

Implementation of an Annual Cybersecurity Training and Awareness-raising Plan

In order to ensure that all Group employees, including resources with key roles and customers, have an adequate level of awareness and knowledge on cybersecurity, an "Annual Cybersecurity Training and Awareness-raising Plan" was implemented for the year 2024. The activities carried out to achieve these objectives were implemented in different ways, with the aim of developing the essential skills to identify and reduce cyber threats and promote a solid and aware culture of cybersecurity. In detail, the following initiatives were planned:

- delivery of mandatory basic training and refresher courses to all Group employees, supplemented by training snippets built around gaming and interactive training;
- publication of four new online courses dedicated to cybersecurity and a course dedicated to new hires, as well as the opportunity to participate in Masters, workshops, inter-company training events and observatories and university-level research groups for professionals;
- provision of phishing campaigns for employees of the Group's banking companies in order to simulate scams through counterfeit emails, disseminated to obtain personal information in a deceptive way, followed by focused training activities on specific targets, based on the results of the test.

Objectives related to confidentiality and proper processing of own workforce data

The Banco BPM Group has not adopted specific objectives regarding the protection of employee privacy, as it is regulated through the adoption of the "Regulation on privacy, processing and protection of personal data" which governs the principles, roles and responsibilities regarding privacy, processing and protection of personal data. This Regulation implements the provisions deriving from the European Regulation (EU) 2016/679 (also "GDPR"), applied to natural persons, including freelancers and sole proprietorships, and from Italian Legislative Decree 196/2003 as amended by Italian Legislative Decree 101/2018 (also "Privacy Code").

The issue of the protection of personal data is of fundamental importance for a Group that manages data and information whose violation would not only have economic and reputational repercussions on the Group itself, but would compromise the serenity of its stakeholders. From this perspective, the priority objective is to ensure the maximum possible security and confidentiality of the data managed.

As of 2018, regulations and procedures are constantly updated, in line with the GDPR and all relevant legislation, and are overseen by the Data Protection Officer (also "DPO", identified as the Compliance Department Manager, who reports directly to the CEO, with direct access to the Corporate Bodies) supported by a dedicated organisational unit. Supported by specific IT solutions, the DPO also manages a mailbox (protezionedati@bancobpm.it) dedicated to

the collection of personal data requests from data subjects. As required by internal regulations, the DPO carries out compliance checks and indicates the mitigation actions of the risk of non-compliance with a view to privacy by design and by default.

Affected communities

The following table provides a description of the impacts, risks and opportunities that the Group has assessed as material in relation to the topic of affected communities following its dual materiality assessment.

ESRS topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Economic, social and cultural rights of communities, Civil and political rights of communities	Positive impact	Own operations	Territorial initiatives to support the community, donations, sponsorships and local presence of foundations dedicated to the Third Sector	<i>Entity-Specific Metric</i> - ESG Sponsorships and donations <i>Entity-Specific Metric</i> - (Of which) Financial contribution to foundations in accordance with the Articles of Association <i>Entity-Specific Metric</i> - Corporate Volunteering <i>Entity-Specific Metric</i> - Financial education for schools
	Opportunity	Downstream value chain	Improvement of the Group's reputation by strengthening its position of leadership as a Third Sector lender	<i>Entity-Specific Metric</i> - Third Sector Customers

Material impacts, risks and opportunities for the affected communities and their interaction with strategy and business model

During the identification of the material impacts, all the affected communities that may suffer such impacts by the Group were included in the scope of application of the disclosure.

In particular, the communities subject to material positive impacts are mainly those present in the area where the Group operates and where it focuses its interventions consisting of both support, through donations to local associations and foundations, and of offering products and loan services designed ad hoc for Third Sector companies. In particular, the philanthropic activity relates to supporting initiatives in solidarity and social areas such as art and culture, sport, education and training, environment and territory, as well as various research centres and institutional bodies. In addition, the Group provides targeted support to populations affected by extreme weather events, schools and recreational centres for young people.

With regard to the identification of IROs, during the dual materiality process, an actual positive impact was identified deriving from the donations and sponsorships provided by the Group to Third Sector entities in order to support activities and projects for social improvement and the protection and enhancement of the territory in which the communities concerned reside.

With regard to financial materiality, on the other hand, no major risks were identified for the Group, but an opportunity was identified downstream of the value chain, relating to the improvement of the Group's reputation thanks to the strengthening of its leading position as a lending bank of the Third Sector.

The opportunity identified has an impact on all the affected communities that benefit from the projects supported by the activities of the Third Sector and non-profit entities financed by the Group.

Processes for engaging with affected communities and channels which allow to raise concerns

The Group identifies its activities based on listening to its reference communities. In fact, although there is no formal process (including phases, roles and responsibilities) for engaging and listening to the communities, engagement activities are carried out on an ongoing basis thanks to the involvement of the Regional Committees (composed of representatives of the economic, professional and associative world). These collect both the opinion of the affected communities on a large scale, and the requests of specific groups in situations of economic and social fragility, representing a point of reconciliation between the Group and the communities and favouring the identification, management and monitoring of any critical issue and discontent.

In particular, although it does not envisage specific channels that allow communities to express concerns, the Sales Network leverages the relationship established with the community and the pervasiveness of dissemination with respect to the reference territory, and is fully responsible for the collection of any reports and for the dissemination of the same

within the Group. Please see the chapter "Stakeholder Engagement Activities" for further details on the interests and opinions of the affected communities.

Policies related to affected communities

The policies related to the affected communities, including the relevant human rights policy commitments and the processes and mechanisms for monitoring compliance with these principles, are consistent with the content of the Group's Code of Ethics (described in the section "Policies related to corporate culture and business conduct") and the Guidelines on respecting and safeguarding human rights (described in the section "Policies related to working conditions and well-being of own workforce"). These principles comply with international recognised standards for indigenous communities and peoples, including the UN Guiding Principles on Business and Human Rights. In addition, it should be noted that the Group's activities are carried out mainly in Italy, Switzerland and Ireland, where there are no indigenous peoples and that in its own transactions or those upstream and downstream of the value chain, no cases of non-compliance with these principles have been reported, nor have reports of serious human rights problems and incidents been received from the affected communities.

The main policies adopted by the Group to manage the material sustainability topics related to the affected communities are:

- the Regulation on promotional measures and sponsorships;
- the Regulation on Management Committees;
- the Guidelines on respecting and safeguarding human rights (for further details, please see the section "Policies related to working conditions and the well-being of own workforce").

Regulation on promotional measures and sponsorships

The Regulation on promotional measures and sponsorships, applied by the entire Group and related to the downstream value chain, aims to promote the positive impact of local initiatives in support of the community and sponsorships. In addition, it makes it possible to seize the opportunity to improve the Group's reputation by consolidating the relationship with companies of the Third Sector, an area in which the Group holds a leading position as a lending bank.

The management of sponsorships is inspired by principles to:

- ensure compliance and compatibility with the external and internal regulations in force, prudence and proportionality in the recruitment of risks (direct, indirect and reputational), as well as compliance with the approved budget;
- guarantee alignment with internal communication policies and preparation for commercial development actions;
- promote the image and visibility of the Group's name and brand, creating positive and lasting value over time, supporting the progress and well-being of the territories in which it operates;
- regulate the rotation of sponsorship requests, their traceability and reporting, as well as defining the potential beneficiaries of sponsorships;
- establish the minimum requirements necessary for sponsorships to be carried out and identify prohibited and non-permitted sponsorships.

The Regulation also establishes how the management of promotional measures and sponsorships is subject to the investigation and decision-making procedures defined by the reference legislation on anti-laundering and conflicts of interest. The Chief Executive Officer represents the highest level of management responsible for the enforcement of the Regulation, which is made available to internal stakeholders through the company intranet.

Regulation on Management Committees

The Regulation on Management Committees is applied by the entire Group and related to the downstream value chain; it defines the principles, criteria, tasks and responsibilities regarding the functioning of these committees, established at the Parent Company and operating at Group level. Specifically, taking into account the importance of the direct relationship with the territory and the opportunity to promptly intervene to support initiatives in favour of the multiple needs of the community, the Regulation favours the positive impact of local initiatives to support the community, defining the responsibility of the Donations Committee to resolve:

- on donations related to areas not covered by Foundations, such as the Tyrrhenian and Central-South Local Committees, subject to the favourable opinion of the Regional Consultation Committees, where present;

- on donations aimed at supporting projects and/or initiatives not attributable to a specific area of reference of the Group.

Also in this case, the Board of Directors represents the highest level of management responsible for the enforcement of the Regulation, which is made available to internal stakeholders through the company intranet.

Actions related to the management of IROs in relation to the communities concerned

The Group has adopted multiple actions in order to manage relevant sustainability issues related to the affected communities, as well as to achieve the purposes and objectives of its policies. The actions described below are implemented in line with the Group's Code of Ethics, which emphasises the importance of the role of the Third Sector with regard to the promotion of sustainable, cohesive and resilient communities, as well as the promotion of the activities and initiatives of the operating parties through services, products and assistance dedicated thereto.

In particular, the main actions adopted by the Group concern:

- corporate volunteering for the environment and social issues;
- stipulation of commercial agreements in support of religious entities and the Third Sector;
- sponsorships and social donations, initiatives for local communities, schools and students;
- participation in events and initiatives for the enhancement of non-profit companies and Third Sector entities.

These actions pursue the primary objective of producing positive impacts for the affected communities, in line with the objectives of the Strategic Plan. The material opportunities for the Group are also pursued through initiatives aimed at Third Sector entities, with the goal of strengthening the relationship and signing specific dedicated commercial agreements. These actions are monitored through the specific structures dedicated to relations with the affected communities, also responsible for managing the impacts associated therewith.

Corporate volunteering for the environment and social issues

Also in 2024, the Group continued its support for the corporate volunteering project "Volontariato" in collaboration and support of non-profit organisations and associations present in the area. The volunteers of the Banco BPM Group participated in countless activities that contributed, for example, to cleaning parks and city spaces, to the maintenance, cleaning and restoration of internal and external spaces, vegetable gardens and natural areas, as well as canteen and food sorting services.

The "Volontariato" project also envisages "remote" volunteering and support for associations operating in the social field, committed to helping and assisting vulnerable people, children, adolescents, families living in difficult situations, social marginality and poverty.

Banco BPM Group employees participate by voluntarily registering and volunteer during working hours, based on the territoriality of the initiatives activated.

Stipulation of commercial agreements in support of religious entities and the Third Sector

Again in 2024, the Group renewed and signed a series of commercial agreements that allow it to build and maintain numerous relationships throughout the country, aimed at:

- territorial associations;
- consortia and associated social cooperatives;
- Italian Sports Centre and Confcooperative.

The Group has also supported various initiatives for projects financed by the National Recovery and Resilience Plan (NRRP), confirming the important agreements stipulated in recent years with some Archdioceses and Dioceses, with the aim of anticipating the contributions assigned thereto and favouring the opening of new current accounts in the area.

For the Banco BPM Group, the importance of customers belonging to the Third Sector is confirmed by the offer of products dedicated to this customer segment, which in 2024 led to the opening of new current accounts with a conversion rate of 27%.

Sponsorships and social donations and initiatives for local communities, schools and students

Also in 2024, the Parent Company and its foundations provided sponsorships and donations to associations and non-profit organisations, supporting initiatives for the reference communities, schools and students in continuity with the line traced in previous years, understanding and welcoming their needs and developing the most appropriate intervention tools through the donations in question.

The main areas supported by the Group are:

- research and health through support for research projects, structures and associations, the purchase of medical material and support for prevention initiatives;
- solidarity and social work, through initiatives to help weaker segments of the population;
- disability and the world of children, as well as initiatives aimed at enhancing diversity and inclusion;
- art and culture through support for literature, theatre and art initiatives, as well as the enhancement and protection of cultural heritage;
- environment, through initiatives to raise awareness of communities on environmental issues;
- education and training, through support to schools and programmes against leaving school early;
- sport, through the support of local associations to spread sporting values and the promotion of sport as a vehicle for inclusion.

Participation in events and initiatives for the enhancement of non-profit companies and Third Sector entities

The Group is involved in continuous dialogue with Third Sector organisations, also confirmed in 2024 through the organisation of events and collaborations such as:

- the National Third Sector Forum, which aims to foster meeting and mutual knowledge between financial operators and Third Sector Entities (also "TSE");
- Conccooperative, which promotes continuous dialogue with national and local cooperatives.

These collaborations allow the Group to promote and organise numerous events throughout the country, aimed, inter alia, at promoting the exchange of ideas and reflections on the role of volunteering, encouraging the involvement of local associations and operators of the Service Centres for Volunteering (also "SCV").

The Group has also undertaken a collaboration based on Social Impact Banking together with QUID, a social cooperative, resulting in an event to support female empowerment, the recruitment of women in difficult conditions and the promotion of the values of beauty and ethics and sustainability within companies.

Lastly, the Group launched the Call4Ideas to promote crowdfunding and support local social projects together with the foundations of the territories of Lodi, Palermo and Modena, with the support of the Rete del Dono platform and the Service Centres for Volunteering of the corresponding territories.

Targets related to the communities affected

The main objectives aimed at managing material sustainability topics related to the affected communities, as well as monitoring the effectiveness of policies and actions, cover the following areas:

- provision of corporate volunteering for non-profit associations;
- new disbursements to customers in the Third Sector;
- provision of sponsorships and donations;
- social initiatives supported for local communities, schools and students;
- provision of training on ESG awareness and financial education.

The definition of sustainability targets on topics related to the affected communities takes into consideration the requests collected through the Sales Network and during moments of listening and direct discussion planned by the Local Committees. The various functions responsible for the matter also envisaged a formal step involving Top Management in order to share the methodologies and approaches employed.

Provision of corporate volunteering for non-profit associations

The Group is committed to providing an average of over 2,000 hours of volunteer work to the communities per year, through employees and in collaboration with various voluntary associations, in the period between 2024 and 2026.

The annual target defined in the 2023-26 Strategic Plan and confirmed in the recent update of the 2024-27 Strategic Plan is consistent with the Guidelines on respecting and safeguarding human rights, in which the Group's widespread commitment in relation to promoting the active participation of its workforce in corporate volunteering initiatives through non-profit organisations is declared

The objective was defined based on historical data related to the Group's participation in volunteer activities, as well as the benchmarking analysis carried out.

The target monitoring activity showed that as at 31 December 2024, the working hours of employees dedicated to volunteering activities amounted to 2,288, exceeding the pre-established annual target.

New disbursements to the Third Sector

In line with the Code of Ethics, which emphasises the importance of the role of the Third Sector for promoting sustainable, cohesive and resilient communities, as well as activities and initiatives of various parties operating in this regard by offering services, products and assistance, within its 2023-26 Strategic Plan, the Group planned to reach annual disbursements of medium/long-term loans and residual short-term components for an amount of €200 million to customers belonging to the Third Party Sector by 2026. With the recent approval of the updated 2024-27 Strategic Plan, the target was updated to €255 million for 2027.

The target was set considering the origination capacity of the specialists supporting the branches and assuming the grounding of the commercial agreements that the Group has with customers of the Third Sector.

The Group's disbursements in 2024 exceeded the defined targets, amounting to €257 million¹.

Provision of sponsorships and donations to non-profit organisations

In line with the citizenship model adopted, also at the statutory level, and based on economic support and the sharing of resources in order to contribute to the growth of communities, within the 2023-26 Strategic Plan the Group planned to disburse a cumulative amount for sponsorships and donations of at least €15 million in the period between 2024 and 2026, with an average annual target of €5 million or more. It should be noted that with the recent approval of the updated 2024-27 Strategic Plan, the target of at least €5 million in disbursements was also confirmed for 2027. The disbursement of this target refers to sponsorships and donations intended to support projects for local communities, voluntary associations and non-profit organisations.

The target was defined on the basis of the historical data related to the Group's disbursements and the forecasts of the budget, and in line with the Regulation on promotional measures and sponsorships and the Regulation on Management Committees which establishes the responsibilities of the Donations Committee.

The monitoring activities show that the amount of disbursements of the Group in 2024 exceeded the defined targets. For further details, please see the section "Entity-specific metrics on IROs related to the affected communities".

Social initiatives supported for local communities, schools and students through disbursements

Within the 2023-26 Strategic Plan, the Group aims to support, through sponsorships and donations, an average of over 100 social initiatives for local communities, schools and students from 2024 to 2026. It should be noted that with the recent approval of the update of the Strategic Plan 2024-27, this annual target was also confirmed for the year 2027.

The target was defined based on historical data related to Group disbursements and budget forecasts, and in line with the Regulations on promotional measures and sponsorships and the Regulation on Management Committees.

The monitoring activity shows that in 2024, the number of social initiatives supported by the Group exceeded the defined targets, standing at 159.

Provision of training on ESG awareness and financial education

Within the 2023-26 Strategic Plan, the Group planned to provide, in the horizon between 2024 and 2026, more than 4,000 hours of training per year for communities dedicated to creating ESG awareness and providing financial education. In particular, the initiative involves holding training sessions at schools and at the various communities in the areas in which it operates. It should be noted that with the recent approval of the update of the Strategic Plan 2024-27, the target was confirmed at more than 4,000 hours per year also with reference to the year 2027.

¹ New disbursements to customers belonging to the Third Sector are classified under the Consolidated Balance Sheet item "40. Financial assets at amortised cost - b) loans to customers".

The target was defined starting from the 2021-24 Strategic Plan and the analysis of the actual data recorded in previous years, obtained by multiplying the training hours provided by the number of participants. From the monitoring activity, the number of training hours provided by the Group in 2024 exceeded the defined objectives, standing at 6,283.

Entity-specific metrics on IROs related to the affected communities

Corporate volunteering

In 2024, the Group provided 2,288 hours of corporate volunteering through voluntary activities carried out by its employees, participating in activities organised in collaboration with non-profit associations. This figure is reported by counting all the working hours of staff dedicated to volunteering initiatives organised by the Group.

ESG sponsorships and donations

During the reference year, Banco BPM disbursed €6.3 million in sponsorships and donations¹. The data related to sponsorships are extracted through the dedicated application, through the purchase request procedure and the minutes of the Sponsorship Commission. The source of data on donations is, on the other hand, the minutes of the Donations Committee and the purchase request procedure with regard to payments.

(Of which) Economic contribution to foundations in accordance with the Articles of Association²

Banco BPM disbursed €4.2 million to its Foundations in 2024. The figure shown refers to the amounts allocated to the Foundations, resolved by the Shareholders' Meeting on 18 April 2024 and by the Board of Directors on 6 August 2024.

Third Sector Customers

Banco BPM had 36,063 Third Sector customers in 2024. Third Sector customers include all customers belonging to the Third Sector segments and religious entities with an active commercial current account, cards with IBAN and deposit or service accounts.

Financial education in schools

In 2024, the Group provided 2,365 hours of financial education in schools. The calculation of the hours is based on the multiplication of the number of participants by the hours of training in which they participated.

¹ These disbursements are included in the Consolidated Income Statement under item "190 b) other administrative expenses" and in the allocation of the result for the year 2023 as resolved by the Shareholders' Meeting of 18 April 2024.

² These disbursements are included in the Consolidated Income Statement under item "190 b) other administrative expenses" and in the allocation of the result for the year 2023 as resolved by the Shareholders' Meeting of 18 April 2024.

Consumers and end-users

The following table provides a description of the impacts, risks and opportunities that the Group has assessed as material in relation to the topic of consumers and end-users following its dual materiality assessment.

ESRS Topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Confidentiality ¹	Impact positive	Upstream value chain	Use of suppliers that guarantee the protection and correct processing of customers' personal data	Entity-Specific Metric - Number of incidents involving data leaks or losses at the ICT suppliers of the Group Entity-Specific Metric - ISO 27001 certified ICT suppliers or equivalent listed in the Parent Company's Supplier Register
	Impact positive	Own operations	Protection and correct processing of customers' personal data through transparent disclosure	
	Opportunity	Own operations	Improvement of the Group's reputation through a digital transformation that guarantees sound privacy and IT security management, also by leveraging cybersecurity skills and tools	Entity-Specific Metric - Serious IT security incidents and data loss or unauthorised access to Group banks
Freedom of expression	Impact positive	Own operations	Promotion of the right to freedom of expression through the implementation of effective communication channels and processes for managing complaints/customer engagement	Entity-Specific Metric - Complaints Entity-Specific Metric - Customer Satisfaction Surveys
Access to quality information	Impact positive	Own operations	Dissemination of financial awareness through transparent and non-misleading communication and the promotion of an informed shopping experience	Entity-Specific Metric - Mandatory training on transparency in banking operations towards the customer
Access to products and services, Responsible business practices	Impact positive	Own operations	Innovation and digital transformation, initiatives aimed at spreading a culture of innovation and loan/investment policies/strategies to support companies and start-ups whose business is based on digital innovation and initiatives aimed at promoting ethical and transparent business practices	Entity-Specific Metric - ESG awareness for businesses
	Opportunity	Downstream value chain	Expansion of customers through the development of omnichannels to digitalise customers and sales and through the development of new digital solutions (new App and Remote Banking), smart and digital lending	Entity-Specific Metric - Webank virtual branch for pure digital customers and remote transactions

Significant impacts, risks and opportunities for consumers and their interaction with the strategy and business model

In the context of this reporting, all consumers and end-users (hereinafter also "customers" or "clientele") who may be subject to material impacts by the Group have been considered. In particular, the customers subject to the material impacts caused by the Group (only positive impacts were recorded) are both private individuals and companies. The activities implemented by the Group generate material positive impacts on the Group's customers through multiple initiatives undertaken with reference to:

- guaranteeing the necessary channels and controls to manage customer requests and needs (including complaints);
- guaranteeing sound management of privacy and IT security, also by leveraging cybersecurity skills and tools;
- investments in innovation and digital transformation to guarantee customers full access to products and services.
- guaranteeing the necessary channels and controls to manage customer requests and needs (including complaints);
- guaranteeing sound management of privacy and IT security, also by leveraging cybersecurity skills and tools;
- investments in innovation and digital transformation to guarantee customers full access to products and services.

As part of the dual materiality analysis conducted, no major risks were identified for the Group deriving from impacts and dependencies in terms of customers and/or end-users. However, it is worth noting the opportunity to:

- improve the Group's brand reputation through sound management of customer privacy and confidentiality and by developing digital transformation, strictly interconnected with the positive impacts generated on customers in terms of correct data processing;

¹ With regard to confidentiality, although there were material positive impacts and opportunities, all metrics related to this area have been reported.

- expand clientele by developing omnichannel systems aimed at digitalising and facilitating the commercial relationship and new digital, smart and digital lending solutions, all closely interconnected with the positive impacts generated on customers in terms of innovation and digital transformation and the development social inclusion and accessibility.

As a result of the dual materiality analysis, there were no material risks and/or negative impacts with reference to the Group's customers.

Processes for engaging with consumers and end-users and channels for consumers and end-users to express concerns

As stated in the Code of Ethics, we have always "... focused on customers and worked to create and develop long-lasting relationships based on trust and mutual satisfaction, offering products and services that meet their needs, in line with their individual risk profile. For this reason, we promote a constant dialogue with them, aimed at gathering their needs and expectations, and setting up a responsible management of the relationship, and of any critical issues that may arise...". The point of view of consumers and end-users guides decisions and activities aimed at managing customer relations through a listening model that aims to monitor the customer experience in almost all moments of the customer life-cycle. Evidence is collected and constantly monitored, also thanks to the support of a customer feedback management platform dedicated to collecting and managing customer feedback. The Close the Loop process is used to address these customer opinions; it pertains to all actions to improve a company's products and services, divided into two subgroups:

- the inner loop concerns contact with the individual customer, in order to solve a specific problem in real time;
- the outer loop concerns the management and resolution of problems extended to broader customer segments, through projects for the improvement of processes and platforms, and through inter-functional round tables.

In particular, the Marketing and Omnichannel Department of the Parent Company is the operational manager of the engagement activities, ensuring that the results guide the Group's approach.

This model of listening and collecting feedback takes place via telephone or online (directly on the platform or via email) in different phases:

- after subscribing to a product (branch/online);
- after performing a transaction (branch/online);
- after using the assistance service (operator/chatbot);
- at other times in the relationship (customer satisfaction, ad hoc research).

Customer satisfaction surveys are carried out annually, while the other surveys are scheduled to take place every three months.

For the Group Companies which employ customer engagement activities (Banco BPM S.p.A., Banco BPM Vita S.p.A., Vera Vita S.p.A. and BBPM Life), the effectiveness of this engagement is constantly monitored by means of appropriate KPIs, first and foremost the rate of response to surveys (redemption). Although there are no Service Level Agreements with suppliers in terms of achieving specific levels on the aforementioned KPIs, the values are in line with the market. In addition, specific channels are set up so that customers can communicate any concerns or needs and receive assistance in this regard.

The Group announces the availability of channels for submitting complaints through advertising in the branches of the Bank and insurance companies and through a special banner on the Group's websites. Anyone wishing to file a complaint can do so in writing, free of charge:

- by filling in the appropriate web form (available on the website of the bank or insurance company);
- by email to: reclami@bancobpm.it or reclami@bancobpmvita.it or reclami@veravitaassicurazioni.it;
- by letter, hand-delivered (with confirmation of "receipt") to any branch of the Banco BPM Group;
- by ordinary mail or preferably by registered letter with return receipt to: Banco BPM S.p.A. Reclami, Via Polenghi Lombardo 13, 26900 Lodi or to: Banco BPM Vita S.p.A. Gestione Reclami, Via Massava 6, 20146 Milan or to: Vera Vita S.p.A. Gestione Reclami, Via Massava 6, 20146 Milan;
- by certified email to: reclami@pec.bancobpm.it or comunicazioni@pec.bancobpmvita.it or comunicazioni@pec.veravitaassicurazioni.it.

The Group ensures control and monitoring of the problems raised and addressed, as well as the verification of the effectiveness of the channels made available above.

In particular, each report is subject to registration through a specific “Reclam” procedure in which the subject of the complaints is associated with the product and one of the possible reasons for complaints set out in the ABI taxonomy. In the presence of recurring issues, the procedure includes the allocation of an additional flag to ensure the possibility of launching targeted analyses on these cases. In any case, the operational application includes the possibility of obtaining, through parametric extractions, reports containing the main personal, management and economic information of each complaint, at any time.

In this context, the Parent Company’s complaints office:

- periodically sees to the production and dissemination of periodic reports shared with the Bodies (Management Committee and Chief Executive Officer) and with the various control functions of the Parent Company, with the aim of sharing the trend of complaints and any critical issues;
- publishes annual reports on complaint management activities and related data on the websites of the Group Companies;
- the Group’s Insurance Companies record complaints in their Electronic Complaints Register according to the provisions issued by the Italian Insurance Supervisory Authority (IVASS) and, as regards Supplementary Pension Plans, by the Supervisory Commission on Pension Funds (COVIP).

In order to continuously verify the ability of the complaints office to meet customer expectations, indicators are constantly monitored, including the number of replies and decisions for and against of the Banking and Financial Ombudsman (ABF) and the Financial Disputes Arbitrator (ACF).

Although the management of complaints does not guarantee customers protection from retaliation, through specific internal policies, free and unlimited access to the channels represents a protection factor. In addition, the management processes implemented in this regard, in addition to meeting the needs and requirements of customers, guarantee compliance with the principles of fairness and autonomy. In fact, the requests received from customers are treated, in the same cases, in a fair, homogeneous and independent manner from the complainant; in addition, the structure responsible for handling complaints is independent from the structures responsible for marketing the products and services. The autonomy is not only of an organisational nature, but also of an operational and economic nature (the head of the unit has spending autonomy).

Finally, the confidentiality and protection of consumers’ personal data are also fundamental values underlying the complaint management process, in particular the data related to the complaint can only be consulted by the central and network structures specifically selected (profiling).

Policies related to consumers and end-users

The main policies adopted by the Group to manage material sustainability topics related to its customers are:

- Code of Ethics (see “Policies on business culture and business conduct”);
- the Guidelines on respecting and safeguarding human rights (see “Policies related to working conditions and the well-being of own workforce”);
- Regulation on privacy, processing and protection of personal data;
- Regulation on complaints;
- Regulation on the transparency of banking and financial transactions and services;
- Regulation on the approval of new products and markets and product distribution;
- Regulation on governance and control of Banco BPM Vita products;
- Regulation on the approval and distribution of new products and services of Banco BPM Invest SGR;
- Regulation on usury risk prevention.

In the relationship with its customers, the Group considers it fundamental to ensure compliance with the principles set out in the Guidelines on respecting and safeguarding human rights, published on the company website and accessible by all stakeholders (including collaborators, suppliers and business partners) so that there is full awareness and drive to promote human rights as an integral part of the Group’s value system.

The aforesaid Guidelines imprint the Group’s conduct on integrity, fairness and transparency, refusing in particular any form of discrimination in access to the products and services offered and paying the utmost attention to dialogue and listening to the real needs of customers, in order to build relationships of trust and mutual satisfaction based on respect.

Therefore, the Group avoids starting and managing commercial relationships in contrast with the principles set out above and ensures that the products and services offered to customers meet their real needs, prohibiting the use of elusive, tiring practices or in any case tending to force the judgement or behaviour of the latter.

Customers are provided with clear and comprehensive information regarding the products and services offered, including details about sustainability risks (such as environmental, social and governance events or conditions that may negatively affect investment value) and the terms and conditions applied, in order to facilitate understanding and the making of informed choices. Specifically, as part of the provision of investment services, ESG factors are integrated through a methodology outlined in the Guidelines on the integration of sustainability risks in the provision of investment services (see "Policies related to climate change mitigation and adaptation") which identifies investment opportunities linked to a sustainable development model and offers customers quality products and services that align with market and societal trends while respecting clients' ESG preferences.

In order to guarantee customers access to products and services, particular attention is paid to providing them with support in the assessment and management of loans, especially with regard to those who are in temporary financial difficulty. In doing so, the Group takes into account the sustainability of the relationship in financial terms, particularly if resulting from exceptional and external events with respect to the activity carried out and relations with the Group (as better detailed in the section dedicated to "Actions related to managing IROs related to consumers and end-users" in which specific reference is made to financial inclusion).

Moreover, the Group is committed to being accessible to all thanks to the "design for all" approach and guarantees respect for the right to privacy and safeguarding the data and personal information of all parties involved in its activities in compliance with regulations in force.

In relation to respecting and safeguarding human rights, the Group manages and monitors the application of its approach to clients through clear assignments of roles and responsibilities, procedures for the identification and periodic assessment of risks, a system for reporting violations, a system of sanctions and constant dialogue activities with the reference stakeholders.

Lastly, it should be noted that the policies related to consumers and end-users, in particular with regard to the Code of Ethics and the Guidelines on human rights, comply with international recognised standards. In this regard, it should be noted that no violations of the principles of the United Nations Global Compact were found in the downstream value chain in the reference period.

In addition, the production and distribution of Group products and services is governed by solid national and European regulations, which also aim to avoid causing, or contributing to causing, material negative impacts on consumers and end-users. In addition to this regulation, as highlighted by the Regulation on the approval of new products and markets and product distribution, ensuring compliance with current regulations, the Group has adopted general principles for the approval of:

- products and services that are created and offered;
- new activities or initiatives that are proposed;
- new channels or markets in which it is inserted.

The definition of the Group's products and services must be based on the analysis of the interests, needs and characteristics of customers. In defining proposals for products and services intended for consumer, retail and other customer categories that deserve the highest level of protection, the level of potential risk for the customer and the complexity of the product or degree of innovation introduced must be taken into account, as well as possible conflicts of interest, in line with the type of product or service. The products and services issued or distributed must be compatible with the needs, objectives and characteristics of the customers, or of a specific reference market (or target market) to which they are intended and must guarantee proper management of conflicts of interest, mitigating and avoiding any prejudice for the customer.

Confidentiality and correct processing of data

Regulation on privacy, processing and protection of personal data

The Regulation on privacy, processing and protection of personal data applied by the entire Group at the level of the entire value chain, including its own operations, governs the principles, roles and responsibilities regarding privacy, processing and protection of personal data. In particular, it defines the principles and values that guide the Group in this area, guiding its strategic and operational choices.

In this regard, the Regulation identifies:

- the general principles that must safeguard personal data processing activities;
- the roles and tasks of the subjects that process personal data and the tasks of the Data Protection Officer (DPO);
- the principles of privacy by design and by default that must be applied to personal data processing activities;

- the roles and responsibilities of the Parent Company, the other Group companies and the Corporate functions.

Furthermore, the enforcement of this Regulation makes it possible to:

- favour the positive impacts related to the protection of data and information confidentiality, both in its own operations and along the upstream and downstream value chain;
- seize the opportunity related to data confidentiality in the management of its operations and the consequent benefit in terms of reputation, leveraging skills and tools in the cybersecurity area.

Within the Group, the Process Rules "Privacy - Management of the rights of data subjects", "Privacy - Tracking banking transactions" and the thematic Circular "Privacy and processing personal data" are also applied.

These Rules regulate the activities to be carried out in order to guarantee the rights that the legislation on the processing and protection of personal data recognises for data subjects and the activities to be carried out for the management, verification and monitoring of access to customer banking data that is carried out through IT systems by the persons authorised to process the data. The Circular governs the fundamental aspects for the application of the provisions set forth in current legislation on personal data protection, with particular reference to the assessment of the impact on data protection and the phases of acquisition, use, storage and the deletion of personal data.

Through the application of the aforementioned Regulation, the Group implements the provisions deriving from:

- European Regulation EU 2016/679 ("GDPR"), applied to natural persons, including freelancers and sole proprietorships;
- Italian Legislative Decree 196/2003 as amended by Italian Legislative Decree 101/2018 ("Privacy Code").

The highest level of management responsible for enforcing Regulation is the Board of Directors.

The Regulation can be consulted by internal stakeholders on the company intranet.

Freedom of expression

Regulation on complaints

The Regulation on complaints is applied to the Parent Company as well as to Banca Akros, Banca Aletti, Banco BPM Invest SGR, Aletti Suisse, to all companies for which the central depository system of complaints is active and to those that may receive complaints from customers, regardless of the organisational model adopted for the management thereof (Aletti Fiduciaria and Insurance Companies). It governs the process of handling complaints by defining the parties involved and the principles guiding this process. The Regulation is prepared in order to ensure that, if a customer deems their expectations not met and presents a complaint, it is managed according to principles of correctness, fairness and transparency. Its enforcement makes it possible to foster a positive impact on the freedom of expression of customers, generated by the Group's own operations. Any customer complaints are considered an opportunity for improvement and, as such, managed with a view to overcoming conflicts while increasing customer confidence and satisfaction.

The objectives of the regulation in question are:

- ensuring exhaustive and timely responses;
- preventing disputes;
- identifying, on a case-by-case basis and on an ongoing basis, opportunities to improve performance and services.

The company structure responsible for handling complaints is independent and autonomous with respect to the structures responsible for marketing products and managing related services, guaranteeing impartiality of judgement and ensuring the absence of situations of conflict of interest with the structures and subjects whose conduct may be the subject of a complaint.

By enforcing the aforementioned Regulation, the office responsible for managing the requests received undertakes to consider:

- regulatory and jurisprudential changes (for example, the PSD2 Regulation and the Lexitor Ruling);
- ABF and ACF guidelines;
- the indications of the Bank of Italy.

The highest management level responsible for the enforcement of the Regulation coincides with the role of the Chief Executive Officer.

The Regulation can be consulted by internal stakeholders on the company intranet.

Access to quality information

Regulation on the transparency of banking and financial transactions and services

The Regulation on the transparency of banking and financial transactions and services applied by Banco BPM, Banca Aletti, Banca Akros, Banca Aletti Suisse, with exclusive reference to banking products sold in Italy under the freedom to provide services, serves to make the offer of products and services consistent with the different types of customers and their actual needs, as well as to mitigate legal and reputational risk through the full adoption and application of the principles of fairness and transparency towards customers, in every phase of the brokerage activity. All information documents on transparency must be drawn up and presented in a manner that guarantees the correctness, completeness and comprehensibility thereof in order to allow the customer to easily understand and compare the characteristics and costs of the product or service, as well as to adopt thoughtful and informed decisions.

The enforcement of this Regulation makes it possible to seize the opportunity related to the dissemination of financial awareness through transparent and non-misleading communication and the promotion of an informed shopping experience.

With reference to the Regulation, the process rules "Transparency of banking and financial transactions and services - operations of central structures" and "Transparency of banking and financial transactions and services - network operations" are also applied. In particular, these rules govern the activities and controls put in place by the central and network structures regarding the transparency of banking and financial transactions and services.

The highest management level responsible for enforcing the Regulation is the Board of Directors.

The Regulation can be consulted by internal stakeholders on the company intranet.

Access to products and services

Regulation on the approval of new products and markets and product distribution

The Regulation on the approval of new products and markets and product distribution applies to certain Group companies¹ and governs the general principles for the approval of products and services that the Group intends to create and/or offer new activities or initiatives that it intends to assume, as well as the new channels or markets which it intends to enter.

The purpose of this Regulation is to ensure the compliance of new commercial initiatives with current regulations and to assess their impacts in terms of costs, revenues or benefits, resources, risks, any internal skills required, as well as technical, operational and IT repercussions. The proposals for new products are supported by an investigation process that must necessarily consider the description of the proposal characteristics for its target customers, the offer channels and distribution mechanisms, the results of the preventive analyses in terms of costs and benefits. In addition, the proposal in question must comply with correct risk management (including sustainability risks related to environmental, social and governance impact issues and in line with the gradual entry into force of the relevant legislation), as well as the appropriate representation of accounting, price adequacy and, in general, compliance with internal and external regulations.

Furthermore, since the scope of this Regulation includes new initiatives on omnichannels and digitalisation, which are therefore evaluated from all points of view, including the social one, the rules not only contribute to the pursuit of opportunities for customer expansion, but also promote the dissemination of the culture of innovation and inclusion. With reference to the aforementioned Regulation, the Process Rules "Product Governance of banking, insurance and related activities" and "Design, approval and monitoring of investment products and services" apply. In particular, these regulations govern the processes related to the product life cycle (also third-party products) created, distributed or reported by the Group companies identified in the scope of application and the design of new financial products,

¹ The Regulation applies to the following Group Companies:

- Banco BPM; Banca Aletti; Banca Akros; Aletti Fiduciaria; Oaklins Italy; Banco BPM Invest SGR, limited to the premises, the general principles and that which is consistent with the reference regulations and with the specific regulations of the company related to the investigation and approval of products and the assignment of roles and responsibilities;
- Banca Aletti & C. (Suisse) (this Regulation applies to the products of Banca Aletti & C. (Suisse) promoted or placed in Italy; passage to the Committee is envisaged for the products offered in Switzerland, without prejudice to the specificities envisaged Swiss legislation);
- Insurance companies, limited to the premises, the general principles and those consistent with the reference regulations of the insurance sector and with the specific regulations of the Company related to the investigation and approval of products and the assignment of roles and responsibilities.

starting from the analysis of the characteristics and customers needs, from the periodic review of the product range, as well as from the market context, in application of the principles of product governance.

The highest level of management responsible for enforcing Regulation is the Board of Directors.

The Regulation can be consulted by internal stakeholders on the company intranet.

Responsible commercial practices

Regulation on governance and control of Banco BPM Vita products

The Regulation on product governance and control applied to the Group's Italian insurance companies governs the principles, roles and responsibilities to ensure the development and adoption of product governance and control measures and of distribution, regulating the phases of insurance product design, control, review, distribution and continuous monitoring, in line with the reference regulatory framework and with the provisions of the "Regulation on the approval of new products and markets and distribution of products" of the Parent Company.

The enforcement of this Regulation makes it possible to promote positive impacts related to initiatives aimed at promoting ethical and transparent commercial practices.

Consistent with what is defined in the Regulation, the highest management level responsible for enforcing the Regulation is the Board of Directors of Banco BPM Vita.

The Regulation can be consulted by internal stakeholders on the company intranet.

Regulation on the approval and distribution of new products and services of Banco BPM Invest SGR

The Regulation on the approval and distribution of new products and services, which applies to Banco BPM Invest SGR, defines the general principles for the design, control, review, distribution and continuous monitoring of products and services that the SGR intends to implement, in order to ensure the adoption of safeguards on their governance and control, as well as their distribution. The definition of products and services is based on the analysis of the interests, needs and characteristics of customers so as to minimise potential conflicts of interest.

The enforcement of this Regulation makes it possible to promote positive impacts related to initiatives aimed at promoting ethical and transparent commercial practices.

Consistent with what is defined in the Regulation, the highest management level responsible for enforcing the Regulation is the Board of Directors of Banco BPM Invest SGR.

The Regulation can be consulted by internal stakeholders on the company intranet.

Regulation on usury risk prevention

The Regulation on usury risk prevention applies to Banco BPM, Banca Akros and Banca Aletti, and governs the principles, roles and responsibilities regarding the prevention of usury risk pursuant to Italian Law 108 of 7 March 1996 "Provisions on usury" and subsequent amendments, as well as the criteria put in place to avoid exceeding the "usury threshold" on the rates applied by the Group companies mentioned above to transactions and in the management of relations with customers. Through the enforcement of the Regulation, the Group acknowledges and complies with the aforementioned legislation.

Consistent with what is defined in the Regulation, the highest management level responsible for enforcing the Regulation is the Board of Directors of the individual companies.

The Regulation can be consulted by internal stakeholders on the company intranet.

Actions related to the management of IROs in relation to consumers and end-users

In order to continuously improve the relationship with customers, preserve the soundness thereof and share information and challenges, while simultaneously achieving the goals and objectives of internal policies, the Group has adopted and planned multiple actions, the main ones being:

- the Digital Omnichannel Transformation programme;
- training employees on cybersecurity;
- organising training sessions for corporate customers on ESG issues;
- service accessibility and improving communication;
- evolution of the processing register.

The Group has adequate organisational controls (through the allocation of roles and responsibilities to dedicated company functions), an adequate number of human resources (to whom ad hoc specialised training is provided) and sufficient economic resources for the implementation of the above actions, in order to ensure the best management of material impacts.

With the aim of pursuing the opportunity to improve the Group's reputation thanks to the digital transformation that guarantees sound privacy and IT security management, also by leveraging cybersecurity skills and tools, the update of the 2024-27 Strategic Plan confirmed the investments in cybersecurity and the internalisation of specialised technical skills in this area, also through new targeted hires of IT-tech specialists.

Among the other actions aimed at establishing a lasting relationship with customers and strengthening reputation, the Group promotes financial inclusion as a tool to combat difficult situations by offering tools and benefits to groups of vulnerable customers such as households and companies affected by extreme climate events, students without sufficient financial means to complete their studies, women who are victims of violence who find themselves in situations of economic difficulty.

Widespread economic development and combating hardship are fundamental to an inclusive and sustainable community. That is why the offer also includes tools and facilities that can put customers in a position to have financial resources to achieve their projects or overcome difficult times.

Also in 2024, the Group confirmed its commitment to:

- supporting families and companies affected by disasters through, for example, the suspension of mortgage and loan instalments, providing loans for the reconstruction of damaged properties/goods etc.;
- suspending payment of the principal of mortgages and loans, with corresponding extension of the repayment plan for a maximum period of 18 months, for women who are victims of violence and included in protection programmes, and who are in situations of economic difficulty;
- supporting young people in their life projects, such as the purchase of their first home, by offering the possibility of obtaining up to 100% of the value of the property and subsidised conditions;
- supporting deserving young students lacking sufficient financial means to undertake a course of study, offering economic support represented by a secured loan;
- making our offices, branches, services and communications accessible to all.

No improvement actions were identified in 2024 in relation to the protection and correct processing of customers' personal data by ICT suppliers, as the process of selecting these suppliers requires verification of the possession of adequate characteristics to ensure their protection and correctness.

Digital, Omnichannel Transformation programme

The quest for quality in customer relations is accompanied by the understanding that the introduction of new technologies and the adoption of innovative approaches play a crucial role in changing customer interaction: digitalisation offers the opportunity to overcome traditional limitations, allowing for greater service customisation as well as a faster response to customer needs. The Group is embracing this transformation, not only to adapt to the change, but also to make the most of the potential offered by digital technology in consolidating and improving the relationship with its customers.

In particular, to improve the usability, even remotely, of its products and services, in 2024 the Parent Company carried out several interventions that concerned:

- the extension of the scope of products that can be purchased remotely, for example, the BBPM and Webank deposit account on the web and App and the credit card for WeBank customers in remote offers. In addition, the Cardless service was reactivated, which allows withdrawals without a physical card, but with the help of apps on a mobile phone;
- the improvement of the offer of personal loans on digital channels, through the extension of the most advanced solutions for signing contracts with digital signatures, which make it possible to rationalise the steps taken by the customer. In addition, the pre-contractual phase of Agos loans was also digitalised and the automatic loan liquidation function was also issued into production;
- the evolution of platforms (APP and WEB) and of the tools that allow customers, both private and business, to interact digitally remotely and in the branch. For example, evolutionary interventions were carried out on the conversational app and an appointment function was activated in the Branch;
- the extension of the use of digital signatures in Branches to further processes for the sale of products and services, the release of the document upload functionality for individuals from the App and web and for companies from the web, the extension of video collaboration to the Customer Center and interventions to improve current onboarding solutions for new customers through remote digital processes;

- the evolutionary interventions of Customer Relationship Management (CRM), in order to promote the utmost understanding of customers and ensure that the proposal of products and services addressed to them is always in line with their actual needs;
- as part of financial consulting, the development of a digital and remote compilation function, through platforms (APP and WEB), of the MiFid questionnaire that collects information about the customer in terms of understanding, preferences and risk appetite in relation to services of investment, also in the ESG field.

Training employees on cybersecurity

In order to guarantee adequate protection levels for customers against potential cyber threats, the Group offers employees continuous training to acquire and update their cybersecurity skills. The meetings include mandatory and free-to-use training courses as well as specialised events and workshops dedicated to professionals. The primary purpose is for each employee, depending on the role held, to develop the essential knowledge and skills to face the challenges related to IT security for better data and customer protection. For further details on the training and awareness-raising plan on cybersecurity, please see the section "Actions related to the management of IROs in relation to the confidentiality and correct processing of own workforce data" and in particular to the action: "Implementation of an annual cybersecurity training and awareness-raising plan".

Organising training sessions for corporate customers on ESG issues

In order to increase ESG awareness, and on the basis of the initiatives undertaken also as part of the last Strategic Plan, the Group organises training meetings for companies¹ on ESG issues (offering support, for example, in the definition of the sustainability strategy, in the preparation of ESG reporting, in the definition of policies, etc.).

In particular, the contents shared therein are the result of:

- the engagement of specialised external trainers;
- internal skills developed through training dedicated to internal professionals able to meet the different needs of customers.

These activities are planned in advance on an annual basis at the time of strategic planning (considering the three-year reference period of the Strategic Plan). In fact, since 2021, the Group has been committed to a process dedicated to spreading awareness on sustainability issues and the importance of ESG factors in corporate strategy. This initiative has become increasingly structured with the formalisation of the ESG Factory project, which provides concrete support to corporate clients embarking on the green transformation process.

For the development and implementation of these initiatives, the Group has allocated human and financial resources (the latter to an insignificant extent) for both the creation and disbursement of content, as well as the definition and implementation of the various logistical aspects relating to the meetings.

Service accessibility and improving communication

During 2024, several actions were taken to make internal processes, documents and digital platforms for private customers and companies accessible, clear and written in an easily understandable language while still guaranteeing comprehensive content to facilitate the customer's interpretation of the relationship and in line with the guidelines on the subject (Web Content Accessibility Guidelines). From the results of some platform accessibility audits, the corrective actions undertaken during 2024 led to significant improvements compared to previous years in terms of accessibility of digital channels.

Efforts to improve the level of accessibility and use of digital tools have been undertaken by the Group since 2022 and include activities to adapt digital platforms to the requirements of Italian legislation (Agency for Digital Italy and its implementing regulations). The primary objective is to constantly monitor and improve the usability of the Group's digital assets (e.g., websites and apps for private and corporate customers) by removing barriers to entry and ensuring inclusive access, with particular attention to the needs of people with various difficulties.

In this context, contractual documentation accessibility measures have been introduced, with an extension to other types of documents in 2025. Specialised training programmes were also initiated for more technical staff, aimed at promoting accessibility-related skills in the design, maintenance and updating of digital services, documents and products.

¹ The recipients of ESG awareness initiatives are not only the corporate customers of the Banco BPM Group, but also companies operating in Italy that are not yet Group customers.

Lastly, with a view to continuous improvement, the Bank has also launched an update and revision of the documents for Banco BPM customers, which included:

- the documentation provided to the customer during the first contact for specific loan products (entry into force expected by the end of 2025). In this sense, as a producer and distributor of loan products, Banco BPM aims to create complete and clear documents that are immediately useful for understanding and comparing offers on the market;
- the layout and accounting records generated as a result of payment transactions (in force since the first half of 2024) to facilitate immediate understanding.

The Group has implemented these initiatives using a dedicated inter-functional working group, to which it has allocated dedicated financial resources (to an insignificant extent).

Evolution of the processing register

In order to allow the qualitative improvement of the information collected on the Group's personal data processing activities and to promote compliance with the obligations set out in the regulations (in particular by Art. 30 of the GDPR), the Group took action in 2024 to develop its Processing Register. In addition, to ensure adequate monitoring of the issues in question, ad hoc training sessions were provided to employees who hold positions of responsibility on issues relating to personal data protection.

Targets related to consumers and end-users

The main targets aimed at managing material sustainability issues related to Group clients, as monitoring the effectiveness of policies and actions are:

- training dedicated to creating ESG awareness for corporate customers to accompany the sustainable transition;
- strengthening internal IT security controls, in particular through the recruitment of IT tech specialists with cybersecurity skills.

The definition of sustainability objectives is part of the more complex strategic planning process to which the various company functions contribute by competence and which take into account both the considerations and requests that have emerged during meetings with stakeholders and past performance and resources provision in the determination of company objectives.

The performance monitoring linked to these objectives is carried out by the Planning and Value Management function and by the Transition and Sustainability function at least on a quarterly basis.

In this context, the performance recorded periodically is compared with intermediate objectives (where available) in order to detect any gaps and, if necessary, launch remedial initiatives with the company structures responsible for pursuing these objectives. The results of the monitoring activity described above are brought to the attention of the Corporate Bodies also in order to direct any remedial actions

Training dedicated to creating ESG awareness for corporate customers

Over the 2024-2026 time horizon, the Group expects to provide more than 3,000 hours of cumulative training dedicated to creating ESG awareness with companies and corporate customers¹ to accompany the sustainable transition. The cumulative objective, defined in the 2023-26 Strategic Plan, was rescheduled to 2027 in the recent update.

The objective was set on the basis of what has actually been achieved in the past and taking into account the resources available, as well as in line with the commitments undertaken and declared by the Group in supporting customers in a transition process, through communication and development of the potential of companies and on the basis of the performance recorded in recent years in the field of ESG training delivery to companies.

An interim target of 1,000 hours delivered in 2024 was set for this objective. The monitoring activities show that the hours provided, calculated as a multiplication of the number of participants and the number of training hours as at 31 December 2024, is equal to 1,804, therefore well above the interim target.

¹ In addition to non-customer companies operating in Italy

Strengthening internal controls by recruiting IT tech specialists with cybersecurity skills

It should be noted that the objective "Promoting of generational turnover and investing in young talent" described in the section "Objectives related to working conditions and well-being of own workforce" also contributes to strengthening the control that the Group guarantees on the security of customer data and information.

Entity-specific metric for the management of IROs*Virtual Webank branch for "pure digital" customers and remote transactions*

The Group has provided its "pure digital" customers some virtual branches, registered with the Bank of Italy and with unique Banking Codes (CAB). The branches are present in the internal database of the GESTOR bank (Group Organisational Management System).

The percentage of transactions carried out remotely out of the total transactions carried out by **private customers** (natural persons) is equal to:

- 87% for transactions carried out online and at the ATM¹;
- 79% for transactions carried out online and at the branch²;
- 71% for transactions carried out via app³.

The percentage of transactions carried out remotely out of the total transactions carried out by **client companies** (legal entities) is equal to:

- 85% for transactions carried out online and at the ATM⁴;
- 80% for transactions carried out online.⁵

Mandatory training on transparency in banking operations towards the customer

The percentage of employees who receive mandatory training on transparency in banking operations towards customers is 35% of the target population.

The figure is calculated as: ratio of employees in service at the end of the period who received training on transparency compared to the total number of employees active at the end of the period.

ESG awareness for companies

The Group is committed to disseminating ESG-related issues among its business customers and provided a total of 1,804 hours of dedicated training in 2024. The training hours provided are calculated by multiplying the number of participating customers by the number of training hours received by each customer.

Complaints

Complaint management is a crucial activity that allows the Group to interact with customers to fulfil the various requests and needs that may arise, while maintaining a high degree of customer satisfaction. Among the entity-specific metrics monitored by the Group, complaints represent an important area of information that includes, in 2024, 5,679 complaints received⁶ through the ReLam application, of which:

- 559 complaints accepted;

¹ Ratio between the sum of online transactions (i.e., handling current accounts on the web and You and We apps) and movements carried out at the ATM on total transactions carried out (online, ATM, branch).

² Ratio between the number of online transactions (i.e. handling current accounts on the web and You and We apps) out of total transactions carried out online and in the branch.

³ Ratio between the number of transactions carried out through the You and We app, out of total transactions carried out online (i.e., handling current accounts on the web and the You and We app).

⁴ Ratio between the sum of online transactions (i.e., handling current accounts on the web and Youbusiness app) and movements carried out at the ATM on total transactions carried out (online, ATM, branch).

⁵ Ratio between the number of online transactions (i.e., handling current accounts on the web and Youbusiness app) out of total transactions carried out online, at the ATM and in the branch.

⁶ The data of the complaints accepted, partially accepted and rejected relate to complaints addressed which do not coincide with those received (for example, the complaints received in December 2024 could be dealt with in 2025)

- 1,660 complaints partially accepted;
- 3,524 rejected.

For each case reported above, complaint management takes place through the "Reclam" application that allows the extraction of the data required to calculate the indicated metrics.

Customer Satisfaction Surveys

There were approximately 166,000 customers involved in customer satisfaction surveys during 2024. These surveys were conducted by interviewing a representative sample of Banco BPM customers contacted once a year by telephone and email; by combining both channels, the feedback received is considered statistically solid.

The NPS index (Net Promoter Score) obtained from the surveys is an international recognised indicator that indicates how much customers would recommend Banco BPM to friends and relatives and is calculated as the difference between the % of "promoter" customers and the % of "detractor" customers¹ in a range between -100 and +100. The Banco BPM index stood at 31 in 2024, a value validated by the external company BVA Doxa, which carried out the customer surveys.

Serious IT security incidents and data loss or unauthorised access to Group banks

One serious IT security incident occurred in 2024. The count of "serious" incidents is based on the value assigned to the severity of the event. In particular, the degree of impact in the event of potential data loss is assessed in terms of:

- availability of the data, i.e., if it has made the data temporarily or permanently inaccessible or unusable at the request of the financial entity, its customers or its counterparties;
- authenticity of the data, i.e., if it has compromised the reliability of the data source;
- data integrity, i.e., if it led to an unauthorised modification of the data that made them inaccurate or incomplete;
- data confidentiality, i.e., if it involved access to the data by an unauthorised person or system or their disclosure to that person or system.

If the assessment assumes the degree of potentially serious severity (threshold of regulatory relevance) it means that the incident has or will have a negative impact on the achievement of the commercial objectives of the financial entity, on the ability to meet the regulatory requirements, i.e., at least one application present in the "Classification Framework" in the "Regulatory constraints" sheet is involved, and the impact conditions described therein have been verified or in the case in which the IT and network systems detect unauthorised, malicious and successful access, where such accesses may lead to data loss.

No significant episodes of data loss or unauthorised access occurred that required notification to the Data Protection Authority or to the interested parties.

Number of incidents involving data leaks or losses at the ICT suppliers of Group banks

During the reporting year, one incident occurred that led to data leakage or loss at the ICT suppliers of Group banks. The methodology for determining this figure is based on the regulatory framework that refers to the Guidelines contained in regulation 285 and which keeps track of all events related to operational and safety incidents.

ISO 27001 ICT certified suppliers or equivalent registered in the Parent Company's Supplier Register

The Banco BPM Group is engaged in the selection and monitoring of suppliers who have IT security certifications, in particular ISO 27001 and equivalent. The percentage of suppliers required to hold this certification with respect to the total number of suppliers registered in the Parent Company's Register is 31% in 2024.

In obtaining the data, the suppliers surveyed with positive turnover and an indication of said certification are considered, collected during the registration of the same through the compilation of dedicated ESG questionnaires.

¹ The customers interviewed can give an answer between 0 and 10 when asked. Customers who associate a value from 0 to 6 are considered detractors, from 7 to 8 neutral and from 9 to 10 advisors.

GOVERNANCE INFORMATION

Business conduct

The following table provides a description of the impacts, risks and opportunities that the Group has assessed as material in relation to Business Conduct following its dual materiality assessment.

ESRS Topic, sub-topic, or sub-sub-topic	IRO	Perimeter	Description	Metrics used to assess performance and effectiveness in relation to a material IRO
Corporate culture	Potential negative impact	Own operations	Potential litigation and other legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, negligence, etc.	G1-6 - Payment practices
	Impact positive		Dissemination of an aware and adequate culture of ethics and corporate integrity based on fairness of conduct and on combating tax evasion, money laundering and anti-competitive behaviour	
Protection of whistleblowers	Impact positive		Definition and monitoring of whistleblower reporting and protection processes	
Management of relations with suppliers, including payment practices	Impact positive		Compliance with payment deadlines to own supply chain and awareness-raising through supplier analysis procedures according to ESG criteria	
Corruption and bribery	Potential negative impact		Possible occurrence of corruption and bribery	G1-3 Prevention and detection of corruption and bribery G1-4 Incidents of corruption and bribery

Policies related to corporate culture and business conduct

The main policies adopted by the Banco BPM Group to manage the corporate culture and business conduct are:

- Code of Ethics;
- Integrated Internal Control System Regulation;
- Internal Violation Reporting System (Whistleblowing) Process Standard;
- Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01;
- Anti-Corruption Regulation;
- Regulations on the Prevention of Money Laundering and Terrorist Financing;
- Regulation for Managing the Purchase of Goods and Services;
- Guidelines regarding operations in the weapon materials and systems industry.

Code of Ethics

The Banco BPM Group recognises the importance of its role in the economy and in the communities in which it operates, committing itself to shared growth with all stakeholders on a daily basis. It addresses social, environmental and economic challenges by having sustainability integrated into its operating model and corporate culture since its foundation. It promotes an approach based on concrete actions and on the values of diversity, inclusion, respect and well-being of people. Internally, the Group is committed to strengthening the employee engagement, promoting the corporate culture and sharing the main innovations through tools such as the company intranet, Corporate TV and newsletters. These tools support both people and commercial activities, strengthening the sense of belonging and participation. In addition, the Group enhances the interests and passions of employees, offering spaces and initiatives that promote inclusion and cohesion, making the work environment stronger and more united.

The Group provides training programmes on business conduct: the Academy function organises annual courses for all employees with a level of in-depth analysis that varies from basic training to specialised programmes, guaranteeing continuous growth of skills and ethical awareness within the Organisation (including training courses for its stakeholders with the aim of developing the ability to recognise, analyse and resolve doubts that may arise in common operations regarding the provisions of the Code of Ethics).

The Code of Ethics is a governance tool which formalises our guidelines of good conduct based first and foremost on ethical principles, legality, fairness, transparency and respect for each individual, without any form of discrimination. The principles and provisions of the Code are binding for directors, statutory auditors, all persons bound by an

employment relationship with the Group and all those who work for the Group, regardless of the relationship that binds them to it.

The Code of Ethics governs in particular the guiding principles in relations with stakeholders such as customers, investors and the financial community, staff, suppliers, communities, the Supervisory Authority, Judicial Authority and Public Administration, as well as respect for the environment.

The Code supports the dissemination of a culture of compliance with the rules and attention to risks, ensuring the quality of the activities carried out, improvement in terms of sustainable and responsible business development and favouring the positive impacts related to the dissemination of a conscious and adequate culture of ethics and corporate integrity based on fair conduct and combating tax evasion, money laundering and anti-competitive behaviour.

The Banco BPM Group, also thanks to compliance with the values and principles set out in the Code of Ethics, acts by placing the customer at the centre, with whom it builds transparent and lasting relationships and for which it constantly works by proposing an offer oriented towards its needs.

Finally, the Group is committed to providing the financial market with fair, transparent, comprehensive and timely disclosure of its strategies and results and sets itself the objective of creating sustainable value in the medium and long-term, also in the best interest of investors (shareholders and bondholders). The Code also places due care in respecting contractual agreements with suppliers and business partners. In the same way, it seeks to value people and maintain a system of relationships with employees aimed at nourishing their motivation and sense of belonging to the Group.

Non-compliant behaviour could give rise to civil and/or criminal and/or administrative liability for the Group pursuant to the law, resulting in the application of sanctions against it, as well as, for employees, disciplinary liability and, in the most serious cases, civil and/or criminal and/or administrative liability.

The Code of Ethics is inspired by the main international treaties, and in particular by the OECD Guidelines for multinational companies, the principles of the United Nations Global Compact which the Group has formally endorsed, the fundamental Conventions of the International Labour Organisation, the Guidelines of the Organisation for Economic Cooperation and Development as well as the Universal Declaration of Human Rights of the United Nations and the European Convention on Human Rights.

The highest management level responsible for approving and implementing the Regulation is the Board of Directors. The Code of Ethics and its updates are made available to the recipients and the public through publication on the intranet portal and on the websites of the Group Companies, where present. Each recipient is required to direct the colleagues of their organisational units to fully comply with the Code of Ethics and disclose it to all those who work directly or indirectly for the Group and its Subsidiaries. In addition, the Group's suppliers are also required to sign and comply with the principles of the Code of Ethics (through express reference in supply contracts).

Integrated Internal Control System Regulation

The Integrated Internal Control System Regulation governs the criteria, roles and responsibilities regarding the internal control systems of the Banco BPM Group (with the exclusion of BBPM Life, which adopts an internal control system compliant with Irish legislation and consistent with the principles of the Group policy), representing the duties and responsibilities of the corporate bodies and control functions, as well as the related coordination and collaboration methods in compliance with legal and supervisory provisions (in particular with reference to Bank of Italy Circular 285 of 17 December 2013 and IVASS Regulation 38 of 3 July 2018 and subsequent amendments and additions).

In this context, the Regulation defines criteria and guidelines on the internal system for reporting violations, allowing to strengthen the positive impact generated through the definition and monitoring of whistleblower reporting and protection processes. The Board of Directors is responsible for the implementation of the Regulation and therefore approves the internal reporting systems and appoints the head of the internal reporting system (coinciding with the Audit Manager), responsible for ensuring the correct management of the reporting process, reporting directly and without delay to the relevant corporate bodies and/or to the Supervisory Body the information subject to reporting, where deemed pertinent, and draws up an annual report. The Regulation can be consulted by internal Stakeholders on the company intranet.

Internal Violation Reporting System (Whistleblowing) Process Standard

The Group provides mechanisms for identifying and reporting concerns regarding unlawful conduct or that is in conflict with its own Code of Conduct or internal regulations.

In particular, in line with the provisions of the Internal Violation Reporting System (Whistleblowing) Process Standard, it requires those who have become aware of an offence in the workplace, also in the pre-contractual phase or after the termination of the employment relationship, to transmit detailed indications of unlawful conduct (including alleged). In particular, ad hoc internal channels are envisaged for sending reports through a guided procedure on the dedicated IT platform or by filling in the reporting forms attached to the regulations.

Regardless of the channel of receipt of the report (platform, vocally, direct meeting, physical mail), the whistleblower receives confirmation of the report's receipt and acceptance within seven days.

In addition to the dedicated (whistleblowing) channel, those who believe they need to report unlawful conduct or assumptions can contact the Supervisory Body (hereinafter also "SB") by sending an e-mail to the dedicated e-mail box or by post, even anonymously, sent to the SB (including violations of the Code of Ethics). If the report is deemed worthy of further investigation, it is forwarded to the relevant Group structures (primarily the Complaints Management and Audit Function).

Report management activities are implemented in compliance with the rules and regulations in force and in compliance with the principles of confidentiality and fairness, as well as with EU Regulation 2016/679 (GDPR) and Italian Legislative Decree 196 of 30 June 2003 as amended by Italian Legislative Decree 101 of 10 August 2018 and Italian Legislative Decree 24 of 10 March 2023.

Seven reports were received in 2024, not relating to sustainability issues, which gave rise to audits by the Audit Function, and a case in which the audits are still in progress, for which it is not possible to associate any information at present.

Group whistleblowing reports are managed in the cloud (excl. BBPM Life) by an external Company to protect whistleblowers who, by law and internal regulations, are protected from any form of retaliation or discrimination in the professional sphere.

In this sense, the confidentiality of the identity is guaranteed within the limits established by law or determined by the Company's need for protection. Report management activities are implemented in compliance with the rules and regulations in force and in compliance with the principles of confidentiality and fairness, as well as with EU Regulation 2016/679 (GDPR) and Italian Legislative Decree 196 of 30 June 2003 as amended by Italian Legislative Decree 101 of 10 August 2018 and Italian Legislative Decree 24 of 10 March 2023.

Sanctions are envisaged for those who violate the protection measures of the whistleblower and other interested parties, as well as those who make reports with fraudulent intent or gross negligence that prove to be unfounded. Five reports were received in 2024, all via the SB mailbox. The body requested further information from the competent Functions for each individual case, and the appropriate specifications.

The Group protects whistleblowers in various ways, including activities such as dissemination of information and training to its workers on how to use the channels made available as well as training programmes for the staff who receive and process such reports.

In particular, detailed information on the establishment of internal channels is made available to the workforce in the Circular Internal Violation Reporting System (Whistleblowing) Process Standard and in the banner present on the company intranet ("Whistleblowing Policy" in the case of BBPM Life), both freely accessible to employees. In addition, the Academy function and the Audit function (in agreement with the Administration and reporting function for some subsidiaries) provide ad hoc courses¹ on the issues in question to employees in their entirety and to those who receive and manage the reports, respectively.

To strengthen the positive impact generated through the definition and monitoring of reporting and whistleblower protection processes, the Internal Violation Reporting System Process Standard (applied by all Group Companies with the exclusion of BBPM Life, to the which the "Whistleblowing Policy" applies, in compliance with Irish legislation and the principles adopted by the Group policy) governs the Internal Violation Reporting System relating to unlawful conduct as required by Italian Legislative Decree 24 of 10 March 2023, by specific sector regulations, Bank of Italy, IVASS

¹ For BBPM Life alone, the Compliance function (of the Company) is responsible for the delivery of an annual course and training at the time of recruitment.

and ANAC Regulatory Bodies and in line with the guiding principles of the Integrated Internal Control System (internal) Regulations. The highest management level responsible for the enforcement of the Process Standard coincides with the person responsible for the Internal Violation Reporting System. The Process Standard is made available to internal stakeholders through publication on the company intranet.

Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/01

The Companies of the Banco BPM Group adopt and implement their own Organisation, Management and Control Model suitable for preventing the commission of the offences referred to in Italian Legislative Decree 231/2001, considering it a fundamental element of the overall governance system. It is aimed at ensuring that the company activities are in line with company strategies and policies and are based on sound and prudent management.

The 231 Model adopted complies with the principles of Italian Legislative Decree 231, the self-regulatory codes and the recommendations of the Supervisory Authorities, as well as the Guidelines issued by ABI and the sector associations to which the Company belongs. The provisions contained in the 231 Model supplement those envisaged by the Code of Ethics, which constitutes their essential foundation. With the adoption of the Model, the Group intends to make the system of controls and corporate governance more effective, with particular reference to the objective of preventing the commission of the offences envisaged by Italian Legislative Decree 231/2001 as well as by the laws that expressly refer to it.

The 231 Model is adopted primarily to avoid the direct liability of the entity for the commission of certain offences by persons functionally linked thereto and, consequently, to avoid the applicability of sanctions against the entity. The entity's liability arises only in the cases and within the limits expressly provided for by law and by Italian Legislative Decree 231 of 8 June 2001, which regulates the entity's direct liability for the commission of certain offences by persons functionally linked thereto and envisages the applicability of administrative sanctions against the entity.

The Model also supports the dissemination of a culture of compliance with rules and attention to risks, promoting the quality of the activities carried out and constant improvement towards sustainable and responsible business development. The Group, also through the Model, rejects and sanctions any conduct that does not comply with the law and with the provisions of the Model itself and the Code of Ethics, and also any behaviour implemented in order to evade the provisions of the Model itself, even if the conduct is implemented in the belief that it pursues, even partly, the interest of the Group or with the intention of obtaining a benefit.

The Group, having adopted an organisational structure that distinguishes it as a substantially and economically unified enterprise, gives guidance on the choices for implementing Italian Legislative Decree 231/2001, defining guidelines and frameworks of reference for preparing the Organisation, Management and Control 231 models of the Group Companies. In relation to the foregoing, the Parent Company has prepared a model which, without prejudice to the autonomy of each company in adopting its own, represents the paradigm to be adopted by other Companies.

Specifically:

- the subsidiaries based in Italy, bearing in mind the 231 risk profile attributable to the Company, adopt their own Organisation, Management and Control Model;
- the structures with which the Group operates abroad, not having autonomous legal personality (representative offices), are for all intents and purposes recipients of the Company's 231 Model, irrespective of the jurisdictions in which they operate. If the legislation of the countries in which those structures are based do not envisage similar levels of attention, the latter must comply, in particular, with the contents of the chapter "General principles for the prevention of crimes and offences" of the Parent Company's 231 Model, adjusting them to the peculiar aspects of their own situation in coherence with the local regulations in force. If any of the provisions contained in the model are less restrictive than the local legislation, the aforementioned structures adopt the local legislation;
- in relation to foreign subsidiaries, the Parent Company adopts all initiatives aimed at guaranteeing standards of control and safeguards comparable to those envisaged by the Italian supervisory provisions, even in cases where the legislation of the countries in which the branches are based does not envisage the same standards of attention.

As part of the 231 Model, the Group continuously updates the risk mapping pursuant to Italian Legislative Decree 231/01, making use of the managers of the organisational structures, who are responsible for:

- the execution, proper functioning and effective application over time of the processes, proposing changes to the procedures under their remit, when those changes appear to be necessary for the effective implementation of the model;

- verifying the existence and remedies for any deficiencies in the regulations that could give rise to foreseeable risks of commission of the crimes as part of the activities under their remit;
- reporting to the Body any situations of irregularity or anomalous behaviours;
- keeping constantly updated the risk assessment sheet, making it available to the Body.

The highest management level responsible for approving and implementing the Model is the Parent Company Board of Directors. The Regulation and its updates are made available to the recipients and the public through publication on the intranet portal of the Group companies and on their websites, where present.

The update of the model also involves keeping a log of the document being read by the recipients. New recruits receive, at the time of hiring, the instruction to access the legal section of the company intranet to read the 231 Model in full and they undertake to comply with its requirements, signing a specific declaration in that sense.

Anti-Corruption Regulation

The Group has set up procedures to quickly, independently and objectively investigate incidents concerning the conduct of the company, including cases of corruption and bribery. In particular, in addition to the investigation process linked to whistleblowing reports, the Parent Company's Audit Function analyses all available evidence, also deriving from anomaly indicators, reporting the need to carry out further, more specific investigations or any interventions to the competent internal or external structures.

The Group Organisation function regularly carries out assessments to verify the exposure of each individual activity managed by the structures to any 231/01 risks, including corruption and bribery against private individuals and subjects belonging to/linked to public administration. Therefore, it implements a system of internal regulations and controls to minimise these risks which, as emerged from the aforementioned assessments, have a greater impact on activities and managers with economic relations and external relations.

The corporate control functions and the Supervisory Bodies established pursuant to Italian Legislative Decree 231/01 of the Group companies contribute to the periodic assessment and monitoring of risk and subsequently report to the Management and Control Bodies.

In addition, the Anti-Corruption Regulation constitutes a 'protocol' pursuant to the regulations on the administrative liability of Companies referred to in Italian Legislative Decree 231/01 and is adopted by all Group companies, including those operating abroad, also in compliance with the local regulations even in cases where such regulations do not call for similar levels of attention. In addition, any provisions of local regulations which are more restrictive than those contained in the Regulation prevail over the latter and the foundations covered by the Articles of Association of Banco BPM.

The Regulation governs the fundamental principles, guidelines, roles and responsibilities for preventing and combating corruption, in compliance with current legislation on the matter.

In particular, it is part of the system of regulations and organisational controls that aim to:

- assign prevention responsibilities to corruption and bribery;
- mitigate the potential negative impact of corruption and bribery;
- define company processes and a financial resources management system that, in compliance with current external and internal regulations, guarantees the traceability of transactions and their timely identification and registration, also in order to prevent the creation of hidden funds instrumental to the commission of corrupt acts.

In this sense, the Regulation outlines the organisational, IT and control measures necessary to prevent and counter the commission of corrupt acts directly and indirectly against the public administration, private individuals, public officials or persons responsible for public services, by all staff, including collaborators, employees, Top Management and counterparties who operate on behalf of or in the interest of the Parent Company or of the other Group companies on the basis of professional relationships that determine their inclusion in the company organisation or collaboration.

Any alleged violation of applicable anti-corruption laws or the Anti-Corruption Regulation committed by Group staff must be reported immediately through the dedicated channels governed by the internal regulations on reporting violations.

The highest management level responsible for approving and implementing the Anti-Corruption Regulation is the Board of Directors.

The Regulation and its updates are made available to the recipients and the public through publication on the website of the Banco BPM Group and Group Companies, where present.

Regulations on the Prevention of Money Laundering and Terrorist Financing

The Regulations describe and justify the choices made by the Banco BPM Group to prevent the risk of being involved in money laundering and financing of international terrorism. Through the above, the Group responds to the complexity and danger of money laundering and the financing of international terrorism through a responsible and dedicated approach, paying particular attention to the quality and ongoing refinement of the instruments for preventing and combating money laundering and terrorism financing, extending them also to those areas not directly foreseen through full knowledge of the counterparty.

In addition, it is a measure against the negative impact of potential litigation and other legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, and negligence.

The Regulations apply:

- to the financial intermediaries belonging to the Group with registered offices in Italy (subject to the anti-money laundering provisions of Italian Legislative Decree 231/2007);
- to other parties carrying out financial activities belonging to the Group with registered offices in Italy (subject to the anti-money laundering provisions of Italian Legislative Decree 231/2007).

Moreover, despite not being subject to the provisions on the prevention of money laundering and terrorist financing laid down in Italian Legislative Decree 231/2007, to facilitate the application of the measures envisaged by Italian Legislative Decree 109/2007 as amended, the Regulations apply:

- to all the other Group Companies with registered offices in Italy, limited to the principles of full knowledge of their respective counterparties;
- to the Banks belonging to the Banking Group with registered offices abroad, in compliance and compatibly with current local laws and regulations, to strengthen the organisational controls in the area of the prevention of money laundering and terrorist financing and to allow the assessment of the specific risk exposure also during the Group's internal assessment.

The company BBPM Life has implemented Banco BPM's Anti-money Laundering and Terrorism Financing Activities Policy.

- national and European regulations, including applicable sector regulations to combat money laundering and the financing of terrorism, which aim to ensure the efficiency of markets, the promotion of competition, correct behaviour, the honourableness of company representatives, the transparency of ownership structures and relations with customers, and the effectiveness of the organisational structure and internal controls;
- the United Nations Sustainable Development Goals that promote the significant reduction of illicit cash flows and weapons as well as corruption and bribes in all their forms and the use of financial mechanisms for money laundering and terrorist financing.

The Regulation and subsequent amendments are subject to the approval of the Banco BPM Board of Directors; the Chief Executive Officer is responsible for enforcing strategic policies for governing the risk of money laundering, as required by the relevant regulatory provisions.

The Regulation is made available to all staff through publication on the company intranet and to all external stakeholders through publication on the Group's institutional website.

Regulation for Managing the Purchase of Goods and Services

The Regulation for Managing the Purchase of Goods and Services (applied to all Group companies, including those abroad that have granted the mandate and signed the intercompany contract for relying on the purchase services of the Parent Company structure) governs the principles, criteria, roles and responsibilities regarding the management of expenditure deriving from purchases of goods and services. In particular, it governs the operating model adopted by the Group for managing:

- relations with suppliers;
- purchase requests;
- supplier selection process;
- process of negotiation, contracting and purchase order issue (including monitoring and control activities).

The Regulation is part of the organisational controls and processes implemented by the Group to foster the positive impact generated, ensuring compliance with payment deadlines towards its supply chain and strengthening awareness-raising on these areas. The Rules are approved by Banco BPM's Board of Directors and implemented by the competent Administrative Bodies of the subsidiaries, which not only decide on the adoption of the Regulation, but also ensure that any internal rules of their own are consistent with the Group's rules.

The Regulation and its updates are made available to internal stakeholders through publication on the Group's intranet.

Guidelines regarding operations in the weapon materials and systems industry

The guidelines govern operations in the defence sector, and in particular with respect to counterparties operating in the weapons materials and systems sector, setting out a more rigid authorisation process with a view to sustainability.

In fact, the Guidelines regarding operations in the weapon materials and systems sector include adequate controls to assess the potential ESG impacts of the individual transactions subject to approval. The Board of Directors is expected to authorise these credit granting operations, subject to the non-binding opinion of the ESG Committee.¹

In addition, the Board of Directors defines the list of countries - in particular non-NATO and non-EU countries - with which it is possible to work.

Actions related to the management of IROs in relation to corporate culture and conduct

The Group has adopted and planned multiple actions in order to manage material matters related to business conduct, as well as to achieve the purposes and objectives of its internal policies.

In particular, in order to achieve the objectives defined in internal regulations, the main actions adopted by the Group concern:

- the enforcement of corruption risk management processes, regulatory and operational compliance with regulations and the risk of money laundering and terrorist financing;
- the activation of mandatory training programmes for the envisaged recipients on anti-money laundering and anti-corruption and the preparation of a training plan on anti-money laundering.

Together, these actions allow to make a positive contribution to remedying the potential negative impacts in terms of issues related to business conduct and referring to the Group's own operations. In particular, the initiatives launched are aimed at managing:

- the (potential) negative impact on customers and its workforce in the event of disputes, unlawful conduct and disputes attributable, for example, to fraud, insider trading, anti-competitive behaviour, etc.;
- the (potential) negative impact on people in the event of corruption and bribery.

Lastly, the Group has not and does not (currently) envisage the adoption of specific actions in this area by virtue of the high standards envisaged in the procedures for analysing suppliers according to ESG criteria, management of relations and payments to suppliers which guarantee compliance with payment deadlines.

Implementation of the corruption risk management process and regulatory and operational compliance

Banco BPM's Compliance function ensures the implementation of the corruption risk management process and regulatory and operational compliance with standards, including self-regulatory ones on the subject, and performs the functions of guidance, coordination and control for the compliance structures of Group Companies that have not outsourced this function to the Parent Company.

In its control activities on the Group Companies it oversees, the Audit function of Banco BPM monitors compliance with the relevant regulations with the aim of preventing or detecting the occurrence of anomalous and risky behaviours or situations and guarantees the consistency with the policies established by the Competent Bodies and internal regulations. With reference to the companies excluded from the scope of monitoring of the Parent Company's Audit function, the activities are carried out by specific functions in compliance with the same roles and responsibilities, taking into account the specific operating characteristics of the individual Companies.

Also with reference to the risks of corruption and bribery, the company control functions plan control activities on an annual basis and present a report to the Corporate Bodies on the activity carried out. It illustrates the checks conducted, the results emerged, the points of weaknesses identified, and it proposes the actions to be taken to remove them.

¹ The ESG Committee has the right to authorise transactions that do not envisage any use of credit lines, with reference to foreign countries authorised by the Board of Directors, pursuant to Italian Law 185 of 1990.

The Supervisory Bodies pursuant to Italian Legislative Decree 231/2001 of the companies with a Model, prepared in accordance with the regulations, monitor, as far as they are concerned, the observance of the provisions envisaged on the issue of corruption.

Implementation of the anti-money laundering and terrorist financing risk management process

The Anti-Money Laundering function of Banco BPM monitors, in full autonomy, the risk of money laundering and terrorist financing and carries out the functions of guidance, coordination and control for the anti-money laundering structures of the Companies belonging to the Group that have not outsourced the same function to the Parent Company. Also with reference to the risks of money laundering, the company control functions plan control activities on an annual basis and present a report to the Corporate Bodies on the activity carried out. It illustrates the checks conducted, the results emerged, the points of weaknesses identified, and it proposes the actions to be taken to remove them.

Pursuant to Italian Legislative Decree 231/2001 of the Companies with a Model prepared in accordance with the regulations, the Supervisory Bodies also supervise compliance with the provisions on anti-money laundering, to the extent of their competence.

Mandatory training programmes for the envisaged recipients on anti-money laundering and anti-corruption and the preparation of a training plan on anti-money laundering

In compliance with the provisions of the reference regulations, through the Academy structure of Banco BPM, the Group has prepared the mandatory annual training on anti-money laundering and anti-corruption for the intended recipients in order to:

- spread a culture focused on combating these phenomena, mitigating the related risks and increasing awareness of the controls put in place in these areas;
- raising awareness and updating all Group staff on the evolution of money laundering risks and on the typical schemes of criminal financial transactions.

Objectives related to corporate culture and conduct

The regulations on anti-corruption and anti-money laundering issues, as well as those on other areas relevant to the Group's business sectors, are part of a context of regulations that permeates all operations of the Banco BPM Group. Since the training programmes on the subject are mandatory and already involve the entire company population, they do not give rise to the definition of specific objectives. In any case, the Group constantly monitors the effectiveness of its policies and actions regarding the material impacts, risks and opportunities related to the issues in question. In particular, the use of training on the topics of preventing corruption and money laundering is constantly monitored through the Academy platform, which makes it possible to keep track of the regular use of the courses and the successful passing of the verification test. In addition, considering the sensitivity of the activities carried out, the Group imposes a maximum level of ambition on the aforementioned issues. As reported in the Anti-Corruption Regulation, *"in line with the Code of Ethics and the Organisation, Management and Control Models adopted pursuant to Italian Legislative Decree 231/01, the Banco BPM Group puts in place all the organisational, IT and control measures necessary in order to prevent and combat the commission of acts of corruption directly and indirectly by all staff, including collaborators, employees, Top Management and counterparties operating on behalf of or in the interest of the Parent Company or other Group Companies"*.

Prevention and identification of corruption and bribery and confirmed cases of corruption

With reference to the processes and the report management chain of cases of corruption and bribery, the reports are viewed by the Audit Manager or their nominee and sent to the Audit colleagues in the Parent Company, divided according to the topic/problem. If the SISV Manager is:

- hierarchically or functionally subordinate to any reported party or;
- the person allegedly responsible for the violation or;
- has or is believed to have a potential interest related to the report such as to compromise impartiality and independence of judgement.

The report of the violation must be made on a paper, addressed by ordinary or internal mail, to the Head of the Compliance Function of the Parent Company or the Companies (or the Board of Statutory Auditors of the Company in the case of involvement of one or more members of the Board of Directors) which for the specific case assume the role

of Violation Reporting System Manager. In this case, it is also possible to make an external report to ANAC (for the methods and conditions for using ANAC's external channel, see <https://www.anticorruzione.it/-/Whistleblowing>). In the case of BBPM Life, the reports are presented to the reference manager or the Chief Compliance Officer or the Chief of Internal Audit or the Chief Executive Officer. Finally, the report containing the outcome of the investigation and the recommendations is reviewed and approved by the Chief Executive Officer and subsequently sent to the whistleblower. If the whistleblower is not satisfied with the contents of the report or deems the fact reported to be particularly serious, they may contact the director/chairman of the Audit Committee, directly. In this case, it is also possible to make an external report either to the website of the Irish government www.gov.ie or to the Office of the Protected Disclosures Commissioner on the website [OPDC Home | Protected Disclosures Commissioner | OPDC.ie](http://OPDC.Home). At the end of the reporting process, the results are communicated to the administrative, management and control bodies. Specifically:

- for the Parent Company, Banca Akros, Banca Aletti, Banco BPM Vita, Vera Vita and Banco BPM Invest SGR, annual reporting is envisaged through an ad hoc report;
- for BBPM Life, Ge.Se.So., Sagim, BRF Property, Lido dei Coralli, Partecipazioni Italiane, Sirio Immobiliare, Terme Isoniche, PMG and Agriurbe, reporting is envisaged 'per event'.

Training programmes on the prevention and detection of corruption and bribery are aimed at all employees of the Group companies. They are focused on informing and training on external and internal anti-corruption regulations and on the importance of compliance therewith in order to develop the necessary awareness of risks and personal and administrative responsibilities, as well as to inform staff about the actions to be taken to identify, report and combat corruption as well as potential sanctions in the event of violation of the rules.

These programmes are differentiated by target and adapted to the different levels of responsibility, guaranteeing specialised and specific training to the top positions on the risks and the reference regulations and to all the remaining staff of the banking area basic training or in-depth training in relation to the role performed and the responsibilities attributed. Training is carried out on an annual or biennial basis, ensuring that all recipient employees are constantly updated (meetings are scheduled approximately monthly in the period October-June for representatives of Banco BPM and the main Subsidiaries).

As part of the periodic assessment, the company activities and responsibilities with a higher risk of corruption offences being committed are also identified: specific anti-corruption training courses are defined for the staff carrying out these activities or assuming these responsibilities, which may be modulated according to their duties and roles within the Company. In addition, for newly hired staff, these paths are envisaged in the period immediately following recruitment. Each structure manager, depending on the activities and responsibilities at greatest risk, must ensure that their staff periodically complete the training courses provided. As part of the training sessions for staff most exposed to the risk of corruption, the topics covered concern: the definition of corruption and bribery, the procedures regarding suspicious transactions and the policies adopted.

The percentage of functions exposed to risk covered by the training programmes is shown below, as well as the methods of delivery and the intended duration of the training programmes.

Training for staff exposed to corruption risk	Administrative, Management and Supervisory Bodies (*)	Executives	Functions at risk	Other own workers
Total people at risk	65	171	185	19,133
Total training recipients	43	134	145	17,608
Percentage of functions at risk covered by the training programmes by reference category	66%	78%	78%	92%
Classroom training (hours)	3 ¹	3	3	7.5
E-learning (hours)	3	3	3	4
Voluntary e-learning (hours)	0	1	3	4

(*) Meetings scheduled (indicatively) monthly in the period October-June for the representatives of Banco BPM and the main subsidiaries.

The data on the number of training hours provided to the individuals identified were extracted from the HR Information System.

¹ For BBPM Life, a mandatory one-hour training is provided once a year

The Legal structure of Human Resources of Banco BPM consults the 'Legal Suite', an application that records any cases of violations of Italian Legislative Decree 231/2007 (anti-money laundering legislation) and the Model pursuant to Italian Legislative Decree 231/2001 (regulations on the administrative liability of entities) by Group employees. This consultation ascertained that in 2024 there were no cases of violation of the laws against corruption and bribery or cases related to contracts with commercial partners that have been resolved or not renewed due to violations related to corruption or bribery.

Management of relations with suppliers and metrics related to payment practices

As part of the management of relations with its suppliers, the Group ensures compliance with the payment terms through a procedural process that involves various company functions and is described in the specific Process Standard and in the Regulation for Managing the Purchase of Goods and Services.

Compliance with these internal regulations and IT procedure process tracking guarantee timely payments to all suppliers.

The relationship with the Group's supply chain is managed through the Integrated Procurement Management function, which includes the structures responsible for the negotiations and finalisation of contracts/orders with suppliers as well as a structure that deals with the registration and management of suppliers themselves.

To be included in the Supplier List, the Group requires the completion of an ESG questionnaire that assigns suppliers a sustainability rating. The outcome of this questionnaire does not currently bind the Group in the selection of the supplier.

The relationship with the supply chain of BRF Property S.p.A., Tecmarket Servizi S.p.A., Agriurbe Srl, Ge.Se.So. S.r.l., Sagim S.r.l. Società Agricola and Banca Aletti & C. (Suisse) SA is normally managed directly by each Company (mostly through members of the administrative body) both for negotiations and for the finalisation of contracts/orders with suppliers. It should be noted that the suppliers selected are then recorded by the Integrated Procurement Management function of the Parent Company.

Lastly, it should be specified that the relationship with the supply chain of the company BBPM Life is managed directly through the staff responsible for the negotiations and finalisation of contracts/orders with suppliers.

It should be noted that the Companies detailed above (BRF Property, Tecmarket, Agriurbe, Ge.Se.So., Sagim, Banca Aletti & C. (Suisse) and BBPM Life) do not currently take into account sustainability criteria for the selection of suppliers.

With particular reference to the payment practices adopted, the Group envisages standard payment terms with payment at 30 or 60 days from the invoice date, which, with reference to a sample analysis of payments made in 2024, were respected in 76% of cases. On average, the Group paid the invoices to suppliers on the date coinciding with the contractual or legal payment term (0 days).

It should be noted that to calculate the average days taken by the Group to pay an invoice and the percentage of payments that meet the standard conditions defined for payments to suppliers, the payments made in 2024 for invoices recorded in 2023 and in 2024 on behalf of Banco BPM, Banca Aletti and Banca Akros were considered. The sample used was considered significant, as the aforementioned Companies contribute (at aggregate level) around 90% to the aggregate of the consolidated financial statements of Banco BPM with reference to 'Other administrative expenses', 'Fee and commission expense' and 'Operating expenses' (figures as at 31 December 2024, net of intercompany items).

Finally, in calculating and indicating the average time taken to pay invoices to suppliers, any payments made in advance (with a 'minus' sign in the calculation of days) were also included, consequently also impacting the percentage of payments that respects the standard terms which, in turn, will also include the portion of payments made in advance with respect to the standard terms envisaged.

The number of legal proceedings currently pending due to late payment to suppliers amounted to nine cases (lawsuits managed by Banco BPM Legal Procedures and lawsuits related to 'invoice payment').

Consolidated financial statements

CONSOLIDATED BALANCE SHEET

Asset items	31/12/2024	31/12/2023 (*)
10. Cash and cash equivalents	12,124,840	18,297,496
20. Financial assets at fair value through profit and loss	15,570,018	12,767,534
a) financial assets held for trading	6,012,317	4,354,003
c) other financial assets mandatorily measured at fair value	9,557,701	8,413,531
30. Financial assets measured at fair value through other comprehensive income	22,682,060	19,679,644
40. Financial assets at amortised cost	131,794,858	135,192,553
a) loans to banks	5,842,536	5,926,109
b) loans to customers	125,952,322	129,266,444
50. Hedging derivatives	1,033,292	980,017
60. Fair value change of financial assets in macro fair value hedge portfolios (+/-)	(1,450)	(68,964)
70. Interests in associates and joint ventures	1,708,439	1,454,249
80. Insurance assets	7,219	7,968
a) insurance contracts issued - assets	63	53
b) reinsurance assets	7,156	7,915
90. Property, plant and equipment	2,513,905	2,857,953
100. Intangible assets	1,256,612	1,253,425
of which:		
- goodwill	56,709	56,709
110. Tax assets	3,372,636	4,201,154
a) current	253,714	351,374
b) deferred	3,118,922	3,849,780
120. Non-current assets and disposal groups held for sale	444,525	468,685
130. Other assets	5,702,133	5,007,059
Total assets	198,209,087	202,098,773

(*) The figures relating to the previous year have been restated to reflect the results of the completion of the process of allocation of the cost of the business combination of insurance companies Vera Vita and BBPM Life, and to take into account a reclassification recorded by the subsidiary BBPM Life in its financial statements.

Liabilities and shareholders' equity items	31/12/2024	31/12/2023 (*)
10. Financial liabilities at amortised cost	133,165,852	143,185,876
a) due to banks	6,383,938	21,765,750
b) due to customers	103,408,494	102,530,321
c) debt securities in issue	23,373,420	18,889,805
20. Financial liabilities held for trading	22,896,647	20,894,156
30. Financial liabilities designated at fair value	8,287,982	6,580,165
40. Hedging derivatives	869,068	1,041,678
50. Fair value change of financial liabilities in macro fair value hedge portfolios (+/-)	(403,870)	(710,938)
60. Tax liabilities	471,782	453,929
a) current	41,692	63,342
b) deferred	430,090	390,587
70. Liabilities associated with assets classified as held for sale	1,215	212,011
80. Other liabilities	4,444,573	3,267,654
90. Provisions for employee severance pay	237,783	246,192
100. Provisions for risks and charges	750,842	648,649
a) commitments and guarantees given	121,328	133,798
b) post-employment benefits and similar obligations	83,467	91,743
c) other provisions	546,047	423,108
110. Insurance liabilities	12,883,201	12,241,241
a) insurance contracts issued - liabilities	12,883,201	12,241,230
b) reinsurance liabilities	-	11
120. Valuation reserves	(188,413)	(276,378)
140. Equity instruments	1,608,773	1,465,843
150. Reserves	4,830,455	4,507,110
155. Advances on dividends	(600,553)	-
170. Share capital	7,100,000	7,100,000
180. Own shares (-)	(66,712)	(22,936)
190. Non-controlling interests (+/-)	69	68
200. Profit (loss) for the year (+/-)	1,920,393	1,264,453
Total liabilities and shareholders' equity	198,209,087	202,098,773

(*) The figures relating to the previous year have been restated to reflect the results of the completion of the process of allocation of the cost of the business combination of insurance companies Vera Vita and BBPM Life, and to take into account a reclassification recorded by the subsidiary BBPM Life in its financial statements.

CONSOLIDATED INCOME STATEMENT

Items	2024	2023
10. Interest and similar income	7,228,107	6,559,149
of which: interest income using the effective interest method	6,521,928	6,016,868
20. Interest and similar expense	(3,509,654)	(3,188,347)
30. Net interest income	3,718,453	3,370,802
40. Fee and commission income	2,069,495	1,992,338
50. Fee and commission expense	(210,781)	(202,201)
60. Net fee and commission income	1,858,714	1,790,137
70. Dividends and similar income	93,146	79,489
80. Net trading income	129,591	84,615
90. Fair value gains/losses on hedging derivatives	(8,144)	(1,246)
100. Gains (losses) on disposal or repurchase of:	(11,759)	(26,383)
a) financial assets at amortised cost	(61,396)	(42,592)
b) financial assets measured at fair value through other comprehensive income	37,567	14,942
c) financial liabilities	12,070	1,267
110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss	60,134	(112,065)
a) financial assets and liabilities designated at fair value	(235,761)	(197,768)
b) other financial assets mandatorily measured at fair value	295,895	85,703
120. Operating income	5,840,135	5,185,349
130. Net credit impairment losses/recoveries relating to:	(405,379)	(516,031)
a) financial assets at amortised cost	(404,125)	(515,231)
b) financial assets measured at fair value through other comprehensive income	(1,254)	(800)
140. Gains (losses) from contractual modification without derecognition	598	465
150. Net income from financial activities	5,435,354	4,669,783
160. Profit (loss) on insurance services	68,635	31,040
a) insurance revenues deriving from insurance contracts issued	191,298	105,019
b) costs for insurance services deriving from insurance contracts issued	(119,445)	(73,389)
c) insurance revenues from reinsurance	2,064	4,390
d) costs for insurance services deriving from reinsurance	(5,282)	(4,980)
170. Balance of revenues and costs of a financial nature relating to insurance activities	(540,384)	(144,544)
a) net costs/revenues of a financial nature relating to insurance contracts issued	(540,482)	(145,703)
b) net revenues/costs of a financial nature relating to reinsurance	98	1,159
180. Net income from financial and insurance activities	4,963,605	4,556,279
190. Administrative expenses:	(2,973,626)	(2,772,828)
a) personnel expenses	(1,921,687)	(1,657,170)
b) other administrative expenses	(1,051,939)	(1,115,658)
200. Net provisions for risks and charges	(22,192)	(9,689)
a) commitments and guarantees given	12,474	10,366
b) other net provisions	(34,666)	(20,055)
210. Depreciation and impairment losses on property, plant and equipment	(152,267)	(145,990)
220. Amortisation and impairment losses on intangible assets	(140,617)	(131,717)
230. Other operating expenses/income	369,284	357,001
240. Operating expenses	(2,919,418)	(2,703,223)
250. Gains (losses) of associates and joint ventures	104,254	40,817
260. Fair value gains (losses) on property, plant and equipment and intangible assets	(54,627)	(146,847)
280. Gains (losses) on disposal of investments	502,428	30,628
290. Profit (loss) before tax from continuing operations	2,596,242	1,777,654
300. Taxation charge related to profit or loss from continuing operations	(675,860)	(513,223)
310. Profit (loss) after tax from continuing operations	1,920,382	1,264,431
330. Profit (loss) for the year	1,920,382	1,264,431
340. Profit (loss) for the year attributable to non-controlling interests	11	22
350. Parent Company's profit (loss) for the year	1,920,393	1,264,453
Basic EPS (euro)	1.27	0.84
Diluted EPS (euro)	1.27	0.84

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Items	31/12/2024	31/12/2023
10. Profit (loss) for the year	1,920,382	1,264,431
Other comprehensive income after tax without reclassification to the income statement	103,346	(71,551)
20. Equity instruments designated at fair value through other comprehensive income	67,373	7,498
30. Financial liabilities designated at fair value through profit and loss (changes to its own credit risk)	(12,596)	(29,945)
50. Property, plant and equipment	31,392	(53,793)
70. Defined benefit plans	(569)	1,847
90. Share of valuation reserves related to interests in associates and joint ventures carried at equity	17,746	2,842
Other comprehensive income after tax with reclassification to the income statement	(28,730)	160,103
110. Foreign investment hedges	983	(1,331)
120. Exchange rate differences	(7,474)	3,081
130. Cash flow hedges	19,818	7,174
150. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	17,448	266,826
170. Share of valuation reserves related to interests in associates and joint ventures carried at equity	(3,632)	4,713
180. Revenues or costs of a financial nature relating to insurance contracts issued	(55,873)	(120,360)
200. Total other comprehensive income after tax	74,616	88,552
210. Comprehensive income (Items 10+200)	1,994,998	1,352,983
220. Consolidated comprehensive income attributable to non-controlling interests	(11)	(22)
230. Consolidated comprehensive income attributable to the Parent Company	1,995,009	1,353,005

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

31 December 2024	Allocation of profit from previous year			Changes in the year										Non-controlling interests as at 31/12/2024				
	Balance as at 31/12/2023	Changes in opening balances	Balance as at 1/01/2024	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Advances on dividends	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on own shares	Stock options		Changes in equity interests	Comprehensive income for 2024	Shareholders' equity as at 31/12/2024	Group shareholders' equity as at 31/12/2024
Share capital	7,100,060		7,100,060	-	-	-	-	-	-	-	(10)	-	-	(10)	-	7,100,050	7,100,000	50
a) ordinary shares	7,100,060		7,100,060	-	-	-	-	-	-	-	(10)	-	-	(10)	-	7,100,050	7,100,000	50
b) other shares	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	4,507,140	-	4,507,140	416,354	(89,535)	(3,474)	-	-	-	-	-	-	-	-	-	4,830,485	4,830,455	30
a) retained earnings	4,157,010	-	4,157,010	416,354	-	(339,287)	(3,474)	-	-	-	-	-	-	-	-	4,230,603	4,230,615	(12)
b) other	350,130	-	350,130	-	-	249,752	-	-	-	-	-	-	-	-	-	599,882	599,840	42
Valuation reserves	(276,378)	-	(276,378)	13,349	-	-	-	-	-	-	-	-	-	-	-	74,616	(188,413)	(188,413)
Equity instruments	1,465,843		1,465,843	-	-	-	-	-	-	142,930	-	-	-	-	-	1,608,773	1,608,773	-
Advances on dividends	-		-	-	-	-	-	-	(600,553)	-	-	-	-	-	-	(600,553)	(600,553)	-
Own shares	(22,936)		(22,936)	-	-	-	6,263	(50,039)	-	-	-	-	-	-	-	(66,712)	(66,712)	-
Profit (loss) for the year	1,264,431	-	1,264,431	(416,332)	(848,099)	-	-	-	-	-	-	-	-	-	-	1,920,382	1,920,382	1,920,393
Shareholders' equity	14,038,160	-	14,038,160	22	(848,099)	(76,186)	2,789	(50,039)	(600,553)	-	142,930	-	-	(10)	1,994,998	14,604,012	14,603,943	69
- of the Group	14,038,092	-	14,038,092	-	(848,099)	(76,186)	2,789	(50,039)	(600,553)	-	142,930	-	-	-	1,995,009	14,603,943		
- of non-controlling interests	68	-	68	22	-	-	-	-	-	-	(10)	-	-	(11)	69			

CONSOLIDATED CASH FLOW STATEMENT

Indirect method

A. Operating activities	31/12/2024	31/12/2023 (*)
1. Cash flow from operations	3,375,560	2,423,444
- profit (loss) for the year (+/-)	1,920,382	1,264,431
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit and loss (-/+)	(237,348)	(126,322)
- capital gains/losses on hedging derivatives (-/+)	8,144	1,246
- net credit impairment losses/recoveries (-/+)	404,781	515,566
- net impairment losses/recoveries on property, plant and equipment and intangible assets (+/-)	292,884	277,707
- net provisions for risks and charges and other costs/revenues (+/-)	33,679	23,363
- net revenues and costs of insurance contracts issued and reinsurance (-/+)	471,749	113,504
- taxes, duties and tax credits not settled (+/-)	590,532	498,046
- net impairment losses/recoveries on discontinued operations net of taxes (-/+)	-	-
- other adjustments (+/-)	(109,243)	(144,097)
2. Cash flow from/used in financial assets	(3,305,858)	(7,669,049)
- financial assets held for trading	(1,525,827)	365,181
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	(942,413)	(3,943,017)
- financial assets measured at fair value through other comprehensive income	(3,003,670)	(6,853,753)
- financial assets at amortised cost	2,994,168	3,432,447
- other assets	(828,116)	(669,907)
3. Cash flow from/used in financial liabilities	(5,130,001)	3,182,106
- financial liabilities at amortised cost	(9,140,528)	(10,993,827)
- financial liabilities held for trading	4,606,494	11,848,767
- financial liabilities designated at fair value	1,556,913	1,067,124
- other liabilities	(2,152,880)	1,260,042
4. Cash flow from/used by insurance contracts issued and reinsurance	170,960	7,956,939
- insurance contracts issued - liabilities/assets (-/+)	170,212	7,957,651
- reinsurance assets/liabilities (+/-)	748	(712)
Net cash flow from/used in operating activities	(4,889,339)	5,893,440
B. Investing activities		
1. Cash flow from:	229,554	203,997
- sales of interests in associates and joint ventures	228,000	198,479
- dividends collected on interests in associates and joint ventures	-	-
- sales of property, plant and equipment	1,554	5,518
- sales of intangible assets	-	-
- sales of subsidiaries and business segments	-	-
2. Cash flow used in:	(256,434)	(346,840)
- purchases of interests in associates and joint ventures	-	(157,843)
- purchases of property, plant and equipment	(113,586)	(73,535)
- purchases of intangible assets	(142,848)	(115,462)
- purchases of subsidiaries and business segments	-	-
Net cash flow from/used in investing activities	(26,880)	(142,843)
C. Financing activities		
- issues/purchases of own shares	(50,039)	(10,008)
- issues/purchases of equity instruments	37,945	(20,080)
- dividend distribution and other allocations	(1,448,652)	(349,519)
- third-party sales/purchases	-	-
Net cash flow from/used in financing activities	(1,460,746)	(379,607)
Net cash flow from/used during the year	(6,376,965)	5,370,990

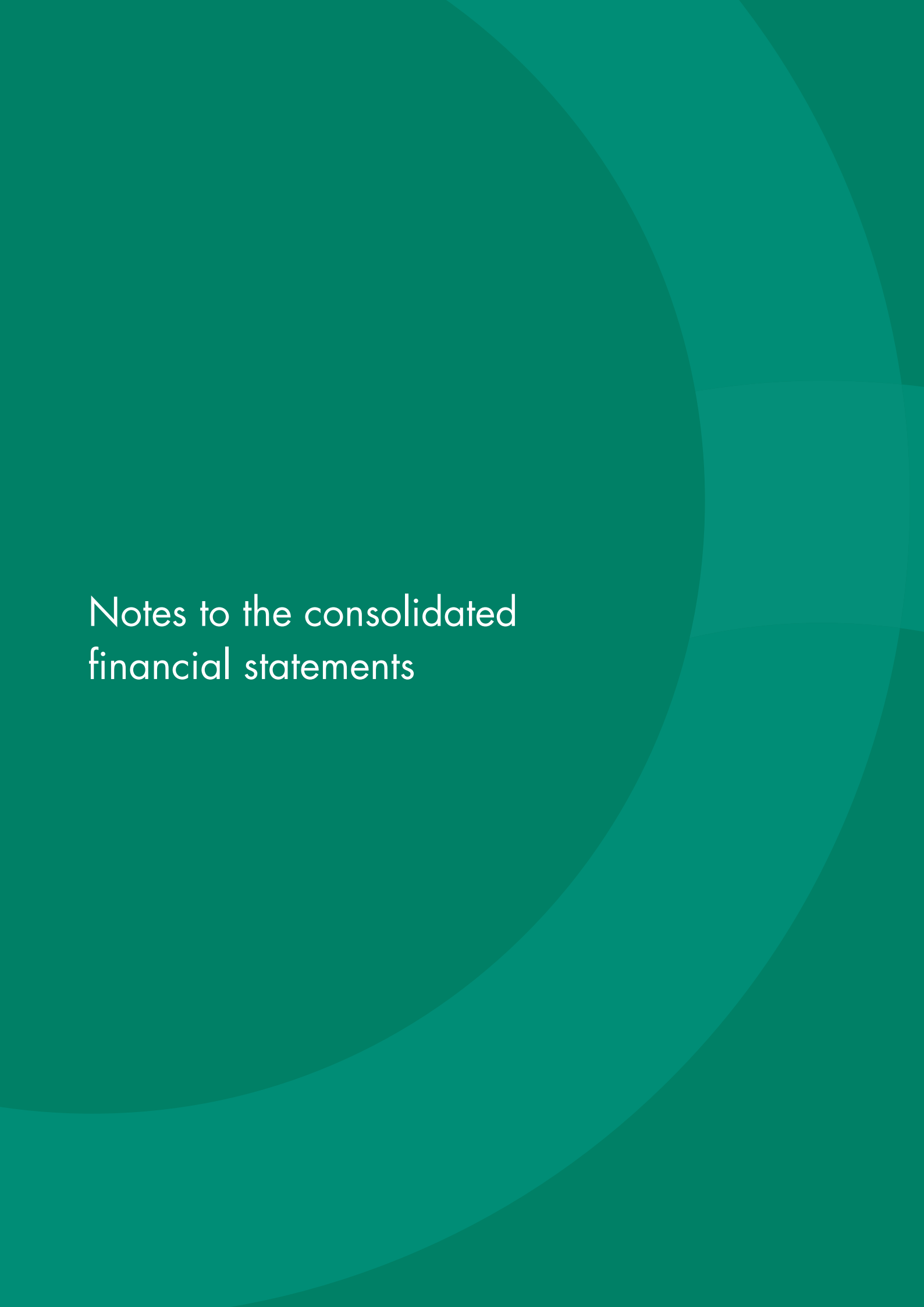
(*) The figures relating to the previous year have been restated to reflect the results of the completion of the process of allocation of the cost of the business combination of insurance companies Vera Vita and BBPM Life, and to take into account a reclassification recorded by the subsidiary BBPM Life in its financial statements.

Reconciliation	31/12/2024	31/12/2023
- Cash and cash equivalents at the beginning of the year	18,501,805	13,130,815
- Net cash flow from/used during the year	(6,376,965)	5,370,990
- Cash and cash equivalents: foreign exchange effect	-	-
Cash and cash equivalents at the end of the year	12,124,840	18,501,805

Note that, in the Consolidate balance sheet as at 31 December 2023, the aggregate "Cash and cash equivalents at the end of the year" was represented for 18,297.5 million by item 10) Cash and cash equivalents and for 204.3 million by item 120) Non-current assets and disposal groups held for sale. The latter amount reflected the cash and cash equivalents related to the equalised e-money segment, which was transferred to Numia on 30 September 2024, as part of the broader e-money reorganisation, as illustrated in the section dedicated to significant events occurring during the year of the Consolidated report on operations.

Below is the information required under IAS 7, paragraph 44, A and B.

(thousands of euro)	31/12/2023	Cash flows	Non-monetary changes			31/12/2024
			Business combinations/ loss of control of companies	Fair value changes	Other	
Liabilities deriving from loan activities (items 10, 20 and 30 in the liabilities)	170,660,197	(2,977,121)	(3,897,243)	12,318	552,330	164,350,481

The background is a solid teal color with several large, overlapping circles of varying shades of teal, creating a modern, abstract design.

Notes to the consolidated financial statements

PART A – ACCOUNTING POLICIES

A.1 - GENERAL PART

Section 1- Statement of compliance with international accounting standards

These consolidated financial statements have been prepared according to the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002, in implementation of Italian Legislative Decree no. 38 of 28 February 2005.

For the interpretation and application of international accounting standards, the following documents, although not endorsed by the European Commission, have been referenced:

- Conceptual Framework;
- Implementation Guidance, Basis for Conclusions and any other documents prepared by the IASB or IFRIC to complete the accounting standards issued.

The accounting standards applied in the preparation of these financial statements are those in force on 31 December 2024 (including the SIC and IFRIC interpretation documents).

For an overview of the accounting standards and the related interpretations endorsed by the European Commission, whose application is planned for 2024 or future years, refer to "Section 5 - Other aspects", below, which also illustrates the main impacts on the Group.

The attachments to the financial statements contain a list of the IAS/IFRS standards endorsed (including the SIC and IFRIC interpretation documents in force on 31 December 2024).

The communications of the Supervisory Authorities (Bank of Italy, ECB, EBA, CONSOB and ESMA), the interpretation documents on the application of IAS/IFRS prepared by the Italian Accounting Body (OIC) and by the Italian Banking Association (ABI), the documents of the Italian Valuation Body (OIV), with which recommendations were provided on the information to be included in the Annual Report, on certain important aspects in the accounting field, on the accounting treatment of particular transactions, on uncertainties in the macroeconomic scenario, on the impacts of climate change have also been considered, where applicable.

For the purposes of preparing this Financial Report, note, in particular, the latest priorities provided by ESMA in its communication of 24 October 2024 entitled "European Common Enforcement Priorities for 2024 corporate reporting" and by CONSOB in its communication of 20 December 2024 entitled "Climate disclosure to be reported in the financial statements".

Section 2 - General preparation principles

The consolidated financial statements consist of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the Notes to the consolidated financial statements and are accompanied by the Directors' report on operations and on the situation of all the companies included within the scope of consolidation.

The financial statements and the contents of the notes to the financial statements have been prepared in keeping with Circular no. 262 of 22 December 2005 "Bank financial statements: layouts and rules for preparation" and the subsequent updates, most recently, the 8th update published on 17 November 2022. Specifically, this was a Circular issued by the Bank of Italy in exercising its powers established by the above-mentioned Legislative Decree 38/2005 (hereinafter also referred to as "Circular no. 262").

For the purposes of preparing the 2024 consolidated financial statements, as a financial conglomerate, the update of ISVAP Regulation no. 7 of 13 July 2007, referred to in Circular no. 262, containing the rules for preparation of the financial statements of insurance and reinsurance companies required to apply international accounting standards,

was also taken into account. The update in question, introduced with IVASS Order no. 152 of 26 November 2024, aims to promote the comparability of information on the Contractual Service Margin (CSM) and on the liquidity risk of insurance contracts, also on the basis of the disclosure provided by several of the largest European insurance companies. In more detail, the disclosure on the CSM, already provided free-form, has now been standardised through the introduction of specific brackets on the expected timing for recognition in the income statement, as reported in liabilities "Part B - Information on the Consolidated balance sheet, Section 11, 11.5 Elements underlying the measurement of insurance contracts issued recognised during the year". For the liquidity risk of insurance companies, three new tables have been introduced, two of which are mandatory for the 2024 financial statements, contained in "Part E - Information on risks and related hedging policies, Section 3 - Risks to insurance companies", to which reference is made.

Lastly, the Bank of Italy communication dated 14 March 2023, entitled "Update of the provisions of Circular no. 262 - Bank financial statements: layouts and rules for preparation - regarding the impacts of Covid-19 and the measures to support the economy", as far as applicable, was also considered. In particular, the aforementioned communication requires that the disclosure on loans subject to public guarantee be provided in a free format, which is illustrated in "Section 5 - Other aspects, Covid-19 support measures by the Group represented by loans with public guarantee", below.

The financial statements provide, in addition to the accounting data as at 31 December 2024, the comparative disclosure relating to the last approved financial statements as at 31 December 2023, with the restatements illustrated in the following paragraph "Changes to the comparative balances of the consolidated balance sheet". In line with the aforementioned Circular, items that do not show any amounts for the current period and the corresponding period of the previous year are not included in the above-mentioned schedules.

These financial statements have been prepared using the euro as the reference currency.

The amounts of the financial statements and the data shown in the tables of the Notes are expressed in thousands of euro, unless otherwise indicated.

The consolidated financial statements are drawn up clearly and provide a true and fair view of the balance sheet and income statement result for the year of Banco BPM and its subsidiaries, as detailed in "Section 3 - Scope of consolidation and methods". The financial statements used to prepare the consolidated financial statements are those prepared by the subsidiaries with reference to 31 December 2024, adjusted, where necessary, to adapt them to IAS/IFRS used by the Group.

If, in exceptional cases, the application of a provision of international accounting standards were to be considered incompatible with a faithful representation of the equity and financial situation and economic result, it is not applied. In such case, the reasons for such possible derogation and its influence on the representation of the balance sheet and income statement result are explained in the Notes to the financial statements.

In this regard, it should be noted that for 2024, as for the previous year, no exceptions were made to the application of the IAS/IFRS accounting standards.

In addition, if the information required by international accounting standards and by the provisions contained in the aforementioned Circular were to be considered insufficient to give a faithful representation, additional information required for such purpose would be provided in the Notes.

The financial statements have been prepared in accordance with the following general principles:

- going concern: the financial statements are drawn up with a view to the continuity of the Group's business activities: as illustrated in a more analytical way below, on the basis of the main economic and financial indicators, the directors can reasonably expect that the Group may continue to operate for the foreseeable future;
- accrual accounting: the financial statements have been drawn up on an accrual basis with the exception of the information on cash flows;
- consistency of presentation: the presentation and classification of items in the financial statements is kept constant from one financial year to the next unless a standard or interpretation requires a change in presentation or another presentation or classification is no longer appropriate, taking into account the provisions of IAS 8. In the latter case, the notes to the financial statements provide information on the changes made compared to the previous year;

- materiality and aggregation: the balance sheet and income statement schedules are made up of items (identified by Arabic numerals), sub-items (identified by letters) and by additional detailed disclosure (the "of which" captions of the items and sub-items). The items, sub-items and related information details constitute the financial statement accounts. The layouts comply with those defined by the Bank of Italy in Circular no. 262 of 22 December 2005 and subsequent updates. New items may be added to these layouts where the content of such is not attributable to any of the items already provided in the layouts and only if they are significant amounts. The sub-items provided in the layouts may be grouped together when either of the following conditions is met:
 - the amount of the sub-items is irrelevant;
 - the grouping adds to the clarity of the financial statements; in this case, the Notes to the financial statements contain the grouped sub-items shown separately.
 The balance sheet, the income statement and the statement of comprehensive income do not include accounts with no amounts for either the financial year to which the financial statements relate or the previous financial year;
- predominance of substance over form: the transactions and other events are recognised and stated in compliance with their substance and economic entity and not just their legal form;
- offsetting: assets and liabilities, income and costs are not offset, unless permitted or required by an international accounting standard or its interpretation or by the provisions of the cited Circular no. 262;
- comparative information: comparative information relating to the previous year is provided for each balance sheet and income statement account, unless an accounting standard or interpretation does not allow for this or provides otherwise. The figures for the previous financial year may be adjusted, where necessary, to ensure the comparability of information for the current financial year. Any non-comparability, adaptation or impossibility of the latter is indicated and commented on in the Notes to the financial statements.

The Notes to the financial statements are divided into parts: A - Accounting policies, B - Information on the consolidated balance sheet, C - Information on the consolidated income statement, D - Statement of consolidated comprehensive income, E - Information on risks and related hedging policies, F - Information on consolidated shareholders' equity, G - Business combinations regarding companies or divisions, H - Transactions with related parties, I - Share-based payment agreements, L - Segment reporting, and M - Disclosure on leases.

Each part of the Notes is divided into sections, each of which explains a single operational aspect.

Changes to the comparative balances of the consolidated balance sheet

With reference to the consolidated balance sheet, it should be noted that the comparative balances referring to 31 December 2023 were affected by some reclassifications between various assets and liability items, with respect to that originally published. This was necessary to reflect the results of the completion of the process of allocating the cost of the business combination of the insurance companies Vera Vita and BBPM Life, which had been provisionally determined for 2023.

For further details on the aforementioned reclassifications, as well as for some explanatory notes that allow a correct comparison of the comparative financial statements, please refer to the disclosure contained in the following "Section 5 - Other aspects, Other significant aspects relating to Group accounting policies, Reorganisation of bancassurance activities and relative accounting impacts".

Significant accounting policies and uncertainties regarding the use of estimates in the preparation of consolidated financial statements

The application of certain accounting standards necessarily involves the use of estimates and assumptions, which affect the values of the assets and liabilities recorded in the balance sheet and the disclosures made on contingent assets and liabilities provided in the notes to the financial statements.

The assumptions underlying the estimates made take into account all the information available as of the date of preparation of this annual report, as well as assumptions considered reasonable in the light of past experience.

Due to their nature, it thus cannot be excluded that the assumptions adopted, however reasonable, might not be confirmed by future scenarios in which the Group will operate.

In particular, the reference macroeconomic scenario, although characterised by global growth with differentiated trends between areas, continues to present significant elements of uncertainty. The delicate geopolitical balances, the announced tightening of US commercial policy, the crisis in the Chinese real estate market, the pressure pushing up natural gas prices could, in fact, hinder the growth of the economy, resulting in a deterioration in household and

business confidence. Domestic demand could also be affected by the still restrictive monetary and financial conditions, as well as the gradual downsizing of home renovation incentives, not offset by the stimulus provided by the National Recovery and Resilience Plan. A further source of uncertainty is represented by the effects of climate change, the manifestations of which are becoming increasingly frequent and have a serious impact.

These uncertainties influence the financial statement estimates, requiring the use of significant elements of judgement when selecting hypotheses and assumptions underlying said estimates.

The results, which will be achieved in the future, could therefore differ from the estimates made for the purpose of the financial statements and could consequently make adjustments necessary, which at present cannot be foreseen or estimated with respect to the book value of the assets and liabilities recorded.

In that regard, note that it may be necessary to adjust the estimates as a result of changes in the underlying circumstances, following new information or increased experience.

Lastly, it should be noted that the financial statement estimates are based on a stand-alone perspective of the Group and therefore do not reflect the possible effects of the full Public Exchange Offer announced by UniCredit S.p.A. on 25 November 2024.

The accounting policies considered most important for giving a faithful representation of the Group's equity, economic and financial situation, both in terms of the materiality of the values recognised in the financial statements affected by such policies and the high level of judgement required for assessments entailing the use of estimates and assumptions by the management, are illustrated below with reference to the specific sections of the Notes to the financial statements for detailed information on the assessment processes conducted as at 31 December 2024.

Determining the impairment on loans disbursed recognised in balance sheet assets

Loans represent one of the valuation items that is most exposed to the choices made by the Group in terms of disbursement, risk management and monitoring.

More specifically, the Group manages the risk of default of the borrowing counterparties by continuously monitoring any changes in customer accounts in order to assess their repayment ability, based on their economic-financial situation. This monitoring activity seeks to intercept any signs of impairment of the loans also to promptly classify them as non-performing, and an accurate estimate of the relative total value adjustments. This estimate may be made on the basis of a materiality threshold of the exposure under valuation, on an analytical basis taking account of the recoverable cash flows or on a lump-sum basis, taking into consideration the losses recorded historically on loans with similar characteristics.

With regard to loans for which objective impairment losses have not been identified singularly, namely performing loans, the impairment model, based on expected losses, requires adequate monitoring systems to be implemented to identify the existence or otherwise of significant impairment with respect to the initial date of recognition of the exposure. The IFRS 9 impairment model requires that losses be determined with reference to the time horizon of one year for financial assets that have not suffered a significant deterioration in their credit risk with respect to initial recognition (Stage 1) rather than with reference to the entire life of the financial asset if a significant deterioration is found (Stage 2).

On the basis of the above, it follows that losses on receivables must be recorded with reference not only to the objective evidence of impairment already seen at the reporting date, but also on the basis of expectations of future impairment losses not yet evident, which must be reflected:

- the likelihood of different scenarios occurring;
- the effect of discounting using the effective interest rate;
- historical experience and current and future valuations.

This means that calculating expected losses is a complex exercise that requires a substantial level of judgement and estimation. Specifically:

- the calculation of the significant deterioration in credit risk with respect to the date of initial recognition of the exposure ("SICR") is based on the identification of adequate qualitative and quantitative criteria, which also consider forward-looking information. Therefore, it cannot be ruled out that the use of different criteria may lead to the definition of a different scope of exposures to be classified as Stage 2, with a consequent impact on the expected losses to recognise in the financial statements;
- the outcome of the impairment model must reflect an objective estimate of the expected credit loss, obtained by evaluating a range of possible results. This implies the need to identify possible scenarios, based on

assumptions on future economic conditions, to which the relative probabilities of occurrence are associated. The selection of different scenarios and probabilities of occurrence, as well as changes in the set of macroeconomic variables to be considered in the forecast time horizon, could have significant effects on the calculation of expected losses. In order to appreciate the impact on the expected losses resulting from the selection of different macroeconomic scenarios, in "Part E - Information on risks and related hedging policies, 1.1 Credit risk, 2.3 Measurement methods for expected losses", a sensitivity analysis is provided of the expected losses relating to performing loans to customers;

- the calculation of expected losses requires the use of estimation models:
 - for cash flows that individual debtors (or portfolios of debtors that are similar in terms of risk) are expected to be able to generate in order to satisfy, in whole or in part, the obligations undertaken with regard to the Group, also taking into account possible sales scenarios;
 - for recovery time;
 - for the estimated realisable value of property and collateral.

Given the array of possible approaches relating to estimation models permitted by the reference international accounting standards, the use of a methodology or the selection of certain estimative parameters may have a significant influence on the valuation of the loans. These methods and parameters are necessarily updated through a continuous process also in light of historic data available, in order to best represent the estimated realisable value of the credit exposure.

In addition, in contexts of uncertainty, also relating to the macroeconomic scenario, given the limited availability of reasonable and demonstrable forward-looking information, the measurement of expected losses may be influenced by some managerial adjustments (management overlay/post model adjustment), introduced with the aim of considering those risk factors deemed not adequately captured by the models in use, such as climate and geo-political risks.

For updates introduced in the measurement of expected losses, please refer to "Part E - Information on risks and related hedging policies, 1.1 Credit risk, 2.3 Measurement methods for expected losses" of these Notes to the financial statements.

Given the above, it cannot be excluded that alternative monitoring criteria or different methodologies, parameters or assumptions in determining the recoverable value of the Group's credit exposures - influenced, however, by possible alternative strategies for their recovery approved by the competent corporate bodies as well as by the evolution of the economic and financial context and reference regulations - may result in valuations different from those conducted for the purposes of the preparation of the consolidated financial statements as at 31 December 2024.

Incorporation of climate and environmental risks in the calculation of expected losses

To estimate the expected losses of credit exposures, one of the most complex aspects to assess is the effective relevance of climate and environmental risks, given the uncertainty that inevitably surrounds forecasting events which, by nature, may arise in a long-term time horizon.

When preparing the financial statements as at 31 December 2024, climate factors were included, both through the development of satellite models, sensitive to climate scenarios, and through managerial adjustments with respect to the evidence produced by the core models.

For further details, please refer to the following "Section 5 - Other Aspects, Climate and environmental aspects and relative impact on accounts".

With regard to the continuous process of revising models and calculation methods, it cannot be ruled out that the development of models and alternative methods, able to better factor in climate and environmental risks, may lead to different valuations with respect to those conducted for the preparation of the consolidated financial statements as at 31 December 2024.

Determination of the Purchase Price Allocation (PPA) process

The PPA process followed for the recognition of business combinations requires that the difference between the cost of the business combination and the book value of shareholders' equity is attributed to the fair value adjustments of the identifiable net assets acquired. Any residual surplus of the cost of the business combination is recognised as goodwill; otherwise, the lower cost of the business combination is recognised in the income statement as revenue (badwill).

Taking into account the complexity of the PPA process, which requires consideration of all available information referring to facts and circumstances existing at the date of the business combination, IFRS 3 grants a measurement period of one year for its completion.

This process implies, by definition, complex and subjective estimation elements: the recognition of the aforementioned information items, the use of valuation techniques, the selection of unobservable assumptions and inputs for the purposes of measuring the fair value of the identifiable net assets acquired, require in fact, significant judgement, thus influencing the value of the goodwill/badwill resulting from the business combination.

With particular reference to the recent business combination, which took place in December 2023, please refer to "Part G - Business combinations regarding companies or divisions" of these Notes to the financial statements.

Estimating impairment losses in relation to intangible assets with an indefinite useful life

Pursuant to IAS 36, all intangible assets with an indefinite useful life must undergo impairment testing at least once a year to verify the recoverability of their value. In addition, the standard establishes that the results of the annual test may be considered valid for subsequent interim tests, provided that the probability, which the recoverable value is less than the book value of the intangible assets, is considered remote. This opinion may be based on the analysis of the events, which have occurred, and the circumstances, which have changed subsequent to the most recent annual impairment test.

Based on the provisions of this standard, Banco BPM Group has chosen to conduct impairment testing on intangible assets with an indefinite useful life as at 31 December of each year: the results of these tests can be considered valid for subsequent interim situations, unless evidence was to emerge that would require impairment testing to be conducted in advance to ascertain the recoverability of the value of said intangible assets with an indefinite useful life.

As at 31 December 2024, the assets in question totalled 561.0 million, in line with the previous year, and referred:

- to goodwill for 56.7 million. The assets in question originate from the business combination of Banca Popolare Italiana in 2007 (Bancassurance Protection CGU for 42.9 million), from the acquisition of the controlling interest in Oaklins Italy S.r.l. in 2021 (3.8 million), and from the acquisition of control of Banco BPM Vita in 2022 (10.0 million);
- to business trademarks for 504.3 million, recognised as part of the business combinations with the former Banca Popolare Italiana Group in 2007 (222.2 million) and with the former BPM Group in 2017 (282.1 million). The assets in question are almost entirely allocated to the Retail CGU, with the exception of an amount of 18.6 million, resulting from the valuation of the Banca Akros trademark, and attributed to the Banca Akros CGU.

In line with valuation best practices and with ESMA recommendations, the cash flows projections considered when determining the recoverable value of the intangible assets in question - with the exception of the Bancassurance Protection CGU - were formulated according to a multi-scenario approach, with the objective of factoring in the uncertainties related to the macroeconomic scenario in place on the date of preparation of the financial statements.

More specifically, the macroeconomic scenarios used as reference to develop the cash flows projections are those approved by the Board of Directors of Banco BPM on 12 September 2024. Alongside a scenario assumed as more likely ("baseline"), a worse scenario was developed ("adverse") and a more favourable one ("favourable"), to which, based on an expert opinion, the following respective probabilities of occurrence were assigned: 50% to the baseline scenario, 30% to the adverse scenario and 20% to the favourable scenario. The cash flows projections are those approved by the Board of Directors on 22 October 2024, prepared to support the half-yearly capital and liquidity adequacy test. These projections were compared in order to verify the result of the impairment test, and were not significantly different, for the first year of projection, from the 2025 budget and, for 2026 and 2027, from the Group's 2023-2026 Strategic Plan, as updated on 11 February 2025, extending it until 2027.

It should be noted that the above-mentioned flows and reference scenarios, with the relative weighting percentages, were considered, for consistency, for the verification of the recoverability of deferred tax assets.

In this regard, it should be noted that for the valuation of the intangible assets in question, as well as for deferred tax assets, instead, it was not deemed necessary to incorporate the updates of the scenarios approved by the Board of Directors on 17 December 2024, which were instead considered for the purposes of the valuation of performing credit exposures as at 31 December 2024. The new scenarios, in fact, do not differ significantly from those of 12 September, neither for the macroeconomic part nor for the level of rates; the impacts that would result from the adoption of the new scenarios were estimated as not significant for the purposes of the positive outcome of the 2024 impairment test, also in light of the sensitivity analyses on the recoverable value with respect to the cash flows projections.

The results of the impairment tests conducted as at 31 December 2024 confirmed the recoverability of the book values of intangible assets with an indefinite useful life, as illustrated in "Section 10 - Intangible assets – item 100" contained

in "Part B – Information on the consolidated balance sheet" of these Notes, to which reference should be made for further details.

In this regard, it should be noted in any event that the verification of the recoverability of the intangible assets in question is a complex exercise, the results of which are affected by the valuation methods adopted, as well as by the underlying parameters and assumptions, which may need to be modified to take account of new information or developments that could not be foreseen when this Report was prepared.

In greater detail, the forecast data of the CGUs are by their nature random and uncertain, as they are sensitive to changes in macroeconomic variables and external phenomena, as well as based on a set of assumptions relating to future events that will not necessarily occur. It must therefore be noted that due to the uncertainty connected with the occurrence of future events, both as regards the materialisation of the event, and as regards the extent and timing of its occurrence, the deviations between the actual values and those estimated could be significant.

In order to be able to appreciate whether the recoverable value is maintained with respect to alternative assumptions and situations, please refer to the sensitivity analysis contained in "Section 10 - Intangible assets – Item 100", of "Part B - Information on the consolidated balance sheet" of these Notes.

Assessment of significant influence and measurement of shareholders' equity

The assessment of significant influence over an entity can be a complex exercise that requires consideration of all relevant facts and circumstances (such as, for example, voting rights, shareholders' agreements, contractual arrangements, business relations) to ascertain the existence of the power to participate in the management and financial decisions of the entity.

Elements of judgement are also necessary to allocate the difference between the purchase cost of the entity and the book value of its shareholders' equity, to be able to recognise of any impairment indicators, as well as to assess the recoverability of value, especially in the presence of significant implicit goodwill.

It is therefore not possible to exclude that a different appreciation of the facts and circumstances analysed for the purpose of verifying significant influence, the internal and external evidence of impairment, the parameters and the assumptions used to estimate the recoverable value, may result in a different perimeter or different valuations with respect to the figures considered for the purpose of the financial statements as at 31 December 2024.

For further details, please refer to the contents of "Section 7 - Interests in associates and joint ventures – item 70" in the assets of Part B of these Notes to the financial statements, with particular reference to the disclosure contained in paragraphs 7.6 and 7.10.

Determining the fair value of financial assets and liabilities

In the presence of financial instruments not listed in active markets or of illiquid and complex instruments, adequate measurement processes must be undertaken characterised by significant elements of judgement as regards the choice of the measurement models and of the relative input parameters, which on occasion may not be observable in the market.

There are margins of subjectivity in the measurement as regards the observability or not of certain parameters and in the consequent classification in correspondence of the fair value hierarchy levels.

For qualitative and quantitative information on the method adopted to measure the fair value of financial assets and liabilities, as well as for the sensitivity analysis of the fair value relating to financial instruments measured at fair value and classified as level 3 of the fair value hierarchy, please refer to the contents of part "A.4 – Fair value disclosure" of these Notes.

Estimating the recoverability of deferred tax assets

The Group has Deferred Tax Assets (DTA) among its significant assets, mainly generated by temporary differences between the income statement recognition date of given business costs and the date when said costs may be deducted, rather than resulting from tax losses carried forward. The recognition of these assets and subsequently maintaining them in the financial statements assumes a judgement of probability as to the recovery of the same, which must also consider the legislative provisions on taxes in force on the date of preparation of the financial statements.

More specifically, the deferred tax assets that meet the requirements of Italian Law no. 214 of 22 December 2011 can be converted into tax credits in the case of a "statutory loss", a "tax loss" for IRES tax purposes and a "net negative value of production" for IRAP tax purposes; their recovery is therefore certain, insofar as it does not depend on the ability to generate future income. The maintenance of convertibility into tax credits is subject to the payment of a fee -

introduced with Italian Decree Law no. 59 of 3 May 2016, converted with amendments by Law no. 119 of 30 June 2016 - which the Group decided to make use of by paying an annual consideration until 2030.

For the remaining tax assets that cannot be converted into tax credits, the judgement of their probability of recovery must be based on reasonable income forecasts taken from approved strategic plans and projections, also considering that, for IRES purposes only, tax regulations permit tax losses to be carried forward without any time limit. This judgement is supported by a recoverability assessment exercise (so-called probability test) characterised by a considerable level of complexity, particularly if it regards DTAs on tax losses carried forward, the existence of which could indicate the fact that sufficient taxable income may not be available in the future for their recovery. Based on the provisions of IAS 12 and on the considerations of the ESMA in a document dated 15 July 2019, the above judgement of recoverability requires a careful recognition of all evidence supporting the probability of having sufficient taxable income in the future, also considering the circumstances that generated the tax losses, which must be linked to clearly identified causes, deemed not repeatable in the future on a recurring basis.

In order to take into account the uncertainties of the macroeconomic scenario and the potential repercussions on the estimate of taxable cash flows, the probability test was carried out, in line with that carried out in previous years, using the Risk-adjusted profit approach, i.e. discounting the forecasts of future taxable income on the basis of a corrective factor that is expressive of a specific risk, consistent with the method to determine the risk premium for the impairment testing of intangible assets with an indefinite useful life, which pushes further back the time period of the estimate of taxable income flows.

The taxable income forecasts were developed on the basis of the income projections and the multi-scenario calculations approved by the Board of Directors of Banco BPM on 22 October 2024, as better detailed in the previous paragraph "Estimating impairment losses in relation to intangible assets with an indefinite useful life".

Considering that the recoverability of DTAs could be negatively influenced by a revision of the cash flows assumed as the basis of the probability test - in line with that suggested by the literature on valuation exercises characterised by uncertainty - the estimate of future taxable income was conducted on the basis of a multi-scenario approach, consistent with the projections and the scenarios used for the impairment testing of intangible assets with an indefinite useful life, illustrated above, to which reference should be made for further details.

Lastly, it should be noted that the recoverability of all DTAs could be negatively influenced by changes in the current tax legislation, which cannot be foreseen at the present time.

"Section 11 - Tax assets and liabilities - Item 110 of assets and Item 60 of liabilities" contained in assets of "Part B - Information on the consolidated balance sheet" of these Notes provides the disclosure on the breakdown of deferred tax assets, on the checks carried out with regard to their recoverability, on the sensitivity analyses conducted to permit an appreciation of the time horizon for the recovery of the same, based on reasonable changes in the main underlying hypotheses and assumptions.

Estimating provisions for risks and charges

The companies that belong to the Group are defendants in a wide range of legal proceedings and tax disputes and are also exposed to numerous types of contingent liabilities. The complexity of the situations and company transactions that underlie the ongoing disputes, together with issues related to the interpretation of the applicable law, require significant judgement to estimate the liabilities that could arise at the time that the pending disputes are settled. The difficulties in assessment regard both the occurrence, the amount and the timing of any emergence of liabilities, and are particularly evident when the proceeding is at the initial stage and/or the relative preliminary investigation is in progress. The specific nature of the matter in dispute and the consequent absence of case law relating to comparable disputes, as well as different approaches taken by the judicial bodies - both at the different levels of the contentious proceeding, and by bodies at the same level at different times - make the measurement of contingent liabilities difficult, even when provisional rulings are available at the first level of judgement. Past experience demonstrates that in various cases, the rulings made by the judges in the courts of first instance have then been completely overturned on appeal or at the Supreme Court, and this may be in favour or not in favour of Group companies. In this context, the classification of contingent liabilities and the consequent evaluation of the provisions needed are based on subjective judgements, which require the use of often extremely complex estimation procedures. Therefore, it cannot be ruled out that following the issue of final rulings, the provisions for risks and charges made against contingent liabilities relating to legal and tax disputes may prove to be lacking or excessive.

For information on the Group's main risk positions in relation to legal disputes (actions to void and pending lawsuits) and tax disputes with the Tax Authorities, reference should be made to "Section 10 - Provisions for risks and charges - Item 100" contained in liabilities of "Part B - Information on the consolidated balance sheet" of these Notes.

In addition, the provisions for risks and charges may become necessary following commitments made by the Group at the time of the sale of interests in associates or joint ventures, divisions, portfolios of non-performing loans and related partnership agreements. More specifically, the above-mentioned commitments consist essentially of providing protection and guarantee mechanisms for the investment made by the purchasing counterparties. Said mechanisms envisage the acknowledgement, in favour of the purchaser, of an indemnity in the event that specific sales objectives are not met, or the event of inconsistent declarations as to the quality of the information and the documentation on the loans with respect to that provided at the time of the sale. The likely outlay of financial resources to cover said commitments has to be estimated, based on the reasonable evolution of the sales objectives, also considering the time horizon in which the Group may take corrective action to avoid the payment of penalties. For commitments relating to the sale of non-performing loans, the quantification of the provision must instead consider the expected evolution of the outlays relating to claims received from purchasers for alleged breaches of contractual guarantees.

For a more detailed description, reference should be made to "Section 10 - Provisions for risks and charges - Item 100" contained in "Part B - Information on the consolidated balance sheet" of these Notes.

Determination of the fair value of property

The Group's accounting policies envisage that real estate assets are measured at fair value, according to the measurement criteria established by accounting standard IAS 40 for investment property or by standard IAS 16 - and in particular by the revalued amount criterion - for properties used in operations, i.e. those used for administrative and/or commercial purposes. The update of the fair value, in compliance with the requirements laid out by IFRS 13, is supported by a dedicated appraisal issued by a leading company, on the basis of the "RICS Valuation" standards¹.

In more detail, for properties for investment purposes, the Group's accounting policies require fair value to be updated annually, unless there is evidence that an earlier update is necessary. Instead, for properties used in operations, the fair value may be restated more frequently than once a year; this frequency may depend on whether there are significant deviations in property market prices, based on a scenario analysis, on its relevance or on the distinctive characteristics of properties. In particular, for properties for business use, the appraisal is updated every two or three years depending on whether the property has a value of more than or less than 3 million², unless the scenario analysis or specific events regarding the property are such that an earlier revision is required.

In line with the above policy, the properties for which the fair value was updated represent approximately 66% of the Group's total real estate assets, also considering properties classified as held for sale, whose value has been revised to align it with any sales prices agreed, as resulting from the resolutions of the Corporate Bodies and/or functions authorised for said sales. In this regard, for the year 2024, it should be noted the finalisation of an agreement aimed at the sale of a portfolio represented by over 330 properties, as described in the following "Section 5 - Other aspects, Other significant aspects relating to Group accounting policies, Streamlining of the real estate portfolio ("Square" Project)", to which reference is made.

For properties not classified as held for sale, the updated fair value was calculated by using specific appraisals drawn up by qualified, independent experts, in compliance with the criteria laid out by IFRS 13 for fair value measurement. Given the array of possible valuation approaches permitted by the above-cited standard, the selection of a specific valuation methodology, as well as the selection of the specific estimation parameters and/or assumptions, may have a significant influence on the determination of the fair value, also considering the specific nature and distinctive characteristics of the asset to be valued.

With particular reference to land and real estate development initiatives, their value is traditionally very volatile and subject to rapid changes. In fact, a specific type of purchaser is targeted for these assets, and they may suffer significant impacts due to various factors, such as changes in construction costs, availability and cost of loans for their development, fluctuations in product demand and supply, in turn significantly influenced by the volatility of the reference macroeconomic scenario.

¹ Standards set out in the "RICS Valuation – Global Standard" of the Royal Institution of Chartered Surveyors of the United Kingdom (also known as the "Red Book").

² Threshold of 5 million until the 2023 financial statements.

One of the significant assumptions, for the purpose of measuring fair value, is the assessment of the highest and best use of the properties, defined as the condition which, of all reasonably feasible uses, is able to confer the highest value to the property. In this regard, the fair value measurement of property used in operations uses the continuity of their use by the Group in the foreseeable future as reference, insofar as strictly dependent on commercial and administrative activities. More specifically, it was assumed that the Group will continue to occupy the properties on the basis of a lease agreement in line with standard market practices, with a duration of 12 years (6+6 years), starting from the valuation date.

Margins of subjectivity are also present when identifying the perimeter of properties used in operations, for which the appraisals need to be updated, based on the ability to identify significant changes in value in property market prices, which make the request for an updated valuation necessary.

In light of the above, it cannot be ruled out that the use of different methods or estimation parameters - influenced by forecasts relating to the reference scenarios of the real estate market pertinent to the Group, as well as the strategies that the Group could adopt to manage real estate assets, also through disposals of portfolios - may lead to different valuations with respect to those conducted for the 2024 financial statements, with consequent negative impacts on the Group's balance sheet and income statement.

For further details on the breakdown and changes in real estate assets, please refer to "Section 9 - Property, plant and equipment - Item 90" and to "Section 12 - Non-current assets and disposal groups held for sale and associated liabilities - Item 120 in the assets and item 70 in the liabilities" contained in "Part B – Information on the consolidated balance sheet" of these Notes; for the disclosure on the methods used to determine fair value, please refer instead to part "A.4 - Fair value disclosure", which includes several sensitivity analyses for the portfolio of properties used in operations.

Estimating obligations relating to employee benefits

Determining the liabilities associated to employee benefits, with specific reference to defined benefit plans and to long-term benefits, implies a certain degree of complexity; the outcome of the valuations depends, to a significant extent, on the actuarial assumptions used, both in demographic terms (such as mortality rates and rates of employee turnover) and in financial terms (such as discounting rates and inflation rates). Therefore, the judgement of management is fundamental, when selecting the most suitable technical basis to evaluate the cases, which may be influenced by the socio-economic context in which the Group operates at the time, as well as the performance of the financial markets. In particular, with regard to employee benefits represented by the provisions for employee severance pay and defined benefit pension funds, changes in actuarial assumptions (demographic and financial), as well as the actual experience recognised with respect to initial forecasts, led to an increase in liabilities totalling 0.8 million.

This increase was recognised as a balancing entry to a valuation reserve and shown among other income components in the statement of comprehensive income, as shown in "Part D - Statement of consolidated comprehensive income" of these Notes to the consolidated financial statements (-0.6 million net of the related tax effect, which compares with a corresponding positive effect of +1.8 million recognised in the previous year).

An illustration of the main actuarial assumptions and related impacts, together with a sensitivity analysis of the liabilities with respect to the most significant actuarial assumptions, are provided in "Section 9 - Provisions for employee severance pay - Item 90" and in "Section 10 - Provisions for risks and charges - Item 100" contained in liabilities of "Part B - Information on the consolidated balance sheet" of these Notes, respectively for provisions for employee severance pay and for defined benefit company pension funds.

Estimating insurance liabilities for commitments to policyholders

For the Group's insurance companies, the measurement of the technical reserves envisaged by insurance regulations to cover commitments to policyholders requires the development of a series of demographic and financial assumptions capable of significantly influencing the amount of insurance liabilities.

In particular, the valuation of insurance liabilities is affected by the typical risks of the sector, which are duly analysed and assessed according to what is set forth in the Solvency II regulatory framework; the "Solvency and Financial Condition Report", published annually by the Companies, provides a representation of these risks.

In greater detail, the main risks relating to the Life business are represented by the change in mortality and longevity assumptions, the unpredictability of policyholders' choices, as well as uncertainties relating to higher inflation rates

and the resulting increase in future expenses. In addition, in order to calculate reserves, the assumptions used to determine the discount rates, as well as the methods to measure the adjustment for non-financial risk are particularly important.

In light of the above, it cannot be ruled out that the occurrence of risk events other than those assumed during the calculation of tariffs and/or preparation of the financial statements may affect the amount of commitments vis-à-vis the policyholders and consequently the estimate of liabilities in the financial statements.

Lastly, the value of the aforementioned liability may be influenced by the valuation approaches adopted in terms of those permitted by IFRS 17 on insurance contracts; therefore, it cannot be ruled out that the use of alternative methods may lead to a different estimate of commitments to policyholders.

Ongoing inspections by the Supervisory Authority

As represented in the Report on operations, as part of the ordinary inspection cycle by the Supervisory Authority, at the date of this Financial Report, some inspections are underway on specific areas. For completed inspections, in response to the recommendations or decisions set forth in the "Decisions" or "Final follow-up letters", the Group is currently carrying out the appropriate remedial actions.

Although the information elements acquired in the inspections underway are carefully considered by the Group in order to assess any implications on the financial statement estimates, it cannot be excluded that the changes in the processes that could be implemented in response to any requests or final recommendations issued by the Supervisory Authority and the disclosure of new information not known at the date of this Report may prospectively affect the assessments of the exposures reported in the financial statements.

The same applies in relation to the remedial actions in progress, as any refinements of valuation methods or processes could prospectively impact Group financial statement estimates.

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The description of valuation processes shown above is included simply to provide readers with a better understanding of the main areas of uncertainty, and it should in no way be considered as implying that, to date, alternative assumptions can prove more appropriate.

In any event, in order to allow for an appreciation of any negative effects on the financial statements related to the above-mentioned factors of uncertainty, information for the main items in the financial statements subject to estimates (recoverability of intangible assets with an indefinite useful life, recoverability of deferred tax assets, expected losses on performing exposures, liabilities for defined benefits to employees, fair value of financial instruments and properties), the disclosure of the main hypotheses and assumptions used in the estimate, as well as a sensitivity analysis with respect to alternative assumptions, is provided in the specific sections of the Notes to the financial statements.

Declaration of going concern

With regard to that required by the Bank of Italy, CONSOB and ISVAP in the Joint Document no. 4 of 3 March 2010, the consolidated financial statements as at 31 December 2024 were prepared on a going concern basis.

In this regard, the Directors believe that no risks and uncertainties have emerged such as to give rise to doubts regarding business continuity, considering that the Group has a reasonable expectation of being able to continue to operate in the foreseeable future.

In order to make the above judgement, the Directors also assessed the effects resulting from the uncertainties of the reference macroeconomic scenario, considering the current geopolitical tensions, which could reasonably have negative repercussions on future company results. However, the extent of these effects is not considered sufficient to create uncertainty on business continuity, also considering the current and future soundness of the Group's equity and financial structure.

For information on Group risks and relative management, refer to the content of "Part E – Information on risks and related hedging policies" of these Notes, as well as in the Consolidated report on operations.

Section 3 - Scope of consolidation and methods

(A) Subsidiaries

The consolidated financial statements include the balance sheet and income statement results of the Parent Company Banco BPM S.p.A. and its direct and indirect subsidiaries, including structured entities, in accordance with that envisaged by accounting standard IFRS 10. Based on the cited standard, the requirement of control is the basis for the consolidation of all types of entity, including structured entities, and is met when an investor simultaneously fulfils the following three requirements:

- power to decide on the relevant activities of the entity;
- exposures, or rights, to variable returns resulting from involvement with the entity;
- ability to use its power to affect the amount of said returns, as a result of its involvement with the entity (link between power and returns).

More specifically, IFRS 10 establishes that, in order to possess control, the investor must have the ability to direct the relevant activities of the entity, by virtue of a legal right or of a mere state of fact, and must also be exposed to the variability of the results arising from said power.

In light of the above-mentioned regulatory references, the Group must therefore consolidate all types of entity where all three control requirements are met.

Generally, when an entity is considered direct by virtue of voting rights, control results from holding over half of those rights.

In the other cases, establishing the scope of consolidation requires all factors and circumstances that give the investor the practical ability to unilaterally conduct the relevant activities of the entity (actual control). To this end, a set of factors has to be considered, such as, merely by way of example:

- the purpose and the design of the entity;
- the identification of the relevant activities and how they are managed;
- any right held by means of contractual arrangements which award the power to direct the relevant activities, such as the power to establish the financial and operating policies of the entity, the power to exercise majority voting rights in the decision-making body or the power to appoint or remove the majority of the body with decision-making functions;
- any potential voting rights that can be exercised (including those embedded in options, way-out clauses or instruments convertibles into shares) and considered substantial;
- involvement with the entity in the role of agent or principal;
- the nature and dispersion of any rights held by other investors.

Potential voting rights are considered substantial if all of the following conditions are met:

- they can be exercised immediately or in any case in time for the shareholders' meeting;
- there are no legal or economic barriers to their exercise;
- the exercise is economically viable.

The following paragraphs provide further details on the scope of entities controlled exclusively as at 31 December 2024, broken down into companies controlled through voting rights and structured entities.

Companies controlled through voting rights

With reference to the Group's situation as at 31 December 2024, companies in which a majority of voting rights in the ordinary shareholders' meeting is held are considered to be exclusively controlled, insofar as there is no evidence that other investors have the practical ability to direct the relevant activities.

As regards companies in which half or a lower amount of voting rights are held, as at 31 December 2024, there are no arrangements, statutory clauses, potential rights or other situations able to establish that the Group has the practical ability to unilaterally direct the relevant activities.

Consolidated structured entities

The control of structured entities, namely entities for which voting rights are not considered relevant to establish control, is deemed to exist where the Group has contractual rights to manage the relevant activities of the entity and is exposed to the variable returns of the same.

On this basis, the structured entities for which consolidation for the purpose of the financial statements as at 31 December 2024 is necessary, are represented by the several SPEs for securitisation transactions originated by the Group. For those SPEs, the elements deemed significant for identifying control and the resulting consolidation are:

- the purpose of said SPEs;
- exposure to the outcome of the transaction;
- the ability to structure transactions and to direct the relevant activities and take critical decisions through servicing contracts;
- the ability to arrange for their liquidation.

For structured entities represented by mutual investment funds and similar, the Group is considered to act in the capacity of "principal", and therefore controls the fund, consequently consolidating it, if the Group simultaneously meets the following conditions:

- it has the power to direct the relevant activities when:
 - it acts as fund manager and there are no investors with substantial removal rights; or
 - it has a substantial right to remove the fund manager (external to the Group) without just cause or due to the performance of the funds; or
 - the governance of the fund is such that the Group substantially governs the relevant assets;
- it has significant exposure to the variable returns of the fund, as it directly holds a share deemed significant, in addition to any other form of exposure related to the fund's economic results;
- it is able to influence said returns through exercising its powers, when:
 - it is the fund manager;
 - it has a substantial right to remove the fund manager (external to the Group);
 - it has a right to participate in the Committees of the fund, to the extent that the Group has the legal and/or practical ability to control the activities performed by the manager.

As at 31 December 2024, the analyses conducted on the investments held by the Group in mutual investment funds and similar, resulted in the exclusion of the existence of control over the same; therefore no fund is included in the scope of consolidation.

Line-by-line consolidation method

Controlled entities are consolidated from the date on which the Group acquires control, according to the purchase method, and cease to be consolidated from the moment a situation of control no longer exists, as described below in part "A.2, 16 - Other information, Business combinations, goodwill and changes in interest holdings".

Full consolidation consists of the "line-by-line" acquisition of the balance sheet and income statement aggregates of subsidiary entities. For consolidation purposes, the book value of the equity interests held by the Parent Company or by the other Group companies is eliminated against the acquisition of the assets and liabilities of the investees, as a balancing entry to the corresponding portion of shareholders' equity attributable to the Group and the portion held by non-controlling interests, also taking into account the purchase price allocation upon acquisition of control.

For subsidiary entities, other than the special purpose vehicles for securitisations originated by the Group, the portion of shareholders' equity, profit (loss) for the year and comprehensive income attributable to non-controlling interests is indicated as a separate item in the respective schedules of the consolidated financial statements (respectively in items: "190. Non-controlling interests", "340. Profit (loss) for the year attributable to non-controlling interests", "190. Consolidated comprehensive income attributable to non-controlling interests").

For the illustration of the effects of the consolidation of the separate assets of the special purpose vehicles of the securitisations originated by the Group - in relation to the transactions that did not involve any "derecognition" of the assets transferred from the separate financial statements, please refer to the content of the following part A.2, paragraph "16 - Other information, Traditional securitisations - derecognition from financial statements of financial assets sold".

The costs and revenues of the subsidiary entity are consolidated from the date on which control was acquired. The costs and revenues of a subsidiary sold are included in the income statement up until the date of sale; the difference between the sale price and the book value of the net assets of the same is recognised under the income statement item "280. Gains (losses) on disposal of investments". In the event of the partial sale of a subsidiary entity, which does not result in a loss of control, the difference between the sale price and the relative book value is recognised as a balancing entry of shareholders' equity.

The assets, liabilities, off-balance sheet transactions, income and expenses relating to transactions between consolidated companies are eliminated in full.

The balance sheet and income statement results of the consolidated companies whose operating currency is different from the euro are translated based on the following rules:

- the balance sheet assets and liabilities are converted at the exchange rate in effect at the end of the period;
- the revenues and costs on the income statement are converted at the average exchange rate for the period.

All exchange rate differences originated by the conversion are recognised in a specific valuation reserve under shareholders' equity. Changes in value of the valuation reserve due to exchange rate differences are included in the Statement of comprehensive income.

Said reserve is eliminated through a concurrent debiting/crediting of the income statement when the foreign interest is disposed of. The disposal can take place by sale, liquidation or repayment of capital.

In order to prepare the consolidated financial statements as at 31 December 2024, all of the exclusively controlled companies have prepared a balance sheet and income statement in accordance with the Group's accounting principles.

Interests in associates and joint ventures held for sale are recorded in compliance with the reference international accounting standard IFRS 5, which regulates the recording of non-current assets held for sale. In this case, the assets and liabilities held for sale are included in the balance sheet items "120. Non-current assets and disposal groups held for sale" and "70. Liabilities associated with assets classified as held for sale".

If the disposal of the associates and joint ventures is classified as discontinued operations (under the terms of IFRS 5), the relative income and expenses are recognised in the income statement, net of taxes, under item "320. Profit (loss) after tax from discontinued operations". Otherwise, the contribution of the investee is shown in the income statement "line by line". For further details please refer to the content of part "A.2, 8 - Non-current assets and disposal groups held for sale" below.

If the fair value of the assets and liabilities held for sale, net of costs to sell, turns out to be lower than the book value, a value adjustment is recognised in the income statement.

(B) Interests in companies subject to joint control and subject to significant influence

Associates, i.e. companies not controlled in which a notable influence is exercised, are considered to be companies subject to significant influence. The company is assumed to exercise a significant influence in all cases where it holds 20% or more of voting rights in the investee, and, irrespective of the shareholding percentage, whenever it has the power to participate in business and financial decisions of the investees, by virtue of specific legal relations, such as shareholders' agreements, the purpose of which is to ensure that the members of the agreement are represented in the management bodies and to safeguard a consistent management approach, without, however, controlling the same.

Interests in companies subject to joint control and subject to significant influence are measured according to the equity method, based on the most recent financial statements available of the associated company/company subject to joint control, suitably adjusted to take into account any significant events or transactions. In this regard, it should be noted that, during 2024, the closing dates of the financial statements of the associate Alba Leasing were aligned with those of Banco BPM; the result of the valuation with the equity method of Alba Leasing includes, in addition to the portion attributable to the result for 2024, the contribution of the last quarter of 2023, equal to 1.7 million, as for 2023, the draft financial statements of the associate had been approved after those of Banco BPM.

For an illustration of the classification, recognition, measurement and derecognition criteria, please refer to part "A.2, 5 - Interests in associates and joint ventures" below.

1. Interests in exclusively controlled companies

The table below lists the interests in exclusively controlled companies. For information on interests in companies subject to joint control and significant influence by Banco BPM Group, please refer to "Part B - Information on the consolidated balance sheet" - "Section 7 - Interests in associates and joint ventures – Item 70" in these Notes.

Company name	Operational headquarters	Registered office	Type of relationship (1)	Investment relationship		Available % of votes (2)
				Holder	% held	
Banco BPM S.p.A.	Verona	Milan		Parent Company		
1. Agriurbe S.r.l. in liquidation Share capital € 10,000.00	Milan	Milan	1	Banco BPM	100.000%	100.000%
2. Aletti Fiduciaria S.p.A. Share capital € 1,040,000.00	Milan	Milan	1	Banca Aletti	100.000%	100.000%
3. Banca Akros S.p.A. Share capital € 39,433,803.00	Milan	Milan	1	Banco BPM	100.000%	100.000%
4. Banca Aletti S.p.A. Share capital € 121,163,538.96	Milan	Milan	1	Banco BPM	100.000%	100.000%
5. Banca Aletti & C. (Suisse) S.A. Share capital CHF 35,000,000	CH - Lugano	CH - Lugano	1	Banca Aletti	100.000%	100.000%
6. Banco BPM Invest SGR S.p.A. Share capital € 2,500,000.00	Milan	Milan	1	Banco BPM	100.000%	100.000%
7. Banco BPM Vita S.p.A. Share capital € 179,125,000.00	Milan	Milan	1	Banco BPM	100.000%	100.000%
8. BBPM Life DAC Share capital € 802,884.81	Dublin	Dublin	1	Vera Vita	100.000%	100.000%
9. Bipielle Bank (Suisse) S.A. in liquidation Share capital CHF 7,550,000	CH - Lugano	CH - Lugano	1	Banco BPM	100.000%	100.000%
10. BPM Covered Bond S.r.l. Share capital € 10,000.00	Rome	Rome	1	Banco BPM	80.000%	80.000%
11. BPM Covered Bond 2 S.r.l. Share capital € 10,000.00	Rome	Rome	1	Banco BPM	80.000%	80.000%
12. BP Covered Bond S.r.l. Share capital € 10,000.00	Milan	Milan	1	Banco BPM	60.000%	60.000%
13. BRF Property S.p.A. Share capital € 2,000,000.00	Parma	Parma	1	Banco BPM	99.000%	99.000%
14. Burgos Leasco S.r.l. (*) Share capital € 10,000.00	Conegliano V. (TV)	Conegliano V. (TV)	1	Banco BPM	100.000%	100.000%
15. Ge.Se.So. S.r.l. Share capital € 10,329.00	Milan	Milan	1	Banco BPM	100.000%	100.000%
16. Lido dei Coralli S.r.l. Share capital € 10,000.00	Sassari	Sassari	1	Banco BPM	100.000%	100.000%
17. Oaklins Italy S.r.l. Share capital € 109,000.00	Milan	Milan	1	Banca Akros	100.000%	100.000%
18. Partecipazioni Italiane S.p.A. in liquidation Share capital € 350,000.00	Milan	Milan	1	Banco BPM	99.966%	100.000%
19. P.M.G. S.r.l. in liquidation Share capital € 52,000.00	Milan	Milan	1	Banco BPM	84.000%	84.000%
20. Sagim S.r.l. Società Agricola Share capital € 7,746,853.00	Asciano (SI)	Asciano (SI)	1	Agriurbe	100.000%	100.000%
21. Sirio Immobiliare S.r.l. Share capital € 10,000.00	Lodi	Lodi	1	Banco BPM	100.000%	100.000%
22. Tago LeaseCo S.r.l. (*) Share capital € 10,000.00	Conegliano V. (TV)	Conegliano V. (TV)	1	Banco BPM	100.000%	100.000%

Company name	Operational headquarters	Registered office	Type of relationship (1)	Investment relationship		Available
				Holder	% held	% of votes (2)
23. Terme Ioniche S.r.l. Share capital € 881,924.00	Cosenza	Lodi	1	Banco BPM	100.000%	100.000%
24. Vera Vita S.p.A. Share capital € 219,600,005.00	Milan	Milan	1	Banco BPM Vita	100.000%	100.000%
25. BPL Mortgages S.r.l. (**) Share capital € 12,000.00	Conegliano V. (TV)	Conegliano V. (TV)	4	-	0.000%	
26. ProFamily SPV S.r.l. (**) Share capital € 10,000.00	Conegliano V. (TV)	Conegliano V. (TV)	4	-	0.000%	

(1) Type of relationship:

1 = majority of voting rights in the ordinary shareholders' meeting

4 = other forms of control

(2) Availability of votes in the ordinary shareholders' meeting, distinguishing between actual and potential

(*) Company held for sale pursuant to IFRS 5

(**) Special Purpose Entity for securitisation transactions originated by the Group.

Changes in the scope of consolidation

Changes in the scope of consolidation compared to the situation as at 31 December 2023 are shown in the tables below:

Fully consolidated companies	
Incoming companies due to acquisition of control	
Burgos Leasco S.r.l.	100.00%
Tago LeaseCo S.r.l.	100.00%
Outgoing company due to liquidation	
BP Mortgages S.r.l. in liquidation	0.00%
Outgoing company due to sale	
Tecmarket Servizi S.p.A.	100.00%
Outgoing company due to merger	
Merged company	Merging company
Terme Ioniche Società Agricola S.r.l.	Terme Ioniche S.r.l.
Companies consolidated with the equity method	
Incoming company	
Numia Group S.p.A.	28.57%

It should also be noted that the subsidiaries Burgos Leasco S.r.l. and Tago LeaseCo S.r.l. contribute to the consolidated balance sheet under items "120. Non-current assets and disposal groups held for sale" and "70. Liabilities associated with assets classified as held for sale" of the Consolidated balance sheet, as held for sale pursuant to IFRS 5 in the broader context of the "Toledo" transaction, which is also illustrated in more detail in the Consolidated report on operations, to which reference is made. Similarly, the associated company SelmaBipiemme Leasing S.p.A., the sale of which is under negotiation, was classified under the same item 120 of assets.

For more details on the transactions reported in the previous tables, and on the entry into the scope of consolidation of the associated company Numia Group S.p.A., please refer to the section dedicated to significant events during the year of the Consolidated report on operations, and to "Section 5 - Other aspects, Other significant aspects relating to Group accounting policies, E-money business reorganisation" below.

2. Significant assessments and assumptions used to determine the scope of consolidation

Within the scope of wholly-controlled companies, inclusion in the scope of the Group is related to the concept of majority voting rights at the shareholders' meeting without exclusion in the case of legal control.

The only exceptions are those of Special Purpose Entities for securitisation transactions. As previously explained, even in the absence of direct equity interests, the Group has contractual rights to manage the relevant activities of the entity and is exposed to the variable returns of the same.

As at 31 December 2024, there were no non-controlling interests in subsidiaries deemed significant for the Group, either individually or as a whole, as shown in the table in "Section 14 - Non-controlling interests - Item 190" in "Part B - Information on the consolidated balance sheet" of these Notes. The same is true for the financial statements as at 31 December 2023.

3. Interests in exclusively controlled companies with significant non-controlling interests

3.1 Non-controlling interests, availability of non-controlling votes and dividends distributed to non-controlling interests

No information is given for the reasons explained above.

3.2 Interests in companies with significant non-controlling interests, accounting information

No information is given for the reasons explained above.

4. Significant restrictions

As at 31 December 2024, there were no legal or substantial constraints or restrictions capable of obstructing the rapid transfer of capital resources within the Group. The only constraints are those attributable to the regulatory legislation, which may require the maintenance of a minimum amount of own funds, or to the provisions of the Italian Civil Code on distributable profits and reserves.

It should also be pointed out that there are no protective rights held by minorities able to limit the Group's ability to access or transfer assets between Group companies or to settle Group liabilities, in part due to the fact that there are no subsidiaries with significant non-controlling interests, as explained in the previous paragraph.

5. Other information

All the subsidiaries prepare financial statements as at 31 December 2024, the date of closure of the consolidated financial statements (and separate financial statements of the Parent Company).

Section 4 - Events subsequent to the reporting date

The significant events that occurred in the period between the reporting date (31 December 2024) and the date of approval of the draft financial statements by the Board of Directors (13 March 2025) are highlighted below. These events did not make it necessary to adjust the balances in the financial statements, pursuant to IAS 10.

Voluntary public purchase offer on all shares of Anima Holding

As anticipated in the section dedicated to the significant events occurring during the year in the Report on operations, on 12 February 2025, the commitments to subscribe the Offer were finalised between Banco BPM Vita and Poste Italiane S.p.A., as well as Banco BPM Vita and FSI SGR, concerning Anima shares representing a total of approximately 21.3% of the share capital of Anima which, added to the interest already held by Banco BPM of approximately 22%, represent a total of approximately 43.3% of the share capital of Anima. These commitments are subject to the conditions used for these types of commitments undertaken by institutional parties.

On 20 February 2025, the commitments to subscribe the Anima Offer were also finalised between Banco BPM Vita and several top managers of Anima (including the Chief Executive Officer), concerning shares representing

approximately 1.5% of the share capital of Anima which, together with: (i) the shares of Anima already held by Banco BPM and (ii) the shares of Anima subject to the subscription commitments signed by Poste Italiane and by FSI SGR, represent a total of approximately 44.8% of the total share capital of Anima. These commitments are also subject to certain conditions.

On 28 February 2025, the Shareholders' Meeting of Banco BPM, called on 13 February 2025, resolved, with 97.64% of votes in favour, to authorise, pursuant to Art. 104, paragraph 1 of the Consolidated Finance Law, Banco BPM and on its behalf the Board of Directors, to ensure that, in compliance with the directives issued by Banco BPM in the exercise of management and coordination activities, the subsidiary Banco BPM Vita can: (i) increase the unit price offered from 6.20 euro (cum dividend) to 7.00 euro (cum dividend) and (ii) exercise the right, where deemed appropriate, to waive all or part of one or more of the voluntary conditions of effectiveness attached to the offer by Banco BPM Vita and not yet fulfilled at the date of the Shareholders' Meeting. Note that the Offer is conditional, *inter alia*, on reaching a total stake in Anima's share capital of at least 66.67%, including the shares held by the persons acting in concert in the calculation of the offeror's interest (also including the interest held in Anima by Banco BPM and any shares purchased by the offeror and by persons acting in concert outside the Offer in compliance with applicable regulations). Banco BPM Vita has reserved the right to waive this condition provided, however, that the interest that it holds at the end of the Offer is in any case at least equal to 45% plus 1 (one) share of the share capital of Anima with voting rights (the latter threshold cannot be waived). The Offer is also conditional on the ECB confirming the applicability of the regulatory treatment of the so-called Danish Compromise.

In execution of the resolution of the Shareholders' Meeting, the unit price of the Offer was therefore increased to 7.00 euro (cum dividend).

Based on the new unit price, the maximum outlay will be 1,776.3 million, if all the shares covered by the Offer are subscribed and may be reduced on the basis of the number of shares covered by the Offer purchased by Banco BPM Vita and/or by Banco BPM, as a person acting in concert, outside the Offer itself.

By virtue of the outcome of the Shareholders' Meeting of Banco BPM held on 28 February 2025, all the voluntary conditions of effectiveness attached to the Offer and not yet fulfilled before said date may also be waived, in whole or in part, by the Board of Directors of Banco BPM and Banco BPM Vita, within the terms set forth in the communication issued by Banco BPM Vita on 6 November 2024 pursuant to Art. 102 of the Consolidated Finance Law.

In this regard, on 11 February 2025, Banco BPM and Banco BPM Vita signed an amendment to the capitalisation commitments already undertaken with the letter of commitment signed by Banco BPM on 6 November 2024, through which Banco BPM confirmed its commitment to make funds available to Banco BPM Vita up to the maximum outlay. To meet the financial commitments of Banco BPM Vita, on 10 March 2025, Banco BPM made a contribution to future share capital increases.

Having obtained all the authorisations required by sector regulations in relation to the Offer for the purposes and effects of Art. 102, paragraph 4 of the Consolidated Finance Law, with the decision of 13 March 2025, CONSOB approved the Offer Document. The period of subscription to the Offer agreed with Borsa Italiana S.p.A. will start on 17 March 2025 and will end on 4 April 2025, with the consequent payment of the consideration on 11 April 2025, unless extended.

Update of 2023-2026 Strategic Plan

As anticipated in the section dedicated to the significant events occurring during the year in the Report on operations, at the meeting of 11 February 2025, the Board of Directors of Banco BPM approved the update of the Group's 2023-2026 Strategic Plan, extending the three-year horizon to 2027.

2024 was a year of unprecedented excellent results for Banco BPM, which allowed the Group to reach in advance and in some cases exceed the objectives of the 2023-2026 Strategic Plan. These results also made it possible to increase shareholder remuneration to an all-time high.

The extraordinary transactions and the initiatives carried out in 2024 and in previous years have therefore made it appropriate to update the Plan in advance, envisaging new, more ambitious performance objectives and higher remuneration targets for shareholders.

The update, developed by incorporating the new macroeconomic outlooks with more conservative assumptions, is based on the same 7 strategic pillars of the 2023-2026 Strategic Plan, with the addition of a new pillar relating to the integration of Anima, starting from the second half of 2025.

With reference to the documents published by Banco BPM (press release of 12 February 2025 and relative presentation to the market), for more details, the macro-strategy defined for the next three-year period is summarised below.

- the consolidation of its vocation as a bank close to businesses and SMEs;
- the strengthening of wealth management and life insurance;
- the development of product factories with a view to reinforcing a more diversified and higher value-added business model;
- the strengthening of omnichannel services for an increasingly digital bank;
- innovation as a priority to make the bank leaner and more secure in the cyber environment;
- the objective of being close to people and the community, supporting their growth;
- further strengthening the Group's capital profile.

Ambitious ESG sustainability objectives have also been defined, which envisage a strong commitment to actions to support customers' ESG sustainability paths, encouraging i) the decarbonisation of production processes to support the transition to a net zero greenhouse gas emission economy, in line with the objectives of the European Green Deal, ii) support for the territories in which Banco BPM operates and the communities present therein, also through training and awareness initiatives on sustainability issues and the disbursement of grants for the development of social and environmental projects, iii) the promotion of interventions aimed at ensuring the production and housing continuity of the stakeholders and, lastly, iv) the ESG training activities of the Group's employees, an essential channel for the development and dissemination of ESG culture.

Favourable outcome of the referral proceedings ordered by the Court of Cassation regarding the dispute initiated by the Bank against the Revenue Agency to recover the tax credits requested as a refund from the former Banca Popolare di Novara

On 8 January 2025, the ruling relating to the referral to the Piedmont Second Instance Tax Court requested by the Court of Cassation was filed.

The ruling reconfirmed the outcome of the first instance proceedings, i.e. the cancellation of the measures refusing refund issued by the Revenue Agency subject to the appeal filed by the Bank.

On 10 March 2025, the State Attorney's Office notified the Bank that it had filed a new appeal with the Court of Cassation with a view to obtaining the cancellation of the ruling. Despite this appeal, the ruling of the Tax Court is immediately enforceable and, as a result of the notice to the Revenue Agency, the latter is required to reimburse the tax credit recognised in the financial statements as at 31 December 2024 under the balance sheet item "Other assets".

The historic tax dispute relating to the 2005 tax period was concluded in favour of Banco BPM

On 16 January 2025, the Court of Cassation ruling was filed, putting an end to the dispute initiated by the Bank to obtain the cancellation of the notices of assessment issued on 19 December 2011. The subject of the dispute was the deductibility of the costs incurred in 2005 by Banca Popolare Italiana in the attempt to buy out Banca Antonveneta.

The Court acknowledged the validity of the reasons for the appeal filed by the Bank, confuting the ruling of the Lombardy Regional Tax Commission, and upheld the original appeal filed, definitively cancelling the notices of assessment.

The ruling enabled Banco BPM, in February 2025 to obtain full repayment of the amount provisionally paid, pending the final judgement between 2012 and 2015, for a total amount of 199.8 million. Fully convinced of its reasons and of the positive conclusion of the dispute, the aforementioned amount was recorded and maintained in the financial statements under the balance sheet item "Other assets". Following the provision of the ruling that envisaged recoverability, the Bank also formally requested the payment of the interest accrued and accruing pursuant to Art. 44, Italian Presidential Decree no. 602 of 29 September 1973, which amounted to 35.5 million. The related credit is not present in the financial statements as at 31 December 2024 as the possibility of its recognition is related to the filing of the Court of Cassation ruling.

Partial demergers from the separation of a lease loan portfolio

As anticipated in the section dedicated to significant events occurring during the year in the Report on operations, on 23 and 27 January 2025, after obtaining the authorisations issued by the European Central Bank, the projects for the demerger transactions relating to the disposal of the Bank's non-performing lease loan portfolio (so-called Toledo Project) to two special purpose companies: Tago LeaseCo S.r.l. and Burgos Leasco S.r.l. were recorded in the relevant Company Registers. Furthermore, on 25 February 2025, the Board of Directors of Banco BPM S.p.A. and the shareholders' meetings of Tago LeaseCo S.r.l. and Burgos Leasco S.r.l. approved the project for the demerger of Banco BPM S.p.A. in favour of the two vehicles.

The transaction is expected to close by the end of the first half year of 2025.

Funding and capital transactions

As anticipated in the section dedicated to significant events that occurred during the year in the Consolidated report on operations, on 14 January 2025, Banco BPM concluded a new issue of Social Senior Preferred securities, reserved to institutional investors, for an amount of 500 million, fixed coupon of 3.375% and a 5-year maturity.

This is the first Italian Social Bond of 2025 issued as part of the Green, Social and Sustainability Bonds Framework, which increases the total ESG issues of Banco BPM to 6.25 billion. The income will be used to refinance Eligible Social Loans; in particular, the purpose of the funding is to refinance loans disbursed to Italian SMEs, located in economically disadvantaged areas.

The Framework integrates with Banco BPM's ESG strategy and represents the effective implementation of the environmental and social sustainability objectives that are increasingly guiding and characterising the Bank's various business areas.

In addition, in February 2025, Banco BPM concluded the issue of a Social Covered Bond, reserved to institutional investors, for an amount of 750 million, with a maturity of 4.5 years, as part of its 10 billion Covered Bond programme. The income from said issue will be used to refinance Eligible Social Loans, as defined in the Bank's Green, Social and Sustainability Bonds Framework. In particular, funding will be mainly addressed to refinancing residential mortgages granted to disadvantaged people, with a state guarantee greater than or equal to 80%.

Section 5 - Other aspects

Most significant aspects for 2024 financial statement valuations

On 24 October 2024, ESMA published the Public Statement "European common enforcement priorities for 2024 corporate reporting", which reports expectations regarding the most relevant thematic areas for the purposes of the financial and non-financial disclosures for 2024.

The considerations formulated therein on climate issues were reiterated, in greater detail, by CONSOB with the communication "Disclosure on climate provided in the financial statements" of 20 December 2024.

It should be noted that the aforementioned documents do not introduce new disclosure obligations with respect to that indicated in the IAS/IFRS accounting standards, but are intended to highlight the requirements already in force, and considered a priority when preparing the financial statements, in order to promote the transparency of information and its compliance with international accounting standards.

Below is an illustration of the aspects considered most important by the aforementioned Authorities and the assessments carried out by the Group for the preparation of these financial statements.

Liquidity considerations

With reference to the disclosure on liquidity related to the Supplier Finance Arrangements and to the covenants on loans, also as a result of the changes in the accounting standards introduced starting from 2024, there are no impacts for the Group, as these aspects are relevant for entities that act as borrowers of loans; the same applies to the recommendations on the preparation of the cash flow statement.

For further details, please refer to the following paragraph "New accounting standards/interpretations or amendments to existing standards approved by IASB/IFRIC", regarding the amendments to IAS 7/IFRS 7 "Supplier Finance Arrangements" ("SFA"), endorsed with Regulation no. 1317/2024 of 15 May 2024 and IAS 1 "Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants", endorsed with Regulation no. 2822/2023 of 19 December 2023.

Considerations on accounting policies, judgements and significant estimates

With regard to the priority in question, please refer to the previous paragraph "Significant accounting policies and uncertainties regarding the use of estimates in the preparation of consolidated financial statements", which provides the disclosure on the significant accounting policies, judgements, sources of uncertainty in estimates and relative sensitivity analyses, referring to specific details provided in the various sections of the Notes to the financial statements. With reference to the elements of judgement for the recognition of revenues related to contracts with customers, which envisage the provision of long-term services, it should be noted that the issue is not significant for the Group; for further details, please refer to paragraph "16 - Other information, Revenue from contracts with customers (IFRS 15)" contained in Part A.2 of these Notes to the consolidated financial statements.

Sustainability reporting

With regard to the disclosure on sustainability, taking into account the first application of the CSRD (Corporate Sustainability Reporting Directive), ESMA focuses on the following three areas that it considers crucial: disclosure on double materiality, reporting scope and structure, disclosure relating to Article 8 of the EU Taxonomy Regulation. In this regard, it should be noted that the recommendations formulated therein were considered in the preparation of Sustainability Reporting, contained in the Report on operations, to which reference is therefore made.

Climate and environmental aspects and relative impact on accounts

With reference to the above, ESMA and CONSOB invite issuers to provide an illustration of how climate and environmental issues are handled for the purposes of financial statement assessments, condensing the disclosure in a specific note of the financial statements, or by referring to the notes in which they are represented.

In this regard, note that issues relating to the above factors, and more generally to ESG factors, and their implications for financial statement estimates, are not explicitly addressed by IAS/IFRS international accounting standards in force. However, these factors must be considered in order to establish whether their impact is material, for the relative financial statement valuations.

Useful references are the IASB documents of July 2023 "Effects of climate-related matters on financial statements" and that of July 2024 "Exposure Draft on Climate-related and Other Uncertainties in the Financial Statements", which highlight the potential impacts and information to be included to reflect the effects of climate-related issues with some examples of their application, as well as the recommendations contained in the decision of the IFRS Interpretation Committee of April 2024 on the accounting treatment of climate commitments undertaken by issuers in relation to their objectives to reduce emissions, pursuant to IAS 37.

On this basis, the environmental and climate aspects represent an important element in terms of the strategy pursued by the Group, able to impact its operating activities, objectives and manner of conducting business, aware that it can play a leading role in the action against climate change. In the Group's 2023-2026 Strategic Plan, as updated on 11 February 2025, extending it until 2027, special attention is paid to actions to support the customers on their path to ESG sustainability, in order to promote the decarbonisation of production processes in supporting the transition to an economy with zero net greenhouse gas emissions, in line with the targets of the European Green Deal. During the updating of the aforementioned Strategic Plan, the Group planned to increase new medium and long-term loans to 7 billion per year, with a view to supporting decarbonisation projects and/or counterparties operating in sectors characterised by low levels of greenhouse gas emissions, up significantly compared to those disbursed in 2024 (5.7 billion). In addition, as evidence of the Group's contribution in supporting the transition of its Corporate customers towards a carbon-free economy, after having published, in August 2024, the interim decarbonisation targets to 2030 of its loan portfolios and Banking Book securities for each of the 5 priority sectors identified as part of the first wave Net-Zero Banking Alliance, the relative Transition Plans will be defined and published during the three-year period of the Plan, which seek to illustrate the manner in which Banco BPM expects to achieve the aforementioned targets, as well as evaluating the possible extension of the NZBA perimeter and approach to additional sectors of economic activity, characterised by production processes with a high intensity of greenhouse gas emissions.

For a detailed illustration on the management of climate and environmental risks, as part of the Group's strategy and governance model, please refer to "Sustainability Reporting" in the Consolidated report on operations and in Part E of the Notes to the consolidated financial statements ("Climate and environmental risks" and "Information on the inclusion of ESG factors in credit processes").

Although ESG factors - and specifically climate risks - can theoretically have a pervasive impact on various aspects of the financial statements, considering the activities carried out by the Group as at 31 December 2024, there are no issues to report that would have a significant impact on the Group's equity, financial and economic situation as at 31 December 2024. Given the above, the impacts for each area of action are illustrated below, mainly related to the classification and measurement of financial assets and the estimate of real estate investments.

Classification of financial instruments

During 2024, Banco BPM reiterated its commitment to the "ESG transition" of its customers as an integral part of the commercial offer proposed by the Group. This commitment has materialised, in particular, through the continuous development of the range of dedicated financial products and services, also with a view to increasing the awareness of Business customers of the importance of ESG issues.

In this context, in 2024, as part of structured finance and the offer to private customers, the Bank made a series of loans available, whose cost benefited from the achievement of certain objectives ("ESG covenants"), to a maximum extent established contractually.

A new ordinary finance product was also added to the product catalogue, namely a Sustainability Linked Loan (also called "SLL"), named "Impresa Sostenibile", offered to customers starting from 2025, whose added value is given by the option to set specific environmental sustainability targets for the individual debtor, the achievement of which will influence the cost, through a reduction of the "spread".

From an accounting perspective, for financial instruments not held for trading, whose remuneration depends on a contingent event represented by the achievement of ESG objectives, the key theme is represented by the application of the SPPI (Solely Payment of Principal and Interest) test, which verifies that cash flows are compatible with a basic lending agreement. For these instruments, the variability of the remuneration may envisage a reduction in the spread, if the ESG clauses are respected, or an increase in the spread in the event of non-compliance with the aforementioned clauses.

The current version of IFRS 9 does not contain any specific guidance on how to assess the aforementioned clauses, considering that at the date of preparation of the aforementioned standard, these instruments were not yet widespread.

More specifically, for instruments held with a Hold To Collect (HTC) business model, failure to pass the SPPI test means that they cannot be measured at amortised cost, consequently the entire instrument is measured at fair value, with a balancing entry in the income statement.

In this regard, it should be noted that the Group's credit products with "ESG covenants", including the new product in the catalogue "Impresa Sostenibile", which will be distributed from 2025, as shown above, are fully classifiable in the portfolio of "Financial assets at amortised cost", in line with the HTC business model, as the variability of the interest rate, defined in terms of basis points at the time of stipulation, as a function of the achievement of specific objectives for the debtor, is considered residual with respect to the share of total cash flows represented by the instrument.

The same considerations apply to the investments made by the Group in securities with ESG covenants, in order to allow their classification in portfolios of "Financial assets at amortised cost" and "Financial assets measured at fair value through other comprehensive income", dependent on the relative business model.

Lastly, it should be noted that in May 2024, as a result of the post-implementation phase of IFRS 9, the IASB published some amendments relating to the classification and measurement of financial instruments, with the aim, inter alia, of providing indications and examples on how to assess whether the contractual cash flows linked to ESG clauses are consistent with a basic lending agreement. In this regard, the Group is assessing the impacts of the new provisions, which will be applicable from 1 January 2026, with a view to defining consistent accounting policies, in relation to which no significant impacts are expected with respect to the current outcomes of the SPPI test.

For further details, please refer to the following paragraph "New accounting standards/interpretations or amendments to existing standards approved by IASB/IFRIC".

Impairment of financial instruments

Climate risks can influence credit risk and consequently the measurement of impairment on credit exposures.

In greater detail, the impacts related to physical risk - such as fires, floods - or to transition risk - linked to the process of transition to a low-carbon economy - could negatively affect the debtor's ability to fulfil the obligations assumed. In addition, the occurrence of environmental events could lead to a deterioration of the assets guaranteeing the credit (e.g. property, plant), with consequent implications on the estimate of the cash flows recoverable from the enforcement of the collateral.

In addition, in the valuation of expected credit losses, reasonable and supporting information must be taken into account, available without excessive costs, relating to both past events and current conditions and future economic forecasts (forward looking). In this context, factors inherent in climate risks are also relevant, which could influence, for example, future macroeconomic scenarios used for IFRS 9 purposes, the assessment of the significant increase in credit risk (SICR) and, more generally, the calculation of expected credit losses.

Recognising the growing importance of climate factors, in 2022, the Group introduced a method to incorporate climate risks in the measurement of expected losses of performing credit exposures, which has been improved over the following years.

In greater detail, compared to the previous year in which the effects of climate risks were included exclusively through specific post-model adjustments or management overlays, starting from the 2024 financial year, new satellite models were introduced to estimate the PD parameter, able to factor in the impacts due to transaction and physical risk, through the introduction of financial KPIs sensitive to climate scenarios.

As at 31 December 2024, the overlays applied to take climate risks into account, further improved, resulted in higher value adjustments of 25.1 million compared to 20.3 million as at 31 December 2023.

For an illustration of how the Group is encompassing environmental aspects in its credit policies, refer to the content of "Part E – Information on risks and related hedging policies" of these Notes.

Measuring the fair value of property

IFRS 13 requires that the assumptions that market participants would use to determine the price of an asset or liability be taken into account when estimating the fair value.

The fair value measurement of properties, conducted through independent experts, took sustainability factors into account, to the extent that they are considered significant in the offers of market operators. In greater detail, the four key areas of greatest impact, considered in the estimate of fair value, are related to energy performance, "green" certification, renewable fuel and energy sources, and physical and climate risks.

In particular, for the corporate segment, in addition to physical risk, there is an increasing interest in ESG issues related to the energy transition of buildings, which impacts the ability of the property to generate income, as illustrated in the paragraph "Real estate sector", contained in the Consolidated report on operations.

In light of the above, note that to measure the fair value of properties as at 31 December 2024, no explicit adjustments were made to take climate and environmental risks into account in addition to those already covered by the indicators that can be recorded in the reference market and considered as inputs in the valuation technique.

Impairment of non-financial assets and provisions for contingent liabilities

When conducting impairment testing on intangible assets with an indefinite useful life (trademarks and goodwill), the cash flows considered in the estimate of the recoverable value of the Retail Cash Generating Unit used the income projections approved by the Board of Directors of Banco BPM on 22 October 2024 as reference, without introducing any corrective factors to incorporate climate and environmental risks. In fact, it was deemed that the latter are not able to influence the results of the test, due to the significant excess of the recoverable value of the CGU with respect to the book value. In order to estimate the change in value of these intangibles with respect to changes in projected income flows, please refer to the specific sensitivity analyses provided in "Section 10 – Intangible assets – Item 100" in Part B of these Notes to the financial statements.

In addition, considering the Group's specific business operations, there are no probable or potential liabilities of a material amount related to environmental risk, due to disputes, commitments to remedy environmental damage or related penalties, onerous contracts or restructuring necessary to achieve the objectives of climate-related emissions.

Below are two types of transactions for which, in theory, it would be necessary to describe the accounting treatment. However, given the Group's business operations, no profile emerged that warranted a specific selection of accounting policies to be adopted, as better specified below.

GHG Credit emissions

As regards the Greenhouse Gases Credit (GHG Credit) emission programmes, the Group intervenes solely as a buyer of Carbon Credit, with the aim of pursuing a net zero strategy.

In fact, the Group considers the efficiency and reduction of consumption as the most important tools to directly contribute to reducing its environmental impact. In 2024, in addition to pursuing activities aimed at increasing efficiency, 14,000 Carbon Credits were purchased and 13,500 were cancelled with the aim of offsetting the residual direct and indirect CO₂ emissions (scope 1 and 2), for a total cost of approximately 170 thousand euro, charged to the income statement under item "190. Administrative expenses: b) other administrative expenses".

The Group thus achieved Carbon Neutrality earlier than envisaged in the 2023-2026 business plan.

Through this action, the Group has contributed to investing in projects, diversified by country, that promote the conservation of forests, habitats and fauna at risk, the mitigation of climate change, and supporting the employment of local populations.

Power Purchase Agreements (PPAs)

The Group has not signed any supply contract related to the PPAs; these are, in particular, long-term agreements entered into with a producer for the supply of renewable electricity at a fixed price.

At present, the electricity supply contracts entered into by the Group have a two-year duration, without any predefined price, and with certification of origin from renewable sources (Guarantee of Origin (GO)).

Impacts of the Russia-Ukraine and Middle East conflicts

The geopolitical tensions existing at the date of preparation of these financial statements, relating to the Russia-Ukraine conflict and the conflict in the Middle East, add new challenges and uncertainties to the macroeconomic environment, increasing the risk of limited predictions. Looking ahead, these uncertainties could lead to a revision of the estimates of financial statement items, based on the availability of new information, which cannot be predicted at present.

In line with the recommendations of the supervisory authorities (ESMA and CONSOB)¹ aimed at guaranteeing proper oversight over valuation issues impacted by the conflicts in question and a full and transparent disclosure in the financial statements, information is provided below on the Group's credit exposures directly or indirectly impacted by the same.

¹ In more detail, see the following documents:

Direct exposures to Russia and Ukraine

For Banco BPM Group, the impacts directly related to the Russia-Ukraine conflict are entirely marginal, also considering that there are no operating activities located in Russia or Ukraine and that credit exposures to customers residing in these countries or indirectly related to Russian or Ukrainian counterparties are not significant. As at 31 December 2024, these exposures were entirely represented by loans, continuously falling with respect to 31 December 2023. As at 31 December 2024, the aforementioned exposures amounted to 3.5 million (7.8 million as at 31 December 2023), while the book value net of adjusting provisions was 1.9 million (2.7 million as at 31 December 2023). The reduction in gross exposure compared to the previous year, which amounted to 7.8 million, is attributable to collections received in 2024.

The exposures referring to counterparties belonging to groups with direct control by Russian, Belarus or Ukrainian entities declined significantly compared to the previous year and refer to a single Italian counterparty, controlled by a Ukrainian group, with an overall authorised credit amount of 0.8 million (46.1 million as at 31 December 2023); the relative utilisation amounts to 0.5 million for unsecured loans (1.1 million as at 31 December 2023). The reduction is attributable to the revocation of the agreement for 45 million.

Gross direct exposures to banks resident in Russia - for letters of credit issued by the same, referring to letters confirmed and not yet used and letters confirmed and used with a discount without recourse and commitment of the Bank to the beneficiary - totalled 1.8 million, a reduction compared to 3.3 million as at 31 December 2023.

Commercial risks associated with the operations of the Group's main customers and related to ongoing transactions with Russian and Ukrainian counterparties were down further and amounted to 2.9 million (7.5 million as at 31 December 2023).

Indirect impacts related to the Russia-Ukraine conflict - credit risk

With reference to impacts on credit quality, contact campaigns with customers belonging to the sectors potentially most vulnerable to the conflict, as more exposed to the increase in energy prices and difficulties in the procurement of raw materials, already ended in FY 2022.

In 2024, in line with 2023, no elements emerged that require action different from that already envisaged as part of ordinary credit monitoring activities.

Exposures to the Middle East

As regards the Israeli-Palestinian crisis, the risks inherent in the countries directly involved in the conflict are marginal. The credit exposure to the counterparties of Israel and the Palestine territories is nil, against an agreement of 12 million (unchanged with respect to 31 December 2023); the exposure in Israeli government securities amounts to 45 million (unchanged with respect to 31 December 2023), in terms of nominal value, while that in equities and funds to Israeli counterparties amounts to 7.5 million (9.4 million as at 31 December 2023). Indirect risks for guarantees issued amount to 3.4 million (4 million as at 31 December 2023), referring to Israeli counterparties.

Adopting a more conservative approach, the analysis extended to the surrounding countries potentially involved (Egypt, Lebanon, Iran, and Qatar) highlights an effective, but low risk: the direct exposure to the counterparties of the aforementioned countries is 10.5 million (less than 20 million as at 31 December 2023), while indirect risks for guarantees issued amount to 72.5 million (75 million as at 31 December 2023).

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- ESMA Public Statement (ESMA71-99-1864) of 14/03/22 entitled "ESMA coordinates regulatory response to the war in Ukraine and its impact on EU financial markets";
 - ESMA Public Statement (ESMA32-63-1277) of 13/05/22 entitled "Implications of Russia's invasion of Ukraine on half-yearly financial reports";
 - ESMA Public Statement (ESMA32-63-1320) of 28/10/22 entitled: "European common enforcement priorities for 2022 annual financial reports";
 - CONSOB notification of 18/03/2022 entitled "Notification on the impact of the war in Ukraine with regard to inside information and financial reporting";
 - CONSOB notification of 19/05/22 entitled "Conflict in Ukraine - Notification on financial disclosure and obligations relating to compliance with the restrictive measures adopted by the European Union against Russia".

Covid-19 support measures by the Group represented by loans with public guarantee

Please recall that during the period of the Covid-19 pandemic, the Group had granted a series of support measures, including moratoria and guaranteed loans.

In this regard, it should be noted that for the support measures represented by moratoria, no moratorium was active, as the period of suspension of payments elapsed from 31 December 2023.

For loans granted with a public guarantee¹, the residual gross exposure as at 31 December 2024 amounted to approximately 8.5 billion (12.5 billion as at 31 December 2023), referring to the guarantee received from MCC/Small-Medium Enterprises Management Fund for 6.9 billion and from SACE for 1.5 billion. The public guarantees received cover 84.4% of the volumes agreed.

In terms of credit quality, the aforementioned exposures are classified for 7.7 billion as performing exposures (of which 1.5 billion in Stage 2) and for 0.8 billion as non-performing. Net of adjusting provisions, the net exposure in the financial statements is reduced to 8.2 billion (12.3 billion as at 31 December 2023).

Terms for approval and publication of the financial statements

Art. 154-ter of Italian Legislative Decree 58/98 (Consolidated Finance Law or CFL) states that, within one hundred and twenty days from the end of the financial year, the separate financial statements must be approved and the annual financial report must be published. The latter must contain the draft separate financial statements, the consolidated financial statements, the report on operations of the separate financial statements and the report on operations of the consolidated financial statements, including the specific section dedicated to sustainability reporting. The financial report also includes the declarations that the Manager responsible for preparing the Company's financial reports and the Chief Executive Officer must issue for the separate and consolidated financial statements, as well as for sustainability reporting, pursuant to Article 154-bis, paragraphs 5 and 5-ter.

The draft financial statements of Banco BPM S.p.A. were approved by the Board of Directors at its meeting on 13 March 2025 and will be submitted for approval by the Shareholders' Meeting convened for 30 April 2025.

The Regulation of the European Commission 815/2019 (European Single Electronic Format – ESEF Regulation)

The European Commission Regulation 815/2019 (European Single Electronic Format Regulation - ESEF), issued to implement the Transparency directive (Directive 2004/109/EC), introduced the obligation for issuers with securities listed on EU regulated markets to draw up annual financial reports in the ESEF format, which represents a combination between xHTML language (for the presentation of the financial reports in a legible format for human users) and the XBRL machine readable markup (eXtensible Business Reporting Language), with a view to facilitating the accessibility, analysis and comparability of consolidated financial statements drawn up according to International Financial Reporting Standards (IFRS).

The use of this new format entails the mapping of the information contained in the consolidated financial statements according to the "Inline XBRL" specifications, of the basic taxonomy issued by the ESMA (European Securities and Markets Authority).

As at 31 December 2024, the mapping process was structured as follows:

- for the consolidated financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement), the detailed mark-ups were applied, which consists of marking up all the numerical values contained in the statements themselves, identifying the appropriate label in the basic taxonomy;
- for the notes to the consolidated financial statements, the block markup was applied, which envisages that for each applicable element of the taxonomy, the conceptually corresponding portion of the Notes to the financial statements, consisting of text and tables (so-called "bloc tag") is identified.

¹ Loans granted as part of the Covid-19 support measures, pursuant to the provisions of Legislative Decree 8 April 2020 converted into Law on 5 June 2020 (which entered into force on 7 June 2020).

The basic taxonomy to be used for the single electronic reporting format is updated periodically to take into account, among other aspects, the issue of new IFRS, the amendment of those in force and the analysis of the information published by the issuers.

The taxonomy applied by Banco BPM for the tagging of the accounting statements and the notes to the consolidated financial statements is that issued by ESMA in December 2022, applicable to the annual financial reports for years beginning on 1 January 2023¹.

Independent audit

The separate financial statements and the consolidated financial statements as at 31 December 2024 are subject to independent auditing by the auditing firm PricewaterhouseCoopers S.p.A., in application of the appointment conferred on this firm with resolutions of the shareholders' meetings of Banco Popolare Soc. Coop. and Banca Popolare di Milano S.c. a r.l. of 15 October 2016.

The aforementioned engagement was assigned for the years from 31 December 2017 to 31 December 2025, in compliance with the duration envisaged by law (9 financial years).

In addition, based on the regulations introduced by Art. 8 of Italian Legislative Decree no. 125 of 6 September 2024, the sustainability reporting contained in the report on operations is subject to a limited review ("limited assurance engagement") by the independent auditors PricewaterhouseCoopers S.p.A., pursuant to Art. 14-bis of Italian Legislative Decree no. 39 of 27 January 2010.

The audit report on the financial statements (separate and consolidated) and the report on the assurance of sustainability reporting, are made available in full to the public together with the annual financial report, pursuant to Art. 154-ter of Italian Legislative Decree 58/98.

New accounting standards/interpretations or amendments to existing standards approved by IASB/IFRIC

An illustration of the new accounting standards or amendments to existing standards approved by the IASB is provided below, as well as new interpretations or amendments to existing ones, published by the IFRIC, with separate disclosure of those applicable in 2024 and of those applicable in subsequent years.

IAS/IFRS accounting standards and related SIC/IFRIC interpretations endorsed that must be applied when preparing the 2024 financial statements

Regulation (EU) no. 2579 of 20 November 2023 - Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

On 22 September 2022, the IASB issued, in response to an IFRIC recommendation, the above amendments, with the aim of clarifying how a seller-lessee should carry out the subsequent measurement of liabilities in sale and leaseback transactions that meet the requirements of IFRS 15 for the purposes of its accounting as a sale, and in the presence of variable payments. Specifically, it refers to variable payments that do not depend on an index or a rate, such as those based on a percentage of the lessee-seller sales generated by the use of the asset.

The sale and leaseback is a transaction whereby a lessee sells an asset and subsequently rents it for a period of time from the new owner. IFRS 16 already included the information for the recognition of a sale and leaseback at the date on which the transaction takes place, but not the subsequent treatment.

The amendments in question, which concern transactions concluded after 1 January 2024, are not significant for the Group, taking into account both the type of transactions and the type of contracts with variable payments.

Regulation (EU) no. 2822 of 19 December 2023 - Amendments to IAS 1 "Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants"

On 23 January 2020, the IASB issued the amendment to IAS 1 "Classification of Liabilities as Current or Non-current", with a view to clarifying that the classification of liabilities as current or non-current depends on the rights existing at

¹ On 15 January 2025, the 2024 taxonomy, applicable to the annual financial reports for financial years starting on 1 January 2025, was published in the Official Journal of the European Union.

the end of the reporting period. Its application, initially scheduled for the year 2022, was first deferred to 1 January 2023, with the amendments approved by the IASB on 15 July 2020, and finally deferred to 1 January 2024, with the amendments issued on 31 October 2022 "Non-current Liabilities with Covenants".

The amendments introduced by IAS 1 regard a revision of the guide on their classification between "current liabilities" and "non-current liabilities", which depends on the rights existing at the end of the reference period. In greater detail, IAS 1 requires an entity to classify a liability as non-current only if the company can avoid settling the debt in the following twelve months. However, the entity's right to defer the settlement of a liability may be subject to compliance with the conditions envisaged in the loan agreement (so-called loans with covenants). The amendments to IAS 1 specify that the covenants to be respected after the reporting date must not affect the classification of the debt as current or non-current at the reporting date. Conversely, the company is required to provide information on these covenants in the notes to the financial statements in order to allow users of the financial statements to assess the risk that the liabilities may become repayable within twelve months from the reporting date.

The limited proposed amendments to IAS 1 are not significant for the Group, taking into account that the scope of application refers to loans received with covenants; in addition, for the Group, the representation in the balance sheet is guided by the layouts contained in Circular no. 262/05 of the Bank of Italy, which do not envisage any evidence between current and non-current liabilities.

Regulation (EU) no. 1317 of 15 May 2024 - Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

On 25 May 2023, through this amendment the IASB published some reporting obligations aimed at improving the transparency of financial agreements with suppliers and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

In particular, for supplier finance arrangements (so-called reverse factoring), new disclosure requirements have been introduced relating to the "Cash flow statement", with the aim of allowing readers of the financial statements to be able to understand to what extent the working capital and the liquidity of the entity are linked to these agreements and consequently, to be able to understand what effect the potential revocation of the above arrangements would have on the balance sheet and income statement.

The new disclosure requirements, applicable to loans received from suppliers of goods and services, are not significant for the Group, which actually acts as the counterparty granting the loans.

Endorsed IAS/IFRS accounting standards and SIC/IFRIC interpretations, the application of which takes effect after 31 December 2024

Regulation (EU) no. 2862 of 12 November 2024 - Amendments to IAS 21 "Effects of Changes in Foreign Exchange Rates"

On 15 August 2023, the IAS published an amendment to IAS 21 with the aim of specifying the situations in which one currency is convertible into another, the methods for determining the exchange rate to be applied when a currency is not exchangeable with the others and the disclosure which must be provided in this case. The amendments are applicable starting from 1 January 2025.

This amendment is not expected to impact the Group's equity and financial position.

IAS/IFRS accounting standards and relative SIC/IFRIC interpretations issued by the IASB/IFRIC, awaiting endorsement

The following is a summary of the standards, interpretations or amendments that have been approved by the IASB, but are pending endorsement.

IFRS 18: "Presentation and Disclosure in Financial Statements"

On 9 April 2024, the IASB published the new accounting standard IFRS 18 "Presentation and Disclosure in Financial Statements", which replaces IAS 1 "Presentation of Financial Statements".

The new standard aims to improve the way in which companies present financial statement information to the market, with particular attention to that relating to the income statement, and to provide financial statement users with a better basis for analysing and comparing company performance.

Like the current IAS 1, IFRS 18 does not prescribe mandatory financial statement layouts or a specific structure for the information in the notes, but indicates the minimum information required, leaving the party that prepares the financial

statements the discretion to decide what information should be provided to best represent the economic, equity and financial situation of an entity.

The new standard, applicable from 1 January 2027, with a request to submit comparative information from the previous year, is based on the following three guiding principles:

- to improve the comparability of income statement information by introducing specific categories for the presentation of results;
- to group financial statement information in a more useful manner;
- to encourage greater transparency of the performance measures defined by the management.

The above-mentioned amendments, which have changed the presentation of the income statement and the disclosure in the financial statements, must be appropriately coordinated with the rules for drafting bank financial statements, governed in Circular no. 262 drawn up by the Bank of Italy.

In addition to the impacts in terms of a different representation of the information, the introduction of the standard in question is not expected to have any impact on the equity, financial and economic situation of the Group.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

With the issue of IFRS 19 "Subsidiaries without Public Accountability: Disclosures", published on 9 May 2024, the Disclosure Initiative, a project launched by the IASB in 2014 and addressed, together with that relating to the Primary Financial Statements, to improving financial reporting, was concluded. The objective of IFRS 19 is to simplify the obligations in terms of disclosure, to be included in the notes to the financial statements, for a wide range of companies controlled by groups that apply international accounting standards, thus also encouraging the transition of companies that apply local accounting standards for the preparation of their financial statements to these standards.

This facilitation is applicable only to subsidiaries without "public accountability", i.e. to companies that do not have instruments admitted to trading on a public market or that do not hold assets, on a trustee basis, for a large group of people, as is instead, the case of banks, credit cooperatives, insurance companies, securities brokers, mutual investment funds and investment banks.

Entities that possess the above characteristics may, but are not required to, apply IFRS 19 in their consolidated, separate or stand-alone financial statements.

In relation to the transactions performed by the Group and the composition of the same, no significant impacts are expected following the introduction of the standard in question.

Amendments to IFRS 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments"

On 30 May 2024, the IASB published some amendments to IFRS 9 (and consequently to IFRS 7), applicable from 1 January 2026, with a view to addressing some critical aspects that emerged from the Post Implementation Review of IFRS 9.

In particular, the amendments mainly concern:

- the classification of financial instruments, whose contractual cash flows are dependent on ESG clauses. Since the presence of the aforementioned clauses could influence the measurement of loans at amortised cost or at fair value, the amendments in question provide indications and examples to assess whether the contractual cash flows of a financial asset are consistent or not with a basic lending agreement;
- the settlement of a liability through electronic payment systems. The amendment establishes that a liability can be settled in cash, using an electronic payment system, before the settlement date, as an exception to the current rules, if specific criteria are met.

Specific disclosure requirements were also introduced for equity instruments for which the option to recognise changes in fair value in the statement of comprehensive income was exercised, and for financial instruments with contingent characteristics, for example characteristics linked to ESG objectives.

The above-mentioned amendments are not expected to have significant impacts on the Group's equity, financial and economic position.

"Annual Improvements Cycle - Volume 11"

On 18 July 2024, the IASB issued the usual annual amendments to the IFRS standards "*Annual Improvements to IFRS Accounting Standards - Volume 11*". The document contains clarifications, simplifications, corrections and amendments

aimed at improving the effectiveness of the existing standards. Specifically, these improvements concern IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

The amendments are applicable to financial statements from 1 January 2026, and may be applied early.

As these are minor changes, no significant impacts are expected on the Group's equity, financial and economic situation.

Amendments to IFRS 9 and IFRS 7 - "Nature-dependent Electricity Contracts"

On 18 December 2024, the IASB published some amendments aimed at better reporting the effects of nature-dependent electricity supply contracts, often structured in the form of power purchase agreements (PPAs). The amount of electricity generated under these contracts may vary on the basis of uncontrollable factors, such as weather conditions. In fact, current accounting requirements may not adequately capture the ways in which these contracts affect a company's performance. The amendments include: i) clarifications on the application of the requirements for own use; ii) the possibility of using hedge accounting if these contracts are used as hedging instruments; iii) the addition of new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

For the amendments in question, which will be in force for financial statements from 1 January 2026, with the option of early application, no significant impacts are expected for the Group's equity, financial and economic situation.

Interest Rate Benchmark Reform ("IBOR Reform")

It should be noted that the reform in question, introduced with Regulation (EU) 2016/1011 (Benchmark Regulation, BMR), defined a new European regulatory framework, aligning the market indices and the methodology with which the relevant international standards are calculated (benchmark), with a view to strengthening the confidence of market operators.

To implement the measures necessary to meet the requirements of the aforementioned BMR Regulation, in 2019, Banco BPM Group launched a project called IBOR Transition; the processes and procedures were therefore adapted to replace IBOR rates with the new Risk Free rates.

In greater detail, the first phase of the project ended in 2023 with the amendment of contractual clauses relating to loan transactions (introduction of the replacement rate if the main index is discontinued) and the definitive closure of all OTC derivative positions indexed to the LIBOR (in all currencies).

With the expected publication of Italian Legislative Decree 207 (ratification of European Delegation Law no. 127 of 4 August 2022) on 7 December 2023, the second phase of the project was launched, relating to the following two new elements:

- the introduction of the new Article 118-bis of the Consolidated Banking Law, which allows banks to include a reference to a source external to the contract in loan agreements with a floating interest rate. More specifically, it provides that the clause relating to the replacement rates becomes "dynamic", i.e. that instead of the explicit indication of an index or a rate, it instead contains a reference to the Bank's website, where the expected replacement rates for floating-rate loan agreements are made known to the public. The decree also provides that any change to the plan is communicated to customers, who at the time of application, if any (in the event of a substantial change or discontinuation of the main index), have the right to accept or refuse the new conditions set by the Bank;
- the expectation of a transitional rule that allows banks, with a manoeuvre, to intervene on a one-off basis on existing loans, by notifying customers of a unilateral amendment proposal. The manoeuvre becomes effective with an IT intervention that historicises the new "dynamic" clause in the Bank's systems. With this rule, the banks were able to rectify a large part of the stock created before the necessary interventions were carried out to adapt to the new regulations on replacement rates (specifically in 2021 for Banco BPM Group).

In addition to the aforementioned Italian Legislative Decree 207, we also draw attention to the "Guidance on Euro Risk-free Rates" of the Working Group on Euro Risk-free rates of May 2023, which introduced the new Term ESTR as the primary Euribor replacement rate, indicating the ESTR Compounded as second-level choice.

The substantial difference between the two rates is that the Term ESTR is a forward-looking rate (ref. *"Recommendations by the working group on euro risk-free rates"* published in May 2021). Unlike backward-looking rates, such as the ESTR Compounded, forward rates (forecast) are more in line with market performance, because they are in fact projections calculated on the basis of market transactions.

The project, which was developed in 2024, had two distinct phases:

- 217 loan contract forms used by the network were amended to introduce the new "dynamic" clause. According to the indications of Italian Legislative Decree 207, the *Robust written plan* published on the Bank's website (<https://gruppo.bancobpm.it/riforma-tassi-ibor/>) was used as an external reference, in which the "Replacement plan" was included, a table that summarises the replacement rates envisaged for Euribor and ECB rates. In compliance with the indications of the new Guidance mentioned above, the Term ESTR was envisaged as the first replacement rate, relegating the ESTR Compounded to the role of second choice;
- subsequently, all the preparatory activities were set in place for the implementation of the regulatory manoeuvre, which was carried out at the beginning of January 2025, with reference to the data as at 31 December 2024. The intervention concerned approximately 130 thousand floating-rate loans indexed to the Euribor, whose holders, with a view to containing costs, received the proposed contractual amendment at the same time as the statement of account for their loans at the end of the year.

Information on the instruments that have yet to shift to an alternative rate, disaggregated by benchmark rate, pursuant to paragraphs 24I and 24J of IFRS 7

With reference to the Group's exposures to IBOR rates as at 31 December 2024, the following is illustrated:

- there are no OTC derivative exposures indexed to the LIBOR in any currency, as they have been fully closed since 31 December 2023;
- 19 multi-currency accounts in USD with loans for a total value of 12.2 million (as at 31 December 2023 there were 28 for a total value of 11.3 million). The amount is almost entirely attributable (12.0 million) to a position with a Corporate customer, already reported in December 2023, classified as UTP since May 2023, as its relations with banks are blocked by international courts. All the remaining loans in foreign currency were definitively transferred to the new risk-free rates;
- multi-currency current accounts continued to fall, numbering 1,046 for a total balance of 60.6 million (as at 31 December 2023 there were 1,435 accounts for a total residual debt of 74.5 million), of which 936 indexed to the USD Libor for a total value of 50.8 million (as at 31 December 2023 there were 1,225 for a total value of 63.5 million).

Exposure to discontinued "IBOR transition" rates: figures as at 31 December 2024 (amounts in millions of euro/number of contracts)

Exposure to discontinued "IBOR Transition" rates				
Figures as at 31 December 2024				
Amounts in millions of euro	Product categories			
	Non-derivative financial assets		Non-derivative financial liabilities	
	Loans and advances		Current accounts and deposits	
	number of contracts	amount	number of contracts	amount
Contracts indexed to IBOR rates:				
LIBOR	19	12.2	1,046	(60.6)
of which: USD	19	12.2	936	(50.9)
of which: GBP	-	-	51	(2.1)
of which: CHF	-	-	48	(2.4)
of which: JPY	-	-	11	(5.2)

Hedge accounting

As regards hedge accounting, as at 31 December 2024 there are no residual derivative contracts indexed to the rates impacted by the Reform.

Risks deriving from financial instruments subject to the IBOR reform and related management methods

The most critical part of the transition of the Group's IBOR rates can be considered already completed at the end of 2023, with the full mitigation of the risks associated with the discontinuation of the EONIA and LIBOR indices (including the USD LIBOR discontinued on 30 June 2023).

The area of potential risk linked to the replacement rate of the stock was significantly reduced with the January 2024 manoeuvre, which made it possible to apply the dynamic clause to approximately 130 thousand loans without valid substitute clauses (total residual debt of 13.8 billion).

There are 21,584 loans remaining without replacement rates for a total residual debt of 1.2 billion, represented almost entirely by loans indexed to the ECB rate, whose discontinuation seems extremely unlikely.

Therefore, there are no significant residual risks.

Other significant aspects relating to Group accounting policies

Below is an illustration of several transactions or events occurring during 2024, deemed significant for defining the related accounting treatment and/or impacts on the balance sheet or income statement.

Reorganisation of bancassurance activities and relative accounting impacts

As illustrated in the Report on operations in the paragraph entitled "Integration of insurance business", in December 2023, the reorganisation of the insurance business was completed, with the finalisation of several purchase and sale transactions with Generali Italia and Crédit Agricole Assurances, which had led to the Group obtaining full control over the companies operating in the Life business (Vera Vita and BBPM Life) as well as acquiring a stake of 35% in the companies operating in the Non-Life business (Banco BPM Assicurazioni, Vera Assicurazioni and indirectly Vera Protezione), in a joint venture with Crédit Agricole Assurances.

A description is provided below of the evolution that took place up to the date of preparation of the consolidated financial statements as at 31 December 2024, as well as some useful clarifications for the proper comparison of the balances.

Definition of the prices of the purchase from Generali Italia and sale to Crédit Agricole Assurances S.A.

The prices of the aforementioned purchase and sale transactions, taken as a reference for the preparation of the 2023 consolidated financial statements and the relative accounting impacts, reflected the best available estimate at the time, as they were dependent on the evolution of certain metrics whose final quantification, in line with contractual provisions, was agreed upon by the parties only after the approval of the 2023 results.

The revision of the estimate carried out, as a result of the aforementioned definition of transaction prices, led to a positive impact on the income statement of 2.5 million, net of taxes from the first quarter of 2024, the details of which are reported in "Part G - Business combinations regarding companies or divisions" to which reference is made. It should be noted that in 2023 the estimated impact of the transactions in question, net of taxes, overall amounted to - 22.2 million.

Notes for a proper comparison of the comparative balances

In light of the above-mentioned reorganisation, for the proper comparison of the comparative balances, it should be noted that starting from 1 January 2024, the economic contribution of the subsidiaries Vera Vita and BBPM Life is included, line by line, in the consolidated financial statements, while in the income statement as at 31 December 2023, the contribution of those interests in associates and joint ventures was limited to 35% and shown in income statement item "250. Gains (losses) of associates and joint ventures".

Otherwise, starting from 1 January 2024, the contribution of the Banco BPM Assicurazioni investment in associates is included in income statement item "250. Gains (losses) of associates and joint ventures", while in 2023, when the interest held was 100%, the relative contribution was shown, line by line, in the consolidated financial statements.

Lastly, as regards Vera Assicurazioni, the comparison is on a like-for-like basis; as it qualifies as an interest in associates with the same shareholding (35%) for both 2023 and 2024, the relative economic contribution is shown, for all periods, in income statement item "250. Gains (losses) of associates and joint ventures".

Purchase Price Allocation

With reference to the acquisition of control of Vera Vita and its subsidiary BBPM Life dac, as at 31 December 2023 - conventionally assumed as the business combination date - the cost of the business combination, equal to 417.3 million, was allocated to the identifiable net assets acquired, including any contingent liabilities, on the basis of the

relative fair values (Purchase Price Allocation - PPA). As a result of this process, carried out with the support of independent experts, no residual difference emerged to be recognised in the 2023 financial statements as goodwill/badwill.

It should be noted that, as permitted by accounting standard IFRS 3 in paragraph 45¹, the aforementioned PPA as at 31 December 2023, had to be considered provisional, taking into account that the short period of time available with respect to the date of the business combination, could not have allowed all the necessary information to be considered. The analyses conducted in 2024, with the support of independent experts, did not find any further or different information with respect to that considered provisionally; as at 31 December 2024, the PPA related to the reorganisation in question must therefore be considered final. Therefore, it was not necessary to make any restatements with respect to the financial statement balances as at 31 December 2023.

The cost of the business combination was confirmed as higher than the book value of the shareholders' equity of the companies acquired as at 31 December 2023 by 87.9 million, net of the pre-existing intercompany relations. The above difference was wholly allocated to the identifiable net assets measured at fair value, without the emergence of any residual difference to be recorded as goodwill/badwill.

The only impacts relate to mere reclassifications in the balance sheet of adjustments to fair value of identifiable net assets; as part of the final PPA verification activities, the need to carry out some limited reclassifications of the balance sheet items affected by the fair value adjustments of the identifiable net assets did actually emerge. To guarantee a like-for-like comparison with respect to 31 December 2024, the balances of the previous period were therefore restated; as at 31 December 2023, the above-mentioned restatement led to a decrease in assets of 33.2 million and a corresponding decrease in liabilities.

The financial statement items affected by the aforementioned reclassifications and related amounts are provided below:

Asset items	Original balance 2023 (A)	Reclassification (B)	Restated balance (A+B)
80. Insurance assets	37,124	(29,156)	7,968
<i>a) insurance contracts issued - assets</i>	29,209	(29,156)	53
<i>b) reinsurance assets</i>	7,915	-	7,915
100. Intangible assets	1,257,425	(4,000)	1,253,425
130. Other assets	5,007,103	(44)	5,007,059
Total reclassifications		(33,200)	

Liabilities and shareholders' equity items	Original balance 2023 (A)	Reclassification (B)	Restated balance (A+B)
80. Other liabilities	3,302,454	(34,800)	3,267,654
110. Insurance liabilities	12,239,641	1,600	12,241,241
<i>a) insurance contracts issued - liabilities</i>	12,239,630	1,600	12,241,230
<i>b) reinsurance liabilities</i>	11	-	11
Total reclassifications		(33,200)	

For more details, please refer to "Part G – Business combinations regarding companies or divisions"

TLTRO III - Targeted Longer Term Refinancing Operations

During the 2024 financial year, the last three draw-downs of the TLTRO III transactions carried out by the Parent Company in March, September and December 2021, reached maturity, with a total nominal value of 15.7 billion. As at 31 December 2024, the nominal value of the outstanding transactions was therefore nil.

The TLTRO III "Targeted Longer Term Refinancing Operations" are subsidised loan transactions, set in place by the ECB between 2019 and 2021, with a three-year duration, to allow European banks to disburse credit at favourable conditions.

¹ IFRS 3, par. 45, provides that the measurement period within which to obtain the information needed to carry out the fair value measurement of the net assets acquired - and therefore to complete the process of allocation of the business combination - ends as soon as the acquirer has received all the necessary information at the acquisition date, or has ascertained that it is not possible to obtain further information for the measurement at fair value of the assets acquired. In any event, the measurement period cannot exceed one year from the acquisition date. For the business combination in question, the allocation process was therefore completed on 31 December 2024.

The remuneration of the loans was revised several times over the duration of the transactions, to take into account some significant events (in particular Covid-19 and increases in interest rates); in particular, until 22 November 2022, some incentive mechanisms were in place that allowed access to more favourable rate conditions, depending on the achievement of certain benchmarks linked to net funding.

The aforementioned remuneration mechanisms had given rise to some issues relating to the accounting treatment to be followed for the recognition of interest over the duration of the transaction, as the case was not directly attributable to any IAS/IFRS accounting standard.

To this end, the accounting policy selected by Banco BPM Group was that of applying the provisions envisaged by IFRS 9 for floating-rate financial instruments (paragraph B5.4.5), in line with the treatment applied in the past for loans obtained under the previous TLTRO programmes. Interest was then recognised on the basis of the rates, in existence over time and applicable for each reference period, according to the probability of being able to achieve certain "benchmark" objectives.

In short, the favourable conditions were applied until the end of the concessionary period, i.e. until 22 November 2022; starting from 23 November 2023, the interest accrued was determined on the basis of the floating rate, in place on the occasion, which is equal to the Deposit Facility (DF), having achieved all the net funding targets in previous years.

Interest expense for 2024 therefore amounted to -275.8 million (a negative figure of -703.5 million was recorded for 2023). The change in the entity of interest is mainly due to the repayments made in the two years and, to a lesser extent, to the reduction in the DF rate.

Tax credits linked to the "Relaunch" Decree obtained following sale by direct beneficiaries or previous purchasers

In order to combat the negative economic effects of the Covid-19 pandemic, Law no. 77 of 17 July 2020, converted with amendments into Decree Law no. 34 of 19 May 2020 ("Relaunch Decree"), a range of tax incentives were introduced which make it possible to benefit from deductions linked to expenses incurred for specific work, for example to increase the level of energy efficiency of existing buildings ("ecobonus") or to reduce their seismic risk ("sismabonus").

Subsequently, the Government took action on several occasions - first with Italian Decree Law no. 50/2022 (the "Aid Decree"), then with Italian Decree Law no. 39/2024 - with significant restrictions, new obligations and additional limits, such as to significantly restrict access to building bonus schemes and their attractiveness. For a description of the main impacts for the Group related to this latest Decree, please refer to that illustrated in the Report on operations. In this context, the Group's operations consist of acquiring tax credits relating to these building interventions, which can be recovered only by offsetting with its own tax payables, in compliance with the timing established on the original tax deduction, rather than through resale transactions.

The peculiarity of the tax credits described above does not make it possible to associate them with any specific international accounting standard; in this case, IAS 8 provides that the company management must independently define the accounting treatment considered the most suitable to guarantee relevant and reliable information to users of the financial statements.

To this end - taking into account the instructions provided on 5 January 2021 by the Bank of Italy, CONSOB and IVASS in document no. 9 of the Coordination Round Table on the application of IAS/IFRS "Accounting treatment of tax credits linked to the "Heal Italy" and "Relaunch" Decree Laws, purchased following the sale by direct beneficiaries or previous purchasers" - Banco BPM Group defined its own accounting policy by making reference to certain accounting provisions under IFRS 9. More specifically, the tax credits in question were deemed to be substantially similar to a financial asset, and therefore the provisions envisaged by the afore-cited standard can, by analogy, be applied, if compatible with the characteristics of the operation.

In particular, for credits acquired according to a "Hold to Collect" business model, as they fall within the scope of the Bank's "offsetting capacity", the accounting rules set forth in IFRS 9 for "Financial assets at amortised cost" apply. Therefore, the credits acquired are initially recognised at fair value, equal to the consideration paid to the customer to purchase the tax credit, and subsequently measured at amortised cost, taking into account their value and offsetting timing. Instead, the provisions relating to the calculation of expected credit losses (ECL), pursuant to IFRS 9, are not applicable: the recoverability of tax credits effectively depends on the tax capability of the purchaser, namely the

ability to offset tax credits purchased with its tax payables, as they cannot be refunded by the Tax Authority. Said credits are recognised in the residual item "130. Other assets"; the interest accrued based on the amortised cost is recognised in the income statement in item "10. Interest and similar income".

As at 31 December 2024, the nominal value of all HTC tax credits acquired amounted to 4,915.0 million, of which 794.9 million for transactions completed during 2024 (4,120.1 million in credits acquired as at 31 December 2023). The total receivables recovered through offsetting amounted to 1,852.3 million (of which 895.1 million in 2024), therefore the residual nominal value as at 31 December 2024 amounted to 3,062.7 million (the value as at 31 December 2023 was 3,225.0 million) around 82% of which can be offset by 2027.

The corresponding book value, shown in the balance sheet item "130. Other assets" on the basis of the amortised cost, which takes into account the purchase price and the net interest accrued as at 31 December 2024, amounted to 2,842.0 million (2,981.8 million as at 31 December 2023).

As at 31 December 2024, commitments were also made with third parties for future purchases of HTC tax credit for a total amount of approximately 30 million.

The amount of the credits purchased and the purchase commitments undertaken as regards the HTC model, as illustrated above, is lower than the estimate of the Bank's prospective offsetting capacity, also considering that the related purchase ceiling, resolved by the Board of Directors of Banco BPM, was set prudentially, with the aim of considering the uncertainties related to the timing of the actual entry into the tax box and the actual characteristics of the credits purchased, dependent on the assumption of purchase commitments. As at 31 December 2024, therefore, there are no risks of irrecoverability both with reference to the tax credits recognised in the financial statements and in relation to the credits that may be purchased against the commitments to purchase entered into.

As of 2024, Banco BPM activated an alternative method to acquire building bonus tax credits, based on the Hold To Collect and Sell (HTCS) model, with the objective of exploiting the prudent margins considered in the estimate of Banco BPM's fiscal capacity, taken as a reference in determining the ceiling of the HTC model, which is in fact lower than the maximum offsetting capacity of the Bank. The HTCS business model, with respect to the HTC, therefore aims to boost purchases of tax credits, thus making it possible to seize commercial opportunities without, however, assuming the risks of non-recovery due to inadequate offsetting capacity. The HTCS business model undertaken by the Group makes it possible to recover tax credits both through offsetting with the Bank's tax payables, and, if necessary, by transferring the same to other operators interested in their purchase, if deemed advantageous.

For these credits, the provisions of IFRS 9 for the category of "Financial assets measured at fair value through other comprehensive income" are considered applicable; in addition to the observations made above for HTC credits, it is necessary to determine an additional income component equal to the difference between fair value and amortised cost. In this regard, fair value is measured on the basis of the Discounted Cash Flow (DCF) technique, i.e. discounting cash flows on the basis of the zero-coupon yield curve for the various offsetting maturities, constructed on the basis of 6-month Euribor rates, plus the commercial spread calculated at the initial recognition date. Such fair value is shown in the residual item "130. Other assets"; the interest accrued based on the amortised cost is recognised in the income statement in item "10. Interest and similar income", while fair value adjustments are represented under other income items that may be transferred to the income statement in the statement of comprehensive income.

As at 31 December 2024, the nominal value of the credits purchased on the basis of the HTCS model amounted to 968.2 million. The total credits recovered through offsetting, starting from the third quarter of 2024, amounted to 320.6 million; therefore, the residual nominal value as at 31 December 2024 amounted to 647.6 million, approximately 93% of which can be offset by 2027. During the year, these credits were not subject to any assignment.

The corresponding book value, which takes into account the purchase price, the fees accrued on the basis of amortised cost and the fair value adjustment, is equal to 572.2 million. This value is basically in line with amortised cost as the fair value adjustment attributable to the change in interest rates with respect to the purchase date, is 6.0 million.

As at 31 December 2024, there are commitments with third parties for future purchases of credits for a total amount of 667 million.

Issue of Additional Tier 1 (AT1) financial instruments

The AT1 are subordinated instruments classified in Additional Tier 1 capital, under the terms of Regulation no. 575 of 2013 (CRR), addressed to institutional investors.

Since these are perpetual securities, they envisage the option of early repayment, with any subsequent calls in the event of failure to exercise the call on the first set date.

The coupon, which is paid half-yearly, is not cumulative.

If the option of early redemption is not exercised, a new fixed-rate coupon will be determined adding the original spread to the mid-swap rate in euro at five years to be recorded at the moment of the recalculation date. This new coupon will remain fixed for the next five years and until the next recalculation date.

For the above type of issues, in line with the provisions of the CRR for AT1 instruments, the issuer has full discretion in deciding not to pay the coupons, for any reason and for an unlimited period of time; cancellation is instead obligatory if certain conditions are ascertained, including the occurrence of a trigger event, namely when the Common Equity Tier 1 (CET1) of Banco BPM (or consolidated CET1) is lower than 5.125%. In addition, interest is not cumulative, as any amount that the issuer decides not to pay or would be obliged not to pay will not be accumulated or payable at a later date. It is also envisaged that on the occurrence of a trigger event, the capital would be irrevocably and obligatorily written down by the amount needed to bring the CET1 (of Banco BPM or of the Group) to 5.125%. The capital written down could be reinstated (written up), on fulfilment of certain conditions, and in any event at the issuer's complete discretion, even in the event that Banco BPM decided to repay the issue early.

Based on that illustrated above regarding the characteristics of the loans, the above-cited issues are considered the equivalent of "equity instruments" in terms of accounting standard IAS 32, as illustrated below in the accounting policies shown in paragraph "16 - Other information, Equity instruments" of part A.2 of these Notes .

As at 31 December 2024, Banco BPM had Additional Tier 1 instruments in place, issued in the 2020-2024 period, for a nominal value of 1,620.5 million; the book value of the aforementioned issues, shown under item "140. Equity instruments" amounted to 1,608.8 million, equal to the consideration collected, less directly attributable transaction costs (11.7 million net of taxes).

The change compared to the figure as at 31 December 2023 (1,465.8 million), positive for approximately 143.0 million, depends on the issue carried out during the year (397.4 million), as well as on the repurchases made in the period for 254.4 million, also following the exercise of the call option.

Consistent with the nature of the instruments, the following were recognised as a balancing entry to reserves (item "150. Reserves" of balance sheet liabilities):

- coupons paid (103.3 million), net of taxes (28.4 million);
- the negative effects related to repurchases, of 2.5 million, for the higher consideration paid with respect to the book value of the issue.

"Hold to Collect" Business Model – sales

In 2024, sales of securities classified in the accounting portfolio of "Financial assets at amortised cost" with a nominal value of approximately 2.0 billion (of which 1.6 billion in EUR and 0.4 billion in USD), were finalised. These transactions, all carried out by the Parent Company, generated a profit on disposal of 2.6 million, which is represented in income statement item "100. Gains (losses) on disposal or repurchase of: a) financial assets at amortised cost". This result compares with a profit realised in 2023 of 2.8 million, resulting from the completion of sales transactions for a total nominal value of USD 50 million.

Note that for exposures classified in the "Financial assets at amortised cost" portfolio, i.e. in the portfolio held with the aim of collecting the contractual cash flows (the "Hold to Collect" Business Model - HTC), accounting standard IFRS 9 envisages that their sale is permitted in observance of specific materiality and frequency thresholds, close to maturity, in the event of a significant increase in credit risk or in the case of exceptional circumstances.

In this regard, the above-mentioned sale transactions correspond to roughly 7.03% of the nominal value of the securities in issue as at 1 January 2024 and therefore within the materiality threshold of 10% of the nominal value of the securities portfolio at the beginning of the year, established by Group policy. The annual frequency threshold (7) is also respected, defined in terms of twelve annual transactions, to be understood as the overall number of sale transactions (of one or more securities) completed within 10 business days of the first sale transaction.

For more details on the configuration of the afore-mentioned thresholds, along with the other indicators/limits of eligibility of the sales, refer to "Part A.2, 3 - Financial assets at amortised cost - Sales eligibility policy consistent with the HTC Business Model".

During 2024, additional sales of securities were carried out for the portfolio of financial assets at amortised cost, for an amount of 572.0 million, considered eligible regardless of any materiality and frequency thresholds, as they in part occurred close to maturity and in part were subject to a repurchase offer (similar to early repayment).

In addition, as part of the derisking process illustrated in the Consolidated report on operations, in the sale of non-performing credit exposures represented by loans to customers, considered eligible regardless of any frequency and materiality thresholds, continued in 2024, in line with the provisions of IFRS 9 and the Group policy.

Lastly, it should be noted that the management of debt securities classified in the "HTC" and "Hold To Collect and Sell" portfolios continues to be in line with the choices made in previous years; in fact during the year, there were no changes to the business model that led to the need to reclassify the securities portfolio, as there were also no changes to accounting policies relating to eligibility criteria for HTC sales.

Contributions to banking and insurance guarantee systems

Charges related to the banking system

Following transposition into the national legislation of Directives 2014/49/EU (Deposit Guarantee Schemes Directive - "DGSD") of 16 April 2014 and 2014/59/EU (Bank Recovery and Resolution Directive - "BRRD") of 15 May 2014, starting from financial year 2015, credit institutions are obliged to provide the financial resources necessary for the financing of the Interbank Deposit Guarantee Fund (FITD) and the National Resolution Fund (merged into the Single Resolution Fund (SRF) starting from 2016), through payment of ex ante ordinary contributions to be paid annually, until the target level is reached.

Where the available financial resources of the FITD and/or the SRF are insufficient to guarantee the protected reimbursement of depositors or to fund the resolution, respectively, it is set out that banks shall provide such funds via the payment of extraordinary contributions.

The contributions are recognised in the income statement item "190. b) Other administrative expenses" in application of IFRIC 21 interpretation "Levies", on the basis of which the liability relating to the payment of a levy arises at the time the "obligating event" occurs, namely at the time of the obligation to pay the annual fee. In the case in hand, from an accounting perspective, the contributions are considered the equivalent of a levy and the time of the occurrence of the "obligating event" has been identified as in the first quarter for the SRF (1 January of each year) and in the third quarter for the FITD (30 September of each year).

With reference to the ordinary contribution of the Single Resolution Fund - SRF (Directive 2014/59/EU - Bank Recovery and Resolution Directive - "BRRD"), with the payment of the contribution for the year 2023, equal to 85.4 million (57.6 million net of the tax effect) charged to the income statement for the first quarter of 2023, the contribution phase aimed at ensuring the establishment of the minimum financial resources of the fund equal to 1% of protected deposits (the "target level") has been completed. The Single Resolution Board is in any case required to verify annually whether the available funds of the SRF have decreased below the target level and, following this examination, will assess whether it is necessary to collect further contributions. During 2024, as in 2023, no extraordinary contribution was requested.

On the other hand, the FITD regulations (Directive 2014/49/EU, Deposit Guarantee Schemes Directive - "DGSD") establish that the target level (0.8% of total protected deposits) must be reached by 3 July 2024. For the last contribution year, the articles of association of the FITD (Art. 42 bis) establish that the extent of the contribution required from the individual bank is commensurate with the amount of its protected deposits as at 31 March 2024 (rather than 30 September as took place for the years 2015 to 2023) with respect to the total protected deposits of the Italian banks participating in the FITD and the relative degree of risk of the bank with respect to the degree of risk of all other FITD member banks as at 31 March 2024.

The amount pertaining to 2024 amounts to 97.8 million; for 2023, on the other hand, the contribution to the FITD amounted to 102.2 million. No extraordinary contribution was requested for the FITD in 2024 or 2023.

For 2024, as for the previous years, the Group did not avail itself of the option to fulfil the request to pay the contribution by taking on an irrevocable payment commitment ("IPC").

Charges related to the insurance system

Italian Law no. 213 of 30 December 2023 (2024 Budget Law) introduced, in Art. 113, the "Life insurance guarantee fund", a private association between insurance companies and participating intermediaries, through which insurance companies are obliged to provide the necessary financial resources for financing the same, through the payment of ordinary ex-ante contributions to be paid annually, from 1 January 2024 to 31 December 2035, until the target level is reached, i.e. 0.4% of the technical reserves of the life business calculated on the basis of Solvency II.

The annual contribution should be equal to 0.4 per thousand of technical reserves of the Life businesses held by the participating insurance companies as at 31 December of the previous year.

For participating intermediaries, the contribution, at the time of first application, will be 0.1 per thousand of the technical reserves brokered; when fully operational, it will be calculated on the basis of the total volume of life products brokered and the associated revenues.

With Communication of 18 December 2024 (prot. No. 0273928/24), IVASS provided indications on the accounting treatment to be applied to the case in hand, which are in line with that previously illustrated for charges related to the banking system.

The contributions in question are therefore recognised in the income statement item "190. b) Other administrative expenses" in application of IFRIC 21 interpretation "Levies", on the basis of which the liability relating to the payment of a levy arises at the time the "obligating event" occurs, namely at the time of the obligation to pay the annual fee. On the basis of the aforementioned IVASS communication *"for 2024, with reference to ordinary contributions, the obligating event that determines a current obligation occurred when the member was identified as a party admitted to the Shareholders' Meeting of the Fund [...] For the subsequent years, with reference to ordinary and extraordinary contributions, the moment in which the obligating event that determines a current obligation occurs will be defined by the Articles of Association of the same Fund"*.

Taking into account that the members of the Fund were identified on 13 December 2024, in December 2024 the total annual contribution to be paid by the Group was recognised, estimated at 6.3 million gross, mainly attributable to the insurance companies of the Group (5.4 million net of taxes).

For further details, please refer to "Section 12 - Administrative expenses - item 190".

E-money business reorganisation

As illustrated in the paragraph "E-money business reorganisation" in the Consolidated report on operations, with regard to the payment systems sector, 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) and Fondo Strategico Italiano Holding S.p.A. - completed the transaction concerning the strategic partnership, announced on 14 July 2023, which led to the creation of the second largest national player in the e-money sector.

On conclusion of the transaction, which took place after obtaining the regulatory and legal authorisations, Banco BPM holds an associate interest of 28.57% in Numia Group S.p.A. - a company that holds the entire share capital of Numia S.p.A. - together with FSI which holds 42.86% and Iccrea Banca S.p.A. the remaining 28.57%.

In greater detail, the transaction in question was completed through the following phases:

- acquisition of an associate interest in Numia S.p.A., equal to 38.162% of the share capital, through the subscription of the shares issued (39,550), against the transfer of the division relating to e-money production activities owned by Banco BPM, as well as full control of Tecmarket Servizi S.p.A., for a total value of 500 million;
- sale to Numia Group S.p.A. of all the aforementioned shares of Numia S.p.A., for a consideration of 500 million. The sale was settled for 228 million in cash and for the remaining 272 million by offsetting the debt owed to Numia Group S.p.A., against the subscription of the share capital increase as indicated in the following point;
- entry by Banco BPM S.p.A. into the ownership structure of Numia Group S.p.A., through the acquisition of an associate interest of 28.57% in the share capital. The subscription of the share capital increase, equal to 272 million, was settled by offsetting with the receivable referred to in the previous point.

As regards the transfer, it should be noted that the book value of the net assets transferred was substantially nil; the agreements envisaged, in fact, that the transfer of the division should take place at equal balances, i.e. settling the

imbalance between the assets and liabilities of the division through cash and cash equivalents, based on the balances in place on the effective date of the transfer. As at 30 September 2024, the net liabilities of the division amounted to 208.6 million and were mainly attributable to the balances of prepaid cards; this imbalance was balanced through cash and cash equivalents of the same amount, subject to settlement on the basis of the contractual provisions.

The value of the interest held in Tecmarket Servizi SpA is also substantially nil, taking into account the distributions made in the first nine months of 2024, and the economic result recorded in the same period.

As at 31 December 2023, the division and the interest transferred were included, pursuant to IFRS 5, among assets and liabilities held for sale; in more detail, as at 31 December 2023, liabilities held for sale included the balance of prepaid cards, equal to 204.3 million, balanced with cash and cash equivalents of the same amount, classified under assets held for sale.

As at 31 December 2024, following the completion of the transaction in question, in the balance sheet item "70. Interests in associates and joint ventures" includes the stake held in the associate Numia Group S.p.A., qualifying as an interest in an associate pursuant to IAS 28. The book value, after application of the equity method, was 268.8 million due to the allocation of the share of the profit of the fourth quarter.

The aforementioned value was subject to impairment testing as at 31 December 2024, also to take into account the updated plans approved by Numia S.p.A. and Numia Group after the completion of the transaction, as a result of which the full recoverability of the same was confirmed.

In this regard, it should be noted that, in line with the provisions of IAS 28 and IFRS 3, the notional allocation of the cost of the business combination to the identifiable assets of Numia, and the consequent determination of the implicit goodwill, will be determined by 30 September 2025, namely within the measurement period of one year with respect to the date of purchase of the interest.

Lastly, the recoverability tests conducted as at 31 December 2024, based on the value in use of the interest, confirmed the full recoverability of the value.

The economic effect of the reorganisation was a positive 500 million (recognised under item "280. Gains (losses) on disposal of investments") - obtained by the difference between the value of the business represented by the division transferred and the book value of the net assets transferred - and attributed for 475.5 million to the e-money division, and for 24.5 million to the interest in Tecmarket Servizi S.p.A.¹. Net of taxes, on the basis of the tax regime known as *pex*, the aforementioned result is a positive 493.1 million.

In this regard, it should be noted that the recognition of the aforementioned economic effects is consistent with the rules envisaged by IFRS 10 in the case of "loss of control", on the basis of which the difference between the book value of the assets transferred and the fair value of the assets acquired (IFRS 10§25) must be recognised in the income statement, which represents the policy choice adopted by the Group for the case in question.

The positive economic components related to the aforementioned transaction are also reported under item "230. Other operating expenses/income" for 12.6 million, such as contributions from Numia S.p.A. and Numia Group, to offset transaction/migration costs, or lower revenues recorded by the Group in 2024 as part of the negotiation and implementation of the partnership.

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

As illustrated in the paragraph entitled "Streamlining of the real estate portfolio" in the Consolidated report on operations, with regard to the 2024-2026 business plan - which envisaged the disposal of 50% of the non-operating properties, on 12 September 2024, the Board of Directors of Banco BPM resolved to proceed with the sale of a portfolio of over 330 owned properties, almost exclusively non-operating, for a total consideration of approximately 289 million ("Square" Project).

The sale will take place in three tranches, by June 2026, to a securitisation vehicle (Square SPV, hereinafter also SPV), established pursuant to Art. 7.2 of Law no. 130/99, and 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. The purchase of the properties, transferred on each occasion, will be financed by the SPV through the use of a senior credit facility disbursed by Banco BPM for a maximum amount of 260 million, and the issue of mezzanine and junior

¹ It should be noted that in the financial statements of the Parent Company the economic effect of the sale of the e-money class was recognised for 475.5 million under item "250. Gains (losses) on disposal of investments", and for 24.5 million under item "220. Gains (losses) of associates and joint ventures".

securities, subscribed by a third-party investor (Phoenix Asset Management S.p.A.), for a total consideration of 29.3 million.

During the execution of the transaction, some problems emerged related to the issue and management of the mezzanine notes, within the terms set out in the initial agreements signed with the counterparty, which required an amendment of the same. In more detail, compared to the initial agreements signed in September 2024 - which envisaged the recognition in favour of the SPV of the proceeds for the payments received on the properties included in the project in question, equal to 15.4 million for the year 2024 - the aforementioned amendments envisaged that the same amounts were due from Banco BPM, subscribing a mezzanine tranche for an amount of 15.4 million, with the simultaneous commitment to its sale to the third-party investor, for a consideration of 1 euro.

For the purposes of preparing the financial statements as at 31 December 2024, the real estate portfolio in question, after the sales completed in December 2024 for a value of 70.9 million, was shown as 218.3 million under "Non-current assets and disposal groups held for sale", for a value in line with the sale price. The derecognition of the properties from the financial statements will take place, in accordance with IAS 40 and IFRS 15, on the dates on which the legal transfer of ownership of the same will take place, scheduled for the years 2025 and 2026, in correspondence with which, all the risks and rewards will be transferred to the SPV, as there are no clauses, options or buyback obligations for Banco BPM, or guarantees given in favour of the SPV, aimed at limiting the losses for the latter.

Against the aforementioned transfer in December 2024, Banco BPM's financial statements included a loan to a customer of 56.5 million, as the agreements envisaged that 80% of the payment to be made by the SPV within one year of the date of sale.

Considering that the purchase of the properties by the SPV is partly financed by Banco BPM, financial assets include the senior loan disbursed in December for an amount of 12.7 million; the remaining drawdown, equal to 50.8 million, needed to finance the deferred payment of the first tranche of the transfer, will be made by December 2025.

With reference to the properties transferred, it should be noted that no consolidation obligation applies - or will apply for future sales - in relation to the financial statements of Square SPV or its segregated assets, as the Group has no power to direct the significant activities of the SPV which will be the exclusive responsibility of the asset manager.

In economic terms, the sale agreement entailed booking costs totalling 32.2 million to the 2024 income statement (-27.2 million, net of taxes). In more detail, the aforementioned impact is attributable:

- to the alignment of the book value of the properties with respect to the lower sale consideration, with a negative impact of 6.6 million recognised in item "260. Fair value gains (losses) on property, plant and equipment and intangible assets";
- to the commitments undertaken by Banco BPM to indemnify the SPV for the costs that will be incurred for the implementation of a pre-established series of interventions on two properties, estimated at 10.2 million and recognised under item "200. Net provisions for risks and charges - b) other net provisions";
- the loss related to the transfer to Phoenix Asset Management S.p.A. of the mezzanine tranche subscribed by the Group at the time of issue, equal to 15.4 million, as illustrated above, recognised in item "80. Net trading income".

Extraordinary tax on extra profits of banks

Art. 26 of Decree Law no. 104 of 10 August 2023 - converted with amendments by Law no. 136 of 9 October 2023 - introduced in the national tax legislation system, for the year 2023, an extraordinary tax to be paid by banks, commensurate with the increase in net interest income between 2021 and 2023, with a maximum limit calculated according to the risk exposure on an individual basis ("RWA - Risk Weighted Assets") referring to 2022 year-end close.

At the time of the conversion of the aforementioned decree, paragraph 5-bis was introduced, which allowed banks, in place of the payment of the tax by 30 June 2024, to allocate, at the time of approval of the financial statements for the year 2023, an amount not less than two and a half times the tax to a non-distributable reserve identified for this purpose.

If the reserve thus constituted is subsequently used for the distribution of profits, the tax due must be paid in full, increased by the interest accrued on the basis of what is established by law. This reserve could be used to cover losses and can be included in Common Equity Tier 1 capital (CET1), in line with the provisions of Regulation (EU) no. 575/2013.

With reference to the extraordinary tax in question, amounting to 151 million, note that the Annual Shareholders' Meeting of Banco BPM of 18 April 2024 approved the proposal to allocate a portion of the profit for the year 2023 to the establishment of a specific reserve, equal to two and a half times the amount of the extraordinary tax and therefore 378.3 million. A similar decision was passed by the shareholders' meeting of Banca Aletti, which allocated 2.4 million to a specific reserve.

For the purposes of the financial statements as at 31 December 2024, the Board of Directors of Banco BPM resolved to maintain the above-mentioned reserve in full; consequently, there is no "obligating event" against which to recognise, pursuant to IFRIC 21 and IAS 37, a liability and the relative expense, for an amount equal to the tax to be paid.

Early retirement scheme

As reported in the Consolidated report on operations, in compliance with the provisions of the 2024-2026 business plan, Banco BPM Group has launched a plan to reduce personnel (equal to approximately 800 employees leaving, net) to be implemented mainly through the early retirement incentives and solidarity funds (1,600 units) combined with the recruitment of 800 new resources.

In compliance with the aforementioned business plan, in May 2024, the Group activated an early retirement scheme for employees with a pension window until 1 January 2026 (approximately 500 participants); the relative charge, equal to 17.9 million (of which 17.3 million relating to the Parent Company), is recognised under item "190 a) Personnel expenses - other employee benefits", as a balancing entry to the liability item on the balance sheet "80. Other liabilities".

Subsequently, on 19 December 2024, an agreement was signed with the Trade Union Organisations regarding an exit scheme, on a voluntary basis, with a view to the retirement of 1,100 employees, through the use of the extraordinary provisions of the Solidarity Fund for the credit sector. More specifically, the above-cited agreements led to an implicit obligation for the Group to implement the scheme, as the details had been established - in terms of the number of people potentially interested, the access procedures and conditions - and by creating a valid expectation for employees and the Solidarity Fund for the credit sector, that the restructuring will be achieved within the terms announced. Therefore, the prerequisites required by IAS 37 for the recognition of restructuring costs were met; the best estimate of the expense to be incurred, based on the information available at the reporting date, is 194.1 million (of which 190.6 million relating to the Parent Company). This charge is shown in the income statement item "190 a) Personnel expenses - other employee benefits", as a balancing entry to the balance sheet liability item "100 c) Other provisions".

A.2 - KEY FINANCIAL STATEMENT ITEMS

The accounting standards adopted to prepare the consolidated financial statements as at 31 December 2024 are described below by financial statement item, with reference to the phases of classification, recognition, measurement and derecognition of the various asset and liability items, as well as the methods for recognising revenue and costs. Said standards are consistent with those adopted for the preparation of the consolidated comparative financial statements as at 31 December 2023.

1 - Financial assets at fair value through profit and loss

Classification criteria

This category comprised financial assets other than those classified under "Financial assets measured at fair value through other comprehensive income" and "Financial assets at amortised cost". These include:

- the debt securities or loans to which an "Other" Business Model is associated, i.e. a method of managing financial assets not aimed at collecting the contractual cash flows (Hold to Collect Business Model) or at collecting the contractual cash flows and selling the financial assets (Hold to Collect and Sell Business Model);
- debt securities, loans and UCIT units whose contractual terms do not solely provide for repayment of principal and payments of interest on the amount of principal to be repaid (i.e., that do not pass the "SPPI test");
- equity instruments that cannot be classified as investments in subsidiaries, associates or entities under joint control or held for trading, or for which, on initial recognition, the option to classify them among "Financial assets measured at fair value through other comprehensive income" was not used;
- derivative contracts that are not used for hedging purposes and with a positive fair value (active derivatives). For these instruments, the offsetting with derivatives with a negative fair value (passive derivatives) is permitted for transactions stipulated with the same counterparty, if there is a present legal right to the offsetting and it will be settled on a net basis;
- the investments underlying the unit and index-linked insurance policies.

More detailed information is provided below on the three sub-items that comprise the category in question, represented by: "a) Financial assets held for trading", "b) Financial assets designated at fair value", and "c) Other financial assets mandatorily measured at fair value".

a) *Financial assets held for trading*

A financial asset (debt securities, equity instruments, loans, UCIT units) is classified as held for trading if it is managed with a view to collecting cash flows through sale, i.e. if it is associated with the "Other" Business Model, as:

- it is acquired for the purpose of being sold in the near future;
- it is part of a portfolio of financial instruments that are jointly managed and for which there is a proven strategy for short-term profit.

This also includes derivative contracts with a positive fair value, not designated as part of a hedging relationship. Derivative contracts include those embedded in structured financial instruments, in which the host contract is a financial liability, that have been recognised separately because:

- their economic characteristics and risks are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of derivative;
- the hybrid instruments to which they belong are not designated at fair value with the related changes recorded in the income statement.

A derivative is considered to be a financial instrument or other contract that has the following characteristics:

- its value changes in response to changes in an interest rate, in the price of a financial instrument, in a commodity price, in the exchange rate in foreign currency, in a price or interest rate index, in a credit rating or in a credit index or in another pre-established variable (the underlying) provided that, in the case of a non-financial variable, the underlying is not specific to a party to the contract;
- it does not require an initial net investment or requires a lower initial net investment than would be required for other types of contracts that would be expected to respond similarly to changes in market factors;
- it is settled at a future date.

b) Financial assets designated at fair value

A financial asset (debt securities and loans) may be irrevocably designated at fair value on initial recognition, with the measurement results recognised in the income statement, only when such designation makes it possible to provide better disclosure, as it eliminates or considerably reduces the inconsistency in valuation or recognition, that would otherwise be caused by measuring assets or liabilities or recognising the associated gains and losses on different bases (accounting mismatch). This category is not valued by the Group.

c) Other financial assets mandatorily measured at fair value

Other financial assets mandatorily measured at fair value represent a residual category and are made up of financial instruments that do not meet the business model or cash flow requirements to be classified as financial assets at amortised cost or financial assets measured at fair value through other comprehensive income. More specifically, these include:

- debt securities or loans whose contractual terms do not solely provide for repayment of principal and payments of interest on the amount of principal to be repaid (i.e., that do not pass the "SPPI test");
- UCIT units;
- equity instruments not held for trading, for which the option of classifying them among the financial assets measured at fair value through other comprehensive income was not used.

Financial instruments managed on the basis of fair value are also classified in this category, as the information obtained makes it possible to assess their performance and make decisions in line with the risk management or investment strategy.

This business model is applicable to financial assets, mainly represented by UCIT units, backing contracts issued by insurance companies, for which the investment risk is borne by the policyholders. In particular, these are assets relating to Class III insurance contracts (unit-linked or index-linked policies) whose services are related to the performance of market indices and investment fund units. In line with the aforementioned management model, the related liabilities of insurance contracts are measured at fair value, in application of the so-called "fair value option".

Recognition criteria

Financial assets are initially recognised on the settlement date in case of debt securities, equity instruments and UCIT units, on the disbursement date for loans and on the subscription date for derivative contracts.

Upon their initial recognition, financial assets at fair value through profit and loss are designated at fair value, which generally corresponds to the price paid, excluding transaction costs or revenues that are directly attributable to the financial instruments, which are instead recognised directly in the income statement.

Income item measurement and recognition criteria

Subsequent to initial recognition, financial assets at fair value through profit and loss are designated at fair value, with recognition of changes as a balancing entry to the income statement. For derivative instruments, if the fair value of a financial asset becomes negative, that item is recognised under item "20. Financial liabilities held for trading".

To determine the fair value of financial instruments listed on an active market, market listings at the reporting date are used. In the absence of an active market, estimate methods and valuation models are used that take into account all the risk factors associated with the instruments and that are based on market inputs, such as: methods based on the valuation of other listed instruments that are substantially the same, discounted cash flow analysis, option pricing models, and values recognised in recent comparable transactions. In the event that no reliable estimate of the fair value is possible for equity instruments and related derivatives, the cost criterion is used as an estimate of the fair value only on a residual basis and limited to a few cases (non-applicability of the above methods or in the presence of a range of possible fair value valuations, of which cost represents the most significant estimate).

Please refer to part "A.4 – Fair value disclosure" for details on how fair value is determined.

The interest of the three sub-items that make up this category is shown in item "10. Interest and similar income".

Trading profits or losses and gains or losses as a result of the valuation of the trading book, including derivatives connected with financial assets/liabilities designated at fair value, are recognised in the income statement in the item "80. Net trading income". The same economic effects related to financial assets designated at fair value and to those

mandatorily measured at fair value are recognised in item "110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss", in sub-items "a) financial assets and liabilities designated at fair value and b) other financial assets mandatorily measured at fair value" respectively.

Derecognition criteria

Financial assets are derecognised when the contractual rights to receive the cash flows generated by the assets have expired, or when the financial assets are sold, and all risks and rewards of ownership of the assets have been substantially transferred. In the presence of renegotiations, the above requirements exist if the changes to the contractual conditions are considered substantial, as illustrated in paragraph "16 – Other information, Renegotiations" below, to which reference is therefore made.

In the event that the substantial transfer of risks and rewards cannot be verified, the financial assets are derecognised from the financial statements if control of the loans has been relinquished.

Lastly, assets sold are derecognised if the contractual right to receive the cash flows of the assets is maintained, but at the same time a contractual obligation is assumed to pay these flows to a third party without delay and only up to the amount of those received.

Reclassification criteria

Financial assets at fair value through profit and loss, other than equity instruments, can be reclassified into the accounting categories of "Financial assets measured at fair value through other comprehensive income" and "Financial assets at amortised cost". This reclassification can occur in the very rare circumstance that an entity decides to modify its business model for managing financial assets. The transfer value is represented by the fair value on the date of its reclassification and prospectively from that date. In this instance, the effective interest rate of the reclassified financial asset is determined on the basis of its fair value on the date of reclassification, which is the date of initial recognition for the allocation of the various stages of credit risk (stage assignment) for the purpose of impairment.

2 - Financial assets measured at fair value through other comprehensive income

Classification criteria

This category includes financial assets (debt securities and loans) when both of the following conditions are met:

- the purpose of holding them is represented by both the collection of contractual cash flows and their sale ("Hold to Collect and Sell" Business Model);
- the related contractual flows consist solely of payments of principal and interest on the capital to be repaid (i.e. they are expected to pass the SPPI test - Solely Payment of Principal and Interest test).

This category also includes equity instruments not held for trading and not qualifying as investments in subsidiaries, associates or entities under joint control, for which the option of classifying them among financial assets measured at fair value through other comprehensive income is applied. This option may be exercised on initial recognition of the individual financial instrument and is irrevocable (known as "OCI election").

Recognition criteria

Financial assets are initially recognised on the settlement date in case of debt securities and equity instruments, and on the disbursement date for loans.

Upon their initial recognition, assets are designated at fair value, which generally corresponds to the price paid, including transaction costs or revenues that are directly attributable to the instruments.

Income item measurement and recognition criteria

Subsequent to initial recognition, financial assets measured at fair value through other comprehensive income, consisting of debt securities and loans, continue to be measured at fair value, with recognition of the portion of interest in the income statement on the basis of the effective interest rate criterion, exchange rate revaluation effects and expected losses (impairment).

Interest is shown under item "10. Interest and similar income"; any negative interest accrued is instead represented in item "20. Interest and similar expense".

Gains and losses deriving from the change of the fair value are instead recorded in a specific shareholders' equity reserve (item "120. Valuation reserves"), which will be recycled to the income statement when the financial asset is derecognised (item "100. Gains (losses) on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income").

At each annual or interim reporting date, the aforementioned assets are subject to impairment in order to estimate the expected losses in value relating to credit risk (Expected Credit Losses), based on the impairment model also established for "Financial assets at amortised cost". Said adjustments are recognised in the income statement in item "130. Net credit impairment losses/recoveries relating to: a) financial assets measured at fair value through other comprehensive income", as a balancing entry of the specific equity valuation reserve (item "120. Valuation reserves"); the same applies to recoveries of part or all of the write-downs from previous financial years. For more information on the impairment model, please see the information set forth in the following paragraph "16 – Other information, Methods for determining impairment losses on IFRS 9 financial instruments".

Equity instruments for which the classification in this category has been opted for are measured at fair value; profits and losses resulting from the change in fair value, net of the relative tax effect, are recognised with a balancing entry in a specific equity reserve (item "120. Valuation reserves"). The amounts in said reserve will never be recycled to the income statement, even if the asset is sold; in this instance, it will be necessary to reclassify them under another shareholders' equity item (item "150. Reserves"). Additionally, no write-down is recognised in the income statement for these assets, as they are not subject to any impairment process. Dividends collected are the only component recognised in the income statement (item "70. Dividends and similar income").

For equity instruments recognised in this category, not listed on an active market, the cost criterion is used as an estimate of the fair value only to a residual extent and limited to a few circumstances, namely if all of the valuation methods illustrated in the paragraph above "1 - Financial assets at fair value through profit and loss" cannot be applied, or in the presence of a large range of possible measurements of the fair value, with regard to which, cost represents the most relevant estimate.

For information on how fair value is determined, please refer to the criteria previously illustrated for "Financial assets at fair value through profit and loss" and part "A.4 – Fair value disclosure", below.

Derecognition criteria

Financial assets are derecognised when the contractual rights to receive the cash flows generated by the assets have expired, or when the financial assets are sold, and all risks and rewards of ownership of the assets have been substantially transferred.

In the presence of renegotiations, the above requirements exist if the changes to the contractual conditions are considered substantial, as illustrated in paragraph "16 – Other information, Renegotiations" below, to which reference is therefore made.

In the event that the substantial transfer of risks and rewards cannot be verified, the financial assets are derecognised from the financial statements if control of the loans has been relinquished.

Lastly, assets sold are derecognised if the contractual right to receive the cash flows of the assets is maintained, but at the same time a contractual obligation is assumed to pay these flows to a third party without delay and only up to the amount of those received.

Reclassification criteria

Financial assets measured at fair value through other comprehensive income, other than equity instruments, can be reclassified into the accounting categories of "Financial assets at fair value through profit and loss" and "Financial assets at amortised cost". This reclassification can occur in the very rare circumstance that an entity decides to modify its business model for managing financial assets. The transfer value is represented by the fair value on the date of its reclassification and prospectively from that date.

In the event of a reclassification to "Financial assets at amortised cost", the cumulative gain or loss in the valuation reserve is eliminated as a balancing entry to an adjustment to the fair value of the financial asset at the reclassification date.

In the event of reclassification under "Financial assets at fair value through profit and loss", the cumulative gain or loss in the valuation reserve is reclassified from shareholders' equity to the income statement.

3 - Financial assets at amortised cost

Classification criteria

This category includes financial assets (loans and debt securities) when both of the following conditions are met:

- the purpose of holding them is represented by the collection of contractual cash flows ("Hold to Collect" Business Model);
- the related contractual flows consist solely of payments of principal and interest on the capital to be repaid (i.e. they are expected to pass the SPPI test).

Specifically, this includes loans granted to customers and loans to banks and Central Banks – in any form – as well as debt securities that meet the requirements described above. An exception is represented by demand loans to banks and Central Banks in the form of deposits and current accounts, which are instead recognised under item "10. Cash and cash equivalents".

Loans originated through finance leases are also included in this item and, in line with IFRS 16, they are recognised as receivable as they transfer the risks and rewards to the lessee, including assets waiting to be granted under finance lease, including real estate under construction.

Also included are "repurchase agreements" with the obligation to sell securities at a future date and "securities lending" transactions with a cash guarantee deposit which is fully available to the lender, for the spot amount paid, if the characteristics of these transactions do not entail recognition in the proprietary portfolio of the security being carried over or lent, since no risk or reward has been acquired from them.

Lastly, the category in question includes operating receivables connected with the provision of financial services as defined in the Consolidated Banking Law and in the Consolidated Finance Law.

Recognition criteria

Financial assets are initially recognised on the settlement date in case of debt securities and on the disbursement date for loans.

Specifically, the initial recognition of a loan takes place on the disbursement date, which normally coincides with the date on which the contract is signed. If the date on which the credit contract is signed and the date on which the funds agreed are disbursed are not the same, at the time the contract is signed, a commitment to disburse funds is recognised, which will be closed out when the loan is effectively disbursed.

Initial recognition is made on the basis of the fair value of the financial instrument, which is usually equal to the amount disbursed, or the subscription price, including costs/income directly associated to the individual loan and that can be determined from the start of the transaction, although settled later on. Costs are excluded, that, although carrying the above characteristics, are repaid by the borrowing counterparty or fall under normal internal administrative costs.

Income item measurement and recognition criteria

After initial recognition, the financial assets in question are measured at amortised cost, with the consequent recognition of interest recorded on the basis of the effective interest rate over the duration of the asset. Said interest is shown under item "10. Interest and similar income"; any negative interest accrued is instead represented in item "20. Interest and similar expense".

More specifically, in the balance sheet, the financial asset is recognised on the basis of the gross book value, which is equal to the initial recognition value less repayments of principal, minus/plus the amortisation – calculated according to the effective interest rate method - of the difference between the amount disbursed and the amount repayable at maturity, typically comparable to the costs/income directly associated with the individual receivable.

The effective interest rate is determined by calculating the rate that is equivalent to the asset's present value of future principal and interest cash flows, to the amount disbursed including costs/income associated with the asset. The

estimate of cash flows must take into account all the contractual provisions which could influence the amounts and maturities, without considering the expected credit loss on the asset. This accounting method, based on financial logic, spreads the economic effect of all transaction costs, commissions, bonuses or discounts considered an integral part of the effective interest rate method throughout the residual life of the asset.

The amortised cost method is not used for short-term assets, whose limited life span makes the application of discounting immaterial. Said assets are measured at historical cost and their costs/income, if any, are recognised in the income statement on a straight-line basis throughout the loan contract life. The same measurement criterion is used for assets without a defined maturity or demand loans.

The book value of financial assets at amortised cost is adjusted to account for any provisions on expected losses. At each annual or interim reporting date, the aforementioned assets are subject to impairment for the purpose of estimating the expected losses in value relating to credit risk ("ECL - Expected Credit Losses"). Said losses are recognised in the income statement in item "130. Net credit impairment losses/recoveries relating to: a) financial assets at amortised cost". If it is found that no reasonable expectations of recovery exist, the gross exposure is written off: in this case, the gross exposure is reduced by the amount considered not recoverable, as a balancing entry to the reversal of provisions covering the expected losses and the impairment in the income statement, for the part not covered by the provisions. For more information on the accounting treatment of write-offs please refer to the content of the paragraph on "derecognition criteria" below.

More specifically, the impairment model, illustrated in more detail in paragraph "16 – Other information, Methods for determining impairment losses on IFRS 9 financial instruments" below, provides for the classification of assets into three distinct "Stages" (Stages 1, 2, and 3), based on changes to the debtor's credit risk, corresponding to different criteria for measuring expected losses:

- Stage 1: includes performing financial assets for which no significant impairment of credit risk has been observed with respect to the date of initial recognition or for which the credit risk is considered low. Impairment is based on an estimate of the expected credit loss over one year (expected credit loss resulting from possible default on the financial asset within one year from the reference date);
- Stage 2: includes performing financial assets that have undergone significant impairment of credit risk with respect to initial recognition (known as SICR - "Significant Increase in Credit Risk"). Impairment is proportional to the estimate of expected credit loss over the entire residual life of the financial asset;
- Stage 3: includes non-performing financial assets, characterised by a 100% probability of default, to be measured by estimating the expected credit loss over the entire life of the instrument.

For performing assets, expected losses are determined using a collective process based on certain risk parameters, namely the Probability of Default (PD), the Loss Given Default (LGD) and the Exposure at Default (EAD), deriving from internal models for calculating regulatory credit risk that are suitably adjusted to account for the specific requirements set out in accounting regulations.

Non-performing assets, i.e. assets for which, in addition to a significant increase in credit risk, there is objective evidence of impairment, are measured with an analytical or lump-sum measurement process based on uniform risk categories, designed to establish the present value of expected future recoverable cash flows, discounted on the basis of the original effective interest rate or a reasonable approximation if the original rate is not directly available.

Non-performing assets include exposures to which the status of bad loan, unlikely to pay or past due for more than ninety days has been attributed in accordance with the definitions established by the supervisory provisions in force (Bank of Italy Circular no. 272 "Matrix of accounts") and referred to by Bank of Italy Circular no. 262, as they are considered to be consistent with the accounting regulations set out in IFRS 9 for objective evidence of impairment.

In the presence of sales scenarios, the determination of the cash flows is based on the forecast of flows recoverable through the internal management activity as well as on the basis of the flows obtainable from any sale on the market, according to the multi-scenario approach described in paragraph "16 – Other information, Methods for determining impairment losses on IFRS 9 financial instruments" below.

Expected cash flows also consider expected recovery times and the estimated net realisable value of any guarantees.

For fixed rate positions, the original effective rate used to discount the expected recovery flows, determined as illustrated above, remains unchanged over time, even if there is a change in the contractual rate due to financial difficulties of the debtor.

For positions with floating interest rates, the rate used for the discounting of cash flows is updated in relation to the indexation parameters (i.e. Euribor), while keeping the originally established spread constant.

The original value of financial assets is reinstated in subsequent years, due to an improvement in the credit quality of the exposure compared to that which had led to the previous write-down. The recovery is recognised in the income statement under the same item (item "130. Net credit impairment losses/recoveries relating to: a) financial assets at amortised cost") and, in any event, cannot exceed the amortised cost that the asset would have had, if no adjustments had been carried out in the past.

For more information on the impairment model, please see the information set forth in the following paragraph "16 – Other information, Methods for determining impairment losses on IFRS 9 financial instruments".

For non-performing loans classified in Stage 3, accrued interest is calculated on the basis of amortised cost, that is on the basis of the exposure – determined using the effective interest rate – adjusted for expected losses.

For non-performing loans that do not accrue contractual interest, such as bad loans, this interest corresponds to the reversals of the impairment losses related to discounting the recovery forecasts due to the simple passing of time.

Derecognition criteria

Financial assets are derecognised when the contractual rights to receive the cash flows generated by the assets have expired, or when the financial assets are sold, and all risks and rewards of ownership of the assets have been substantially transferred. In the presence of renegotiations, the above requirements exist if the changes to the contractual conditions are considered substantial, as illustrated in paragraph "16 – Other information, Renegotiations" below, to which reference is therefore made.

In the event that the substantial transfer of risks and rewards cannot be verified, the financial assets are derecognised from the financial statements if control of the loans has been relinquished.

Lastly, assets sold are derecognised if the contractual right to receive the cash flows of the assets is maintained, but at the same time a contractual obligation is assumed to pay these flows to a third party (pass through arrangements) without delay and only up to the amount of those received.

The derecognition of non-performing financial assets may occur upon recognising that the exposure is irrecoverable and consequently concluding the recovery process (final derecognition) and involves a reduction in the nominal and gross book values of the loan. This is the case where settlement agreements with the debtor result in a reduced loan amount (in full and final settlement) or in specific situations, for example:

- the final judgement declaring that part or all of the loan has been extinguished;
- the conclusion of insolvency or enforcement proceedings against the main debtor and the guarantors;
- the conclusion of all possible in- and out-of-court actions for recovering the debt;
- the completion of a mortgage foreclosure on an asset as collateral, with the consequent derecognition of the credit guaranteed by the foreclosed mortgage, in the absence of additional specific guarantees or other actions that may be taken to recover the exposure.

These specific situations may lead to the total or partial derecognition of the exposure, yet do not necessarily entail waiving the legal right to recover the debt.

In addition, non-performing financial assets may be derecognised by writing them off after acknowledging that no reasonable expectations of their recovery exist, even while continuing with actions aimed at their recovery. That write-off is made during the financial year in which the debt or part of it is deemed irrecoverable - even while legal proceedings are underway - and may occur before the legal debt recovery proceedings against the debtor and the guarantors have come to a close. This does not imply a waiver of the legal right to recover the loan and is carried out when the credit documentation contains reasonable financial information indicating that the debtor is unable to repay the debt. In that case, the nominal gross value of the loan remains unchanged, but the gross book value is reduced by an amount equal to the amount written off, which may be related to the entire exposure or to a portion thereof. The amount written off cannot be subject to subsequent recoveries in impairment losses, following an improvement in the recovery forecasts, but only after the amount is actually collected.

Derecognition may occur following sale of the financial assets; in this case, the difference between the book value of the asset sold and the amount received, including any assets received net of any liabilities assumed, is booked to the income statement item "100. a) Gains (Losses) on disposal of financial assets at amortised cost".

Sales eligibility policy consistent with the HTC Business Model

In line with the "Hold to Collect" Business Model that characterises financial assets at amortised cost, based on the accounting standard IFRS 9, the sale is permitted where specific circumstances occur. An illustration of the circumstances on whose occurrence the Group deems it permissible to carry out the sale of the assets in question is provided below.

Increase in credit risk

The Group deems that an increase in credit risk occurs where events that result in the following occur:

- the classification of financial assets that were previously classified in Stage 1 in Stage 2;
- the classification of financial assets which were previously classified in Stage 1 or 2 among non-performing assets (i.e. in Stage 3).

Where these cases arise, sales are permitted, irrespective of any threshold of frequency or materiality. This occurs, for example, for the sale of non-performing loans.

Instrument nearing maturity

The Group deems that, irrespective of any frequency or materiality thresholds, sales are compatible with the "HTC" Business Model where:

- the time remaining to maturity is less than 3 months; and
- the difference between the amount received from sale and the residual contractual cash flows does not exceed the threshold of 5% in absolute value.

Frequency and materiality below specific thresholds

Sales with the following characteristics are permitted:

- a frequency threshold of less than 12 sale transactions per year. An individual sale transaction must be understood as the set of sale transactions relating to one or more securities, which are finalised in a time frame of 10 working days starting from the day on which the first sale transaction was carried out;

or

- a materiality threshold of less than 10%, determined based on the ratio of the nominal value of sales during the year to the nominal value of the instruments in the portfolio of financial assets at amortised cost at the beginning of the year.

The two thresholds must be considered separately. As a result, sales made for an amount exceeding 10% of the opening balances are not permitted, even if infrequent.

Said thresholds are applied at the level of individual legal entity belonging to the Group, and separately for the portfolio of debt securities with respect to the portfolio of loans, as those portfolios are held with different management objectives and/or managed by autonomous business functions.

Exceptional circumstances

Examples of exceptional circumstances in which sales are considered permissible may be:

- significant business combinations/restructurings whose pursuit requires a reorganisation of Group assets and liabilities;
- sales made to handle liquidity crises, where the event could not have been reasonably foreseen (stress scenarios).

Reclassification criteria

Financial assets at amortised cost can be reclassified into the accounting categories of "Financial assets measured at fair value through other comprehensive income" and "Financial assets at fair value through profit and loss". This reclassification can occur in the very rare circumstance that an entity decides to modify its business model for managing financial assets. The transfer value is represented by the fair value on the date of its reclassification and prospectively

from that date. Gains or losses resulting from the difference between the amortised cost of the financial asset and its fair value are recognised:

- in the income statement, in the event of reclassification under "Financial assets at fair value through profit and loss";
- in shareholders' equity to a specific valuation reserve, in the event of reclassification to "Financial assets measured at fair value through other comprehensive income".

4 - Hedging transactions

It should be noted that Banco BPM Group avails of the IFRS 9 option to continue to fully apply the hedge accounting rules set forth by IAS 39, in the version endorsed by the European Commission (the carved out version) for all types of hedges (both for micro hedges and for macro hedges).

Classification criteria

Asset and liability items include financial hedging derivatives, which at the reporting date of the financial statements or interim report showed a positive and negative fair value, respectively.

Hedges seek to neutralise potential losses recognisable on a given financial instrument or a group of financial instruments, attributable to a specific risk, by offsetting them with the gains recognisable on a different financial instrument or group of financial instruments in the event that said risk should actually materialise.

The following types of hedges are provided for:

- fair value hedges, which seek to hedge exposure to changes in the fair value of a financial statement asset or liability, attributable to a specific risk. It is also possible to activate macro fair value hedging, with the goal of reducing fair value fluctuations attributable to the interest rate risk, of monetary amounts deriving from a portfolio of financial assets and liabilities (including "core deposits"). Net amounts deriving from the mismatch of assets and liabilities cannot be subject to macro hedging;
- cash flow hedges, which seek to hedge the exposure to changes in future cash flows attributable to specific particular risks associated with financial statement items or a highly likely expected transaction;
- hedges of foreign currency transactions, which seek to hedge the risks of investment in a foreign company expressed in foreign currency other than the Group's reference currency (euro).

At the level of the consolidated financial statements, only derivatives entered into with an external counterparty to the Group may be designated as hedging instruments. The results associated with internal transactions carried out between various Group entities are eliminated.

Recognition criteria

Hedging derivative financial instruments are recognised at fair value, at the date on which the relative contracts are entered into, and are classified under balance sheet assets in item "50. Hedging derivatives" or as liabilities in item "40. Hedging derivatives" depending on whether the value is positive or negative.

Derivatives can be designated as hedges, provided that the hedging relationship between the hedged instrument and the hedging instrument is formally documented, and includes risk management objectives, the hedging strategy and the methods to assess prospective and retrospective effectiveness; said relationship must be effective at the time the hedge is originated and prospectively throughout its entire life.

The hedge effectiveness depends on the extent to which the changes in the fair value or in the expected cash flows of the hedged instrument are actually offset by those of the hedging instrument. Therefore, effectiveness is measured by comparing said changes, while considering the aim pursued by the entity when the hedge was established.

A hedge is effective (within the limits established as a range of 80% to 125%) when changes in the fair value (or in the cash flows) of the hedging instrument neutralise almost completely the changes in the hedged instrument attributable to the hedged risk.

Hedging effectiveness is assessed at each annual or interim reporting date, using:

- prospective tests, that justify the application of hedging accounting in that they demonstrate its expected effectiveness;

- retrospective tests, demonstrating the hedge's actual effectiveness achieved over the period being examined. In other words, these tests measure how far the actual results deviate from perfect hedging.

Income item measurement and recognition criteria

Subsequent to initial recognition, hedging derivatives continue to be measured at fair value. Specifically:

- for fair value micro hedges, the changes in fair value of the hedged element are offset by the changes in fair value of the hedging instrument. Said offset is recognised by charging the changes in value to the income statement, in item "90. Fair value gains/losses on hedging derivatives", referring both to the hedged element (referring to the changes generated by the underlying risk factor), as well as to the hedging instrument. Any resulting difference, which represents the partial ineffectiveness of the hedge, represents the net effect on the income statement. If the hedging relationship ends, the hedged instrument reacquires the measurement approach of the class to which it originally belonged; for instruments measured at amortised cost, the cumulative revaluations/write-downs recognised as a result of changes in fair value of the hedged risk are recognised in the income statement under interest income and expense throughout the residual life of the hedged item, on the basis of the effective interest rate. If the hedged item is sold or repaid, the share of fair value not yet amortised is recognised immediately in income statement item "90. Fair value gains/losses on hedging derivatives";
- in the case of macro hedges, changes in the fair value of financial assets and liabilities subject to macro hedging of interest rate risk are recognised, based on the respective balance, under item "60. Fair value change of financial assets in macro fair value hedge portfolios" (positive) or under item "50. Fair value change of financial liabilities in macro fair value hedge portfolios" (negative), whose balancing entry in the income statement is represented by item "90. Fair value gains/losses on hedging derivatives", in line with the effects of the hedging derivative. The ineffectiveness of the hedge, represented by the difference between the change in the fair value of the hedging instruments and the change in the fair value of the monetary amount hedged, is in any case included in item "90. Fair value gains/losses on hedging derivatives". In the event of interruption of the hedge, the cumulative revaluations/write-downs, recognised under item "60. Fair value change of financial assets in macro fair value hedge portfolios" or "50. Fair value change of financial liabilities in macro fair value hedge portfolios", are recognised in the income statement under interest income and expense over the residual life of the hedged portfolio, based on the effective interest rate;
- for cash flow hedges, the portion of changes in the fair value of the derivative that is determined to be an effective hedge is recognised in shareholders' equity (item "120. Valuation reserves"), while it is recognised in the income statement only when changes in cash flows to be offset arise in the hedged item. The portion of gains or losses of the hedging instrument that is considered ineffective is charged to the income statement (item "90. Fair value gains/losses on hedging derivatives"). Said portion is equal to any difference between the cumulative fair value of the hedging instrument and the cumulative fair value of the hedged instrument. In any event, the fluctuations in fair value of the hedged item and the related hedge must lie within the 80%-125% range. If the cash flow hedge is no longer considered effective, or the hedging relationship is terminated, the total amount of gains or losses on the hedging instrument, already recognised under item "120. Valuation reserves", is recognised in the income statement only when the hedging transaction will take place or when it is no longer deemed possible that the transaction will take place. In this last circumstance, the profits or losses are transferred from the shareholders' equity item to the income statement item "90. Fair value gains/losses on hedging derivatives";
- hedges of investments in foreign currency are accounted for using the same method as for cash flow hedges.

For debt securities classified in the "Financial assets measured at fair value through other comprehensive income" portfolio, designated as specific fair value hedges, the changes in value attributable to the hedged risk - which in absence of the same would be recognised as a balancing entry of a specific valuation reserve - are recorded in income statement item "90. Fair value gains/losses on hedging derivatives", offsetting against the result of the hedging instrument.

For equity instruments classified in the "Financial assets measured at fair value through other comprehensive income", given the decision made by the Group to apply the rules of IAS 39 to hedging instruments, they cannot be designated as fair value hedges (price or exchange rate risk), insofar as the valuation effects of the hedging derivative must be recognised in the income statement, while the valuation and realisation effects of the hedged equity instruments are recognised in shareholders' equity, without any exception for recycling to the income statement, unless they are dividends.

Derecognition criteria

Should the above tests fail to confirm the effectiveness of the hedging, both retrospectively and prospectively, hedge accounting, as described above, is discontinued. In this circumstance, the hedging derivative contract is restated under financial assets and liabilities held for trading.

In addition, the hedging relationship stops when:

- the derivative expires, is discharged or exercised;
- the hedged item is sold, expires or is repaid;
- it is no longer highly likely that the future hedged transaction will be carried out.

5 - Interests in associates and joint ventures

Classification criteria

This item includes interests in associates or companies subject to joint control, which are carried at equity.

Associates are companies which are not subsidiaries, on which the Group has a significant influence. The company is assumed to exercise a significant influence in all cases where it holds 20% or more of voting rights in the investee (including "potential" voting rights), and, irrespective of the shareholding percentage, whenever it has the power to participate in business and financial decisions of the investees, by virtue of specific legal relations, such as shareholders' agreements, the purpose of which is to ensure that the members of the agreement are represented in the management bodies and to safeguard a consistent management approach, without, however, controlling the same.

Companies subject to joint control are enterprises where the joint control is based on a contract or other agreement whereby it is necessary to obtain the unanimous consensus of all the parties sharing the control to make strategic financial and operating decisions. This takes place when the voting rights and control over the economic activity of the investee are shared jointly by Banco BPM and another party. Furthermore, an equity investment is qualified as under joint control when, even though voting rights are not shared jointly, the unanimous consent of all parties sharing control is required to take decisions regarding significant activities.

For more details, please refer to paragraph "7.6 – Valuations and significant assumptions to establish the existence of joint control or significant influence" of assets in "Part B – Information on the consolidated balance sheet" of these Notes to the financial statements.

Recognition criteria

The initial recognition of the financial assets classified in this category takes place on the settlement date at cost, including any goodwill paid for at the time of acquisition, which, therefore, is not independently, separately recorded. More specifically, at the time of initial recognition of the interest, the purchase cost is allocated, for its share, to the identifiable net assets of the investee company to be recognised at fair value. Any surplus of the purchase cost, with respect to the interest in the fair value of the net assets acquired, is ideally attributed to the goodwill which, as illustrated above, is included in the book value of the interest. Otherwise, any badwill resulting from the surplus of the interest in the fair value of the net assets acquired with respect to the purchase cost is recognised as income in the income statement.

Income item measurement and recognition criteria

Interests in associates and joint ventures are measured with the equity method. This method envisages that the initial book value is subsequently increased or decreased to reflect the share of profit or loss of the investees attributable to the Group generated after the acquisition date, as a balancing entry to the consolidated income statement item "250. Gains (losses) of associates and joint ventures". Dividends received from investees are deducted from the book value of the investment.

Should it be necessary to carry out adjustments due to changes in shareholders' equity of the investee that have not been recognised in the investee's income statement (e.g. as a result of the designation at fair value of "Financial assets measured at fair value through other comprehensive income", as a result of the valuation of actuarial gains/losses on

defined benefit plans), the share of the above changes attributable to the Group is recognised directly in the shareholders' equity item "120. Valuation reserves".

When applying the equity method, the most recent available financial statements of the associated company or company subject to joint control are used, suitably adjusted to take into account any significant events or transactions that have taken place between the last available financial statements of the investee company and the reporting date of the consolidated financial statements. If the investee company adopts accounting standards that are different to those of the Group, changes are made to the financial statements of the investee.

After applying the equity method, investments in associates or jointly controlled entities are tested for impairment when there is objective evidence of impairment that could have an impact on the investee's cash flows and consequently on the recoverability of the book value of the investment.

The process of recognising any impairment, therefore, involves checking for possible indicators that are considered to show objective evidence of impairment, such as:

- significant financial difficulties of the investee company (for example, significant negative changes in the book value of shareholders' equity, reduction or interruption of the distribution of dividends, achievement of operating results below a physiological threshold, compared to the objectives of the budget or the long-term plan or down compared to previous years or compared to the situation that existed on the acquisition date of the investment);
- breach of contract, for example a default or failure to make payment by the investee;
- the extension of allowances for economic or legal reasons relating to the financial difficulties of the investee, which otherwise would not have been taken into consideration;
- the announcement or notice of a financial restructuring plan or the existence of a high probability that the investee may announce restructuring operations or may be declared bankrupt;
- the disappearance of an active market relating to the investment held due to the financial difficulties of the investee;
- significant changes that adversely affect the investment in the technological, market, economic or legal environment in which the investee operates;
- a significant or prolonged decrease in fair value below its cost. The Group considers a decrease in fair value of more than 30% below the purchase cost to be a significant decrease. The Group considers a continuous decrease in fair value for an uninterrupted period of more than 24 months to be a prolonged decrease.

If there is evidence that the value of an investment may be impaired, the recoverable value of the investment is estimated, which is the higher of the fair value, net of costs to sell, and the value in use. The value in use is calculated by discounting the future cash flows that the investment could generate, including the final disposal value of the investment. An impairment loss is recognised in the income statement (under item "250. Gains (losses) of associates and joint ventures") if the recoverable value is lower than the book value, including goodwill. If the reasons for an impairment loss are no longer valid due to an event occurring after the impairment was recognised, write-backs are recognised in the income statement, up to the amount of the impairment previously recognised in the same item.

Derecognition criteria

Interests in associates and joint ventures are derecognised when there is a sale in which all of the associated risks and rewards have been substantially transferred.

The result of the sale is recognised in the income statement item "250. Gains (losses) of associates and joint ventures". If there is a situation resulting in the loss of significant influence or joint control, any remaining interest in associates and joint ventures is reclassified to the portfolios of financial assets set out in IFRS 9, normally that of "Financial assets measured at fair value through other comprehensive income", on the basis of the relative fair value. Derecognition from item "70. Interests in associates and joint ventures" may also take place if there are circumstances causing control to be obtained ("step acquisitions"). For more information please refer to paragraph 16 below entitled "Other information, Business combinations, goodwill and changes in interest holdings".

6- Property, plant and equipment

Classification criteria

Property, plant and equipment items include land, operating property, investment property, works of art, technical plants, furniture, fittings and equipment of any type that is planned to be used for a timeframe of more than one year. Specifically:

- assets held for use in the production or supply of goods and services or for administrative purposes are classified as "property, plant and equipment used in operations" and recognised in accordance with IAS 16;
- property held for rental to third parties or for capital appreciation through sale is classified as "property, plant and equipment held for investment" and follows the rules set out in IAS 40;
- property held to enhance the value of the investment through renovation or requalification for its subsequent sale is classified as inventories and follows the rules of IAS 2.

Also recognised under this item are Rights of Use (ROU) relating to property, plant and equipment acquired with lease contracts, as lessee, irrespective of the legal classification of the same, as well as the assets granted under operating leases (for lessors).

The item includes finally the improvement and incremental costs on third party assets; these are costs to renovate rented property, incurred to render them suitable for their intended use. More specifically, improvement costs that represent identifiable and separable property, plant and equipment items, are classified in the specific category to which they refer (e.g. technical plant, equipment). Otherwise, improvement costs that are not identifiable and separable from the property, such as walls, are booked as an increase in rights of use, recognised on the basis of the provisions of IFRS 16.

Recognition criteria

Property, plant and equipment items are initially carried at cost, which includes the purchase price and all accessory charges directly attributable to the acquisition of the asset and bringing it to working conditions.

Extraordinary maintenance costs which entail an increase in future economic benefits are included in the asset's book value, while other ordinary maintenance costs are charged to the income statement.

For property posted under property, plant and equipment held for investment purposes, following the closure of the original credit position (known as "datio in solutum" - transfer in lieu of payment) the initial recognition value is equal to the fair value, taken from a specific appraisal.

The difference between the initial recognition value of the property and the book value of the previous credit exposure, subject to derecognition, is recognised under item "130. Net credit impairment losses/recoveries" up to the value of the gross receivable existing at the recognition date. Taking account of the criterion of fair value measurement of investment property, as described below, in the situation where the fair value on initial recognition exceeds the value of the gross receivable, the excess value is recognised to the income statement under item "260. Fair value gains (losses) on property, plant and equipment and intangible assets".

Where, at the time of finalising the transaction, the competent corporate bodies have made the decision to sell the property within a short time, the book value of the property shall be equal to its "immediate sale value", also deriving from a specific appraisal, unless negotiations are underway that give rise to the assumption of a higher recoverable amount.

In any event, if, on the date of recognition of the property, concrete negotiations for sale are underway, demonstrated by commitments undertaken by the interested parties and resolved by the competent corporate bodies, the initial recognition value must take account of the exit price resolved, net of any costs to sell, where it is lower than the "fair value" deriving from the appraisal.

For property, plant and equipment represented by rights of use, the initial recognition value is equal to the sum of the lease liability (present value of the future instalments to be paid for the contractual term), the lease payments made before or at the commencement date of the lease, the initial direct costs and any costs estimated for dismantling or restoring the asset underlying the lease.

Income item measurement and recognition criteria

Subsequent to initial recognition, property, plant and equipment in ownership or acquired through rights of use are carried at cost, less any depreciation and impairment, excluding:

- properties used in operations and valuable works of art, for which the Group has adopted the option permitted by IAS 16, to measure them using the revaluation model;
- investment properties, for which the Group has adopted the option permitted by IAS 40, to measure them based on their fair value;
- property, plant and equipment that fall within the regulation of IAS 2, which are measured at the lower of the cost and net realisable value, which is the estimated sale price less estimated completion costs and other costs necessary to make the sale.

Property, plant and equipment used in operations: subsequent measurement

Depreciation

Property, plant and equipment used in operations, including operating property values at "restated value", are systematically depreciated throughout their estimated useful life, using the straight-line method, with the exception of:

- land, whether purchased separately or as part of the value of the buildings standing on it, as considered to have an unlimited life;
- works of art, considering that the useful life of a masterpiece cannot be estimated and its value normally is destined to increase with time.

The depreciation charge must be able to reflect the wear and tear on the assets over time as a result of their use, considering extraordinary maintenance costs which could result in an increase in the value of the assets.

Depreciation begins when the asset is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. For operating properties, depreciation also ceases if they are no longer used for business activities, with consequent reclassification to the category of investment properties.

For property, plant and equipment measured at cost, depreciation does not cease when the asset becomes idle or is withdrawn from active use.

The depreciable value is represented by the cost of the asset - for assets measured at cost - or the revalued amount - for assets measured based on the revaluation method - net of the residual value at the end of the depreciation process, where deemed significant.

Periodic depreciation is recognised in the income statement under item "210. Depreciation and impairment losses on property, plant and equipment".

With regard to improvements to third party assets, represented by identifiable and separable property, plant and equipment, depreciation is determined according to the useful life of said assets, as illustrated above. Otherwise, for improvements that are not identifiable and separable from the leased property, the depreciation is calculated according to the shortest period between that in which the improvements and the additional expenses can be used and the residual duration of the lease contract, including the renewal period, if there is evidence in this regard.

Write-downs due to impairment

For assets measured at cost, at each annual or interim reporting date, if there is any indication that an asset may be impaired, the asset's book value is compared with its recoverable amount, that is, equal to the higher of the asset's fair value, net of costs to sell, and its value in use, understood as the present value of future cash flows originated by the asset. Any adjustments are recognised in the income statement under item "210. Depreciation and impairment losses on property, plant and equipment". Whenever the reasons for the impairment loss are no longer valid, recoveries are recognised in the same item, which must not exceed the asset's value had no impairment taken place in the past, net of accrued depreciation.

Owned property used in operations and valuable works of art: revaluation method

For owned real estate assets used in operations and valuable works of art, the Group has adopted the revaluation method as the criterion for measurement.

Based on said method the assets shall be recognised at a revalued amount, equal to their fair value at the revaluation date, net of depreciation and any cumulative impairment losses. Based on that method:

- if the book value of the asset increases following revaluation (i.e. there is a positive difference between the revalued amount and the book value of the asset prior to revaluation), the increase must be recognised under item 120 of liabilities in a specific "valuation reserve" (subject to recognition in the statement of other components of comprehensive income without reclassification to the income statement), unless this is a recovery of a write-down previously recorded to the income statement under item "260. Fair value gains (losses) on property, plant and equipment and intangible assets". In this latter case, the increase must be recognised as income to the income statement up to the amount of the previous write-downs, and only any remaining amount is included in a valuation reserve;
- if the book value of an asset has decreased following the revaluation (i.e. there is a negative difference between the revalued amount and the book value of the asset prior to revaluation), the decrease in value must be recorded as a balancing entry:
 - of the income statement as a cost in the absence of pre-existing valuation reserves on the asset ("item 260. Fair value gains (losses) on property, plant and equipment and intangible assets");
 - of shareholders' equity (item "120. Valuation reserves") up to the amount of the credit balance of the revaluation reserve for those assets, and the excess to the income statement, as the revaluation of negative valuation reserves is not permitted.

Investment property: fair value method

For investment property, falling within the scope of application of IAS 40, the Group adopts fair value measurement. Based on this method, following initial recognition, all investment property is measured at fair value. Consequently, the above-mentioned property is not depreciated nor impairment tested.

Based on the fair value method:

- fair value increases must be recognised in the income statement as income (item "260. Fair value gains (losses) on property, plant and equipment and intangible assets");
- fair value decreases must be recognised in the income statement as expenses ("item 260. Fair value gains (losses) on property, plant and equipment and intangible assets").

In the event of sale, the difference between the consideration for the sale and the book value must be recognised in the income statement, under item "280. Gains (losses) on disposal of investments".

For the methods of determining the fair value and the frequency of revaluation of real estate assets and valuable works of art, please refer to the criteria illustrated in the subsequent part "A.4 – Fair value disclosure".

Derecognition criteria

Property, plant and equipment are derecognised from the balance sheet at the time of disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Capital gains and losses deriving from the liquidation or disposal of property, plant and equipment are calculated as the difference between the net sale consideration and the book value of the asset and are recognised as a balancing entry to:

- the income statement: for assets used in operations measured at cost and investment property (item "280. Gains (losses) on disposal of investments");
- shareholders' equity (item "120. Valuation reserves"): for assets used in operations measured based on the revaluation method. The revaluations of real estate credited to the valuation reserves of shareholders' equity may be transferred to other shareholders' equity reserves (Other profit reserves), where the property is derecognised. Therefore, in the event of sale of the property, the valuation reserves are transferred to another item of shareholders' equity (from item "120. Valuation reserves" to item "150. Reserves" under "other reserves"), without however being able to pass through the income statement.

The rights of use acquired through leases, recognised on the basis of the requirements of IFRS 16, are eliminated from the balance sheet at the end of the lease term.

7- Intangible assets

Classification criteria

Intangible assets are non-monetary, identifiable and non-physical assets originating from legal or contractual rights, owned to be used on a long-term basis, which are likely to generate future economic benefits, and whose cost can be reliably measured.

This item includes:

- external costs for the development of software, also acquired through a permanent or fixed-term user license;
- intangible assets generated as part of business combinations and linked to the enhancement of customer relationships. As detailed in "Section 10 Intangible assets - Item 100" of "Part B – Information on the consolidated balance sheet", these assets are defined as "Client Relationships" if they concern relationships of assets under management/assets under custody or other assets not related to the provision of services and "value of business acquired" (VoBA) if related to the insurance portfolio not included in IFRS 17;
- intangible assets linked to the valuation of trademarks, also recognised in business combinations;
- goodwill, which is the positive difference between the price paid for a business combination and the fair value of the net identifiable assets purchased, as illustrated in greater detail in paragraph "16 – Other information, Business combinations, goodwill and changes in interest holdings."

Recognition criteria

Intangible assets are carried at cost, adjusted to account for accessory charges, only if it is likely that the future economic benefits attributable to the asset will be realised, and if the cost of the asset can be reliably determined. Otherwise, the cost of the intangible asset is recognised in the income statement during the year it was incurred.

The intangible assets generated as part of business combinations and linked to the valuation of relationships with customers are originally valued through the discounting of cash flows, which represent their profitability over the residual duration (contractual or estimated) of the relationships in place at the time of the business combination, through a rate representative of the time value of money and of specific risks of the asset.

Income item measurement and recognition criteria

After initial recognition, intangible assets with finite useful life are recognised at cost, net of total amortisation and any impairment identified.

The cost of intangible assets with a finite useful life is amortised on a straight-line basis over the relative useful life.

The intangible assets represented by Client Relationships and by the VoBA, which represent the ability of relationships, on the date of the business combination, to generate income flows for their expected residual life, are amortised on the basis of the unwinding curve of the cited relationships, which is usually decreasing.

The amortisation process for intangible assets with a finite useful life starts when the asset is available for use, and ceases from the moment the asset is derecognised. Periodic amortisation of intangible assets with a finite useful life is recognised under item "220. Amortisation and impairment losses on intangible assets".

Intangible assets with an indefinite useful life, such as goodwill and trademarks, are recognised at cost, net of any impairment identified. No amortisation is carried out for these assets, only periodic assessments of the adequacy of the book value.

Specifically, goodwill must be tested any time there is evidence of impairment, and in any case at least once a year. To this end, the cash-generating unit to which the amount of the goodwill and/or trademark is allocated is identified. This unit represents the lowest level at which the asset is monitored for internal management purposes and should not be larger than the operating segment determined in compliance with IFRS 8.

The amount of any impairment is determined based on the difference between the book value of the asset and its recoverable amount, if lower. Said recoverable amount is equal to the higher of the fair value of the cash-generating unit, net of costs to sell, and its value in use. The value in use is the present value of future cash flows expected from cash-generating units to which goodwill and/or trademark was allocated. The resulting value adjustments are charged to the income statement, respectively, under item "270. Value adjustments to goodwill" and, for trademarks, under item "220. Amortisation and impairment losses on intangible assets". No subsequent recoveries can be recognised.

Derecognition criteria

Intangible assets are derecognised from the balance sheet at the time of disposal or when no future economic benefits are expected from it.

8 - Non-current assets and disposal groups held for sale

Classification criteria

They are classified under asset item "120. Non-current assets and disposal groups held for sale" and under liability item "70. Liabilities associated with assets classified as held for sale" - non-current assets and groups of assets/liabilities whose book value will presumably be recovered through sale rather than continuous use.

In order to be classified under the above-mentioned items, the assets or liabilities (or disposal group) must be immediately available for sale, and there must be active and concrete programmes which show that their disposal within one year with respect to the date of classification as assets held for sale is highly probable.

Income item measurement and recognition criteria

After they are classified in the above-mentioned category, these assets are measured at the lower of the book value and their fair value, net of costs to sell, with the exception of certain types of assets - such as all financial instruments falling within the scope of IFRS 9 - for which the standard IFRS 5 states that valuation criteria of the reference accounting standard must continue to be applied.

If the non-current assets held for sale can be amortised/depreciated, the amortisation/depreciation process ceases from the year the assets are classified under non-current assets held for sale.

Expenses and income attributable to assets and liabilities and disposal groups held for sale, if they are attributable to discontinued operations under the terms of IFRS 5, are recognised in the income statement, net of taxes, under item "320. Profit (loss) after tax from discontinued operations" while those relating to individual non-current assets held for sale are recorded under the most appropriate income statement item.

Discontinued operations shall mean a significant, autonomous unit or geographical area of business, including one that is part of a single coordinated disposal programme, rather than a subsidiary acquired exclusively with a view to its re-sale.

Derecognition criteria

Non-current assets and disposal groups held for sale are derecognised from the balance sheet upon disposal.

9 - Current and deferred taxation

These items include current and deferred tax assets, and current and deferred tax liabilities relating to income taxes. Income taxes, calculated in compliance with current tax regulations, are accounted for based on the accrual principle, consistent with the recognition of the costs and revenues that generated the taxes in the financial statements. Therefore, this represents the tax charge, equal to the balance of current taxes and deferred tax assets and liabilities, relating to the income for the year. Income taxes are charged to the income statement (item "300. Taxation charge related to profit or loss from continuing operations") with the exception of those relating to items charged or credited directly to shareholders' equity, for example the valuations of financial instruments measured at fair value through other comprehensive income or of derivative contracts for cash flow hedges, for which the recognition of the relative taxes is made, for the sake of consistency, to shareholders' equity (namely in item "120. Valuation reserves").

In particular, current tax liabilities (assets) for the current and previous years reflect the amount of income taxes that are expected to be paid (recovered) to/from the tax authorities, based on a prudent estimate, applying the tax rates and tax regulations in force at the reporting date (interim reporting). Current tax assets and liabilities are shown as a net balance in the balance sheet, in case the settlement is executed based on the net balance, owing to the existence of a legal right to offsetting.

Deferred tax assets and liabilities are calculated based on temporary differences arising between the tax values of the individual assets and liabilities and their book values, without any time limits. For these purposes, the temporary differences may be taxable or deductible, if in future years there will be respectively taxable or deductible amounts.

Deferred tax assets are recognised in the financial statements or interim reports when it is probable that they can be recovered, which is assessed based on the ability of the company concerned and of the Group, as a result of the "tax consolidation" scheme, to continue to generate positive taxable income in future financial years (on the outcome of the "probability test"), also taking account of the tax provisions in force at all times, such as Law no. 214/2011, which permits the conversion of certain deferred tax assets that meet specific conditions, into credits.

Deferred tax liabilities are recognised in the financial statements or interim reports, with the sole exceptions of assets recognised in the financial statements at an amount higher than the value recognised for tax purposes and of reserves subject to tax on distribution, where it is reasonable to believe that no operations will be performed deliberately that would trigger taxation.

Recognised deferred tax assets and liabilities are systematically measured to account for any changes in regulations or tax rates, as well as for any changes in the subjective positions of the Group companies.

10- Provisions for risks and charges

Classification criteria

Provisions for risks and charges: commitments and guarantees given

The sub-item in question includes provisions for credit risk for commitments to disburse the funds and guarantees given, which are subject to impairment rules pursuant to IFRS 9, as is the case for "Financial assets at amortised cost" and "Financial assets measured at fair value through other comprehensive income". For more information on the impairment model, please see the information set forth in the following paragraph "16 – Other information, Methods for determining impairment losses on IFRS 9 financial instruments".

In addition, this sub-item also includes provisions for risks and charges established for other types of commitments and guarantees given that, because of their specific characteristics, do not fall within the scope of impairment pursuant to IFRS 9 (therefore they fall under the scope of IAS 37).

Provisions for risks and charges: post-employment benefits and similar obligations

Sub-item "100. Provisions for risks and charges: b) post-employment benefits and similar obligations" includes defined-benefit plans, namely pension funds, established on the basis of company agreements, backed by a capital repayment and/or return guarantee in favour of beneficiaries, as explained in the paragraph below "16 – Other information, Provisions for employee severance pay and other employee benefits". Benefits to be paid in the future are measured by an external actuary, using the "projected unit credit method", as required by IAS 19.

Actuarial gains and losses, defined as the difference between the book value of the liability and the present value of the commitments at the end of the period, originate from changes to actuarial assumptions and from adjustments based on past experience and are accounted for in full directly to shareholders' equity under item "120. Valuation reserves".

Provisions for risks and charges: other provisions

Sub-item "100. Provisions for risks and charges: c) other provisions" includes allocations recognised for estimated outlays for legal or implicit obligations deriving from past events. These outlays may be contractual in nature, such as allocations to the personnel incentive system and for early retirement incentives, indemnity required under contractual clauses when specific events take place, or for compensation and/or restitution, such as those against possible losses on lawsuits, including clawback actions, estimated outlays for customer complaints regarding securities brokerage and tax disputes.

Income item recognition and measurement criteria

Provisions for risks and charges consist of liabilities whose amount or expiry are uncertain, and are recognised in the financial statements only if:

- there is a current obligation (legal or implicit) as a result of a past event;
- it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation;

- the amount of the probable future outflow can be reliably estimated.

The amount of the provision recognised represents the best estimate of the financial outlay required to meet the obligation existing at the reporting date and reflects the risks and uncertainties inherent in the facts and circumstances under examination. Whenever the time factor is significant, provisions are discounted using current market rates. The provision and the effect of discounting are recognised in the income statement in item "200. Net provisions for risks and charges", as is the increase in provisions as a result of the passing of time.

The provisions allocated are re-examined at each reporting date of the financial statements and adjusted to reflect the best current estimate. When the outflow of resources embodying economic benefits to settle the obligation is unlikely, the allocation is reversed.

In addition, each provision must be used to pay for outlays for which the provision itself had been originally set aside. If the outlay of the financial resources to meet the obligation is not considered likely, no provision needs to be recognised; in this case, adequate information must be provided in the notes on the possible risk of losing, unless the likelihood of using the resources is considered remote or the phenomenon is not relevant.

11 – Financial liabilities at amortised cost

Classification criteria

Item "10. Financial liabilities at amortised cost" include the sub-items "a) due to banks", "b) due to customers" and "c) debt securities in issue", and consist of various forms of interbank and customer loans and funding carried out through certificates of deposit and bonds outstanding, net of any repurchases.

These also include loans recorded by lessees as part of leases, as well as funding repurchase agreements and securities lent against collateral in cash, to which the lender has full access. Also included are operating payables connected with the provision of financial services as defined in the Consolidated Banking Law and in the Consolidated Finance Law.

Recognition criteria

These liabilities are initially recognised when the amounts collected are received or the debt securities are issued and are carried out on the basis of their fair value, which is generally equal to the amount received or the issue price, increased by any additional costs/income directly attributable to the individual funding or issue transaction and not paid back by the lending counterparty. Internal administrative costs are excluded.

Repurchase agreements with the obligation to repurchase are recognised as funding transactions for the spot amount paid.

For structured instruments, if the requirements envisaged by IFRS 9 for the separate recognition of embedded derivatives are met, the latter are separated from the host contract and recognised at fair value as assets or liabilities held for trading. The host contract is instead recorded at amortised cost.

Lease payables are recognised on the basis of the present value of future instalments to be paid for the duration of the contract discounted on the basis of the incremental borrowing rate. For further details, please refer to paragraph "16 – Other information, Leases" below.

Income item measurement and recognition criteria

Subsequent to initial recognition, the financial liabilities that emerged, net of any redemptions and/or repurchase, are measured at amortised cost, using the effective interest rate method. Short-term liabilities are an exception, if the time factor is immaterial. These are stated at their received value, and any incurred costs are charged to the income statement on a straight-line basis over the contractual life of the liability. Interest is shown in the income statement under item "20. Interest and similar expense".

Moreover, funding instruments under an effective hedge are measured based on the standards established for hedging transactions.

For structured instruments that incorporate an embedded derivative, in accordance with IFRS 9 and illustrated in the previous paragraph "1 - Financial assets at fair value through profit and loss: a) Financial assets held for trading", the embedded derivative is separated from the host contract. In that instance:

- the embedded derivative is classified as an asset or liability held for trading and is measured at fair value;
- the host contract is classified under financial liabilities at amortised cost.

Lease payables must be redetermined in the event of modification of the payments due (lease modification); the impact of the redetermination will be recorded as a balancing entry to the right-of-use asset.

Derecognition criteria

Financial liabilities are derecognised from the financial statements or interim reports when expired or cancelled. Derecognition also takes place in the event of repurchases of securities issued. The difference between the book value of liabilities and the purchase price paid is recorded in the income statement under item "100. Gains/losses on disposal or repurchase of: c) financial liabilities". The subsequent placement of own securities following their repurchase is accounted for as a new issue, recognised at the new placement price, with no effects on the income statement.

12- Financial liabilities held for trading

Classification criteria

The item in question includes:

- financial liabilities issued with the intention of repurchasing them in the short-term;
- financial liabilities that are part of a portfolio of financial instruments that are jointly managed and for which there is a proven strategy for short-term profit;
- derivative contracts with a negative fair value and not designated as hedging instruments, including those linked to assets or liabilities designated at fair value through profit and loss and embedded derivatives separated out from financial liabilities at amortised cost.

These also include liabilities arising from technical overdrafts generated by trading in securities and certain own certificate issues, managed within an overall portfolio of trading financial instruments.

For more information on certificates classified under this item, please refer to paragraph "16 – Other information, Financial liabilities designated at fair value".

Recognition criteria

Financial liabilities held for trading are initially recognised on the settlement date in case of cash liabilities and on the subscription date for derivative contracts.

Initial recognition is based on the fair value of liabilities, that generally corresponds to the collected amount, excluding transaction costs or income directly associated with the instruments, which are directly charged to the income statement. Please refer to part "A.4 – Fair value disclosure" for details on how fair value is determined.

Income item measurement and recognition criteria

After initial recognition, the financial liabilities held for trading are measured at current fair value, with recognition of the result in the income statement.

Gains and losses from changes in fair value and/or from the sale of trading instruments are recognised in the income statement under item "80. Net trading income". For derivative instruments, if the fair value of a financial liability becomes positive, that item is recognised under item "20. Financial assets at fair value through profit and loss: a) financial assets held for trading".

Trading profits or losses and gains or losses as a result of the valuation of the trading book are recognised in the income statement under item "80. Net trading income", including that relating to derivative liabilities associated with the fair value option.

Derecognition criteria

Financial liabilities held for trading are derecognised when the contractual rights to the relative cash flows expire or when the financial liabilities are sold, with the substantial transfer of all risks and rewards arising from their ownership.

13 - Financial liabilities designated at fair value

Classification criteria

On initial recognition, financial liabilities are designated at fair value through profit and loss only if the following circumstances exist:

- this valuation eliminates or considerably reduces the inconsistency in valuation, that would otherwise be caused by measuring assets or liabilities or recognising the associated gains and losses on different bases (accounting mismatch);
- a group of financial assets, financial liabilities, or both is managed and its performance measured at fair value according to a documented risk management or investment strategy, documented internally by executives with strategic responsibilities;
- these are hybrid contracts containing one or more embedded derivatives, and the embedded derivative significantly changes the cash flows that would otherwise be expected from the contract.

The option to designate a liability at fair value is irrevocable, is made for the individual financial instrument and does not require the same application to all instruments with similar characteristics. However, it is not possible to designate at fair value only one part of a financial instrument attributable to a single risk component to which the instrument is subject.

The designation at fair value concerns certain bonds issued, issues of certificates not managed with the intent of trading, as well as insurance contracts issued classified as investments.

The insurance contracts issued by the Group's insurance companies, classified in the item in question, refer to products of a financial nature that do not present a significant insurance risk, and that do not envisage discretionary participation features, as they are not linked to segregated funds. In this case, the applicable regulations are those contained in IFRS 9, as they do not fall within the scope of application of IFRS 17.

More specifically, these are liabilities related to Class III insurance products (unit-linked and index-linked policies), whose performance is related to the value of market indices and investment fund units. The investments underlying these products are also measured at fair value, thus eliminating or significantly reducing possible "accounting asymmetries" that would otherwise result from the recognition of these assets and the related liabilities on the basis of different accounting criteria.

For more details on the scope of the instruments issued by Group banks, classified as liabilities under the fair value option and the method used to determine fair value and quantify its credit risk, please refer to paragraph "16 – Other information, Financial liabilities designated at fair value", and the subsequent part "A.4 – Fair value disclosure".

Recognition criteria

The financial liabilities in question are measured at fair value from initial recognition. Initial income and expenses are immediately charged to the income statement.

Income item measurement and recognition criteria

Subsequent to initial recognition, financial liabilities are measured at their current fair value. The change in fair value is recognised in the income statement under item "110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss: a) financial assets and liabilities designated at fair value", with the exception of effects consequent to the change in own credit risk, which are recognised in a specific valuation reserve (item "120. Valuation reserves"), unless this treatment creates or amplifies a mismatch in the profit (loss). An accounting mismatch is created or amplified when the recognition of the effects of own credit risk in an equity reserve is such so as to entail a more significant disharmony in the income statement than that which would arise from recognising the entire change in fair value of the liability in the income statement. In this last case, the entire change in fair value of the liability, including the effect of the change in own credit risk, must be recognised in the income statement.

The effects correlated with the change in own credit risk are presented in the statement of comprehensive income, net of the related taxes, under other comprehensive income without reclassification to the income statement.

The amount recognised in the specific shareholders' equity reserve (item "120. Valuation reserves") will never be reversed in the income statement, even if the liabilities are due or repurchased. In the event of the repurchase of the

liabilities, the cumulative gains or losses recognised in the specific valuation reserve, attributed to the change in own credit risk with respect to the issue date, are reclassified to another shareholders' equity item ("150. Reserves").

Derecognition criteria

Financial liabilities are derecognised from the financial statements or interim reports when expired or cancelled. For financial liabilities represented by securities issued, derecognition is carried out also in case of repurchase: the difference between the book value of the liability and the purchase price is recorded in income statement item "110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss: a) financial assets and liabilities designated at fair value", with the exception of profits/losses related to the change in own credit risk, which are recognised in a specific equity reserve, as previously illustrated. The subsequent placement of own securities following their repurchase is considered, for accounting purposes, as a new issue, recognised at the new placement price, with no effects on the income statement.

14 - Foreign currency transactions

Classification criteria

Foreign currency is a currency other than the functional currency of the entity; the latter represents the currency of the main economic environment in which the entity operates.

Assets and liabilities in foreign currency include those denominated explicitly in a foreign currency other than the euro as well as those which envisage financial indexing clauses linked to the exchange rate between the euro and a specific currency or a specific basket of currencies.

To determine the conversion procedures to be used, assets and liabilities in foreign currency are broken down between monetary and non-monetary items.

Monetary items consist of sums in cash and assets and liabilities expressing the right to receive or the obligation to pay fixed or determinable amounts in cash (receivables, debt securities, financial liabilities). Non-monetary items (such as equity instruments) are assets or liabilities that do not provide for the right to receive or the obligation to pay fixed or determinable amounts in cash.

Recognition criteria

Upon initial recognition, foreign currency transactions are recorded in the functional currency, and the exchange rate applied to the amount expressed in foreign currency is the one in effect at the date of the transaction.

Income item measurement and recognition criteria

At each annual or interim reporting date, items expressed in foreign currencies are measured as follows:

- monetary items are translated at the exchange rate in effect at the closing date;
- non-monetary items carried at their historical cost are translated at the exchange rate in effect at the transaction date;
- non-monetary items measured at fair value are translated at the exchange rate in effect at the closing date.

Exchange rate differences originated by the settlement of monetary items, or by the translation of monetary items at rates other than the initial ones, or by the conversion of the previous financial statements, are charged to the income statement at the time they arise.

When a gain or loss from a non-monetary item is carried at equity, the relevant exchange rate difference is also carried at equity. Conversely, when a gain or loss on a non-monetary element is recognised in the income statement, the associated exchange rate difference is also recognised in the income statement.

For information about the conversion of the financial statements of foreign subsidiaries that use a currency other than the reference currency of the Parent Company (euro), please refer to "Section 3 - Scope of consolidation and methods", contained in part A.1. above.

15 - Insurance assets and liabilities

Classification criteria

Insurance assets and liabilities that fall within the scope of application of IFRS 17 "Insurance Contracts" are classified in this category.

Classification as an insurance asset or liability depends on the net balance of the portfolio to which the contracts belong. Generally, insurance contracts have a negative balance (insurance liabilities), while reinsurance contracts have a positive balance (insurance assets).

In more detail, the following is included in asset item "80. Insurance assets":

- insurance contracts, including reinsurance contracts, issued and investment contracts with discretionary participation features issued defined and governed by IFRS 17, belonging to portfolios of insurance contracts issued which constitute, based on the sign of the closing balance, assets;
- reinsurance contracts defined and governed by IFRS 17, belonging to portfolios of reinsurance contracts that constitute, based on the sign of the closing balance, assets.

On the other hand, liability item "110. Insurance liabilities" includes:

- insurance contracts, including reinsurance contracts, issued and investment contracts with discretionary participation features issued defined and governed by IFRS 17, belonging to portfolios of insurance contracts issued which constitute, based on the sign of the closing balance, liabilities;
- reinsurance contracts defined and governed by IFRS 17, belonging to portfolios of reinsurance contracts that constitute, based on the sign of the closing balance, liabilities.

The insurance contracts represented in the above-cited items are defined as those contracts based on which the issuer accepts a "significant insurance risk" from the policyholder, agreeing to indemnify the same if the latter suffers damages as a result of a specific uncertain future event (the insured event).

The items in question also include liabilities recognised against investment products that envisage discretionary participation features.

In light of the above, the scope of the Group's contracts that are subject to the provisions of IFRS 17 is represented by individual contracts and/or groups of contracts linked to Segregated Funds, pure risk and pension contracts and certain types of Unit-Linked contract, whether stand-alone or multi-segment components, if certain qualitative and quantitative assessments are respected.

Otherwise, it should be noted that the financial products issued by the Group's insurance companies - which do not present a significant "insurance risk", and which do not envisage discretionary participation features - are recorded in the financial statements as financial liabilities, and are accounted for pursuant to IFRS 9. In greater detail, the Group considers most of the Unit-Linked contracts issued by the Group as investment contracts; for these products, the low significance of the insurance risk is due to the low incidence of demographic risk, also depending on the age of the subscribers.

Having determined the scope of contracts that fall under IFRS 17, to measure the insurance liabilities, the standard requires the setting of contract boundaries¹ within which the cash flows are to be considered. In other words, it is a question of defining whether a contractual option should be considered in the projected cash flows from the time the contract is executed or whether it is such as to generate a new group of contracts. To this end, in the valuation of the Group's insurance liabilities, the cash flow projections include all future premiums and options dependent on the policyholder's decisions, where there is no option to re-price them or to refuse the exercise of the option.

Recognition criteria

When the contract is signed with the insured entity, a liability is recognised, the amount of which is given by the algebraic sum of the value of all expected future contractual cash flows (Present Value Future Cash Flow - PVFCF), discounted on the basis of an appropriate discounting rate, of an adjustment to take into account non-financial risks

¹ The contract boundary is comprised of the substantive rights and obligations existing in the reference period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance services.

(Risk Adjustment) and of the Margin of the contractual services (Contractual Service Margin - CSM), representing the present value of future profits.

Upon initial recognition, insurance contracts must be aggregated into groups of contracts and the provisions relating to their recognition, measurement and presentation in the financial statements must be applied to the group of contracts, not contract by contract.

The level of aggregation is relevant for the purposes of identifying onerous contracts, with the consequence that losses attributable to the contracts must be recognised from the beginning ("onerous contract test").

The level of aggregation is determined on the basis of the following grouping hierarchy:

- portfolio: a group of contracts subject to similar risks and managed together as a single pool;
- cohorts: this is a segmentation of portfolios on the basis of the initial recognition date of the contract;
- profitability "buckets": these refer to a further division of each cohort, depending on the profitability expected at the time of initial recognition of the contract, according to the following three buckets:
 - onerous contract that is considered unprofitable, and therefore onerous, at the time of initial recognition;
 - contract considered profitable at the time of initial recognition that does not present a significant risk of becoming onerous in the future;
 - other cases, i.e. a profitable contract that presents a significant risk of becoming onerous in the future.

IFRS 17 requires an entity not to include contracts issued more than one year later in the same group. Therefore, each portfolio must be disaggregated into annual cohorts or cohorts that include periods of less than one year ("grouping by cohorts"), with the exception of contracts linked to segregated funds for which the text of IFRS 17, as endorsed by the European Commission¹, optionally provides for derogations to this requirement ("carve-out option") which the Group exercised.

The Levels of aggregation make it possible to define the granularity with which the profitability of a group of contracts is assessed, by grouping those that present similar risks, have the same profitability bucket and belong to the same generation (annual cohort) in the same portfolio.

Therefore, the Group has adopted the following choice of aggregation of groups of contracts in a single portfolio as follows:

- products for Segregated Funds;
- multi-segment products for each Segregated Fund if not valued separately²;
- products related to Pension Funds;
- pure risk products.

Income item measurement and recognition criteria

For the valuation of insurance contracts, there are three types applicable to the different lines of business: the Building Block Approach (BBA), the Premium Allocation Approach (PAA) and the Variable Fee Approach (VFA).

The BBA is the standard method for the valuation of insurance contracts structured on a block approach whereby, at the time of execution of the contract, the insurance liability is equal to the algebraic sum of the value of the expected contractual cash flows discounted on the basis of an appropriate discount rate (Present Value of Future Cash Flow - PVFCF), the adjustment for non-financial risks related to the uncertainty in the realisation of cash flows (Risk Adjustment - RA) and the margin on the contractual services (Contractual Service Margin - CSM). This model is applicable to all insurance contracts with the exception of those with direct participation features for which the VFA model is applied or those measured on the basis of the PAA simplified methodology.

The subsequent measurement of liability requires an assessment of the aforementioned features, in order to reflect the changes between the initial estimates and those in effect at the reporting date. Specifically:

¹ During the endorsement of accounting standard IFRS 17 with (EU) Regulation no. 2036/2021, the possibility, not permitted by the standard approved by the IASB, was introduced to exempt intergenerationally-mutualised and cash flow matched contracts from the annual cohort requirement. The Group has chosen to make use of this option, referred to as the "carve-out option".

² With regard to contracts belonging to multi-segment products or linked to one or more Segregated Funds, the Group has decided to disaggregate these types of contracts, only with regard to the concept of dissimilar risks and non-unitary management of the components, vice versa, to aggregate these types of contracts, only with regard to the concept of similar risks and unitary management and belonging to the same profitability bucket.

- changes in the present value of cash flows, deriving from changes in the discount rate used, result in the corresponding adjustment of the former with a balancing entry in the income statement or, if the so-called "OCI Option" (Other Comprehensive Income) is used, in the statement of comprehensive income;
- changes in the estimate of liabilities relating to future services determine an adjustment of the CSM, to be released to the income statement on the basis of the coverage unit;
- changes arising from the difference between the expected cash flows for the period, recognised in revenues for insurance services, and those actually incurred in the same period, recognised in the costs for insurance services, have an impact on the income statement for the year.

The PAA is a simplified optional methodology set out in the regulations for the valuation of the Liability for Remaining Coverage (LRC), for contracts with a temporary duration, i.e. coverage of 12 months or less, or, under certain conditions, also for contracts with a longer duration. With this approach, the Insurance Liability is systematically released to the income statement according to the contract duration.

The VFA is the mandatory measurement model established for insurance contracts with direct participation features, i.e. contracts that, on the basis of an underlying participation feature, provide a significant additional benefit when the insured event occurs (e.g., contracts linked to Segregated Funds). The model in question is structured in blocks, in line with the standard model: in this case, the CSM represents the fee for the financial management service provided by the company. Based on this model, any changes in the estimate of the CSM, which derive from the performance of the underlying financial assets and therefore affected by market variables, determine a change in the CSM itself, without having a direct impact on the income statement or the statement of comprehensive income, as is the case with the BAA model.

The main methods adopted by the Group for the valuation of insurance contracts are shown below:

- Variable Fee Approach, for all insurance contracts with direct participation features, subject to verification of eligibility criteria;
- Premium Allocation Approach for non-life products, usually with a term of 12 months or less;
- Building Block Approach for the remaining contracts.

Inputs, parameters and other elements underlying the valuation models

The insurance liability valuation models are based on a series of inputs and parameters, the most significant of which are the discount rate, the Risk Adjustment and the method for the release to the income statement of the Contractual Service Margin.

The valuation of the insurance liability is based on the discounting of expected future cash flows using a discount rate deemed adequate to reflect the time value of money and the financial risk, if the latter is not already incorporated in the cash flow estimates.

The discount rates must:

- reflect the time value of money, the characteristics of cash flows and the liquidity characteristics of insurance contracts;
- be consistent with the current observable market prices (if any) of the financial instruments whose cash flows have characteristics corresponding to those of insurance contracts, for example, in terms of maturities, currency and liquidity; and
- exclude the effect of factors which, although affecting observable market prices, do not affect future cash flows of insurance contracts.

In this regard, the approach used by the Group to define the discount rate is based on a bottom-up approach, according to which the discount curve is determined starting from a risk-free curve (liquid risk-free yield curve), to which a liquidity premium is added, based on the risk premium inherent in the securities portfolios of each insurance company, and therefore able to reflect the differences between the liquidity characteristics of the financial instruments that are the basis of the rates observed on the market and the liquidity characteristics of the insurance contracts subject to valuation.

Another aspect to be considered for the determination of the financial liability is the "Risk Adjustment" (RA), i.e. the non-financial adjustment that represents, in substance, the remuneration that the entity requires to assume the risk arising from the uncertainty about the amount and timing of cash flows. The risks covered by the adjustment in question are insurance risk and other non-financial risks, such as lapse risk or expense risk.

Considering that IFRS 17 does not define a specific calculation method, for the Group, the estimate of the Risk Adjustment is made mainly using a Value At Risk (VAR) approach, which estimates the uncertainty of the risks on the basis of the 75° percentile of the distribution of each risk considered.

CSM release pattern

The Contractual Service Margin represents the expected profit from the insurance contracts in the portfolio and is estimated as the difference between the cash flows due to the entity (premiums) and the total contractual liabilities assumed, including the risk adjustment. The aforementioned margins will be recognised in the income statement throughout the entire period in which the insurance coverage is provided; no profit is therefore recorded at the date of initial recognition of the contracts as they relate to insurance services that will be provided in the future. The release of the CSM is based on the definition of the coverage units, which are determined by identifying for each contract the quantity of service provided to the policyholder and the expected duration of the group of contracts.

If the CSM assumes negative values, at the time of the initial recognition or even subsequently in the event of adverse changes in the expected profitability, the implicit loss arising from the insurance contract must be recognised in full in the income statement.

In the methodology implemented by Group companies, in order to determine the CSM Release rate for the period for each Unit of Account, the Companies determine a Release Ratio.

The CSM is calculated in the first instance at the level of the individual insurance company and, subsequently, within the Group through appropriate adjustments during consolidation. This choice is due to the fact that within the Group there are entities issuing insurance contracts (the insurance companies) and entities placing them (the Parent Company), which charge placement commissions for the service. As part of the consolidation process, during the elimination of intra-group fees charged to insurance companies, an adjustment is made to consider the costs actually incurred by the Parent Company for the distribution of policies. This transaction may therefore entail the recognition of a different consolidated CSM from the one that would be calculated in the financial statements of the individual companies, to the extent that the costs incurred by the Group towards third parties differ from the placement fees paid to the banking distribution network.

To this end, the actual costs incurred by the Group are estimated on the basis of the "Cost/income ratio", determined according to operational metrics, based on the historical observation of the actual distribution costs incurred by the Group's networks with respect to the fees paid to the Group's insurance companies, broken down by homogeneous categories of policies and distribution models. The aforementioned operating drivers are also considered in order to identify costs represented by personnel expenses, other administrative expenses, net value adjustments on property, plant and equipment, to be reclassified to the consolidated financial statement item relating to the result of insurance operations.

Income components

In the income statement, the components that contribute to the insurance business profitability are:

- the insurance margin shown under item "160. Profit (loss) on insurance services", equal to the difference between:
 - insurance revenues relating to contracts issued, which reflect the portion of the consideration received from the policyholder that the insurance company believes it is required to recognise in the income statement for services provided during the year. In other words, these are the expenses that are expected to be incurred during the year, the evolution of the liability for the explicit risk adjustment, as well as the allocation to the financial year of a share of the CSM in relation to the services provided;
 - the related costs mainly represented by the amount of expenses for insurance services actually incurred in the current year such as claims and other directly attributable expenses, losses for onerous contracts, commissions and other acquisition costs, operating expenses of the investments underlying the insurance contracts to which the Variable Fee Approach valuation method is applied;
 - costs and revenues relating to reinsurance;
- the margin related to the financial components is instead shown under item "170. Balance of revenues and costs of a financial nature relating to insurance activities". In particular, these are interest accrued during the year due to the time value of money, the effects related to changes in the time value of money and the

financial risks of insurance contracts, changes in the fair value of the underlying assets of issued insurance contracts valued using the VFA approach, other than those recognised in the statement of comprehensive income as a result of the OCI option.

With regard to the policy choice relating to the disaggregation of insurance revenues and financial costs between the income statement and the statement of comprehensive income, in order to reduce potential accounting mismatches resulting from the different valuation models established by IFRS 17 for insurance contracts and by IFRS 9 for the investments underlying the above-mentioned contracts and the relative income statement volatility, the Group has decided to use the OCI option for all insurance contract portfolios.

Financial products

Financial products that do not present a significant insurance risk and do not include discretionary participation features (therefore not representing policies linked to segregated funds) are recognised on the basis of IFRS 9 and classified in the portfolio of "Financial liabilities designated at fair value", based on the "Fair Value Option". These products are essentially attributable to unit-linked policies.

For the products in question, the income statement does not reflect the premiums, but the revenue (fee and commission income) and cost (fee and commission expense) components on the basis of the rules established by IFRS 9 and IFRS 15. In particular, the revenues and costs relating to the products in question, attributable to the activities carried out in the origination phase or in the investment management phase, are recognised in the income statement according to the timing of fulfilment of the obligations, as illustrated in the following paragraph "16 – Other information, Dividends and revenue and cost recognition". The income statement also includes costs and revenues resulting from changes in the fair value of liabilities related to the products in question.

Deferred fee and commission expense for investment management services relating to financial contracts issued is classified under item "130. Other assets", while deferred fee and commission income representing the fees for the acquisition of policies is recognised under item "80. Other liabilities".

Modification and derecognition criteria

An insurance contract must be derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled.

In addition, IFRS 17 provides for the derecognition of the original contract and the simultaneous recognition of the new contract in the event of a contractual modification (agreed between the parties or due to regulatory changes) that reflects at least one of the following conditions:

- if the modification had been included at initial recognition, it would have entailed:
 - the exclusion of the contract from the scope of application of IFRS 17;
 - the separation of different components of the original contract resulting in a different contract,
 - a substantially different "contract boundary";
 - the assignment to a separate group of contracts;
- the original contract reflects the definition of an insurance contract with direct participation features, but the amended one no longer does or vice versa;
- the original contract is valued with the "premium allocation approach", but the modified contract no longer has the characteristics to be valued with this model or vice versa.

On the contrary, the contractual modifications that do not fall into the listed cases must be treated as a change in the assumptions to value the expected contractual cash flows and consequently amend the Risk Adjustment and the Contractual Service Margin previously calculated.

16- Other information

a) Contents of other financial statement items

Cash and cash equivalents

This item includes legal tender, including foreign banknotes and coins, current accounts and demand deposits with Central Banks, with the exception of the minimum reserve, as well as demand loans to banks. The latter definition includes the available funds that can be withdrawn at any time without notice or with a notice of 24 hours or one working day.

The item is recognised at face value. The face value of foreign currencies is translated into Euro at the closing exchange rate at the period-end date.

Other assets

This item includes assets not attributable to the other balance sheet asset items. For example, this item may contain:

- gold, silver and precious metals;
- accrued income other than that capitalised on the related financial assets, including those deriving from contracts with customers pursuant to the IFRS 15 standard;
- receivables associated with providing non-financial goods or services;
- the tax credits associated with the "Cura Italia" [Heal Italy] and "Rilancio" [Relaunch] Decree Laws;
- payable tax items other than those recognised in item "110. Tax assets".

These may also include any remainders (of the "debtor's balance") of items in transit or suspended not attributed to the specific accounts, because they are of immaterial amounts.

Other liabilities

This item records liabilities not attributable to the other balance sheet liability items.

For example, this item contains:

- payment agreements that under IFRS 2 must be classified as payables;
- payables associated with the payment of non-financial goods or services received;
- accrued liabilities other than those to be capitalised on the related financial liabilities, including those deriving from contracts with customers pursuant to the IFRS 15 standard;
- sundry receivable tax items other than those recognised in item "60. Tax liabilities" connected, for example, to withholding agent activities.

Provisions for employee severance pay and other employee benefits

Pursuant to IAS 19, employee benefits include all types of remuneration envisaged in exchange for the work performed by employees or by virtue of the termination of the employment relationship. Specifically, these are divided into:

- short-term benefits (other than those for termination of the employment relationship) which are expected to be settled within 12 months from the end of the financial year in which the employees rendered their services;
- post-employment benefits such as, for example, employee severance pay and pension funds;
- benefits for the termination of employment due to employees following the company's decision to end the employment prior to the date of retirement;
- long-term benefits (other than those for termination of the employment relationship) which are expected to be settled over a time frame of more than 12 months from the end of the financial year in which the employees rendered their services.

Types of post-employment benefits

The benefits in question include Provisions for employee severance pay and Pension funds, and are classified into two categories, "defined benefit plans" and "defined contribution plans" on the basis of the characteristics of the plans. More specifically, in defined contribution plans, the cost is represented by contributions accrued during the year, since the company only has the obligation to pay the contributions defined by contract to a fund, and has therefore no legal or implicit obligation to pay other amounts in addition to said contributions in the event that the fund does not have sufficient assets to pay all the benefits to employees.

In defined benefit plans, the actuarial and investment risk, namely the risk that contributions are insufficient or that the assets in which contributions are invested do not generate a sufficient return, is borne by the company.

With regard to Provisions for employee severance pay, following the supplementary pension reform, under Italian Legislative Decree no. 252 of 5 December 2005, new regulations were introduced for provisions for employee severance pay accrued beginning from 1 January 2007, recognised for accounting purposes. In particular, for companies which had at least 50 employees in 2006, from an accounting perspective, the portion of provisions for employee severance pay accrued from 1 January 2007 is considered a "defined contribution plan", both if the employee opts for a supplementary pension fund, and if it is paid into the INPS Treasury fund; the charge is, in fact, limited to the benefits established under the Italian Civil Code, without applying any actuarial methodology. Otherwise, the provisions for employee severance pay accrued up to 31 December 2006 will continue to be accounted for as a "defined benefit plan".

The costs relating to employee severance pay are recognised in the income statement under item "190. Administrative expenses: a) Personnel expenses" and include:

- for the part of the defined benefit plan, the interest accrued during the year (interest cost);
- for the portion of the defined contribution plan, the portions accrued during the year and paid to the Supplementary Pension Fund or the INPS Treasury Fund.

Valuation of post-employment benefits represented by defined benefit plans

For defined benefit plans, the liability is calculated by an external actuary using the "Projected Unit Credit Method". On the basis of the cited method, all future disbursements have to be estimated on the basis of demographic and financial assumptions, and are then discounted to take into account the time that will pass before the actual payment, and to be re-proportioned on the basis of the ratio of the years of service accrued and the theoretical seniority estimated at the time the benefit is disbursed.

For discounting purposes, the rate used is determined with reference to the market yield of bonds of leading companies, taking into account the average residual duration of the liability, weighted on the basis of the percentage of the amount paid and advanced, for each maturity, with respect to the total to be paid and advanced until the final extinction of the entire obligation. For further details, please refer to "Section 9 – Provisions for employee severance pay –Item 90" of "Part B – Information on the consolidated balance sheet".

The actuarial value of the liability calculated in this way must then be adjusted by the fair value of any assets underlying the plan (net liabilities/assets).

The actuarial gains and losses that originate from changes in the previous actuarial assumptions, as a result of the actual experience or as a result of changes to the actuarial assumptions themselves, lead to the re-measurement of the net liability and are recognised as a balancing entry to a shareholders' equity reserve (item "120. Valuation reserves"). Said gains and losses are recognised in the "Consolidated statement of comprehensive income".

The change in the liability resulting from an amendment or a reduction in the plan is recognised in the income statement as a gain or loss. In detail, an amendment is made when a new plan is introduced, rather than if an existing plan is withdrawn or amended. On the other hand, there is a reduction when there is a significant decrease in the number of employees included in the plan, such as in the case of plans for reduction of redundant personnel (access to the Solidarity Fund).

Valuation of long-term benefits

The "Projected Unit Credit Method" described above, is also used to measure long-term benefits, such as "seniority bonuses" awarded to employees, which are recognised under item "80. Other liabilities" based on the valuation at the reporting date of the commitments undertaken. Unlike that described for "defined benefit plans", actuarial gains and losses relating to the measurement of long-term benefits are recognised immediately in the income statement.

Valuation reserves

This item includes valuation reserves associated with equity instruments designated at fair value through other comprehensive income, financial assets (other than equity instruments) measured at fair value through other comprehensive income, foreign investment hedges, cash flow hedges and exchange rate differences, property, plant and equipment, the share of valuation reserves related to interests in associates and joint ventures carried at equity, actuarial gains (losses) on defined benefit plans and profit/loss connected to the change in own credit risk relating to fair value option liabilities.

Equity instruments

Equity instruments are instruments representing a residual interest in the assets of the Group, net of its liabilities. The classification of an instrument that can be classified as an equity instrument requires that there be no contractual obligations to make payments in the form of reimbursement of principal, interest or other types of returns.

In particular, the category includes Additional Tier 1 instruments ("AT1") which, in accordance with the provisions of Regulation (EU) no. 575/2013 (CRR), provide for:

- an unlimited duration and the absence of redemption incentives;
- the full discretion of the issuer in the payment of coupons or in the redemption, including early, of the capital. The related call-up/redemption may take place only on the initiative of the issuer, once at least five years have elapsed from the date of issue, also by exercising the call option associated with the instrument.

In addition, AT1 instruments maintain the full discretion of the issuer to restore the nominal value (write-up) subsequent to the trigger event that determined the reduction (write-down).

Those instruments, different from ordinary shares or savings shares, are classified under item "140. Equity instruments" for an amount equal to the price collected for their issue, less the transaction costs that are directly attributable to the transaction, after taxes.

Any coupons paid, after taxes, are posted as a reduction of item "150. Reserves", if and for the amount at which they were paid.

If such instruments are extinguished or repurchased, the difference between the price paid and the book value of such equity instruments is recognised in shareholders' equity under item "150. Reserves".

Share Capital, Own shares and Advances on dividends

Item "170. Share capital" includes shares issued by the bank net of any capital already subscribed but not yet paid up at the annual or interim reporting date. This item includes any own shares held by Group companies. The latter are recognised in the financial statements in their own item as a negative component of shareholders' equity.

The original cost of repurchased own shares and the gains or losses originated by their subsequent sale are recognised as changes to shareholders' equity.

Transaction costs relating to operations on share capital, such as share capital increases, are recorded as a decrease in shareholders' equity, net of any related tax benefits.

Dividends on ordinary shares are recognised as a reduction in shareholders' equity in the year in which the Shareholders' Meeting approves their distribution.

The advances on dividends approved during the year by the Board of Directors of Banco BPM, in compliance with the regulations set forth in Art. 2433-bis of the Italian Civil Code, are recognised with a negative sign in the Balance Sheet liability item "155. Advances on dividends (-)". This item will be valued until the date of approval of the allocation of the profit for the year by the Shareholders' Meeting.

Non-controlling interests

This item shows the portion of consolidated shareholders' equity attributable to non-controlling interests, calculated based on "equity ratios". The amount is calculated net of any own shares repurchased by consolidated companies.

b) Illustration of other significant accounting treatments

Dividends and revenue and cost recognition

Revenue from contracts with customers (IFRS 15)

Revenue is the gross inflow of economic benefits that flow to the entity as payment for its obligation to transfer to the customer a wide range of goods and services that are part of ordinary activities.

Pursuant to IFRS 15, the entity must recognise revenues on the basis of the fee that it expects to receive for the assets or the services provided in the ordinary course of business. In detail, the recognition of revenues must take place on the basis of the following five steps:

- identify the contract, defined as an agreement with commercial substance between two or more parties able to generate rights and obligations;
- identify the performance obligations in the contract;
- determine the transaction price, namely the amount to which an entity expects to be entitled in exchange for the transfer of goods and services;
- allocate the transaction price to each performance obligation on the basis of the stand-alone selling price;
- recognise the revenues allocated to the single performance obligation when the same is satisfied, namely when the customer obtains control of the goods or the services. This recognition takes into account the fact that some services may be rendered at a specific point in time or over a period of time.

Revenues from contractual obligations with customers are recognised in profit or loss when it is probable that the entity will receive the payment to which it is entitled in exchange for the goods or services transferred to the customer. This payment must be allocated to the single obligations covered by the contract and must be recognised as revenue in the income statement based on the timing of fulfilment of the obligation. Specifically, revenue may be recognised in the income statement:

- at a point in time, when the entity settles its performance obligation by transferring the promised good or service to the customer (for example placement fees, brokerage fees, trading fees, subscription fees etc.); or
- over time, as the entity settles its performance obligation by transferring the promised good or service to the customer (e.g., asset management fees, fees on custody services).

The performance obligation is considered fulfilled when the customer acquires control of the transferred good or service.

The consideration promised in the contract with the customer may include fixed amounts, variable amounts or both. Specifically, the consideration for the contract may vary as a result of redemptions, discounts, refunds, incentives, performance bonuses or similar items. The variability of the consideration may also depend on whether or not a future event occurs. In the presence of variable consideration, the revenue is recorded in the income statement when it is possible to estimate the revenue reliably and only if it is highly probable that this amount will not subsequently have to be reversed in the income statement, in whole or in a significant part. Therefore, the Group does not recognise performance fees on asset management or revenues related to contingent events that are beyond its control (e.g. *rappel*), as long as the uncertainties related to the recognition of the aforementioned revenues will not be resolved.

If the entity receives a payment from the customer that it expects to refund to the customer, in whole or in part, against the revenue recognised in the income statement, a liability should be recognised, estimated on the basis of expected future refunds (known as a "refund liability"). The estimate of this liability is updated at each annual or interim reporting date and is carried out based on the portion of the amount that the entity expects not to be entitled to.

Lastly, it should be noted that the Group's fees generally come from contracts in which the performance obligation is short-term. Therefore, the Group's contracts do not have a significant financial component, nor do they envisage the recognition of significant receivables or assets for advance payments. Lastly, due to its short duration, there are no costs directly related to the contract to be recognised as an asset, pursuant to IFRS 15.

Costs

Costs associated with obtaining and fulfilling contracts with customers are recognised in the income statement in the periods in which the corresponding revenues are accounted for. Costs that are not directly associated with revenues are immediately charged to the income statement.

Revenues and costs related to financial instruments

With reference to income and charges relating to financial assets/liabilities, it should be noted that:

- interest is recognised *pro-rata temporis* on the basis of the contractual interest rate or the effective interest rate if the amortised cost method is used. In the latter case, any marginal costs and incomes, considered an integral part of the return of the financial instrument, are calculated in the effective interest rate and recognised as interest. Negative income components accrued on financial assets are recognised under item "20. Interest and similar expense"; the positive economic components accrued on financial liabilities are recognised under item "10. Interest and similar income". The item interest income (or interest expense) also includes the positive (or negative) spreads or margins accrued until the reporting date, relating to financial derivative contracts:
 - hedging financial assets and liabilities that generate interest;
 - classified in the balance sheet in the trading book, but operationally connected with financial assets and/or liabilities designated at fair value ("Fair value option") that generate interest;
 - operationally connected with assets and liabilities classified in the trading book and which envisage the settlement of spreads or margins at multiple maturities;
- default interest, if provided for by contract, is recorded in the income statement only when actually collected;
- dividends are recognised in the income statement when the legal right to collect them ensues, and, therefore, when their distribution is resolved and the right to receive the relative payment matures;
- fees and commissions for revenues from services are recognised, on the basis of existing contractual agreements, in the period in which the services are provided. Fees and commissions considered in the amortised cost for the purposes of determining the effective interest rate are recognised under interest;
- profits and losses from initial recognition of the fair value of financial instruments are recognised in the income statement at the time of recognition of the transaction, based on the difference between the price paid or collected and the fair value of the instrument, only when the fair value can be determined by referring to current observable market transactions or using valuation techniques the inputs of which are observable market parameters. Otherwise, these profits and losses are distributed over time, taking the nature and the term of the instrument into account;
- gains and losses deriving from the sale of financial instruments are recognised in the income statement when the sale is completed, with the relative transfer of the risks and rewards, based on the difference between the amount received and the book value of the instruments.

Share-based payments

Share-based payments are payments made to employees, as a consideration for work performed, settled with equity-linked instruments, which may, for example, consist of the assignment of:

- stock options;
- rights to receive shares when specific targets are reached.

For accounting purposes, in accordance with IFRS 2, payments based on own shares are configured as equity-settled plans, to be recorded on the basis of the fair value of the services received.

Considering how difficult it is to directly estimate the fair value of work received in exchange for the assignment of shares, it is possible to indirectly measure the value of services received, by referring to the fair value of the equity-linked instruments at their assignment date.

Employee incentive plans based on own shares are therefore recognised in the income statement (item "190. Administrative expenses: a) Personnel expenses") as a balancing entry to a corresponding increase in shareholders' equity (item "150. Reserves"), on the basis of the fair value of the financial instruments assigned at the assignment date and on the basis of the accrual basis of the service provided.

In detail, when assigned shares cannot be immediately "used" by the employee but can be used when the employee has completed a given term of service, the company shall pay the cost as a consideration for the service provided throughout the vesting period.

For subsidiaries, incentive plans based on the Parent Company's shares, and not on own shares, are cash settled plans. In accordance with IFRS 2, in the respective company financial statements, the cost pertaining to the period is therefore recorded among personnel expenses, as a balancing entry to an increase in the liability item "100. Provisions for risks and charges". In the context of the consolidated financial statements, these plans, as they are settled through shares of the Parent Company, are instead represented as equity-settled plans on the basis of the treatment described above.

Repurchase agreements, securities lending and forward agreements

Repurchase or forward agreements not held for trading, whereby the Group sells securities to third parties with the obligation to repurchase them upon maturity of the transactions at a predetermined price are recognised in payables due to banks or to customers, depending on the counterparty. Likewise, repurchase or forward agreements not held for trading, whereby the Group acquires securities from third parties with the obligation to resell them upon maturity of the transactions at a predetermined price are recognised in loans to banks or to customers (accounting categories of "Financial assets at amortised cost"), depending on the counterparty. The difference between the spot and forward price of the above-mentioned transactions is recognised as interest (expense or income depending on the case) on an accrual basis throughout the life of the transaction. Securities lending transactions in which the guarantee is represented by cash which is fully available to the lender are recognised in the financial statements like the above-mentioned repurchase agreements.

In the case of securities lending transactions with a guarantee consisting of other securities, or with no guarantee, the lender and the borrower continue to recognise the security subject to the loan and any security provided as a guarantee, respectively, in the balance sheet assets. The remuneration of this transaction is recognised by the lender in item "40. Fee and commission income" and by the borrower in item "50. Fee and commission expense".

Repurchase and reverse repurchase agreements, albeit held to maturity, can be classified under assets and liabilities held for trading if managed on the basis of their fair value, through the creation or elimination of exposures along the interest rate curve, i.e. entering into a series of transactions able to offset existing transactions. The aforementioned dynamic management would make it possible to achieve the same results that would have been achieved by buying and selling repurchase and reverse repurchase agreements, with the aim of achieving a short-term profit.

Offsetting financial instruments

In accordance with IAS 32, paragraph 42, financial assets and financial liabilities may be offset and the net balance may be reported in the financial statements if the entity:

- has a legally enforceable right to make said offsets, currently exercisable in all circumstances, where they refer to regular business operations or to situations of default, insolvency or bankruptcy of the parties;
- intends either to settle the transactions on a net basis, or to settle the same on a gross basis, the substantial effects of which are equivalent to a settlement on a net basis.

For derivative instruments covered by netting arrangements, which meet the requirements illustrated above, Circular no. 262 envisages that all trading derivatives and all hedging derivatives may be offset. If the imbalance of trading derivatives is the opposite sign of that of the imbalance of all hedging derivatives, said imbalances are to be reported on a net basis: usually, the net balance is allocated to the trading book rather than as hedging derivatives, depending on the prevailing absolute value of the imbalance of trading derivatives compared to that of hedging derivatives.

In accordance with the requirements of accounting standard IFRS 7, further information is provided in the tables contained in "Part B - Information on the consolidated balance sheet - Other information" in these Notes to the financial statements. In particular, these tables show:

- the book values of assets and liabilities that meet the requirements set out by IAS 32, paragraph 42, before and after netting in the accounts;
- exposures subject to master netting arrangements that did not give rise to netting, but could activate it as a result of specific circumstances;

- the collateral guarantees connected thereto.

Traditional securitisations - derecognition from financial statements of financial assets sold

In securitisation transactions put in place by the Group, the transfer of financial assets to an SPE (special purpose entity), even if with recourse, entails the derecognition of these assets from the financial statements, only if there is a substantial transfer of the risks and rewards. In the event that the substantial transfer of risks and rewards cannot be verified, the assets sold are derecognised if the Group relinquishes all control over them. In the event of such circumstances, the difference between the book value of the assets sold and the amount received, including the new assets acquired, is recognised as a gain or loss in the income statement.

Otherwise, there is no derecognition from the financial statements if the Group has maintained the risks and rewards associated with the securitised portfolio, even though it has been sold without recourse, for example via the comprehensive subscription of a tranche of junior securities or securities that bear the risk of the initial losses or through the assumption of similar exposures. Consequently, the transferred receivables must continue to be recognised in the separate financial statements of the originator bank as "Assets sold and not derecognised", while the consideration collected for the transfer is recognised as a balancing entry to the payable owed to the SPE, net of the securities subscribed by the bank in question. In the consolidated financial statements, the main impact of the consolidation of the SPE and of the related assets of the securitisation, if the requirements of control established by IFRS 10 are fulfilled, is that the securities issued by the SPE and subscribed by entities not belonging to the Group are recorded in the consolidated balance sheet.

For further details, see the information reported in these Notes to the financial statements in "Part E - Information on risks and related hedging policies, 1.1 Credit risk, C. Securitisation transactions".

Synthetic securitisations

In synthetic securitisation transactions, through the contracting of collateral arrangements, the Group purchases protection from the credit risk underlying a portfolio of loans, of which it retains full ownership.

Therefore, synthetic securitisation transactions aim to free up regulatory and economic capital by reducing the level of credit risk of the portfolio underlying the transaction (Significant Risk Transfer - SRT), which is transferred to an external counterparty without entailing the derecognition of the assets.

The SRT must be constantly monitored also during the course of the transaction, in order to verify that the criteria envisaged by the regulations which provide that the Originator retains a portion of the net economic interest (Retention) of at least 5% of the nominal value of the securitised portfolio are respected.

The transactions are structured in different tranches (Junior, Mezzanine and Senior) according to the risk level of the portfolio.

With regard to the accounting treatment, synthetic securitisation transactions stipulated by the Group are considered financial guarantees received, insofar as the Group exclusively provides the purchaser with protection against credit risk.

The premium paid to the investor for credit risk protection is recorded in income statement item "50. Fee and commission expense", throughout the duration of the guarantee. Any enforcement of the financial guarantee received by the investor, which occurs if the conditions established in the contract materialise (so-called "credit event") and referring to the securitised loans, contributes to the overall determination of income statement item "130. Net credit impairment losses/recoveries".

For further details, see the information reported in these Notes to the financial statements in "Part E - Information on risks and related hedging policies, 1.1 Credit risk, C. Securitisation transactions".

Leases

IFRS 16 defines a lease as a contract, or part of a contract, on the basis of which the lessor grants to the lessee the right to use (ROU, Right Of Use) an identified asset for a certain period of time in exchange for a certain consideration. The key elements for defining whether a contract, or part of it, comes under the definition of a lease are the fact that the asset is identified, and that the lessee has the right to control the use of the same and to receive substantially all its economic benefits.

Accounting in the lessee's financial statements

If the Group acts in the capacity of lessee, the IFRS 16 accounting model provides for recognition in the balance sheet of a liability on the basis of the present value of the future instalments to be paid for the contractual term as a balancing entry to the recognition, among the assets, of the right of use of the asset covered by the lease contract.

In detail, the date of initial recognition of the asset and the liability in the company's balance sheet corresponds to the start date of the contract, that is the date on which the asset is made available to the lessee.

At this date the lessee recognises:

- under item "90. Property, plant and equipment", the right-of-use asset, determined by the sum of the following amounts:
 - present value of the future payments (amount of the liability recognised);
 - initial direct costs, understood as incremental costs for obtaining the lease that would not otherwise have been incurred (for example brokerage commissions for agents and success fees);
 - lease payments paid on or before the commencement of the lease (for example, a maxi-instalment);
 - estimate of any costs for removal and reinstatement, recognised in accordance with IAS 37;
 - net of any lease incentives received from the lessor;
- under item "10. Financial liabilities at amortised cost", the financial liability, equal to the present value of the payments due for the lease. The discount rate used is equal to the incremental borrowing rate as at the date on which the contract is signed, which coincides with that used for management purposes (Internal Transfer Rate - "ITR" - of the funding). This rate, which expresses the average cost of both secured and unsecured funding of the Group projected in the time bracket in which the due date of the contract falls, takes into account the credit rating of the lessee, the duration of the lease, as well as the economic environment in which the transaction takes place, in line with the requirements of IFRS 16.

In identifying a lease contract, unless provided for otherwise, Banco BPM Group avails itself of the option granted by IFRS 16 not to consider:

- short-term leases, i.e. those with a maturity of less than or equal to 12 months; this choice must be made by classes of underlying assets;
- leases of low value assets, i.e. with a value when new of less than 5,000 euro. For this category (which includes, among other things, PCs, monitors and telephones), the option of exemption from IFRS 16 can also be carried out contract by contract.

The costs of the fees relating to these types of assets are charged directly to the income statement under item "190. Administrative expenses: b) Other administrative expenses" at the time of accrual.

In addition, the Group has opted not to apply IFRS 16 to leases of intangible assets.

With reference to the lease term, in addition to the period that cannot be cancelled, during which the Group cannot avoid paying charges, extension options were considered if their exercise by the Group was held to be reasonably certain, considering all facts and circumstances. More specifically, with reference to contracts envisaging the faculty of the lessee to renew the lease at the end of the first period, the Group considers the initial term of the rental contract (for example 12 years for 6 + 6 year rental contracts) and, once this term has ended, the following first renewal period (for example the next 6 years), where there is no reasonable evidence that may lead to another renewal period or, vice versa, the end of the contract. In addition, it is assumed that the lease contract is renewed in the subsequent period if in the 12 months before expiry of the first period or of the subsequent renewal the lessee has not given notice to the lessor.

After recognition:

- the right-of-use asset must be measured at cost on the basis of IAS 16 and subject to depreciation and any impairment, in accordance with IAS 36, for the term of the contract or the useful life of the asset. These income components are recognised under item "210. Depreciation and impairment losses on property, plant and equipment";
- the liability is measured at amortised cost, or it is increased following the accrual of the interest payable, calculated at the incremental borrowing rate on the date of stipulation, as indicated above, and gradually reduced as a result of payment of the instalments (principal and interest portions).

In the event of changes in the payments due for the lease, the liability must be redetermined, on the basis of adjusted instalments and of the incremental borrowing rate on the date of the adjustment, as a balancing entry to the right-of-use asset. The change may result in the recognition of a separate lease (if the subject of the contract in force increases) or a change to the existing contract (lease modification). In the event of a lease modification, the change in the lease payable on the date of effectiveness of the modification, recognised as a balancing entry to the right of use, with the exception of the gains and losses resulting from the (partial or total) derecognition of the lease, which are included in the income statement, under the same item in which the depreciation is recognised.

Accounting in the lessor's financial statements

If the Group acts in the capacity of lessor, the IFRS 16 accounting model envisages that it must be stated whether the assets have been granted under a finance lease or under an operating lease, according to the different accounting treatment applicable to the two types.

More specifically, a lease is classified as finance lease if it transfers substantially all the risks and rewards to the lessee. Finance leases, in practice, are loan contracts with which the lease company purchases an asset, on behalf of the lessee, granting it the right of use.

The accounting in the lessor's financial statements is done with the financial method, through recognition of a loan of an amount equal to the principal of the instalments to be received (plus "up-front" external transaction costs not recovered and minus "up-front" transaction revenues that contribute to the remuneration of the receivable), as if it were a loan operation.

Subsequently, the receivable is measured at amortised cost, equal to the initial recognition value decreased by repayments of principal, decreased/increased by the amortisation - calculated according to the effective interest rate method - of the difference between the amount disbursed and the amount repayable at maturity, typically comparable to the costs/income directly associated with the individual receivable. The receivables are subject to impairment rules. For more details of the rules on accounting for receivables measured at amortised cost please see the contents of the previous paragraph "3 - Financial assets at amortised cost".

For operating lease transactions, in the financial statements of the lessor, the owned assets granted under the lease continue to be recognised and the lease payments are recognised in the income statement as revenues. At Group level, the case regards owned properties rented; in this event, said properties continue to be recognised under "Property, plant and equipment held for investment purposes", based on the relative valuation criterion (fair value). In the income statement, income generated by the rental of the above-mentioned assets is included in item "230. Other operating expenses/income".

Off-balance sheet credit exposures - guarantees given and commitments

General off-balance sheet credit exposures are represented by the guarantees issued and by the irrevocable commitments to disburse funds at predetermined terms and conditions entailing the assumption of a credit risk and fall within the scope of the impairment provisions of IFRS 9.

The initial recognition value of guarantees given equals the fair value, which normally corresponds to the amount received on issuing the guarantee.

Subsequently, the guarantees given are measured at the higher of the amount recognised on initial recognition, net of any amortisation charge, and the amount estimated to fulfil the obligation.

To calculate expected losses, the same allocation methods in the three stages of credit risk described in IFRS 9 and already described in paragraphs "3 – Financial assets at amortised cost" and "2 – Financial assets measured at fair value through other comprehensive income", as well as in paragraph "16 – Other information, Methods for determining impairment losses on IFRS 9 financial instruments", are used.

As indicated in paragraph "10 – Provisions for risks and charges", the provisions relating to the write-down of guarantees given and commitments to disburse funds are recognised under balance sheet item "100. Provisions for risks and charges: a) commitments and guarantees given". In accordance with the provisions contained in Circular no. 262 of the Bank of Italy, the balancing entry is the income statement item "200. Net provisions for risks and charges: a) commitments and guarantees given".

Business combinations, goodwill and changes in interest holdings

A business combination represents the transfer of control of an enterprise (or an integrated group of assets and goods, conducted and managed consistently). To this end, control, as illustrated in part "A.1, Section 3 – Scope of consolidation and methods", is considered transferred when the investor is exposed to variable returns, or holds rights to said returns, resulting from its relationship with the investee company and, at the same time, is able to influence returns by exercising its decision-making power over said entity.

A combination may give rise to an investment relationship between the acquiring Parent Company and the subsidiary acquired. In such circumstances, the acquirer applies standard IFRS 3 "Business combinations" in the consolidated financial statements while in the separate financial statements the shareholding acquired as an interest in the subsidiary is recorded, applying accounting standard IAS 27 "Separate Financial Statements".

A business combination may also envisage the purchase of the net assets of another entity, including any eventual goodwill, or the acquisition of the capital of another entity (mergers, conferrals, business segment acquisitions). A combination of this type does not translate into an investment relationship similar to that between the parent and subsidiary company and therefore in these cases accounting standard IFRS 3 applies also in the separate financial statements of the acquirer.

Business combinations are recognised using the purchase method, which requires: (i) the identification of the acquirer; (ii) the determination of the acquisition date; (iii) the calculation of the cost of the business combination; (iv) the allocation of the purchase price ("Purchase Price Allocation").

Identification of the acquirer

For all business combinations, IFRS 3 requires the identification of an acquirer, identified as the party that obtains control over another entity, meaning the power to establish the financial and operational policies of that entity in order to obtain benefits from its business activities. For business combinations that result in the exchange of shareholdings, the identification of the acquirer must consider factors such as: (i) the number of new ordinary shares with voting rights issued with respect to the total number of ordinary shares with voting rights which will constitute the share capital of the company existing after the combination; (ii) the fair value of the entities that participate in the combination; (iii) the composition of the new corporate bodies; (iv) the entity that issues the new shares.

Determination of the acquisition date

The acquisition must be recognised on the date on which the acquirer effectively obtains control of the business and/or of the assets acquired. When the acquisition is made by means of a single exchange transaction, the date of exchange coincides with the acquisition date, unless the parties agree to a transfer of control before the date of exchange.

Calculation of the cost of the business combination

The price transferred in a business combination equates to the fair value, as of the acquisition date, of the assets transferred, the liabilities incurred and the equity instruments issued by the acquirer in exchange for obtaining control over the entity acquired.

The price which the acquirer transfers in exchange for the entity acquired includes any asset or liability emerging from an agreement on the potential price, to be recorded as of the acquisition date on the basis of the fair value. Changes to the transferred price are possible if they derive from additional information on events or circumstances which existed as of the acquisition date and are recognisable within the business combination measuring period (or rather within twelve months of the date of acquisition, as will be specified further on). Any other change which derives from events or circumstances subsequent to the acquisition, such as for example that acknowledged to the seller linked to achievement of specific income-related performances, must be recognised in the income statement.

The costs relating to the acquisition, which include brokerage commission, advisory, legal, accounting and professional costs, general administrative expenses, are recorded in the income statement at the time they are incurred, with the exception of the costs for issuing shares and debt securities which are recorded on the basis of the matters laid down by IAS 32 and IFRS 9.

Purchase Price Allocation (PPA)

On the basis of the acquisition method, at the acquisition date, the acquirer must allocate the cost of the business combination (the "Purchase Price Allocation" or PPA) to the identifiable assets acquired and the liabilities assumed

measured at the relative fair values at that date, also recognising the value of the minority interests of the acquired entity. Exceptions to the application of this principle include the recognition:

- of income taxes;
- of liabilities relating to employee benefits;
- of assets deriving from indemnities;
- of rights reacquired;
-
- of transactions with share-based payments;
- of assets held for sale

to which the respective reference principles shall apply.

Therefore, it is necessary to draw up a balance sheet of the acquired company at the acquisition date, calculating at fair value the identifiable assets acquired (including any intangible assets not previously recognised by the acquired entity) and the identifiable liabilities assumed (including contingent).

With regard to each business combination, the non-controlling interests can be recorded at fair value or in proportion to the portion held in the identifiable net assets of the company acquired.

In addition, if control is achieved by means of subsequent acquisitions (business combinations carried out in several phases, known as step acquisitions), the shareholding previously held is measured at fair value as of the acquisition date and the difference with respect to the previous book value must be recorded in the income statement on in the other income components of the statement of comprehensive income, as appropriate. More specifically, any change in the value of the shareholding already held recognised as a balancing entry to the valuation reserves must be recognised in the statement of comprehensive income or in the income statement, on the basis of the same treatment that would have been applied in the event of the direct sale of the investment.

At the acquisition date, the acquirer therefore must determine the difference between:

- the sum of:
 - the cost of the business combination;
 - the amount of any minority interests as described above;
 - the fair value of any interest holdings previously held by the acquirer; and
- the fair value of the net identifiable assets acquired, including contingent liabilities.

Any positive difference must be recognised as goodwill; otherwise, the emergence of a negative difference entails recognition in the income statement of the entity resulting from the business combination as profit deriving from a bargain purchase (negative goodwill or badwill), after making a new measurement to ascertain the proper process for identifying all assets acquired and liabilities assumed.

Identification of the fair value of the assets and liabilities may provisionally take place before the end of the year in which the business combination takes place and must be finalised definitively within a maximum period of twelve months as from the acquisition date (measuring period).

Once control has been obtained and the acquisition method previously described applied, any further increase or decrease in the shareholding in a subsidiary company which continues to be controlling is recorded as a transaction between shareholders. Therefore, the book value of group shareholders' equity and non-controlling interests must be adjusted to reflect the changes in the holding in the subsidiary. Any difference between the value for which the non-controlling interests are adjusted and the fair value of the price received or paid must be recorded directly in the group shareholders' equity.

In the presence of an event that results in a loss of control, the effect to be recognised in the income statement is equal to the difference between (i) the sum of the fair value of the price received and of the fair value of the residual shareholding held and (ii) the prior book value of the assets (including goodwill), of the liabilities of the subsidiary, and any non-controlling interests. The amounts previously recognised in the statement of comprehensive income (such as the valuation reserves of financial assets measured at fair value through other comprehensive income) must be recorded in the same way as required in the event that the parent company has directly disposed of the assets and the related liabilities (by means of reclassification in the income statement or shareholders' equity).

The fair value of any shareholding held in the former controlling interest must be considered equal to the fair value at the time of initial recognition of a financial asset on the basis of IFRS 9 or, if appropriate, equal to the cost at the time of initial recognition in an associated company or a jointly-controlled entity.

Business Combinations Under Common Control

Transactions achieved for reorganisation purposes, between two or more businesses or corporate assets forming part of the Group, are not considered to be business combinations. These transactions (business combinations under common control) are excluded from the scope of application of IFRS 3 and, in the absence of a reference standard, are accounted for with reference to Assirevi's preliminary interpretative documents/guidelines, or in continuity of the values of the entity acquired in the financial statements of the acquirer, if they do not have a significant influence on future cash flows. In particular, the values adopted are those resulting from the Group's consolidated financial statements at the date of transfer of the assets. This is in compliance with the matters established by IAS 8 paragraph 10, which requires, in the absence of a specific standard, the use of one's own judgement when applying an accounting standard for the purpose of providing relevant, reliable, prudent disclosure which reflects the economic essence of the transaction.

Methods for determining impairment losses on IFRS 9 Financial Instruments

At each annual or interim reporting date, loans and debt securities classified under "Financial assets at amortised cost" and "Financial assets measured at fair value through other comprehensive income" - as well as off-balance sheet exposures represented by commitments to disburse funds and the guarantees given - must be subject to impairment in order to estimate expected losses in value due to credit risk ("ECL - Expected Credit Losses").

General features of the impairment model

According to the Expected Credit Losses calculation model, losses must be recorded not only with reference to objective evidence of impairment losses that had already occurred at the valuation date, but also on the basis of expectations of future impairment that has not yet occurred.

In particular, the ECL model states that the aforementioned instruments must be classified into three distinct stages, according to their absolute or relative credit quality or compared to the initial disbursement, to which different criteria correspond for measuring the expected losses. Specifically:

- Stage 1 includes both originated and acquired performing financial assets that display no significant deterioration in credit risk (SICR - Significant Increase in Credit Risk) with respect to the initial recognition date;
- Stage 2 includes performing financial assets with significant deterioration in credit risk (SICR) on the valuation date compared to the initial recognition, albeit not impaired;
- Stage 3 includes all exposures for which one or more events capable of negatively impacting cash flows are found (evidence of impairment), namely exposures that are considered non-performing.

For Stage 1 exposures, the expected credit loss is accounted for, on the date of initial recognition and on each subsequent reporting date, for up to one year; for Stage 2 and 3 exposures, expected credit losses are recognised over the entire residual lifetime of the instrument.

An exception to the foregoing is represented by financial assets that are considered non-performing from the time of their acquisition or origin (POCI - Purchased or Originated Credit Impaired). Please refer to the paragraph "Acquired or originated impaired financial assets" for more information on this.

For Banco BPM Group, the scope of the exposures classified in Stage 3 corresponds to that of non-performing loans, identified in accordance with the definitions established by the supervisory provisions in force (Bank of Italy Circular no. 272 "Matrix of accounts") and referred to by Bank of Italy Circular no. 262 "Bank financial statements: layouts and rules for preparation", insofar as retained consistent with IAS/IFRS standards in terms of objective evidence of impairment. Specifically, the circulars identify the following categories of non-performing assets:

- **Bad Loans:** these represent the set of on and off-balance sheet exposures with respect to a party in a state of insolvency (even if not ascertained in court) or in substantially equivalent situations, irrespective of any loss forecasts developed by the Bank;
- **Unlikely to Pay:** these represent on and off-balance sheet exposures for which the conditions are not met for the classification of the debtor under bad loans and for which it is deemed unlikely that the debtor will meet its credit obligations (for principal and/or interest) in full without recourse to actions such as the enforcement of guarantees. This assessment is carried out irrespective of the presence of any amounts (or instalments) past due and unpaid. Classification as unlikely to pay is not necessarily linked to the explicit presence of

anomalies, such as non-repayment, but it is linked to the existence of elements indicative of a situation of risk of default by the debtor (for example, a crisis in the industrial sector in which the debtor operates);

- Non-performing past due and/or overdue exposures: on-balance sheet exposures, other than those classified as bad or unlikely to pay loans which, at the reference date, have a past due and/or overdue position for more than 90 days, in accordance with the thresholds of significance provided for by law. For Banco BPM Group, non-performing past due and/or overdue exposures are determined by making reference to the position of the individual debtor.

In addition, in line with EBA standards, Bank of Italy regulations have introduced the definition of "forborne exposures". In particular, these are exposures benefiting from forbearance measures, which consist of concessions, in terms of changes to and/or the refinancing of an existing loan, granted only to debtors in financial difficulty, or to prevent the financial difficulty of the same, which could have a negative effect on his ability to fulfil his original contractual obligations. They are not granted to a debtor with the same risk profile but who is not in financial difficulty. These forbearance measures must be identified in terms of individual credit lines and may regard the exposures of debtors classified both as performing and non-performing.

For exposures with forbearance measures classified as unlikely to pay, the return to performing exposures, and in particular in Stage 2 exposures, can occur only after one year has elapsed since it was granted (the probation period) and all the other conditions laid out in paragraph 157 of the EBA's ITS are met.

In any event, renegotiated exposures must not be considered forborne when the debtor is not in a situation of financial difficulty: these are renegotiations granted for commercial reasons.

Impairment losses on performing financial instruments

Regarding performing financial assets, i.e. those assets not considered impaired, as defined above, it is necessary to assess, at each reporting date and at the individual relationship level, the existence of a significant increase in credit risk (SICR – "Significant Increase in Credit Risk") by comparing the credit risk associated with the financial instrument at the time of valuation and at the time of initial disbursement or acquisition. This comparison is made on the basis of quantitative and qualitative criteria. More specifically, in order to identify the existence of a significant deterioration in credit quality and the subsequent transfer of the financial instrument from Stage 1 to Stage 2, Banco BPM Group has identified the following criteria (Stage Assignment):

- relative quantitative criteria, based on statistical observations or on changes in the PD beyond a specific threshold considered as a backstop indicator, retained an indication of a significant increase of credit risk over time;
- absolute qualitative criteria, represented by the identification of trigger events or by the surpassing of absolute thresholds as part of the credit monitoring process;
- backstop indicators, namely credit delinquency factors, the emergence of which leads to the assumption that there has been a significant increase of credit risk, unless there is evidence to the contrary.

If these criteria are met, the financial asset is included in Stage 2 and the consequent measurement, even in the absence of an established impairment loss, involves the recognition of value adjustments equal to the expected losses over the entire residual life of the financial instrument, in line with the provisions of international accounting standards. These adjustments are subject to review at each subsequent reporting date, both to periodically verify their consistency with the constantly updated loss estimates and to take into account - in the event that the indicators of a "significantly increased" credit risk no longer exist - the changed forecast horizon used to calculate the expected loss.

Otherwise, where the above-mentioned indicators are not disclosed, the financial asset is included in Stage 1 and the consequent valuation involves the recognition of expected losses, for the specific financial instrument, over the course of the following twelve months.

These adjustments are subject to review at each subsequent reporting date, both to periodically verify their consistency with the constantly updated loss estimates and to take into account - in the event that the indicators of a "significantly increased" credit risk should emerge - the changed forecast horizon used to calculate the expected loss.

Once the allocation to the various stages of credit risk has been defined, the expected credit losses (ECL) are determined by assigning the following risk parameters to each individual transaction or tranche:

- PD (Probability of Default): represents the probability that a performing exposure can move to impaired status over the course of one year. This factor is quantified using internal exposure rating models or on the basis of average segment/portfolio data;

- LGD (Loss Given Default): the percentage of loss in the event of default, quantified on the basis of historical experience of recoveries discounted on the basis of impaired accounts;
- EAD (Exposure at Default): the exposure at the moment of default.

Value adjustments for expected losses are then quantified as a product of PD, LGD and EAD.

The models used to estimate these parameters employ the same parameters used for regulatory purposes, making specific adjustments to account for the different requirements and purposes between accounting and prudential regulations.

For more details on the model for determining expected losses on performing exposures, with specific reference to the criteria of stage assignment, to the calculation methods for risk parameters, to the forecast macroeconomic scenarios and to the related probabilities of occurrence, refer to that illustrated in paragraph "2.3 Measurement methods for expected losses" contained in Part E of these Notes to the financial statements, in the section on credit risk.

Impairment losses on non-performing financial instruments

As illustrated above, for non-performing financial assets, to which a 100% probability of default is associated, the amount of adjustments for expected losses relating to each loan is equal to the difference between its book value (interim situation) at the time of valuation (amortised cost) and the present value of expected future cash flows, calculated by using the original effective interest rate or a reasonable approximation if the original rate is not directly available. Cash flows are estimated on the basis of expected recovery over the entire lifetime of the asset, after taking into account the estimated realisable value of any guarantees.

To estimate the expected cash flows collected and the related time frames, the receivables in question undergo an analytical evaluation process. For some similar categories of non-performing loans, as better defined below, the assessment processes establish that the loss forecasts are based on a "lump-sum" calculation method, to be applied analytically to each individual position. In this regard, in the course of 2024, a corrective intervention was introduced whereby the aforementioned write-downs, based on a "lump-sum" calculation method, replicate the outcomes of the regulatory model ELBE (Expected Loss Best Estimate) appropriately adapted to the requirements of IFRS 9 on the basis of an appropriate scaling factor. The scope of exposures subject to lump-sum valuation is represented by:

- bad loans and unlikely to pay with gross exposures below or equal to an established threshold of 1 million;
- non-performing past due gross exposures below or equal to an established threshold of 1 million. In particular, these are loans which show uninterrupted overdrafts or late payments, automatically identified by the Group's IT procedures, based on the cited rules of the Supervisory Authority.

Depending on the non-performing status and type of exposure, the recovery value is determined using a going concern approach rather than a gone concern approach.

The going concern approach is implemented if it is considered that the debtor's operating activity may continue to generate, in the foreseeable future, cash flows to be used for the payment of financial debts to all creditors, based on expected repayment schedules. The approach in question establishes, as a source of repayment, the profitability available deriving from the customer's operating activity or from other financial sources, as well as the estimated amount deriving from the enforcement of any collateral or personal guarantees (for the portion not covered by the available profitability). The available profitability assessment must be carried out prudentially using different analyses, depending on the type of customer and the data acquired by it.

The gone concern approach is used when the customer's operating activity is found or is expected to cease and the main source of repayment is the amount deriving from the enforcement of collateral (pledge or mortgage), as is the case for all exposures classified as non-performing. In addition, possible repayment flows from seizable assets owned by the debtor or any guarantor must be evaluated.

In line with the targets for the sale of non-performing credit exposures, established on each occasion by the Board of Directors, the quantification of expected losses of the aforesaid exposures includes forward-looking elements, via the introduction of specific sales scenarios, where the Group's NPL strategy establishes that the aforementioned loans may be recovered through sale on the market, with a view to pursuing a de-risking strategy aimed at reducing the NPL ratio, i.e. the percentage of non-performing loans compared to total loans.

Consequently, the estimate of the expected losses of these positions reflects not only the recovery through ordinary operations (work out), but also the presence, appropriately calibrated, of the sales scenario and therefore, of the relevant cash flows.

As expressly provided for by the ITG¹ of the IASB, it is possible to consider the flows recoverable through sale when determining the expected losses, to the extent that it is possible to develop expectations and assumptions inferred on the basis of reasonable and demonstrable information (please see the following document: "Meeting Summary – 11 December 2015 - Inclusion of cash flows expected from the sale on default of a loan in the measurement of expected credit losses").

In line with the sales targets established on each occasion by the Board of Directors, the Group's exposures classified as bad loans or unlikely to pay, are valued by configuring two different estimates of expected cash flows:

- the first is determined assuming recovery from the debtor based on internal activity, according to the ordinary valuation guidelines followed by the Group as illustrated above (work out scenario);
- the second is determined assuming recovery by assigning the receivable (sale scenario), whose estimate is taken from the amount defined for internal recovery.

The estimate of recoverable flows is therefore equal to the weighted average of the probabilities assigned to the two scenarios of the estimated cash flows that the Group expects to receive in the two aforesaid scenarios. Expected losses are therefore determined on the basis of the difference between the gross value of the credit exposure and the estimated lower recoverable flows.

The method of estimating expected losses therefore involves the following steps:

- the segmentation of the portfolio into different clusters considered relevant for the analysis of the portfolio, according to the status (bad loans or unlikely to pay), the date on which they were classified as non-performing (vintage), the amount of the exposures, the existence of planned sales;
- the assignment of a different probability of sale to each cluster, consistent with the achievement of the level of target transfers resolved by the relevant corporate bodies;
- the determination of the recovery flows through sale, based on an internal model of discounting the recoverable cash flows, on the basis of the Discounted Cash Flow technique and some parameters considered representative from the point of view of the potential buyer, with the aim of reaching a price for the hypothetical sale of each cluster, suitably calibrated in order to take into account the comparable transactions observed on the market.

Taking into account that loans likely to be sold cannot be individually identified on the reporting date, the model provides that each loan is associated with a probability of sale.

The expected credit loss for the loans in question is therefore equal to the weighted average of the probabilities assigned to the two scenarios of the estimated cash flows recoverable in the two scenarios (workout and sale).

Probability is assigned to the various scenarios assuming the segmentation of the total portfolio of exposures classified as bad loans or unlikely to pay, in accordance with the main characteristics that influence the value attributed by the market to loans of this type (vintage, amount of the exposures).

The assignment of the probabilities to the various clusters is guided by the amount of the target transfers approved from time to time by the Board of Directors. In other words, the probabilities are assigned to the various clusters in such a way that the sum of the total nominal values of each cluster multiplied by the relative probability of sale (hereinafter also "expected sale value") amounts to the aforementioned amount of target sales approved by the Board of Directors. The probabilities assigned to the various clusters vary over time and can range from a minimum value of 0%, assigned to positions that will be excluded from the sale due to their intrinsic characteristics, up to a maximum of 85%, assigned to the cluster that includes the loans deemed more likely to sell (planned sales). The composition of the clusters also varies over time depending on the trend of market appetite for the various types of exposures and the consequent assessments of economic value made by the competent Bank bodies.

The valuation methodology used to calculate the recovery flows through sale is based on a discounting process for the recoverable cash flows (discounted cash flows), which takes into account the main parameters that are normally considered by potential buyers when defining the purchase price, suitably calibrated in order to take into account the comparable transactions observed on the market. In more detail, the factors considered in the estimation process are: the estimate of the recoverable value in line with the value estimated in the workout scenario; the expenses that the purchaser must incur to recover the loan; the estimate of recovery time, based on market information (e.g. average court time); the rates of return expected by the purchasers and the specific market factors defined also based on the type of sale implemented.

It is important to specify that the methodology illustrated above is not applicable to any loans which, at the date of preparation of the financial statements, are already identified in detail as held for sale, which satisfy the conditions set

¹ This is the IFRS Transition Resource Group for impairment of financial instruments, a working group established to support the implementation of certain issues relating to the new IFRS 9 impairment model.

out by IFRS 5 to be classified in the portfolio of assets held for sale. Those loans are measured considering only the sale scenario, assigned a probability of 100% and using as reference the sale prices or information contained in the agreements finalised with the counterparties (binding offers).

Acquired or originated impaired financial assets

If, at the time of initial recognition, a credit exposure classified under items "30. Financial assets measured at fair value through other comprehensive income" or "40. Financial assets at amortised cost" is classified as non-performing, the same is classified as "POCI - Purchased or Originated Credit Impaired".

An asset is deemed non-performing at the time of initial recognition when the credit risk is extremely high and, in the case of acquisition, the price has been paid with significant discounts compared to the residual contractual debt. These assets are initially classified as Stage 3, but may be reclassified as Stage 2, therefore an expected credit loss will be recognised with the impairment model based on the lifetime ECL. It should be noted that, regardless of the stage in which they are recorded, these financial assets are represented separately with respect to the three stages of credit risk.

Regarding the criteria for initial recognition, measurement and derecognition, please refer to the information given for the asset items under which they can be classified, except as specified below, concerning the methods adopted to measure the amortised cost and impairment.

Specifically, the amortised cost and, consequently, interest income are calculated considering the credit-adjusted effective interest rate. With regard to calculating the credit-adjusted effective interest rate, the credit adjustment consists of considering the estimate of future cash flows, including the credit losses expected over the entire residual lifetime of the asset.

Additionally, the assets in question also entail special treatment with regard to the impairment process, as they are always subject to the calculation of the loss expected over the lifetime of the financial instrument. Therefore, subsequent to initial recognition, the loss or gain deriving from any change in the losses expected throughout the entire lifetime of the credit, compared to initial losses must be recorded in the income statement. Thus, it is not possible for the expected credit losses to be calculated on the basis of one year.

For Banco BPM Group, the only case attributable to the POCI is that arising from business combinations; beyond said circumstance, Banco BPM Group has not purchased or originated any exposure considered non-performing.

With reference to the non-performing loans acquired as part of the business combination with the former Banca Popolare di Milano Group, it should be noted that compliance with the accounting treatment described above was achieved substantially through the recognition in interest income, *pro-rata temporis*, of the reversal effect of the lower values attributed to the non-performing loans at the time of Purchase Price Allocation. This approach is considered a reasonable approximation of the credit-adjusted effective interest rate, since the contractual interest rate is, in fact, supplemented by the higher yield deriving from the lower value attributed to the acquired receivables.

Renegotiations

If a financial asset is renegotiated (i.e. when the original contractual conditions are amended by the parties), it must be verified whether the financial asset should continue to be recorded in the financial statements, or if this is not the case, the original financial asset should be derecognised and a new financial instrument recognised.

To this end, it must be assessed whether the changes to the contractual terms of the renegotiation are substantial or not.

If the changes are substantial, the entity must derecognise the financial instrument that is subject to change and proceed to recognise a new financial asset on the basis of the new contractual provisions, either where the renegotiation is formalised through the signing of a new contract or where the renegotiation entails amendment to an existing contract. In particular, substantial renegotiations are those which:

- introduce specific objective elements which affect the characteristics and/or cash flows of the financial instrument (such as a change in the currency of denomination, a change in the counterparty not belonging to the same group as the original debtor, the introduction of indexing to equity or commodity parameters, the introduction of the option to convert the receivable into equity instruments/participating financial instruments/other non-financial assets, the provision of "pay if you can" clauses, which allow the debtor the utmost freedom in repaying the loan in terms of timing and amount) considering the significant impact expected on the original cash flows; or

- are carried out for customers that are not in financial difficulty, with the objective of adjusting the cost of the contract to the current market conditions.

In the latter case, it must be specified that if the Group does not grant a renegotiation of the contractual conditions, the customer would be able to obtain financing from another intermediary with the consequent loss for the Group of the revenue flows envisaged by the renegotiated contract. In other words, in the event of a commercial renegotiation, no loss should be recognised in the Group's income statement as a result of the realignment to the best current market conditions for its customers.

Otherwise, i.e. in the presence of non-substantial changes, the renegotiated exposures will not be derecognised. Non-substantial renegotiations include modifications granted to counterparties in financial difficulty (granting of forbearance measures) relating to the Group's attempt to maximise the recovery of the original exposure, the risks and rewards of which, however, continue to be retained by the Group. This does not apply to modifications that introduce substantial objective elements into the contract that could result in the derecognition of the financial asset, as described above.

With regard to financial assets at amortised cost, in the event of non-substantial renegotiations relating to financial difficulties of the debtor, the gross value is restated by calculating the present value of the cash flows resulting from the renegotiation, based on the original rate of exposure existing before the renegotiation. The difference between this gross value, as determined above, and the greatest gross book value prior to the change is recognised in the income statement, under item "140. Gains (losses) from contractual modification without derecognition" (modification accounting). For non-performing exposures, any renegotiation measures represented by write-offs of the gross exposure are recognised in the income statement item "130. Net credit impairment losses/recoveries".

Financial liabilities designated at fair value

For Banco BPM Group, financial liabilities designated at fair value relate to certain bond and certificate issues, as illustrated in more detail below, with specific reference to the requirements stated by IFRS 9 for classification in the portfolio of liabilities in question.

Bond issues

To obtain funding, the Parent Company issues different types of bonds, both at a fixed rate and structured types (index-linked to share components, to exchange rates, to interest rate structures, inflation rates or similar indices).

For the aforementioned loans, the use of the fair value option is justified by the fact that they are hybrid instruments containing embedded derivatives, able to significantly change the cash flows of the host instrument (such as, for example, equity-linked issues) or to eliminate or reduce the accounting mismatch that would be created between the valuation of the loans in question and the relative operational hedging derivatives.

In this regard, it should be noted that the risks resulting from the above-mentioned issues may be hedged, as part of overall market risk management, by means of entering into derivative contracts.

From an accounting perspective, some of these contracts are designated as hedges according to the rules of Hedge Accounting, and in particular of the "fair value hedge", as illustrated in paragraph "4 - Hedging transactions".

Conversely, for other contracts, whose hedging is not qualified according to hedge accounting rules, asymmetric accounting would be created, between the financial liability and the hedging transaction, resulting from the different measurement criteria applied to the bond issue - measured at amortised cost - and to the operational hedge derivative instrument - measured at fair value. The Group overcomes this asymmetry by designating bond issues subject to operational hedging at fair value. In addition to simplifying the administrative and accounting management of hedges, with specific reference to structured issues, the adoption of the Fair Value Option instead of Hedge Accounting is closely linked to the actual methods the Group uses to carry out its hedging policies, by managing its market exposure globally and not through a discrete relation with the bond issued.

Unlike Hedge Accounting, whose accounting rules require that only fair value changes attributable to the hedged risk be recognised on hedged instruments, the Fair Value Option requires the recognition of all fair value changes, irrespective of the hedged risk factor.

With regard to recognition criteria for the balance sheet and income statement components of the bond issues and of the related operational hedging derivatives, note that:

- derivatives related to financial liabilities measured at fair value are classified under asset item "20. Financial assets at fair value through profit and loss: a) Financial assets held for trading" or under liability item "20. Financial liabilities held for trading". The related economic, valuation and realisation effects are recognised in income statement item "80. Net trading income";

- the spreads and margins accrued on derivatives up to the valuation date are shown, based on the balance, under item "10. Interest and similar income" or under item "20. Interest and similar expense", in line with the amounts recorded on the bonds subject to operational hedging;
- the profits and losses resulting from the disposal or valuation of bonds issued under the Fair Value Option are recognised under the income statement item "110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss: a) financial assets and liabilities designated at fair value", with the exception of valuation and realisation effects correlated with the change in own credit risk, which are recognised as a balancing entry to a specific equity reserve (item "120. Valuation reserves"), as described in more detail in paragraph "13 - Financial liabilities designated at fair value".

Issues of certificates

Certificates are securitised derivative instruments traded on multilateral trading systems, which replicate, with or without leverage, the performance of the underlying asset(s). These products may include protection for the amount subscribed by the customer or a portion of the same, unconditional with respect to the trend in the financial parameters to which they are indexed. From a substantial perspective, certificates can be defined as combinations of strategies of derivative instruments or of underlying financial assets and derivatives, thanks to which financial instruments can be generated, which have their own characteristics, substantially different to those of the assets they originated from. More specifically, certificates can be classified as the following two types of instrument:

- "certificates with unconditional capital protection": these are products that envisage an unconditional guarantee exceeding 50% of the capital initially invested. For accounting purposes, these instruments are considered "structured securities", given the predominance of the guaranteed component with respect to the variable one, determined by the performance of the certificate's underlying asset. Based on the way in which the products in question are managed, the eligible accounting portfolios are those of "Financial liabilities designated at fair value" or "Financial liabilities held for trading" if actively managed as part of an overall trading portfolio held to make a short-term profit, as detailed below ;
- "other certificates": these are products without any protection, with conditional protection, or with unconditional protection equal to or less than 50% of the initial capital. For these products, the value depends exclusively or prevalently on the performance of the parameter to which they are indexed. For this reason, they are classified as "derivative financial instruments", and in particular among the options issued. For these instruments, the only eligible accounting portfolio is that of "Financial liabilities held for trading".

In light of the above, certificates classified in the accounting portfolio of "Financial liabilities designated at fair value" are those with unconditional capital protection, issued by the Parent Company from June 2020, mainly for funding purposes. The above classification is due to the presence of embedded derivatives which, in the absence of the fair value option, should be separated from the host instrument, as able to significantly alter the contractual cash flows. In this case, the fair value measurement of the entire contract, namely of the entire certificate, would be less onerous than the separate valuation of the host instrument and of the related embedded derivatives.

In addition, said classification would enable a "natural hedge" to be pursued with respect to operational hedging derivatives which are stipulated according to a "mass" approach, with the aim of hedging the entire exposure.

With regard to recognition criteria for balance sheet and income statement components of certificates, recognised under item "30. Financial liabilities designated at fair value" and related management hedging instruments, it should be noted that:

- the entire margin resulting from the issues in question is included in item "110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss: a) financial assets and liabilities designated at fair value". Said item also includes the valuation effects related to the fair value measurement - consequent to the change in the market parameters to which the certificate is indexed, with the exception of changes in own credit risk - as well as the spreads paid to customers, periodically or at maturity. The effects resulting from changes in own credit risk are recognised as a balancing entry of a specific equity reserve (item "120. Valuation reserves"), as described in more detail in paragraph "13 - Financial liabilities designated at fair value";
- derivatives related to financial liabilities measured at fair value are classified under asset item "20. Financial assets at fair value through profit and loss: a) Financial assets held for trading" or under liability item "20. Financial liabilities held for trading". The valuation losses and gains, as well as the effects realised including any spreads collected and paid are recognised in income statement item "80. Net trading income".

The certificates with unconditional capital protection, classified in the accounting portfolio of "Financial liabilities held for trading", refer to the issuances made until June 2020 by the subsidiary Banca Akros as part of its investment banking activities. This classification has been maintained following the spin-off of the Global Market business line of Banca Akros in favor of the Parent Company, which took place on 1 January 2024, also taking into account that the IFRS 9 principle does not allow for any reclassification of liabilities.

Fair value and procedure to calculate the effects relating to its own credit risk

For the bond and certificate issues in question, fair value is measured first by referring to prices observable in markets considered active, such as regulated markets, electronic trading networks (e.g. Bloomberg) or organised trading systems or equivalent.

Lacking prices observable in active markets, the measurement is based on the prices of recent transactions on the same instrument in non-active markets rather than on valuation techniques based on a cash flow discounting model, which must consider all factors considered significant by market participants in determining a hypothetical trade.

In particular, to determine credit risk, the spreads implicit in the comparable issues of the same issuer obtained on active markets are used rather than the curve of the credit default swaps in the name of Banco BPM with an equal degree of subordination as the security subject to the assessment.

For further details on how fair value is determined, please refer to that described in detail in the specific section in part "A.4 – Fair value disclosure".

The impact resulting from the change in own credit risk, between the issue date and the valuation date, is quantified by calculating the difference between the fair value obtained, considering all risk factors to which the issue is exposed, including credit risk, and the fair value obtained considering the same factors, with the exclusion of the change in credit risk arising during the period. For an illustration of the cumulative effects relating to a change in the credit risk of the Group of the issues in question, please refer to the content of "Section 3 - Financial liabilities designated at fair value - Item 30" in "Part B – Information on the consolidated balance sheet" of these Notes to the financial statements. The same methodology was applied to determine the effects resulting from a change in own credit risk for certificates classified in the accounting portfolio of "Financial liabilities held for trading"; for quantitative information relating to the above-cited effects, please refer to the content of "Section 2 - Financial liabilities held for trading - Item 20" in "Part B – Information on the consolidated balance sheet" of these Notes to the financial statements.

A.3 - DISCLOSURE ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

At the reporting date, there were no transfers between portfolios of financial assets that required the disclosure set out by IFRS 7.

In this regard, it should be noted that, during the 2024 financial year, as in the previous ones, there was no change in Banco BPM Group's business model, i.e. the way in which the Group manages financial instruments.

A.4 - FAIR VALUE DISCLOSURE

QUALITATIVE INFORMATION

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants, at the current conditions on the measurement date in the main market or in the most advantageous market (exit price). Underlying the fair value measurement is the assumption that the entity is a going concern, namely that it is in a fully operational situation and that it does not intend to liquidate or significantly reduce its operations or undertake transactions at unfavourable conditions. Fair value is not therefore the amount that the entity would receive or pay in the event of forced transactions or sales below cost.

Fair value is a market valuation approach not specifically referring to estimates concerning possible future cash flows developed by the individual entity; indeed, fair value must be determined by adopting the assumptions that market participants would use in determining the price of assets and liabilities, presuming that they are acting in their own best economic interest.

To measure the fair value of financial and non-financial assets and liabilities, IFRS 13 establishes a three-level fair value hierarchy, based on the source and the quality of the inputs used:

- **Level 1:** the inputs are represented by listed prices (unadjusted) on active markets for identical assets and liabilities;
- **Level 2:** the inputs are represented by:
 - prices listed on active markets for similar assets and liabilities;
 - prices listed on non-active markets for identical or similar assets and liabilities;
 - parameters observable on the market or corroborated by market data (e.g. interest rates, credit spreads, implicit volatility, exchange rates) and used in the valuation technique;
- **Level 3:** the inputs used are not observable on the market.

For financial instruments, measured in the financial statements at fair value, the Group has implemented a "Fair Value Policy" that assigns the highest priority to prices listed on active markets (level 1) and the lowest priority to the use of unobservable inputs (level 3), as more discretionary, in line with the above-illustrated fair value hierarchy. More specifically, this policy establishes:

- the rules for identifying market data, the selection/hierarchy of the sources of information and the price configurations needed to measure the financial instruments listed on active markets and classified as level 1 of the fair value hierarchy ("Mark to Market Policy");
- the valuation techniques and the relative input parameters in all cases in which the Mark to Market Policy cannot be adopted ("Mark to Model Policy").

Mark to Market

To measure the fair value, the Group uses, whenever available, information based on market data obtained from independent sources, as considered the best evidence of the fair value. In this case, the fair value is the market price of the same instrument being measured, namely without changes or reorganisations of the same instrument, inferable from the prices listed on an active market (classified as level 1 of the fair value hierarchy). A market is considered active when the list prices express actual and regular market transactions and are readily and regularly available through stock markets, brokers, intermediaries, sector companies, listing services or authorised entities.

Mark to Model

If the "Mark to Market Policy" is not applicable, due to the absence of prices directly observable in markets considered active, valuation techniques must be adopted that maximise the use of information available on the market, based on the following valuation approaches:

- **Comparable Approach:** in this case, the instrument's fair value is derived from the prices observed in recent transactions on similar instruments in active markets, suitably adjusted to take into account differences in the instruments and in the market conditions, rather than from the prices of recent transactions on the same instrument as that subject to valuation not listed in active markets;
- **Model Valuation:** if there are no transaction prices observable for the instrument to be measured or for similar instruments, a valuation model needs to be adopted; this model must be of proven reliability in estimating the hypothetical "operating" prices and therefore must be widely acknowledged by market operators.

The classification as level 2 rather than level 3 is established on the basis of the market observability of the significant inputs used to determine the fair value. A financial instrument must be classified in its entirety at a single level; therefore, if inputs belonging to different levels are used in the valuation technique, the entire valuation must be classified in correspondence with the level of the hierarchy at which the lowest level input is classified, when deemed significant to the calculation of the fair value as a whole.

The following types of investment are considered level 2:

- financial instruments represented by OTC derivatives and by repurchase agreements on debt securities ("Bond Repo") when the inputs of the pricing models used to calculate the fair value, are observable in the market or, if not observable, are deemed that they do not significantly influence the fair value measurement;
- equity instruments not listed on active markets, measured using the market multiples technique, referring to a selected sample of comparable companies with respect to the subject of the valuation, or measured on the basis of the effective transactions made in a period of time reasonably close to the reference date;
- debt securities of third parties or own issues, not listed on active markets, for which the inputs, including the credit spreads, are taken from market sources;
- UCIT units, not listed on active markets, characterised by significant levels of transparency and liquidity. The above-mentioned units are valued on the basis of the NAV provided by the management company/fund administrator.

As a rule, the following financial instruments are considered level 3:

- hedge funds characterised by significant levels of illiquidity, and for which the process to evaluate the assets of the fund requires a considerable amount of assumptions and estimates. The fair value measurement is made on the basis of the NAV. Said NAV may be appropriately corrected to take the poor liquidability of the investment into account, namely the period of time between the repayment request date and the effective repayment date, as well as to take any exit commissions of the investment into account;
- real estate funds characterised by significant levels of illiquidity and valued on the basis of the last available NAV;
- private equity, private debt and similar funds, measured on the basis of the last available NAV, possibly adjusted to take into account events not included in the valuation of the price or to reflect a different valuation of the assets underlying the fund in question rather than on the valuation technique of the Discounted Cash Flow, based on an estimate of the distributable cash flows from the fund;
- illiquid shares for which no recent or comparable transactions are observable, usually measured on the basis of the equity model;
- debt securities characterised by complex financial structures for which sources that are not publicly available are usually used. These are non-binding prices and are also not corroborated by market data;
- debt securities issued by parties in financial difficulty, for which the management has to use its own judgement to establish the "recovery rate", as no significant prices can be observed on the market;
- financial instruments represented by OTC derivatives, for which the non-observable input parameters used by the pricing model are deemed significant in order to measure the fair value;
- medium-long-term loans (performing and non-performing) valued on the basis of the expected cash flows determined using models that vary according to the status of the counterparty, and discounted at an interest rate considered representative from the perspective of the potential buyer.

For information on the fair value of non-financial assets attributable to the property, plant and equipment represented by property and works of art, refer to that set out in the following section.

A.4.1 Fair value levels 2 and 3: valuation techniques and input used

Financial assets and liabilities measured at fair value on a recurring basis

Financial assets and liabilities measured at fair value on a recurring basis, are represented by all financial instruments measured at fair value in the financial statements (items 20, 30, 50 of balance sheet assets and items 20, 30, 40 of balance sheet liabilities). For these financial instruments, in the absence of prices directly observable in active markets, the fair value must be determined using the "Comparable Approach" or the "Valuation Model", as described in the previous paragraph. A description is provided below of the main valuation techniques adopted for each type of financial instrument.

Debt securities

These are measured by discounting expected cash flows (Discounted Cash Flow Method), suitably adjusted to account for issuer risk. The sources of information used to determine the spread deemed expressive of issuer risk are, in hierarchical order: i) the cash credit spread curve drawn from the prices of securities of the same issuer, characterised by the same seniority and currency, listed on markets considered active; (ii) the "Credit Default Swap" curve of the issuer with an equal seniority; (iii) the credit spread curve of debt securities listed in active markets relating to comparable issuers; (iv) the rating/sector cash credit spread curves; (v) the sector credit default swap curve.

Loans that do not pass the SPPI test

These are loans that are mandatorily measured at fair value, since the contractual cash flows do not exclusively envisage repayment of the principal and payment of interest on the principal to be repaid (i.e. they do not pass the SPPI test), either because of clauses originally established in the contract or subsequent amendments.

The techniques used to determine fair value are illustrated below:

- for loans that do not pass the SPPI test due to the presence of contractual clauses originally provided for in the contract, the fair value is determined on the basis of cash flows, suitably adjusted for expected losses, based on PD and LGD parameters. These flows are then discounted using a market interest rate, adjusted to take account of a premium considered to express risks and uncertainties. In the presence of implicit optional components, such as the possibility of changing the interest rate, the fair value also takes into account the valuation of these components;
- for loans that do not pass the SPPI test as a result of contractual changes due to restructuring agreements (these are in the form of forbore exposures), the fair value measurement takes the cash flow forecasts expressed by the operator as its initial reference, in line with the method used to determine the impairment of loans at amortised cost. These flows shall be adjusted to take account of the likelihood or otherwise of the success of the forbearance rate granted to the counterparty and of the legal and management costs considered upfront from the perspective of the potential buyer. The estimated recovery flows are discounted on the basis of interest rates, obtained by relying on those observed on the market considered as consistent as possible with respect to the assets to be valued.

Unlisted equity instruments

These are measured by referring to direct transactions of the same security or similar securities observed over a suitable time frame as compared to the valuation date, using the market multiples method of comparable companies, and, as an alternative, using financial, income and/or equity valuation methods.

Investments in UCITs, other than open-ended harmonised UCITs

These are generally measured on the basis of the NAV made available by the fund administrator or the management company, unless it is deemed that said NAV does not represent fair value in the eyes of a market operator. These investments typically include private equity, private debt and similar funds, real estate funds and hedge funds.

In the specific case of alternative investment funds that invest in non-performing loans, the valuation of the units, normally held following the contribution of the aforementioned loans by the Group, is obtained on the basis of the Discounted Cash Flow method. In greater detail, the fair value is equal to the present value of the expected cash flows distributed by the funds, estimated on the basis of the business plans of the transaction, based on a discount rate determined according to the Weighted Average Cost of Capital ("WACC") model, which, in addition to the risk-free rate, considers the capital structure, as well as an adequate premium for the risks associated with the transaction. For further details, please refer to the content of "Part E – Information on risks and related hedging policies, D. Sale transactions, Multi-originator sales of loans to mutual investment funds" of these Notes to the financial statements.

Repurchase agreements on debt securities ("Bond Repo")

The fair value is obtained by discounting the forward contractual flows expected, determined based on the characteristics of the contract, based on the interest rate curve differentiated based on the issuer of the security underlying the contract (government securities and corporate securities).

Over The Counter (OTC) Derivatives

These are measured on the basis of multiple models, depending on the type of instrument and input factors (interest rate risk, volatility, exchange rate risk, price risk, etc.) which affect their valuation. For future cash flow discounting purposes, the risk-free interest rate refers to the OIS ("Overnight Indexed Swap") curve.

In detail, for non-option instruments (such as interest rate swaps, forward rate agreements, overnight interest swaps and domestic currency swaps), the valuation techniques adopted belong to the category of "discounted cash flow models", based on certain or trend-based cash flow discounting.

For option instruments, models generally accepted in market practice, such as Black & Scholes, Black-like and Hull & White, are used. In particular:

- for plain vanilla options, the methodologies most used fall within the forward risk-neutral framework and are based on analytical black-like formulas, in which volatility depends on maturity and the strike (volatility skew);
- for more complex options (such as exotic options, barrier options and autocallable options), the methodologies most used, again within the risk-neutral sphere, are based on Monte Carlo simulations, according to which the option pay-off is evaluated through simulations for a sufficiently high number of repetitions relating to the evolution over time of the risk factors underlying the option. Such models estimate the likelihood that a specific event will take place by incorporating assumptions such as the volatility of estimates or the price of the underlying instrument. The price of the derivative is therefore obtained as the discounted arithmetic average of the values obtained for each scenario.

For instruments that contain different option and non-option derivative components, the valuation is conducted by applying the appropriate valuation methodology to each instrument component.

In addition, in order to measure the fair value, several fair value adjustments are considered in order to best reflect the sale price of an actually possible market transaction. These adjustments are specifically model risk, liquidity risk and counterparty risk, illustrated here below.

Model risk: this adjustment is made to cover the risk that the pricing models, though validated, may generate fair values not directly observable or not immediately comparable with market prices. In general, this is the case for structured products, whose valuation is highly complex and for which the break down into elementary components which can be "summed" (host instrument and embedded derivative) may generate imprecisions in the valuation, or in the event of pricing algorithms or types of pay-offs that are particularly "exotic", which do not have a suitable degree of dissemination on the market, or in the presence of models that are highly sensitive to variables that are difficult to observe on the market.

Liquidity risk: this adjustment is made to take account of the size of the "bid/ask spread", i.e., the actual cost of unfreezing positions in OTC derivatives in markets with low efficiency. The effect of the liquidity risk adjustment is greater the more the product is structured, due to the related hedging/unfreezing costs, where the valuation model is not sufficiently confirmed and disseminated among operators, because this makes the valuations more random.

Counterparty risk: adjustments to the market value of OTC derivative instruments, classified as performing, are made in order to reflect:

- the risk of possible default by the counterparty; in this case, the adjustment is called Credit Valuation Adjustment (CVA);
- the risk of non-fulfilment of one's own contractual obligations (own credit risk), in order to calculate the Debt Valuation Adjustment (DVA).

The consideration of own credit risk in the designation of a financial liability at fair value is consistent with the valuation made for an entity that holds the same instrument as a financial asset and is expressly envisaged by IFRS 13 (non-performance risk).

CVA and DVA are determined for each separate legal entity belonging to the Group, on the basis of the expected future exposure of the derivative instruments, the Probability of Default (PD) of the parties, and the relative expected losses, or Loss Given Default (LGD). More specifically, the calculation of expected exposure takes into account the effects resulting from the existence of netting or collateral agreements, which are able to mitigate counterparty risk. Specifically, the "Credit Support Annex" (CSA) contracts negotiated with counterparties for derivative transactions govern the procedures for settling financial collateral, based on mark-to-market trends.

In estimating the PD, the use of metrics observable on the market was maximised by referring to the prices of the Single Name Credit Default Swaps specific to the counterparty, where available, or referring to comparable counterparties and, subordinately, to CDS on indices selected on the basis of liquidity (such as: iTraxx Europe or iTraxx CrossOver) and the risk bands of the counterparties.

The table below summarises the main types of derivatives existing in the Group, indicating the related valuation models and the main inputs.

Derivative category	Product	Valuation models	Main inputs of the model
Financial derivatives on interest rates	Swaps	Discounted cash flow and Libor Convexity adjustment	Interest rate curves, interest rate volatility, interest rate correlation
	Caps – Floors	Bachelier - Analytical	
	European Swaptions	Bachelier - Analytical	
	Bermuda Swaptions	Hull-White one-factor mixture - Trinomial tree	
	CMS Spread Options	Bachelier - Analytical	
	CMS caps/floors/swaps	Bachelier and CMS Convexity adjustment (Hagan)	
	FRA	Discounted Cash Flow – Analytical	
	Interest Rate Futures	Analytical with Hull-White one-factor convexity adjustment	
	Bond Option	Black - Analytical	
	Bond Futures and Bond Repo	Discounted Cash Flow - Analytical	
	Bond Futures options	Binomial tree	
Derivatives on inflation rates	Swaps, Caps - Floors	Lognormal Forward Inflation Model - Analytical	Interest rate and inflation rate curves, interest/inflation rate volatility/correlation, calibrated on market prices
Derivatives on shares/share indices/exchange rates	Single asset plain vanilla options	Black and Scholes - Analytical	Equity/forex volatility, interest rate and exchange rate curves, spot prices of share indices, dividends, repo rates
	Single asset American options	Black and Scholes – Binomial tree (equity) – trinomial tree (forex)	Equity/forex volatility, interest rate and exchange rate curves, spot prices of share indices, repo rates
	European options on controlled volatility index	Local volatility – Monte Carlo	Equity/forex volatility, interest rate and exchange rate curves, spot prices of share indices, repo rates
	Controlled volatility index options representative of an investment portfolio	Black and Scholes hybrid, Hull and White with two factors - Monte Carlo with Jumps	Equity/forex/interest rate volatility, correlations, interest rates, exchange rates, spot prices of share indices, dividends, repo rates, Crash Put market prices
	Exotic options on basket equity	Local volatility – Monte Carlo	Equity/forex/interest rate volatility, correlations, interest rates, exchange rates, spot prices of share indices, dividends, repo rates, retail credit curve
	American Barrier Options on basket equity	Local volatility – Monte Carlo	Forex, interest rate and exchange rate volatility
	Autocallable options on basket equity	Hybrid Black and Scholes, two-factor Hull and White – Monte Carlo	Forex, interest rate and exchange rate volatility
	Autocallable options on exchange rates	Local volatility – Monte Carlo	Forex, interest rate and exchange rate volatility
	American Barrier Options on exchange rates	Trinomial tree	Interest rates, exchange rates, dividends, repo rates
	Dividend Swaps and Total Return Swaps	Discounted Cash Flow - Analytical	Interest rates, Credit Default Swap curve
Credit derivatives	Credit Default Swaps	Discounted Cash Flow - Analytical	

The techniques and parameters for determining fair value and the criteria for assignment under the fair value hierarchy are defined and formalised in a specific fair value policy adopted by the Group. The reliability of the fair value measurements is also guaranteed by the verifications carried out by a Risk Management department. This department, which is independent from the Front Office units that hold the positions, periodically reviews the list of pricing models to be used under the Fair Value Policy: these models must represent market standards or best practices and the related calibration techniques must guarantee a result in line with valuations capable of reflecting the "current market conditions". Specifically, to correctly determine the fair value, each product is associated to a pricing model generally accepted by the market and selected based on the characteristics and market variables underlying said product. For highly complex products or in the event that the existing valuation model for the products is deemed lacking or inadequate, an internal process is launched to supplement the current models. Based on this process, the Risk Management department conducts an initial stage of validation of the pricing models, which may be native to the position keeping system or issued by a specific internal department. This is followed by a stage conducted by the same department, to guarantee constant reliability of the previously validated model.

In detail, the validation aims at verifying the theoretical robustness of the model through independent repricing, possible calibration of the parameters and comparison with counterparties' prices. If the validation is successful, the use of the models is still subordinate to approval by specific internal committees of the Group. Following the validation stage, continuous revision is planned in order to confirm the accuracy and adherence to the market of the pricing models used by the Group, through suitable actions, if necessary, on the models and the related underlying theoretical assumptions. In order to cover the risk that the pricing models, though validated, may generate fair values not immediately comparable with market prices, a suitable adjustment will be made for "model risk", as described above.

Non-financial assets measured at fair value on a recurring basis

For Banco BPM Group, non-financial assets measured at fair value on a recurring basis are represented by owned real estate assets and valuable works of art.

Fair value of owned real estate assets

As illustrated in Part A.2 above relating to the key financial statement items, the Group's real estate assets are measured at fair value, and more precisely on the basis of the revaluation criterion, governed by IAS 16, for properties used in operations and the fair value criterion for investment properties recognised in accordance with IAS 40.

Fair value is defined by IFRS 13 as *"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"*; detailed information is provided below on the fair value estimation methods and on the relevant inputs and assumptions, in line with the rules contained in the aforementioned standard. In the current macroeconomic scenario, the importance of providing a clear and complete disclosure of the fair value of investment property had been the focus of the ESMA in the document of 25 October 2023 entitled "European common enforcement priorities for 2023 annual financial reports". CONSOB communication of 18 July 2013 "DIE/0061944 - Recommendation on the fair value measurement of properties of listed real estate companies" was also taken into account, with particular reference to the information relating to the assignment conferred to independent experts¹.

Type of assignment conferred to external appraisers

For Banco BPM Group, the update of the fair value of properties, whether used in operations or for investment purposes, is conducted by means of specific appraisals drawn up by qualified independent companies operating in the specific field, able to provide property appraisals based on RICS Valuation standards².

Those standards guarantee that:

- the fair value is determined in accordance with the indications of international accounting standard IFRS 13, insofar as consistent with the notion of "arm's length value" defined as *"the estimated amount at which an asset would be sold or purchased, at the valuation date, by a seller or a buyer without specific links, both interested in the purchase and sale, at arm's length conditions, following suitable marketing in which the parties acted in an informed and aware manner, without coercion"*;
- the appraisers have the professional, ethical and independence requirements in line with the provisions of international and European standards.

In compliance with the RICS standards³, as at 31 December 2024, the appraisers involved in the appraisal assignment and the appointed company had no actual involvement, even prior, with the properties to be valued, or any personal

¹ As specified in the communication in question, the provisions contained therein apply in particular to real estate companies with real estate initiatives in progress, but also to companies other than real estate companies that hold significant investment properties and are required to determine their fair value. In greater detail, the communication in question requires the following to be provided: "an indication (i) of the perimeter of the properties to be valued, the duration of the assignment, the documentation sent to the appraiser, the valuation models used and the main assumptions adopted; (ii) the methods for carrying out the assignment (checks carried out by the appraiser on the documentation provided by the company, performance of inspections and/or structural checks, performance of market surveys, verification of the administrative and concession obligations relating to the current status of the assets to be valued, research carried out in relation to title deeds, easements, liens, mortgages, etc.) and (iii) the procedures and any criteria adopted for the selection of the appraiser as well as the methods for renewing the assignments".

² Standards set out in the "RICS Valuation – Global Standard" of the Royal Institution of Chartered Surveyors of the United Kingdom (also known as the "Red Book").

³ See chapter PS 2 of the Red Book.

interest in the result of the valuation; the absence of any conflict of interest is such as to guarantee the required levels of independence and objectivity.

The Group policy also provides for an adequate rotation of appraisers. The current assignment, conferred in 2023 and with a two-year duration, represents the third contract awarded to the third independent expert since 2019, namely from the year of transition from the cost criterion to the fair value criterion.

More specifically, the assignment conferred to the appraiser is to provide support to the Group in measuring the fair value of properties, for the purposes of financial statement valuations, in compliance with the requirements of IFRS 13, by issuing specific valuation reports.

The information considered by the independent expert in the appraisal report is based on the set of documents made available to the Group; if the latter should be insufficient, a conservative approach is adopted, reflected - depending on the type, location and state of conservation of the property - in the choice of prudential parameters, such as, for example, longer marketing times, less favourable discount rates, extraordinary maintenance provisions and higher restructuring costs.

The surface areas taken as a reference by the appraiser to estimate the fair value are those provided by the Group, already calculated as weightings of the gross surface areas, except for some cases in which a verification of the amounts was requested, on the basis of the layouts provided.

With reference to the state of repair, the independent expert did not carry out any survey, either of a structural nature or of the existing plants; instead, a limited visual survey was carried out in order to reflect the state of repair detected for the purposes of the valuation, where an inspection was carried out. For the desktop valuations, a mediocre state of repair was assumed, unless further investigation was carried out on any available documentation (photographic material, technical due diligence).

The valuations were conducted on the assumption that all properties (built or under construction) are perfectly compliant and in line with the regulations in force for the use to which the properties are intended at the valuation date, unless documentation has been provided to support the non-transferability of the property and relative technical due diligence, without however any verification of urban and administrative compliance.

The independent expert also did not take into consideration the possible existence of mortgages or other encumbrances of any nature that may be related to the properties and generate limitations for the effective transfer of the same, except in cases in which the non-transferability of the property was reported, in relation to which the costs necessary for the transferability contained in any technical due diligence, if available, were considered.

Type of appraisal report

For properties of significant value, namely properties with a value of more than 3 million, a full appraisal is conducted. This type of appraisal requires a detailed analysis of the documentation available for the asset, with specific inspections; in particular, cadastral data, floor plans and all ancillary documentation are examined, with an internal and external inspection of the property, accompanied by photographic evidence. The contractor is required to take up-to-date photos of the property to be included in the appraisal, which must document the general condition of the property both internally and externally. For properties with a value of more than 10 million, in addition to that already illustrated for the full appraisal, the appraiser is required to provide a greater explanation of some of the criteria used in the valuation, a more detailed representation of the property and the real estate market to which the property belongs ("advanced full" appraisal).

For the remaining properties, unless otherwise agreed, a desktop appraisal is instead possible, namely an appraisal based on the examination of the technical documentation, using databases of property values, without any physical inspection of the property by the appraiser. For properties with a value between 2 and 3 million, an inspection is also required, accompanied by photographic evidence ("drive-by" appraisal).

Frequency with which fair value is updated

With regard to the frequency of updates through appraisals, the Group policy as at 31 December 2024 envisages that:

- for properties for investment purposes, an annual update at the end of the year is necessary, unless there is evidence that indicates the need for an earlier revision, considering that the measurement criterion for those assets is fair value; for properties whose value exceeds 10 million, an appraisal is drawn up also at the time of the Interim Report;

- for properties used in operations it is possible to request an update after more than one year, to be defined based on the specific characteristics of the property (such as, by way of example, the materiality, the location) and the changes in the real estate market, based on a scenario analysis, for the purpose of ensuring that the book value does not differ significantly from that which would have been determined using the fair value at the reporting date. In more detail, for the properties in question, the appraisal is updated every two or three years depending on whether the property has a value of more than or less than 3¹ million, unless the scenario analysis is such that an earlier revision is required.

For properties used in operations, in the years in which the revaluation of the property is not envisaged, a scenario analysis is carried out (market trend analysis) through the use of the best information sources available for the specific reference areas where the properties are located, aimed at identifying, on the basis of databases, any significant changes in market values between the analysis period and the previous one. If the scenario analysis reveals significant changes (above the threshold of +/- 10%), the fair value is updated in advance of that ordinarily required.

The analysis is conducted using the following three main sources, to which a decreasing value is attributed:

- Revenue Agency/OMI (main databases);
- Nomisma;
- offers on the real estate market (comparative).

Valuation methodologies

The methodologies adopted by the appraiser, in line with international practices IVS (International Valuation Standards) and with the provisions of the Red Book of the Royal Institute of Chartered Surveyors (RICS), may be based on the Discounted Cash Flow - DCF method, on the residual method or transformation with DCF method, on the Market Comparison Approach - MCA, depending on the specific characteristics of the property. In more detail, the selection of the most appropriate valuation approach for each property unit takes into account the intended use, the occupancy status, and more generally the specific nature of the asset being valued.

In this regard, note that, based on IFRS 13, there is an assumption that the current use of the asset represents its highest and best use, unless the market or other factors suggest that market participants could utilise the asset in a different way, in order to maximise the relative value (known as "highest and best use"). In line with these provisions, the valuation approach is therefore defined on the basis of the current use of the properties, on the assumption that it represents the highest and best use, and considering potential alternative uses, where such meet market expectations. More specifically, as regards properties used in operations, the valuation was conducted from the perspective of continuity of use of the same, namely assuming that the Group will continue to occupy the property on the basis of the lease payment aligned to market conditions for the foreseeable future. More specifically, it was assumed that the Group will continue to occupy the properties on the basis of a lease agreement in line with standard market practices, with a duration of 12 years (6+6 years), starting from the valuation date.

For certain investment properties, the measurement of the fair value may have taken the potential "upgrade" of the current use of the property into account, if it was retained that market participants are able to increase its potential through the future development of the property, for the purpose of defining a hypothetical transaction price.

Discounted Cash Flow (DCF) method

The Discounted Cash Flow (DCF) method is based on the discounting - for a variable period with reference to the rental/occupancy situation of the property and the subsequent optimisation - of future net revenues deriving from the lease or sale of the property.

The assumption underlying the approach in question is that a rational purchaser is not willing to pay a higher price for the purchase of the asset than the present value of the benefits that the asset will be able to produce in the future. The value of the asset is therefore a function of the economic benefits that will be generated by it.

This method is used for properties with existing lease agreements, for operating properties, for properties that are suitable, by type and characteristics of the reference market, to be leased or sold at different times, for properties to be used as hotels.

More specifically, this method, used for most of the Group's properties, is based on the discounting of the future net revenues deriving from the ownership, for a variable period of time with reference to the underlying real estate transaction, usually 15 years. The net revenues are determined on the basis of gross revenues, net of the operating expenses relating to ownership. Gross revenues are determined by indexing the lease payments received for the

¹ Threshold of 5 million until the 2023 financial statements

portions leased and market lease payments for the vacant portions, considering an adequate time horizon depending on the intended use of the property and the residual duration of the lease agreements. At the end of this period, a value of the property is assumed as if it were sold, at a price obtained by capitalising the operating income of the last year in perpetuity at a Cap Rate aligned to the market returns for investments similar to that of the property being valued, or through a split sale, from which sales commission is deducted. Therefore, after quantifying the net annual revenues and the net sale value, the discounted values at the beginning of the first period are calculated, using an appropriate Discount Rate, adjusted according to the specific characteristics of the property. The main input data are: (i) revenues and relative indexing (contractual lease payments, market lease payments or market sale values expressed as price per square metre); (ii) space occupation times, as provided for in the lease agreement (usage plan) or by vacant space absorption times; (iii) operating costs (IMU [property tax], administration, insurance, extraordinary maintenance reserves, registration fee); (iv) any investments needed to optimise use; (v) discounting and capitalisation rates.

In order to establish the market lease payments or the sale values, at the basis of the valuation of the individual property, a comparison is made with other similar assets, recently sold or currently offered on the same market or on competitive markets. In the absence of observations directly related to the property to be valued, cases as similar as possible to the same were identified, making the necessary corrections, in accordance with that illustrated below for the "Comparative or Market Approach" method.

The values or lease payments obtained from the market are therefore adjusted to take into account parameters such as age, wear, state of repair, location, current use assumed when the sale takes place. Other factors considered able to influence the value of the properties were also considered, such as the distribution of the surface area, the building size, the type of construction, the foreseeable duration, the particular characteristics in its current use.

In detail, the lease-based DCF is based on the discounting of net cash flows deriving from the current lease agreement, as well as the cash flows determined in subsequent periods from marketing at market lease values. At the end of this period, a value of the property is assumed as if it were sold, at a price obtained by capitalising the annual net income of the property, calculated considering the year after it became operational, at a rate equal to the market rate for investments similar to the property being valued.

On the other hand, the sale-based DCF is based on the discounting of future net revenues deriving from the current lease agreement and from the subsequent sale of the property by applying the unit sales values deriving from market surveys and discounting the sales flows with an appropriate rate which considers the commercial risk of the asset. This method is also used in cases in which the property, being vacant at the valuation date and with certain typical and maintenance characteristics, is believed to be placed in the reference market assuming its sale.

For most of the properties, restructuring costs (capex) were almost always prudentially envisaged, to be carried out either at the end of the existing lease or immediately if the property is vacant and available at the valuation date, in order to relocate or sell the property at its optimal and/or alternative condition of use, in line with the market lease payments/values assumed, as well as considering any capex planned by the Group.

For the properties to be used for hotel accommodation, under a lease agreement, taking into account that their value is closely linked to their relative potential from an operational and business perspective, the appraiser verified the sustainability of the lease payment, estimating the level of sustainability of the operating margin net of non-distributable costs of the hotel structure. Where the tenant has not provided the parameters of the hotel facilities (no. of rooms, average cost, occupancy, etc.), an estimate was made based on comparable market parameters.

Residual method or transformation with DCF method

This valuation method is adopted for properties subject to transformation, such as building land or properties with incomplete development.

The aforementioned method is based on the discounting, at the valuation date, of the cash flows generated during the period in which the real estate transaction is expected to be carried out; since cash flows are the result of the difference between revenues and costs, the fair value - measured with this method - can be defined as the difference between the value of the transformed property and the costs incurred for its transformation. Revenues and costs are at constant values, positioned when they occur and discounted with an appropriate discount rate.

The transformation method is often used to express opinions of economic convenience relating to work to recover existing assets, but can easily be used to provide an estimated value that is valid for the majority of market operators. In order for the value of the property determined with the method in question to be identified with its fair value, it is however necessary that the economic transaction, linked to the transformation, refers to an "ordinary" operator. Ordinary means an operator with good economic and organisational skills, who has access to funding (own funds), to finance the development work, very similar to those that the majority of operators would obtain, and whose objective

is make a profit (on the costs of the developer) proportional to the risk of the project, the costs still to be incurred for the purchase of the same and for its completion, the potential revenues and the relative timing.

This analysis determines an "equivalent return", which represents the return that an ordinary operator expects from the real estate project being valued, in proportion to the risk profile of the same (size, location, quality of the project, competition, market context, etc.). In other words, the equivalent return is the discount rate which, applied to the flow of net revenues expected during the life of the investment of the property, returns a present value of the net revenues equal to the disbursement of the capital initially used.

In ordinary market conditions, the valuations carried out with the method in question are very sensitive to changes in some key parameters. Small changes in these variables, such as sales volumes or the relative construction costs, could in fact have a disproportionate effect on the value obtained; in the same way, the values of the property could be subject to even considerable variations, as a result of changes in market conditions. For this reason, the method in question requires the preparation of a sensitivity analysis on revenues and costs; the value assumed as a reference corresponds to the "barycentric" value of this analysis and also takes into account the progress of the development projects as well as the presence/absence of building permits. The risks related to the location, the characteristics of the site, the restrictions and urban planning risks, any construction site problems (when applicable), off-scale development costs and the timing of the entire real estate project (construction and sale) must also be considered.

For land, in the event that a development project or a business plan is not available, or the relative building permits have not been issued by the competent Authorities, the valuation of the property was carried out considering some prudential factors, depending on the provisions of the urban planning instrument available. In addition, some prudential adjustments were envisaged to consider the greater risk of the transaction, reflected in a higher discount rate, to take into account the risk of incurring higher unforeseeable costs, as well as to take into account a more diluted development timeframe in order to factor in longer times for the design and obtaining the necessary permits.

Market Comparison Approach (MCA)

The comparative method estimates the value of the asset by comparing it with properties recently sold or currently offered for sale on the market, comparable in terms of type, construction and location. This approach is chosen if the property is vacant and is suitable for sale, by type and reference market.

The value of the property is therefore determined by taking into account the sale price or lease payment (known as asking price or rent), resulting from an in-depth market survey, to which specific adjustment factors are applied, deemed adequate in relation to the intrinsic and extrinsic characteristics of the asset being valued, in addition to any other factor deemed relevant. In greater detail, the market values/lease payments obtained from comparable data collected on the reference market are subject to a "normalisation" process to take into account parameters such as: surface area, age, wear and tear, state of repair and the location, in relation to the market experiences identified. The following factors are also considered:

- the distribution of the surface area, or appreciation or otherwise of the functionality of the spaces;
- the building size, or appreciation or otherwise in terms of attractiveness/marketability (sale or lease) of the property;
- the type of construction, namely whether or not the overall qualitative state of the property and its construction type are appreciated;
- the particular characteristics of access and usability, namely the appreciation or otherwise of the location and its accessibility.

Main inputs:

Revaluation of lease payments

In real estate lease agreements, a clause is normally envisaged for the annual adjustment of the lease payments corresponding to a variable percentage, depending on the agreements between the parties; unless otherwise indicated, an annual revaluation of the lease of 1.93% was therefore assumed, corresponding to 75% of the change in the consumer price index for blue-collar and white-collar households (FOI) recorded by ISTAT in the year prior to the adjustment date, equal to 2.57%.

Discount Rate

The discount rate is determined on the basis of the Weighted Average Cost of Capital (WACC). In detail, the WACC is the calculation procedure that identifies the rate representing the weighted average cost of capital, and expresses

the remuneration requested by investors for a purchase at normal market conditions of a similar asset to the one being valued.

In particular, the WACC was calculated by applying the following formula:

$$\text{WACC} = K_e * (E/(D+E)) + K_d * (1-t) * (D/(D+E)) + \text{IRP}$$

The relevant factors for determining the cost of equity (K_e) are as follows:

K_e = $\beta * (\text{Mrp}) + R_f$ + Additional Risk Premium: represents the cost of equity, calculated using the Capital Asset Pricing Model (CAPM), based on which the return on a risk asset is equal to the sum of a risk-free rate (R_f) and an adequate risk premium, determined based on the indicator β , as illustrated in greater detail below;

β : Beta coefficient (unlevered). It is a measurement of the risk of the reference sector, which measures the reactivity of the return of an investment to market movements¹. This parameter measures the market risk of the property without considering the impact of the debt (source: Damodaran);

Mrp: Market Risk Premium: refers to the additional return that an investment in a specific real estate market offers compared to an investment deemed risk-free, to offset the risks assumed. The amount of the premium varies according to the specific property, and changes over time due to fluctuations in market risk, due to factors such as location, illiquidity/size of the property, and the riskiness of the type of property and intended use of the property, of the state of repair. It is constructed by the appraiser using a build-up approach of the systematic risk attributable to the property;

R_f : is the rate of return on an investment deemed risk-free, such as that in a government bond of a country with acceptable creditworthiness, assumed to be equal to the Gross Return on Government Bonds [Rendistato] - general index;

Additional Risk premium: this is the additional premium that an investor would need to offset the risks inherent in a target property that are not reflected by the risks of the market or the reference sector (lease status, tenant covenant, country, war, supply chain risk, etc.).

The following are the relevant factors to determine the cost of debt (K_d):

K_d = IRS + Estimated spread: represents the cost of debt, equal to the IRS rate plus a spread;

IRS: Interest Rate Swap: indicates the average interest rate at which the main European banks enter into swaps to hedge interest risk, and which is used as an indexing parameter in the financial markets for the stipulation of bank loans. As a rule, the 15-year IRS is considered, in line with the time horizon of development of the flows;

Estimated Spread: this is the additional delta that credit institutions add to the index listed above to determine the rate at which they grant loans. This parameter depends on the collateral that the investor can provide and on the specific risk of the investment;

t: represents the tax rate.

The weights of the WACC formula relate to the incidence of the individual sources of financing (equity and debt) on the total capital invested in the company, i.e. they depend on the debt ratio and on the incidence of own capital on total capital, as the financial structure of the company significantly affects the cost of equity.

($E/(D+E)$ and ($D/(D+E)$): represents the financial structure of each operation, in terms of the combination of equity (E: *Equity*) and debt (D: *Debt*).

In order to mitigate the effects of any short-term fluctuations, in the acquisition of data referring to the risk-free rates (gross return on government bonds [Rendistato] index) and to the IRS rate for the cost of debt, the relative moving averages are considered instead of the precise data referring to the twelve months prior to the valuation date.

The key data considered in the WACC formula to determine the discount rate as at 31 December 2024 are listed below:

- Debt/equity ratio: a financial structure equal to 50% of equity (E) and 50% of debt (D) was assumed;

¹ If equal to 1, it means that the real estate market moves like the financial market; if less than 1, it means that the growth or decrease is lower than the reference market (less risk); if greater than one, it means that the risk increases/decreases more than the financial market (greater risk).

- Risk-free rate: 3.63% equal to the 12-month moving average of the gross return on government bonds [Rendistato] general index, calculated as the average of the rates in the period between June 2023 and May 2024;
- Unlevered Beta: 0.43%;
- IRS: 2.80% equal to the 12-month moving average of the 15-year IRS, i.e. the daily average of Macrobond data.

For the purposes of discounting the lease payments, two different factors are envisaged:

- lease discount factor (T1): this is the discount rate of the cash flows relating to the period in which the lease payment is received based on the existing agreements, taking into account the degree of reliability of the lessee. This rate is lower than the T2 rate, as defined below, considering that it is related to a lease risk;
- reconversion/exit discounting factor (T2): this is the rate considered for the discounting of the cash flows corresponding to the relocation or exit phase.

Capitalisation rates (Cap Rates)

This is the capitalisation rate of the final net income obtainable in the year following the market-stabilised lease. This rate represents the "synthetic" factor that makes it possible to convert an indication of expected income into an indication of present value.

This rate is deduced from the market, as it represents the ratio between the net lease and the purchase price of the real estate transaction, net of acquisition costs and related taxes.

In detail, the net capitalisation rate used in the estimate reflects the following parameters:

- stabilised lease: i.e. the lease payable in the year following the sale of the asset in question;
- non-recoverable costs: for administration costs for active agreements, insurance, property taxes and registration tax.

Summary of the effects of fair value measurements for 2024

As at 31 December 2024, the Group's real estate assets amounted to a total of 2,020.1 million, consisting of 1,241.4 million of properties used in operations (head office and branches) and for 778.7 million of properties for investment purposes.

In terms of balance sheet items, the aforementioned assets are represented for 1,718.6 million under the balance sheet asset item "90. Property, plant and equipment" and, for properties for investment purposes for which sales negotiations are in progress, amounting to 301.5 million, in item "120. Assets and disposal groups held for sale".

The impact in 2024 of the fair value measurement was a negative 7.7 million, recognised for a negative 54.6 million as a balancing entry in the income statement (item "260. Fair value gains (losses) on property, plant and equipment and intangible assets") and for a positive 46.9 million as a balancing entry of valuation reserves.

There are a number of causes underlying this result, and are attributable to the evolution in market metrics, to events that have affected some specific properties (for example, verification of surface areas, amendment or termination of lease contracts, change of use of the property) and to sales negotiations, in particular the Square project as described in the previous "Section 5 – Other Aspects, Other significant aspects relating to Group accounting policies, Streamlining of the real estate portfolio ("Square" Project)".

The following table provides evidence of the Group's real estate assets, both in terms of balance sheet amounts as at 31 December 2024, and in terms of impacts on shareholders' equity in 2024.

<i>(in millions of euro)</i>	Book value as at 31 December 2024	Total impact of fair value measurement	of which on the income statement (item 260)	of which on shareholders' equity (*)
Property used in operations	1,241.4	31.2	(15.7)	46.9
Properties for investment purposes	778.7	(38.9)	(38.9)	0.0
- of which: properties for investment purposes	477.2			
- of which: properties for investment purposes held for sale	301.5			
Total Group real estate assets	2,020.1	(7.7)	(54.6)	46.9
- of which "Item 90 - Property, plant and equipment"	1,718.6			
- of which "Item 120 - Assets and disposal groups held for sale"	301.5			

(*) Other income components represented in item "50. Property, plant and equipment" of the analytical statement of comprehensive income (Part D).

Scope subject to appraiser update as at 31 December 2024

Based on the Group policy illustrated above, as at 31 December 2024, the revaluation concerned approximately 66% of the Group's entire real estate assets; in greater detail, the appraiser update campaign concerned all properties for investment purposes recognised under item "90. Property, plant and equipment" and around 47% of properties used in operations, represented by properties exceeding 3 million and less than 5 million, for which the revision of the company policy, which became applicable from 1 January 2024, provides for an updating frequency of valuations of two years, rather than three years (the last update took place in 2022); other operating properties affected by some events, which occurred during the year, with a potential impact on fair value (such as, for example, verification of commercial surface areas, change in the use of the property...).

Type of appraisals as at 31 December 2024

In 2024, 422 appraisals were performed, of which 88 were "full" or "advanced full" appraisals, namely with an inspection of the property, as well as a detailed analysis of the available documentation, able to guarantee coverage of approximately 85% of the book value updated by the appraiser.

The remaining 334 appraisals were prepared in "desktop" or "drive by" mode.

Valuation method as at 31 December 2024

With reference to the Group's real estate valuation method, the prevailing one is the DCF used for approximately 81%, followed by the comparative method (approximately 12%) and, residually, by the transformation method (approximately 7%).

For the DCF and transformation methods, approximately 92% of the appraised book value is covered by "full" or "advanced full" appraisals; again in terms of appraised book value, approximately 66% of the appraisals conducted using the comparative method are represented by "desktop" or "drive by" appraisals.

Discount and capitalisation rates as at 31 December 2024

For properties valued on the basis of the DCF method, the discount rates are in a range of between 5% and 12%, with an average value of approximately 8% (7% if weighted with respect to the book value).

The capitalisation rates used to convert the final flow are in a range of between 4% and 10%, with an average value of approximately 7% (6% if weighted on the basis of the book value).

Checking the appraisals as at 31 December 2024

The quality of the appraisals issued by independent experts is subject to a monitoring process by the competent corporate functions of the Group, through a series of formal and substantial sample checks.

In addition, for the most significant properties in terms of book value, able to guarantee coverage of over 50% of the properties subject to appraisal, support was requested from other leading independent appraisers, to verify the reasonableness of certain market parameters used by the appraiser appointed for the financial statement valuations, with particular reference to the market inputs used (discount rate, capitalisation rate, market lease payments), the valuation methods adopted and the selected comparables.

Sensitivity analysis of non-financial assets

In light of the above, the measurement of the fair value of properties, entirely attributable to level 3 of the fair value hierarchy, is influenced by the valuation techniques used and by the related inputs.

In particular, for properties valued on the basis of the DCF technique - which represent approximately 88% of the Group's real estate assets not classified as held for sale - a change in market lease payments to be discounted equal to +1%/-1% would entail, all other conditions being equal, a change in fair value of approximately +15/-15 million.

Fair value of valuable works of art

The fair value measurement of works of art is determined through specific appraisals issued by qualified, independent companies.

In determining the value of the works, the following elements are considered: the quality of the style, the size (in some cases these are museum-level works), the degree of conservation, origin, presence of a notification of restriction by the state, and the historical and artistic notes proposed in the sheets drawn up by the assigned researchers. More specifically, the reference value for measurement in the financial statements is the "commercial or market value", i.e. the estimated minimum revenues expected on the sale of the work in a short period of time, assumed as a few months. For the purposes of measurement in the financial statements, thus, the "insured value", which is normally higher than the commercial value by a range of 20%-30%, was not considered, as that value configuration refers to the hypothetical opportunity to repurchase on the market a work equivalent to the one lost, at a significantly higher cost than the sale cost.

The Group policy states that the appraisal may be updated with a frequency of more than one year, to be defined based on the characteristics of the work of art and the performance of the market, taking account of the objective of ensuring that the book value is a reasonable approximation of the fair market value. The frequency envisaged by internal regulations for updating will occur in 2025; the last valuation was carried out in 2022.

Fair value hierarchy of real estate assets and works of art

The fair value of property and works of art is classified in level 3 of the fair value hierarchy set out by the accounting standard IFRS 13, as it significantly depends on the estimates made by the management, which feature elements of judgement and subjectivity, in relation to the unique, distinctive characteristics of the object to be evaluated.

In particular, the selection of relevant inputs (income flows, discount rates, value per square meter, prices of similar transactions) for measuring the fair value of properties is influenced by the specific characteristics of the properties in question, such as, by way of example, their geographical and commercial position, accessibility and infrastructure, the urban context, the state of conservation, the size, any easements, the state of outdoor/indoor facilities. In addition, in the presence of situations where marketing and sale is difficult, further adjustments may be necessary based on the sales policy that the company management intends to pursue.

Theoretically, there could be circumstances deemed absolutely exceptional, in which the fair value of the properties could be considered in level 2, i.e., determined based on parameters considered observable in active markets. In that case, there must be a sufficient volume of transactions that have taken place in a recent period of time with respect to the valuation date and no significant adjustments can be made, due to the high similarity between the unit to be valued and the units involved in the said transactions (e.g. residential units that are part of a building/area with a sufficient number of comparable units or offices located in a business district with several similar buildings featuring comparable offices).

In that regard, it must be noted that, at the reporting date, the fair value of real estate assets and works of art is fully classified in level 3.

Financial assets and liabilities at amortised cost in the financial statements

For financial assets and liabilities recognised in the financial statements based on amortised cost, classified in the accounting categories of "Financial assets at amortised cost" (loans to banks and customers) and "Financial liabilities at amortised cost" (due to banks and customers and debt securities in issue), the determination of fair value is important only for reporting purposes, in line with the provisions of the reference accounting standard IFRS 7. In particular:

- for performing medium/long-term loans (mostly loans represented by mortgage loans and leases), fair value is determined on the basis of cash flows, suitably adjusted for expected losses, on the basis of PD and LGD parameters. These flows are discounted using a market interest rate adjusted to take account of a premium considered to express risks and uncertainties. For the above loans, the fair value is entirely classified at level 3 of the fair value hierarchy;
- for "non-performing" loans (bad loans, unlikely to pay and past due), the fair value is typically recorded as net book value and is included in level 3 of the fair value hierarchy. Although transactions of sales of non-performing loans can be observed on the market, the respective prices were affected by the specific characteristics of the loans sold and the variability of the returns requested by the purchasing counterparties. The fair value of the above transactions would therefore be characterised by a high dispersion of values, such as to render the identification of a reference value to be used for the purposes of information in the financial statements non-objective. For this reason, the fair value of non-performing loans has been conventionally set as equal to the book value;
- for debt securities classified in the portfolio of "Loans to banks or customers" or "Debt securities in issue", the fair value is measured by using prices obtained on active markets or valuation models, as described in the

previous paragraph "Financial assets and liabilities measured at fair value on a recurring basis", to which reference is made also as regards the assignment of fair value in the three-level fair value hierarchy;

- for demand or short-term receivables and payables, the book value is considered a good approximation of fair value, as permitted by IFRS 7. The relative fair value, which is typically recorded as book value, is included in level 3.

With regard to medium-long-term performing and non-performing loans, note that the methods and the assumptions used to estimate fair value are based on subjective valuations (level 3). For this reason, the fair value shown in the financial statements for reporting purposes only, could be significantly different to the values calculated for different purposes, just as it may not be comparable to those provided by other financial institutions.

A.4.2 Processes and sensitivity of valuations

For an examination of the techniques, inputs and valuation processes adopted by the Group for the instruments classified in level 3 of the fair value hierarchy, please refer to the previous paragraphs.

Exposures in level 3 financial instruments totalled 2,396.0 million and are mostly represented by equity instruments, UCIT units and loans mandatorily measured at fair value as illustrated below.

Equity instruments and UCIT units

Investments in equity instruments and in UCIT units, classified as level 3, totalled 1,718.5 million, corresponding to 71.7% of level 3 financial assets measured at fair value, as illustrated in more detail in the paragraph below "A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: distribution by fair value hierarchy".

For the above instruments, it is not usually possible to make any quantitative sensitivity analysis of the fair value, with respect to the change in non-observable inputs, insofar as the fair value was acquired from external sources or was generated by a model with specific inputs (for example, the company's capital values) and for which the necessary information for a sensitivity analysis is not available, with the exception of that stated below.

For the UCIT units held by the Group, following the contribution of non-performing loans not qualified as real estate funds, the measurement at fair value was carried out on the basis of the Discounted Cash Flow technique. The inputs used are as follows:

- cash flows referring to the net distributions envisaged for investors in the business plans of the respective transactions;
- discount rate between 7.3% and 9.6%, depending on the capital structure and the risk premium of the transaction.

For these funds, whose book value amounts to 373.2 million¹, a sensitivity analysis was carried out with respect to the discount rate, determined on the basis of the Weighted Average Cost of Capital ("WACC") model. The above analysis shows that, if the discount rate is changed by +100/-100 bps, the fair value would record a change of approximately -/+10 million respectively (around -/+2.8% in percentage terms).

For more details on the contribution funds of non-performing loans, please refer to that illustrated in "Part E - Information on risks and related hedging policies, 1.1 Credit risk, D. Sale transactions, Financial assets sold and fully derecognised" of these Notes to the financial statements.

Loans mandatorily measured at fair value

Level 3 financial instruments include loans to customers which, if they do not pass the SPPI test, are classified in the portfolio of assets mandatorily measured at fair value, equal to 523.0 million (corresponding to 21.8% of level 3 financial assets measured at fair value).

For these instruments, the fair value is affected by both the forecasts of recovery of contractual cash flows and by the financial component linked to the selection of discount rates.

In particular, for the main positions, amounting to 312 million (59.7% of the book value), a sensitivity analysis was conducted of the fair value with respect to the discount rate.

The aforementioned analysis shows that, if the discount rate is changed by +100 bps, the fair value would record a change of approximately 0.5%, while a decrease of -100 bps would result in an increase of approximately 0.8%.

¹ The total book value as at 31 December 2024 of contribution funds, including real estate funds valued on the basis of NAV, amounted to 480.2 million.

A.4.3 Fair value hierarchy

For the purpose of preparing the disclosure on transfers between levels set out in paragraphs A.4.5.1, A.4.5.2 and A.4.5.3, it is noted that, for securities in the hierarchy as at 31 December 2024 which had a different level of fair value than as at 1 January 2024, it was assumed that the transfer between levels occurred with regard to the balances at the beginning of the reference period.

A.4.4 Other information

For derivative contracts included in the same Netting arrangement, to calculate counterparty risk, the Group did not use the option of measuring net exposure considering all of the instruments covered by the above-mentioned arrangement, as illustrated in paragraph "A.4.1 Fair value levels 2 and 3: valuation techniques and input used" above. In the presence of collateral agreements (CSA), the exposure associated with the individual derivative is determined in relation to its marginal contribution to the expected net exposure generated by all the contracts stipulated with a given counterparty within the same CSA.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: distribution by fair value hierarchy

Given the above, the table below provides a breakdown of the assets and liabilities measured at fair value on a recurring basis, in the fair value hierarchy. As defined by the cited standard IFRS 13, recurring valuations refer to assets and liabilities measured at fair value in the balance sheet, based on that envisaged or permitted by the reference international accounting standards.

Assets/liabilities measured at fair value	31/12/2024			31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit and loss	8,228,462	5,353,976	1,987,580	7,626,280	3,417,370	1,723,884
a) financial assets held for trading	2,257,856	3,754,277	184	2,495,994	1,857,805	204
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	5,970,606	1,599,699	1,987,396	5,130,286	1,559,565	1,723,680
2. Financial assets measured at fair value through other comprehensive income	22,240,017	33,574	408,469	19,222,017	170,632	286,995
3. Hedging derivatives	-	1,033,292	-	-	980,017	-
4. Property, plant and equipment	-	-	1,771,545	-	-	2,095,358
5. Intangible assets	-	-	-	-	-	-
Total	30,468,479	6,420,842	4,167,594	26,848,297	4,568,019	4,106,237
1. Financial liabilities held for trading	742,916	22,153,731	-	213,386	20,680,770	-
2. Financial liabilities designated at fair value	5,759	8,263,928	18,295	5,966	6,555,904	18,295
3. Hedging derivatives	-	869,068	-	-	1,041,678	-
Total	748,675	31,286,727	18,295	219,352	28,278,352	18,295

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

Financial assets measured at fair value on a recurring basis

As at 31 December 2024, financial assets measured significantly on the basis of non-observable parameters (Level 3) were 82.9% comprised of instruments classified in "Other financial assets mandatorily measured at fair value" and

17.0% comprised of instruments classified in the portfolio of "Financial assets measured at fair value through other comprehensive income"; "Financial assets held for trading" represents a residual portion.

More specifically, level 3 financial assets amounted to 2,396.0 million and are represented by the following types of investment:

- unlisted equity instruments of 316.2 million, mostly valued on the basis of internal equity models or with transaction prices, which do not meet the requirements to be assigned to level 2;
- UCIT units of 1,402.2 million; these are funds characterised by significant levels of illiquidity, and for which the process to evaluate the assets of the fund requires a considerable amount of assumptions and estimates. For more details on UCIT units held by the Parent Company in relation to sales of multi-originator loans, please refer to that illustrated in "Part E - Information on risks and related hedging policies, 1.1 Credit risk, D. Sale transactions, Financial assets sold and fully derecognised" of these Notes to the financial statements;
- loans to customers amounting to 523.0 million, measured at fair value, for failure to pass the SPPI test, as the related cash flows do not exclusively represent the payment of interest and principal,
- debt securities for 154.6 million.

With regard to derivative financial instruments held for trading and hedging, the same are almost all classified as level 2, with the exception of listed derivatives classified as level 1, as illustrated below:

- level 1 includes listed derivatives (futures and options), measured on the basis of the prices provided by the Clearing Houses, for a total of 78.9 million;
- level 2 includes Over The Counter (OTC) derivatives measured on the basis of models that use observable market parameters to a significant extent, or on the basis of prices originating from independent sources, for 2,739.3 million.

Financial liabilities measured at fair value on a recurring basis

Level 1 financial liabilities refer to listed trading derivatives for 89.1 million and to technical overdrafts on securities listed in active markets for 653.8 million.

The remaining financial liabilities are primarily classified as level 2 of the fair value hierarchy and mainly regard the portfolio of "Financial liabilities held for trading" relating to Bond Repo trading for 19,809.6 million, financial and credit derivatives for 1,387.2 million and issues of Certificates unconditionally guaranteed by Banca Akros for 956.9 million. "Financial liabilities designated at fair value", classified as level 2, mainly include liabilities related to Class III insurance products (unit-linked and index-linked policies), the benefits of which are correlated with the value of market indices and units of investment funds, for 3,325.8 million, and structured debt securities together with unconditionally guaranteed capital Certificates for a book value of 4,938.1 million (3,761.7 million as at 31 December 2023); while the 18.3 million represented at level 3, relate to liabilities recognised against Loans transferred and not derecognised, measured at fair value.

Non-financial assets

The non-financial assets of the Group measured at fair value are represented by properties used in operations and held for investment purposes; for the relative sensitivity analyses, please refer to the previous paragraph "Non-financial assets measured at fair value on a recurring basis".

Transfers between fair value levels (Level 1 and Level 2) for financial assets and liabilities measured at fair value on a recurring basis

During 2024, a single transfer was made, from level 1 to level 2 for 1.1 million, relating to a bond belonging to the portfolio of "Financial assets measured at fair value through other comprehensive income".

Impact of Credit Valuation Adjustment (CVA) and Debt Valuation Adjustment (DVA) on the determination of the fair value of derivative financial instruments

Based on the method illustrated in the section above entitled "A.4.1 Fair value levels 2 and 3: valuation techniques and input used", as at 31 December 2024, cumulative adjustments made to the fair value of derivative instruments, other than issues of certificates, to account for counterparty risk "Credit Valuation Adjustment (CVA) and Debt Valuation Adjustment (DVA)", were negative overall for 0.3 million, and were comprised by:

- adjustments for CVA which resulted in a cumulative loss, in terms of lower assets/higher liabilities, of 4.4 million;
- adjustments for DVA which resulted in a cumulative benefit, in terms of higher assets/lower liabilities, of 4.1 million.

As at 31 December 2023, cumulative fair value adjustments to take account of counterparty risk (CVA/DVA) were positive overall for 10.3 million, equal to the imbalance between negative adjustments for CVA (1.0 million) and positive adjustments for DVA (11.3 million).

The resulting impact on the income statement for 2024 was therefore a negative 10.6 million.

Property, plant and equipment measured at fair value on a recurring basis

Property, plant and equipment measured at fair value on a recurring basis, entirely classified as level 3, are represented by property and valuable works of art.

Sub-item "4. Property, plant and equipment" includes the assets classified in item 90 of balance sheet assets and measured at fair value. These regard:

- owned property used in operations and for investment purposes, for a total of 1,718.6 million;
- valuable works of art for 53.0 million.

In that regard, it is noted that, in addition to the above property, plant and equipment, the Group also holds property measured at fair value on a recurring basis, for 301.5 million (level 3 in the fair value hierarchy), classified in balance sheet item "120. Non-current assets and disposal groups held for sale", in relation to the sales negotiations underway.

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets at fair value through profit and loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	1,723,884	204	-	1,723,680	286,995	-	2,095,358	-
2. Increases	454,258	15,487	-	438,771	131,540	-	125,933	-
2.1. Purchases	214,669	15,484	-	199,185	299	-	19,584	-
2.2. Profits charged to:	62,367	2	-	62,365	12,150	-	91,530	-
2.2.1. Income statement	62,367	2	-	62,365	-	-	35,721	-
- of which capital gains	56,407	-	-	56,407	-	-	27,701	-
2.2.2. Shareholders' equity	-	X	X	X	12,150	-	55,809	-
2.3. Transfers from other levels	-	-	-	-	113,525	-	-	-
2.4. Other increases	177,222	1	-	177,221	5,566	-	14,819	-
3. Decreases	(190,562)	(15,507)	-	(175,055)	(10,066)	-	(449,746)	-
3.1. Sales	(28,027)	(122)	-	(27,905)	(1,664)	-	(3,115)	-
3.2. Redemptions	(28,128)	-	-	(28,128)	-	-	-	-
3.3. Losses charged to:	(69,198)	(15,362)	-	(53,836)	(3,867)	-	(114,839)	-
3.3.1. Income statement	(69,198)	(15,362)	-	(53,836)	-	-	(105,919)	-
- of which capital losses	(51,704)	-	-	(51,704)	-	-	(87,679)	-
3.3.2. Shareholders' equity	-	X	X	X	(3,867)	-	(8,920)	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	(65,209)	(23)	-	(65,186)	(4,535)	-	(331,792)	-
4. Closing balance	1,987,580	184	-	1,987,396	408,469	-	1,771,545	-

"Transfers from other levels" of financial assets refer to the book value at the beginning of the year of a security for which, at the reporting date, reference was made to the transaction price that does not meet the requirements for allocation to level 2.

Sub-items "2.2.1 Profits charged to the Income statement" and "3.3.1 Losses charged to the Income statement" include the profits and losses recognised in total in the income statement for the year, relating to the following items:

- "80. Net trading income" for "financial assets held for trading";
- "110. b) Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss" for the "other financial assets mandatorily measured at fair value";
- "260. Fair value gains (losses) on property, plant and equipment and intangible assets" for the adjustment to fair value of property, plant and equipment measured on the basis of the fair value criterion (IAS 40) or the revalued amount method (IAS 16);
- "210. Depreciation and impairment losses on property, plant and equipment" for depreciation charges on property used in operations, measured on the basis of the revalued amount criterion (IAS 16);
- "280. Gains (losses) on disposal of investments" for the recognition of the gain or loss made from the sale of property, plant or equipment, represented by property or by works of art and measured on the basis of the fair value/revalued amount criterion.

Sub-items "2.2.2 Profits charged to Shareholders' equity" and "3.3.2 Losses charged to Shareholders' equity" include the profits and losses recognised in total as a balancing entry of the shareholders' equity item "120. Valuation reserves", and shown in the statement of comprehensive income relating to the following items:

- "20. Equity instruments designated at fair value through other comprehensive income";
- "140. Financial assets (other than equity instruments) measured at fair value through other comprehensive income" for the other securities.
- "50. Property, plant and equipment".

A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	-	18,295	-
2. Increases	-	-	-
2.1 Issues	-	-	-
2.2. Losses charged to:	-	-	-
2.2.1. Income statement	-	-	-
- of which capital losses	-	-	-
2.2.2. Shareholders' equity	X	-	-
2.3. Transfers from other levels	-	-	-
2.4. Other increases	-	-	-
3. Decreases	-	-	-
3.1. Redemptions	-	-	-
3.2. Buy-backs	-	-	-
3.3. Profits charged to:	-	-	-
3.3.1. Income statement	-	-	-
- of which capital gains	-	-	-
3.3.2. Shareholders' equity	X	-	-
3.4. Transfers to other levels	-	-	-
3.5. Other decreases	-	-	-
4. Closing balance	-	18,295	-

A.4.5.4 Assets and liabilities not measured at fair value, or measured at fair value on a non-recurring basis: distribution by fair value hierarchy

Assets/Liabilities not measured at fair value, or measured at fair value on a non-recurring basis	31/12/2024				31/12/2023			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets at amortised cost	131,794,858	25,594,294	1,042,272	104,502,471	135,192,553	24,701,692	64,254	108,647,755
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	131,794,858	25,594,294	1,042,272	104,502,471	135,192,553	24,701,692	64,254	108,647,755
1. Financial liabilities at amortised cost	133,165,852	14,279,962	9,311,790	109,793,579	143,185,876	10,997,896	7,875,385	124,299,014
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	133,165,852	14,279,962	9,311,790	109,793,579	143,185,876	10,997,896	7,875,385	124,299,014

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

Assets and liabilities not measured at fair value

Financial assets and liabilities classified in level 1 and level 2 of the fair value hierarchy refer to debt securities/bonds in the portfolio (assets) or own issues (liabilities), for which listed prices available in active markets or valuation techniques whose relevant parameters are observable on the market were used. In greater detail, securities held in assets are mainly represented by government bonds classified in level 1.

The remaining financial assets and liabilities at amortised cost (loans, deposits, current accounts, other payables) are classified in level 3, as:

- the fair value was determined on the basis of unobservable parameters, mainly attributable to estimates of expected losses determined on the basis of unobservable market indicators; or
- the fair value was not measured, as it was deemed approximately equal to the book value, as permitted by accounting standard IFRS 7.

For said types of financial instruments, the selection of techniques and parameters used in estimating the fair value to indicate in the financial statements only for disclosure purposes, as well as the appreciation of the significance of the unobservable inputs require significant judgements. It cannot therefore be ruled out that a different approach to said parameters or the use of alternative valuation techniques may lead to significantly different fair values, also depending on the purpose for which the same are being calculated.

For the disclosure on the methods of determining the fair value of financial assets and liabilities at amortised cost, refer to that illustrated in the previous paragraph "Financial assets and liabilities at amortised cost in the financial statements".

Assets and liabilities measured at fair value on a non-recurring basis

In line with the provisions envisaged by Circular no. 262 for assets and liabilities measured at fair value on a non-recurring basis, a disclosure of the three-level fair value hierarchy has to be provided. By way of example, this case would arise if a tangible asset, usually measured on the basis of the cost criterion, were to be measured at fair value, net of costs to sell, following its IFRS 5 classification as a non-current asset held for sale.

In this regard, it must be clarified that as at 31 December 2024, as in the previous year, no disclosure on the fair value hierarchy of assets and liabilities measured at fair value on a non-recurring basis is not provided, as the Group does not own this type of asset.

A.5 DISCLOSURE OF "DAY ONE PROFIT/LOSS"

Pursuant to IFRS 7, paragraph 28, in the area of Group financial instruments, note that at the reporting date, there were no impacts deriving from the "Day 1 Profit/Loss", understood as the difference between the fair value at the time of initial recognition (transaction price) and the amount determined at that date using a measurement technique.

PART B – INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 - Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31/12/2024	Total 31/12/2023
a) Cash	738,820	454,398
b) Current accounts and demand deposits with Central Banks	11,005,898	17,410,600
c) Current accounts and demand deposits with banks	380,122	432,498
Total	12,124,840	18,297,496

The sub-item "b) Current accounts and demand deposits with Central Banks", of 11.0 billion (17.4 billion as at 31 December 2023), includes one short-term deposit with the Bank of Italy.

Section 2 - Financial assets at fair value through profit and loss – Item 20

2.1 Financial assets held for trading: breakdown by product

Items/Amounts	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
A. On-balance sheet assets						
1. Debt securities	940,308	44,915	-	388,873	43,132	-
1.1 Structured securities	6,622	44,260	-	1,698	38,478	-
1.2 Other debt securities	933,686	655	-	387,175	4,654	-
2. Equity instruments	1,231,835	-	18	1,949,389	-	18
3. UCIT units	6,812	-	120	9,712	-	121
4. Loans	-	2,003,356	-	-	69,944	-
4.1 Repurchase agreements	-	2,003,356	-	-	69,944	-
4.2 Other	-	-	-	-	-	-
Total (A)	2,178,955	2,048,271	138	2,347,974	113,076	139
B. Derivative instruments						
1. Financial derivatives	78,901	1,705,562	46	148,020	1,744,326	65
1.1 held for trading	78,901	1,705,413	46	148,020	1,319,599	65
1.2 connected with the fair value	-	130	-	-	424,715	-
1.3 other	-	19	-	-	12	-
2. Credit derivatives	-	444	-	-	403	-
2.1 held for trading	-	444	-	-	403	-
2.2 connected with the fair value	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	78,901	1,706,006	46	148,020	1,744,729	65
Total (A+B)	2,257,856	3,754,277	184	2,495,994	1,857,805	204

L1 = Level 1

L2 = Level 2

L3 = Level 3

Sub-item "1.2 Other debt securities" includes subordinated financial assets for 35.2 million.

Sub-item "4. Loans" is fully represented by trading repurchase agreements, of which 1.6 billion entered into with Central Counterparties.

The following table shows the breakdown by fund type of sub-item "3. UCIT units", mainly attributable to real estate funds.

Items/Amounts	31/12/2024	31/12/2023
Share Funds	3,023	1,061
Real Estate Funds	3,909	8,772
Total	6,932	9,833

2.2 Financial assets held for trading: breakdown by debtor/issuer/counterparty

Items/Amounts	Total 31/12/2024	Total 31/12/2023
A. On-balance sheet assets		
1. Debt securities	985,223	432,005
a) Central Banks	-	-
b) Public Administrations	670,039	164,103
c) Banks	180,194	149,795
d) Other financial companies	86,369	60,528
of which: insurance companies	9,775	6,962
e) Non-financial companies	48,621	57,579
2. Equity instruments	1,231,853	1,949,407
a) Banks	39,136	56,046
b) Other financial companies	176,276	146,461
of which: insurance companies	83,849	1,049
c) Non-financial companies	1,016,441	1,746,900
d) Other issuers	-	-
3. UCIT units	6,932	9,833
4. Loans	2,003,356	69,944
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	1,520,015	48,654
d) Other financial companies	483,341	21,290
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	4,227,364	2,461,189
B. Derivative instruments		
a) Central Counterparties	247,338	466,840
b) Other	1,537,615	1,425,974
Total (B)	1,784,953	1,892,814
Total (A+B)	6,012,317	4,354,003

2.3 Financial assets designated at fair value: breakdown by product

As at 31 December 2024, as in the previous year, the Group had no assets classified in the portfolio in question.

2.4 Financial assets designated at fair value: breakdown by debtor/issuer

As at 31 December 2024, as in the previous year, the Group had no assets classified in the portfolio in question.

2.5 Financial assets mandatorily measured at fair value: breakdown by product

Items/Amounts	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	329,783	183,779	21,454	193,887	123,142	32,454
1.1 Structured securities	-	-	-	-	2	1,000
1.2 Other debt securities	329,783	183,779	21,454	193,887	123,140	31,454
2. Equity instruments	217,955	36,347	40,868	245,625	30,476	40,207
3. UCIT units	5,422,868	1,379,573	1,402,094	4,690,774	1,405,947	1,178,504
4. Loans	-	-	522,980	-	-	472,515
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	522,980	-	-	472,515
Total	5,970,606	1,599,699	1,987,396	5,130,286	1,559,565	1,723,680

L1 = Level 1

L2 = Level 2

L3 = Level 3

"Financial assets mandatorily measured at fair value" totalled 9,557.7 million (8,413.5 million as at 31 December 2023). The change compared to the previous year is mainly due to the contribution of the insurance companies. These companies' assets, in fact, amounted to 7,284.7 million (6,355.6 million as at 31 December 2023) and are mainly represented by UCIT units (6,553.6 million, up compared to 5,824.9 million in the previous year). These assets are represented, for 5,234.8 million (4,510.3 million as at 31 December 2023), by investments underlying the Unit-linked contracts as illustrated in detail in "Part B – Information on the consolidated balance sheet, Other information" of these Notes to the financial statements, the change in which was particularly affected by the increase in investments underlying BBPM Life contracts.

For a more thorough analysis of the contribution of the insurance companies, please refer to the "Consolidated balance sheet: contribution of insurance companies" provided among the "Attachments" to these financial statements.

Exposure to debt securities amounted to a total of 535.0 million (349.5 million as at 31 December 2023), and is represented almost entirely by bonds issued by financial companies. In particular, sub-item "1.2 Other debt securities" includes Asset Backed Securities (ABS) for 21.5 million (31.5 million in 2023), all with subordination clauses, finalised through the following vehicles: Pharma Finance S.r.l., Bnt Portfolio SPV, Red Sea SPV, Leviticus SPV, Tiberina SPV, Titan SPV, Tevere SPV, Aurelia SPV and Sun SPV. These securities are classified under level 3. For further details, please refer to "Part E - Information on risks and related hedging policies, 1.1 Credit risk, C. Securitisation transactions" of these Notes to the financial statements.

Sub-item 2 "Equity instruments" amounted to 295.2 million (316.3 million in 2023).

The table below presents the breakdown of sub-item "3. UCIT units".

Items/Amounts	31/12/2024	31/12/2023
Share Funds	2,486,030	2,108,685
Balanced Funds	14,413	52,636
Bond Funds	4,012,448	3,658,497
Liquidity Funds	530,537	498,177
Flexible Funds	405,935	359,410
Hedge Funds	5,337	5,116
Real Estate Funds	376,599	383,618
Private Debt and similar funds	373,236	209,086
Total	8,204,535	7,275,225

"Private Debt and similar funds" refer to the shares attributed to the Group as part of multi-originator sales of non-performing loans. These transactions fall within those illustrated under "Multi-originator sales of loans to mutual investment funds" in "Part E - Information on risks and related hedging policies, 1.1 Credit risk, D. Sale transactions", of these Notes to the financial statements.

2.6 Financial assets mandatorily measured at fair value: breakdown by debtor/issuer

	Total 31/12/2024	Total 31/12/2023
1. Equity instruments	295,170	316,308
of which: banks	-	-
of which: other financial companies	16,370	23,649
of which: non-financial companies	61,175	56,592
2. Debt securities	535,016	349,483
a) Central Banks	231,874	85,750
b) Public Administrations	43,908	35,647
c) Banks	190,509	146,443
d) Other financial companies	44,807	57,226
of which: insurance companies	7,184	7,121
e) Non-financial companies	23,918	24,417
3. UCIT units	8,204,535	7,275,225
4. Loans	522,980	472,515
a) Central Banks	-	-
b) Public Administrations	2,476	2,679
c) Banks	-	-
d) Other financial companies	105,062	110,904
of which: insurance companies	-	-
e) Non-financial companies	388,848	328,295
f) Households	26,594	30,637
Total	9,557,701	8,413,531

Section 3 - Financial assets measured at fair value through other comprehensive income – Item 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by product

Items/Amounts	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	21,808,097	33,574	133,109	19,218,007	57,107	127,785
1.1 Structured securities	-	-	-	-	6,333	-
1.2 Other debt securities	21,808,097	33,574	133,109	19,218,007	50,774	127,785
2. Equity instruments	431,920	-	275,360	4,010	113,525	159,210
3. Loans	-	-	-	-	-	-
Total	22,240,017	33,574	408,469	19,222,017	170,632	286,995

L1 = Level 1

L2 = Level 2

L3 = Level 3

Exposure in debt securities amounted to a total of 21,974.8 million (19,402.9 million as at 31 December 2023) and was mainly represented by bonds issued by governments and banks.

As at 31 December 2024, there were no subordinated assets. In the previous year, these assets amounted to 3.9 million (4.0 million nominal value), classified as level 1.

The exposure in equity instruments amounted to a total of 707.3 million (276.7 million as at 31 December 2023). More specifically:

- level 1 equity instruments include the investment in Banca Monte dei Paschi di Siena S.p.A. for a book value of 428.7 million, equal to 62,984,485 shares;
- level 3 equity instruments include the stakes held in the share capital of the Bank of Italy (4,541 shares), equal to 1.5137% of the entire share capital. The book value of 113.5 million is obtained by applying the value of 25,000 euro to each share. Note that these shares derive from the capital increase operation carried out by the Bank of Italy in 2013 as an effect of Italian Decree Law no. 133 of 30 November 2013, converted with Italian Law no. 5 of 29 January 2014, leading to the issuing of new shares, with a value of 25,000 euro per unit. In the previous year, it was classified as level 2. Also included are the shares of C.R. Asti S.p.A., Palladio Holding S.p.A. and Astaris S.p.A. for 50.3 million, 41.9 million and 12.1 million, respectively.

Equity instruments deriving from the recovery of impaired financial assets came to 24.6 million.

The contribution of the insurance companies to this item was 9,402.1 million (8,986.9 million as at 31 December 2023). The increase compared to the previous year is mainly due to investments in bonds issued by governments and banks underlying the traditional Class I products of Banco BPM Vita.

For a more thorough analysis of the contribution of the insurance companies, please refer to the "Consolidated balance sheet: contribution of insurance companies" provided among the "Attachments" to these financial statements.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Amounts	Total 31/12/2024	Total 31/12/2023
1. Debt securities	21,974,780	19,402,899
a) Central Banks	72,702	57,059
b) Public Administrations	17,176,740	15,510,435
c) Banks	1,248,020	960,654
d) Other financial companies	2,314,622	2,156,612
of which: insurance companies	45,060	-
e) Non-financial companies	1,162,696	718,139
2. Equity instruments	707,280	276,745
a) Banks	592,560	165,985
b) Other issuers:	114,720	110,760
- other financial companies	62,736	56,565
of which: insurance companies	-	-
- non-financial companies	51,689	54,069
- other	295	126
3. Loans	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	22,682,060	19,679,644

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total value adjustments

	Gross value			Total value adjustments					Total partial write-offs *
	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	
Debt securities	21,752,809	13,155,839	227,472	-	-	(3,206)	(2,295)	-	-
Loans	-	-	-	-	-	-	-	-	-
Total 31/12/2024	21,752,809	13,155,839	227,472	-	-	(3,206)	(2,295)	-	-
Total 31/12/2023	19,205,324	11,264,935	202,607	-	-	(4,002)	(1,030)	-	-

(*) Value to be shown for disclosure purposes.

Section 4 - Financial assets at amortised cost – Item 40

4.1 Financial assets at amortised cost: breakdown by product for loans to banks

Transaction type/Amounts	Total 31/12/2024					Total 31/12/2023				
	Book value		Acquired or originated impaired			Book value		Acquired or originated impaired		
	Stage 1 and Stage 2	Stage 3	L1	L2	L3	Stage 1 and Stage 2	Stage 3	L1	L2	L3
A. Loans to Central Banks	1,017,014	-	-	-	1,017,014	933,326	-	-	-	933,326
1. Fixed-term deposits	-	-	-	X	X	-	-	-	X	X
2. Minimum reserve	1,014,224	-	-	X	X	930,779	-	-	X	X
3. Repurchase agreements	-	-	-	X	X	-	-	-	X	X
4. Other	2,790	-	-	X	X	2,547	-	-	X	X
B. Loans to banks	4,825,522	-	1,571,198	915,838	2,358,953	4,992,783	-	1,717,634	62,724	3,213,537
1. Loans	2,345,261	-	-	-	2,358,953	3,208,314	-	-	-	3,213,537
1.1 Current accounts	-	-	-	X	X	-	-	-	X	X
1.2. Fixed-term deposits	126,034	-	-	X	X	277,434	-	-	X	X
1.3. Other loans:	2,219,227	-	-	X	X	2,930,880	-	-	X	X
- Reverse repurchase agreements	195,841	-	-	X	X	798,375	-	-	X	X
- Loans for leases	-	-	-	X	X	-	-	-	X	X
- Other	2,023,386	-	-	X	X	2,132,505	-	-	X	X
2. Debt securities	2,480,261	-	1,571,198	915,838	-	1,784,469	-	1,717,634	62,724	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	2,480,261	-	1,571,198	915,838	-	1,784,469	-	1,717,634	62,724	-
Total	5,842,536	-	1,571,198	915,838	3,375,967	5,926,109	-	1,717,634	62,724	4,146,863

L1 = Level 1

L2 = Level 2

L3 = Level 3

Sub-item B.1.3 "Other loans – other" includes security deposits for "ISMA" and "CSA" contracts for 1,028.7 million in 2023), loans with medium/long-term repayment plans, loans for securities trading transactions not yet settled and receivables for discounts on bills.

The sub-item in question also includes operating receivables in the amount of approximately 4.1 million (5.8 million in 2023), associated with revenues accruing in 2024 but not yet received as at the end of the year.

Sub-item "B.2 Debt securities" includes subordinated securities for an amount of 14.6 million (18.7 million in 2023).

For details on non-performing assets, please see "Part E - Information on risks and related hedging policies, Section 2 - Risks of prudential consolidation, 1.1 Credit risk".

4.2 Financial assets at amortised cost: breakdown by product for loans to customers

Transaction type/Amounts	Total 31/12/2024						Total 31/12/2023					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and Stage 2	Stage 3	Acquired or originated impaired	L1	L2	L3	Stage 1 and Stage 2	Stage 3	Acquired or originated impaired	L1	L2	L3
1. Loans	98,050,867	1,574,779	104,353	-	-	99,241,638	102,049,241	1,824,035	141,890	-	-	102,464,851
1. Current accounts	7,726,858	137,446	1,224	X	X	X	7,455,398	140,610	1,603	X	X	X
2. Reverse repurchase agreements	2,997,838	-	-	X	X	X	4,833,466	-	-	X	X	X
3. Mortgage loans	75,157,711	1,043,976	35,298	X	X	X	77,039,793	1,234,850	71,540	X	X	X
4. Credit cards, personal loans and salary-backed loans	465,038	6,351	31	X	X	X	656,754	9,382	70	X	X	X
5. Loans for leases	299,672	11,354	-	X	X	X	398,795	118,295	1,592	X	X	X
6. Factoring	70,888	-	-	X	X	X	81,271	-	-	X	X	X
7. Other loans	11,332,862	375,652	67,800	X	X	X	11,583,764	320,898	67,085	X	X	X
2. Debt securities	25,758,600	463,723	-	24,023,096	126,434	1,884,866	25,251,278	-	-	22,984,058	1,530	2,036,041
1. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2. Other debt securities	25,758,600	463,723	-	24,023,096	126,434	1,884,866	25,251,278	-	-	22,984,058	1,530	2,036,041
Total	123,809,467	2,038,502	104,353	24,023,096	126,434	101,126,504	127,300,519	1,824,035	141,890	22,984,058	1,530	104,500,892
L1 = Level 1												
L2 = Level 2												
L3 = Level 3												

L1 = Level 1

L2 = Level 2

L3 = Level 3

Net loans to customers amounted to 125,952.3 million (129,266.4 million as at 31 December 2023). Excluding debt securities, the analysis of the portfolio by type shows mortgage loans accounting for the largest part, representing 76.4% of the total (75.3% in 2023).

Sub-item "1.7. Other loans" mainly includes loans for advances on bills, documents and similar instruments subject to collection, subsidies not settled in the current account, loans with medium/long-term repayment plans and operating receivables associated with the provision of financial services. In particular, operating receivables include 256.4 million for fees and commissions accruing in 2024, against ordinary contacts with customers, which will be received during 2025 (mainly relative to the distribution of insurance products for third parties for 177.5 million). In 2023 these amounted to 234.7 million, almost fully collected during 2024. For further details, please refer to the footnote below Table "2.1 Fee and commission income: breakdown" in Part C – Information on the consolidated income statement.

Stage 3 non-performing loans, net of debt securities and acquired or originated impaired exposures, amounted to 1,574.8 million, marking a 13.7% decrease compared to the previous year (1,824.0 million), also due to additional derisking transactions finalised during the year.

For more details about credit quality, please see "Section 1 – Risks of the consolidated book, A. Credit quality" and "Section 2 – Risks of prudential consolidation, 1.1 Credit risk, A. Credit quality" in Part E of these Notes to the financial statements.

Sub-item "2. Debt securities", equal to 26,222.3 million, is represented for 23,322.0 million by securities issued by public administrations.

Also included are Asset Backed Securities - ABS for 1,834.9 million (1,924.2 million as at 31 December 2023) deriving from own and third-party securitisations, all classified as level 3 in the fair value hierarchy.

More specifically, the securities issued as part of own securitisations of non-performing loans amounted to 1,067 million (1,414.1 million as at 31 December 2023) and are entirely attributable to the senior tranches issued by the following special purpose vehicles:

- Red Sea SPV for 463.7 million (592 million as at 31 December 2023);
- Leviticus SPV for 433.6 million (550.2 million as at 31 December 2023);
- Titan SPV for 9.4 million (14 million as at 31 December 2023);
- Aurelia SPV for 132.8 million (202.3 million as at 31 December 2023);
- Tevere SPV for 27.5 million (55.6 million as at 31 December 2023).

Except for the securitisation transaction with Tevere SPV, all remaining transactions are backed by the Italian State guarantee pursuant to Decree Law 18/2016 ("GACS").

As at 31 December 2024, the senior exposure to Red Sea SPV, though fully guaranteed, has a "non-performing" status (Stage 3). The aforementioned classification was necessary because the performance recorded in 2024 and that expected until maturity of the security (2038), in terms of collections, is such as to make foreclosure of the state guarantee probable.

During the year 2024, the securitisation with Leviticus SPV also showed signs of underperformance, further confirmed by the rating downgrade by both agencies (the Scope rating went from BB- to CCC while that of DBRS went from BB- to B). On this basis, as at 31 December 2024 the exposure was included in Stage 2, despite the full Italian State guarantee.

For more details, please refer to "Part E - Information on risks and related hedging policies, 1.1 Credit risk, C. Securitisation transactions" in these Notes to the financial statements.

Third-party securitisations of 767.9 million (510.1 million in 2023) are also included.

For information on loans granted with a public guarantee following the Covid emergency, please refer to "Part A - Accounting policies, Section 5 - Other aspects, Covid-19 support measures by the Group represented by loans with public guarantee" in these Notes to the financial statements.

4.3 Financial assets at amortised cost: breakdown by debtor/issuer of loans to customers

Transaction type/Amounts	Total 31/12/2024			Total 31/12/2023		
	Stage 1 and Stage 2	Stage 3	Acquired or originated impaired	Stage 1 and Stage 2	Stage 3	Acquired or originated impaired
1. Debt securities	25,758,600	463,723	-	25,251,278	-	-
a) Public Administrations	23,321,975	-	-	22,409,294	-	-
b) Other financial companies	2,067,243	463,723	-	2,548,985	-	-
of which: insurance companies	20,889	-	-	-	-	-
c) Non-financial companies	369,382	-	-	292,999	-	-
2. Loans to:	98,050,867	1,574,779	104,353	102,049,241	1,824,035	141,890
a) Public Administrations	1,428,850	368	438	1,688,780	484	489
b) Other financial companies	11,276,276	39,888	38	13,274,443	56,322	82
of which: insurance companies	37,371	21	-	25,974	27	-
c) Non-financial companies	53,465,586	1,119,859	86,144	54,199,491	1,202,797	116,328
d) Households	31,880,155	414,664	17,733	32,886,527	564,432	24,991
Total	123,809,467	2,038,502	104,353	127,300,519	1,824,035	141,890

4.4 Financial assets at amortised cost: gross value and total value adjustments

	Gross value			Total value adjustments					Total partial write-offs *
	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	
Debt securities	27,759,200	23,267,165	492,590	468,811	-	(8,484)	(4,445)	(5,088)	-
Loans	92,843,920	-	9,005,924	2,832,669	125,034	(86,527)	(350,175)	(1,257,890)	59,267
Total 31/12/2024	120,603,120	23,267,165	9,498,514	3,301,480	125,034	(95,011)	(354,620)	(1,262,978)	59,267
Total 31/12/2023	121,353,384	22,352,280	12,304,630	3,683,283	178,105	(114,108)	(317,278)	(1,859,248)	112,838

(*) Value to be shown for disclosure purposes.

The amount shown in the column "of which: Instruments with low credit risk", of 23,267.2 million (22,352.3 million in 2023) mainly regards Italian and foreign government securities.

Section 5 - Hedging derivatives – Item 50

5.1 Hedging derivatives: breakdown by hedge type and by level

	Fair Value 31/12/2024			NV 31/12/2024	Fair Value 31/12/2023			NV 31/12/2023
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	1,003,213	-	34,738,834	-	978,392	-	22,273,063
2) Cash flows	-	29,431	-	1,235,716	-	1,625	-	65,000
3) Foreign investments	-	648	-	27,962	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	1,033,292	-	36,002,512	-	980,017	-	22,338,063

NV = notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

5.2 Hedging derivatives: breakdown by portfolio hedged and type of hedge

Operations/Hedge type	Fair Value					Cash flows			
	Micro hedging					Macro hedging	Micro hedging	Macro hedging	Foreign investments
	debt securities and interest rates	equity instruments and share indices	currencies and gold	credit	commodities				
1. Financial assets measured at fair value through other comprehensive income	176,106	-	-	-	X	X	-	X	X
2. Financial assets at amortised cost	263,198	X	-	-	X	X	14,938	X	X
3. Portfolio	X	X	X	X	X	129,507	X	14,493	X
4. Other transactions	-	-	-	-	-	X	-	X	648
Total assets	439,304	-	-	-	-	129,507	14,938	14,493	648
1. Financial liabilities	140,285	X	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	294,117	X	-	X
Total liabilities	140,285	-	-	-	-	294,117	-	-	-
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

Section 6 - Fair value change of financial assets in macro fair value hedge portfolios – Item 60

6.1 - Fair value change of hedged assets: breakdown by hedged portfolios

Fair value change of hedged assets/Amounts	Total	Total
	31/12/2024	31/12/2023
1. Increase	181,998	204,129
1.1 of specific portfolios:	181,998	204,129
a) financial assets at amortised cost	181,998	204,129
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Decrease	(183,448)	(273,093)
2.1 of specific portfolios:	(183,448)	(273,093)
a) financial assets at amortised cost	(183,448)	(273,093)
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	(1,450)	(68,964)

The fair value change of financial assets in macro fair value hedge portfolios refers to fair value changes in certain specific portfolios of assets at amortised cost, due to interest rate fluctuations.

Fair value gains and losses relative to hedging derivatives and the portfolio hedged are indicated in item "90. Fair value gains/losses on hedging derivatives".

Section 7 - Interests in associates and joint ventures – Item 70

As at 31 December 2024, the book value of item "70. Interests in associates and joint ventures" amounted to 1,708.4 million (1,454.2 million as at 31 December 2023), referring to:

- significant interests of 1,534.7 million (1,187.9 million as at 31 December 2023), as shown in table 7.2 below, by individual interest;
- non-significant interests of 173.7 million (266.3 million as at 31 December 2023), as shown in table 7.4 below, as a whole.

The scope of "significant interests" was determined by considering the materiality of the book value of the investment and the stake held in the investee's assets with respect to the overall amounts indicated in the consolidated financial statements.

7.1 Interests in associates and joint ventures: information on investment relationships

Company name	Registered office	Operational headquarters	Type of relationship (a)	Investment relationship		Available
				Holder	% held	% votes
A. Companies subject to joint control						
N/A						
B. Companies subject to significant influence						
1. Agos Ducato S.p.A. Share capital € 638,655,160.00	Milan	Milan	1	Banco BPM	39.000%	39.000%
2. Alba Leasing S.p.A. Share capital € 357,953,058.13	Milan	Milan	1	Banco BPM	39.189%	39.189%
3. Anima Holding S.p.A. Share capital € 7,291,809.72	Milan	Milan	1	Banco BPM	22.379%	22.379%
4. Aosta Factor S.p.A. Share capital € 14,993,000.00	Aosta	Aosta	1	Banco BPM	20.690%	20.690%
5. Banco BPM Assicurazioni S.p.A. Share capital € 22,000,000.00	Milan	Milan	1	Banco BPM Vita	35.000%	35.000%
6. Calliope Finance S.r.l. in liquidation Share capital € 600,000.00	Milan	Milan	1	Banco BPM	50.000%	50.000%
7. Etica SGR S.p.A. (*) Share capital € 4,500,000.00	Milan	Milan	1	Banco BPM	19.444%	19.444%
8. Gardant Liberty Servicing S.p.A. Share capital € 150,000.00	Rome	Rome	1	Banco BPM	30.000%	30.000%
9. GEMA Magazzini Generali BPV-BSGSP S.p.A. Share capital € 3,000,000.00	Castelnuovo Sotto (RE)	Castelnuovo Sotto (RE)	1	Banco BPM	33.333%	33.333%
10. SelmaBipiemme Leasing S.p.A. (**) Share capital € 41,305,000.00	Milan	Milan	1	Banco BPM	40.000%	40.000%
11. S.E.T.A. Società Edilizia Tavazzano S.r.l. in liquidation Share capital € 20,000.00	Milan	Milan	1	Banco BPM	32.500%	32.500%
12. Vera Assicurazioni S.p.A. Share capital € 63,500,000.00	Milan	Milan	1	Banco BPM Vita	35.000%	35.000%
13. Vorvel SIM S.p.A. Share capital € 7,300,000.00	Milan	Milan	1	Banco BPM	20.000%	20.000%
14. Numia Group S.p.A. Share capital € 140,00.00	Milan	Milan	1	Banco BPM	28.570%	28.570%

(a) Type of relationship:

1 = interest in share capital

(*) Company subject to significant influence based on partnership agreements or shareholders' agreements with other shareholders

(**) Company held for sale pursuant to IFRS 5.

7.2 Significant interests in associates and joint ventures: book value, fair value and dividends received

Company name	Book value	Fair value	Dividends received
A. Companies subject to joint control			
N/A			
B. Companies subject to significant influence			
Agos Ducato S.p.A.	785,986	-	51,090
Alba Leasing S.p.A.	178,771	-	-
Anima Holding S.p.A.	301,116	473,778	17,865
Numia Group S.p.A.	268,825	-	-
Total	1,534,698	473,778	68,955

Note that dividends received during the year were recognised as decreasing the book value of the interest (as described in "Part A - Accounting policies" in these Notes), in that the profits which gave rise to them were indicated as a result of measuring the investment using the equity method.

7.3 Significant interests in associates and joint ventures: accounting information

The table below provides data obtained from the draft financial statements as at 31 December 2024 approved by the Boards of Directors and provided by associated companies or, when not available, the most recent balance sheets (relative to 100% of the interest and not the percentage held by the Group, as established under IFRS 12). Note that measurement using the equity method was performed on the basis of this data.

Company name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income	Value adjustments and recoveries on property, plant and equipment and intangible assets	Profit (loss) before tax from continuing operations	Profit (loss) after tax from continuing operations	Profit (loss) after tax from discontinued operations	Net profit (loss) for the year (1)	Other income components after tax (2)	Comprehensive income (3) = (1) + (2)
A. Companies subject to joint control														
N/A														
B. Companies subject to significant influence														
Agos Ducato S.p.A.	X	18,280,242	1,899,803	17,616,317	263,274	818,871	X	X	286,405	189,603	-	189,603	(168)	189,435
Alba Leasing S.p.A.	X	5,214,550	89,392	4,614,480	232,041	102,045	X	X	30,453	20,098	-	20,098	50	20,148
Anima Holding S.p.A.	X	1,028,246	1,661,693	800,757	244,928	543,618	X	X	321,803	227,922	-	227,922	79,184	307,106
Numia Group S.p.A.	X	560,513	1,117,238	1,035,679	125,458	144,142	X	X	13,830	(5,014)	-	(5,014)	(781)	(5,795)

Reconciliation of net assets and the book value of the investee in the financial statements

	Net assets (*) % Investment stake	Net assets held	Adjustments	Book value	
A. Companies subject to joint control					
N/A					
B. Companies subject to significant influence					
Agos Ducato S.p.A.	2,300,454	39.000%	897,177	(111,191)	785,986
Alba Leasing S.p.A.	457,421	39.189%	179,259	(488)	178,771
Anima Holding S.p.A.	1,644,254	22.379%	367,968	(66,852)	301,116
Numia Group S.p.A.	516,614	28.570%	147,597	121,228	268,825

(*) The amount of net assets, equal to the sum of "Financial assets" and "Non-financial assets", minus "Financial liabilities" and "Non-financial liabilities" indicated in table 7.3, corresponds to the total shareholders' equity of the investee.

Agos Ducato is a financial company controlled by the international Crédit Agricole Group through Crédit Agricole Consumer Finance. The company works in the household loan sector within which it provides loans, mainly for the purchasing of goods and services, as well as personal loans.

Alba Leasing operates in the lease sector and originated from the restructuring of the former Banca Italease Group. The company offers financing in the form of lease contracts, placing its products through the banking channel, including Banco BPM network.

Anima Holding S.p.A. is a financial holding company that is the Parent Company of Anima Group, which carries out collective asset management by managing mutual investment funds and pension funds.

Numia Group S.p.A. is the second largest national player in the e-money sector, able to offer all e-money services currently available on the market, guaranteeing full management of the entire chain of operations. For further details on the e-money reorganisation transaction, please refer to the section dedicated to significant events during the year in the Consolidated report on operations.

7.4 Non-significant interests in associates and joint ventures: accounting information

The table below provides accounting information, cumulative by type of investment relationship, with reference to non-significant companies subject to significant influence. The information is taken from the most recent financial statements or most recent accounting statement available and calculated with reference to the stake held by the Group, as established under IFRS 12.

	Book value of interests	Total assets	Total liabilities	Total revenues	Profit (loss) after tax from continuing operations	Profit (loss) after tax from discontinued operations	Net profit (loss) for the year (1)	Other income components after tax (2)	Comprehensive income (3) = (1) + (2)
A. Subsidiaries controlled jointly									
N/A									
B. Companies subject to significant influence	173,741	381,612	267,864	48,323	13,287	-	13,287	748	14,035

7.5 Interests in associates and joint ventures: annual changes

	31/12/2024	31/12/2023
A. Opening balance	1,454,249	1,652,548
B. Increases	923,689	360,870
B.1 Acquisitions	772,000	174,235
B.2 Recoveries	-	-
B.3 Revaluations	-	-
B.4 Other changes	151,689	186,635
C. Decreases	(669,499)	(559,169)
C.1 Sales	(500,000)	(223,326)
C.2 Value adjustments	-	-
C.3 Write-downs	(42,446)	-
C.4 Other changes	(127,053)	(335,843)
D. Closing balance	1,708,439	1,454,249
E. Total revaluations	-	-
F. Total adjustments	(668,367)	(625,921)

Acquisitions (sub-item B.1) refer for 500 million to the acquisition of 38.162% of the share capital of Numia S.p.A. and for 272 million to the acquisition of 28.57% of the share capital of Numia Group S.p.A., carried out as part of the e-money business reorganisation, as represented in the Consolidated report on operations and in "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" of these Notes to the financial statements.

The other increases (sub-item B.4) include the portion of profits for the year achieved by the investees pertaining to the Group for a total amount of 151.7 million. For details, please see "Section 17 - Gains (losses) of associates and joint ventures - Item 250" in "Part C - Information on the consolidated income statement" of these Notes to the financial statements.

Sales (sub-item C.1), equal to 500 million, relate to the sale to Numia Group of the entire interest acquired during the year in Numia S.p.A., as illustrated above.

Write-downs (sub-item C.3) refer to the impairment loss recognised on the investees Gardant Liberty Servicing (-30.6 million) and SelmaBipiemme Leasing (-11.8 million).

Other decreases (sub-item C.4) include:

- the effect of the distribution of dividends on the capital of Agos Ducato (-51.1 million), Anima Holding (-17.9 million), Vera Assicurazioni (-5.5 million), Gardant Liberty Servicing (-1.9 million), Etica SGR (-1.3 million), SelmaBipiemme Leasing (-1.9 million), Banco BPM Assicurazioni (-1.4 million) and Aosta Factor (-0.5 million);
- the effect of exit from the scope of "Interests in associates and joint ventures" of the book value of SelmaBipiemme Leasing (-41.0 million) due to reclassification under assets held for sale pursuant to IFRS 5, as sale negotiations are in progress;
- the effects pertaining to the Group of valuation reserves and other reserves of associates (-4.6 million).

7.6 Valuations and significant assumptions to establish the existence of joint control or significant influence

Significant influence exists when the power to participate in the entity's management and financial decisions is held, based on voting rights held or the in the presence of special contractual agreements, as better described in "Part A - Accounting policies" of these Notes to the financial statements. As at 31 December 2024, the scope of companies subject to significant influence involved companies in which 20% or more of voting rights is held, without, however, holding the right to exclusively direct the entity's significant activities, as can be seen in table 7.1 above.

With regard to Etica SGR, despite holding less than 20% of the shareholding, it is believed that there is significant influence by virtue of the placement agreements in place between Banco BPM Group and Etica SGR.

As at 31 December 2024 there were no companies under joint control, that is entities for which unanimous consent of all parties sharing control is required to make strategic financial and management decisions.

7.7 Commitments relative to interests in companies under joint control

There are no interests in companies under joint control.

7.8 Commitments relative to interests in companies subject to significant influence

Commitments deriving from agreements with Crédit Agricole for consumer loans

On 28 June 2019, in execution of the agreements signed at the end of 2018 by Banco BPM, Crédit Agricole Personal Finance & Mobility S.A.¹, Crédit Agricole S.A. and Agos Ducato, the reorganisation of the Group's consumer credit segment was completed. The reorganisation, which confirms the partnership between Banco BPM Group and Crédit Agricole for the next 15 years:

- formalised, inter alia: (a) a new Shareholders' Agreement, (b) a new Distribution Agreement, and (c) a new Funding Agreement;
- resulted in the transfer of ProFamily to Agos Ducato, through the finalisation of a demerger of ProFamily's non-captive operations in favour of a newly established company, which retained the name ProFamily, 100%-owned by Banco BPM and subsequently merged into Banco BPM.

On 18 December 2020, an Amendment Agreement between the parties was signed, with a view to further consolidating the existing partnership related to the consumer finance activities in Italy of Agos Ducato, through which some changes were made to the agreements signed in 2018. Those amendments, inter alia, extended by an additional 24 months, and therefore, up to 31 July 2023, the term for the exercise of the put option referring to a 10% investment in the capital of Agos Ducato held by Banco BPM, at the previously agreed strike price of 150 million.

As part of the Banco BPM's bancassurance evolution project, which includes the launch of a 20-year commercial partnership with Crédit Agricole Assurances S.A. in the Non-Life and Protection segment, on 12 May 2023, the term for the exercise of the put option was extended for a further two years, i.e. until 31 July 2025 (this further extension was conditional on the closing of the transaction for the acquisition by Crédit Agricole Assurances of the interests in Banco BPM Assicurazioni and in Vera Assicurazioni, finalised on 14 December 2023).

Lastly, at the Agreement expiry date and, more specifically, on 28 June 2024, the renewal until 28 June 2029 of the Shareholders' Agreement relating to the company Agos Ducato was formalised between Banco BPM on one hand and Crédit Agricole S.A. and Crédit Agricole Personal Finance & Mobility on the other. In this context, the right of Banco BPM to exercise the unconditional put option on 10% of the share capital of Agos Ducato was extended by another three years (with an exercise period from 1-31 July 2025 to 1-31 July 2028), at an already agreed strike price of 150 million.

In the new Shareholders' Agreement, the previous change of control clause was also extended, through the recognition in favour of Crédit Agricole Personal Finance & Mobility of a call option on the entire 39% share in Agos Ducato held by Banco BPM, in the event of the acquisition of a controlling interest of Banco BPM, through any extraordinary transaction, by certain specifically identified banks that carry out consumer credit activities potentially competing with the business of Agos Ducato. If the call option is exercised by Crédit Agricole Personal Finance & Mobility, there will be an automatic termination of both the Distribution Agreement, and therefore Banco BPM may be considered free from the exclusive commitments with Agos for consumer credit products, and the Funding Agreement.

The exercise price will be determined on the basis of the Agos fair market value at the exercise of the option, determined by excluding the distribution agreement with Banco BPM which will be terminated.

In addition, the new Shareholders' Agreement simplified the potential listing process of Agos Ducato, through the establishment of a single procedure to be implemented at the request of Banco BPM starting from 1 July 2025, until the expiry date of the Shareholders' Agreement.

The agreements also envisage, in the event that an extraordinary transaction is finalised (understood as: acquisition of control of Banco BPM by a third party operator or several third party operators in concert; merger of Banco BPM with third party operators; acquisition by Banco BPM of another bank or other distribution channels; or acquisition by Banco BPM of a third party operator in the consumer credit segment), or if the extraordinary transaction qualifies as a "BBPM Change of Control" pursuant to the Shareholders' Agreement and Crédit Agricole Personal Finance & Mobility issues

¹ Formerly Crédit Agricole Consumer Finance S.A.

a written declaration of its intention not to exercise the purchase option, or Crédit Agricole Personal Finance & Mobility fails to exercise the purchase option by the deadlines envisaged in the Agreement, the parties shall discuss in good faith, inter alia, depending on the case: i) the possible acquisition by Agos Ducato, at market value, of the entity which, due to the extraordinary transaction, operates in the consumer credit segment; ii) the extension of the new Distribution Agreement to the third party consumer credit operator's distribution network; or iii) the inclusion of the additional distribution channel acquired in the distribution network of Banco BPM Group.

Commitments deriving from bancassurance agreements with Crédit Agricole Assurances S.A.

During the year, the Group continued with the process of integrating the insurance business started in 2022 with the acquisition of control of the companies Banco BPM Vita and Banco BPM Assicurazioni, and with the finalisation of an agreement with Crédit Agricole Assurances for the launch of a commercial partnership in the Non-Life/Protection business segment.

In particular, on 14 December 2023, Banco BPM Group completed the internalisation of the Life business through its acquisition from Generali Italia, for a total consideration of 392.4 million:

- of 65% of the share capital of Vera Vita S.p.A., which in turn holds 100% of the share capital of Vera Financial Dac (which at the same time changed its company name to BBPM Life Dac);
- of 65% of the share capital of Vera Assicurazioni S.p.A. (which in turn holds 100% of the share capital of Vera Protezione S.p.A.).

A deferred price component, settled in May 2024, was added to the consideration paid to Generali Italia, commensurate with 65% of the profits accrued by the companies from 1 January 2023 to 14 December 2023, equal to 22.2 million as the deferred price for the acquisition of the interest in Vera Assicurazioni and 24.4 million as the deferred price for the acquisition of the interest in Vera Vita.

On the same date, the Group completed the sale to Crédit Agricole Assurances, for a total consideration of 243.6 million, of shares representing 65% of the share capital of Vera Assicurazioni S.p.A. (which holds 100% of the share capital of Vera Protezione S.p.A.) and 65% of the share capital of Banco BPM Assicurazioni, previously held by Banco BPM and Banco BPM Vita, respectively.

In March 2024, this price was subject to an adjustment in favour of Banco BPM Group on the basis of the final values of the companies' own funds as at 31 December 2023; specifically, Crédit Agricole Assurances paid Banco BPM 24.0 million as a price adjustment for the sale of Vera Assicurazioni S.p.A., and Banco BPM Vita paid Crédit Agricole Assurances 2.7 million as a price adjustment for the sale of Banco BPM Assicurazioni S.p.A. In addition, the sale agreement calls for possible adjustments by way of earn-out and claw-back in the event of situations of "Overperformance" or "Underperformance" of the production levels, respectively, within the terms and conditions set forth in the agreements between the parties.

That being said, the Shareholders' Agreement relating to the aforementioned equity interests held in Banco BPM Assicurazioni S.p.A., Vera Assicurazioni S.p.A. and, indirectly, Vera Protezione S.p.A., contemplated by the partnership with Crédit Agricole Assurances S.A., envisages, among other things, the granting of a Put Option to Crédit Agricole Assurance S.A. and a Call Option to Banco BPM referring to all the equity investments held by Crédit Agricole Assurances S.A., in the capital of the companies, exercisable upon the occurrence of certain exceptional events (so-called "triggering events"). In particular, Crédit Agricole Assurances S.A. and Banco BPM S.p.A. may exercise the Put Option and the Call Option, inter alia, in the following cases:

- change of control of the respective counterparty (and/or, in relation to Crédit Agricole Assurances S.A., of the parent company);
- termination of the Distribution Agreement;
- in the event of significant Underperformance, in relation to which the corrective actions have not led to an improvement in company performance.

The exercise prices of the Put and Call Options will be determined according to pre-established mechanisms linked to the valuation of the residual business of the companies, envisaged by the agreements between the parties.

Commitments arising from agreements with Anima on Asset Management

It should be noted that during 2017 and subsequent years, in execution of the agreements signed on 9 November 2017 between Banco BPM and Anima Holding, a series of agreements were signed to regulate:

- the sale to Anima Holding of Alelli Gestielle SGR;
- the long-term partnership in the asset management sector between Banco BPM Group and Anima Group;
- the sale by Banca Alelli to Anima SGR of the mandates for the exclusive management of certain insurance assets related to the insurance products of the group's Life insurance companies and of the Non-Life bancassurance JVs through the Banco BPM network.

These agreements, which have a total duration of 20 years from their origin, include: (i) exclusive preferential access by the Anima Group to Banco BPM Group's present and future distribution networks, with different characteristics between the "retail" network and the other networks, (ii) the distribution of products such as UCITs and Individual Portfolio Management and other products and services of the Anima Group, (iii) the essential economic terms relating to the Partnership, including the minimum expected levels and objectives and certain protection and guarantee mechanisms related to the failure to achieve them.

On 14 May 2020, Anima Group and Banco BPM Group (Banco BPM and Banca Alelli) renegotiated the framework partnership agreement, concerning both the redefinition of the expected target levels and the deadline for achieving them.

Commitments deriving from e-money business agreements with Numia Group S.p.A.

On 30 September 2024, Numia, Banco BPM, BCC Iccrea Group and FSI completed the transaction relating to the strategic partnership announced to the market on 14 July 2023, which led to creation of the no. 2 player in the e-money sector in Italy. On conclusion of the transaction, which took place after obtaining the regulatory and legal authorisations, Banco BPM holds an interest of 28.57% in Numia Group S.p.A., a company in turn holding the entire share capital of Numia S.p.A., together with FSI which holds 42.86% and Iccrea Banca S.p.A. the remaining 28.57%. Under the transaction, Banco BPM transferred the following to Numia S.p.A.: i) the business unit comprising all goods, assets, liabilities, payables, receivables and legal relationships functionally organised for the performance of activities relating to acquiring and issuing services of electronic payment instruments; ii) a 100% interest in Tecmarket Servizi S.p.A.¹. At the same time, Numia carried out a share capital increase of 500 million, with the exclusion of the option right, to be released against the above contribution in kind by Banco BPM.

Also on 30 September, Banco BPM sold the interest held in Numia to Numia Group for a total value of 500 million, of which 228 million in cash and 272 million through the subscription of a share capital increase of Numia Group, resulting in a stake of 28.57% in the capital of the latter. The transaction entailed the recognition of a capital gain in the income statement for the year of 500 million (493 million net of the specific taxation applicable).

The partnership in question is governed by the Framework Agreement signed on 24 December 2023 between Banco BPM, Numia Group, Numia, FSI Holding, FSI SGR S.p.A. and BCC Banca Iccrea, as well as by the Agreement for the placement of acquiring and issuing products signed on 30 September 2024 between Banco BPM, on the one hand, and Numia and Tecmarket Servizi, on the other.

The Framework Agreement envisages, inter alia, an Earn Out in favour of Banco BPM for the interest in Numia S.p.A., for up to a maximum 80 million, linked to Numia's achievement of certain economic objectives.

The Placement agreement also envisages that, if one or more parties should acquire control of Banco BPM as a result of an extraordinary transaction carried out by other banks, credit institutions or any other entity (Controlling Entity), Banco BPM must ensure that, following completion of the aforementioned transaction, (i) any distribution networks of the Controlling Entity are kept separate, for contractual purposes, from the distribution networks of Banco BPM and therefore operate with the exclusion of any prohibition or limitation on integration of e.g. an administrative or functional nature and (ii) the Controlling Entity and any distribution networks of the Controlling Entity (a) do not in any manner solicit the customers of Banco BPM's distribution networks to terminate the contractual relationship with Numia S.p.A. and (b) do not solicit any customers and/or do not provide any e-money products or services to exclusive customers of the Banco BPM distribution networks as at the date of completion of the related extraordinary transaction.

¹ Note that the interest in Tecmarket Servizi and the business unit transferred, were classified as held for sale pursuant to IFRS 5 as of the accounting situation as at 30 June 2023.

Provisions for risks and charges established to cover the commitments arising on the disposal of interests and any related partnership agreements are illustrated in paragraph 10.6.3 "Other provisions - other" under liabilities in "Part B – Information on the consolidated balance sheet" of these Notes to the financial statements.

7.9 Significant restrictions

For interests subject to significant influence, no significant restrictions on the transfer of funds relative to companies in Banco BPM Group were identified, other than those associated with regulatory standards, which may require that a minimum amount of own funds be maintained, or those associated with the provisions of the Italian Civil Code with regards to profits and distributable reserves.

7.10 Other information

Impairment testing to determine whether there has been a permanent loss in value

In application of international accounting standards, the estimate of the recoverable value and the consequent comparison with the relative book value must be made exclusively for interests in associates or JVs, for which evidence of a potential impairment loss has emerged (impairment indicator). The test may also be carried out on interests acquired during the year in order to test the initial recognition value if it is not supported by recent appraisals. Therefore, as at 31 December 2024, the impairment test was carried out on the 30% interest in Gardant Liberty Servicing S.p.A., 28.57% interest in Numia Group S.p.A. and 35% interest in Banco BPM Assicurazioni S.p.A.

Gardant Liberty Servicing

The proposed acquisition of Gardant S.p.A., parent company of Gardant Liberty Servicing, by doValue (which generates a change of control) led to a change in the relations between Gardant and Banco BPM which, combined with a decrease in the generation of problem loans to be transferred to management and a changed time horizon of the partnership (call option for doValue), resulted in the need to carry out a test to ascertain recoverability of the book values.

The recoverable value of Gardant Liberty Servicing was estimated using the Dividend Discount Model on the basis of an initial estimate of flows expected up to 2029, discounted at a predefined rate of 9%.

As a result of the tests carried out, the recoverable value of Gardant Liberty Servicing (estimated at approximately 15 million) was lower than the reference value (45.4 million).

Numia Group

On 30 September 2024, the business transfer of the issuing and acquiring activities of Banco BPM to Numia S.p.A. was completed, with the simultaneous sale of the subsidiary Tecmarket Servizi.

As a result of this transaction, inter alia, Banco BPM subscribed a share capital increase with assignment of a 28.6% interest in Numia Group.

The impairment test of the interest in Numia Group was prepared despite the fact that no potential impairment indicators emerged, but only in consideration of the time elapsed between the decision to acquire the interest (July 2023) and the actual acquisition.

The recoverable value of Numia Group was estimated using the Discounted Cash Flow (Asset Side) method, discounting the operating cash flows forecast by the consolidated economic projections of Numia Group for the period 2024-2032 at a WACC rate (Weighted Average Cost of Capital) of 7.81%.

As a result of the checks carried out, the impairment test did not reveal the need to recognise any impairment, showing a positive margin between the recoverable value and the book value.

Banco BPM Assicurazioni

Following a review of the multi-year economic projections, the recoverable value of the company was estimated by applying the Dividend Discount Model in the excess capital variant on the flows expected for the years 2025-2027 using a discount rate ("Ke") of 8.95%, in line with that used in the impairment test of intangible assets with an indefinite life in the insurance segment.

As a result of the checks carried out, the impairment test did not reveal the need to recognise any impairment, showing a positive margin between the recoverable value and the book value.

Note that the book value of the interest in SelmaBipiemme Leasing was aligned with the estimated realisable value, as negotiations are in progress for its sale to the majority shareholder of the company. This value, estimated at 41 million, led to the recognition of a capital loss of 11.8 million. Note that, from the accounting position as at 31 December 2024, this interest has been classified as held for sale pursuant to IFRS 5.

Section 8 - Insurance assets – Item 80

Item "80. Insurance assets" is represented by:

- insurance contracts issued - assets for 63 thousand euro (53 thousand euro as at 31 December 2023);
- reinsurance assets for 7.2 million (7.9 million as at 31 December 2023).

Reinsurance represents a marginal activity within the operations of the Group's insurance companies, and is mainly aimed at covering a portion of risks of premature death relating to policies linked to the stipulation of mortgages.

Due to the insignificance of the item, the quantitative tables relating to these items are omitted.

Note that the balances as at 31 December 2023 have been restated following completion of the PPA relating to the reorganisation of Bancassurance, as illustrated in "Part G - Business combinations regarding companies or divisions".

Section 9 - Property, plant and equipment – Item 90

Property, plant and equipment totalled 2,513.9 million as at 31 December 2024, compared with the amount of 2,858.0 million of the previous year. In detail, the aforementioned assets are represented by:

- property, plant and equipment used in operations valued at cost of 742.3 million, mainly concerning rights of use relating to property rental contracts;
- property used in operations and valuable works of art measured on the basis of the restatement of values of 1,294.4 million;
- property held for investment purposes measured at fair value of 477.2 million.

For further details on the composition of property, plant and equipment, please refer to the following tables.

9.1 Property, plant and equipment used in operations: breakdown of assets at cost

Asset/Amounts	Total 31/12/2024	Total 31/12/2023
1. Owned assets	77,553	67,849
a) land	-	-
b) buildings	-	-
c) furniture	9,629	11,142
d) electronic systems	62,746	51,034
e) other	5,178	5,673
2. Rights of use acquired through leases	664,807	694,746
a) land	-	-
b) buildings	619,105	665,667
c) furniture	-	-
d) electronic systems	40,584	27,483
e) other	5,118	1,596
Total	742,360	762,595
of which: obtained through the enforcement of guarantees received	-	-

9.2 Property, plant and equipment held for investment purposes: breakdown of assets at cost

As the Group does not hold property, plant and equipment for investment purposes valued at cost, the relative table is omitted.

9.3 Property, plant and equipment used in operations: breakdown of revalued assets

Asset/Amounts	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Owned assets	-	-	1,294,367	-	-	1,273,164
a) land	-	-	906,292	-	-	889,908
b) buildings	-	-	335,119	-	-	330,300
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	52,956	-	-	52,956
2. Rights of use acquired through leases	-	-	-	-	-	-
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	-	-	1,294,367	-	-	1,273,164
of which: obtained through the enforcement of guarantees received	-	-	18,186	-	-	19,707

L1 = Level 1
L2 = Level 2
L3 = Level 3

Revalued owned assets refer to the owned properties used for business operations of the Group companies and valuable works of art.

9.4 Property, plant and equipment held for investment purposes: breakdown of assets measured at fair value

Asset/Amounts	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Owned assets	-	-	477,178	-	-	822,194
a) land	-	-	277,063	-	-	473,944
b) buildings	-	-	200,115	-	-	348,250
2. Rights of use acquired through leases	-	-	-	-	-	-
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	-	-	477,178	-	-	822,194
of which: obtained through the enforcement of guarantees received	-	-	284,452	-	-	414,021

L1 = Level 1
L2 = Level 2
L3 = Level 3

Owned assets measured at fair value are represented by the owned properties not used for business operations of Banco BPM Group.

In that regard, it is specified that the Group does not hold investment assets represented by the rights of use acquired through leases. Instead, property recognised in property, plant and equipment as held for investment purposes, granted through operating leases, amounted to 291.9 million.

9.5 Inventories of property, plant and equipment governed by IAS 2: breakdown

The Group does not hold any property, plant and equipment classified as inventories pursuant to IAS 2.

9.6 Property, plant and equipment used in operations: annual changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	889,908	1,644,089	476,328	958,700	354,818	4,323,843
A.1 Total net impairment	-	(648,122)	(465,186)	(880,183)	(294,593)	(2,288,084)
A.2 Net opening balance	889,908	995,967	11,142	78,517	60,225	2,035,759
B. Increases:	40,985	79,176	2,623	65,662	8,214	196,660
B.1 Acquisitions	403	32,358	1,727	64,957	5,642	105,087
- of which business combinations	-	-	-	-	-	-
B.2 Capitalised expenses for improvements	-	10,011	-	-	190	10,201
B.3 Recoveries	-	-	-	-	-	-
B.4 Positive changes in fair value recognised to	35,011	22,939	-	-	-	57,950
a) shareholders' equity	33,395	22,414	-	-	-	55,809
b) income statement	1,616	525	-	-	-	2,141
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from property held for investment purposes	5,073	1,073	X	X	X	6,146
B.7 Other changes	498	12,795	896	705	2,382	17,276
C. Decreases:	(24,601)	(120,919)	(4,136)	(40,849)	(5,187)	(195,692)
C.1 Sales	-	-	-	(20)	(3)	(23)
- of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	(109,103)	(3,270)	(40,821)	(4,102)	(157,296)
C.3 Losses on impairment recognised to	-	(74)	-	-	-	(74)
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	(74)	-	-	-	(74)
C.4 Negative changes in fair value recognised to	(17,818)	(8,979)	-	-	-	(26,797)
a) shareholders' equity	(6,357)	(2,563)	-	-	-	(8,920)
b) income statement	(11,461)	(6,416)	-	-	-	(17,877)
C.5 Exchange losses	-	(29)	-	-	(2)	(31)
C.6 Transfers to:	(6,783)	(2,266)	-	-	-	(9,049)
a) property, plant and equipment held for investment purposes	(1,357)	(984)	X	X	X	(2,341)
b) non-current assets and disposal groups held for sale	(5,426)	(1,282)	-	-	-	(6,708)
C.7 Other changes	-	(468)	(866)	(8)	(1,080)	(2,422)
D. Net closing balance	906,292	954,224	9,629	103,330	63,252	2,036,727
D.1 Total net impairment	-	(810,054)	(465,881)	(917,654)	(298,185)	(2,491,774)
D.2 Gross closing balance	906,292	1,764,278	475,510	1,020,984	361,437	4,528,501
E. Measurement at cost	354,461	423,748	-	-	10,935	789,144

To ensure better understanding of the changes in the assets in question, it must be specified that:

- the changes refer to owned property, plant and equipment and the rights of use acquired through leases;
- the sub-items "B.4 Positive changes in fair value" and "C.4 Negative changes in fair value" include the effects of the fair value measurement of the Group's real estate assets and valuable works of art, positive overall for 31.2 million. Said effects are reported in the statement of comprehensive income for 46.9 million and in the income statement item "260. Fair value gains (losses) on property, plant and equipment and intangible assets" for negative 15.7 million;
- in sub-items "B.7 - Other changes" and "C.7 - Other changes", in the column "buildings", the increases and decreases related to the rights of use of some properties are shown respectively, resulting from the changes in the lease payments and duration of the lease agreements, mainly to take into account the Group's right to

renew the lease agreements at the end of the first period or, in the absence of cancellation in the 12 months prior to the first period, to include subsequent renewal periods.

For the details of the movements in the rights of use acquired through leases, refer to table 9.6 bis below.

Lastly, sub-item "E. Measurement at cost" represents the amount that would result from the measurement at cost of property, plant and equipment (property and works of art) that are measured in the financial statements using the restatement approach, in compliance with the instructions set out in Bank of Italy Circular no. 262.

9.6 bis Property, plant and equipment used in operations - Rights of use acquired through leases: annual changes

The changes during the year in the rights of use acquired through leases, already included in table 9.6 above, are shown below, referring to that previously illustrated for the related dynamics.

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	-	1,185,314	-	63,589	6,346	1,255,249
A.1 Total net impairment	-	(519,647)	-	(36,106)	(4,750)	(560,503)
A.2 Net opening balance	-	665,667	-	27,483	1,596	694,746
B. Increases:	-	46,182	-	33,235	5,951	85,368
B.1 Acquisitions	-	30,732	-	32,547	4,685	67,964
- of which business combinations	-	-	-	-	-	-
B.2 Capitalised expenses for improvements	-	2,741	-	-	-	2,741
B.3 Recoveries	-	-	-	-	-	-
B.4 Positive changes in fair value recognised to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from property held for investment purposes	-	-	X	X	X	-
B.7 Other changes	-	12,709	-	688	1,266	14,663
C. Decreases:	-	(92,744)	-	(20,134)	(2,429)	(115,307)
C.1 Sales	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	(92,173)	-	(20,134)	(2,382)	(114,689)
C.3 Losses on impairment recognised to	-	(74)	-	-	-	(74)
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	(74)	-	-	-	(74)
C.4 Negative changes in fair value recognised to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Exchange losses	-	(29)	-	-	-	(29)
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment purposes	-	-	X	X	X	-
b) non-current assets and disposal groups held for sale	-	-	-	-	-	-
C.7 Other changes	-	(468)	-	-	(47)	(515)
D. Net closing balance	-	619,105	-	40,584	5,118	664,807
D.1 Total net impairment	-	(603,207)	-	(56,242)	(6,747)	(666,196)
D.2 Gross closing balance	-	1,222,312	-	96,826	11,865	1,331,003
E. Measurement at cost	-	-	-	-	-	-

9.7 Property, plant and equipment held for investment purposes: annual changes

	Total	
	Land	Buildings
A. Opening balance	473,944	348,250
B. Increases	27,156	30,415
B.1 Acquisitions	1,346	7,153
- of which business combinations	-	-
B.2 Capitalised expenses for improvements	184	1,601
B.3 Positive changes in fair value	17,548	13,077
B.4 Recoveries	-	-
B.5 Exchange gains	-	-
B.6 Transfers from properties used in operations	1,357	984
B.7 Other changes	6,721	7,600
C. Decreases	(224,037)	(178,550)
C.1 Sales	(463)	(1,068)
- of which business combinations	-	-
C.2 Depreciation	-	-
C.3 Negative changes in fair value	(24,941)	(44,860)
C.4 Losses on impairment	-	-
C.5 Exchange losses	-	-
C.6 Transfers to:	(198,599)	(132,606)
a) properties used in operations	(5,073)	(1,073)
b) non-current assets and disposal groups held for sale	(193,526)	(131,533)
C.7 Other changes	(34)	(16)
D. Closing balance	277,063	200,115
E. Measurement at fair value	-	-

As at 31 December 2024, assets held for investment purposes, fully represented by owned properties at fair value, amounted to 477.2 million (822.2 million as at 31 December 2023).

For the purpose of understanding the changes in the assets in question, it is specified that:

- the changes attributable to changes in the estimate of fair value, equal to the mismatch between sub-items B.3 and C.3, which totals a negative amount of 39.2 million, are recognised under the income statement item "260. Fair value gains (losses) on property, plant and equipment and intangible assets";
- sub-item "C.6 b) Transfers to non-current assets and disposal groups held for sale" includes approximately 290 million for the transfer of Square Project properties to assets held for sale, as described in "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" of these Notes to the financial statements;
- the sub-item "E. Measurement at fair value", to be completed for properties for investment purposes measured at cost, is blank as all the properties are measured at fair value.

9.8 Inventories of property, plant and equipment governed by IAS 2: annual changes

The Group does not hold any property, plant and equipment classified as inventories pursuant to IAS 2.

9.9 Commitments to purchase property, plant and equipment

At the reporting date, there were no commitments for the purchase of property, plant and equipment of a significant amount.

Section 10 - Intangible assets – Item 100

10.1 Intangible assets: breakdown by type of asset

Asset/Amounts	Total 31/12/2024		Total 31/12/2023 (*)	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	X	56,709	X	56,709
A.1.1 attributable to the Group	X	56,709	X	56,709
A.1.2 attributable to non-controlling interests	X	-	X	-
A.2 Other intangible assets	695,631	504,272	692,444	504,272
of which: software	450,759	-	415,302	-
A.2.1 Assets at cost:	695,631	504,272	692,444	504,272
a) Internally generated intangible assets	-	-	-	-
b) Other assets	695,631	504,272	692,444	504,272
A.2.2 Assets at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	695,631	560,981	692,444	560,981

(*) The figures relating to the previous year have been restated following completion of the PPA relating to the reorganisation of Bancassurance, as illustrated in "Part G - Business combinations regarding companies or divisions".

Intangible assets with a finite life - summary

Intangible assets with a finite life are mainly comprised by:

- external costs capitalised for the development/purchase of software for an amount of 450.8 million;
- the value of "Client Relationships" acquired as part of the business combinations of BPM Group and Banca Popolare Italiana Group for a total of 215.2 million;
- the "Value of Business Acquired" (VoBA), resulting from the PPA process of the insurance companies acquired for a total of 29.7 million.

For further details on the breakdown and on the change compared to the previous year, please refer to that illustrated below.

Intangible assets with a finite life - Client Relationship

The Client Relationship identifies the activities linked to measuring the relationship with customers that arise on Purchase Price Allocation (PPA) following business combinations recorded pursuant to IFRS 3.

Those assets, which are part of intangible assets with a finite life, represent the ability of the relationships existing at the date of the business combination to generate income flows over the expected residual life of those relationships.

In line with guidelines of IFRS 3, to measure the Client Relationship, only those relationships established prior to the acquisition date are considered. Therefore, the generation capacity of new relationships is not measured.

The measurement method used to estimate the value of the Client Relationship at the date of PPA is based on the discounting of net future cash flows over the period that expresses the estimated residual duration of the relationships existing at the date the business combination occurred.

Each intangible asset representing a Client Relationship is assigned a useful life, defining the percentage of amortisation represented by the estimated rate of decay in volumes.

Thus, amortisation is estimated based on the useful life, which takes account of the decay curves physiologically observable over the historical time period deemed significant.

Intangible assets with a finite life are also subject to impairment when the presence of indicators of loss are present that deem it impossible to recover the value recorded in the financial statements.

That being said, the Client Relationships recognised in the financial statements of Banco BPM Group represent the assets attributable to customer relationships, for Assets under Management/Assets under Custody (AuM/AuC) and for Core Overdrafts/Core Deposits, recognised as part of the following business combinations:

- acquisition of Banca Popolare Italiana Group by Banca Popolare di Verona, effective on 1 July 2007, through which intangible assets were identified attributable to Core Overdrafts/Core Deposits and Assets

under Management/Assets under Custody (AuM/AuC). As at 31 December 2024, the residual value of said assets amounted to 84.1 million, following the recognition of amortisation for the year of 11.4 million;

- acquisition of Banca Popolare di Milano Group by Banco Popolare, effective on 1 January 2017, which gave rise to intangible assets exclusively referring to Assets under Management/Assets under Custody (AuM/AuC). As at 31 December 2024 the residual value of said assets amounted to 131.1 million, following the recognition of amortisation for the year of 15.6 million.

The respective measurement and amortisation criteria for the types of Client Relationships arising following the aforementioned business combinations are illustrated below.

Core Deposits/Core Overdrafts

The recognition of an intangible asset related to Core Deposits and Core Overdrafts depends on the fact that core deposits generally have an economic duration that is longer than the contractual duration, thereby resulting more cost-effective for the Bank than alternative sources of financing or investments.

Those assets were measured based on the evolution of the estimated amounts, considering the probability of closing the accounts. That estimate, which is based on historic data, makes it possible to identify a physiological decay curve which will reflect on the amortisation process. This entails variable charges based on preset annual percentages.

In measuring the assets, in addition to the estimated evolution of the amounts, revenues (in terms of interest and net fee and commission income), certain operating expenses, costs relating to credit risk (only for core overdrafts) and a figurative tax effect, with a discount rate determined based on the risk profile of the assets measured were considered. Lastly, the valuation included the Tax Amortisation Benefit, which expresses the tax benefit for a potential third party buyer connected with the deductibility of amortisation of the asset in the event of a transaction settled in cash.

Assets under Management/Assets under Custody (AuM/AuC)

The assets linked to assets under management and assets under custody are linked to the relationship that the Bank establishes with customers, through contracts that envisage specific services, which are assigned an economic duration higher than the contractual duration, which is measured through net fee and commission income of the Bank from the products and services of asset management and assets under custody that are provided to customers.

The measurement of those assets is based on the discounting of future net cash flows referring to indirect funding, and takes account of the evolution of assets under administration and managed over the time horizon estimated, considering the probability of closing the accounts, based on a physiological decay curve which will reflect on the amortisation process. This entails variable charges based on preset annual percentages.

In measuring the assets, in addition to the estimated evolution of the amounts, revenues in terms of net fee and commission income, certain operating expenses and a figurative tax rate, with a discount rate determined based on the risk profile of the assets measured were considered. Lastly, the valuation included the Tax Amortisation Benefit, which expresses the tax benefit for a potential third party buyer connected with the deductibility of amortisation of the asset in the event of a transaction settled in cash.

Amortisation of the Client Relationship

With regard to the situation as at 31 December 2024, the Client Relationship recognised in the financial statements amounts to 215.2 million, of which 56.3 million in core deposits, fully referring to the PPA of Banca Popolare Italiana Group, and 158.9 million in AuM/AuC.

Those assets are recognised in the financial statements of Banco BPM for 187.9 million, of which 81.2 million attributable to the PPA of BPI Group and 106.7 million to the PPA of BPM Group. The remaining assets, amounting to 27.3 million, related to the subsidiary Banca Aletti, following the company reorganisation processes, and in particular they refer to 2.9 million for the PPA of BPI Group and 24.4 million to the PPA of BPM Group.

The amortisation charge for the year, recorded under item "220. Amortisation and impairment losses on intangible assets", amounted to 26.9 million before tax.

The residual useful life of the Client Relationship of the PPA relating to Banca Popolare Italiana Group, estimated based on a curve of termination of relationships, amounts to 12 years (expiry 2036). Considering the decreasing trend of the curve of termination of relationships, it must be noted that more than half of the residual value recorded as at 31 December 2024 will be amortised by 2029.

The residual useful life of the Client Relationships attributable to the PPA of Banca Popolare di Milano Group, estimated based on the curve of termination of relationships, is 17 years (expiry 2041). Considering the decreasing trend of the curve of termination of relationships, it must be noted that more than half of the residual value recorded as at 31 December 2024 will be amortised by 2030.

(in millions of euro)	BPI PPA			BPM PPA AuM/AuC	Total
	Core Deposits	Core Overdrafts	AuM/AuC		
A. Opening balance	343.4	30.6	154.5	298.6	827.1
A.1 Total net impairment	(279.8)	(30.6)	(122.6)	(151.9)	(584.9)
A.2 Net opening balance	63.6	-	31.9	146.7	242.2
B. Increases	-	-	-	-	-
C. Decreases	(7.4)	-	(4.0)	(15.5)	(26.9)
of which: amortisation	(7.4)	-	(4.0)	(15.5)	(26.9)
D. Net closing balance	56.3	-	27.8	131.1	215.2
D.1 Total net adjustments	(287.2)	(30.6)	(126.7)	(167.4)	(611.9)
E. Closing balance	343.4	30.6	154.5	298.6	827.1

Impairment tests and sensitivity analysis

The impairment tests carried out on the Client Relationships showed a positive margin between the recoverable value and the reference book value (the test margin), thus confirming their recoverability. These tests were carried out with a methodology consistent with the measurement of Client Relationships and in continuity with previous years.

For the Client Relationships (Core Deposits and AuM/AuC) of Banco BPM, a sensitivity analysis was conducted of the recoverable value with respect to the expected long-term growth rate of the terminal value (g) and the cost of equity (Ke).

For the methods to determine parameters "g" and "Ke", please refer to that illustrated in the paragraph below "10.1.1 Intangible assets with an indefinite life: impairment testing".

The results of those analyses are summarised in the table below, which shows the differential between the recoverable value and the reference book value ("test margin"), in the case of an increase or decrease in the Ke and/or the growth rate (g) with respect to the data effectively used. In addition, the table shows that, even in a stress scenario (Ke +200 bps), the margins are positive (amounts in millions).

Sensitivity analysis - results of test on Banco BPM Core Deposit Client Relationship					
Ke					
9.22%			11.22%		
Margin			Differential		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
g	1.0%	4,746	93.9%	4,234	83.8%
	2.0%	4,998	98.9%	4,441	87.9%
	2.5%	5,133	101.6%	4,551	90.0%

Sensitivity analysis - results of test on Banco BPM AuM/AuC Client Relationship					
Ke					
9.22%			11.22%		
Margin			Differential		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
g	1.0%	1,359	86.0%	1,187	75.1%
	2.0%	1,448	91.7%	1,260	79.8%
	2.5%	1,496	94.7%	1,299	82.2%

If a Risk Free rate ("Rf") is used based on the average returns on the 10-year Italian BTP at 3 months and 6 months, rather than 1 year, the cost of equity Ke estimated using the methodology described in the paragraph "10.1.1, B.2 -

Cash flow discount rates" would have been 8.99% and 9.10%, respectively, both lower than the rate considered in the test and, consequently, the rate that eliminates the margin.

Intangible assets with a finite life - Value of Business Acquired

The assets in question, typical of the insurance sector, are recognised in the financial statements following the Purchase Price Allocation process of the insurance companies, on the basis of which the identifiable net assets acquired must be recognised at fair value, even if not recorded in the financial statements of the acquired entity.

More specifically, the Value of Business Acquired (VoBA) represents the ability of insurance contracts stipulated with customers, in place at the time of acquisition of the same, to generate revenues over the residual useful life of the acquired relationships. This intangible asset is therefore quantified by discounting the flows representing the profit margins over the residual duration - contractual or estimated - of the relationships in place on the date of the business combination. Therefore, this is an intangible asset strictly linked to the specific contractual relationship with the acquired customers (insurance policies) which, by its nature, has a fixed duration and is therefore subject to amortisation over the estimated residual life of the relationships acquired on the acquisition date.

With the introduction of IFRS 17, as at the date of first-time application, the intangible assets recognised for the Purchase Price Allocation were written off, which expressed the ability of the insurance contracts acquired to generate revenues over their residual life as, pursuant to the aforementioned accounting standard, the profitability embedded in the insurance policies at the time of acquisition must be included in the Contractual Service Margin (CSM) calculation, an expression of the company's future profits.

Therefore, the residual values of VoBA reflect the valuation of insurance products classified as investment products and falling within the scope of application of IFRS 9.

As at 31 December 2024, the VoBA of Class III insurance products totalled 29.7 million (39.0 million as at 31 December 2023) referring to the combinations of Banco BPM Vita and BBPM Life, after debiting an accrued amortisation charge of 5.3 million recognised under item "220. Amortisation and impairment losses on intangible assets".

In greater detail, from the combination of Banco BPM Vita, the residual VoBA as at 31 December 2024 was 16.6 million (20.1 million as at 31 December 2023), which includes an amortisation charge for the year of 3.5 million.

The VoBA of BBPM Life, which at the time of the combination was initially quantified as at 31 December 2023 at 18.9 million (provisional PPA), was restated following the final PPA (14.9 million), as described in "Part G - Business combinations regarding companies or divisions" in these Notes, to which reference is made.

For BBPM Life, the valuation of insurance contracts classed as "for investment" as at 31 December 2024 amounted to 13.0 million, after recognising an amortisation charge for the year of 1.9 million.

Note that the impairment test was conducted on the individual CGUs, including intangible assets with an indefinite useful life and the VoBA, if any. Please refer to paragraph 10.1.1 below for further details.

Intangible assets with an indefinite life - summary

Intangible assets with an indefinite life recognised in the financial statements are comprised:

- by goodwill of 42.9 million resulting from the combination of Banca Popolare Italiana (Bancassurance Protection CGU);
- by goodwill of 3.8 million resulting from the acquisition of control of Oaklins Italy S.r.l. by Banca Akros (Oaklins CGU);
- by goodwill of 10.0 million attributed to the Banco BPM CGU following the completion of the process of the Purchase Price Allocation (PPA) of the acquisition of control of the insurance companies Banco BPM Vita S.p.A. and Banco BPM Assicurazioni S.p.A. by the Parent Company;
- by business trademarks of 504.3 million recognised following the business combination transactions with the former Banca Popolare Italiana Group (222.2 million) and with the former BPM Group (282.1 million).

For the above-mentioned assets, there were no changes compared to the previous year.

Intangible assets with an indefinite life - Goodwill

Goodwill recognised in the financial statements as at 31 December 2024 totalled 56.7 million, unchanged from the previous year. Specifically, these assets consist of:

- goodwill of 42.9 million from the business combination with the former Banca Popolare Italiana Group in 2007, relating to the Bancassurance Protection CGU, consisting of the investee Vera Assicurazioni S.p.A. for the purposes of the goodwill impairment test relative to this operating segment of Banca Popolare Italiana (Bancassurance Protection CGU);
- goodwill of 3.8 million resulting from the acquisition of control of Oaklins Italy S.r.l. by Banca Akros (Oaklins CGU);
- goodwill of 10.0 million attributed to the Banco BPM Vita CGU following completion of the process of the Purchase Price Allocation (PPA) for the acquisition of control of the insurance companies Banco BPM Vita S.p.A. and Banco BPM Assicurazioni S.p.A. by the Parent Company.

Intangible assets with an indefinite life - Trademarks

A trademark defines a set of intangible assets that are complementary to each other, linked to marketing activities (in addition to the name and logo, the expertise, trust of consumers, quality of services, etc.).

The recognition of an intangible asset linked to the trademark derives from the fact that elements such as the ability to attract customers and maintain their loyalty or the commercial name may be assigned differentiated expected economic benefits (in terms of net cash flows) that can be reliably measured. A trademark is an identifiable intangible asset, as it can be separated from the company as a whole, and can be associated with a significant ability to attract customers and maintain their loyalty.

This is an intangible asset with an indefinite useful life, as it is deemed that that intangible component may contribute for an indefinite period to the formation of income flows. As such, it is subject to annual impairment testing, for which reference is made to that set out below.

That being said, in the consolidated financial statements as at 31 December 2024 of Banco BPM Group, trademarks are recorded for a total amount of 504.3 million (of which 485.6 million in the Parent Company's financial statements), recognised:

- for 222.2 million following the acquisition of Banca Popolare Italiana Group by Banca Popolare di Verona, effective on 1 July 2007;
- for 282.1 million following the acquisition of Banca Popolare di Milano Group by Banco Popolare, effective on 1 January 2017. This amount also includes the trademark relating to Banca Akros for 18.6 million.

The following paragraph illustrates the activities carried out in order to verify the recoverability of the value of the trademarks in question, as well as the intangible assets with an indefinite life represented by goodwill.

10.1.1 Intangible assets with an indefinite life: impairment testing

Pursuant to IAS 36, all intangible assets with an indefinite useful life must undergo impairment testing at least once a year to verify the recoverability of their value. The Group decided to conduct the impairment test with reference to 31 December of each year and, in any event, each time indicators of loss are present.

The impairment test as at 31 December 2024 took the following into account:

- the provisions of the reference international accounting standard IAS 36;
- the recommendations issued through the joint letter of the Bank of Italy, CONSOB and IVASS of 3 March 2010;
- the recommendations of the Italian Valuation Body (OIV) contained in various documents published on how to conduct impairment tests in uncertain scenarios;
- the various statements published by ESMA on this issue;
- the recommendations issued by CONSOB in communication no. 3907 of 19 January 2015, as well as drawing attention to several points of the disclosure, in line with the above-mentioned documents of the ESMA.

Also note that, as requested by the cited Supervisory Authorities, the procedure and parameters for assessing the impairment test for goodwill and other intangible assets with indefinite useful lives were approved by the Board of Directors, independently and in advance with respect to approval of the draft 2024 Financial Statements.

That said, for the purposes of impairment testing of the assets in question, IAS 36 requires that their recoverable value be determined as the higher of fair value and value in use. If it is not possible to directly determine the recoverable value of a specific intangible asset recognised in the financial statements, it is necessary to determine the recoverable value of the cash generating units to which the asset belongs (hereinafter "CGU - Cash Generating Unit"). In order to identify the CGUs to which the assets undergoing impairment tests are allocated, the potentially identified units must generate incoming cash flows in amounts that are clearly independent from those deriving from other identified units.

With specific reference to the verification of the recoverability of goodwill acquired in a business combination, paragraph 80 of the aforementioned accounting standard specifies that it must be allocated, from the acquisition date, to each cash generating unit or groups of cash generating units, which can benefit from the synergies created by the business combination, regardless of whether other assets or liabilities of the business acquired are assigned to said units or groups of units.

Each unit or group of units to which goodwill is thus allocated must:

- represent the minimum level within the entity for which the goodwill is monitored for the purposes of internal management control;
- not be larger than an operating segment, as determined in accordance with IFRS 8.

Based on the regulatory references illustrated above, as at 31 December 2024, the CGUs identified for which intangible assets (trademarks, goodwill and VoBA as specified below) to be impairment tested were allocated, are as follows:

- Retail CGU, comprised of Private Customer and Retail Business segments, based on the revision of current customer portfolios in place at the end of 2024, consistent with 2024 Segment Reporting, to verify the trademarks recognised following the business combination with the former Banca Popolare Italiana Group in 2007 (222.2 million) and with the former Banca Popolare di Milano Group in 2017 (263.5 million);
- Banca Akros CGU, consisting of Banca Akros S.p.A., coinciding with the Investment Banking segment of Segment Reporting excluding the Oaklins impact, to test the corresponding trademark following the business combination with the former Banca Popolare di Milano Group in 2017 (18.6 million);
- Oaklins CGU, set up by Oaklins, wholly owned by Banca Akros S.p.A. acquired in 2021 (3.8 million);
- Bancassurance Protection CGU, consisting of the investee Vera Assicurazioni S.p.A. for the purposes of the goodwill impairment test relative to this operating segment, following the business combination with the former Banca Popolare Italiana Group in 2007, which amounted to 42.9 million as at 31 December 2024;
- Banco BPM Vita CGU, coinciding with Banco BPM Vita, for the purposes of impairment testing goodwill (10.0 million) and VoBA (12.0 million) referring to this operating segment, following the outcome of the PPA conducted on the investment following the acquisition of full control by Banco BPM in 2022;
- BBPM Life CGU, coinciding with the perimeter of BBPM Life Dac, for the purposes of the VoBA impairment test (11.1 million).

Evidence is provided below of the method used to conduct the impairment test of the assets under review, the related results and sensitivity analysis.

A. Method for calculating the book value of the single CGUs

The book value of the Retail CGU, in line with the 2023 financial statements, was determined according to management metrics based on regulatory capital absorption. In particular, the reference book value is obtained by considering the Common Equity Tier 1 (CET1) capital allocated to the CGU, i.e. the capital allocated on a management basis in relation to its risk-weighted assets. In detail, the allocated capital is obtained by multiplying the risk-weighted assets of the CGU by the "CET1 fully-phased" capital ratio, the target of long-term forecasts used for ICAAP preparation purposes (15.16% for 2024, 13.97% for 2025, 14.55% for 2026 and 15.30% for 2027) and adding any shortfall component as it is considered to be the expressive measure of the actual capital used, under ordinary conditions. Goodwill, plant property and equipment and other intangible assets with an indefinite and finite useful life associated with the CGU are also added to the capital thus attributed.

For the Bancassurance Protection, Banco BPM Vita, BBPM Life and Oaklins CGUs, which correspond respectively to the legal entities Vera Assicurazioni, Banco BPM Vita, BBPM Life and Oaklins, the relative reference value was specifically identified as the sum of the book values of the balance sheet assets and liabilities of the cited entities, VoBA and the goodwill allocated to them.

In greater detail, the Banco BPM Vita CGU refers to the situation of the company without considering the components relating to Vera Vita, Banco BPM Assicurazioni and Vera Assicurazioni, in line with the income flows taken into consideration for the impairment testing of the CGU's goodwill.

As regards the "Banca Akros" trademark, in continuity with previous years, as the test methodology used is based on the royalties method, which makes it possible to directly verify the recoverability of the book value of a trademark, it is not necessary to determine the recoverable value of the entire CGU to which the aforementioned intangible asset is allocated.

The following table shows the reference book values of the CGUs, as determined above, including goodwill and trademarks to be tested for impairment (values prior to any impairment determined).

CGU	Reference book value	of which: goodwill	of which: VoBA	of which: trademarks
Retail	3,460	-	-	486
Banca Akros (*)	19	-	-	19
Oaklins	6	4	-	-
Bancassurance Protection	157	43	-	-
Banco BPM Vita	310	10	17	-
BBPM Life	111	-	13	-
Total	4,063	57	30	505

(*) In line with the royalties valuation model, the values of the Banca Akros CGU shall be understood as referring only to the "Banca Akros" trademark.

B. Criteria used to determine the recoverable value of the CGUs

These CGU reference values are in line with the methods used to determine the respective recoverable values, as illustrated below.

On the basis of IAS 36, the amount of any impairment is determined as the difference between the book value of the CGU, identified on the basis of the criteria already described, and its recoverable value, if lower.

The recoverable value is defined as the higher of:

- estimated Value in Use, i.e. the present value of future cash flows expected to arise from the continuous use of a specific asset or from a CGU;
- estimated Fair Value, after costs to sell, or the amount which could be obtained by selling an asset, in a free transaction between knowledgeable and willing parties.

For the Retail CGU, the Bancassurance Protection CGU and the Banco BPM Vita CGU, the impairment test was conducted using the Value in Use, obtained through the application of the Dividend Discount Model (DDM).

According to the Dividend Discount Model, the value of a business is based on the dividend flows that it is capable of generating on a forward-looking basis. In the case in question, the method used is the Excess Capital variant of the DDM, which assumes that the economic value of a business is equal to the sum of the present value of future cash flows (Expected Dividends) generated over the selected planning time horizon and distributable to shareholders while maintaining an adequate level of capitalisation to guarantee the expected future development, and the perpetual capitalisation of the normalised dividend of the last year of the forecast, based on a pay-out ratio, depending on fully phased profitability. The application of the DDM entails the use of the following formula:

$$W = \sum_{t=0}^n \frac{D_t}{(1+K_e)^t} + TV + SA$$

where:

W = General value of economic capital

Ke = Cost of equity (Ke)

Dt = Dividends distributable in the explicit period, with a level of capitalisation consistent with current regulations

n = Number of years in the explicit period

TV = Terminal Value determined as the present value of perpetual income represented by the sustainable dividend for the years following the explicit planning period

SA = Value of any surplus assets.

In analytical terms, the Terminal Value is calculated as follows:

$$TV = \frac{D_{n+1}}{Ke - g} (1 + Ke)^{-n}$$

where:

D_{n+1} = Sustainable dividend expected after the explicit planning period

g = Expected long-term growth rate of the dividend after the explicit planning period. This rate is placed in relation to the nominal growth rate of the economy over the long-term. In fact, it is prudently assumed that over the long-term each sector and each company in the sector will converge toward a growth rate equal to that of the economy as a whole

Ke = Cost of equity.

For the Banca Akros CGU, the methodological approach used to measure the trademark involved valuing the intangible asset on the basis of the royalties, which the owner of the trademark would receive following its sale for use to third parties. The present value of the trademark is therefore expressed as the present value of future royalties, estimated with reference to specific parameters (royalty rate, percentage of revenues) after the relative tax effects.

The valuation also includes the Tax Amortisation Benefit, i.e. the tax benefit for a potential third party buyer connected with the deductibility of amortisation of the asset in the event of a transaction settled in cash. In detail, the following formula has been used to enhance the trademark:

$$W = \left[\frac{\sum_{t=1}^n S_t \cdot r \cdot (1-T)}{(1+ke)^t} + TV \right] + TAB$$

where:

W = Value of the trademark

S_t = Operating income 2025-2027

R = Royalty rate

T = Tax rate

Ke = Discount rate

TV = Terminal Value obtained through capitalisation in perpetuity of the expected royalty flows during the period following the last forecast, considering a long-term growth rate

TAB = Tax Amortisation Benefit

For the Oaklins CGU, the impairment test was conducted using the Value in Use, obtained through the application of the income-based approach.

The income-based approach estimates the value of economic capital by considering the profitability that the company is capable of generating on a forward-looking basis, identifying the fundamental driver of value in the contrast between revenues and costs for the year. With the income-based approach, "over a defined time period and with terminal value", the expected income flows are discounted year by year, until the end of the time horizon of the explicit forecast period and thereafter adding an estimated Terminal Value.

The application of the income-based approach entails the use of the following formula:

$$W = \sum_{t=0}^n \frac{R_t}{(1+Ke)^t} + TV$$

where:

W = General value of economic capital

Ke = Discount rate

Rt = Expected income in the period

n = Number of years in the explicit period

TV = Terminal Value determined as the present value of the average income of the plan, projected indefinitely for the years following the explicit planning period, considering an annual long-term growth rate ("g").

For the BBPM Life CGU, the impairment test was conducted by taking as reference the Own Funds of the insurance company only in the Tier1 Unrestricted and Tier3 capital components as at 31 December 2024, which represent a good estimate of the fair value. It was not necessary to calculate the Value in Use.

B.1 - Estimates of cash flows

The estimates of cash flows underlying the determination of the Value in Use is made using the latest publicly available plan or alternatively through the formulation of a forecast plan developed internally by management.

The flows for the purpose of the impairment test for the 2024 financial statements were prepared on the basis of multi-scenario projections developed internally to support the half-yearly capital and liquidity adequacy test (half-yearly ICAAP and ILAAP), approved by the Board of Directors and consistent, for the first year of projection, with the figures of the 2025 budget and for the two-year period 2026-2027 with the Group's Strategic Plan 2023-2026, as updated on 11 February 2025, extending it to 2027.

With reference to the multi-scenario projections, in line with the other calculations carried out for the purposes of the financial statements and with impairments in previous years, each projection was drawn up with three distinct macroeconomic scenarios, each attributed with a different probability of occurrence as defined by the Scenario Council and approved by the Board of Directors.

Alongside a scenario assumed as more likely ("baseline"), a more favourable scenario was developed ("favourable") and a worse one ("adverse"), to which the following respective probabilities of occurrence were assigned: 50% baseline scenario, 30% adverse scenario and 20% favourable scenario, in line with the IFRS 9 process.

The Retail CGU encompasses the Retail activities (consisting of households and businesses with turnover of less than 75 million) in line with the segment reporting. With reference to the numerical developments, the baseline projection for the Retail segment shows operating income substantially aligned for the years 2024-2027, despite a more penalising macroeconomic scenario than that used for the 2023 impairment test.

The terminal value was estimated using a reference long-term growth rate of 2%, taken as equal to the nominal growth rate of the economy, in line with the inflation objective in the context of the ECB's long-term monetary stability policy. The distributable cash flows in the explicit period (Dt) were determined starting with 2025-2027 projections, as illustrated above, taking into consideration a minimum estimated capital level based on a Common Equity Tier 1 (CET1), representing the minimum capital level that the ECB has asked Banco BPM Group to meet on an ongoing basis upon completion of the Supervisory Review and Evaluation Process (SREP), established as 9.18% for 2025. The choice of this value is considered to be consistent with the DDM, as it represents the minimum capital threshold below which dividends cannot be distributed.

From 1 January 2024, the Banca Akros CGU consists of the "new perimeter" of Banca Akros, obtained by separating the Global Markets business line from the Legal Entity, which was merged into the Finance Department of the Parent Company, without considering the interest in Oaklins. The flows tested fall within the Investment Banking segment of Segment Reporting and represent a sub-perimeter with respect to the 2023 impairment test.

In addition, starting from the 2022 impairment test, the interest in Oaklins acquired by Banca Akros in 2021 is also tested. Given the slightly negative 2024 result, for future cash flows reference was made to the preliminary estimates contained in the updated Strategic Plan, which are more conservative than the projections supporting the capital adequacy and liquidity test and the 2023 impairment test.

The Bancassurance Life CGU coincides with the perimeter relating to Banco BPM Vita without considering the components relating to the interests in Vera Vita, Vera Assicurazioni and Banco BPM Assicurazioni. In the segment reporting, this CGU is included under the Insurance segment. The projection values are better than those processed for the 2023 impairment test.

For the financial statements as at 31 December 2024, the BBPM Life Dac CGU was also tested, coinciding with the scope of the company, control of which was acquired through Vera Vita in December 2023.

For the Bancassurance Protection CGU, coinciding with the perimeter of the investee Vera Assicurazioni, the economic and capital forecasts to determine the Value in Use were drawn up based on the three-year economic/capital projections of the 2024-2027 Business Plan agreed by the company. For the purposes of estimating distributable dividends, the maintenance of a target Solvency Capital Ratio (SCR) of 130% was considered as a constraint. Although for the CGU in question, the development of the projections was not carried out from a multi-scenario perspective, the sensitivity analyses provided below may enable an understanding of the changes in the recoverable value with respect to the main parameters (Ke, g, profit, SCR).

B.2 - Cash flow discount rates

For the discounting of cash flows, a cost of equity was used in line with the requested return for investments with characteristics equivalent to those being assessed. The cost of equity (Ke) was determined on the basis of the Capital Asset Pricing Model (CAPM), based on which the return of a risk asset is equal to the sum of a Risk-free rate (Rf) and a risk premium (MRP), determined taking account of the specific risk of the asset:

$$K_e = R_f + \beta \times (MRP)$$

The risk-free component (Rf), which also encompasses "Italy Country Risk", is determined using the same methodological approach followed for the Financial Report as at 31 December 2023, taking as reference the 1-year average yield on 10-year Italian government BTPs (3.71% for 2024 impairment testing purposes).

The beta coefficient (β), which measures the riskiness of the specific business or operating sector in terms of correlation between the effective return of a share and the overall return of the reference market, was estimated over a 5-year time horizon using data reported weekly by Bloomberg:

- for the Retail CGU, the average β of a sample of comparable listed Italian banks was considered (1.06 for 2024 impairment testing purposes);
- for the Banca Akros and Oaklins CGU, the average β of a sample of Investment Banking companies was considered (1.11 for 2024 impairment testing purposes);
- for the Bancassurance Protection CGU and the Banco BPM Vita CGU, the average β of a comparable sample of companies operating in the insurance sector was considered (1.007 for 2024 impairment testing purposes).

The market risk premium (MRP) was estimated at 5.2%, based on the use of sources in line with measurement practices and with analysis based on a 10-year time horizon.

C. Summary of methodologies used and the main measurement parameters

In light of that illustrated above, the following table summarises the methodologies applied to determine the recoverable value and related discounting parameters used (Ke - g) for each CGU:

CGU	Criteria used to determine the recoverable value	"Ke"	"g"
Retail	Value in use – Dividend Discount Model	9.22%	2.00%
Banca Akros	Fair Value – Royalty Rate	9.49%	2.00%
Oaklins	Value in use - Income	9.49%	2.00%
Bancassurance Protection	Value in use – Dividend Discount Model	8.95%	2.00%
Banco BPM Vita	Value in use – Dividend Discount Model	8.95%	2.00%
BBPM Life	Fair Value - Own Funds	n.a.	n.a.

D. Summary of results

Based on the guidelines illustrated, the impairment test as at 31 December 2024 showed no need to recognise any impairment of intangible assets with an indefinite useful life. In this regard, it should be noted that the parameters and

assumptions underlying the determination of the value in use are significantly influenced by the macroeconomic framework assumed.

As also specified in "Part A – Accounting policies, Section 5 – Other aspects, Most significant aspects for 2024 financial statement valuations" contained in these Notes to the financial statements, given the special and uncertain situation relative to the overall macroeconomic framework, it cannot be excluded that the hypotheses adopted, however reasonable and prudential, might not be confirmed by future scenarios in which the Group finds itself operating. In particular, any worsening of the macroeconomic scenario could adversely affect the projections of estimated cash flows, the cost of equity and the growth factor, resulting in different results from those estimated for the purposes of this Annual Financial Report.

E. Sensitivity Analysis

A sensitivity analysis of the recoverable value was conducted, in order to calculate its variability in relation to changes in the underlying parameters.

The data shown in the tables below represent the margin between the recoverable value and the reference value (test margin), if the main metrics underlying the measurements (e.g. Ke, g, flows) should change compared to the metrics actually used in the test, all other assumptions remaining unchanged.

Specifically, the tables show the level of the individual metrics used and which would instead eliminate the positive margin between the recoverable value and the book value.

Retail CGU

The following table shows that, for the Retail CGU, the application of a Ke of 48.72% would eliminate the margin; combined with a growth rate "g" of less than 2%, it would result in an impairment scenario.

Sensitivity analysis Ke/g - results of test on Retail CGU					
(Ke)					
9.22%			48.72%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
g	1.00%	11,132	69.3%	-15	-0.1%
	2.00%	12,596	78.5%	0	0.0%
	2.50%	13,492	84.0%	8	0.0%

If a Risk Free rate ("Rf") is used based on the average returns on the 10-year Italian BTP at 3 months and 6 months, the cost of equity "Ke" of the Retail CGU estimated using the methodology described would have been 8.99% and 9.10%, respectively, both lower than the rate considered in the test and, consequently, the rate that eliminates the margin.

The following table shows that a decrease in the flows used for the valuation of -90.5% would eliminate the test margin, with the Ke used in the test remaining equal; this scenario, combined with a Ke discount rate of 11.16%, would instead lead to 100% impairment losses on the intangibles (trademarks) associated with the CGU.

Sensitivity analysis Ke/profit - results of test on Retail CGU					
Ke					
9.22%			11.16%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
Profit	5.00%	13,292	82.8%	10,013	62.4%
	0.00%	12,596	78.5%	9,463	58.9%
	-5.00%	11,900	74.1%	8,913	55.5%
	-90.5%	0	0.0%	-486	-3.0%

The following table shows how an increase in the target CET 1 ratio (dividend distribution restriction) from the 9.56% used in the test to 153.56% would eliminate the margin, with flows remaining equal.

Sensitivity analysis Ke/profit - results of test on Retail CGU

CET 1					
9.56%			153.56%		
Margin			Margin		
		Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value
Profit	5.00%	13,292	82.8%	696	4.3%
	0.00%	12,596	78.5%	0	0.0%
	-5.00%	11,900	74.1%	-696 ^(*)	-4.3%

(*) purely arithmetic figure, higher than the intangibles associated with the CGU.

Banca Akros CGU

For the Akros CGU, the following table shows that the application of a Ke of 23.28% would eliminate the margin; combined with a growth rate "g" of less than 2%, it would result in an impairment scenario.

Sensitivity analysis Ke/g - results of test on Banca Akros CGU:

(Ke)					
9.49%			23.28%		
Margin			Margin		
		Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value
(g)	1.00%	30	55.0%	-0.6	-1.1%
	2.00%	35	65.3%	0	0.0%
	2.50%	38	71.6%	0.3	0.6%

If a Risk Free rate ("Rf") is used based on the average returns on the 10-year Italian BTP at 3 months and 6 months, the cost of equity "Ke" of the Banca Akros CGU estimated using the methodology described would have been 9.26% and 9.36%, respectively, both lower than the rate considered in the test and, consequently, the rate that eliminates the margin.

Oaklins CGU

For the Oaklins CGU, the following table shows that the application of a Ke of 14.72% would eliminate the margin; combined with a growth rate "g" of less than 2%, it would result in an impairment scenario.

Sensitivity analysis Ke/g - results of test on Oaklins

(Ke)					
9.49%			14.72%		
Margin			Margin		
		Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value
(g)	1.00%	3	30.8%	-0.3	-3.4%
	2.00%	4	41.0%	0	0.0%
	2.50%	5	47.2%	0.2	1.9%

If a Risk Free rate ("Rf") is used based on the average returns on the 10-year Italian BTP at 3 months and 6 months, the cost of equity "Ke" of the Oaklins CGU estimated using the methodology described would have been 9.26% and 9.36%, respectively, both lower than the rate considered in the test and, consequently, the rate that eliminates the margin.

Bancassurance Protection CGU

For the Bancassurance Protection CGU, the following table shows that the application of a Ke of 9.56% would eliminate the margin; combined with a growth rate "g" of less than 2%, it would result in an impairment scenario.

Sensitivity analysis Ke/g - results of test on Bancassurance Protection CGU

(Ke)					
8.95%			9.56%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
(g)	1.00%	-5	-2.7%	-14	-8.3%
	2.00%	12	7.2%	0	0.0%
	2.50%	22	13.3%	9	5.1%

If a Risk Free rate ("Rf") is used based on the average returns on the 10-year Italian BTP at 3 months and 6 months, the cost of equity "Ke" of the Bancassurance Protection CGU estimated using the methodology described would have been 8.72% and 8.82%, respectively, both lower than the rate considered in the test and, consequently, the rate that eliminates the margin.

The following table shows that a decrease in the flows used for the valuation of -8.14% would eliminate the test margin, with the Ke used in the test remaining equal; this scenario, combined with a Ke discount rate of 9.56%, would instead lead to impairment losses on the intangibles associated with the CGU.

Sensitivity analysis Ke/profit - results of test on Bancassurance Protection CGU

(Ke)					
8.95%			9.56%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
Profit	10.00%	27	16.0%	14	8.1%
	0.00%	12	7.2%	0	0.0%
	-5.00%	5	2.8%	-7	-4.0%
	-8.14%	0	0.0%	-11	-6.6%

The following table shows how an increase in the target SCR (dividend distribution restriction) from the 130% used in the test to 185% would eliminate the margin, with flows remaining equal.

Sensitivity analysis SCR/Ke - results of test on Bancassurance Protection CGU

SCR					
130%			185%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
Ke	8.70%	18	10.5%	6	3.4%
	8.95%	12	7.2%	0	0.0%
	9.56%	0	0.0%	-13	-7.5%

Banco BPM Vita CGU

For the Banco BPM Vita CGU, the following table shows that the application of a Ke of 16.20% would eliminate the margin; combined with a growth rate "g" of less than 2%, it would result in an impairment scenario.

Sensitivity analysis Ke/g - results of tests on Banco BPM Vita CGU					
(Ke)					
8.95%			16.20%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
g	1.00%	186	33.9%	-12	-2.2%
	2.00%	239	43.6%	0	0.0%
	2.50%	272	49.5%	7	1.2%

If a Risk Free rate ("Rf") is used based on the average returns on the 10-year Italian BTP at 3 months and 6 months, the cost of equity "Ke" of the Banco BPM Vita CGU estimated using the methodology described would have been 8.72% and 8.82%, respectively, both lower than the rate considered in the test and, consequently, the rate that eliminates the margin.

The following table shows how an increase in the target SCR (dividend distribution restriction) from the 130% used in the test to 402% would eliminate the margin, with flows remaining equal.

Sensitivity analysis SCR/Ke - results of tests on Banco BPM Vita CGU					
SCR					
140%			402%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
Ke	8.10%	305	55.6%	82	15.0%
	8.95%	239	43.6%	0	0.0%
	16.2%	0	0.0%	-294 ^(*)	-53.5%

(*) purely arithmetic figure, higher than the intangibles associated with the CGU.

The following table shows that a decrease in the flows used for the valuation of -49.58% would eliminate the test margin, with the Ke used in the test remaining equal; this scenario, combined with a Ke discount rate of 16.20%, would instead lead to impairment losses on the intangibles associated with the CGU.

Sensitivity analysis Ke/profit - results of tests on Banco BPM Vita CGU					
(Ke)					
8.95%			16.20%		
Margin			Margin		
	Absolute value	% impact on recoverable value	Absolute value	% impact on recoverable value	
Profit	10.00%	288	52.5%	23	4.3%
	0.00%	239	43.6%	0	0.0%
	-10.00%	190	34.6%	-23 ^(*)	-4.3%
	-49.58%	0	0.0%	-112 ^(*)	-20.4%

(*) purely arithmetic figure, higher than the intangibles associated with the CGU.

BBPM Life CGU

The following table shows how a 19% reduction in Own Funds would eliminate the margin.

Own Funds sensitivity analysis - results of test on BBPM LIFE CGU		
	Margin	Own Funds
Change in Own Funds	0%	137
	-5%	130
	-10%	123
	-19%	111

F. External signs of impairment

The measurements expressed for the purposes of preparing these financial statements are the result of an extrapolation of the economic value of the CGUs based on their specific profit capacities, not fully recognised by the financial markets. That measurement takes shape over a longer period than the one assumed by the financial community, and is not based on the particular characteristics of the current economic and financial context, though this has been duly considered.

As at 31 December 2024, Group consolidated shareholders' equity amounted to 13.0 billion (net of equity instruments), against stock capitalisation of 11.8 billion (based on the stock market prices recorded at the end of December 2024). This is by no means a new situation insofar as it also arose in previous years; in fact, even given the significant increase in the stock market capitalisation of over 60% in 2024, share prices indicate significant discounts for other Italian banks as well, even with respect to tangible shareholders' equity. The justifications are attributable to the structural misalignment between the valuations of the financial community (which, by their nature, are focused on short-term objectives and estimates), as well as the methods usually used to perform impairment tests, which give a significant value to medium/long-term growth potential. In fact, the measurements expressed for the purposes of preparing these financial statements are the result of an extrapolation of the economic value of the CGUs based on their specific profit capacities, using a much longer time horizon than that used by the financial community.

10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		FIN	INDEF	FIN	INDEF	
A. Opening balance (*)	903,107	-	-	3,061,949	504,272	4,469,328
A.1 Total net impairment (*)	(846,398)	-	-	(2,369,505)	-	(3,215,903)
A.2 Net opening balance (*)	56,709	-	-	692,444	504,272	1,253,425
B. Increases	-	-	-	143,965	-	143,965
B.1 Acquisitions	-	-	-	142,848	-	142,848
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Recoveries	X	-	-	-	-	-
B.4 Positive changes in fair value	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	1,117	-	1,117
C. Decreases	-	-	-	(140,778)	-	(140,778)
C.1 Sales	-	-	-	-	-	-
C.2 Value adjustments	-	-	-	(140,537)	-	(140,537)
- Amortisation	X	-	-	(139,930)	-	(139,930)
- Write-downs	-	-	-	(607)	-	(607)
+ shareholders' equity	X	-	-	-	-	-
+ income statement	-	-	-	(607)	-	(607)
C.3 Negative changes in fair value:	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	(1)	-	(1)
C.6 Other changes	-	-	-	(240)	-	(240)
D. Net closing balance	56,709	-	-	695,631	504,272	1,256,612
D.1 Total net adjustments	(846,398)	-	-	(2,506,435)	-	(3,352,833)
E. Gross closing balance	903,107	-	-	3,202,066	504,272	4,609,445
F. Measurement at cost	-	-	-	-	-	-

FIN: finite life

INDEF: indefinite life

(*) The figures relating to the previous year have been restated to provide a like-for-like comparison.

With regard to the main changes recorded during 2024:

- sub-item "B.1 Acquisitions" of other intangible assets mainly refers to software;
- sub-item "C.2 Value adjustments – Amortisation", which mostly regards the amortisation of software, includes the amortisation charge relating to the Client Relationship acquired through business combinations, for an amount of 26.9 million and the amortisation charge of the Value of Business Acquired generated by the acquisition of the insurance companies for 5.3 million;
- sub-item "C.2 Value adjustments – Write-downs" includes impairment of software that is no longer used (0.6 million).

10.3 Other information

As at 31 December 2024, there were no commitments relative to intangible assets.

Section 11 - Tax assets and liabilities – Item 110 of the assets and Item 60 of the liabilities

Disclosure on Deferred Tax Assets (DTA), convertible DTAs and checks on recoverability

Below is an illustration of the main categories of DTAs recognised in the financial statements as at 31 December 2024 and the checks performed to support their recoverability.

A. Deferred tax assets – breakdown

As at 31 December 2024, total DTAs amounted to 3,118.9 million (3,849.8 million as at 31 December 2023), of which 2,752.7 million had an impact on the income statement, while 366.2 million was recorded as a balancing entry in shareholders' equity, in accordance with the entries referred to. For a review of the breakdown of these DTAs, please see the table "11.1 Deferred tax assets: breakdown".

In greater detail, as at 31 December 2024, the deferred tax assets that meet the requirements of Italian Law no. 214 of 22 December 2011 ("Law 214/2011") for convertibility into tax credit amounted to 1,140.8 million (1,845.1 million as at 31 December 2023). The provisions under this law and, subsequently, under Italian Law 147/2013 (2014 Stability Law), provide for the conversion of DTAs into tax credits in the case of a "statutory loss", a "tax loss" for IRES purposes and a "net negative value of production" for IRAP purposes. For the purposes of these regulations, write-downs on loans not yet deducted based on temporal limits in effect at the time pursuant to Article 106, paragraph 3 of the Italian Consolidated Tax Law (TUIR) are included, as are negative components relative to goodwill and other intangible assets, not yet deducted according to the temporal limits in effect at the time (known as "eligible DTAs"). Specifically, as at 31 December 2024, the Group's eligible DTAs derive from:

- temporary deductible differences relative to write-downs on loans exceeding immediate deductibility limits envisaged in the tax regulations solely with reference to credit and financial entities for 665.4 million (1,275.0 million as at 31 December 2023);
- temporary deductible differences relative to goodwill and other intangible assets recognised in previous years for 475.4 million (570.1 million as at 31 December 2023).

It should be specified that, specifically with reference to these DTAs, their continued convertibility to tax credits is subordinate to the payment of the fee pursuant to Decree Law 59 of 3 May 2016, amended and converted into law with Law no. 119 of 30 June 2016. Italian Law no. 15 of 17 February 2017, converting the "Salva risparmio" Decree Law postponed the period for which the fee is due to 31 December 2030. In order to guarantee the convertibility of DTAs into tax credits and avoid the negative impacts there would otherwise be on Own Funds, Banco BPM Group opted to pay the aforementioned fee, which for 2024 totalled 17 million.

As at 31 December 2024, residual deferred tax assets (non-convertible DTAs) amounted to 1,978.1 million (2,004.6 million as at 31 December 2023), of which 873.3 million deriving from IRES tax losses which can be carried forward (886.2 million as at 31 December 2023) and 1,104.8 million deriving from costs and value adjustments deductible in years subsequent to those recognised in the financial statements (1,118.4 million as at 31 December 2023).

Note that not all ineligible DTAs were recognised in the financial statements by Banco BPM and its subsidiaries.

B. Deferred tax assets - recoverability checks

In compliance with the provisions of IAS 12 and the ESMA communication of 15 July 2019, Banco BPM Group recognised Deferred Tax Assets (DTAs), after verifying that the values recognised were supported by judgements that it was probable they could be recovered. In order to make these judgements, the current tax provisions were taken into consideration, in particular with reference to rules regarding whether certain deferred tax assets can be converted into tax credits, and the Group's capacity to generate future taxable income, also taking the "tax consolidation" option into account.

As regards eligible DTAs that can be converted into tax credits, equal to 1,140.8 million - corresponding to 36.58% of the total DTAs posted in the financial statements as at 31 December 2024 - the tax regulations introduced by Italian Law 214/2011, along with the exercise of the option for the annual fee regime illustrated above, make their recoverability certain. This treatment is in line with the indications contained in the Bank of Italy/CONSOB/ISVAP document no. 5 of 15 May 2012 "Accounting treatment of deferred tax assets deriving from Italian Law 214/2011".

The recognition and subsequent maintenance in the financial statements of the remaining tax assets (non-convertible DTAs), totalling 1,978.1 million, strictly depends on the ability of the Group and/or the single companies to generate future taxable income ("tax capability").

To that end non-convertible DTAs were subject to three separate recoverability tests, based on a model that predicts future taxable income, as illustrated below:

- IRES taxable income resulting from the consolidated financial statements for the ordinary IRES tax rate (24%);
- IRES taxable income at individual level for Banco BPM, for the purpose of the additional IRES tax rate applicable to banks (3.5%);
- IRAP value of production at individual level for Banco BPM, for the purposes of IRAP.

The recoverability test was conducted based on the following information and assumptions:

- Banco BPM and its subsidiaries that have recorded DTAs reflected in the consolidated financial statements operate in Italy and, as a result, reference was made to the tax regulations in force in that country;
- implementation of the tax changes introduced by the 2025 Budget Law with a block on the deduction of DTAs that can be converted into tax credits and the introduction of a 54% limit for the deduction of previous years' tax losses for the 2025 tax period only; postponement of the 2025 portion of convertible DTAs and ECL quotas from FTAs pursuant to IFRS 9 into 4 straight-line quotas from 2026 to 2029; postponement of the 2026 portion of convertible DTAs and ECL quotas from FTAs pursuant to IFRS 9 into 3 straight-line quotas from 2027 to 2029;
- said tax regulations do not establish time limits on the recovery of the IRES tax loss (Art. 84, paragraph 1 of Presidential Decree 917 of 22 December 1986);
- IAS 12 does not set out a maximum time horizon for forecasting taxable income;
- the estimates of future taxable income have been made using a multi-scenario approach, by taking as a reference the most recent cash flow projections of Banco BPM Group or Banco BPM for the 2024 - 2027 period;
- the estimates referred to in the previous point have been adjusted to take account of the uncertainty that characterises the actual realisation of long-term forecasts, applying a discount factor defined on the basis of a risk premium (so-called Risk-adjusted profit approach), in line with the recommendations set out by ESMA in the aforementioned Communication of 15 July 2019;
- Deferred Tax Liabilities (DTLs) were offset by DTAs in the event that their reversal over time is expected to occur in the same year.

Below is detailed information on the assumptions used for probability testing, their outcomes and sensitivity analysis.

B.1 Estimated future taxable income

The estimate of future taxable income was based on the most recent income projections of Banco BPM and the Group for the years 2024-2027.

Considering the current context of uncertainty, these projections have been made with reference to three separate macroeconomic scenarios at the date on which the above-mentioned scenarios were developed, to which a different probability of occurrence has been attributed. In detail, alongside a baseline scenario, an adverse scenario and a favourable scenario were drawn up, to which probabilities of occurrence of 50%, 30% and 20% respectively were assigned, consistent with the other valuation processes.

As at 31 December 2023, the above-mentioned probabilities were the same.

For long-term profitability, starting from 2028, we took as reference the expected income in 2027, determined by weighting the three scenarios indicated, appropriately normalised to take account of a number of components considered non-recurring. This income has been projected, starting from 2029, with an annual growth rate (g) of 2%, equal to the nominal growth forecasts for the national economy.

B.2 Adjustment of future taxable income

In order to take into account the uncertainty that characterises the actual realisation of long-term forecasts, a discount factor of 5.52% has been introduced. This factor has been defined as a function of the risk premium required by the market (MRP - Market Risk Premium), equal to 5.2%, multiplied by the Beta coefficient (β), equal to 1.061%, i.e. the coefficient that expresses the specific riskiness of the Group's business.

In more detail, the adjustment of taxable income is obtained by discounting each year's forecasts for the discount factor of 5.52%, applied according to the compound capitalisation formula, from 2029 onwards. This formula therefore makes it possible to adjust future forecasts according to an increasing abatement factor depending on the time horizon of the estimated taxable flows.

The growth rate (g), and the parameters to factor in the uncertainty of forecasts (MRP and β) are consistent with those considered for the impairment test of intangible assets with an indefinite life; related to the Retail CGU, as illustrated in more detail in the previous "Section 10 - Intangible assets - item 100".

B.3 Outcomes of the probability test and sensitivity analysis

Based on the valuation exercise conducted using the model described in points B.1 and B.2 above, the results are illustrated below, distinguishing between the consolidated IRES DTAs at an ordinary tax rate of 24%, IRES DTAs with an additional tax rate of 3.5% at the individual level of Banco BPM and IRAP DTAs at the individual level of Banco BPM, which represent almost all of the DTAs recognised in the consolidated financial statements.

The IRES DTAs recognised based on the ordinary tax rate of 24% as at 31 December 2024, which can be recovered through the income generated by all the companies belonging to the Group, amount to 1,585.4 million. DTAs from tax losses are estimated to be recoverable within 6 years (2030) in line with the results of the previous year. For the remaining DTAs recognised in the financial statements, deriving from temporary differences and whose recoverability depends on future profitability, full recovery is expected by the end of 2035 (11 years), a slight increase compared to the results as at 31 December 2023.

The IRES DTAs recognised based on the additional tax rate of 3.5% as at 31 December 2024, which can be recovered through the income generated in the separate financial statements of Banco BPM, amount to 245.3 million. Full recovery of the DTAs in question is expected by the end of 2035 (11 years) while the recoverability of DTAs on previous years' tax losses is estimated within a time horizon of 7 years (2031) in line with the results as at 31 December 2023.

Lastly, referring to the IRAP DTAs of Banco BPM in place as at 31 December 2024, which can be recovered through income generated individually by Banco BPM, of 123.5 million, the projections of taxable income show, for each year, full recovery of the DTAs from temporary differences which shall reverse in that year.

Sensitivity analysis of the consolidated IRES DTAs based on the tax rate of 24%

The model used includes assumptions and hypotheses that could significantly affect the assessments of the recoverability of the DTAs, for the IRES DTAs recognised based on the rate of 24% (1,585.4 million, equal to 80.1% of the total non-convertible IRES DTAs).

To this end, a sensitivity analysis was conducted on the main hypotheses and assumptions relating to the recovery time horizon; in particular, the sensitivity analyses were developed on the basis of the following factors:

- discount rate of forecasts of future taxable income: any 1.5% increase/decrease in the adjusting factor (7.02% and 4.02% respectively) would result in the confirmation of recovery by the end of 2035;
- long-term income growth rate (g): a reduction of 0.5% (from 2% to 1.5%) would not have significant impacts on the horizon for recovery, which would be confirmed as by the end of 2035;
- a "normalised" taxable income expected from 2029 onwards: a 15% reduction in that income would not lengthen the expected return of the DTAs.

Furthermore, as previously discussed in the event that the projections of taxable income developed based on income flows not adjusted using the adjusting factor were confirmed by the results that the Group will generate in the future, the full recovery of the DTAs, including those relating to previous years' tax losses, would be unchanged in the year 2035 (11 years).

For the DTAs in question, the following table summarises the different time horizons for the return of DTAs in the various alternative scenarios illustrated above, compared with the recovery forecasts as at 31 December 2024 drawn up on the basis of the assumptions and hypotheses described in points B.1 and B.2 above.

Expected time horizon of return of the IRES DTAs based on the tax rate of 24%	Risk-adjusted profit approach					Income projections (without discount factor)
	Projections as at 31/12/2024	Sensitivity			Expected taxable income at the end of the explicit period	
		Discount factor	Discount factor	Growth factor g		
		(+1.5%)	(-1.5%)	(-0.5%)		
31/12/2027 (3 years)	50.6%	50.6%	50.6%	50.6%	50.6%	50.6%
31/12/2029 (5 years)	75.3%	74.4%	76.2%	75.2%	71.6%	78.8%
31/12/2031 (7 years)	91.0%	91.0%	91.0%	91.0%	91.0%	91.0%
31/12/2035 (11 years)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The sensitivity analyses show that, even in the event of negative changes in the underlying parameters, the recovery period does not change significantly, as the taxable income in the different scenarios assumed does not generate new DTAs on tax losses, in addition to those already recognised, whose recovery period is envisaged in a time horizon not exceeding the expected repayment plan of the other DTAs (equal to 11 years).

B.4 Considerations on DTAs relating to IRES tax losses that can be carried forward

Note that as at 31 December 2024, the DTAs deriving from IRES tax losses that can be carried forward amount to 873.3 million, compared to the figure of 886.2 million as at 31 December 2023.

With specific reference to said DTAs posted in previous years, they were recorded following the exact identification of the causes that generated the tax losses and the assessment that they would not repeat in the future on a recurring basis, in line with the provisions of IAS 12. The origin of the tax losses recorded up until 2019 is specifically attributable to the significant loan losses deemed extraordinary, recognised as part of the process of reducing the amount of non-performing loans and, to a lesser extent, to the other extraordinary charges attributable to the business combination that gave rise to Banco BPM Group (e.g. charges relating to the reduction of redundant personnel, the integration of IT systems, the rationalisation of the territorial network) or deriving from the need to favour the rescue of other banks external to the Group in order to protect the stability of the banking system. Also the loss recognised in 2020, which originated from the circumstances of the Covid-19 pandemic, was deemed to be extraordinary, as also confirmed by the extraordinary measures set in place as a reaction to said circumstance.

11.1 Deferred tax assets: breakdown

	IRES	IRAP	Other taxes	31/12/2024	31/12/2023
A) As balancing entry in the Income Statement					
A.1) Convertible DTAs pursuant to Italian Law 214/2011	1,004,711	136,110	-	1,140,821	1,845,142
Write-downs of loans deductible in subsequent years	615,186	50,230	-	665,416	1,275,031
Costs deductible in subsequent years deriving from the tax relief on goodwill and other intangible assets	389,525	85,880	-	475,405	570,111
A.2) DTAs - Other types	1,534,309	77,538	40	1,611,887	1,659,942
Tax losses that can be carried forward	873,323	-	-	873,323	886,173
ECL adjustments of FTAs pursuant to IFRS 9 on loans to customers deductible in the subsequent years	146,336	29,587	-	175,923	219,904
Provisions and value adjustments deductible in subsequent years	85,720	-	-	85,720	91,955
Personnel expenses and provisions for employee severance pay deductible in subsequent years	121,546	20,136	-	141,682	89,214
Value adjustments to real estate deductible in subsequent years	248,518	15,523	40	264,081	289,772
Book values lower than the recognised tax values resulting from value adjustments to goodwill and other intangible assets	15,780	3,198	-	18,978	20,900
Book values lower than the recognised tax values resulting from fair value measurement of financial assets	603	-	-	603	864
Other cases of misalignment between book and tax values	42,483	9,094	-	51,577	61,160
Total A	2,539,020	213,648	40	2,752,708	3,505,084
B) As a balancing entry in Shareholders' Equity					
Book values lower than the recognised tax values deriving from fair value measurement of financial assets measured as a balancing entry in shareholders' equity	251,829	55,164	-	306,993	285,231
Other cases of misalignment between book and tax values	49,638	9,583	-	59,221	59,465
Total B	301,467	64,747	-	366,214	344,696
Total (A+B)	2,840,487	278,395	40	3,118,922	3,849,780

11.2 Deferred tax liabilities: breakdown

	IRES	IRAP	Other taxes	31/12/2024	31/12/2023
A) As balancing entry in the Income Statement:					
Book values exceeding the recognised tax values following the process of tax amortisation or value adjustments to goodwill and other intangible assets	97,303	19,675	-	116,978	118,657
Recoveries in fair value of real estate taxable in coming years	39,851	861	-	40,712	40,838
Book values exceeding the recognised tax values resulting from fair value measurement of financial instruments	8,929	3,383	79	12,391	11,852
Book values exceeding the recognised tax values resulting from fair value measurement of loans to customers	4,589	928	-	5,517	8,213
Book values exceeding the recognised tax values following the Purchase Price Allocation at the time of business combinations	3,989	1,133	-	5,122	6,188
Deferred taxes on profits of investees taxable in subsequent years	-	-	-	-	-
Other cases of misalignment between book and tax values	92,505	19,384	3,109	114,998	98,188
Total A	247,166	45,364	3,188	295,718	283,936
B) As a balancing entry in Shareholders' Equity					
Book values exceeding the recognised tax values resulting from fair value measurement of owned properties and works of art	75,123	13,827	-	88,950	73,854
Book values exceeding the recognised tax values resulting from fair value measurement of financial assets measured as a balancing entry in shareholders' equity	27,113	10,649	-	37,762	26,827
Other cases of misalignment between book and tax values	6,403	1,257	-	7,660	5,970
Total B	108,639	25,733	-	134,372	106,651
Total (A+B)	355,805	71,097	3,188	430,090	390,587

11.3 Changes in deferred tax assets (balancing entry in the income statement)

	31/12/2024	31/12/2023
1. Opening balance	3,505,084	3,915,202
2. Increases	236,735	188,975
2.1 Deferred tax assets recognised during the year	164,037	100,631
a) relative to previous years	8,125	12,566
b) due to changes in accounting criteria	-	-
c) recoveries	26	-
d) other	155,886	88,065
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	72,698	88,344
3. Decreases	(989,111)	(599,093)
3.1 Deferred tax assets cancelled during the year	(735,951)	(576,511)
a) reclassifications	(734,345)	(574,897)
b) write-downs due to unrecoverability	-	-
c) due to changes in accounting criteria	-	-
d) other	(1,606)	(1,614)
3.2 Decreases in tax rates	-	-
3.3 Other decreases:	(253,160)	(22,582)
a) conversion into tax credits pursuant to Law 214/2011	(188,669)	-
b) other	(64,491)	(22,582)
4. Closing balance	2,752,708	3,505,084

11.4 Changes in deferred tax assets pursuant to Law 214/2011

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	1,845,142	2,278,228
2. Increases	456	-
3. Decreases	(704,777)	(433,086)
3.1 Reclassifications	(515,651)	(433,086)
3.2 Conversion into tax credits	(188,669)	-
a) deriving from losses for the year	-	-
b) deriving from tax losses	(188,669)	-
3.3 Other decreases	(457)	-
4. Closing balance	1,140,821	1,845,142

11.5 Changes in deferred tax liabilities (balancing entry in the income statement)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	283,936	210,593
2. Increases	34,868	102,070
2.1 Deferred tax liabilities recognised during the year	26,111	1,966
a) relative to previous years	666	159
b) due to changes in accounting criteria	-	-
c) other	25,445	1,807
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	8,757	100,104
3. Decreases	(23,086)	(28,727)
3.1 Deferred tax liabilities cancelled during the year	(12,723)	(28,452)
a) reclassifications	(7,934)	(15,079)
b) due to changes in accounting criteria	(4,789)	-
c) other	-	(13,373)
3.2 Decreases in tax rates	-	-
3.3 Other decreases	(10,363)	(275)
4. Closing balance	295,718	283,936

11.6 Changes in deferred tax assets (balancing entry in shareholders' equity)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	344,696	404,730
2. Increases	363,850	592,147
2.1 Deferred tax assets recognised during the year	300,966	289,405
a) relative to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	300,966	289,405
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	62,884	302,742
3. Decreases	(342,332)	(652,181)
3.1 Deferred tax assets cancelled during the year	(273,135)	(319,186)
a) reclassifications	(273,100)	(315,558)
b) write-downs due to unrecoverability	-	-
c) due to changes in accounting criteria	-	-
d) other	(35)	(3,628)
3.2 Decreases in tax rates	-	-
3.3 Other decreases	(69,197)	(332,995)
4. Closing balance	366,214	344,696

11.7 Changes in deferred tax liabilities (balancing entry in shareholders' equity)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	106,651	55,670
2. Increases	49,970	70,738
2.1 Deferred tax liabilities recognised during the year	49,947	65,471
a) relative to previous years	6	41,746
b) due to changes in accounting criteria	-	-
c) other	49,941	23,725
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	23	5,267
3. Decreases	(22,249)	(19,757)
3.1 Deferred tax liabilities derecognised during the year	(22,243)	(19,071)
a) reclassifications	(22,243)	(19,071)
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	(6)	(686)
4. Closing balance	134,372	106,651

11.8 Other information*Group tax situation*

For an examination of the risks associated with existing disputes with the Tax Authorities and the relative developments during 2024 (new disputes arising or disputes concluded and/or settled), please see that found in "Section 10 - Provisions for risks and charges - Item 100" of Liabilities, which provide details of provisions carried out against liabilities judged to be probable, pursuant to that required under the reference accounting standard IAS 37.

Global minimum tax

The OECD "Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules (Pillar Two)" and Council Directive (EU) 2022/2523 of 14 December 2022 introduced legislation aimed at ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups (global minimum tax).

The global minimum tax consists of 3 taxes:

- top-up taxation by the country in which the companies of the multinational group pay a low tax if that country has chosen to introduce a Qualified Domestic Minimum Top-Up Tax (QDMTT);
- minimum top-up taxation by the country of location of the direct or indirect participant, taking into account any amount withdrawn through a minimum domestic tax (IIR - Income Inclusion Rule);
- minimum top-up taxation (UTPR - Under-Taxed Payments Rule) by countries that adopt the GloBE, in which the multinational group is present with other companies, in the cases in which the top-up taxation due in relation to the companies of the group subject to low taxation was not withdrawn or only partially.

From the 2024 tax period, Banco BPM Group is included in the scope of application of Pillar 2/GloBE rules. In particular, these rules entered into force in Italy on 1 January 2024 through Italian Legislative Decree 209/2023, implementing Directive (EU) 2022/2523.

In a nutshell, the Pillar 2 rules envisage that Group entities (wherever located) are subject to an effective income tax of at least 15%, to be determined on the basis of a complex calculation based on accounting and tax data of such entities, aggregated by country. If the level of taxation in a given country is less than 15%, this results in the application of a "Top-Up Tax" to bring the value up to 15%.

As required by IAS12 (in particular, by the "Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules") as well as by the amended version of OIC 25, the Group, using data available at the reporting date, carried out an analysis to identify the scope of application and potential impact of the Pillar 2 regulations on countries included in its scope of consolidation, also making use of the transitional safe harbours ("TSH") applicable in the three-year transitional period 2024-2026 as required by relevant regulations.

These rules envisage that no top-up tax is due if one of the following tests is passed (to be carried out in relation to each country in which the Group is present):

- *De minimis test*: met if revenues in the jurisdiction are less than 10 million euro and the aggregate profit before tax is less than million euro;
- *Simplified effective tax rate test*: met if the effective tax rate is at least 15% (for 2024), as determined on the basis of the ratio between the aggregate values of profit (loss) before tax (denominator) and income taxes (numerator). In this regard, the numerator represents the value of current and deferred income taxes (with certain specific adjustments) recognised in the reporting packages of the subsidiaries in a given jurisdiction;
- *Routine profit test*: met if the aggregate value of the "Substance-based income exclusion" or "SBIE" envisaged in Pillar 2 rules is higher than the aggregate amount of profit (loss) before tax. As required by the OECD guidelines, if a jurisdiction records a loss before tax, the test is considered met.

If none of the tests are passed for a specific jurisdiction, the group is required to calculate the level of effective taxation on the basis of the entire set of Pillar 2 rules, i.e. by making specific adjustments to the accounting data of the entities located in that jurisdiction, also in order to determine - if its effective tax rate is below 15% - the amount of top-up tax due.

Based on current data, Banco BPM assumes the role of Ultimate Parent Entity.

The Group is present in 3 jurisdictions that have implemented Pillar 2 regulations (Italy, Ireland and Switzerland).

The Group carried out an analysis in relation to possible exposure in terms of Pillar 2 taxes in relation to both 2023 data and 2024 data.

Based on data available to date, for 2024 (in line with 2023) the Group benefits from the TSHs in Italy (where the Simplified ETR Test is verified) and in Switzerland (where the De Minimis Test is verified). As regards Ireland, however, none of the TSH tests were verified. Through its local consultants, the Group therefore performed a calculation to verify whether any Pillar 2 taxes were due in that country. This analysis showed that, in relation to 2024, the Group will be required to pay approximately 260,000 euro as domestic top-up tax.

Exemption from recognition of Pillar 2 deferred tax

Note that Banco BPM Group has applied the temporary exemption envisaged by the amendment to IAS 12, issued by the International Accounting Standards Board ("IASB") on 23 May 2023 (implementing Commission Regulation (EU) 2023/2468 of 8 November 2023), concerning the recognition and related reporting in the financial statements

regarding deferred tax assets and liabilities deriving from application of the Global Minimum Tax envisaged in Directive (EU) 2022/2523 of 14 December 2022, as part of the Anti-Base Erosion Global Rules Model (Pillar Two). Consequently, the Group will not recognise or disclose information on deferred tax assets and liabilities relating to pillar 2 income taxes.

Consolidated tax regime on a national basis

Banco BPM and the subsidiaries listed below exercised the right to make use of the Group taxation regime (pursuant to Art. 117 et seq. of Presidential Decree 917/1986 - TUIR - Italian Consolidated Tax Law). This option refers to all Group companies that meet the requirements established under the cited law, specifically:

- 1) Aletti Fiduciaria S.p.A.
- 2) Banca Aletti S.p.A.
- 3) Banca Akros S.p.A.
- 4) BRF Property S.r.l.
- 5) Ge.Se.So. S.r.l.
- 6) Lido dei Coralli S.r.l.
- 7) P.M.G. S.r.l.
- 8) Sirio Immobiliare S.r.l.
- 9) Terme Ioniche S.r.l.
- 10) Oaklins Italy S.r.l.
- 11) Banco BPM Invest SGR S.p.A.
- 12) Banco BPM Vita S.p.A.
- 13) Vera Vita S.p.A.

There are no associated companies which opted for the tax transparency regime pursuant to Art. 115 et seq. of Presidential Decree 917/86.

Banco BPM VAT Group

By resolution of the Board of Directors on 25 September 2018, Banco BPM decided to establish the Banco BMP VAT Group, pursuant to Articles 70-bis to 70-duodecies of Presidential Decree 633 of 26 October 1972 ("VAT Law") and the related Implementing Ministerial Decree of 6 April 2018, effective from 1 January 2019.

In 2024 the participating companies were as follows:

- 1) Banco BPM S.p.A.
- 2) Banca Aletti S.p.A.
- 3) Aletti Fiduciaria S.p.A.
- 4) Banca Akros S.p.A.
- 5) BP Covered Bond S.r.l.
- 6) BPM Covered Bond 2 S.r.l.
- 7) BPM Covered Bond S.r.l.
- 8) BRF Property S.p.A.
- 9) GE.SE.SO Gestione Servizi Sociali S.r.l.
- 10) Lido dei Coralli S.r.l.
- 11) Sirio Immobiliare S.r.l.
- 12) Tecmarket Servizi S.p.A.
- 13) Oaklins Italy S.r.l.
- 14) Banco BPM Vita S.p.A.

Section 12 - Non-current assets and disposal groups held for sale and associated liabilities – Item 120 in the assets and item 70 in the liabilities

12.1 Non-current assets and disposal groups held for sale: breakdown by type of asset

	Total 31/12/2024	Total 31/12/2023
A. Assets held for sale		
A.1 Financial assets	101,996	299,072
A.2 Interests in associates and joint ventures	41,000	-
A.3 Property, plant and equipment	301,509	158,911
of which: obtained through the enforcement of guarantees received	113,728	104,744
A.4 Intangible assets	-	126
A.5 Other non-current assets	20	10,576
Total A	444,525	468,685
of which at cost	143,016	309,988
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	301,509	158,697
B. Discontinued operations		
B.1 Financial assets at fair value through profit and loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets at amortised cost	-	-
B.4 Interests in associates and joint ventures	-	-
B.5 Property, plant and equipment	-	-
of which: obtained through the enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	-	-
of which at cost	-	-
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	-	-
C. Liabilities associated with assets classified as held for sale		
C.1 Payables	(1,209)	(204,055)
C.2 Securities	-	-
C.3 Other liabilities	(6)	(7,956)
Total C	(1,215)	(212,011)
of which at cost	(1,215)	(212,011)
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total D	-	-
of which at cost	-	-
of which at fair value level 1	-	-
of which at fair value level 2	-	-
of which at fair value level 3	-	-

As at 31 December 2024, assets held for sale included the following types:

- owned properties for which sales negotiations in progress as at 31 December 2024 rendered the completion of the sales probable (indicated under sub-item A.3 "Property, plant and equipment"). This item includes 218.3 million representing properties for sale as part of the "Square Project";
- financial assets attributable to loans classified as bad and unlikely to pay for which assignment has been approved, amounting to 102.0 million, shown in sub-item A.1 "Financial assets";
- interests in the companies SelmaBipiemme Leasing S.p.A., Burgos Leasco S.r.l. and Tago LeaseCo for which sale negotiations are underway.

For further details on the accounting treatment of the "Square Project", please refer to "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" of these Notes to the financial statements.

As at 31 December 2023, assets held for sale included the following types:

- owned properties for which sales negotiations in progress as at 31 December 2023 rendered probable the completion of the sales during 2024 (indicated under sub-item A.3 "Property, plant and equipment");
- assets for 215.2 million and liabilities for 212.0 million relating to the e-money business and the investee Tecmarket, following the negotiations aimed at establishing a strategic partnership for the development of a new Italian and independent company in the digital payments sector. In greater detail, the equalised e-money business, represented by prepaid cards, is shown for 204.3 million under sub-item "A.1 Financial assets" and for the same amount in sub-item "C.1 Payables". The sale of the aforementioned assets was completed on 30 September 2024. For details of the transaction, please refer to the section dedicated to significant events during the year in the Report on operations and to "Part A - Accounting policies, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" in these Notes to the financial statements.
- financial assets that were attributable to loans classified as bad and unlikely to pay for which assignment has been approved, amounting to 94.8 million, shown in sub-item "A.1 Financial assets".

For assets and liabilities indicated in correspondence with the sub-items "of which at fair value level 1/level 2/level 3", please see that set out in part "A.4 - Fair value disclosure".

12.2 Other information

There is no other information worthy of note.

Section 13 - Other assets – Item 130

13.1 Other assets: breakdown

	Total 31/12/2024	Total 31/12/2023 (*)
Receivables due from tax authorities (not classifiable among tax assets)	4,647,575	4,020,947
Receivables for sales of goods and provision of services	8,631	7,770
Other income to be received	36,726	108,143
Cash and other values on hand	6,326	5,098
Items being processed	660,735	633,575
Items in transit between branches	125,166	13,880
Illiquid items for portfolio transactions	1,222	11,154
Securities and coupons to be settled	61,422	118,513
Other transactions to be settled	1,081	2,261
Accrued income and prepayments not included under their own item	53,341	23,348
Other items	99,908	62,370
Total	5,702,133	5,007,059

(*) The figures relating to the previous year have been restated following completion of the PPA relating to the reorganisation of Bancassurance, as illustrated in "Part G - Business combinations regarding companies or divisions".

Item "130. Other assets" as at 31 December 2024 includes receivables due from tax authorities of 4,647.6 million (4,020.9 million as at 31 December 2023).

The main component of this aggregate is represented for 3,414.2 million (2,981.8 million as at 31 December 2023) by tax receivables related to building bonuses (Superbonus, Sismabonus, etc.) deriving from purchases without recourse completed during 2024 and previous years. Note that as at 31 December 2024, all portions of the acquired receivables that became collectable were recovered by offsetting against the tax payables and social security payables of Banco BPM S.p.A. The portion of the receivables still recognised in the financial statements can be fully recovered by offsetting against tax payables of Banco BPM S.p.A. or, if necessary, by assignment to subsidiaries or third-party buyers.

Excluding the main component described above, residual receivables from tax authorities amounted to 1,233.4 million (1,039.1 million as at 31 December 2023) and are mainly represented by:

- receivables deriving from excess advance stamp payments and substitute taxes applied to customers which will be recovered through offsetting in the total amount of 389.5 million;
- receivables resulting from claims for the refund of direct taxes totalling 334.1 million, mainly represented by:
 - IRES and IRAP receivables of 217.7 million relating to 2018, the refund of which was requested in 2019;
 - IRPEG/ILOR receivables of 96.6 million relating to 1995 of the former Banca Popolare di Novara, the refund of which was denied by the Tax Authorities - Novara Provincial Office. With regard to the dispute initiated by the former Banco Popolare, both the Provincial Tax Commission and the Regional Tax Commission accepted the appeals presented, ordering the Tax Authority to also pay legal expenses. On the other hand, the Court of Cassation upheld the two grounds of the appeal of the Tax Authority aimed at asserting, from a procedural perspective, the nullity of the ruling on appeal as it did not have the necessary support, ordering the referral of the case to the appeal judge. On 21 November 2024, the discussion was held at a public hearing before the Second Instance Tax Court of Lombardy and, as also highlighted in the paragraph dedicated to events after the end of the year, on 8 January 2025 the ruling confirming the outcome of the first instance proceedings in favour of the Bank, i.e. cancellation of the Revenue Agency measures denying reimbursement. On 10 March 2025, the State Attorney's Office notified its filing of a new appeal with the Court of Cassation. Despite this appeal, the Tax Court ruling is immediately enforceable and, as a result of the notice already issued to the Revenue Agency, the latter is required to reimburse the receivable within 90 days of the date of that notice;
 - receivables for the higher substitute tax for IRES and IRAP paid to realign the tax value to the book value of the properties for 11.5 million;
 - receivables relating to the 2006 IRAP tax, paid pending a ruling, and with reimbursement requested following settlement of the dispute relating to the Veneto Region tax rate due, for 5.2 million;
 - IRES and IRAP receivables of 3.1 million attributed following the liquidation of Group companies;
- receivables recorded as balancing entries to the provisional payments made pending the final judgement of the pending tax disputes, for a total of 203.5 million, of which 199.8 million relating to the dispute that concerned alleged non-deductibility of the costs incurred in 2005 (also marginally impacting the years 2006-2009) by the former Banca Popolare Italiana attributable to the attempted takeover of Banca Antonveneta. As also highlighted in the paragraph dedicated to events occurring after the end of the year, on 16 January 2025 the Court of Cassation ruling was filed, definitively cancelling the notices of assessment. As a result of the ruling, in February 2025 the Bank obtained the full reimbursement of the aforementioned amount;
- tax receivables due to the Group insurance companies against payment of the tax on life business mathematical reserves (Law no. 265/2002) of 145.0 million;
- various receivables due from the Tax Authorities of 90 million mainly relating to the payment of the advance of substitute tax on capital gains;
- tax receivables connected with the interest accrued on loans disbursed to customers resident in areas hit by earthquakes for 44.9 million;
- receivables resulting from claims for the refund of VAT and indirect taxes totalling 17.7 million concerning:
 - 7.4 million relating to interest due for reimbursements of VAT receivables relating to 1998, 1999 and 2000 of the former Banca Italease S.p.A. obtained following the positive outcome of the dispute brought by the bank. In order to recover the aforementioned receivable, a new dispute was brought before the Court of Cassation, the outcome of which is pending;
 - 7.7 million referring to the dispute of the former Mercantile Leasing S.p.A. relating to the partial refusal of the VAT refund for the first and second quarters of 2007. Of this amount, 4.6 million was requested as a refund in the declaration and is not disputed. For the amount of 6.8 million, against the refusal of the

reimbursement by the Tax Authority for the amount of 3.7 million, the Bank prudentially had recognised a specific bad debt provision of the same amount in the financial statements of the year 2021, although filing the dispute in any event;

- 2.6 million refers to the compliance proceedings against the Municipality of Rome regarding the challenge to a payment injunction for INVIM (tax on increases in value of real estate) purposes relating to a real estate purchase made in 1976; awaiting refund;
- tax credits connected with the VAT payment for 5 million;
- tax receivables due from foreign tax authorities on dividends paid of 2.1 million.

The sub-item "Items being processed" essentially contains sums awaiting definitive assignment and various suspended items, the amounts to be settled in clearing houses, as well as charges received from external companies relative to the payment of utilities to be settled using customer current accounts.

LIABILITIES

Section 1 - Financial liabilities at amortised cost – Item 10

1.1 Financial liabilities at amortised cost: breakdown by product for amounts due to banks

Transaction type/Amounts	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	1,784,564	X	X	X	17,042,573	X	X	X
2. Due to banks	4,599,374	X	X	X	4,723,177	X	X	X
2.1 Current accounts and demand deposits	414,165	X	X	X	219,038	X	X	X
2.2 Fixed-term deposits	218,275	X	X	X	155,836	X	X	X
2.3 Loans	3,374,393	X	X	X	3,891,523	X	X	X
2.3.1 Repurchase agreements	3,361,454	X	X	X	3,767,949	X	X	X
2.3.2 Other	12,939	X	X	X	123,574	X	X	X
2.4 Payables for commitment to repurchase own capital instruments	-	X	X	X	-	X	X	X
2.5 Lease payables	5	X	X	X	5,334	X	X	X
2.6 Other payables	592,536	X	X	X	451,446	X	X	X
Total	6,383,938	-	-	6,383,938	21,765,750	-	-	21,765,750

BV = Book value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Sub-item "1. Due to central banks" is essentially represented by refinancing operations with the European Central Bank for a nominal 750 million in EUR and a nominal 1,073 million in USD. As at 31 December 2023, the amount referred mainly to "TLTRO III" long-term refinancing operations (16,070.8 million), the nominal value of which was 15,700 million, which matured in 2024.

For further details, please refer to "Part A – Accounting policies, Section 5 – Other aspects, Other significant aspects relating to Group accounting policies" of these Notes to the financial statements.

1.2 Financial liabilities at amortised cost: breakdown by product for amounts due to customers

Transaction type/Amounts	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	98,803,182	X	X	X	98,587,817	X	X	X
2. Fixed-term deposits	1,449,612	X	X	X	245,531	X	X	X
3. Loans	1,456,511	X	X	X	1,788,431	X	X	X
3.1 Repurchase agreements	960,343	X	X	X	1,290,049	X	X	X
3.2 Other	496,168	X	X	X	498,382	X	X	X
4. Payables for commitment to repurchase own capital instruments	-	X	X	X	-	X	X	X
5. Lease payables	648,717	X	X	X	668,180	X	X	X
6. Other payables	1,050,472	X	X	X	1,240,362	X	X	X
Total	103,408,494	-	-	103,408,494	102,530,321	-	-	102,530,321

BV = Book value

L1 = Level 1

L2 = Level 2

L3 = Level 3

1.3 Financial liabilities at amortised cost: breakdown by product for debt securities in issue

Type of securities/Amounts	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	23,372,273	14,279,962	9,311,790	-	18,886,862	10,997,896	7,875,385	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	23,372,273	14,279,962	9,311,790	-	18,886,862	10,997,896	7,875,385	-
2. other securities	1,147	-	-	1,147	2,943	-	-	2,943
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	1,147	-	-	1,147	2,943	-	-	2,943
Total	23,373,420	14,279,962	9,311,790	1,147	18,889,805	10,997,896	7,875,385	2,943

BV = Book value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Debt securities in issue include the Covered Bonds issued by Banco BPM Group with a book value totalling 12,237.8 million (10,527.2 million as at 31 December 2023).

During 2024, two issues of Covered Bonds were placed on the market for a nominal 1,250 million, in addition to two issues for a nominal 1,900 million fully subscribed by the Parent Company and intended for use as guarantees for loan transactions and as underlying assets in repurchase agreements and securities lending transactions.

1.4 Breakdown of subordinated debt/securities

At the reporting date, the only subordinated liabilities calculable for supervisory purposes, issued by the Group, classified under debt securities in issue at amortised cost, refer to 6 issues of securities for a book value of 2,572.4 million (1,899.6 million as at 31 December 2023). The amount of these subordinated securities included in the Group Tier 2 capital corresponds to 2,063.4 million (up compared to 1,894.5 million in the previous year).

Trading of own subordinated instruments was eliminated, as a consequence of the rules introduced under Delegated Regulation no. 241/2014 of the European Commission and the latest authorisation granted by the ECB to Banco BPM Group.

The features of subordinated liabilities used in calculations for regulatory purposes are indicated in the document Disclosure to the Public by Entities - Pillar III, to which reference should be made.

1.5 Breakdown of structured debt

As at 31 December 2024, and likewise in the previous year, there were no payables which required the separation of embedded derivatives ("structured debt").

1.6 Lease payables

Breakdown of flows from lease contracts based on contractual duration	31/12/2024		31/12/2023	
	Due to banks	Due to customers	Due to banks	Due to customers
Up to 3 months	5	30,286	214	28,172
From 3 months to 1 year	-	78,979	960	82,808
From 1 year to 5 years	-	362,313	2,576	335,850
Over 5 years	-	218,642	1,894	261,178
Total	5	690,220	5,644	708,008
Time effect	-	(41,503)	(310)	(39,828)
Present value of lease payables	5	648,717	5,334	668,180

Section 2 - Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product

Transaction type/Amounts	Total 31/12/2024					Total 31/12/2023				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. On-balance sheet liabilities										
1. Due to banks	15,372,855	280,903	13,888,219	-	14,169,122	11,586,525	82,228	10,549,385	-	10,631,613
2. Due to customers	6,622,754	372,908	5,921,414	-	6,294,321	7,540,190	9,183	6,974,325	-	6,983,508
3. Debt securities	953,884	-	956,874	-	938,809	1,552,862	-	1,512,194	-	1,486,726
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	953,884	-	956,874	-	938,809	1,552,862	-	1,512,194	-	1,486,726
3.2.1 Structured	953,884	-	956,874	-	X	1,552,862	-	1,512,194	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	22,949,493	653,811	20,766,507	-	21,402,252	20,679,577	91,411	19,035,904	-	19,101,847
B. Derivative instruments										
1. Financial derivatives	-	89,105	1,384,585	-	-	-	121,975	1,641,821	-	-
1.1 Held for trading	X	89,105	1,384,583	-	X	X	121,975	1,149,286	-	X
1.2 Connected with the fair value option	X	-	-	-	X	X	-	492,519	-	X
1.3 Other	X	-	2	-	X	X	-	16	-	X
2. Credit derivatives	-	-	2,639	-	-	-	-	3,045	-	-
2.1 Held for trading	X	-	2,639	-	X	X	-	3,045	-	X
2.2 Connected with the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	X	89,105	1,387,224	-	X	X	121,975	1,644,866	-	X
Total (A+B)	X	742,916	22,153,731	-	X	X	213,386	20,680,770	-	X

NV = nominal or notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Fair value * = Fair value calculated excluding changes in value due to changes in the issuer's credit risk with respect to the issue date

Sub-items "1. Due to banks" and "2. Due to customers" refer to technical overdrafts on securities listed on active markets, classified as level 1, and repurchase agreements classified as level 2.

Sub-item "3.2.1 Other securities - structured", which as at 31 December 2024 totalled 956.9 million, is represented by certificates which include protection for the premium paid by the customer or a portion of it, unconditional with respect to the trend in the financial parameters to which they are indexed. As at 31 December 2023, the balance of these issues was 1,512.2 million.

For those issues, the change in the Group's credit risk compared to the issue date resulted in the recognition of cumulative capital losses of 18.1 million (corresponding to the difference between the fair value in the financial statements and that on the date indicated in the column "Fair value*"). As at 31 December 2023, the recognition of cumulative capital losses came to 25.5 million.

In addition, for certificates classified under financial derivatives (109.9 million as at 31 December 2024 and 131.3 million as at 31 December 2023), the cumulative effect of the change in the Group's credit rating was close to zero (0.1 million in December 2023). Specifically, these are conditionally protected certificates or certificates with a portion of protection of less than 50% of the premium paid.

2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities

As at 31 December 2024, there were two technical exposures for 0.4 million.

2.3 Breakdown of "Financial liabilities held for trading": structured debt

As at 31 December 2024, and likewise in the previous year, there were no payables which required the separation of embedded derivatives.

Section 3 - Financial liabilities designated at fair value – Item 30

3.1 Financial liabilities designated at fair value: breakdown by product

Transaction type/Amounts	Total 31/12/2024					Total 31/12/2023				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-	-	-	-	-	-	-
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
2. Due to customers	3,344,058	-	3,325,763	18,295	3,429,418	2,812,363	-	2,794,068	18,295	2,812,363
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	3,344,058	-	3,325,763	18,295	X	2,812,363	-	2,794,068	18,295	X
of which:										
- commitments to disburse funds	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
3. Debt securities	4,796,729	5,759	4,938,165	-	4,874,405	3,750,884	5,966	3,761,836	-	3,704,471
3.1 Structured	4,790,882	-	4,938,077	-	X	3,744,831	-	3,761,749	-	X
3.2 Other	5,847	5,759	88	-	X	6,053	5,966	87	-	X
Total	8,140,787	5,759	8,263,928	18,295	8,303,823	6,563,247	5,966	6,555,904	18,295	6,516,834

FV = Fair Value

FV* = FV calculated excluding changes in value due to changes in the issuer's credit risk with respect to the issue date

NV = nominal value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Sub-item "2. Due to customers" refers for 3,325.8 million (2,794.1 million as at 31 December 2023) to insurance company liabilities for the issue of Unit-linked policies, as illustrated below in the section "Other information". The increase compared to the previous year is mainly due to higher premiums collected on BBPM Life Unit-Linked contracts classified according to IFRS 9. For a more thorough analysis of the contribution of the insurance companies, please refer to the "Consolidated balance sheet: contribution of insurance companies" provided among the "Attachments" to these financial statements.

The remaining 18.3 million refers to liabilities for assets sold and not derecognised as described in "Part E - Information on risks and related hedging policies, 1.1 Credit risk, C. Securitisation transactions" of these Notes to the financial statements.

Sub-item "3. Debt securities" refers to several bond issues and protected capital certificates, the latter recognised under sub-item 3.1 "Debt securities: structured", as illustrated in paragraph 16 "Other information – Financial liabilities designated at fair value" in Part A - Accounting policies, section A.2 of these Notes to the consolidated financial statements. For those issues, the change in the Group's credit risk compared to the issue date resulted in the recognition of cumulative capital losses of 69.5 million (equal to the difference between the fair value in the financial statements and the figure indicated in the column "Fair value*"), mainly referring to certificates. Cumulative capital losses as at 31 December 2023 were equal to 63.3 million.

3.2 Breakdown of item 30 "Financial liabilities designated at fair value": subordinated liabilities

As at 31 December 2024, as in the previous year, there were no subordinated liabilities.

Section 4 - Hedging derivatives – Item 40

4.1 Hedging derivatives: breakdown by hedge type and by level

	Fair value 31/12/2024			NV 31/12/2024	Fair value 31/12/2023			NV 31/12/2023
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	-	869,068	-	27,278,651	-	1,041,678	-	27,235,691
1) Fair value	-	798,445	-	27,103,651	-	967,962	-	27,031,452
2) Cash flows	-	70,623	-	175,000	-	71,848	-	175,000
3) Foreign investments	-	-	-	-	-	1,868	-	29,239
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	869,068	-	27,278,651	-	1,041,678	-	27,235,691

NV = notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

4.2 Hedging derivatives: breakdown by portfolio hedged and type of hedge

Operations/Hedge type	Fair Value						Cash flows			
	Micro hedging						Macro hedging	Micro hedging	Macro hedging	Foreign investments
	Debt securities and interest rates	Equity instruments and share indices	Currencies and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	128,950	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	95,217	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	224,425	X	70,623	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	224,167	-	-	-	-	-	224,425	-	70,623	-
1. Financial liabilities	49,706	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	300,147	X	-	X
Total liabilities	49,706	-	-	-	-	-	300,147	-	-	-
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 5 - Fair value change of financial liabilities in macro fair value hedge portfolios – Item 50

5.1 Fair value change of hedged financial liabilities

Fair value change of hedged liabilities/Group components	31/12/2024	31/12/2023
1. Positive fair value change of financial liabilities	135,890	43,238
2. Negative fair value change of financial liabilities	(539,760)	(754,176)
Total	(403,870)	(710,938)

Section 6 - Tax liabilities – Item 60

Tax liabilities are included in Section 11 - Tax assets and liabilities – Item 110 of assets and Item 60 of liabilities in Part B - Assets.

Section 7 - Liabilities associated with assets classified as held for sale – Item 70

For details of the liabilities associated with assets held for sale, please refer to "Section 12 - Non-current assets and disposal groups held for sale and associates liabilities - Item 120 of assets and Item 70 of liabilities" in Part B - Assets.

Section 8 - Other liabilities – Item 80

8.1 Other liabilities: breakdown

	31/12/2024	31/12/2023 (*)
Due to tax authorities (not classifiable under tax liabilities)	432,601	304,571
Due to personnel	72,669	5,947
Due to social security institutions	60,970	67,815
Due to suppliers	216,845	226,279
Items in transit between branches not attributable to specific accounts	15,512	15,080
Sums on hand to be paid to third parties	229,308	250,396
Bank transfers for clearance	740,315	1,150,758
Items related to securities transactions	52,480	141,945
Other items being processed	990,839	792,673
Adjustments for illiquid items in portfolio	1,055,059	507
Accrued expenses and deferred income not included under their own item	66,040	38,060
Other items	511,935	273,623
Total	4,444,573	3,267,654

(*) The figures relating to the previous year have been restated following completion of the PPA relating to the reorganisation of Bancassurance, as illustrated in "Part G - Business combinations regarding companies or divisions".

"Due to tax authorities (not classifiable under tax liabilities)" includes net tax liabilities such as VAT payable, substitute tax on loans, withholdings on interest expense and income from employed work and similar, withholdings and other tax items not recognised under item "60. Tax liabilities".

"Due to social security institutions" is mainly composed of charges relating to mandatory social security contributions.

"Bank transfers for clearance" mainly regards bank transfers to be credited.

"Items related to securities transactions" is comprised of securities cash purchase and sale transactions made between the end of one year and the beginning of the next, and amounts awaiting final allocation.

"Other items being processed" relates to transactions pending clearing or settlement.

"Adjustments for illiquid items in portfolio" mainly includes changes in commercial collection orders and direct remittances, as well as mismatches of bills in the portfolio ("Portfolio of non-controlling interests" and "Own portfolio").

"Other items" is mainly comprised of liabilities relating to collections of F24 tax form mandates and other residual items linked to normal banking operations.

Section 9 - Provisions for employee severance pay – Item 90

9.1 Provisions for employee severance pay: annual changes

	Total 31/12/2024	Total 31/12/2023
A. Opening balance	246,192	258,457
B. Increases	12,406	20,246
B.1 Allocations for the year	8,376	10,300
B.2 Other changes	4,030	9,946
- of which business combinations	801	11
C. Decreases	(20,815)	(32,511)
C.1 Settlements	(16,568)	(18,265)
C.2 Other changes	(4,247)	(14,246)
- of which business combinations	(801)	(12)
D. Closing balance	237,783	246,192
Total	237,783	246,192

Sub-item "B.1 Allocations for the year" refers to charges recognised in item "190 a) Administrative expenses - personnel expenses, sub-item 1.e) provisions for employee severance pay" in the income statement.

The increases in sub-item "B.2 Other changes" include the actuarial losses of 2.7 million (9.9 million as at 31 December 2023), while decreases, in sub-item "C.2 Other changes", include actuarial gains of 2.1 million (13.0 million as at 31 December 2023). Actuarial gains and losses are recognised as a balancing entry to the related valuation reserve of shareholders' equity "Actuarial gains (losses) on defined benefit plans" and are reported in the statement of comprehensive income.

9.2 Other information

As described in "Part A - Accounting policies", section A.2 paragraph 16 "Other information - Provisions for employee severance pay and other employee benefits", following the reform of supplementary pension plans, the provisions for employee severance pay recognised in the present item refer only to the portion accruing since 31 December 2006, for companies with an average of at least 50 employees in 2006, which refers to almost all Group companies.

For said companies, the provision does not include benefits that, as a result of said reform, have been paid into supplementary pension plans or the INPS Treasury Fund. The employee severance pay accruing from 1 January 2007 is considered a "defined benefit plan" and is recognised in personnel costs, based on the contributions owed, without actuarial calculations, as a balancing entry to the balance sheet item "Other liabilities" or for the outflow of cash:

- under the sub-item "severance indemnities" if paid to the INPS Treasury fund;
- under the sub-item "payments to external supplementary pension funds - defined contribution" if paid to supplementary pension funds.

Main actuarial assumptions

Actuarial measurement of provisions for employee severance pay is performed by independent external actuaries, on the basis of "accrued benefit" methodology, using the Projected Unit Credit criteria, as established in IAS 19. The table below indicates the main demographic and economic/financial assumptions used as the basis for the measurement as at 31 December 2024, compared to that as at 31 December 2023.

Main actuarial assumptions for measuring provisions for employee severance pay

Demographic assumptions (2024-2023):

Employee mortality rate	IPS55 with Age-Shifting
Frequency and amount of advances on employee severance pay	0.50%
Frequency of turnover	1.50%
Probability of retirement	According to the latest legislative provisions

Financial assumptions (2024-2023):

Yearly discount rate	weighted average of the rates in the Eur Composite AA curve (*) 31.12.2024: from 2.97% to 3.91% 31.12.2023: from 3.14% to 3.45%
Yearly inflation rate	weighted average of the rates in the European Zero-Coupon Inflation-Indexed Swap curve (**) 31.12.2024: 1.90% 31.12.2023: 2.00%

(*) weighted average of the rates of the Eur Composite AA curve on the reporting date, using as weights the ratios of the amount paid and advanced for each maturity to the total amount to be paid and advanced up to the discharge of the population considered.

(**) weighted average rate taken as the weighted average of the rates of the European Zero-Coupon Inflation-Indexed Swap curve on the reporting date, using as weights the ratios of the amount paid and advanced for each maturity to the total amount to be paid and advanced up to the discharge of the population considered (with reference to all the Companies in Banco BPM Group).

Actuarial gains/losses recognised in the statement of comprehensive income

As illustrated in paragraph 9.1 above, the changes to certain actuarial assumptions for the valuation of employee severance pay as at 31 December 2024, with respect to the previous year, led to an overall increase in the provisions of 0.6 million, equal to the combined effect of the following elements:

- changes in the financial assumptions, which overall show an actuarial loss, with a related increase in the liability, of 1.7 million. In detail, these entail losses relating to the change in the discount rate for 2.7 million and gains relating to the change in the inflation rate for 1.0 million;
- changes in other actuarial assumptions, which overall result in an actuarial gain, with a consequent decrease in liabilities, for 1.1 million; the figure is attributable for +1.4 million to differences between the previous actuarial assumptions used and the actual figures and for -0.3 million to the change in demographic assumptions.

With regards to the discount rate, which is one of the most important assumptions used in measuring obligations associated with defined benefit plans, reference was made to the returns for companies with an "AA" rating, considered to be the best expression of returns for high quality companies. In fact, the reference accounting standard IAS 19 specifies that this rate must reflect the time value of money, but not the specific credit risk of the entity, nor the actuarial or investment risk, nor the risk that, in the future, the actual figures may differ with respect to the actuarial assumptions used. Additionally, the standard states that this rate must be calculated in reference to market yields of the securities of primary companies in the country in which the entity operates (or, the High Quality Corporate Bond yield), as at the annual reporting date, and alternatively, if there is no market for such securities, with reference to market yields on government securities. Banco BPM Group uses as the discount rate the Eur Composite AA curve, using as weights the ratios of the amount paid and advanced for each maturity to the total amount to be paid and advanced up to the discharge of the population considered. In detail, only securities issued by corporate issuers included in the "AA" rating class, issued by companies in various sectors, including Utilities, Telephony, Financial, Banking and Industrial companies, were considered. As regards geographical area, reference was made to the Eurozone. The curve was taken from the information provider Bloomberg.

The decrease in the discount rates is therefore attributable solely to changes in the market, since the reference parameter as at 31 December 2024, for the same plans, was the same as that seen in the previous year and affected by the overall interest rate trend.

Sensitivity Analysis

As required under IAS 19, a sensitivity analysis was performed for the obligation relative to provisions for employee severance pay, with the hypothesis of a 50 basis point increase or decrease in the discount rate and the inflation rate. The purpose of the analysis is to identify how much the liability would vary in relation to reasonably possible fluctuations in this actuarial assumption.

	Change in employee severance pay in absolute terms (*)	Change in employee severance pay in percentage terms
Change in actuarial assumption:		
- Discount rate:		
+0.5%	(6,813)	(2.87%)
-0.5%	7,139	3.00%
- Inflation rate:		
+0.5%	4,410	1.86%
-0.5%	(4,309)	(1.81%)

(*) the amounts in parentheses indicate a decrease in the provision.

Section 10 - Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

Items/Components	Total	Total
	31/12/2024	31/12/2023
1. Provisions for credit risk relating to commitments and financial guarantees given	39,606	41,676
2. Provisions for other commitments and guarantees given	81,722	92,122
3. Company pension funds	83,467	91,743
4. Other provisions	546,047	423,108
4.1 legal and tax disputes	59,858	68,629
4.2 personnel expenses	361,731	230,635
4.3 other	124,458	123,844
Total	750,842	648,649

10.2 Provisions for risks and charges: annual changes

	Provisions for other commitments and guarantees given	Pension funds	Other provisions	Total
A. Opening balance	92,122	91,743	423,108	606,973
B. Increases	-	4,787	342,392	347,179
B.1 Allocation for the year	-	113	334,945	335,058
B.2 Changes due to the passage of time	-	2,755	2,360	5,115
B.3 Changes due to discount rate variations	-	1,198	453	1,651
B.4 Other changes	-	721	4,634	5,355
C. Decreases	(10,400)	(13,063)	(219,453)	(242,916)
C.1 Use during the year	-	(11,370)	(197,707)	(209,077)
C.2 Changes due to discount rate variations	-	-	(3)	(3)
C.3 Other changes	(10,400)	(1,693)	(21,743)	(33,836)
D. Closing balance	81,722	83,467	546,047	711,236

Sub-item "C.1 Use during the year" includes uses executed as a balancing entry to payments for personnel expenses and amounts deriving from the settlement of clawbacks and other disputes for which specific provisions were allocated. Sub-item "C.3 Other changes" in other provisions is mainly attributable to recoveries relating to personnel expenses (recognised in item "190. a) Personnel expenses") and other provisions (included in item "200. b) Net provisions for risks and charges – other net provisions").

10.3 Provisions for credit risk relating to commitments and financial guarantees given

	Provisions for credit risk relating to commitments and financial guarantees given				Total
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	
Commitments to disburse funds	7,875	13,142	11,198	94	32,309
Financial guarantees given	320	1,453	5,524	-	7,297
Total	8,195	14,595	16,722	94	39,606

10.4 Provisions for other commitments and guarantees given

Provisions for other commitments and guarantees given amounted to 81.7 million (92.1 million at the end of the previous year) and mainly refer to commercial sureties issued for customers.

10.5 Defined benefit company pension funds

Pension funds identified in the financial statements represent the liabilities relative to defined benefit plans for a value of 83.5 million and all relate to external funds.

1. Illustration of fund characteristics and associated risks

For defined benefit supplementary pension funds, determination of actuarial values, as required in application of IAS 19 "Employee Benefits", is done by independent actuaries, as illustrated in "Part A – Accounting Policies, section A.2, paragraph 16 – Other Information, Provisions for employee severance pay and other employee benefits".

As at the reporting date, the funds in question amounted to 83.5 million (91.7 million as at 31 December 2023). Charges for the year were allocated for 2.9 million to item "190. a) Personnel expenses" in the income statement and for 0.2 million as a decrease in the shareholders' equity valuation reserve "Actuarial gains (losses) on defined benefit plans".

Below are pension funds, identifying those of the former Banco Popolare Group and former Banca Popolare di Milano Group.

Internal funds refer to:

- Funds included under "Banco Popolare Group defined benefit pension fund", which as of 1 April 2017 was identified as the "container" of the defined benefit pension funds relative to the former Banco Popolare Group, with guarantees from the Bank. The rules governing the amounts transferred are, nonetheless, specific details of each form:
 - commitments pursuant to the former Banca Popolare Italiana (BPI) Fund, now the Banco Popolare Group's defined benefit pension fund: this represents the value of commitments relative to 93 beneficiaries of the former Banca Popolare di Lodi, consisting of pension payments in addition to those required by law for their personnel. This fund is governed by the Regulation of 17 June 1992. As a result of the provisions of Italian Legislative Decree 124/1993, the Bank transformed the Fund with an agreement on 6 October 2000, in order to allow adhesion by personnel hired after 27 April 1993, and from 1 April 2017 the Fund was identified as the "container" for the defined benefit pension funds relative to the former Banco Popolare Group with guarantees from the Bank;
 - commitments pursuant to the former Cassa di Risparmio di Lucca Fund: this represents a supplementary fund in addition to INPS payments and is governed by the regulation of 2 October 1986, subsequently amended on 16 December 1988. As at the reporting date, there were 37 beneficiaries;
 - commitments pursuant to the former Banca Popolare Cremona pension fund: this represents social security payments in addition to those required under the law for employees of the former Banca Popolare di Cremona, as established under the regulations of 17 June 1972. As at the reporting date, there were 4 beneficiaries;
 - commitments pursuant to the former Bipielle Adriatico Fund: this is a fund integrating INPS payments for obligatory payments for invalidity, old age and heirs relative to employees of Bipielle Adriatico (former Cassa di Risparmio di Imola), established with Regulation of 29 December 1954, later amended on 29 July 1997. As at the reporting date, there were 4 beneficiaries of the treatment;
 - commitments pursuant to the former Banca Industriale Gallarate (BIG) Fund: this represents commitments to the personnel of the former Banca Industriale Gallarate. It was established on 25 February 1986 and guarantees additional payments with respect to those required under the law in favour of those who were working for the former B.I.G. as of the stated date and is governed by the Regulations issued at the time the fund was established. On 21 August 1992, the former B.I.G. was merged by incorporation with Banca Popolare di Lodi and subsequently, those registered with the fund were given the option to transfer their position to the Banca Lodi pension fund or keep it with the original fund. As at the reporting date, there were 46 beneficiaries of the treatment;
 - commitments pursuant to the former Chiavari Fund: the fund was established through an agreement with the trade union on 11 December 1986, and ensures its participants and their heirs a payment in addition to pensions provided by INPS. As at the reporting date this fund had 2 beneficiaries;
 - commitments pursuant to the former Cassa di Risparmio di Livorno Fund: this represents a supplementary fund in addition to INPS payments and is governed by the regulation of 3 April 1991. As at the reporting date, there were 51 beneficiaries;
 - commitments pursuant to the Cassa di Risparmio di Pisa Fund: this involves the commitments associated with the fund providing supplementary social security payments, governed with regulations of 20 April 1959. As at the reporting date, there were 16 beneficiaries;
 - commitments relative to 30 former employees of the former ICCRI-BFE, the Bank guarantees supplementary benefits in addition to INPS payments for general obligatory invalidity, old age and heir insurance pursuant to the Agreement of 19 April 1994;
 - commitments to 17 former employees relative to the supplementary fund in addition to INPS payments for obligatory invalidity, old age and heir insurance for retired personnel of the former Banca S. Geminiano e S. Prospero, established with an agreement of 30 July 1976, with the aim of granting a supplementary pension to Bank employees;
 - commitments to 11 former employees relative to the defined benefit fund for retired personnel of the former Banca Popolare di Verona – Banco S. Geminiano e S. Prospero, governed by the Articles of Association - Regulation pursuant to the collective understandings in effect from 1 January 1999, with the aim of providing a supplementary over that of the general obligatory insurance for Bank personnel;

- commitments to 95 beneficiaries of the former Credito Bergamasco for the provision of pension payments defined under company agreements previously stipulated with the company union representatives (additional company payment - TIA);
 - commitments pursuant to the former BPL Fund Regulation 1961 and 1973: this represents the additional social security payment for personnel of the former Banca Popolare di Lodi, as established under the regulations of 18 April 1961 and 12 December 1973. As at the reporting date, the beneficiaries respectively totalled 3 and 8;
 - commitments to 28 beneficiaries of the supplementary fund in addition to INPS payments for obligatory invalidity, old age and heir insurance for the former Banca Italease.
- Other former Banco Popolare Group funds:
 - commitments to 117 pensioners retiring prior to 1 January 1988, relative to adjustment cheques in favour of retired personnel of the former Banca Popolare di Verona e Novara and a former executive;
 - commitments to 4 former executives relative to the supplementary fund in addition to INPS payments for obligatory invalidity, old age and heir insurance for retired executives of the former Banca S. Geminiano e S. Prospero, established with a company agreement of 10 October 1996, with the aim of granting a supplementary pension over that of the general obligatory insurance to its employees;
 - commitments to 3 former executives relative to the supplementary fund in addition to INPS payments for obligatory invalidity, old age and heir insurance for retired executives of the former Banca Popolare di Verona, established with an agreement of 30 July 1976, with the aim of granting a supplementary pension to Bank employees;
 - commitments to employees and pensioners of the former Credito Bergamasco: this represents the value of commitments relative to 2 former employees, who receive a social security payment established under a company agreement of 10 October 1996 and company largesse approved by the Board of Directors on 29 April 1985.
 - Former Banca Popolare di Milano Group funds:
 - Supplementary social security scheme for the former Banca Popolare di Milano: in application of the supplementary social security payment regulations, the commitment consists of: the recognition of a supplementary pension to former retired employees whose INPS pension is lower than a pre-established percentage of their salary at the same level of service (referred to as employees with supplementary pensions); or, in the case the INPS pension exceeds this percentage, a monthly payment to all pensioners of 50% of a scale frozen at the values of 31 December 1991. These benefits are not paid to employees who began service after 28 April 1993 and those hired in the context of mergers. As at the reporting date, there were 4,817 beneficiaries;
 - Former Cassa di Risparmio di Alessandria Pension Fund: this is a defined benefit fund without legal personality and capital independence, supplementary (substituting only in certain special situations) to the INPS pension payment. Those enrolled with the Fund consist solely of former employees who are now retired or their heirs. As at the reporting date, there were 187 beneficiaries;
 - Former Banca Popolare di Bologna e Ferrara Pension Fund: this is a defined benefit fund associated with the commitment made by the merged entity, former Banca Popolare di Bologna e Ferrara, to pay a defined benefit to employees retiring as of 31 December 1995, in line with their level of service. As at the reporting date, there were 72 beneficiaries;
 - Former Banca Agricola Milanese Pension Fund: this represents the commitment made by the merged entity, former Banca Agricola Milanese, to provide a supplementary pension to employees retiring as of 31 December 1972. As at the reporting date, there was only one beneficiary.

Internal funds also include the liability relating to S.I.PRE. for 0.1 million.

Statements for Banco BPM's internal funds are annexed to the Parent Company's separate financial statements.

2. Changes during the year in net defined benefit liabilities (assets) and in repayment rights

	31/12/2024
A. Opening balance	91,743
B. Increases	4,787
B.1 Social security costs relative to past work provided (CSC)	113
B.2 Financial charges due to the passage of time	2,755
B.3 Other actuarial losses	720
B.4 Losses due to discount rate variations	1,198
B.5 Other increases	1
C. Decreases	(13,063)
C.1 Use during the year	(11,371)
C.2 Gains due to discount rate variations	-
C.3 Other actuarial gains	(1,692)
C.4 Other decreases	-
D. Closing balance	83,467

Net actuarial losses totalled 0.2 million and were attributable to the following:

- the change in the discount rate, as illustrated in "Section 9 – Provisions for employee severance pay – Item 90" above, which led to an actuarial loss of 1.2 million, corresponding to sub-item "B.4 Gains due to discount rate variations";
- the change in the inflation rate, which led to an actuarial gain of 0.3 million, included under item "C.3 Other actuarial losses";
- other actuarial assumptions that led to a net gain of 0.7 million recognised for 1.4 million under sub-item "C.3 Other actuarial gains", net of the 0.7 million recognised under sub-item "B.3 Other actuarial losses".

3. Fair value disclosure on plan assets

Based on IAS 19, plan assets are those held by an entity (a fund) that is legally separate from the entity which prepares the financial statements (external fund) and which can be used solely to pay or fund employee benefits and which are therefore not available to the creditors of the entity which prepares the financial statements. On the basis of this definition, as at 31 December 2024, and likewise as at 31 December 2023, there were no plan assets.

For the sake of completeness, note that certain insurance policies exist, classified under item "20. c) Financial assets at fair value through profit and loss – Other financial assets mandatorily measured at fair value", with the objective of providing the funding needed to pay the indemnities of the plans entered into with certain executives (known as the "S.I.PRE. Plan"), for which the fair value as at 31 December 2024 totalled 0.5 million.

4. Description of main actuarial assumptions

Below are the demographic, financial and economic actuarial assumptions used for the main funds.

Main demographic and actuarial assumptions used to measure pension funds	
Demographic assumptions (2024-2023)	
Probability of death of retired or active employees	IPS55 with Age-Shifting demographic basis for annuity insurance
Financial assumptions (2024-2023)	
Yearly discount rate	weighted average of the rates in the Eur Composite AA curve (*): 2024: from 2.75% to 3.08% depending on the plan 2023: from 3.14% to 3.24% depending on the plan
Yearly inflation rate	weighted average of the rates in the European Zero-Coupon Inflation-Indexed Swap curve (**): 2024: 1.90% 2023: 2.00%

(*) Weighted average of the rates of the Eur Composite AA curve on the reporting date, using as weights the ratios of the amount paid and advanced for each maturity to the total amount to be paid and advanced up to the discharge of the population considered.

(**) Weighted average rate taken as the weighted average of the rates of the European Zero-Coupon-Inflation-Indexed Swap curve on the reporting date, using as weights the ratios of the amount paid and advanced for each maturity to the total amount to be paid and advanced up to the discharge of the population considered (with reference to all the Companies in Banco BPM Group).

5. Information on amounts, timing and uncertainties of cash flows

As required under IAS 19, a sensitivity analysis was performed for the obligation relative to provisions for employee severance pay, with the hypothesis of a 50 basis point increase or decrease in the discount rate and the inflation rate. The purpose of the analysis is to identify how much the liability would vary in relation to reasonably possible fluctuations in this actuarial assumption.

	Changes in defined benefit funds in absolute terms (*)	Changes in defined benefit funds in percentage terms
discount rate +0.5%	(2,367)	(2.84%)
discount rate -0.5%	2,514	3.01%
inflation rate +0.5%	966	1.16%
inflation rate -0.5%	(891)	(1.07%)

(*) the amounts in parentheses indicate a decrease in the provision.

6. Multi-employer plans

There are no plans of this type.

7. Defined benefit plans that share risks between entities under common control

There are no plans of this type.

10.6 Provisions for risks and charges - other provisions

10.6.1 Other provisions - legal and tax disputes

The Group operates in a legal and regulatory context that exposes it to a wide range of legal disputes, connected, for example, with the terms and conditions applied to its customers, to the nature and characteristics of the financial products and services provided, administrative errors, bankruptcy clawback actions and labour law disputes.

Banco BPM, the companies whose merger gave rise to the Group, the incorporated subsidiaries and the subsidiaries also underwent various audits by the Tax Authorities. Those activities regarded the determination of the taxable income reported for the purposes of income taxes, VAT, registration tax and, more generally, the methods of applying tax regulations in force at the specific time. As a result of those audits, Banco BPM Group is involved in several disputes.

Legal and tax disputes are specifically analysed by the Group, in order to distinguish those whose settlement is expected to require the use of resources embodying economic benefits and, as a result, will require the recognition of provisions, from the rest of the "contingent liabilities". "Contingent liabilities" are those disputes which correspond to the following, for which no provisions are recognised:

- possible obligations, meaning that it has not been confirmed whether the entity has a current obligation that may result in the use of resources embodying economic benefits;
- actual obligations which, however, do not meet all the conditions for recognition set out in IAS 37 (because it is not likely that resources embodying economic benefits will be required to settle the obligation, or because no sufficiently reliable estimate may be made of the amount of the obligation).

It is noted that the information provided below regarding the claims connected with the main disputes represent the maximum risk exposure, irrespective of the opinion expressed by the Group regarding the relative degree of adverse outcome. For several of these disputes, the Group deems that there are limited risk profiles and, thus, as these are contingent liabilities, it has not allocated any provisions.

For disputes for which the entity is retained to have a current obligation that may lead to the use of resources embodying economic benefits, the disclosure on the amount of the allocation to provisions for risks and charges is not provided for single dispute in order not to cause harm to the Group in the evolution of the dispute with the counterparty, either in court or by way of settlement. In any event, the total amount of the allocations broken down by type of dispute is provided where the disputes can be grouped into categories of similar nature.

Furthermore, as permitted by paragraph 92 of the reference international accounting standard (IAS 37), the disclosure set out below does not include the information that could harm the position of the Group banks involved in the actions to protect their position in the case and in the pending disputes.

As indicated in "Part A - Accounting policies, Significant accounting policies and uncertainties regarding the use of estimates in the preparation of consolidated financial statements" in these Notes, to which reference is made, the complexity of the situations and corporate transactions that form the basis of the disputes entail significant elements of judgement which may involve the existence and the amount, and the related timing for the liabilities to arise. In that regard, to the extent that the estimates made by the Group are deemed reliable and compliant with the reference accounting standards, it cannot be ruled out that the charges which may arise from the settlement of disputes may differ, also by significant amounts, from the amount of the provisions allocated.

The provisions allocated against all existing legal and tax disputes, including cases associated with clawback actions, total 59.9 million.

Legal disputes with customers

The high number of disputes prevents us from providing a detailed list, while their diverse nature makes it extremely difficult, if not impossible, to group them into categories of similar nature.

Note that the following disputes were concluded during the year:

- Presidency of the Council of Ministers/Left-wing Democrats: following the appeal by means of an injunction requested against Left-wing Democrats (bad loans) and the Presidency of the Council of Ministers (guarantors of the Left-wing Democrats by virtue of sureties) for 3 pooled loans (of which one with leading bank Efibanca and a further two investees) for a total of 26.5 million, opposition to the injunction was submitted in 2015; the courts of the first and second instance rules were in favour of the banks, at the same time rejecting the challenges of the injunction. The appeal ruling was not challenged with an appeal to the Court of Cassation by the parties and the proceedings concluded with a ruling in favour of the pool banks. The ruling became final on 9 December 2024 as no appeal with the Court of Cassation had been filed;
- Ce.De.Sisa Centro Nord S.p.A. (in liquidation) – On 5 August 2020, the Bank was summoned for a liability action against Directors, Statutory Auditors, the Independent Auditors and consultants of the bankrupt company and the banks that colluded with the management body in aggravating liabilities. The Bank, which never granted loans but operated through advances on invoices, lodged a preliminary objection to the statute of limitations of the claim formulated. The total remedy sought against all the banks is 120 million. The hearing for the examination of the court-appointed expert was held on 24 January 2024; the case was postponed to 13 March 2024 for its continuance. Following negotiations with the bankruptcy assignee, a settlement agreement was reached, finalised in July 2024, requiring the Bank to pay 200 thousand euro and abandon the proceedings, with each party bearing its own legal expenses. After finalisation of the agreement, at the hearing on 11 September 2024 the judge declared the proceedings against the Bank settled.

Also note that for the dispute initiated on 18 July 2019 relating to the summons of Banco BPM to request cancellation of certain transactions and the reimbursement of a total of approximately 37 million, the Court of Milan ruling on 12 April 2024 largely rejected the opposing party's claims, limiting the amount the bank was ordered to pay to 594 thousand euro. The ruling was challenged by the counterparty, reducing the claim to approximately 5.5 million. The appeal proceedings are pending.

Below, a brief description is provided of the main legal disputes pending as at 31 December 2024, whose settlement is deemed could entail a probable or possible use of financial resources:

- On 5 March 2019, Barberini Hotel S.r.l. filed a claim to obtain an order for Banco BPM to pay the amount of 19.5 million, as a result of the termination of certain lease agreements by the defendant and the obligation to arrange reimbursement of the instalments received and, subordinately, reduction of the contractual penalty. The Milan Court of Appeal confirmed the ruling in favour of the Bank made by the Court of Milan. The case is pending in the Court of Cassation;
- On 20 December 2019, Banco BPM was summoned before the court, together with a pool of banks, by the receivership of the company Privilege Yard for alleged abusive lending. The receivership requested that the liability of the banks be verified for collusion in the mala gestio (poor management) by the directors of Privilege Yard, ordering them to jointly pay compensation for the damages of around 97 million (Banco BPM share 27 million). With a ruling dated 11 October 2022, the Court of Rome ordered the banks, jointly and

severally, to pay 57.1 million. Banco BPM complied with the ruling for its own amount due. The appeal filed by Banco BPM together with the other banks involved is still pending;

- On 4 February 2020, Malenco S.r.l. summoned Banco BPM before the court, together with another bank that led the pooled operations, in relation to the granting of loans for the construction and completion of a property complex. The company requested that the invalidity of the loans be ascertained for allegedly exceeding the usury threshold rate and the invalidity of the derivative contracts taken out to hedge the loans granted, with a request to order Banco BPM to pay the sum of 31 million, 10 million of which together with the other bank. The Court of Rome, with ruling of 21 November 2022, fully rejected the claims of Malenco. The appeal proceedings are pending;
- On 23 December 2022, the extraordinary receivers of Società Italiana per Condotte d'Acqua S.p.A. summoned the members of its Management and Supervisory Boards, the auditing firm and the banking community, including Banco BPM, and a number of factoring companies before court, to obtain a joint and several order for all defendants to pay the sum of over 389 million. The amount is requested by way of compensation for the alleged damages also caused by the abusive granting of credit by the banking class, which would have allowed the company to continue to operate despite the crisis situation, also causing the serious impoverishment of the company's net assets. The lawsuit is still pending in the initial stage before the Court of Rome;
- In 2020 Atlantia S.p.A. and Autostrade per l'Italia S.p.A. initiated a compensation claim against Astaldi S.p.A. on their own behalf and with a mandate to represent a grouping of companies, of the former subsidiary Bipielle Real Estate and of S.C.C. S.r.l. as assignees of the original contractors in the construction of some motorway sections in the province of Genoa by virtue of a contract signed in 1991. The case originates from the sentence of the above plaintiffs in a parallel and still pending dispute brought by the defendants in 1993 for partial non-fulfilment of the contract. The compensation claim, quantified at 33.2 million during the proceedings, was made jointly and severally against only the three defendant companies convened with the exclusion of the other participants in the consortium. The Rome Court of Appeal ruling of 10 January 2025 upheld the claim for reimbursement proposed by Atlantia S.p.A. and Autostrade per l'Italia S.p.A., ordering the defendants, jointly and severally, to reimburse approximately 29.2 million plus interest. The Bank will file an appeal before the Court of Cassation;
- On 19 June 2023, AD Casa S.r.l. challenged Banco BPM for its failure to finalise the sale, in its favour, of a real estate complex in Florence, with a consequent request for an order to contract at the lower price of 21.9 million, compared to the 35.1 million agreed, in addition to compensation for damages quantified at 3.8 million. The initial agreement was questioned by the prospective purchaser in light of the new operational plan approved by the Municipality of Florence. The case is pending in the initial stage before the Court of Milan;
- The subsidiary Partecipazioni Italiane in liquidation, as the former owner of land located in Pavia that was the industrial site of the former Necchi S.p.A., (which ceased business operations many years ago), was the subject of an order of the Province of Pavia which requested that the subsidiary, as the party "historically" responsible, along with another party, carry out the reclamation and containment of that area, which for many years now has been owned by third parties outside Banco BPM Group. The Lombardy Regional Administrative Court rejected the appeal of the subsidiary against the provincial order. The ruling was challenged before the State Council which, on 4 September 2024, with an order that became final, rejected the appeal of Partecipazioni Italiane, confirming the legitimacy of the order issued by the Province of Pavia.

Within the parallel environmental proceedings, both some of the current owners of the various portions of the former Necchi site and Partecipazioni Italiane submitted autonomous area characterisation plans. The different positions of the parties triggered new administrative proceedings, which on 4 September 2024 were declared inadmissible after Partecipazioni Italiane filed the declaration of no interest in pursuing.

With regard to one of the portions of the site, on 7 March 2022, a settlement agreement was finalised with one of the current owners, regarding the reclamation of the portion of the former Necchi area it owns. The agreement envisages, inter alia, the contribution of Partecipazioni Italiane to bearing the reclamation costs for an amount of 1.4 million plus VAT (half of which already paid at the time of finalisation of the agreement and half to be paid to the counterparty on announcement of the start of the reclamation activities), already accounted for in the financial statements as at 31 December 2021. In order to present the risk analysis and the operational project for reclamation and permanent securing by the counterparty, additional checks and additions to the project are underway, also following the launch by the Office for the Protection of Cultural Heritage of a procedure for the declaration of cultural interest for a property located in the former Necchi area.

Lastly, note that in December 2024 the technical consultant WSP Italia S.r.l., at the request of Partecipazioni Italiane, provided an update on the status of the environmental proceedings, together with an estimate of the costs necessary for the reclamation of areas included in the former Necchi site in Pavia, excluding the part for which the aforementioned settlement agreement was finalised. The preliminary estimate of any reclamation works, based on a risk analysis simulation carried out by the consultant with data available to date, is approximately 1.5 million (excluding VAT), which led to an additional allocation of 1.25 million in the financial statements of the investee as at 31 December 2024.

In light of the successful outcomes in the courts of first instance and/or the existence of valid grounds on which to challenge the claims made by the claimants with regard to proceedings underway, the claims classified as possible but unlikely amount to a total of 868.7 million.

Claims classified as probable amount to a total of 166.5 million, against which 59.9 million has been allocated under the item Provisions for risks and charges.

Tax disputes

As highlighted in "Part A – Accounting policies, Section 4 – Events subsequent to the reporting date" of these Notes to the financial statements, on 16 January the Court of Cassation filed its ruling that ended the dispute initiated by the Bank to obtain cancellation of the notices of assessment issued on 19 December 2011 to the former Banco Popolare soc. coop. and concerning the 2005 tax period of the former Banca Popolare Italiana. The notices of assessment concerned the alleged non-deductibility for IRES and IRAP purposes of costs and value adjustments to receivables relating to facts or actions classified as offences (offences of false corporate reporting, obstructing supervision and market disturbance alleged to have been committed by Banca Popolare Italiana in relation to the attempted takeover of Banca Antonveneta).

The appeals against the notices of assessment had been rejected by the Provincial Tax Commission of Milan with a ruling filed on 15 October 2014. The appeal before the Lombardy Regional Tax Commission was also rejected with a ruling filed on 19 May 2015. As a result of the aforementioned rulings, the Bank had already been required to pay the tax demands issued for a total amount, including interest and tax collection fees, of 199.8 million. This amount, given its nature as a security deposit and pending the final ruling on the appeal filed with the Court of Cassation on 18 December 2005, was recorded under the asset item "Other assets".

With regard to the outcome of the dispute, on the basis of the in-depth evaluation of the notices of assessment and the negative rulings mentioned above, the Bank had always assessed its risk of losing as possible but not probable and, consequently, had not allocated any provision against the aforementioned risk.

This assessment was confirmed in the Court of Cassation ruling which, acknowledging the validity of the reasons for the appeal filed by the Bank, set aside the ruling of the Lombardy Regional Tax Commission, and upheld the original appeal filed, definitively cancelling the notices of assessment.

Following the ruling, the Bank filed a claim for amounts wrongfully paid in relation to the aforementioned payment demands and has already obtained full repayment of all amounts paid during the proceedings, by way of tax, interest, including default and suspension interest, penalties and collection remuneration. Payment of the interest accrued and accruing was also requested, pursuant to Art. 44, Italian Presidential Decree no. 602 of 29 September 1973, which amounted to 35.5 million. The aforementioned credit is not present in the financial statements as at 31 December 2024 as the possibility of its recognition is related to filing of the ruling of the Court of Cassation.

Given the positive conclusion of the tax dispute illustrated above, the total claims made by the Tax Authority as part of the tax disputes initiated involving Banco BPM and its subsidiaries amounted to 23.3 million¹ as at 31 December 2024, a decrease of 200.7 million compared to 31 December 2023.

Furthermore, within the aforementioned amount, the claims deriving from the notices of assessment for the 2006-2009 tax periods are also included, these too concerning the alleged non-deductibility for IRES purposes of the costs considered attributable to events or acts qualifying as offences. More specifically, they regard value adjustments on loans already disputed with reference to tax year 2005. Said value adjustments, although recognised by Banca Popolare Italiana in its financial statements for 2005, were deductible on a straight-line basis over the following 18 financial years pursuant to the version in effect at the time of Art. 106, paragraph 3 of Italian Presidential Decree no.

¹ Note that said amount does not include the disputes with an immaterial unit amount, mainly comprised of local taxes. Also note that the estimate of contingent liabilities relating to the notices of assessment does not include any interest payable in the event of loss. The estimate of contingent liabilities relating to formal reports on findings served or being served other than those classified as probable does not include interest or fines.

917 of 22 December 1986. Therefore, the notices of assessment challenge the claimed non-deductibility of the portions of those adjustments to loans deducted in 2006, 2007, 2008 and 2009. Total claims amount to 15.8 million. The appeal filed by the Bank before the Provincial Tax Commission of Venice against these notices is still pending, as the aforementioned Commission had suspended proceedings until the final ruling of the Court of Cassation on the notices of assessment relating to 2005.

In light of the positive outcome of the dispute relating to the 2005 tax period, illustrated above, it is believed that the risk of a negative outcome of the proceedings relating to subsequent years can be considered remote. In relation to the aforementioned disputes, the amount of 2.1 million already paid as a security deposit against the tax demands issued is recorded under the item "Other assets".

Below, a description is provided of further significant legal disputes pending as at 31 December 2024, whose settlement is deemed could entail a probable or possible use of financial resources:

- Banca Akros - formal notification received in December 2021 relating to the alleged infringement of the transmission obligations to the Italian Revenue Agency envisaged by Article 1, of Italian Decree Law 167 of 1990 with the application of the minimum sanction envisaged by Art. 5, paragraph 1, for the amount of 2.3 million. On 30 November 2022, the Office served a decision to impose penalties with which it rejected the defensive arguments made by the Bank and imposed a penalty of 2.3 million against it. Considering the reasons contained in the decision contradictory and unfounded, on 30 January 2023, the Bank filed an appeal to the Milan Tax Court of first instance. On 16 January 2024, the ruling of the Milan Tax Court was filed, confirming the imposition of sanctions. The Bank, fully convinced that its reasons have not been adequately taken into consideration in the first instance proceedings, filed an appeal on 2 August 2024 with the competent Tax Court of Lombardy requesting annulment of the ruling. In relation to the aforementioned dispute, the amount of 1.6 million already paid as a security deposit against the tax demand issued is recorded under the item "Other assets". In light of the assessments carried out, in the consolidated financial statements as at 31 December 2024, no provision is recognised against a potential negative outcome for the Bank;
- Banca Aletti - on 23 January 2024, the Italian Revenue Agency - Lombardy Regional Department, Large Taxpayers Office - initiated a tax audit of the subsidiary Banca Aletti for IRES, IRAP, VAT and withholding tax obligations for tax year 2018. At the end of the audit, on 30 July 2024, the Italian Revenue Agency served a report on findings that contains a single charge in relation to the IRAP tax treatment of the economic result of the Corporate & Investment Banking business unit, which was spun off in favour of Banca Akros in 2018. On 10 September 2024, the Italian Revenue Agency issued the Preliminary Assessment, quantifying the overall claim for higher taxes and penalties as 1.7 million. The Bank, considering the finding to be without grounds, filed its counter-arguments on 18 November 2024. On 3 March 2025, the Italian Revenue Agency issued the notice of assessment requiring the Bank to pay a total of 1.9 million, including interest. In light of evaluations carried out, the Bank decided to file an appeal to request cancellation of the assessment.

Auditing activities

Following the completion of a questionnaire sent to the insurance companies that operate in Italy from Ireland, Luxembourg and Liechtenstein, the Italian Tax Police launched a tax control activity against the subsidiary insurance company BBPM Life Dac.

On 3 June 2024, the Italian Tax Police converted the inspection form from control to tax audit, for the purposes of Direct Taxes, for the tax periods from 2018 to 2022, particularly with reference to checking the proper fulfilment of obligations relating to tax monitoring in relation to life insurance contracts entered into with Italian customers. The audit concluded with a single charge regarding the alleged failure to communicate the transfer to foreign accounts of the company of premiums relating to the policies distributed by Banca Aletti. On 30 December 2024, the Italian Revenue Agency served formal notification upon the Company of a 0.3 million penalty.

10.6.2 Other provisions - personnel expenses

These amounted to 361.7 million and include the allocation of 194.1 million for charges expected for use of the extraordinary benefits of the Solidarity Fund and for early retirement incentives following the agreements reached with the trade unions on 19 December 2024 for the incentivised voluntary retirement of approximately 1,100 employees. This item also includes: i) the estimated expense deriving from the expected payment of variable remuneration in compliance with the provisions of the Group's incentive systems; and ii) the estimate relating to other disbursements planned in favour of the staff (e.g., loyalty bonuses, non-competition agreements, etc.).

10.6.3 Other provisions - other

This residual category of provisions amounts to a total of 124.5 million and mainly includes allocations against the following liabilities:

- a) risks associated with disputes and claims, both pending and expected, associated with operations with customers and possible developments in the interpretation of certain regulations governing banking activities (17.6 million);
- b) estimate of probable reimbursements of fees consequent to the possible early termination of insurance policies by customers (24.7 million);
- c) risks associated with commitments undertaken as part of partnership agreements and guarantees granted against the disposal of interests or other assets or groups of assets (39.1 million);
- d) risks associated with guarantees given for sales of non-performing loans already finalised as at 31 December 2024 (14.7 million);
- e) estimate of the probable charges deriving from the execution of agreed works on two properties falling within the scope of the project to streamline the investment property portfolio ("Square" project) for an amount of 10.2 million.

Category a) includes the provision made against residual risks associated with reporting activities carried out of customers interested in purchasing diamonds to the specialised company Intermarket Diamond Business S.p.A. ("IDB"). Almost all of those reporting activities were carried out from 2003 to 2016 and, thus, prior to the merger that gave rise to Banco BPM. That activity was suspended in the initial months of 2017 and then definitively stopped.

These operations resulted in the receipt of a high number of complaints from the Group customers involved and the launch of civil court disputes. In this regard, also with a view to standing by to its customers, the Group has implemented a large-scale customer care initiative over the last few years, aimed, if necessary, at finalising transactions by providing a free service for assistance to customers in submitting requests to the bankruptcy receiver for the return of stones and, lastly, for the return of diamonds in custody at the vaults managed by the IDB bankruptcy. As at 31 December 2024, 24,497 claims had been received and 1,434 disputes notified (partly preceded by a claim) for total relief sought of around 721.5 million.

At the same date, due to the previously illustrated management and customer care activities, claims and disputes were resolved, through a settlement or the issue of a final ruling, for total relief sought of 672.5 million.

Against the claims and disputes, both those not yet defined and those potentially estimated, the sub-item in question includes the specific provision recognised against the above disputes with customers amounting to 17.6 million as at 31 December 2024.

The total provision made over the years, from 2017, was 392.8 million, against which drawdowns for refunds to customers of 375.2 million were made.

As at 31 December 2023, the provision amounted to 25.6 million; during 2024, drawdowns for refunds of 8.9 million were made, and a further allocation of 0.9 million was made, to take into account the updated estimates relating to the total relief sought and the percentages of compensation.

Again in relation to these operations, the Bank learned that, as part of the criminal proceedings for alleged collusion in fraudulent bankruptcy relating to the bankruptcy of IDB, pending before the Court of Milan, the Judge for Preliminary Investigations ordered committal for trial of three former corporate officers. At the first discussion hearing, held on 23 January 2025, at the request of the IDB Receivership, the summons of Banco BPM as civilly liable party was ordered with respect to the conduct alleged against the former corporate officers quantified by the Milan Public Prosecutor's Office as a total 5 million.

Item b) represents the provision allocated in application of that established under accounting standard IFRS 15 against the risk of having to return a portion of commissions received for the placement of insurance policies with customers, in the case that these customers decide to close the insurance coverage in advance.

Item c) represents the provision allocated against risks associated with certain guarantees granted to the buyer at the time of disposals of interests, assets and groups of assets which have already been completed and as part of partnership agreements signed, as better specified below.

To this end, we can note that, in the context of the contracts signed at the time of the disposal of interests or business segments finalised in previous years, as well as any correlated partnership agreements, there are investment protection

and guarantee mechanisms for the buyer. In detail, those mechanisms provide for the possible payment of indemnities to the buyer/partner in the event that specific business targets are not reached, setting out limits, deductibles, grace periods and exceptions in favour of Banco BPM Group. Certain protection and guarantee mechanisms shall remain in force until the end of the partnership.

A list is provided below of the main operations finalised for which the sale agreements and/or related partnership agreements envisage obligations for Banco BPM Group to pay potential indemnities:

- sale finalised in 2017 of the controlling interest in Aletti Gestielle SGR to Anima Holding;
- the sale finalised in 2018 of the contracts relating to delegated insurance asset management mandates placed through Banco BPM Group network to Anima SGR;
- the sale of a business unit relative to custodian bank business segment to BNP Paribas Securities Services in 2018 and the consequent revision of the obligations established at the time of the sale of the custodian bank business segment of the former Banca Popolare di Milano to the same buyer in 2010;
- sale completed on 14 December 2023 of a 65% stake in the insurance companies Vera Assicurazioni and Banco BPM Assicurazioni to Crédit Agricole Assurances;
- transfer to Numia of the E-Money business unit and resulting partnership agreements finalised on 30 September 2024.

Where, based on the objectives reached and reported and the future projections of their evolution, it is deemed probable that indemnity will be paid to the buyer counterparty, the amount of the estimated liability has been allocated to the provisions for risks and charges in question.

With reference to the agreements with Anima Holding, revised in 2020, a system of penalties is envisaged in the event of failure to achieve the Net Funding targets set for the period January 2020 - February 2025, totalling 4.8 billion. Taking into account the trend of net funding as at 31 December 2024 and that expected in February 2025, estimated on the basis of a multi-scenario calculation, which is below the set target, a provision totalling 39.1 million was allocated to cover the net funding gap.

Item d) refers to the amount allocated to cover probable future financial disbursements for guarantees granted as part of sales of non-performing loans finalised in 2024 and previous years.

Item e) refers to the amount allocated against the estimate of charges relating to renovation works on two properties falling within the broader scope envisaged as part of the "Square" transaction, aimed at business segment streamlining of the properties owned by the Bank but not for use in operations.

Section 11 - Insurance liabilities – Item 110

Item "110. Insurance liabilities" is represented by:

- insurance contracts issued - liabilities for 12,883.2 million (12,241.2 million as at 31 December 2023);
- reinsurance liabilities are represented in item 110 b) of liabilities for zero (11 thousand as at 31 December 2023).

Note that the balances as at 31 December 2023 have been restated following completion of the PPA relating to the reorganisation of Bancassurance, as illustrated in "Part G - Business combinations regarding companies or divisions".

The increase compared to the previous year is mainly due to the higher premium collected on the Unit-Linked BBPM Life contracts classified according to IFRS 17.

For a more thorough analysis of the changes in balance sheet balances during 2024, please refer to the "Consolidated balance sheet: contribution of insurance companies" provided among the "Attachments" to these financial statements.

Stamp duty for life insurance contracts

The 2025 Budget Law (Law 207/2024), approved on 28 December 2024, amended the rules for the payment of stamp duty on communications sent to customers relating to financial products such as life policies (Class III and Class

V), envisaging an annual payment rather than a lump sum at the time of redemption or surrender¹. In particular, for contracts already active at the time of entry into force of the regulation (1 January 2025), stamp duty payment on an instalment basis is envisaged: 50% by 30 June 2025, 20% by 30 June 2026, 20% by 30 June 2027 and 10% by 30 June 2028. The amounts paid will then be deducted from the service provided at the time of surrender or maturity of the policy, effectively transferring the cost of the tax to the customer.

The different distribution of cash flows, resulting from the regulatory change in question, must be considered, if material, for the purpose of measuring the insurance liabilities referring to contracts falling within the scope of application of IFRS 17.

In light of the above, the Group Companies therefore carried out an impact assessment; this analysis showed that for Banco BPM Vita and Vera Vita the impacts are not considered material, both in terms of the reclassification of assets between "Present Value of Future Cash Flows" and "Contractual Service Margin", and in terms of profit for 2024. The most significant impacts are attributable to BBPM Life, whose insurance liabilities already take into account the different distribution of cash flows resulting from the amendment in question.

The insurance contracts issued that are assets and liabilities, with a net balance of 12,883.1 million, are recorded under the following items:

- Liabilities 110 a) - insurance contracts issued - liabilities for 12,883.2 million (12,241.2 million as at 31 December 2023), as illustrated above;
- Assets 80 a) - insurance contracts issued - assets for 63 thousand (53 thousand as at 31 December 2023).

Insurance liabilities - breakdown by measurement model

Items/Components	Total	Total
	31/12/2024	31/12/2023
VFA - Variable Fee Approach	12,873,996	12,231,913
GMM - General Measurement Model (Building Block Approach)	7,242	7,033
PAA - Premium Allocation Approach	1,963	2,284
Total	12,883,201	12,241,230

(*) The figures relating to the previous year have been restated following completion of the PPA relating to the reorganisation of Bancassurance, as illustrated in "Part G - Business combinations regarding companies or divisions".

11.1 Trends in the book value of insurance contracts issued - GMM or VFA - liabilities for remaining coverage and for claims

The book value of the insurance contracts recognised using the GMM or VFA methods totals 12,881.2 million (12,239.0 million as at 31 December 2023) and refers to:

- insurance contracts issued with direct participation features - Life business segment for 12,874.0 million (12,231.9 million as at 31 December 2023);
- insurance contracts issued without direct participation features - Life business segment for 7.2 million (7.0 million as at 31 December 2023), of which the LCR component is equal to 3.0 million and the LIC component is equal to 4.2 million.

The following table shows the changes in the book value relating to contracts issued with direct participation features (basis of aggregation 1) relating to the life business segment.

Due to their insignificance, the table relating to changes in the book value of contracts issued without direct participation features (basis of aggregation 2) is omitted.

There are also no investment contracts issued with discretionary participation features (basis of aggregation 5).

¹ Art. 88, Law no. 207 of 30 December 2024: "For life insurance contracts in force as at 1 January 2025, the amount corresponding to the total stamp duty referred to in Art. 13, paragraph 2-ter, of the tariff attached to Presidential Decree no. 642 of 26 October 1972, calculated for each year until 2024, is paid for a portion equal to 50% by 30 June 2025, for a portion equal to 20% by 30 June 2026, for a portion equal to 20% by 30 June 2027 and the remaining 10% by 30 June 2028. For communications relating to life insurance contracts, it is understood that the total stamp duty paid annually by the insurance company is calculated as a reduction of the benefit paid on maturity or on surrender of the policy".

11.1 a) Basis of aggregation 1 = Insurance contracts issued with direct participation features - Life business segment

Items/Liabilities	Liabilities for remaining coverage		Liabilities for claims		Liabilities for remaining coverage		Liabilities for claims		Total 31/12/2023
	Net of loss	Loss	31/12/2024	31/12/2024	Net of loss	Loss	31/12/2023	31/12/2023	
A. Opening book value									
1. Insurance contracts issued - liabilities	12,083,176	1,750	146,987	12,231,913	-	-	-	-	-
2. Insurance contracts issued - assets	(53)	-	-	(53)	-	-	-	-	-
3. Net book value as at 1 January	12,083,123	1,750	146,987	12,231,860	4,252,534	28,569	4,281,103	4,281,103	
B. Insurance revenues	(180,604)	-	-	(180,604)	(58,224)	-	-	(58,224)	
C. Costs for insurance services									
1. Claims and other directly attributable costs	4,127	-	99,807	103,934	-	-	35,522	35,522	
2. Changes in liabilities for claims	-	-	1,196	1,196	-	-	66	66	
3. Losses and related recoveries on onerous contracts	-	106	-	106	-	1,750	-	1,750	
4. Amortisation of contract acquisition costs	7,267	-	-	7,267	988	-	-	988	
5. Total	11,394	106	101,003	112,503	988	1,750	35,588	38,326	
D. Profit (loss) on insurance services (B+C)	(169,210)	106	101,003	(68,101)	(57,236)	1,750	35,588	(19,898)	
E. Net costs/revenues of a financial nature									
1. Relating to insurance contracts issued	653,885	-	-	653,885	320,099	-	-	320,099	
1.1 Recorded in the income statement	540,433	-	-	540,433	145,527	-	-	145,527	
1.2 Recorded in the statement of comprehensive income	113,452	-	-	113,452	174,572	-	-	174,572	
2. Effects associated with changes in exchange rates	-	-	-	-	-	-	-	-	
3. Total	653,885	-	-	653,885	320,099	-	-	320,099	
F. Investment components	(2,317,852)	-	2,317,852	-	(880,734)	-	880,734	-	
G. Total amount recorded in the income statement and the statement of comprehensive income (D+E+F)	(1,833,177)	106	2,418,855	585,784	(617,871)	1,750	916,322	300,201	
H. Other changes	-	-	(25,122)	(25,122)	7,660,975	-	123,659	7,784,634	
I. Cash movements									
1. Premiums received	2,595,127	-	-	2,595,127	793,696	-	-	793,696	
2. Payments associated with contract acquisition costs	(29,719)	-	-	(29,719)	(6,211)	-	-	(6,211)	
3. Claims paid and other cash outflows	(89,104)	-	(2,393,443)	(2,482,547)	-	-	(921,563)	(921,563)	
4. Other movements	(1,387)	-	-	(1,387)	-	-	-	-	
5. Total	2,474,917	-	(2,393,443)	81,474	787,485	-	(921,563)	(134,078)	
L. Net book value as at 31 December (A.3+G+H+I.5)	12,724,863	1,856	147,277	12,873,996	12,083,123	1,750	146,987	12,231,860	
M. Closing book value									
1. Insurance contracts issued - liabilities	12,724,926	1,856	147,277	12,874,059	12,083,176	1,750	146,987	12,231,913	
2. Insurance contracts issued - assets	(63)	-	-	(63)	(53)	-	-	(53)	
3. Net book value as at 31 December	12,724,863	1,856	147,277	12,873,996	12,083,123	1,750	146,987	12,231,860	

(*) The figures relating to the previous year have been restated following completion of the PPA relating to the reorganisation of Bancassurance, as illustrated in "Part G - Business combinations regarding companies or divisions".

The three Life Companies manage most of their business using the VFA method, the related insurance liabilities for which amounted to 12,874.0 million as at 31 December 2024 (12,231.9 million as at 31 December 2023).

The book value of liabilities for remaining coverage as at 31 December 2024 was 12,724.9 million (12,083.1 million as at 31 December 2023); the increase compared to the previous year is mainly due to higher inflows and net financial revenues.

Lastly, the book value of liabilities for claims classified using the same model totalled 147.3 million as at 31 December 2024, essentially in line with the previous year (147.0 million).

11.2 Trends in the book value of insurance contracts issued - PAA - liabilities for remaining coverage and for claims

The contracts issued, measured using the PAA method, are considered insignificant as regards the non-life non-motor segment, the amount of which was 2.0 million as at 31 December 2024 (2.3 million as at 31 December 2023).

Due to their insignificance, the table relating to the dynamics of these contracts is omitted.

11.3 Trends in the book value of insurance contracts issued broken down by elements underlying the measurement

The book value of insurance contracts accounted for using the GMM or VFA methods amounted to 12,881.2 million (12,239.0 million as at 31 December 2023) as illustrated in detail in the previous paragraph "11.1 Trends in the book value of insurance contracts issued - GMM or VFA - liabilities for remaining coverage and for claims".

The following tables show the changes in the book value relating to contracts issued with direct participation features (basis of aggregation 1) and without direct participation features (basis of aggregation 2) relating to the life business segment.

There are also no investment contracts issued with discretionary participation features (basis of aggregation 5).

11.3 a) Basis of aggregation 1 = Insurance contracts issued with direct participation features - Life business segment

Items/Elements underlying measurement	Elements underlying the measurement of the book value of insurance contracts issued				Elements underlying the measurement of the book value of insurance contracts issued			
	Present value of cash flows		Adjustment for non-financial risks		Contractual service margin		Total	
	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2023	31/12/2023	31/12/2023	31/12/2023
A. Opening book value								
Elements underlying the measurement of the book value of insurance contracts issued								
11,880,105		59,457	292,351	12,231,913	-	-	-	-
(53)		-	-	(53)	-	-	-	-
2. Insurance contracts issued - assets								
3. Net book value as at 1 January		11,880,052	59,457	292,351	12,231,860	4,162,755	58,194	4,281,103
B. Changes relating to current services								
1. Contractual service margin recorded in the income statement								
		-	-	(68,408)	(68,408)	-	-	(21,042)
2. Change for past due non-financial risks		-	(9,896)	-	(9,896)	-	(5,997)	(5,997)
3. Changes related to experience		9,030	-	(129)	8,901	5,292	-	5,292
4. Total		9,030	(9,896)	(68,537)	(69,403)	5,292	(5,997)	(21,747)
C. Changes relating to future services								
1. Changes in the contractual service margin								
206,314		(20,493)	(185,821)	-	154,550	(24,534)	-	-
106		-	-	106	-	-	1,750	1,750
2. Losses on groups of onerous contracts and related recoveries								
(90,370)		1,816	88,554	-	(25,707)	2,844	22,863	-
3. Effects of contracts initially recognised in the reference year								
116,050		(18,677)	(97,267)	106	128,843	(21,690)	(105,403)	1,750
4. Total								
D. Changes relating to past services								
1,196		-	-	1,196	99	-	-	99
1. Adjustments to liabilities for claims								
126,276		(28,573)	(165,804)	(68,101)	134,234	(27,687)	(126,445)	(19,898)
E. Profit (loss) on insurance services (B+C+D)								
F. Costs/revenues of a financial nature								
1. Relating to insurance contracts issued								
460,058		1,128	192,699	653,885	147,857	-	172,242	320,099
1.1 Recorded in the income statement								
464,794		750	74,889	540,433	148,200	-	(2,673)	145,527
1.2 Recorded in the statement of comprehensive income								
(4,736)		378	117,810	113,452	(343)	-	174,915	174,572
2. Effects associated with changes in exchange rates								
		-	-	-	-	-	-	-
3. Total		460,058	1,128	192,699	653,885	147,857	172,242	320,099
G. Total amount of changes recorded in the income statement and the statement of comprehensive income (E+F)								
586,334		(27,445)	26,895	585,784	282,091	(27,687)	45,797	300,201
(30,022)		(3,067)	7,966	(25,123)	7,569,284	28,950	186,400	7,784,634
H. Other changes								

11.3 b) Basis of aggregation 2 = Insurance contracts issued without direct participation features - Life business segment

Items/Elements underlying measurement	Elements underlying the measurement of the book value of insurance contracts issued				Elements underlying the measurement of the book value of insurance contracts issued			
	Present value of cash flows		Adjustment for non-financial risks		Present value of cash flows		Adjustment for non-financial risks	
	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2023	31/12/2023	31/12/2023	31/12/2023
A. Opening book value								
Elements underlying the measurement of the book value of insurance contracts issued	674	-	6	680	-	-	-	-
2. Insurance contracts issued - assets	-	-	-	-	-	-	-	-
3. Net book value as at 1 January	674	-	6	680	-	-	-	-
B. Changes relating to current services								
1. Contractual service margin recorded in the income statement	-	-	-	(1,590)	-	-	-	-
2. Change for past due non-financial risks	-	-	(321)	(321)	-	-	-	-
3. Changes related to experience	1,006	-	-	1,006	-	-	-	-
4. Total	1,006	(321)	(1,590)	(905)	-	-	-	-
C. Changes relating to future services								
1. Changes in the contractual service margin	1,178	(1,694)	516	-	-	-	-	-
2. Losses on groups of onerous contracts and related recoveries	5	-	-	5	-	-	-	-
3. Effects of contracts initially recognised in the reference year	5	1	(6)	-	-	-	-	-
4. Total	1,188	(1,693)	510	5	-	-	-	-
D. Changes relating to past services								
1. Adjustments to liabilities for claims	(1,277)	-	-	(1,277)	-	-	-	-
E. Profit (loss) on insurance services (B+C+D)	917	(2,014)	(1,080)	(2,177)	-	-	-	-
F. Costs/revenues of a financial nature								
1. Relating to insurance contracts issued	(318)	-	306	(12)	-	-	-	-
1.1 Recorded in the income statement	(285)	-	306	21	-	-	-	-
1.2 Recorded in the statement of comprehensive income	(33)	-	-	(33)	-	-	-	-
2. Effects associated with changes in exchange rates	-	-	-	-	-	-	-	-
3. Total	(318)	-	306	(12)	-	-	-	-
G. Total amount of changes recorded in the income statement and the statement of comprehensive income (E+F)	599	(2,014)	(774)	(2,189)	-	-	-	-
H. Other changes	(7,824)	3,589	10,485	6,250	674	6	-	680
I. Cash movements								
1. Premiums received	8,656	-	-	8,656	-	-	-	-
2. Payments associated with contract acquisition costs	(1)	-	-	(1)	-	-	-	-
3. Claims paid and other cash outflows	(6,154)	-	-	(6,154)	-	-	-	-
4. Other movements	-	-	-	-	-	-	-	-
5. Total	2,501	-	-	2,501	-	-	-	-
L. Net book value as at 31 December (A.3+G+H+I.5)	(4,050)	1,581	9,711	7,242	674	6	-	680
M. Closing book value								
1. Insurance contracts issued - liabilities	554	1,581	9,711	11,846	674	6	-	680
2. Insurance contracts issued - assets	(4,604)	-	-	(4,604)	-	-	-	-
3. Net book value as at 31 December	(4,050)	1,581	9,711	7,242	674	6	-	680

11.4 Trends in insurance revenues and the contractual service margin of insurance contracts issued broken down on the basis of existing contracts at the time of transition to IFRS 17

11.4 a) Basis of aggregation 1 = Insurance contracts issued with direct participation features - Life business segment

	31/12/2024				31/12/2023					
	New contracts and contracts measured at the transition date applying the full retrospective approach	Contracts measured at the transition date applying the modified retrospective approach	Contracts measured at the transition date with the fair value approach	Contracts subject to carve-out	Total	New contracts and contracts measured at the transition date applying the full retrospective approach	Contracts measured at the transition date applying the modified retrospective approach	Contracts measured at the transition date with the fair value approach	Contracts subject to carve-out	Total
Insurance revenues	7,547	-	3,307	169,749	180,603	-	-	6,971	58,592	65,563
Contractual service margin - Opening balances	-	-	10,487	281,864	292,351	-	-	8,123	52,031	60,154
Changes relating to current services	(2,875)	-	(1,566)	(63,967)	(68,408)	-	-	(1,285)	(19,757)	(21,042)
- Contractual service margin recognised in the income statement to reflect the services provided	(2,875)	-	(1,566)	(63,967)	(68,408)	-	-	(1,285)	(19,757)	(21,042)
Changes relating to future services	13,745	-	2,953	(114,094)	(97,396)	-	-	3,369	104,037	107,406
- Changes in estimates that adjust the contractual service margin	9,283	-	2,953	(198,186)	(185,950)	-	-	(1,507)	84,896	83,389
- Effects of contracts initially recognised in the reference year	4,462	-	-	84,092	88,554	-	-	4,876	19,141	24,017
Revenues/costs of a financial nature										
1. Relating to insurance contracts issued	416	-	130	192,153	192,699	-	-	280	145,553	145,833
2. Effects associated with changes in exchange rates	-	-	-	-	-	-	-	-	-	-
3. Total	416	-	130	192,153	192,699	-	-	280	145,553	145,833
Other movements	15,363	-	(7,396)	-	7,967	-	-	-	-	-
Total changes recognised in the income statement and in the statement of comprehensive income	26,649	-	(5,879)	14,092	34,862	-	-	2,364	229,833	232,197
Contractual service margin - Closing balances	26,649	-	4,608	295,956	327,213	-	-	10,487	281,864	292,351

11.4 b) Basis of aggregation 2 = Insurance contracts issued without direct participation features - Life business segment

	31/12/2024				31/12/2023				Total
	New contracts and contracts measured at the transition date applying the full retrospective approach	Contracts measured at the transition date applying the modified retrospective approach	Contracts measured at the transition date with the fair value approach	Contracts subject to carve-out	Total	New contracts and contracts measured at the transition date applying the full retrospective approach	Contracts measured at the transition date applying the modified retrospective approach	Contracts measured at the transition date with the fair value approach	Contracts subject to carve-out
Insurance revenues	7,058	-	-	-	-	-	-	-	-
Contractual service margin - Opening balances	-	-	-	-	-	-	-	-	-
Changes relating to current services	(1,590)	-	-	-	(1,590)	-	-	-	-
- Contractual service margin recognised in the income statement to reflect the services provided	(1,590)	-	-	-	(1,590)	-	-	-	-
Changes relating to future services	510	-	-	-	510	-	-	-	-
- Changes in estimates that adjust the contractual service margin	516	-	-	-	516	-	-	-	-
- Effects of contracts initially recognised in the reference year	(6)	-	-	-	(6)	-	-	-	-
Revenues/costs of a financial nature									
1. Relating to insurance contracts issued	306	-	-	-	306	-	-	-	-
2. Effects associated with changes in exchange rates	-	-	-	-	-	-	-	-	-
3. Total	306	-	-	-	306	-	-	-	-
Other movements	10,487	-	-	-	10,487	-	-	-	-
Total changes recognised in the income statement and in the statement of comprehensive income	9,713	-	-	-	9,713	-	-	-	-
Contractual service margin - Closing balances	9,713	-	-	-	9,713	-	-	-	-

11.5 Elements underlying the measurement of insurance contracts issued recognised during the year

11.5 a) Basis of aggregation 1 = Insurance contracts issued with direct participation features - Life business segment

Items/Groups of contracts	Originated contracts 31/12/2024			Originated contracts 31/12/2023		
	Onerous contracts	Non-onerous contracts	Total	Onerous contracts	Non-onerous contracts	Total
A. Estimate of the present value of future cash outflows						
1. Contract acquisition costs	-	28,852	28,852	-	-	-
2. Amount of claims and other directly attributable costs	-	2,198,040	2,198,040	-	-	-
3. Total	-	2,226,892	2,226,892	-	-	-
B. Estimate of the present value of future cash inflows	-	2,317,263	2,317,263	-	21,716	21,716
C. Estimate of the net present value of future cash flows (A-B)	-	(90,371)	(90,371)	-	(21,716)	(21,716)
D. Estimated adjustment for non-financial risks	-	1,816	1,816	-	2,576	2,576
E. Derecognition of assets/liabilities already recognised against cash flows associated with insurance contracts issued	-	-	-	-	-	-
F. Contractual service margin	-	88,555	88,555	-	19,140	19,140
G. Increase included in liability for insurance contracts issued during the year (C+D+E+F)	-	-	-	-	-	-

The table includes the contribution of new business of the Group's Life companies (Banco BPM Vita, Vera Vita and BBPM Life), which generated a Contractual Service Margin as at 31 December 2024 of 88.6 million. The figure as at 31 December 2023, equal to 19.1 million, included the "new contracts" for the year of Banco BPM Vita alone.

Insurance contracts issued - Contractual Service Margin broken down by expected timing of recognition in income statement

Basis of aggregation/Expected timing	Up to 1 year	From over 1 year to 2 years	From over 2 years to 3 years	From over 3 years to 4 years	From over 4 years to 5 years	From over 5 years to 10 years	From over 10 years to 20 years	Over 20 years	Total
Life business segment	58,783	46,537	38,216	33,638	32,973	79,833	33,914	13,029	336,923
Non-Life business segment	-	-	-	-	-	-	-	-	-

The table above, which shows the expected timing of recognition in the income statement of the CSM (336.9 million as at 31 December 2024), shows that over 86% of the balance (approximately 290 million) will be released to the income statement over a 10-year time horizon.

11.6 Insurance contracts issued - Development of claims gross of reinsurance (Non-Life business segment)

This case is not relevant to the Group, therefore the relative table has been omitted.

11.7 Insurance contracts issued - Development of claims net of reinsurance (Non-Life business segment)

This case is not relevant to the Group, therefore the relative table has been omitted.

11.8 Insurance contracts issued - Assets connected with the acquisition of insurance contracts - Trends in the book value

This case is not relevant to the Group, therefore the relative table has been omitted.

11.9 Insurance contracts issued - Assets connected with the acquisition of insurance contracts - Expected timing of derecognition

This case is not relevant to the Group, therefore the relative table has been omitted.

Section 12 - Redeemable shares – Item 130

12.1 Redeemable shares: breakdown

The Group has no redeemable shares as at the reporting date, nor did it as at 31 December 2023.

Section 13 - Group equity Items 120, 130, 140, 150, 160, 170 and 180

13.1 "Share capital" and "Own shares": breakdown

The share capital as at 31 December 2024 was 7,100 million and consisted of 1,515,182,126 ordinary shares, fully subscribed and paid up.

The "own shares" item is represented by 13,799,807 shares of the Parent Company, fully held by the same, for a book value of 66.7 million.

13.2 Share capital – Number of shares of the Parent Company: annual changes

Items/Types	Ordinary	Other
A. Outstanding shares at the beginning of the year	1,515,182,126	-
- fully paid-up	1,515,182,126	-
- not fully paid-up	-	-
A.1 Own shares (-)	(6,958,684)	-
A.2 Shares in issue: opening balances	1,508,223,442	-
B. Increases	1,509,136	-
B.1 New issues	-	-
- against payment:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of own shares	1,509,136	-
B.3 Other changes	-	-
C. Decreases	(8,350,259)	-
C.1 Cancellation	-	-
C.2 Purchase of own shares	(8,350,259)	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Shares in issue: closing balances	1,501,382,319	-
D.1 Own shares (+)	13,799,807	-
D.2 Outstanding shares at the end of the year	1,515,182,126	-
- fully paid-up	1,515,182,126	-
- not fully paid-up	-	-

Sub-item B.2 includes shares assigned during the year to employees, implementing remuneration and incentive policies. Sub-item C.2 refers to the shares purchased by Banco BPM during the year to service the share-based compensation plans implemented by the Parent Company, in execution of the resolutions of the Shareholders' Meetings of Banco BPM S.p.A. of 20 April 2023 and 18 April 2024.

For further details, please refer to "Part I - Share-based payment agreements" of these Notes to the financial statements. Both sub-items also include 69,158 shares purchased and sold with reference to "error account" transactions with customers.

13.3 Share capital: other information

There is no other information worthy of note with respect to that already provided in the previous points of this section.

13.4 Profit reserves: other information

Group Reserves recognised under item 150 of Balance sheet liabilities amount to a total of 4,830.5 million, classified as follows:

- Profit reserves of 4,230.6 million;
- Other reserves of 599.9 million.

Please see the "Statement of changes in consolidated shareholders' equity" for evidence of changes in the Reserves during the year, as well as the schedule included in the Notes to Banco BPM separate financial statements for the information required under Art. 2427 of the Italian Civil Code.

Lastly, note that the Parent Company has a "Legal Reserve" within its own capital reserves, established in accordance with the provisions of Art. 2430 of the Italian Civil Code, that corresponds to one fifth of share capital, and amounts to 1,420.0 million.

13.5 Equity instruments: breakdown and annual changes

Equity instruments outstanding as at 31 December 2024 amounted to 1,608.8 million (1,465.8 million at the end of the previous year) and are represented by the following issues of Additional Tier 1 (AT 1) securities for an approximate nominal total of 1.6 billion:

- January 2020 issue for 400 million, partially repurchased in July 2024 for 179.5 million (and subject to early redemption in January 2025);
- January 2021 issue for 400 million;
- April 2022 issue for 300 million;
- November 2023 issue for 300 million;
- July 2024 issue for 400 million.

Also note that in June the Parent Company arranged early redemption of the first issue of AT 1 securities, which took place in April 2019 for 300 million and was already subject to partial buyback in November 2023 for 223.3 million. These were, in particular, subordinated instruments classified in Additional Tier 1 capital, under the terms of Regulation no. 575 of 2013 (CRR).

Such issues are classifiable as equity instruments under the terms of the accounting standard IAS 32. The price received from the issue, after deducting the directly-attributable transaction costs net of the tax effect was recognised in the item "140. Equity instruments".

In line with the nature of the instrument, during the year, they were recognised as a decrease of shareholders' equity (item "150. Reserves"):

- the coupons paid for an amount of 103.3 million (74.9 million, net of the relative tax effect of 28.4 million);
- the negative effects, equal to -2.5 million, related to the aforementioned repurchases of the issues of January 2019 (nominal 76.7 million) and January 2020 (nominal 179.5 million), for the higher consideration paid with respect to the book value of the issue and for directly attributable costs net of the tax effect.

For further details on the accounting treatment of the instruments in question, please refer to "Part A – Accounting policies, Section 5 – Other Aspects, Other significant aspects relating to Group accounting policies" of these Notes to the financial statements.

13.6 Other information

There is no other information worthy of note with respect to that already provided in previous sections.

Section 14 - Non-controlling interests – Item 190

14.1 Breakdown of item 190 "Non-controlling interests"

Company names	31/12/2024	31/12/2023
Interests in consolidated companies with significant non-controlling interests	-	-
Other interests	69	68
Total	69	68

14.2 Equity instruments: breakdown and annual changes

There are no financial instruments issued by companies of the Group not subject to full control.

Other information

1. Commitments and financial guarantees given

	Nominal value of commitments and financial guarantees given				Total 31/12/2024	Total 31/12/2023
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired		
1. Commitments to disburse funds	47,856,440	1,419,164	288,773	15,897	49,580,274	49,443,892
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	1,995,822	24,899	433	-	2,021,154	2,135,251
c) Banks	1,727,926	16,623	-	-	1,744,549	1,872,272
d) Other financial companies	3,695,912	78,353	579	-	3,774,844	3,181,487
e) Non-financial companies	38,192,122	1,209,150	284,576	15,800	39,701,648	39,926,906
f) Households	2,244,658	90,139	3,185	97	2,338,079	2,327,976
2. Financial guarantees given	766,538	46,503	20,886	-	833,927	490,160
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	1,428	-	-	-	1,428	6,534
c) Banks	49,271	-	-	-	49,271	13,598
d) Other financial companies	128,352	99	14	-	128,465	26,035
e) Non-financial companies	541,105	42,038	19,398	-	602,541	389,490
f) Households	46,382	4,366	1,474	-	52,222	54,503

2. Other commitments and guarantees given

	Nominal value	
	Total 31/12/2024	Total 31/12/2023
1. Other guarantees given	8,446,811	8,135,560
of which: non-performing credit exposures	373,810	342,056
a) Central Banks	-	-
b) Public Administrations	9,875	9,074
c) Banks	281,643	290,979
d) Other financial companies	153,645	228,203
e) Non-financial companies	7,875,513	7,482,908
f) Households	126,135	124,396
2. Other commitments	13,796,541	4,194,865
of which: non-performing credit exposures	3,695	3,979
a) Central Banks	-	-
b) Public Administrations	15,356	12,718
c) Banks	454,321	129,315
d) Other financial companies	10,909,409	1,540,346
e) Non-financial companies	704,963	703,733
f) Households	1,712,492	1,808,753

3. Assets pledged to secure own liabilities and commitments

Portfolios	Amount	Amount
	31/12/2024	31/12/2023
1. Financial assets at fair value through profit and loss	412,982	879,104
2. Financial assets measured at fair value through other comprehensive income	7,078,084	5,057,899
3. Financial assets at amortised cost	55,243,939	57,732,164
4. Property, plant and equipment	-	-
of which: property, plant and equipment classified as inventories	-	-

Assets pledged to secure own liabilities and commitments recognised under balance sheet assets totalled 62,735.01 million and refer to:

- 18,005.8 million (17,270.7 million in 2023) in loans sold to the SPE BP Covered Bond as guarantee for holders of the covered bank bonds. These loans are shown in the financial statements under item "40. Financial assets at amortised cost - b) loans to customers";
- 20,863.5 million (23,856.3 million in 2023) in loans to customers serving as guarantee for financing operations with central banks (Abaco);
- 23,088.2 million (21,551.4 million in 2023) in securities underlying repurchase agreements for funding and cash-backed securities lending;
- 219 million (219 million in 2023) in financial assets referring to mortgages sold to the securitisation SPEs;
- 148.4 million (178.2 million in 2023) in securities serving as deposits/guarantees for other operations, mainly associated with refinancing operations with central banks (pooling);
- 19.7 million (47.8 million in 2023) in assets serving as guarantee for financing operations received from Cassa Depositi e Prestiti;
- 390.5 million (545.7 million in 2023) in guarantee deposits for the securitisation of Master Agreements signed by the Bank. These deposits are shown in the financial statements under item "40. Financial assets at amortised cost".

In addition to what was stated above for guarantees for financing operations with central banks, note the following exposures, which from an accounting point of view are not included among balance-sheet assets, used as part of the collateral for loans received from the ECB which as at 31 December 2024 consisted mainly of refinancing operations with the European Central Bank for a nominal 750 million in EUR (nominal 15.7 billion in 2023) and 1 billion in USD:

- securities deriving from own asset securitisation transactions for 0.2 million (639 million in 2023);
- covered bond issues repurchased for a nominal value of 0.2 million (0.8 million in 2023).

Note that all these guarantees were only partially used to cover the transactions mentioned with approximately 15 billion available for further use.

Lastly, note that at the reporting date there were covered funding operations represented by repurchase agreements payable with underlying securities acquired in the context of reverse repurchase agreements. The book value of these reverse repurchase agreements, recognised among loans to banks and customers, based on the counterparty, amounted to 1,340.1 million (1,219.7 million in 2023), with nominal value of 1,335.5 million (1,239.5 million in 2023).

4. Breakdown of investments against unit-linked and index-linked policies

Items	Amount 31/12/2024	Amount 31/12/2023
Breakdown of financial assets underlying unit-linked policies:		
- UCIT units	5,234,786	4,510,298
- Equity instruments	68,468	55,749
- Loans and debt securities	876,570	665,164
Total	6,179,824	5,231,211
of which: intercompany loans	(372,209)	(379,469)
Other financial assets mandatorily measured at fair value	5,807,615	4,851,743
Financial liabilities designated at fair value	3,325,763	2,794,068

The table above provides the breakdown of investments underlying the unit-linked policies amounting to 6,179.8 million (5,231.2 million as at 31 December 2023). In the consolidated financial statements, the above-mentioned investments are represented in the accounting portfolio of financial assets measured at fair value as described in "Part A - Accounting policies". The book value net of intercompany investments amounts to 5,807.6 million (4,851.7 million as at 31 December 2023).

With reference to financial liabilities, it should be noted that the significant difference with respect to the balance of assets is attributable to a different approach in terms of classification of the underlying contracts. Specifically, approximately 2.5 billion in assets (2.1 billion as at 31 December 2023), i.e. those mainly attributable to the liabilities underlying the Unit-Linked products of Vera Vita and BBPM Life, are not immediately included in item "30. Financial liabilities designated at fair value" but under item "110. a) Insurance contracts issued - liabilities", as permitted by IFRS 17.

5. Management and brokering for third parties

Type of services	Amount
1. Execution of customer orders	
a) purchases	102,153,294
1. settled	101,831,367
2. not settled	321,927
b) sales	103,572,729
1. settled	103,252,122
2. not settled	320,607
2. Portfolio management	3,734,504
a) individual	3,734,504
b) collective	-
3. Securities custody and administration	
a) third party securities under custody: associated with custodian bank services (excluding portfolio management)	-
1. securities issued by companies included in the scope of consolidation	-
2. other securities	-
b) third party securities under custody (excluding portfolio management): other	72,203,042
1. securities issued by companies included in the scope of consolidation	6,258,066
2. other securities	65,944,976
c) third party securities under custody with third parties	71,627,369
d) own securities under custody with third parties	51,768,026
4. Other transactions	1,053,091

Financial assets and liabilities subject to offsetting in financial statements, or subject to master netting arrangements or similar arrangements

This section provides the information required under standard IFRS 7 relative to "offsetting of financial assets and liabilities" for financial instruments which:

- were offset in the balance sheet pursuant to IAS 32;
- could potentially be offset, given certain conditions, but presented in the balance sheet as open balances, as they are governed by "master netting arrangements or similar arrangements", which do not meet the criteria established in IAS 32 for offsetting.

In providing disclosure on these agreements, the standard also requires that the effects of real financial collateral (including guarantees in cash equivalents) received or granted be taken into effect.

More specifically, instruments offset in the balance sheet pursuant to IAS 32 refer to certain repurchase agreements entered into by the Parent Company with Banks and some over-the-counter (OTC) financial derivatives entered into with the counterparty London Clearing House (LCH).

In particular, the amounts offset shown in tables 6 and 7 below, corresponding to the columns "Amount of financial liabilities offset in the financial statements (b)" and "Amount of financial assets offset in the financial statements (b)", amounted to 1,019.6 million, of which 400.0 million relative to repurchase agreements the effect of which decreases the following balance sheet items:

- 40. Financial assets at amortised cost
 - loans to banks, offset for 400.0 million;
- 10. Financial liabilities at amortised cost, offset for 400.0 million;
 - debt securities in issue, offset for 400.0 million.

The effect of the offset decreasing "debt securities in issue" is due to the representation used for funding repurchase agreements with the use of repurchased own issues.

The remaining 619.6 million, relating to derivative instruments offset, are represented as a decrease in the following balance sheet items:

- 20. Financial assets at fair value through profit and loss
 - Financial assets held for trading, offset for 397.8 million;
- 50. Hedging derivatives, offset for 221.8 million;
- 20. Financial liabilities held for trading, offset for 397.8 million;
- 40. Hedging derivatives, offset for 221.8 million.

For instruments that could potentially be offset, should certain events occur and that would be presented in tables 6 and 7 below in the column "Related amounts not subject to offsetting in the financial statements", note that the Group has the following agreements in place:

- for derivative instruments: "ISDA Master Agreement" and netting arrangements with clearing houses;
- for repurchase agreements: "Global Master Repurchase Agreements (GMRA)" and netting arrangements with "Cassa di Compensazione e Garanzia (CC&G)", "LCH SA" and "Eurex Clearing AG";
- for securities lending transactions: "Global Master Securities Lending Agreements (GMSLA)".

With regards to derivatives, whether for trading or hedging, note that:

- those with a positive fair value amount to 2,818.2 million (recognised under items 20 and 50 of the balance sheet assets) of which, net of offsetting, 2,690.5 million (3,310.0 million gross) is supported by netting agreements (95.5% in percentage terms), as indicated in table 6 (columns c) and a));
- those with a negative fair value amount to 2,345.4 million (recognised under items 20 and 40 of the balance sheet liabilities) of which, net of offsetting, 1,984.3 million (2,603.9 million gross) is supported by netting agreements (84.6% in percentage terms), as indicated in table 7 (columns c) and a)). Positions not covered by netting arrangements for the most part refer to interest rate swap contracts signed by Banco BPM customers, which had a negative fair value of 217.5 million and unsecured capital certificates for 113.1 million.

With reference to securities lending transactions, it should be noted that tables 6 and 7 below include operations which involve the payment of cash guarantees which are fully available to the lender, as these are single operations recognised in the balance sheet. For the purposes of reconciliation with the balance sheet figures for securities lending transactions and repurchase agreements falling under netting or similar arrangements, note that these operations are represented under the items "Reverse repurchase agreements/repurchase agreements" indicated in the tables showing the breakdown of loans to/due to banks and customers and financial assets and liabilities held for trading, based on the type of counterparty and the purpose of the transactions, found in Part B - Information on the consolidated balance sheet. Note that table 7 shows 8,798.7 million (gross amount) in funding repurchase agreements with the use of its own issues repurchased which, net of the 400.0 million offset as reported above, are recognised in the financial statements and in the relative tables of Part B, "Item 10. Financial liabilities at amortised cost – c) Debt securities in issue" for 8,398.7 million (net amount), while some securities lending transactions to customers guaranteed in cash without netting arrangements are not reported for 0.4 million, which represent the differences with respect to that shown in the tables in Part B.

For the purposes of creating tables 6 and 7 below, in line with standard IFRS 7 and the instructions contained in Circular 262, note that:

- the effects of potential offsetting of financial statement values for financial assets and liabilities are indicated in column (d) "Financial instruments", together with the fair value of the real financial guarantees represented by securities;
- the effects of potential offsetting for the exposure with the relative cash guarantees are shown under column (e) "Cash deposits received/given as guarantee".

These effects are calculated for each individual counterparty supported by a master netting arrangement within the limits of the net exposure indicated under column (c).

Based on the methods identified above, netting arrangements between financial instruments and the relative financial guarantees make it possible to significantly decrease the creditor/debtor exposure relative to the counterparty, as indicated in column (f) "Net amount" in tables 6 and 7 below.

6. Financial assets subject to offsetting in financial statements, or subject to master netting arrangements or similar arrangements

Technical forms	Gross amount of financial assets (a)	Amount of financial liabilities offset in the financial statements (b)	Net amount of financial assets presented in the financial statements (c=a-b)	Related amounts not subject to offsetting in the financial statements		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
				Financial instruments (d)	Cash deposits received as guarantee (e)		
1. Derivatives	3,310,045	619,562	2,690,483	1,694,177	884,711	111,595	86,097
2. Repurchase agreements	5,401,214	400,019	5,001,195	4,998,600	2,232	363	-
3. Securities lending	195,837	-	195,837	186,837	-	9,000	1,124
4. Other	-	-	-	-	-	-	-
Total 31/12/2024	8,907,096	1,019,581	7,887,515	6,879,614	886,943	120,958	X
Total 31/12/2023	9,453,353	959,929	8,493,424	7,548,377	857,826	X	87,221

7. Financial liabilities subject to offsetting in the financial statements, or subject to master netting arrangements or similar arrangements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset in the financial statements (b)	Net amount of financial liabilities presented in the financial statements (c=a-b)	Related amounts not subject to offsetting in the financial statements		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
				Financial instruments (d)	Cash deposits pledged as collateral (e)		
1. Derivatives	2,603,887	619,562	1,984,325	1,694,177	193,633	96,515	112,301
2. Repurchase agreements	32,849,347	400,019	32,449,328	31,551,440	883,389	14,499	16,055
3. Securities lending	80,375	-	80,375	79,998	-	377	3,759
4. Other transactions	-	-	-	-	-	-	-
Total 31/12/2024	35,533,609	1,019,581	34,514,028	33,325,615	1,077,022	111,391	X
Total 31/12/2023	32,768,707	959,929	31,808,778	31,383,595	293,068	X	132,115

8. Securities lending transactions

The table below provides information about Group securities lending transactions (receivable and payable), broken down by the type of securities (government, bank, other), market counterparty (bank, financial brokers, customers) and the relative technical forms (loan guaranteed by cash or by other securities).

These are mainly carried out by the Parent Company Banco BPM. Securities borrowed are, as a rule, used for mirrored securities lending transactions (where the Group is the lender) or as underlying assets for repurchase agreements for funding.

Note that securities lending transactions that involve the payment of cash guarantees that are fully available to the lender are represented in the balance sheet in the loans to/due to banks or customers, in the technical form of "repurchase agreements". Securities lending transactions with guarantees consisting of other securities or cash, which are not fully available to the lender, are not indicated in the balance sheet, but are included among off-balance sheet exposures with regards to the relative counterparty risk.

The table below provides information about receivables and payables recognised in the financial statements as at 31 December 2024 against cash-backed securities received and given. Transactions not included in the balance sheet, as noted in the previous paragraph, are exposed on the basis of the fair value of the securities received or loaned.

Type of securities lending transaction	Type of securities		
	Government securities	Bank securities	Other securities
Cash-backed loaned securities received - Loans to:			
a) Banks	-	90,461	105,379
b) Financial intermediaries	-	-	-
c) Customers	-	-	-
Total receivables for securities lending	-	90,461	105,379
Security or cash-backed loaned securities received not available to the lender from:			
b) Financial intermediaries	-	-	-
c) Customers	4,134	43,554	131,752
Total (fair value)	4,134	43,554	131,752
Cash-backed loaned securities given - Due to:			
a) Banks	-	8,448	41,926
b) Financial intermediaries	-	-	-
c) Customers	-	4,514	25,880
Total payables for securities lending	-	12,962	67,806
Security-backed or non-guaranteed loaned securities given:			
a) Banks	66,651	459,972	231,689
b) Financial intermediaries	-	-	-
c) Customers	45,281	287	5,674
Total (fair value)	111,932	460,259	237,363

9. Information on joint operations

As at the reporting date, as in the previous year, there were no joint control agreements classifiable as "joint operations" pursuant to accounting standard IFRS 11, on the basis of which the parties holding joint control have rights over the assets and obligations regarding the liabilities relative to the agreement.

PART C – INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31/12/2024	Total 31/12/2023
1. Financial assets at fair value through profit and loss:	40,841	44,701	-	85,542	26,948
1.1 Financial assets held for trading	29,618	36,936	-	66,554	14,210
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	11,223	7,765	-	18,988	12,738
2. Financial assets measured at fair value through other comprehensive income	548,154	-	X	548,154	250,086
3. Financial assets at amortised cost:	825,341	5,148,433	-	5,973,774	5,766,782
3.1 Loans to banks	80,956	644,263	X	725,219	991,238
3.2 Loans to customers	744,385	4,504,170	X	5,248,555	4,775,544
4. Hedging derivatives	X	X	476,210	476,210	434,293
5. Other assets	X	X	144,410	144,410	80,567
6. Financial liabilities	X	X	X	17	473
Total	1,414,336	5,193,134	620,620	7,228,107	6,559,149
of which: interest income on impaired financial assets	24,074	115,958	-	140,032	112,512
of which: interest income on finance leases	X	21,921	X	21,921	31,073

Sub-item "4. Hedging derivatives - Other transactions" includes the spreads accrued of the financial hedging derivative contracts for transactions on balance sheet assets

Sub-item "5. Other assets - Other transactions" totalling 144.4 million includes, inter alia, 6.1 million for interest income on tax credits, 59 million for interest income relating to transactions linked to "Ecobonus" credits and 73 million for interest on transfers of tax credits.

For the accounting treatment and for further details on the recognition of the interest related to transactions linked to Ecobonus credits, please refer to "Part A – Accounting Policies, Section 5 – Other aspects, Other significant aspects relating to Group accounting policies" contained in these Notes to the financial statements.

Interest income on impaired assets is recorded according to the methods set out in IFRS 9. In particular, they include the effect attributable to the "time reversal" due to the recoveries from discounting non-performing loans.

1.2 Interest and similar income: other information

1.2.1 Interest income on financial assets in foreign currency

Items	2024	2023
Interest income on financial assets in foreign currency	354,247	246,716

1.3 Interest and similar expense: breakdown

Items/Technical forms	Payables	Securities	Other transactions	Total 2024	Total 2023
1. Financial liabilities at amortised cost	(1,668,026)	(663,570)		(2,331,596)	(2,238,691)
1.1 Due to central banks	(281,959)	X	X	(281,959)	(703,543)
1.2 Due to banks	(327,792)	X	X	(327,792)	(244,694)
1.3 Due to customers	(1,058,275)	X	X	(1,058,275)	(863,964)
1.4 Debt securities in issue	X	(663,570)	X	(663,570)	(426,490)
2. Financial liabilities held for trading	(676,013)	-	-	(676,013)	(583,100)
3. Financial liabilities designated at fair value	-	(28,919)	-	(28,919)	(62)
4. Other liabilities and provisions	X	X	(2,057)	(2,057)	(1,026)
5. Hedging derivatives	X	X	(471,062)	(471,062)	(365,312)
6. Financial assets	X	X	X	(7)	(156)
Total	(2,344,039)	(692,489)	(473,119)	(3,509,654)	(3,188,347)
of which: interest expense relating to lease payables	(9,922)	X	X	(9,922)	(8,991)

The sub-item "1.1 Due to central banks", equal to 282.0 million, refers entirely to interest expense on ECB funding transactions. In more detail, 275.8 million is attributable to TLTRO III refinancing operations (the amount was a negative 703.5 million in 2023). The change in the entity of interest expense of TLTRO III is mainly due to the repayments made in the two years and, to a lesser extent, to the reduction in the Deposit Facility rate.

For the accounting treatment and for further details on the recognition of the interest related to TLTRO III loans, please refer to "Part A – Accounting policies, Section 5 – Other significant aspects relating to Group accounting policies" contained in these Notes to the financial statements.

Sub-item "5. Hedging derivatives - Other transactions" include the spreads accrued of the financial hedging derivative contracts for transactions on balance sheet liabilities.

1.4 Interest and similar expense: other information

1.4.1 Interest expense on financial liabilities in foreign currency

Items	2024	2023
Interest expense on financial liabilities in foreign currency	(49,506)	(34,773)

1.5 Hedging spreads

Items	2024	2023
A. Positive hedging spreads:	1,641,190	1,133,937
B. Negative hedging spreads:	(1,636,042)	(1,064,956)
C. Balance (A-B)	5,148	68,981

Section 2 – Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Service type/Amounts	Total 2024	Total 2023
a) Financial instruments	153,269	131,056
1. Placement of securities	32,518	11,389
1.1 With underwriting commitments and/or on the basis of an irrevocable commitment	2,283	929
1.2 Without irrevocable commitment	30,235	10,460
2. Receipt and transmission of orders and execution of orders for customers	84,112	85,029
2.1 Receipt and transmission of orders for one or more financial instruments	58,850	58,729
2.2 Execution of orders for customers	25,262	26,300
3. Other fees and commissions relating to activities associated with financial instruments	36,639	34,638
of which: own account trading	-	-
of which: individual portfolio management	30,691	27,695
b) Corporate Finance	4,422	6,767
1. Merger and acquisition advisory services	3,701	5,748
2. Treasury services	721	1,019
3. Other fees and commissions with corporate finance services	-	-
c) Investment advisory activities	4,654	2,541
d) Offsetting and settlement	-	-
e) Collective portfolio management	-	-
f) Custody and administration	14,758	12,628
1. Custodian bank	-	-
2. Other fees and commissions related to custody and administration activities	14,758	12,628
g) Central administrative services for collective portfolio management	-	-
h) Trust activities	1,585	1,903
i) Payment services (*)	516,697	553,301
1. Current accounts	226,394	241,859
2. Credit cards	18,385	25,867
3. Debit cards and other payment cards	72,231	92,661
4. Bank transfers and other payment orders (*)	196,038	186,731
5. Other fees and commissions relating to payment services	3,649	6,183
j) Distribution of third party services	701,204	650,310
1. Collective portfolio management	492,030	446,583
2. Insurance products	81,979	95,255
3. Other products	127,195	108,472
of which: individual portfolio management	1,355	1,141
k) Structured finance	595	587
l) Servicing for securitisation transactions	-	-
m) Commitments to disburse funds	-	-
n) Financial guarantees given	93,719	88,522
of which: credit derivatives	-	-
o) Financing operations (*)	249,564	231,966
of which: for factoring transactions (*)	6,995	3,297
p) Foreign currency trading	3,854	3,078
q) Commodities	-	-
r) Other fee and commission income	325,174	309,679
of which: for management of multilateral trading facilities	-	-
of which: for management of organised trading facilities	-	-
Total	2,069,495	1,992,338

(*) The figures relating to the previous year have been restated to guarantee a like-for-like comparison.

Sub-item "r) Other fee and commission income" includes fees for making funds available (Credit Availability Fee) of 245.6 million (246.1 million the previous year) and fee and commission income from securities lending of 3.1 million (2.4 million the previous year).

It should be specified that, in relation to Group operations, cash flows associated with fees recognised in the income statement for 2024 involve limited uncertainties, in that these are fees accrued, and largely collected, against the provision of financial services which are now complete. Operating receivables relative to services provided but not yet received are, in fact, of an insignificant amount, as illustrated in "Section 4 – Financial assets at amortised cost – Item 40", in Part B of the Balance sheet assets in these Notes to the financial statements.

For certain revenues associated with the placement of single premium insurance policies, the risk of returning a portion of the commissions received to the insurance company against early termination of said policies by the customers is protected against through the allocation of adequate provisions, as illustrated in "Section 10 – Provisions for risks and charges – Item 100" in Part B - Liabilities of these Notes to the financial statements.

To that end, also note that adjustments in fees recognised in 2024, against services rendered in previous years amounted to a negative 7.9 million, and are due to the difference between the higher revenues of 6.0 million and lower revenues of 13.9 million, mainly relating to the distribution of third-party services.

2.2 Fee and commission expense: breakdown

Type of services/Amounts	Total 2024	Total 2023
a) Financial instruments	(9,841)	(14,024)
of which: financial instrument trading	(7,094)	(7,730)
of which: placement of financial instruments	(2,423)	(6,294)
of which: individual portfolio management	(324)	-
- Own	(324)	-
- Delegated to third parties	-	-
b) Offsetting and settlement	(3,684)	(3,969)
c) Collective portfolio management	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	(13,565)	(13,159)
e) Collection and payment services	(47,189)	(59,714)
of which: credit cards, debit cards and other payment cards	(37,320)	(49,878)
f) Servicing for securitisation transactions	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	(100,551)	(70,190)
of which: credit derivatives	-	-
i) Off-site offer of financial instruments, products and services	(6,125)	(4,385)
j) Foreign currency trading	(2)	(4)
k) Other fee and commission expense	(29,824)	(36,756)
Total	(210,781)	(202,201)

Line "h) Financial guarantees received" includes 85.2 million (62.2 million in 2023) for the purchase of credit risk protection by the Group as part of the existing synthetic securitisation transactions, as described in "Part A - Accounting policies, A.2, 16 - Other information, Synthetic securitisations" of these Notes to the financial statements.

Section 3 – Dividends and similar income – Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 2024		Total 2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	38,217	464	45,611	322
B. Other financial assets mandatorily measured at fair value	25,218	21,099	12,252	14,390
C. Financial assets measured at fair value through other comprehensive income	8,148	-	6,914	-
D. Interests in associates and joint ventures	-	-	-	-
Total	71,583	21,563	64,777	14,712

Section 4 – Net trading income – Item 80

4.1 Net trading income: breakdown

Transactions/Income components	Capital gains (A)	Trading income (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	83,315	209,076	(74,115)	(122,890)	95,386
1.1 Debt securities	7,458	27,443	(10,046)	(26,436)	(1,581)
1.2 Equity instruments	75,623	180,062	(63,020)	(95,618)	97,047
1.3 UCIT units	157	315	(472)	(630)	(630)
1.4 Loans	77	-	(577)	-	(500)
1.5 Other	-	1,256	-	(206)	1,050
2. Financial liabilities held for trading	6,991	13,912	(40,684)	(55,780)	(75,561)
2.1 Debt securities	-	-	-	-	-
2.2 Payables	6,426	11,523	(425)	(26,813)	(9,289)
2.3 Other	565	2,389	(40,259)	(28,967)	(66,272)
3. Financial assets and liabilities: exchange rate differences	X	X	X	X	68,728
4. Derivative instruments	712,079	3,444,823	(555,099)	(3,534,529)	41,038
4.1 Financial derivatives:	711,633	3,437,906	(555,099)	(3,525,544)	42,660
- On debt securities and interest rates	436,469	1,875,795	(375,482)	(1,893,447)	43,335
- On equity instruments and share indices	269,722	1,017,775	(174,285)	(1,088,461)	24,751
- On currencies and gold	X	X	X	X	(26,236)
- Other	5,442	544,336	(5,332)	(543,636)	810
4.2 Credit derivatives	446	6,917	-	(8,985)	(1,622)
of which: natural hedges connected with the fair value option	X	X	X	X	-
Total	802,385	3,667,811	(669,898)	(3,713,199)	129,591

It must be specified that, based on the provisions set out in the Bank of Italy Circular no. 262, the specification regarding "of which: natural hedges associated with the fair value option" refers to a specific type of hedge set out in IFRS 9. In that regard it is noted that there are no amounts to be reported, as Banco BPM Group opted to continue using the hedge accounting regime set out in IAS 39.

Section 5 – Fair value gains/losses on hedging derivatives – Item 90

5.1 Fair value gains/losses on hedging derivatives: breakdown

Income components/Amounts	Total 2024	Total 2023
A. Income relating to:		
A.1 Fair value hedging derivatives	610,005	1,276,820
A.2 Hedged financial assets (fair value)	2,269,093	2,626,238
A.3 Hedged financial liabilities (fair value)	173,122	68,777
A.4 Cash flow hedging derivatives	-	5,737
A.5 Assets and liabilities in foreign currency	-	-
Total gains on hedging derivatives (A)	3,052,220	3,977,572
B. Charges relating to:		
B.1 Fair value hedging derivatives	(431,571)	(1,658,306)
B.2 Hedged financial assets (fair value)	(1,998,848)	(1,596,670)
B.3 Hedged financial liabilities (fair value)	(572,884)	(717,219)
B.4 Cash flow hedging derivatives	(57,061)	(6,623)
B.5 Assets and liabilities in foreign currency	-	-
Total losses on hedging derivatives (B)	(3,060,364)	(3,978,818)
C. Fair value gains/losses on hedging derivatives (A - B)	(8,144)	(1,246)
of which: gains/losses of hedging on net positions	-	-

Section 6 – Gains (losses) on disposal/repurchase – Item 100

6.1 Gains (losses) on disposal/repurchase: breakdown

Items/Income components	Total 2024			Total 2023		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets						
1. Financial assets at amortised cost	113,040	(174,436)	(61,396)	60,162	(102,754)	(42,592)
1.1 Loans to banks	4,894	(4,690)	204	19	(122)	(103)
1.2 Loans to customers	108,146	(169,746)	(61,600)	60,143	(102,632)	(42,489)
2. Financial assets measured at fair value through other comprehensive income	49,099	(11,532)	37,567	26,400	(11,458)	14,942
2.1 Debt securities	49,090	(11,532)	37,558	26,400	(11,458)	14,942
2.2 Loans	9	-	9	-	-	-
Total assets (A)	162,139	(185,968)	(23,829)	86,562	(114,212)	(27,650)
Financial liabilities at amortised cost	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities in issue	12,450	(380)	12,070	2,737	(1,470)	1,267
Total liabilities (B)	12,450	(380)	12,070	2,737	(1,470)	1,267

The result shown for sub-item "1.2 Loans to customers" includes profits of 2.4 million, deriving from the sale of securities classified in the portfolio of loans to customers, of which 1.4 million represented by Italian and foreign government securities.

Excluding this component, the net loss of that sub-item is 64 million due to the disposal of the portfolio of bad and unlikely to pay loans.

For more details of the disposal of HTC securities, please see the section "Part A – Accounting policies, Section 5 – Other significant aspects relating to Group accounting policies" of these Notes to the financial statements.

The result of the disposal of financial assets measured at fair value through other comprehensive income mainly refers to profits from sales of Italian and foreign government securities.

Section 7 – Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss – Item 110

7.1 Net change in value of other financial assets and liabilities measured at fair value through profit and loss: breakdown of financial assets and liabilities designated at fair value

Transactions/Income components	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	-	-	(299)	-	(299)
1.1 Debt securities	-	-	(28)	-	(28)
1.2 Loans	-	-	(271)	-	(271)
2. Financial liabilities	23,892	2,512	(120,788)	(141,078)	(235,462)
2.1 Debt securities in issue	23,892	2,512	(120,788)	(141,078)	(235,462)
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange rate differences	X	X	X	X	-
Total	23,892	2,512	(121,087)	(141,078)	(235,761)

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit and loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income components	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	380,092	105,178	(178,335)	(14,643)	292,292
1.1 Debt securities	16,897	2,657	(9,965)	(9,089)	500
1.2 Equity instruments	17,207	25,224	(19,199)	(632)	22,600
1.3 UCIT units	341,292	74,791	(148,435)	(2,662)	264,986
1.4 Loans	4,696	2,506	(736)	(2,260)	4,206
2. Financial assets in foreign currency: exchange rate differences	X	X	X	X	3,603
Total	380,092	105,178	(178,335)	(14,643)	295,895

Section 8 – Net credit impairment losses/recoveries – Item 130

8.1 Net credit impairment losses relating to financial assets at amortised cost: breakdown

Transactions/Income components	Impairment losses (1)					Recoveries (2)			Total 2024	Total 2023
	Stage 1	Stage 2	Stage 3		Acquired or originated impaired	Stage 1	Stage 2	Stage 3		
			Write-offs	Other	Write-offs				Acquired or originated impaired	
A. Loans to banks	(727)	(104)	-	-	-	-	810	114	-	93 (65)
- Loans	(15)	(104)	-	-	-	-	-	-	-	344
- Debt securities	(712)	-	-	-	-	810	114	-	-	(409)
B. Loans to customers	(2,508)	(91,514)	(26,810)	(673,815)	(60)	(3,311)	25,463	27,617	328,475	(515,166)
- Loans	(202)	(87,121)	(26,810)	(671,226)	(60)	(3,311)	22,508	27,460	328,475	(513,513)
- Debt securities	(2,306)	(4,393)	-	(2,589)	-	-	2,955	157	-	(1,653)
Total	(3,235)	(91,618)	(26,810)	(673,815)	(60)	(3,311)	26,273	27,731	328,475	(515,231)

8.2 Net credit impairment losses relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Income components	Impairment losses (1)					Recoveries (2)					Total 2024	Total 2023
	Stage 1	Stage 2	Acquired or originated impaired			Stage 1	Stage 2	Stage 3	Acquired or originated impaired			
			Write-offs	Other	Other							
A. Debt securities	(2,291)	(1,292)	-	-	-	2,233	96	-	-	-	(1,254)	(800)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(2,291)	(1,292)	-	-	-	2,233	96	-	-	-	(1,254)	(800)

Section 9 - Gains (losses) from contractual modification without derecognition – Item 140

9.1 Gains (losses) from contractual modification: breakdown

Items/Income components	Total 2024			Total 2023		
	Gains	Losses	Net result	Gains	Losses	Net result
Financial assets at FV through other comprehensive income						
Contractual modification on Financial assets at FV through other comprehensive income	-	-	-	-	-	-
Financial assets at amortised cost						
Contractual modification on Financial assets at amortised cost	1,083	(485)	598	3,547	(3,082)	465
Total	1,083	(485)	598	3,547	(3,082)	465

The item, positive by 0.6 million, represents the net impact deriving from contractual modification during the year in relation to types of loans that did not entail total or partial derecognition of the previous credit exposure from the financial statements.

Section 10 - Profit (loss) on insurance services – Item 160

10.1 Insurance revenues and costs deriving from insurance contracts issued - breakdown

Items/Basis of aggregation	Basis A1 31/12/2024	Basis A2 31/12/2024	Basis A3 31/12/2024	Basis A4 31/12/2024	Basis A5 31/12/2024	Total 31/12/2024	Basis A1 31/12/2023	Basis A2 31/12/2023	Basis A3 31/12/2023	Basis A4 31/12/2023	Basis A5 31/12/2023	Total 31/12/2023
A. Insurance revenues deriving from insurance contracts issued valued on the basis of GMM and VFA												
A.1 Amounts associated with changes in liabilities for remaining coverage	173,338	7,058	-	-	-	180,396	57,604	6,704	-	-	-	64,308
1. Claims and other expected costs for insurance services	1,308,593	5,281	-	-	-	1,313,874	32,203	5,333	-	-	-	37,536
2. Changes in the adjustment for non-financial risks	9,896	320	-	-	-	10,216	5,644	333	-	-	-	5,997
3. Contractual service margin recorded in the income statement for services provided	68,408	1,590	-	-	-	69,998	19,757	1,285	-	-	-	21,042
4. Other amounts	(1,213,559)	(133)	-	-	-	(1,213,692)	-	(267)	-	-	-	(267)
A.2 Insurance contract acquisition cost recoveries	7,267	-	-	-	-	7,267	988	-	-	-	-	988
A.3 Total insurance revenues deriving from insurance contracts issued valued on the basis of GMM or VFA (A.1 + A.2)	180,605	7,058	-	-	-	187,663	58,592	6,704	-	-	-	65,296
A.4 Total insurance revenues deriving from insurance contracts issued valued on the basis of PAA												
- Life business segment						3,638						39,723
- Non-Life business segment - motor	X	X	X	X	X	-	X	X	X	X	X	-
- Non-Life business segment - non-motor	X	X	X	X	X	-	X	X	X	X	X	3,013
- Non-Life business segment - non-motor	X	X	X	X	X	3,638	X	X	X	X	X	36,710
A.5 Total insurance revenues deriving from insurance contracts issued (A.3 + A.4)	180,605	7,058	-	-	-	191,301	58,592	6,704	-	-	-	105,019
B. Costs for insurance services deriving from insurance contracts issued – GMM or VFA												
1. Claims and other directly attributable costs	(102,276)	(6,155)	-	-	-	(108,431)	(37,184)	(5,829)	-	-	-	(43,013)
2. Changes in liabilities for claims	(1,194)	1,275	-	-	-	81	(66)	(33)	-	-	-	(99)
3. Losses on onerous contracts and recoveries of such losses	(106)	(5)	-	-	-	(111)	(1,750)	-	-	-	-	(1,750)
4. Amortisation of insurance contract acquisition costs	(7,267)	-	-	-	-	(7,267)	(988)	-	-	-	-	(988)
5. Other amounts	(870)	-	-	-	-	(870)	-	-	-	-	-	-
B.6 Total costs for insurance services deriving from insurance contracts issued – GMM or VFA	(111,713)	(4,885)	-	-	-	(116,598)	(39,988)	(5,862)	-	-	-	(45,850)
B.7 Total costs for insurance services deriving from insurance contracts issued valued on the basis of PAA						(2,850)						(27,539)
- Life business segment	X	X	X	X	X	-	X	X	X	X	X	-
- Non-Life business segment - motor	X	X	X	X	X	-	X	X	X	X	X	(1,185)
- Non-Life business segment - non-motor	X	X	X	X	X	(2,850)	X	X	X	X	X	(26,354)
B.8 Total costs for insurance services deriving from insurance contracts issued (B.6 + B.7)	(111,713)	(4,885)	-	-	-	(119,448)	(39,988)	(5,862)	-	-	-	(73,389)
C. Total net revenues/costs deriving from insurance contracts issued (+/-) (A.5 + B.8)	68,892	2,173	-	-	-	71,853	18,604	842	-	-	-	31,630

Key:

Basis of aggregation 1 = Insurance contracts issued with direct participation features - Life business segment

Basis of aggregation 2 = Insurance contracts issued without direct participation features - Life business segment

Basis of aggregation 3 = Insurance contracts issued without direct participation features - Non-Life Motor business segment

Basis of aggregation 4 = Insurance contracts issued without direct participation features - Non-Life Non-Motor business segment

Basis of aggregation 5 = Investment contracts issued with discretionary participation features - Life business segment

It should be noted that the data are not comparable with the previous year as the scope of consolidation is not like-for-like, since in 2023 there was only the contribution of Banco BPM Vita.

As at 31 December 2024, total net revenues from insurance contracts issued amounted to 71.9 million. Almost all of the amount (approximately 96%) refers to insurance contracts issued with direct participation features.

10.2 Insurance costs and revenues from reinsurance - breakdown

As highlighted in "Section 8 - Insurance Assets - item 80" of assets in "Part B - Information on the consolidated financial statements" of these Notes to the financial statements, the reinsurance is absolutely marginal in terms of the operations of the insurance companies and, therefore, the relative details have been omitted.

The total amount recorded in the income statement is -3.2 million (-0.6 million in 2023) and is recognised in the following Income Statement items:

- item 160 c) insurance revenues from reinsurance of 2.1 million (4.4 million in 2023);
- item 160 d) costs for services deriving from reinsurance of -5.3 million (-5.0 million in 2023).

10.3 Breakdown of costs for insurance and other services

Costs/Basis of aggregation	Basis A1 - with DPF 2024	Basis A2 - without DPF 2024	Basis A1 + Basis A2 2024	Basis A3 2024	Basis A4 2024	Basis A3 + Basis A4 2024	Other 2024	Basis A1 - with DPF 2023	Basis A2 - without DPF 2023	Basis A1 + Basis A2 2023	Basis A3 2023	Basis A4 2023	Basis A3 + Basis A4 2023	Other 2023
Costs attributed to the acquisition of insurance contracts	(11,457)	-	(11,457)	-	(350)	(350)	X	(988)	-	(988)	(255)	(8,447)	(8,702)	X
Other directly attributable costs	(96,997)	(8,878)	(105,875)	(18)	(715)	(733)	X	(36,005)	(5,829)	(41,834)	(634)	(8,822)	(9,456)	X
Investment management expenses	X	X	-	X	X	-	(1,655)	X	X	-	X	X	(157)	-
Other costs	X	X	-	X	X	-	(4,202)	X	X	(3,581)	X	X	(15,970)	-
Total	X	X	X (117,332)	X	X	X (1,083)	(5,857)	X	X	X (46,403)	X	X	X (34,285)	-

Key:

Basis A1 – with DPF = Insurance contracts issued with direct participation features – Life business segment

Basis A2 – without DPF = Insurance contracts issued without direct participation features – Life business segment

Basis A1 + Basis A2 = Life business segment

Basis A3 = Insurance contracts issued without direct participation features – Non-Life – Motor business segment

Basis A4 = Insurance contracts issued without direct participation features – Non-Life – Non-Motor business segment

Basis A3 + Basis A4 = Non-Life business segment

As already mentioned above, the data in the table are not comparable with the previous year as the scope of consolidation is not like-for-like, since in 2023 there was only the contribution of Banco BPM Vita.

Section 11 - Balance of revenues and costs of a financial nature relating to insurance activities – Item 170

It should be noted that the data are not comparable with the previous year as the scope of consolidation is not like-for-like, since in 2023 there was only the contribution of Banco BPM Vita.

11.1 Net costs and revenues of a financial nature relating to insurance contracts issued

Items/Basis of aggregation	Basis A1 2024	Basis A2 2024	Basis A3 2024	Total 2024	Basis A1 2023	Basis A2 2023	Basis A3 2023	Total 2023
1. Interest accrued	-	-	-	-	-	-	-	-
2. Effects of changes in interest rates and other financial assumptions	-	-	-	-	-	-	-	-
3. Changes in fair value of assets underlying contracts valued on the basis of VFA	(540,435)	-	-	(540,435)	(145,553)	-	-	(145,553)
4. Effects of changes in exchange rates	-	-	-	-	-	-	-	-
5. Other	-	(20)	(27)	(47)	-	26	(176)	(150)
6. Total revenues/costs of a financial nature relating to insurance contracts issued recorded in account	(540,435)	(20)	(27)	(540,482)	(145,553)	26	(176)	(145,703)

Key:

Basis A1 = Insurance contracts issued with direct participation features - Life business segment

Basis A2 = Insurance contracts issued without direct participation features - Life business segment

Basis A3 = Insurance contracts issued without direct participation features - Non-Life business segment

The table above shows the net balance of revenues and costs of a financial nature relating to insurance contracts issued, accounted for using the VFA method, which as at 31 December 2024 amounted to 540.5 million.

11.2 Net revenues/costs of a financial nature relating to reinsurance

As highlighted in "Section 8 - Insurance Assets - item 80" of assets in "Part B - Information on the consolidated financial statements" of these Notes to the financial statements, the reinsurance is absolutely marginal in terms of the operations of the insurance companies and, therefore, the relative details have been omitted.

The total amount recorded under item "170. b): net revenues/costs of a financial nature relating to reinsurance" amounted to 100 thousand (1.2 million in 2023).

11.3 Insurance operations - Net financial result of investments broken down by life and non-life business segments

Items\Operating segments	Life business segment 2024 of which: DPF		Non-Life business segment 2024	Total 2024	Life business segment 2023 of which: DPF		Non-Life business segment 2023	Total 2023
A. NET FINANCIAL RESULT OF INVESTMENTS	626,479	519,114	444	626,923	213,163	-	1,490	214,653
A.1 Interest income from financial assets at amortised cost and measured at fair value through other comprehensive income	209,312	200,339	444	209,756	89,690	-	1,527	91,217
A.2 Net gains/losses on assets at fair value through profit or loss	261,779	171,517	-	261,779	110,490	-	14	110,504
A.3 Net credit impairment losses/recoveries	1,232	1,294	(2)	1,230	(521)	-	(12)	(533)
A.4 Other net income/costs	31,189	22,997	2	31,191	14,404	-	(40)	14,364
A.5 Net gains/losses of financial assets measured at fair value through other comprehensive income	122,967	122,967	-	122,967	(900)	-	1	(899)
B. NET CHANGE IN INVESTMENT CONTRACTS ISSUED IFRS 9	-	-	-	-	-	-	-	-
C. TOTAL NET FINANCIAL RESULT OF INVESTMENTS	626,479	519,114	444	626,923	213,163	-	1,490	214,653
of which: recorded in the income statement	511,286	396,256	444	511,730	214,063	-	1,489	215,552
of which: recorded in the statement of comprehensive income	122,967	122,967	-	122,967	(900)	-	1	(899)

Key:

Of which: DPF = Insurance contracts issued with direct participation features

Investment contracts issued IFRS 9 = Investment contracts issued without discretionary participation features

The net financial result as at 31 December 2024 amounted to 582.1 million and was comprised by 37% interest income on bonds, 40% net income from trading in financial assets and the remaining 23% from other net income.

11.4 Insurance operations - Summary of economic results broken down by life and non-life business segments

Summary of results/Operating segments	2024			2023		
	Life business segment	Non-Life business segment	Total	Life business segment	Non-Life business segment	Total
A. Financial results						
A.1 Amounts recorded in the income statement						
1. Total net financial result of investments	511,286	444	511,730	214,063	1,489	215,552
2. Net revenues/costs of a financial nature of insurance contracts issued	(540,363)	(19)	(540,382)	(145,527)	(176)	(145,703)
3. Total	(29,077)	425	(28,652)	68,536	1,313	69,849
A.2 Amounts recorded in the statement of comprehensive income						
1. Total net financial result of investments	122,967	-	122,967	(900)	1	(899)
2. Net revenues/costs of a financial nature of insurance contracts issued	(113,349)	-	(113,349)	-	-	-
3. Total	9,618	-	9,618	(900)	1	(899)
B. Net insurance and financial result						
1. Net profit (loss) on insurance services	70,711	642	71,353	(20,945)	6,088	(14,857)
2. Total net financial result of investments	634,253	444	634,697	213,163	1,489	214,652
3. Net financial result of insurance contracts	(653,712)	(19)	(653,731)	(145,527)	(176)	(145,703)
4. Total	51,252	1,067	52,319	46,691	7,401	54,092

Section 12 – Administrative expenses – Item 190

12.1 Personnel expenses: breakdown

Type of expense/Values	Total 2024	Total 2023
1) Employees	(1,915,220)	(1,650,929)
a) wages and salaries	(1,179,063)	(1,136,469)
b) social security contributions	(310,418)	(293,401)
c) severance indemnities	(74,602)	(68,974)
d) pension expenses	(425)	(274)
e) provisions for employee severance pay	(8,405)	(10,176)
f) provisions for post-employment benefits and similar obligations:	(3,082)	(3,498)
- defined contribution	(215)	-
- defined benefit	(2,867)	(3,498)
g) payments to external supplementary pension funds:	(43,869)	(42,078)
- defined contribution	(43,869)	(42,078)
- defined benefit	-	-
h) costs deriving from share-based payment agreements	(11,309)	(8,713)
i) other employee benefits	(284,047)	(87,346)
2) Other personnel in service	(570)	(397)
3) Directors and statutory auditors	(5,646)	(5,580)
4) Retired personnel	(251)	(264)
Total	(1,921,687)	(1,657,170)

12.2 Average number of employees per category

	2024	2023
1) Employees	18,662	18,986
a) executives	290	270
b) total middle managers	7,741	7,664
<i>of which: 3rd and 4th level</i>	3,815	3,871
c) remaining employees	10,631	11,052
2) Other personnel	32	25
Average number of personnel	18,694	19,011

The average number of employees does not include directors and statutory auditors. In the case of employees, part-time is conventionally considered as 70%.

12.3 Defined benefit company pension funds: costs and revenues

	Total 2024	Total 2023
- Social security costs relative to current work provided	(113)	(126)
- Financial expense	(2,754)	(3,378)
- Expected return on plan assets	-	-
- Actuarial gains and losses	-	(2)
- Social security costs relative to past work provided	-	-
- Gains and losses from reductions or extinctions	-	8
Total	(2,867)	(3,498)

12.4 Other employee benefits

Other employee benefits, the costs of which are shown in table 12.1 above, under point "i) other employee benefits", amount to 284.0 million (87.3 million in 2023) and include the estimated charges that are expected to be incurred in relation to the agreement signed with the Trade Unions in December for voluntary redundancy through access to the extraordinary benefits of the Solidarity Fund, as well as the amount of the charges relating to the Incentivised Retirement Scheme activated in June 2024, for a total amount of 212.0 million.

For the accounting treatment and for further details on the recognition of the charges related to the Incentivised Retirement Scheme, please refer to "Part A – Accounting policies, Section 5 – Other aspects, Other significant aspects relating to Group accounting policies" contained in these Notes to the financial statements.

This item also includes costs relating to the Group's welfare system, such as - for example - the so-called "welfare" company bonus, luncheon vouchers and costs of managing company canteens, health and injury policies for the benefit of employees, study grants, contributions to corporate social clubs, loyalty bonuses, costs relating to professional training and refresher courses.

12.5 Other administrative expenses: breakdown

Type of expense/Sector	Total 2024	Total 2023
a) Expenses relating to real estate	(63,933)	(69,208)
- condominium expenses	(7,465)	(11,381)
- maintenance of premises	(15,631)	(14,353)
- cleaning expenses	(9,474)	(11,592)
- electricity, water and heating	(31,363)	(31,882)
b) Indirect taxes and duties	(338,645)	(308,852)
c) Postal charges, telephone charges, printed materials and other office expenses	(19,255)	(24,333)
d) Maintenance and fees for furniture, machines and systems	(100,545)	(100,206)
- fees	(20,571)	(18,300)
- maintenance	(79,974)	(81,906)
e) Professional and advisory services	(82,779)	(86,010)
f) Fees for surveys and information	(9,105)	(8,991)
g) Security and armoured cars	(14,687)	(14,540)
h) Services from third parties	(241,188)	(231,149)
i) Advertising, entertainment and gratuities	(16,260)	(15,417)
l) Insurance premiums	(10,548)	(10,973)
m) Transport, hiring and travel	(6,066)	(6,000)
- hiring	(902)	(746)
- other expenses	(5,164)	(5,254)
n) Banking industry charges	(105,032)	(187,533)
- ordinary contribution to Resolution Funds	-	(85,382)
- ordinary contribution to the Interbank Deposit Guarantee Fund	(98,725)	(102,151)
- ordinary contributions to the IVASS Guarantee Fund	(6,307)	-
o) Other costs and sundry expenses	(43,896)	(52,446)
Total	(1,051,939)	(1,115,658)

The sub-items "d) Maintenance and fees for furniture, machines and systems" and "m) Transport, hiring and travel – hiring" include the hiring of software, short-term or low value hiring of machinery and automobiles and support fees relating to hiring.

Contributions to deposit guarantee schemes and resolution mechanisms

Charges related to the banking system

Following transposition into the national legislation of Directives 2014/49/EU (Deposit Guarantee Schemes Directive - "DGSD") of 16 April 2014 and 2014/59/EU (Bank Recovery and Resolution Directive - "BRRD") of 15 May 2014, starting from financial year 2015, credit institutions are obliged to provide the financial resources necessary for the financing of the Interbank Deposit Guarantee Fund (FITD) and the National Resolution Fund (merged into the Single Resolution Fund (SRF) starting from 2016), through payment of ex ante ordinary contributions to be paid annually, until a certain target level is reached.

Where the available financial resources of the FITD and/or the SRF are insufficient to guarantee the protected reimbursement of depositors or to fund the resolution, respectively, it is set out that banks shall provide such funds via the payment of extraordinary contributions.

The contributions are recognised in the income statement item "190. b) Other administrative expenses" in application of IFRIC 21 interpretation "Levies", on the basis of which the liability relating to the payment of a levy arises at the time the "obligating event" occurs, namely at the time of the obligation to pay the annual fee. In the case in question, in accounting terms, the contributions are considered equivalent to a levy, and the time the "obligating event" occurs was identified in the first quarter for the SRF and in the third quarter for the FITD.

With reference to the ordinary contribution of the Single Resolution Fund - SRF (Directive 2014/59/EU - Bank Recovery and Resolution Directive - "BRRD"), with the payment of the contribution for the year 2023, equal to 85.4 million, the contribution phase aimed at ensuring the establishment of the minimum financial resources of the fund equal to 1% of protected deposits (the "target level") has been completed. The Single Resolution Board is in any case required to

verify annually whether the available funds of the SRF have decreased below the target level and, following this examination, will assess whether it is necessary to collect further contributions.

On the other hand, the FITD regulations (Directive 2014/49/EU - Deposit Guarantee Schemes Directive - "DGSD") established that the target level (0.8% of total protected deposits) should have been reached by 3 July 2024. The amount pertaining to 2024 amounts to 98.7 million; for the year 2023, the contribution to the FITD instead amounted to 102.2 million.

Charges related to the insurance system

Starting from financial year 2024, the new "Life insurance guarantee fund" was introduced, a private association between insurance companies and participating intermediaries, through which insurance companies are obliged to provide the necessary financial resources for financing the same, through the payment of ordinary ex-ante contributions to be paid annually, from 1 January 2024 to 31 December 2035, until the target level is reached, i.e. 0.4% of the technical reserves of the life business calculated on the basis of Solvency II.

The annual contribution should be equal to 0.4 per thousand of technical reserves of the Life businesses held by the participating insurance companies as at 31 December of the previous year.

For participating intermediaries, the contribution:

- at the time of first application, will be equal to 0.1 per thousand of the technical reserves brokered;
- when fully operational, it will be calculated on the basis of the total volume of life products brokered and the associated revenues.

The contributions are recognised in the income statement item "190. b) Other administrative expenses" in application of IFRIC 21 interpretation "Levies", on the basis of which the liability relating to the payment of a levy arises at the time the "obligating event" occurs, namely at the time of the obligation to pay the annual fee.

In this case, from an accounting perspective, the contributions are considered similar to a tax and the time of occurrence of the "binding event" was identified, for the first year of application, as the time in which the member was identified as a party admitted to the shareholders' meeting of the fund (in 2024 on 13 December).

If the available financial resources of the Fund were to be insufficient to guarantee the payment of the protected services, it is envisaged that members have to provide them through the payment of extraordinary contributions.

The Group's total contribution amounts to 6.3 million.

The above-indicated amounts are shown in the table above under sub-item "n) Banking industry charges".

Fee to guarantee the convertibility of DTAs - legislative changes to Decree Law no. 59/2016

Please note that Art. 11 of Italian Decree Law no. 59 of 3 May 2016, converted with amendments into Italian Law no. 119 of 30 June 2016, introduced an optional regime by virtue of which the guarantee on the convertibility into tax credits of deferred tax assets (DTAs) which meet the requirements laid out in Law no. 214 of 22 December 2011 is subject to the payment of a fee, due for the years starting from 31 December 2015 until 31 December 2029, to be determined on an annual basis.

On 21 February 2017, the law (Law no. 15 of 17 February 2017) converting the "Salva Risparmio" Decree Law was published in the Official Gazette. In detail, Art. 26-bis, paragraph 4 amended Art. 11 of Decree Law 59/2016, postponing the period for which the annual fee is due, which is now from 31 December 2016 until 31 December 2030.

Pursuant to these regulatory references, the exercise of this option, which was carried out in 2016 by both groups involved in the merger, is considered irrevocable.

In more detail, the annual fee to be paid to ensure the convertibility of the above-mentioned deferred tax assets into tax credits must be determined on an annual basis by applying the rate of 1.5% to a base obtained by adding the difference between the convertible deferred tax assets recognised in the financial statements for the previous year and the corresponding deferred tax assets recognised in the 2007 financial statements, to the amount of conversions of the same deferred tax assets carried out from 2008 until the previous year, and subtracting the taxes set forth in the Decree and paid with reference to the above-mentioned tax periods (base also referred to as "type 2 DTAs"). The fees are deductible for both IRES and IRAP purposes in the year in which they are paid.

By virtue of the cited regulatory provisions, in the income statement item in question ("190. b) Other administrative expenses"), the charges accruing during 2024 were added, which came to 17.0 million (24.1 million was charged to the income statement in 2023).

Section 13 – Net provisions for risks and charges – Item 200

13.1 Net provisions for risks and charges relating to commitments to disburse funds and financial guarantees given: breakdown

	Allocations	Recoveries	Total 2024	Total 2023
Commitments to disburse funds and financial guarantees given	(8,622)	10,696	2,074	14,257

The net provisions related to credit risk on commitments to provide funds and financial guarantees amount to 2.1 million. For details on the above-mentioned commitments and guarantees, please refer to table 1 of "Other information" in part B liabilities.

13.2 Net provisions for other commitments and guarantees given: breakdown

	Allocations	Recoveries	Total 2024	Total 2023
Other commitments and guarantees given	-	10,400	10,400	(3,891)

The net provisions related to credit risk on other commitments and other commercial guarantees amount to 10.4 million. For details on the above-mentioned commitments and guarantees, please refer to table 2 of "Other information" in part B liabilities.

13.3 Net provisions for other risks and charges: breakdown

	Allocations	Recoveries	Total 2024	Total 2023
Risks and charges for legal disputes	(22,420)	11,378	(11,042)	(2,002)
Other risks and charges	(24,583)	959	(23,624)	(18,053)
Total	(47,003)	12,337	(34,666)	(20,055)

Net provisions for other risks and charges amounted to 34.7 million and mainly refer to commitments related to contracts for the sale of interests in associates and joint ventures, divisions, loan portfolios, as illustrated in greater detail in "Section 10 - Provisions for risks and charges - Item 100" of liabilities in "Part B - Information on the consolidated financial statements", of these Notes to the financial statements.

In greater detail, the sub-item "Other risks and charges" encompasses the allocations relating to the estimate of the probable charges deriving from the execution of agreed works on two properties falling within the scope of the project to streamline the investment property portfolio ("Square" project) for an amount of 10.2 million. For more details on the transaction, please refer to "Part A – Accounting policies, Section 5 – Other aspects, Other significant aspects relating to Group accounting policies" of these Notes to the financial statements.

Section 14 - Depreciation and impairment losses on property, plant and equipment - Item 210

14.1 Depreciation and impairment losses on property, plant and equipment: breakdown

Assets/Income components	Depreciation (a)	Impairment losses (b)	Recoveries (c)	Net result (a + b - c)
A. Property, plant and equipment				
1. Used in operations	(152,193)	(74)	-	(152,267)
- Owned	(37,591)	-	-	(37,591)
- Rights of use acquired through leases	(114,602)	(74)	-	(114,676)
2. Held for investment purposes	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
3. Inventories	X	-	-	-
Total	(152,193)	(74)	-	(152,267)

Section 15 - Amortisation and impairment losses on intangible assets – Item 220

15.1 Amortisation and impairment losses on intangible assets: breakdown

Asset/Income components	Amortisation (a)	Impairment losses (b)	Recoveries (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(107,650)	-	-	(107,650)
A.1 Owned	(140,010)	(607)	-	(140,617)
- Internally generated	-	-	-	-
- Other	(140,010)	(607)	-	(140,617)
A.2 Rights of use acquired through leases	-	-	-	-
Total	(140,010)	(607)	-	(140,617)

Section 16 - Other operating expenses/income – Item 230

16.1 Other operating expenses: breakdown

	Total 2024	Total 2023
Expenses on leased assets	(13,768)	(12,859)
Other	(38,892)	(38,613)
Total	(52,660)	(51,472)

The sub-item "Expenses on leased assets" relates to the costs incurred on assets used as collateral for non-performing exposures for the purchase and resale of assets under finance lease.

The sub-item "Other" includes legal settlement charges exceeding the provisions allocated of 12.1 million (16.0 million in the previous year), operating losses relative to branch management (robbery, fraud, theft and other damages) of 3.3 million (4.9 million in 2023), as well as contingent liabilities and other contingencies.

16.2 Other operating income: breakdown

	Total 2024	Total 2023
Income on current accounts and loans	6,269	6,466
Tax recoveries	283,123	260,370
Expense recoveries	24,940	17,182
Rental income on real estate	34,673	39,156
Other	72,939	85,299
Total	421,944	408,473

The sub-item "Income on current accounts and loans" refers to the "*commissione di istruttoria veloce*" (fast track fee) introduced by Decree Law 201 of 6 December 2011, converted by Law 214/2011.

Section 17 - Gains (losses) of associates and joint ventures – Item 250

17.1 Gains (losses) of associates and joint ventures: breakdown

Income components/Sectors	Total 2024	Total 2023
1) Companies under joint control		
A. Income	-	-
1. Revaluations	-	-
2. Gains on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Losses on impairment	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net result	-	-
2) Companies subject to significant influence		
A. Income	153,460	144,199
1. Revaluations	153,460	144,199
2. Gains on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Charges	(49,206)	(103,382)
1. Write-downs	(1,771)	(102)
2. Losses on impairment	(42,446)	-
3. Losses on disposal	-	-
4. Other charges	(4,989)	(103,280)
Net result	104,254	40,817
Total	104,254	40,817

The sub-items "A.1 Revaluations" and "B.1 Write-downs" include gains and losses deriving from measurement of interests in companies subject to significant influence using the equity method. In particular, profits refer for 76.7 million to Agos Ducato, for 48.5 million to Anima Holding, for 9.6 million to Alba Leasing, for 7.1 to SelmaBipiemme Leasing, for 5.2 million to Vera Assicurazioni, for 2.3 million to Gardant Liberty Servicing, for 1.2 million to Etica SGR. Losses refer for -1.8 million to Numia Group.

The amount indicated in sub-item "B.2 Losses on impairment" includes the capital loss recorded on Gardant Liberty Servicing (-30.6 million) and SelmaBipiemme Leasing (-11.8 million).

Section 18 - Fair value gains (losses) on property, plant and equipment and intangible assets – Item 260

18.1 Fair value (or revalued value) gains (losses) or estimated realisable value gains (losses) on property, plant and equipment and intangible assets: breakdown

Asset/Income components	Revaluations (a)	Write-downs (b)	Exchange rate differences		Net result (a-b+c-d)
			Positive (c)	Negative (d)	
A. Property, plant and equipment	33,203	(87,830)	-	-	(54,627)
A.1 Used in operations:	2,141	(17,877)	-	-	(15,736)
- Owned	2,141	(17,877)	-	-	(15,736)
- Rights of use acquired through leases	-	-	-	-	-
A.2 Held for investment purposes:	31,062	(69,953)	-	-	(38,891)
- Owned	31,062	(69,953)	-	-	(38,891)
- Rights of use acquired through leases	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	-	-	-	-	-
B.1 Owned:	-	-	-	-	-
B.1.1 Internally generated	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
Total	33,203	(87,830)	-	-	(54,627)

This item includes the results of the fair value measurement of "revalued property, plant and equipment used in operations" and "property, plant and equipment held for investment purposes", represented by owned real estate assets.

As at 31 December 2024, the net balance was a negative 54.6 million, equal to the difference between write-downs of -87.8 million and revaluations of 33.2 million. In this regard, it should be noted that the write-downs refer for 6.6 million to the properties of the Square project (approximately 330), the quantification of which is obtained from the difference between the sale consideration and the book value of the real estate package as a whole, without giving importance to the sale prices of the individual properties. For more details on the transaction, please refer to "Part A – Accounting policies, Section 5 – Other aspects, Other significant aspects relating to Group accounting policies" of these Notes to the financial statements.

Section 19 - Value adjustments to goodwill – Item 270

19.1 - Value adjustments to goodwill: breakdown

The results of the impairment test on goodwill recorded in the financial statements did not result in adjustments to the income statement.

For a description of the methods used to perform impairment tests on goodwill, please see "Section 10 - Intangible assets - Item 100" of assets in Part B of these Notes to the financial statements.

Section 20 - Gains (losses) on disposal of investments – Item 280

20.1 Gains (losses) on disposal of investments: breakdown

Income components/Sectors	Total 2024	Total 2023
A. Real estate	1,860	721
- Gains on disposal	3,171	1,785
- Losses on disposal	(1,311)	(1,064)
B. Other assets	500,568	29,907
- Gains on disposal	500,593	30,347
- Losses on disposal	(25)	(440)
Net result	502,428	30,628

Sub-item "B. Other assets - Gains on disposal" includes the effects attributable to the transactions completed on 30 September 2024 for the reorganisation of the payment systems segment equal to 500.0 million.

For the accounting treatment and for further details on the reorganisation of the e-money business, please refer to "Part A – Accounting policies, Section 5 – Other aspects, Other significant aspects relating to Group accounting policies" contained in these Notes to the financial statements.

Section 21 - Taxation charge related to profit or loss from continuing operations – Item 300

21.1 Taxation charge related to profit or loss from continuing operations: breakdown

Income components/Sectors	Total 2024	Total 2023
1. Current taxes (-)	(90,238)	(68,681)
2. Changes in current taxes for previous years (+/-)	(466)	5,332
3. Decreases in current taxes for the year (+)	145	-
3.bis Decreases in current taxes for the year due to tax credits pursuant to Italian Law no. 214/2011 (+)	188,670	-
4. Change in deferred tax assets (+/-)	(760,583)	(475,924)
5. Change in deferred tax liabilities (+/-)	(13,388)	26,050
6. Income taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(675,860)	(513,223)

21.2 Reconciliation between theoretical tax charge and actual tax charge

IRES	2024	2023
Profit (loss) before tax from continuing operations	2,596,242	1,777,654
Negative components of gross profit (loss) not definitively significant (+)	82,452	293,251
Non-deductible interest expense	1,920	1,750
Capital losses from disposal/valuation of interests in associates and joint ventures/OCI	1,944	4,697
Non-deductible taxes other than income taxes	9,518	2,546
Non-deductible loan losses	643	1,160
Administrative expenses with limited deductibility	4,114	3,601
Other non-deductible expenses	37,508	35,051
Goodwill impairment	-	-
Losses of foreign companies	1,465	985
Consolidation effects of intragroup equity interests	-	237,224
Allocations	3,487	2,105
Other	21,853	4,132
Positive components of gross profit (loss) not definitively significant (-)	(611,524)	(390,540)
Insignificant portion of capital gains from disposal/valuation of interests in associates and joint ventures/OCI	(91,585)	(303,640)
Insignificant portion of dividends before consolidation entries	(85,827)	(105,412)
Cancellation of intragroup dividends	81,464	100,358
Consolidation effects of intragroup equity interests	(21,913)	-
Other	(493,663)	(81,846)
Definitive increases not associated with gross profit (loss) elements (+)	443	2,055
Other	443	2,055
Definitive decreases not associated with gross profit (loss) elements (-)	(11,082)	(116,528)
Lump sum 10% IRAP deduction and cost of labour for employees IRAP deduction	(51)	(66)
Portion of ACE subsidisable income	-	(84,817)
Other	(11,031)	(31,645)
IRES calculation base, income statement	2,056,531	1,565,892
IRES nominal rate	24%	24%
Actual IRES	(493,567)	(375,814)
IRES tax rate	(19.01%)	(21.14%)

IRAP	2024	2023
Profit (loss) before tax from continuing operations	2,596,242	1,777,654
Negative components of gross profit (loss) not definitively significant (+)	258,040	468,203
Non-deductible interest expense	1,315	1,775
Non-deductible portion of amortisation/depreciation of assets used in operations	29,350	27,699
Other non-deductible administrative expenses	146,379	162,556
Personnel expenses net of deductions allowed (tax wedge reduction, disabled, etc.)	5,456	5,938
Other value adjustments pursuant to item 130 of the income statement	11,392	430
Net provisions for risks and charges	23,453	11,812
Other operating expenses	-	-
Losses on interests in associates and joint ventures	590	966
Goodwill impairment	-	-
Consolidation effects of intragroup equity interests	-	237,224
Other	40,105	19,803
Positive components of gross profit (loss) not definitively significant (-)	(709,800)	(355,460)
Gains on interests in associates and joint ventures	(83,393)	(267,084)
Insignificant portion of dividends before consolidation entries	(61,232)	(77,267)
Cancellation of intragroup dividends	81,464	100,358
Other operating income	(43,468)	(15,917)
Profits on disposal of insignificant investments	(475,500)	(690)
Consolidation effects of intragroup equity interests	(21,913)	-
Other	(105,758)	(94,860)
Definitive increases not associated with gross profit (loss) elements (+)	6,655	3,680
Adjustments to neutralise negative value of production	-	-
Other	6,655	3,680
Definitive decreases not associated with gross profit (loss) elements (-)	(32,141)	(7,709)
Other	(32,141)	(7,709)
IRAP calculation base, income statement	2,118,996	1,886,368
Nominal average weighted IRAP rate	5.58%	5.60%
Actual IRAP	(118,309)	(105,618)
IRAP tax rate	(4.56%)	(5.94%)

IRES and IRAP not accruing during the year and other taxes	2024	2023
Total impact	(63,984)	(31,791)
IREs - Current taxes and deferred tax assets and liabilities from previous years	(236)	16,879
IREs - Additional 3.5% rate	(69,065)	(54,946)
IRAP - Current taxes and deferred tax assets and liabilities from previous years	6,810	6,448
Foreign taxes - other	(1,493)	(172)
IREs and IRAP tax rate not accruing during the year and other taxes	(2.46%)	(1.79%)

Total taxes on gross profit (loss)	2024	2023
Total IRES + IRAP + Other taxes	(675,860)	(513,223)
Total tax rate	(26.03%)	(28.87%)

It should be noted that the only taxes referring to countries other than Italy amount to 1,493 thousand euro (172 thousand euro for the year 2023), as indicated in the previous table, and refer to taxes determined pursuant to Swiss tax regulations for the subsidiaries Bipielle Bank (Suisse) S.A. in liquidation and Banca Aletti & C. (Suisse) S.A. based in Switzerland and Irish tax regulations for the subsidiary BBPM Life dac.

Section 22 - Profit (loss) after tax from discontinued operations – Item 320

22.1 Profit (loss) after tax from discontinued operations: breakdown

This item was blank for the current year and the previous year. Therefore, the related table is omitted.

22.2 Breakdown of taxation charge related to profit or loss from discontinued operations

This item was blank for the current year and the previous year. Therefore, the related table is omitted.

Section 23 - Profit (loss) for the year attributable to non-controlling interests – Item 340

23.1 Breakdown of item 340 "profit (loss) for the year attributable to non-controlling interests"

Company names	2024	2023
Interests in consolidated companies with significant non-controlling interests	-	-
Other interests	11	22
Total	11	22

The amount refers to the non-controlling share of profit (loss) of the subsidiary BRF Property.

Section 24 - Other information

There is no other significant information other than that already provided in the above sections.

Section 25 - Earnings per share

	31/12/2024		31/12/2023	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average of ordinary shares (number)	1,505,001,132	1,505,001,132	1,507,882,573	1,507,882,573
Attributable profit (loss) (thousands of euro)	1,915,393	1,915,393	1,260,453	1,260,453
EPS (euro)	1.273	1.273	0.836	0.836

25.1 Average number of ordinary shares with diluted capital

Note that as at 31 December 2024, the Basic EPS matched the Diluted EPS, as there were no financial instruments with potential dilution effects.

25.2 Other information

There is no other significant information other than that already provided in the above sections.

PART D – STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Analytic statement of consolidated comprehensive income

Items	31/12/2024	31/12/2023
10. Profit (loss) for the year	1,920,382	1,264,431
Other comprehensive income without reclassification to the income statement	103,346	(71,551)
20. Equity instruments designated at fair value through other comprehensive income:	72,715	8,096
a) fair value change	72,522	3,547
b) transfers to other shareholders' equity components	193	4,549
30. Financial liabilities designated at fair value through profit and loss (changes to its own credit risk):	(18,817)	(44,332)
a) fair value change	(18,817)	(43,948)
b) transfers to other shareholders' equity components	-	(384)
40. Hedges of equity instruments designated at fair value through other comprehensive income:	-	-
a) fair value change (hedged instrument)	-	-
b) fair value change (hedging instrument)	-	-
50. Property, plant and equipment	46,890	(27,445)
60. Intangible assets	-	-
70. Defined benefit plans	(748)	2,549
80 Non-current assets and disposal groups held for sale	-	-
90. Share of valuation reserves related to interests in associates and joint ventures carried at equity	25,245	4,035
100. Revenues or costs of a financial nature relating to insurance contracts issued	-	-
110. Income taxes relative to other comprehensive income without reclassification to the income statement	(21,939)	(14,454)
Other comprehensive income with reclassification to the income statement	(28,730)	160,103
120. Foreign investment hedges:	1,308	(1,102)
a) fair value changes	1,308	(1,102)
b) reclassification to income statement	-	-
c) other changes	-	-
130. Exchange rate differences:	(7,474)	3,081
a) changes in value	-	-
b) reclassification to income statement	-	-
c) other changes	(7,474)	3,081
140. Cash flow hedges:	29,606	10,717
a) fair value changes	29,606	10,717
b) reclassification to income statement	-	-
c) other changes	-	-
of which: result of net positions	-	-
150. Hedging instruments (non-designated items):	-	-
a) changes in value	-	-
b) reclassification to income statement	-	-
c) other changes	-	-
160. Financial assets (other than equity instruments) measured at fair value through other comprehensive income:	65,548	339,794
a) fair value changes	(609)	192,137
b) reclassification to income statement	(8,405)	6,375
- losses on credit risk	(345)	(1,446)
- profit/loss from disposal	(8,060)	7,821
c) other changes	74,562	141,282

Items	31/12/2024	31/12/2023
170. Non-current assets and disposal groups held for sale:	-	-
a) fair value changes	-	-
b) reclassification to income statement	-	-
c) other changes	-	-
180. Share of valuation reserves related to interests in associates and joint ventures carried at equity:	(5,463)	6,811
a) fair value changes	(5,463)	6,811
b) reclassification to income statement	-	-
- impairment adjustments	-	-
- profit/loss from disposal	-	-
c) other changes	-	-
190. Revenues or costs of a financial nature relating to insurance contracts issued:	(137,369)	(120,360)
a) fair value changes	-	-
b) reclassification to income statement	-	-
c) other changes	(137,369)	(120,360)
200. Revenues or costs of a financial nature relating to reinsurance:	-	-
a) fair value changes	-	-
b) reclassification to income statement	-	-
c) other changes	-	-
210. Income taxes relative to other comprehensive income with reclassification to the income statement	25,114	(78,838)
220. Total other comprehensive income	74,616	88,552
230. Comprehensive income (Items 10+220)	1,994,998	1,352,983
240. Consolidated comprehensive income attributable to non-controlling interests	(11)	(22)
250. Consolidated comprehensive income attributable to the Parent Company	1,995,009	1,353,005

PART E – INFORMATION ON RISKS AND RELATED HEDGING POLICIES

This Part E provides information on the Group's risk profiles, relating to the management and hedging policies for (credit, market, liquidity and operational) risks implemented by the Group, including those related to operations in derivative financial instruments and insurance companies.

For more information on the monitoring and management of risks of Banco BPM Group (capital adequacy, exposure to risks and the general characteristics of the systems set in place to manage and control them) refer to the document "Disclosure to the Public by Entities - Pillar III", in accordance with the applicable external and internal legislation and made available, within the terms provided by the regulations in the Investor Relations section of the website www.gruppo.bancobpm.it.

Section 1 - Risks of the consolidated book

QUANTITATIVE INFORMATION

A. Credit quality

A.1 Non-performing and performing credit exposures: outstanding amounts, value adjustments, changes and economic distribution

A.1.1 Distribution of financial assets by portfolio and by credit quality (book values)

Portfolio/quality	Bad loans	Unlikely to pay	Non-performing past-due exposures	Performing past-due exposures	Performing exposures	Total
1. Financial assets at amortised cost	491,433	1,442,740	110,022	496,277	129,254,386	131,794,858
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	21,974,780	21,974,780
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	667	279,661	-	172	777,496	1,057,996
5. Financial assets held for sale	56,645	35,070	4	-	9,068	100,787
Total 31/12/2024	548,745	1,757,471	110,026	496,449	152,015,730	154,928,421
Total 31/12/2023	641,469	1,498,640	67,146	976,437	152,328,521	155,512,213

Information on the portfolio to which forborne credit exposures belong

As at 31 December 2024, net forborne exposures amounted to 2,227.0 million (of which 887.4 million non-performing and 1,339.6 million performing) and were mainly attributable to the portfolio of "Financial assets at amortised cost - loans to customers"; for further information on these exposures, reference should be made to table "A.1.5 Prudential consolidation – On- and off-balance sheet credit exposures to customers: gross and net values" below.

A. 1.2 Distribution of financial assets by portfolio and by credit quality (gross and net values)

Portfolio/quality	Non-performing			Performing			Total (net exposure)
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total value adjustments	
1. Financial assets at amortised cost	3,323,687	(1,279,492)	2,044,195	59,267	130,204,467	(453,804)	129,750,663
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	21,980,627	(5,847)	21,974,780
3. Financial assets designated at fair value	-	-	-	-	X	X	-
4. Other financial assets mandatorily measured at fair value	353,850	(73,522)	280,328	-	X	X	1,057,996
5. Financial assets held for sale	554,172	(462,453)	91,719	38,912	9,068	-	100,787
Total 31/12/2024	4,231,709	(1,815,467)	2,416,242	98,179	152,194,162	(459,651)	154,928,421
Total 31/12/2023	4,237,669	(2,030,414)	2,207,255	139,339	153,172,394	(438,590)	155,512,213

(*) Value to be shown for disclosure purposes

Portfolio held for trading and derivatives

The following table shows the credit quality of credit exposures classified as financial assets held for trading (securities and derivatives) and hedging derivatives (not shown in the table above):

Portfolio/quality	Assets of evident poor credit quality		Other assets
	Cumulative capital losses	Net exposure	Net exposure
1. Financial assets held for trading	(1,183)	351	4,773,181
2. Hedging derivatives	-	-	1,033,292
Total 31/12/2024	(1,183)	351	5,806,473
Total 31/12/2023	(839)	410	3,374,370

B. Disclosure of structured entities (other than the companies for securitisation)

B.1 Consolidated structured entities

As at 31 December 2024, there were no structured entities consolidated in the accounts other than the securitisation entities, included in the scope of Banco BPM Group.

B.2 Unconsolidated structured entities

B.2.1 Prudentially consolidated structured entities

As at 31 December 2024, there were no structured entities prudentially consolidated in the accounts, included in the scope of Banco BPM Group.

B.2.2 Other structured entities

The Group holds interests in UCITs (funds and SICAVs), primarily in order to meet its investment needs. These also include fund units held following sales of multi-originator non-performing credit exposures of the Group.

Total exposure to these investments amounted to 6,831.9 million (5,879.1 million as at 31 December 2023).

For further details please refer to:

- the information provided in the tables breaking down items 20 a) and 20 c) of the balance sheet assets, contained in Part B of these Notes;
- the information provided in table 4 of "Part B - Information on the consolidated balance sheet, Other information" of these Notes to the financial statements;
- "Section 2 - Risks of prudential consolidation, D.3 Sale transactions, Financial assets sold and fully derecognised" below.

Additional involvement in structured entities, which goes beyond the mere holding of units, is represented by the activity of placing UCIT units.

The Group's net revenues deriving from the placement of Investment funds in 2024 amounted to 492.0 million (446.6 million in 2023).

Section 2 - Risks of prudential consolidation

Group Risk Appetite Framework (RAF)

During the first quarter of 2024, the Board of Directors of the Parent Company Banco BPM approved the Risk Appetite Framework (hereinafter also "RAF") for the material risk areas, which the Group and the individual Legal Entities, relevant for RAF purposes, (including Insurance Companies) are or could be exposed to. Through this instrument, the Body with Strategic Supervision Functions approves the level of risk that the Group is willing to assume in pursuing its strategic objectives.

The framework comprises the following basic elements:

- Governance, which defines the roles and responsibilities of the parties involved and the information flows between them;
- the system of metrics, which summarises risk exposure;
- the system of thresholds, which defines the risk appetite;
- the escalation process, activated with different levels of intensity and parties involved when the various thresholds defined are exceeded;
- the methodological document, known as the "Risk Appetite Statement (RAS)", which analytically illustrates methods for calculating the metrics and the respective thresholds;
- the instruments and procedures, which support the representation and operational management of the RAF, including "Most Significant Transactions (MST)".

The RAF is the tool that makes it possible to establish, formalise, communicate, approve and monitor the risk objectives that the Group and the individual relevant Legal Entities intend to assume. To this end, it is divided into thresholds and risk areas that make it possible to identify in advance the levels and types of risk that the Group intends to assume, stating the roles and responsibilities of the Corporate bodies and functions involved in the process of managing these risks.

The RAF indicators are structured by risk area and make use of the Risk Identification process, taking into account regulatory indications regarding Risk Governance. All significant risks identified during the process are considered when defining the Risk Appetite Framework, and specific indicators are identified for monitoring purposes.

The Group's RAF made it possible to identify a set of indicators for the main risk areas: Pillar 1 and Pillar 2 Capital Adequacy, Adequacy of Liquidity/Funding & IRRBB, Credit Quality & Structure, Profitability, Operational/Conduct, ICT, Cyber and Other Significant Issues.

The sub-area referring to the "ICT, Cyber and Security" risk was consolidated by refining the indicators for monitoring incidents, envisaging an expansion of the scope of the indicators referring to it for the following year. With regard to ESG factors, the different topics are included in the overall scope and are monitored using specific metrics included in the areas mentioned above.

The indicators that summarise the Group's risk profile for the above risk areas are divided into three levels, as shown below:

- Strategic Indicators: a limited and comprehensive number of metrics, which express the risk appetite approved by the Board of Directors and represent the summary performance of the overall risk profile. These indicators, which include most of the indicators used to define the RAF Guidelines, are functional to the definition of the Budget and Business Plan objectives;
- Operational Indicators: metrics that integrate, breaking down the strategic indicators and anticipating the evolution of the risk profile. These metrics enable specific aspects of the main business processes to be encompassed and are usually monitored with greater frequency with respect to the strategic indicators, in line with their task of anticipating critical situations;
- Early Warning Indicators: represent a set of metrics useful for predicting signs of deterioration of the strategic and operational indicators.

The system of thresholds is structured as follows:

- Target: the level of risk (overall and by type) to which the Group is willing to be exposed to pursue its strategic medium and long-term objectives, in line with the Group Strategic Plan;
- Trigger: a threshold which, if exceeded by the strategic and operational indicators, triggers the various escalation processes envisaged by the Framework. The trigger is also determined with stress tests. The system of limits used for operational purposes (Risk Limits) is defined in accordance with the Trigger values;
- Tolerance (tolerance threshold): is the maximum permitted deviation from the Risk Appetite. The tolerance threshold is set in such a way as to in any event guarantee the Group sufficient margins to be able to operate, also in stress conditions, within the maximum risk it can assume;
- Capacity (maximum risk that can be assumed): this is the maximum level of risk that the Group is able to assume without infringing regulatory requirements or other restrictions imposed by the shareholders or by the Supervisory Authority;
- Alert: threshold for Early Warning indicators, when exceeded it triggers a flow of information to the Committees and Corporate Bodies during periodic reporting. The Alert value is also determined by the use of stress tests and according to the Trigger values of the Operational or Strategic Indicators, which anticipate

their trends. In the case of indicators included in the monitoring of the Recovery Plan, the indicator is subject to escalation.

The RAF is updated at least once a year, also in the event of changes in the internal and external conditions in which the Group operates.

From an operating perspective, ex-ante risk management activities are also found in the process to manage the Most Significant Transactions - MST (relating to credit, finance, disposal of loans, etc.), which primarily involve the Risk Function, which must express a prior and non-binding opinion on all transactions categorised as such based on criteria established and regulated internally. In the credit area, the scope of application of the ex-ante opinions of the Risk Function envisages the issue of a prior opinion also for Transactions defined as Significant (ST), allowing the preventive assessment of a significantly higher number of loan transactions, both in the disbursement phase - with reference also to the SME portfolio - and in the phase of classification from higher to lower risk, and vice versa. The scope of MST and ST in the credit area was expanded during 2024, including assessments relating to proposals to increase operating credit lines exceeding 25 million for transactions attributable to connected customer groups, with a concentration in Large Exposure reporting exceeding 20%.

The Group promotes the dissemination of a solid risk culture and to this end, during 2024, an overall assessment on the Risk Culture was conducted, which involved a significant number of personnel, with the aim of investigating the Risk Culture profile of the Group. The assessment took place mainly through a Survey that assesses the perception and the judgement of the dimensions of the phenomenon, also important for the Regulator, including: (i) Tone from the top and leadership, (ii) effective communication, challenge and diversity, (iii) accountability for risks and (iv) incentives. The results obtained showed widespread attention to issues relating to Risk Culture and made it possible to identify several initiatives aimed at strengthening it, particularly training, which guarantee the development and updating of the skills of all personnel or of specific targets, in light of the evolution of risks, of the reference regulatory framework and of the tools used to monitor them.

Every year, in collaboration with the competent Control and Central Functions, the Academy operating unit prepares Training Plans on the Administrative Liability of Entities, Privacy-GDPR, Transparency, IVASS, Mifid2 and Anti-Money Laundering, in addition to Physical Security and Cybersecurity. Training programmes are also activated to support the Bank's main projects.

With reference to 2024, the Code of Ethics and Privacy courses were made available to all Group personnel.

Training activities were completed to support the evolution of credit policies and processes and tools for assessing credit risk integrated with ESG factors, involving the Central and Commercial Network Structures most concerned. Also in the area of credit risk, training was completed in support of the Credit RWA Project, which introduced risk weighting based on capital absorption and the new Internal Rating System, with a focus on Corporate. Training updates were also prepared on credit risk monitoring methods and tools.

In the financial realm, it is worth mentioning the courses on the evolution of financial consulting tools at Banco BPM and on the handling of inside information and the management of conflicts of interest, included in the IVASS/ESMA annual training offer.

Lastly, during the first half of 2024, the training programme was also activated for the Control Functions of the Parent Company and Banco BPM Invest SGR, which made it possible to provide general information regarding:

- the reference regulatory framework for Alternative Asset Management Companies;
- the functioning of closed-end funds, with a focus on Private Equity Funds of Funds;
- the expectations of the Supervisory Authorities and the practices to be adopted in relations with them.

Specific in-depth analyses were also provided on Private Markets and Compliance, Risk Management and Anti-Money Laundering activities.

Training activities continued in the second half year of 2024. The results of the Risk Culture Survey were analysed, which led to the definition of an activity plan starting in 2025. These include an initiative dedicated to Middle Management to improve their knowledge and understanding of the RAF and its implications on the Group's operations. With regard to Italian Legislative Decree 231, the training programme on Whistleblowing was launched to help

understand the value of the tool, and promote cultural evolution in terms of risk management and prevention. The programme involved the Branch Managers first and foremost, and will be progressively extended to the entire company population. In-depth training activities were also prepared on SLL - Sustainability Linked Loan products, addressed to the Commercial Network, the disbursement of which will start in 2025. Lastly, we draw attention to the start of a training course dedicated to the new figure of Premium Portfolio Manager and the launch of simulated phishing campaigns, which will be followed by targeted training activities on specific targets, based on the results of the tests.

Monitoring and reporting activities

The risk monitoring and control activities performed by the Risk Function seek to ensure, at Group and individual Legal Entity level, the harmonised supervision of risks, by guaranteeing appropriate and timely information to the Corporate Bodies and Organisational Units involved in managing said risks, as well as ensuring the development and continuous improvement of the methods and models adopted for their measurement.

To this end, the Parent Company prepares periodic reports for the Corporate Bodies in line with the Group's internal policies. As part of integrated risk reporting prepared at Group and individual Legal Entity level, the Risk Function analyses the main risks to which the Group and the individual Legal Entities are exposed, and conducts a periodic assessment of the risk profile of the RAF indicators on the basis of the indicator's positioning with respect to the thresholds defined in the framework and/or the trend recorded, highlighting any areas for attention and improvement, for which specific analyses are provided which explain the relative trend. It should be noted that, at Insurance Company level, monitoring is carried out directly by the Company's Risk Function; the Parent Company's Risk Function integrates this information in its periodic reporting, in order to provide complete information on the Group's performance. Furthermore, at least on a quarterly basis an update is provided in integrated reporting on Recovery Plan indicator trend, with the support of the Recovery and Resolution Planning Function.

Positioning analyses (benchmarks) provide the Corporate Bodies of the Parent Company and top management with an at least six-monthly update on the Group's positioning, representing different comparisons on the main indicators with respect to the banking system identified by the EBA Risk Dashboard, or a significant European sample comparable with Banco BPM Group, making use of the main findings and the risk metrics reported in the EBA Risk Dashboards, ECB Supervisory Banking Statistics and in the information contained in the Market Disclosure (Pillar 3) documents, therefore enabling any opportunities for improving risk management to be identified.

In order to provide a dashboard that provides an overview on the evolution of the positioning of the Group and the reference samples (EBA Italy and Europe), starting from the analysis on data as at June 2023, an overall score was calculated based on the main 10 risk indicators of the EBA heatmap and the relative reference thresholds (indicated by the Authority in the Risk Dashboards). In the insurance sector, positioning analyses consider the main solvency metrics posted in the Solvency and Financial Condition Reports (SFCR) published annually by insurance companies and groups, in line with Pillar 3 of the Solvency II regime, as well as the data in the Quantitative Reporting Templates (QRTs), produced by the companies and available on the ANIA InfoQRT portal.

A verification of current and forward-looking capital adequacy, both from a Pillar I (regulatory) perspective and from a Pillar II (economic) perspective, in accordance with the provisions of the ECB ICAAP Guidelines, is also reported periodically to the Committees and Corporate Bodies.

Pillar I and Pillar II capital adequacy

To provide its management team and the Supervisory Authority with a complete and informed disclosure, which confirms the adequacy of its own funds, the first defence against the risks assumed, Banco BPM Group assesses its capital situation from a current and forward-looking perspective, both as regards Pillar I and Pillar II, based on Basel III rules (which are applied through CRR/CRD IV) and the specific guidelines that the banks receive from the Supervisory Authority.

As regards Pillar I, the Group's capital adequacy entails continuously monitoring and managing the capital ratios, calculated on the basis of the information provided by the Administration and Budget Function through the application of the rules established by Supervisory Regulations, in order to verify compliance with regulatory limits and to ensure that the minimum capitalisation levels required are maintained.

As regards Pillar II, the Risk Function is tasked with coordinating the internal process to determine the Group's capital adequacy, in accordance with regulatory provisions, and with making estimates, reported to the Corporate Bodies and included annually in the ICAAP (Internal Capital Adequacy Assessment Process) package submitted to the Supervisory Authorities.

Within ICAAP, capital adequacy is assessed by verifying compliance with both Pillar I and Pillar II capital constraints (capital reserve calculated as the ratio between Available Financial Resources (AFR) and capital requirements – Economic Capital (ECAP), calculated using advanced methods developed internally and validated by the competent corporate function), using the Risk Appetite Framework, as well as qualitative elements.

The capital adequacy assessment, reported formally each year for supervisory purposes, is updated every six months, in compliance with external legislation and regulations (EBA SREP guidelines, ECB ICAAP guidelines) and internal reference regulations.

Such activity guarantees the continuous performance of the autonomous assessment process required by the Supervisory Authority, enabling any vulnerable areas and/or elements relating to the Group to be identified, and at the same time defining the potential actions deemed most appropriate, with a view to maintaining adequate capital buffers to guarantee that the medium/long-term company strategies and objectives can be pursued. The main results emerging from this specific monitoring exercise are periodically reported to the Bank's Corporate Bodies.

Outcomes of internal validation activities

The Internal Validation Function conducts qualitative and quantitative analyses to assess the soundness and accuracy of Pillar I and Pillar II risk estimates.

It expresses an opinion on the regular functioning, on the predictive capacity, on the performance and on the prudence of the internal risk measurement methods.

From the analyses conducted in 2024, no significant gaps emerged in the methodologies used by the Group for risk measurement.

Pillar I and Pillar II liquidity adequacy

Banco BPM Group manages the adequacy of the liquidity profile both from a current and forward-looking perspective, with regard to Pillar I and Pillar II, on the basis of the regulatory framework of Basel 3 and the guidelines of the Supervisory Authority.

As regards Pillar I, the Group's liquidity adequacy is continuously monitored by two indicators: (i) the Liquidity Coverage Ratio (LCR), which seeks to enhance the short-term resilience of the Bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to overcome an acute situation of stress that lasts for one month; (ii) the Net Stable Funding Ratio (NSFR), which seeks to improve longer-term resilience by providing the Bank with greater incentives to fund its own activities by drawing from more stable sources of funding on a structural basis. This structural indicator has a timeline of one year and has been drawn up to guarantee that assets and liabilities have a sustainable structure by maturity. As part of the Pillar II, these indicators are supplemented by metrics developed internally, complementary to the regulatory liquidity indicators, and by stress tests.

The Group has also set in place an Internal Liquidity Adequacy Assessment Process (ILAAP) and strategy. In fact, the ILAAP is the internal process through which Banco BPM Group manages and monitors liquidity risk at Group level and assesses liquidity adequacy in both the short and medium/long-term. The ILAAP also includes an annual internal self-assessment of its overall liquidity risk management framework, aimed at continuous improvement of the same.

Other risks considered by the Group

The process of identifying risks (Risk Identification) represents the starting point for the Group's main strategic processes (RAF, ICLAAP, Strategic Plan, Recovery Plan). This represents a structured and dynamic process that is carried out annually at Group level by the Risk Function, with the involvement of top management and business and control functions, including the main Group companies, and makes it possible to identify the main risk factors and emerging risks to which it is or could be exposed. The output of the process takes the form of the preparation and/or updating of:

- Long-list: represents the list of potential risks and risk factors to which the Financial Conglomerate is or may be exposed;
- Risk Inventory: represents the list of major risks to which the Financial Conglomerate is or could be exposed, including those that can be quantified and those managed through organisational controls;
- Risk Map: represents the list of only the major risks to the Financial Conglomerate, quantified through internal models or quantifiable with other regulatory measures.

The outcome of the process represents the basis for defining the RAF indicators and the risks to be measured as part of the ICAAP and ILAAP process.

The Parent Company, Banco BPM, guarantees the measurement, monitoring and management of the capital requirements for each type of significant risk and guarantees the supervision and quantification of the capital resources available to the Group to cover risk exposure, in order to fulfil the regulatory obligations of the First and Second Pillar. More specifically, the centralised management of Group capital adequacy, which entails a comparison between the amount of available capital resources and the capital requirements resulting from the risks to which the Group is exposed, from a current and forward-looking perspective, in normal and stressed conditions, is performed by implementing the internal capital adequacy assessment process (ICAAP).

In addition to Pillar I risks (credit risk, counterparty risk, market risk, operational risk), the risks identified by Banco BPM Group following implementation of the Risk Identification process (Risk Inventory) are listed below:

RESIDUAL	This is the risk that generally accepted techniques to mitigate credit risk used by the Group may be less effective than expected. To quantify it, the significance of the various types of Credit Risk Mitigation (CRM) tools is assessed in terms of reducing the capital requirement resulting from their use
CREDIT CONCENTRATION	Risk that derives from credit exposures to counterparties, groups of counterparties that are connected to one another or belong to the same economic sector or carry out the same business or belong to the same geographical area
BB MARKET	This is the risk of loss due to transactions on the market of financial assets classified in the banking book
CREDIT SPREAD RISK IN THE BANKING BOOK	Risk of potential adverse movements in credit risk not already encompassed in migration or default risk
INTEREST RATE RISK IN THE BANKING BOOK	Risk of changes in the net interest income (Funding Cost Risk) and the economic value of Banco BPM Group as a result of unexpected changes in interest rates which affect positions classified in the banking book for regulatory purposes. The risk arises mainly from acting as intermediary in the process of transforming maturities. In particular, the fair value of issued fixed-rate securities, the disbursement of fixed-rate commercial credit lines and loans, and fund collection via current accounts present a source of interest rate risk. Cash flows from assets and liabilities subject to floating rates also represent a source of interest rate risk. This risk also includes the Basis risk component
REAL ESTATE	Current and future risk resulting from changes in the value of the properties held by the Group caused by fluctuations in the Italian real estate market
EQUITY INTEREST	This is the risk resulting from changes in the value of interests in associates and joint ventures held in the banking book due to market volatility or the status of the issuer
STRATEGIC	This is the current or future risk associated with a potential decrease in profits or capital due to an inadequate market positioning or flawed managerial decision making. More specifically, it represents the risk that the competitive/strategic positioning choices do not produce the expected results, penalising the achievement of short and medium/long-term economic and capital objectives, or even provoking unwanted decreases in profitability levels and capital soundness. In this view, strategic risk related to the possibility of failure of company projects, which results in disruption to Bank management and inertia when faced with unforeseen market dynamics
EXECUTION	Risk of losses due to shortcomings in the settlement of transactions or in process management, as well as losses due to relations with commercial counterparties, sales agents and suppliers
REPUTATIONAL	Risk associated with a negative perception of the Bank's image by its customers, shareholders, investors, financial analysts and the Supervisory Authorities, which could have a negative influence on the Bank's ability to maintain or develop new business opportunities or to continue to have access to funding
CONDUCT	Current and future risk of losses caused by the inadequacy of the financial services provided, including the risk of misconduct and incorrect treatment of customers
TAX	Risk of operating in violation of tax regulations or contrary to the principles or purposes of the tax system
NEW PRODUCTS	Risks arising from the development, implementation and investment in new products
OUTSOURCING	Risk deriving from service outsourcing contracts with partners outside the Group
ICT, CYBER AND SECURITY	This is the risk of financial, reputational and market share losses due to the use of information and communication technology (ICT) and cyber and security controls
AI	Risk related to the use of AI systems
COMPLIANCE	Risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of the violation of binding rules (regulations) or self-regulatory systems (e.g., articles of association, codes of conduct, corporate governance codes)
AML	Risk of money laundering and terrorist financing
EXCESSIVE FINANCIAL LEVERAGE	Risk that a particularly high level of debt with respect to own funds could make the Bank vulnerable, requiring it to take corrective measures in its business plan, including selling assets at a loss, which could require recognising value adjustments on other assets as well
LIQUIDITY AND FUNDING	Risk that the Group is unable to meet its payment commitments, which are certain or envisaged with reasonable certainty due to the inability i) to raise funds without compromising its core business activities and/or its financial situation (funding and liquidity risk) ii) to liquidate specific assets without incurring losses on the capital account due to the poor depth of the reference market and/or due to the timing with which the transaction must be performed (market liquidity risk)
MODEL	Risk that the model used in a measurement process or which strategic decisions are based on gives an erroneous output due to an erroneous specification, flawed processing or the improper use of the model
REGULATORY	Risk resulting from current regulatory developments which could influence the pursuit of the strategies identified by the Group
INSURANCE RISKS	Risks of the life insurance portfolio related to underwriting risks of a biometric nature (risks of uncertainty of assumptions in the valuation of insurance liabilities) and operational risks (risks of uncertainty of the amount of expenses and the exercise of contractual options by policyholders). Risks of the non-life business insurance portfolio relating to underwriting risks, which may depend on an inadequate estimate of the frequency and/or severity of the claims considered in the tariff-setting and reserving phase, the risk of early surrender by policyholders and losses deriving from extreme or exceptional events. Financial risks deriving from the investment of premiums collected and other risks of the insurance business (e.g. operational, liquidity) are also included

For more details, please refer to the document "Disclosure to the Public by Entities - Pillar III", prepared in accordance with the applicable external and internal regulations and made available, in accordance with the law, in the Investor Relations section of the website www.gruppo.bancobpm.it.

Climate and environmental risks are considered risk drivers with an impact on various risks.

Climate and environmental risks

As part of the periodic update of the Risk Identification process, Banco BPM Group has identified and analysed the various ESG risk factors, breaking them down between those specifically linked to climate/environmental aspects and those concerning governance and social sustainability.

Risk management is one of the fundamental components of Banco BPM Group's operating activities. The approach to risk management has evolved considerably in recent years, when the risk related to the effects of climate change was fully integrated as a driver for the development of medium/long-term business strategy, stimulating the various interested parties, including Banco BPM, to take proactive steps to meet the growing interest of the various stakeholders in this issue.

This need emerged in particular following the international commitment stated with the 2015 Paris Climate Agreement and with the European Climate Law (EU Regulation no. 1119 of 30 June 2021), which sets out a binding objective of climate neutrality in the European Union by 2050 and an interim target for reduction of greenhouse gas emissions by at least 55% by 2030 with respect to the levels recorded in 1990.

In addition to all of the other activities undertaken as regards the analysis, management and mitigation of the risks relating to climate change, Banco BPM's decision to join the Task Force on Climate-Related Financial Disclosures (TCFD) and the Net-zero Banking Alliance (NZBA) further confirms the Group's awareness of playing a prominent role in action taken against climate change. For further details on the management and mitigation of climate and environmental risks, please refer to the content of Sustainability reporting, included in the Report on operations of these Consolidated financial statements, and in the Pillar 3 Disclosure.

Integrated approach to the measurement of climate and environmental risk drivers

The Bank's approach to the measurement of climate and environmental risk drivers is in line with the expectations of the European Central Bank, which has a prominent role in guiding the players in the banking and credit sector towards the management and disclosure of risks related to climate change.

Specifically, environmental factors and risks have been integrated into the following macro-areas, the main elements of which are summarised below:

- **Business Model and Strategy:** to take strategic decisions that are consistent with and respect the context in which it operates, Banco BPM Group needs to understand the impact of climate-related and environmental risks. To this end, in the Group's Strategic Plan, the main strategic objectives as regards the management of climate and environmental risks are indicated, as well as the ways they can be integrated into the business and operations;
- **Governance and Risk Appetite:** when drawing up business strategy and when establishing business objectives, Banco BPM Group considers the impact of climate and environmental risks, by including specific indicators that summarise the exposure to the risk in these areas in its Risk Appetite Framework (RAF), to allow the Corporate Bodies, Management Committees and the main company functions involved, to take informed decisions relating to the management of these risks;
- **Risk Management:** to be able to consider climate-related and environmental risks in the risk management framework, the physical and transition risks that the loan and security portfolio of Banco BPM Group is exposed to were identified, for example by integrating such factors also within the definition and assessment of customer creditworthiness and in loan origination, monitoring and pricing processes. The environmental and climate-related risk components are also adequately considered in processes for defining business continuity plans and in the implementation of operational, reputational, market and liquidity risk management frameworks;
- **Disclosure:** Banco BPM Group publishes the information and results related to climate and environmental risks deemed relevant by developing reporting in line with the expectations established by specific legislation on the subject.

The main initiatives implemented in 2024

In 2024, Banco BPM Group continued the development and implementation activities of the many initiatives aimed at analysing and managing climate and environmental risks, in response to the expectations of the ECB Guidelines on the subject, in line with the detailed operational plans defined by the Group and updated as part of the overall thematic review process (Thematic Review) on climate and environmental risk drivers.

More specifically, Banco BPM has constantly refined its Stress Test framework, so as to incorporate climate and environmental risks into its projections, progressively establishing methodologies and processes according to the materiality of each specific risk. Of these, credit risk is the area most exposed in terms of materiality. This is why the Group decided to initiate a specific activity, which began in 2024 and ended with the approval of the 2024 ICAAP report, to include climate and environmental factors and the adoption of a "dynamic balance sheet" approach applied at sector level for the medium/long-term projection of loan volumes.

In the first half of the year, the Group worked on concluding the "Fit for 55 climate risk scenario analysis" data collection process conducted by the European Banking Authority in collaboration with the ECB; this process falls within the mandates received by the EBA as part of the European Commission's renewed sustainable finance strategy. The primary objective is to assess the overall resilience of the banking sector with respect to the targets defined with the "Fit for 55" package and to acquire information on the ability of the Entities to support the transition to a low-carbon economy. In this regard, the starting point values as at 31 December 2022 were provided. The forward-looking results of this module were obtained using the top-down climate risk Stress Test models defined by the Supervisory Authority. With reference to the foregoing, at the end of May 2024 the ECB sent each participant an individual report that shows, for selected areas, the progress compared to the results of the 2022 SSM Climate Risk Stress Test, highlighting a good positioning of the Bank with respect to its peers. Lastly, in November 2024, ESAs, ECB and ESBR published a joint report with the aggregate results for the year, which shows that, for the EU banking sector, the costs of the transition due to the application of the "Fit-for-55" package, equal to approximately 340 billion (approximately 6% of the value of the assets analysed, equal to 5.9 trillion in loans and investments of the 110 SSM supervised banks), substantially neutralise further negative, purely climate-related impacts, but not their combination with other macroeconomic shocks.

By virtue of the entry into force of the new Corporate Sustainability Reporting Directive (CSRD), Banco BPM Group prepares and publishes Sustainability Reporting (the "Sustainability Statement") as an integral part of the Report on operations.

After joining the Net Zero Banking Alliance (NZBA) in March 2023, the Group undertook to support its customers in complying with a robust and scientific transition plan, aligning credit and investment portfolios on the most material carbon-intensive sectors for Banco BPM in order to achieve the Paris Climate Agreement goal of zero net emissions by 2050. The 2030 reduction targets for priority sectors (Automotive, Cement, Coal, Oil & Gas and Power Generation) were announced in August 2024, while transition plans will be published within one year of the disclosure of the targets. In the meantime, Banco BPM is also working on other "carbon-intensive" sectors with a view to setting internal objectives to define and apply the net-zero strategy.

In addition, as illustrated in more detail in Sustainability reporting, Banco BPM Group is engaged in assessing risks and opportunities linked to the business environment, since the transition plans will constitute a strategic tool to identify potential substantial climate-related risks and opportunities and develop projections and extend the time horizon of company plans. Accordingly, with regard to risk management, climate risk drivers have been formalised in the risk inventory since 2021 and have been fully integrated into the RAF, ICAAP and stress tests. Climate and environmental factors were also considered for the calculation of the expected credit loss under the IFRS 9 model.

For the periodic capital adequacy assessment (ICAAP), climate and environmental factors were also considered in the estimation methods defined by the Group with reference to operational and real estate risk. Specifically, both the incidence of potential physical damage on the Bank's real estate and artistic assets (operational risk), and an additional write-down on business and investment assets owned by the Group were taken into account, due to the combined effect of acute physical risk stress and the possible emergence of a transition risk (real estate risk).

For an illustration of the impacts of ESG factors on credit processes, please refer to the following section on Credit risk.

Wealth Risk Management control framework

During 2024, Banco BPM Group refined its Product Testing model, with changes concerning the measurement of the erosion of expected returns, for products issued or structured by the Group, against costs, and a revision of the models and processes relating to the estimation of risk premiums in line with the market context. In the second half year, activities were launched to support Banco BPM Vita, with a view to coordinating the redefinition of the Product Testing model, following adjustments to the requirements of the supervisory authority. Lastly, standard measurement and monitoring analyses were carried out related to the macro-processes of Product Governance, Pricing and Best Execution for the individual legal entities, as well as the standard calibration of models relating to investment services. Lastly, the risk management framework of Banco BPM Invest SGR was defined and approved, both with reference to the risks of the assets managed, and with reference to the risks of the SGR.

Data Quality & Aggregation

The data quality framework covers all first pillar risk categories (market risk, credit and counterparty risk and operational risk), interest rate and liquidity risks, as well as with regard to DoD - New Definition of Default. Specific activities were also carried out concerning the tables (Data Requests) needed for the development of internal models for credit risk, also with a view to the next application (AIRB 2025).

During the year, activities were carried out to extend the BCBS239 principles outside the risk area, and in particular to the ESG and Recovery/Resolution Plan area, while the activities to extend these standards to the reporting area were completed (COREP - Large Exposure, Leverage Ratio and Own Funds - FINREP, Asset Encumbrance), anti-money laundering and anti-terrorism (AML/CFT).

Second-level monitoring of data quality was carried out using the structured KQI-2L (Key Quality Indicator - second level) approach on the focus areas mentioned above, to the extent that this approach is applicable depending on the characteristics of the individual area.

Special attention will be paid to second level controls on projects underway, which encompass all of the various functions of the Bank, such as, for example, the RAF metrics, particularly for the strategic indicators, the applications for authorisation to use internal and Second Pillar models, the credit data warehouse, ESG issues, the performance of stress tests and Pillar 3.

IT Risk and CyberRisk

During 2024, the ICT & Security Risk operating unit completed the set-up and planning of the unit's activities, and started quarterly reporting to the Managerial Committees and the Corporate Bodies on the second level control and monitoring activities carried out.

In particular, the preparation of the annual reports "Payment services: results of the analysis of operational and security risks" and "Summary report on the ICT and security risk situation" for 2023 was completed, in collaboration with the competent functions, as required by Bank of Italy Circular no. 285.

The ICT and Security risk analysis method was updated with respect to regulatory and market standards, with the inclusion of the risk analysis of the infrastructure perimeter.

The IT and security risk management method, approved in 2023, was adapted in 2024 to respond to the updates introduced by the DORA regulation, and has been used in applications in the current perimeter. The risk assessment method envisages assessing the residual risk of individual applications, incorporating aspects linked to strategic and reputational risk. The overall assessment underway is confirming a low residual risk overall, in line with previous assessments.

The method for the performance of second-level controls in the ICT and Security area was also updated, and the control framework was renewed. These controls were distributed in an annual schedule, divided by quarter, and were implemented starting from the second half of the year. During the year, the control activities led to the definition of 7 findings, currently being managed by the relevant offices.

Following the OSI-2023-ITBPM-0220761 inspection on IT and cybersecurity risk in 2023, the preparation of the remediation plan for the findings by the IT and Logical and Physical Security units and the progressive remediation activities was monitored. With regard to regulations, the central management of the ECB Cyber Resilience Stress Test continued.

During the year, developments were proposed, in collaboration with Risk Governance & Insurance and with the IT and Security functions, for the RAF indicators in the ICT and Security area for 2024, with subsequent expansion in 2025.

As part of the broader Group project, the gradual adoption of the requirements of the DORA regulation and the strengthening of the controls linked to ICT risk are envisaged.

The process to streamline and consolidate the supplier base, launched in 2020, continued, which, on the one hand, led to a reduction in suppliers considered non-essential and, on the other hand, made it possible to take advantage of new partnerships in the areas of digital innovation and cybersecurity.

Over the same period of time, controls on outsourced services were also strengthened, both within and outside the Group, to ensure adequate control over the stability and quality of services offered by suppliers.

In this regard, in order to implement the measures to combat and maintain the security levels acquired, the cybersecurity strategy continued, in line with the multi-year plan, through cross-functional interventions to develop security measures. Efforts continued to develop the tools to support the IT risk analysis model, including a tool to support the collection of impacts in the field of strategic and reputational risk.

With a view to the development of human capital and the skills of IT resources, in consideration of process and technological innovation, a development programme is underway to support IT transformation and strengthen the role of Data Quality and IT Security of the Group with a view to up-skilling and re-skilling professional and cross-functional skills.

With regard to the 2024 IT Risk Questionnaire, for the period in question, pending the completion of the assessment process, the first indicators point to confirmation of these results. As illustrated in the "Significant events during the year" in the Group report on operations, it should also be noted that, following the OSI inspection on IT and Cyber Security Risks, on 2 august 2024, the Bank received a decision containing no. 5 legally binding requirements for which the relevant corrective actions are being prepared. The activities will be carefully monitored.

Risks consequent to the reform of benchmark rates

In the light of the changes in legislation, the Group analysed the risks related to the reform of benchmark rates, with particular regard to the risk related to the cessation of the Euribor rate, which represents the main benchmark rate used by the Group to index loan contracts and for the assets underlying interest rate derivative contracts.

For further details, please refer to the content of "Part A – Accounting policies, Section 5 - Other Aspects" of these Notes to the financial statements.

Stress testing

Banco BPM Group has implemented a detailed stress testing framework, meaning the set of quantitative and qualitative techniques used by the Bank to assess its vulnerability to exceptional, but plausible events. As part of the framework, guidelines have also been established regarding the application of stress scenarios as well as the roles and responsibilities of the company functions and the Corporate Bodies. The framework for long-term forecasting and for stress testing adopted by Banco BPM therefore represents a coordinated set of methods, processes, controls and procedures that establish the main variables to use for forecasting purposes for estimates in ordinary and adverse conditions, with a view to both planning and risk management processes and regulatory, operational and accounting purposes.

Stress tests seek to verify the effects on the Bank's risks due to specific events (sensitivity analysis) or joint changes in a series of economic-financial variables in cases of adverse scenarios (scenario analysis), with reference to individual risks (specific stress tests) or in an integrated manner on several risks (joint stress tests).

The process of analysis is based on quantifying the impacts relating to firm-wide stress tests, which enables a global assessment of the Group's risk profile to be made.

These tests allow identification of the risk factors that contribute more than others to this negative result and consequently allow loss-limiting strategies to be implemented when these scenarios occur.

The Scenario Council, set up in 2019, is tasked with confirming or proposing a review of the scenarios used in Group processes, in light of external events or the Group's specific vulnerabilities, also taking account of any considerations from top management deriving, for example, from substantial changes in the risk and profitability estimates, changes in the market or reference context, the introduction of new regulatory standards or specific indications of the Supervisory Authority, also identifying the related processes impacted and assessing their potential update. The updates of macroeconomic scenarios made by different external providers are examined continuously, at least on a quarterly basis, assessing on each occasion whether to transpose them into the related strategic processes.

To better enhance and structure the activity performed by the Scenario Council, from 2021, the Group has defined a framework to update the macroeconomic scenarios, also supported by the definition of a method to identify materiality

triggers for scenario changes, which if surpassed require the Scenario Council to be convened for an in-depth analysis of the causes that originated said overruns and a technical assessment of their adoption in the Group's strategic processes.

In 2024, the Scenario Council met 9 times to continuously assess the changes in the external macroeconomic scenario and the impacts on the Group's strategic and management processes.

Consistent with the aims of analysis and with the principle of proportionality, the Group periodically performs stress tests with specific objectives associated with the main company processes, specifically:

- Risk Identification, as regards defining the materiality of risks, which is verified under ordinary and stressed conditions;
- Drafting the Risk Appetite Framework (RAF);
- Strategic and operational planning;
- Quantifying operational limits in stress scenarios (where envisaged);
- Calculation of IFRS 9 ECL;
- Internal Capital Adequacy Assessment Process (ICAAP);
- Internal Liquidity Adequacy Assessment Process (ILAAP);
- Liquidity Contingency Plan;
- Recovery Plan.

Vertical stress tests are also included in these tests and conducted at the portfolio and individual risk level, based on sensitivity or scenario analyses, also aimed at identifying potential concentrations of risks.

Specific stress tests are also conducted for management and regulatory purposes. Known as Supervisory Stress Tests, they are conducted in accordance with the timescales dictated regularly by the Supervisory Authority.

The Group uses these tools to support other risk management and measurement techniques, with a view to:

- providing a forward-looking vision of risk, of the relative economic and financial impacts, evaluating the overall solidity of the Bank in the event that adverse scenarios or alternative ones with respect to those of reference occur, therefore providing support to the preparation of the budget and of the business plan;
- contributing to the most important planning and risk management processes, as regards setting RAF thresholds and establishing the Group's risk/return objectives;
- assessing the development of risk mitigation and recovery plans in certain stressed situations. In fact, the stress tests are used to establish specific internal trigger thresholds, which once reached trigger the resolution plans as envisaged by the BRRD (Bank Recovery and Resolution Directive) regarding the prevention and management of banking and investment company crises.

In the first half of 2024, the Group was engaged in carrying out the following regulatory analyses:

- Data collection on the starting points as at 31 December 2022 of the climate data requested by the ECB as part of the first "Fit-for-55 climate risk scenario analysis", conducted by the EBA with the collaboration of the ECB. The exercise, which was carried out in the first quarter of 2024, falls within the new mandates received by the EBA as part of the renewed sustainable finance strategy of the European Commission, which seeks to assess the resilience of the banking sector in line with the "Fit for 55" package and to acquire information on its ability to support the transition to a low-carbon economy under stress conditions;
- Cyber Resilience Stress Test, the first analysis conducted by the ECB in the field of Business Continuity and Operational Resilience proposed by the ECB, started on 23 November 2023 and ended at the end of July 2024. This analysis, aimed at assessing banking sector operational resilience in line with the most recent cyber threats, required the Group to simulate the analysis, recovery and restoration of a critical IT infrastructure for the Bank following a serious but plausible cybersecurity incident, and estimate its assumed economic impacts;
- in the insurance sector, the EIOPA 2024 Stress Test, launched by the European Insurance and Occupational Pension Authority (EIOPA) on 2 April, extended by IVASS to the main Italian insurance entities, also including Banco BPM Vita, and concluded in August. The test, aimed at evaluating the resilience of the European insurance sector against serious but plausible adverse developments in economic and financial conditions, required participating companies to assess their risk profile in terms of both capital and liquidity following sudden market and insurance shocks, also taking into account impacts deriving from the application of plausible and realistic "management actions".

The internal risk control system

The following paragraphs contain a description of the structure and the duties of the internal control functions of Banco BPM Group. The main corporate functions of the Parent Company, Banco BPM, responsible for controlling risk, are as follows:

- Audit Function;
- Risk Function;
- Compliance Function;
- Anti-Money Laundering Function.

The Audit Function reports directly to the Board of Directors, it performs the Internal Auditing activities envisaged by Supervisory Provisions by conducting auditing and monitoring exercises - on site and remotely - at the Group Banks and Product Companies, under a specific outsourcing agreement, namely as Parent Company. The head of the Audit Function has direct access to the Body in charge of the control function and enjoys unrestricted communication with the same, without the need for mediation.

On the one hand, the Audit Function of the Parent Company is responsible for monitoring the regular performance of operations and the evolution of risks, with a view to third-level controls, including on-site and off-site checks, and, on the other hand, it strives to assess the efficiency and effectiveness of the Internal Control System overall, reporting the results of its activities to the corporate bodies, as well as the measures that management needs to implement to achieve the full adequacy of the control system and its processes.

The Audit Function is responsible for the internal audit activities relating to all the central and peripheral units of the Italian companies of the banking Group. For the only foreign entity belonging to the Group (Banca Aletti Suisse), it conducts its own audits, in addition to those conducted by the local unit assigned audit activities, and coordinates with the same where necessary. The Audit Function of the Parent Company also carries out the role of guidance, coordination and control of the Internal Audit Functions of the insurance companies belonging to the Financial Conglomerate.

In addition to that envisaged by internal regulations, when performing its duties, the Audit Function takes the provisions of international professional standards into account.

In addition to the usual internal audit activity, the Audit Function provides advisory services, offering its experience mostly by participating in projects and working groups, with specific reference to aspects relating to the internal control structure.

The Risk Function reports directly to the Chief Executive Officer of Banco BPM S.p.A.; the head of the function has direct access to the Body with strategic supervision functions and the Body in charge of the control function and communicates with them without restrictions or intermediaries.

The Parent Company's Risk Function is assigned the role of control function pursuant to Circular no. 285/2013 of the Bank of Italy, it guarantees the functional coordination of risk control measures of Group Companies and oversees - at Group level and in an integrated manner - the governance and control (Enterprise Risk Management), development and risk management (Risk Models) processes and the validation process of internal risk measurement models (Internal Validation).

The Risk Function and its internal structures are independent from operational functions and activities. In particular, they are responsible for:

- proposing and developing guidelines and policies regarding the management of the relevant risks, in accordance with the company's strategies and objectives;
- coordinating the implementation of the guidelines and the policies regarding the management of the relevant risks by the units assigned by the Group, also in different corporate areas;
- guaranteeing the measurement and control of the Group's exposure to the different types of risk and of the relative capital absorption, verifying the implementation of the guidelines and the policies established for the management of the relevant risks and the compliance with the thresholds established within the Group's Risk Appetite Framework;
- guaranteeing the development and continuous improvement of the models and metrics for the measurement of risk - of the First and Second Pillar in base and stressed conditions - also through projects to implement and enact advanced models, to align with the standards that are gaining recognition at international level over time, to implement supervisory regulations and directives, and to develop increasingly effective controls;
- overseeing the validation process of the internal models used to calculate capital requirements;

- overseeing the process to verify, through second level controls, that the trends of individual exposures are being correctly monitored, as well as to assess the consistency of the classifications, the appropriateness of provisions and the adequacy of the recovery process;
- ensuring that the information used for measurement, monitoring and reporting of the risks under their responsibility were subject to a robust Data Quality and Aggregation framework;
- formulating mitigation proposals, specifically through the use of insurance or financial cover, in order to externalise the risk, assigning the assessment and execution thereof to the functions in charge, monitoring the performance;
- to carry out second-level controls relating to the monitoring of the IT and logical and physical security functions, which are of increasing importance to company strategy, as well as verifying the compliance of ICT operations with the risk management system.

The head of the Risk Function is also responsible for assisting the Corporate Bodies in performing their respective duties in terms of the Internal Control System, by:

- intercepting all the relevant information required to quantify and manage risk promptly and in a coordinated manner;
- ensuring a more integrated ability to process, organise and contextualise the information acquired and to make assessments (both in terms of risk and asset value) separately from other cases;
- drawing up a summarised (integrated) report on company risks and, therefore, enabling the Corporate Bodies to gain a better understanding of the main problems identified by the second-level internal control system;
- promptly implementing corrective measures, in accordance with the problems and the relative priorities indicated by the second-level Internal Control Functions.

The Internal Validation Function, which reports directly to the Chief Risk Officer (CRO), independently oversees the internal validation processes of the risk measurement and management systems. The Function assesses the model risk implicit in the methods used to measure risk and conducts tests to validate the calculation of capital requirements with reference to the application of internal validated models.

The Group's Compliance Function carries out its activities, reporting directly to the Chief Executive Officer, both for the Parent Company and for the Group companies that have outsourced the service, and has direct access to the Corporate Bodies, communicating with them without any restrictions or intermediation.

The Function oversees, according to a risk-based approach, the management of compliance risk with regard to all company activities, verifying - during both the start-up and operating phases - that internal procedures are adequate to prevent that risk.

For rules relating to the exercise of banking and brokerage activities, the management of conflicts of interest, transparency towards customers and, more generally, regulations for consumer protection, the Compliance Function - as required by the Supervisory Provisions - is directly responsible for managing the compliance risk.

With reference to other regulations that provide for specific forms of specialised oversight, the duties of the Compliance function, based on an assessment of the adequacy of the specialised controls to manage the compliance risk profiles, are tiered and the Compliance function itself is, in any case, responsible (in collaboration with the delegated specialised departments) for: i) defining the methodologies for assessing the compliance risk; ii) identifying the relative procedures; iii) verifying the adequacy of the procedures themselves to prevent the compliance risk.

For the areas directly supervised by the other second-level control functions of the Parent Company, or by the Manager responsible for preparing the Company's financial reports, or by the Compliance function of Group companies that have not outsourced this function to the Parent Company, the monitoring of compliance risk is implemented by those functions limited to the aspects falling within their specific responsibilities and operational scope. For areas not directly supervised by the Compliance function, coordination mechanisms and information flows to the same are envisaged.

This exchange of information flows also represents a fundamental tool through which the Compliance function of the Parent Company carries out its functions of guidance, coordination and control for the compliance structures of the companies belonging to the Group that have not outsourced the function to the Parent Company.

The Compliance Manager of the Parent Company also acts as the Data Protection Officer pursuant to Article 37, paragraph 7, Regulation (EU) 679/2016 (GDPR) regarding privacy.

The Group's Anti-Money Laundering Function carries out its activities, reporting directly to the Chief Executive Officer, both for the Parent Company and for the Group companies that have outsourced the service, with full autonomy to oversee the risk of money laundering and terrorist financing, as well as reports of suspicious transactions, and has

direct access to the Corporate Bodies, communicating with them without any restrictions or intermediation. The function also carries out the activities envisaged by the regulations for the Head of the Anti-Money Laundering function and for the Suspicious Transaction Reporting Officer (SOS); the roles and responsibilities of the Sanction Compliance Officer are outlined in the same Function in order to guarantee the adequacy of the controls with respect to countries and counterparties subject to restrictive measures.

The activities are performed according to a risk-based approach, conducting audits and checks in order to assess exposure to the risk of money laundering and terrorist financing, the effectiveness of the organisational and control oversight measures, when setting them in motion and when established, and any corrective measures to be implemented to remedy the vulnerabilities found.

Improvement activities for the risk control and management system

Over time, Banco BPM Group has launched numerous projects to improve its risk management and control system. Specifically, to date the Group has been authorised to use its internal models to calculate regulatory capital absorption with regard to the following Pillar I risks:

- credit risk (starting with the measurement at 30 June 2012): the scope concerns advanced internal ratings-based models (PD, for both monitoring and acceptance and LGD) relating to loans to Banco BPM enterprises and retail. The standard regulatory approach will continue to be adopted, for prudential reasons, for loan portfolios that are not included in the scope of first validation A-IRB. In 2017, Banco BPM Group submitted a request to the European Central Bank for the extension of the advanced internal models (A-IRB) to the Corporate and Retail portfolio of BPM S.p.A. and the use of the EAD model limited to the Retail scope, for the relative calculation of the capital requirement for credit risk, together with a model change for the definition of default and updating of time series. In this context, the Group was authorised by the ECB to use these templates for reporting purposes in the first quarter of 2018, starting from January 2018.

From March 2021, the Regulator authorised the Bank to use a more updated IRB framework with the introduction within the various areas of application (regulatory and operational) of new PD, LGD and EAD parameters for retail customers and corporate customers. The effects of these new parameters incorporate the new regulatory definition of default (EBA/GL/2016/07) and anticipate a range of aspects regarding the EBA guidelines on the estimation of PD, LGD and downturn (EBA/GL/2017/16 and EBA/GL/2019/03, respectively).

In 2021, the Bank launched an important project to review the A-IRB system, with the aim of completing the process to align the current credit risk models with the regulatory requirements originating from the EBA Guidelines on the development of PD and LGD models (EBA/GL/2017/16), estimation of downturn (EBA/GL/2019/03, EBA/RTS/2018/04) and Credit Risk Mitigation techniques (EBA/GL/2020/05). The projects to review credit risk models, the assessment criteria of the same (backtesting framework) and the adaptation of the various Bank processes, led to the submission of an A-IRB model change application to the Regulator in the first quarter of 2022, in response to which authorisation was received in December 2023 from the ECB to use the above-mentioned models for reporting in the first quarter of 2024.

In addition, in May 2023 the Bank started the formal authorisation request process for the use of the Slotting Criteria on Specialised Lending exposures (as per the provision of Art. 147-8 of Regulation (EU) no. 575/2013) originated and managed by structured finance. At the same time, authorisation was requested to extend standardised A-IRB models to Specialised Lending exposures originated and managed by the commercial network. The inspection process ended in the fourth quarter of 2023 with the receipt of authorisation from the ECB for the use of the aforementioned models for reporting purposes in the second quarter of 2024.

During 2024, the Bank launched a project to redevelop the A-IRB PD and LGD Corporate models, with the aim of adapting them to the current regulations deriving from Basel III finalised, the ECB guidelines (ECB guide to internal models), as well as to resolve the findings reported by the ECB for the Corporate segment. This initiative will lead to an A-IRB model change application for the segment in question to the Regulator in the second quarter of 2025;

- market risk: the perimeter currently validated with the internal model for the calculation of the capital requirement for supervisory purposes is the generic and specific risk of equity instruments, the generic interest rate risk, the specific credit risk of debt securities and exchange rate risk for both the trading book and the banking book, while commodity risk is measured using the standard method. Following the finalisation of the demerger of the Global Markets business unit of Banca Akros to Banco BPM, effective for legal purposes as of 1 January 2024, the new operating model centralised capital markets activities that involve the assumption of market risk in the Parent Company.

1.1 CREDIT RISK

QUALITATIVE INFORMATION

1. General aspects

Banco BPM Group pursues lending policy objectives that seek to:

- support the growth of business activities in the areas it operates in, with the goal of overseeing and managing the development of the Group's positioning, in line with RAF policies and budget and business plan objectives, focusing on the support and development of customer relationships;
- diversify its portfolio, limiting loan concentration on single counterparties/groups and on single sectors of economic activity or geographical areas;
- adopt a uniform and unique credit management model based on rules, methods, processes, IT procedures and internal regulations harmonised and standardised for all Group banks.

To optimise credit quality and minimise the global cost of credit risk for the Group and the individual companies, under the organisational model the Parent Company's Loans Function is in charge of lending policy guidelines for the banks of the Group.

Guidelines have also been set at Group level, defining conduct with respect to assuming credit risk, to avoid excessive concentrations, limit potential losses and guarantee credit quality. In particular, in the loan approval phase, the Parent Company exercises the role of management, direction and support for the Group.

The above Function monitors the loan portfolio, and focuses on analysing the risk profile performance of economic sectors, geographical areas, customer segments and types of credit lines granted, as well as on other dimensions of analysis, which enable any corrective actions to be defined at a central level.

The role of the Parent Company's Risk Function is to support Top Management in planning and controlling the risk of exposure and capital absorption, in order to maintain the stability of the Group, verifying forward-looking capital adequacy and under stressed conditions, as well as compliance with the RAF thresholds, the Group's risk limits and its risk appetite. In particular, the Function's task is to develop, manage and optimise internal rating models (Pillar I) and the loan portfolio model (Pillar II) over time, and to supervise - as part of second level controls - the calculation of risk-weighted assets using advanced methods.

Credit risk monitoring at portfolio level is based on an internal portfolio VaR risk estimation model that is applied on a monthly basis to credit exposures of Banco BPM Group.

For an examination of the main initiatives and adjustments made to factor in uncertainties in the reference macroeconomic context and other risk factors not intercepted by expected loss calculation models, please refer to the section below "2.3 Measurement methods for expected losses".

2. Credit risk management policies

2.1 Organisational aspects

The Group governs credit risk by assigning specific responsibilities to the Bodies, functions and Committees of the Parent Company and its Subsidiaries, in line with its Internal Control System and on the basis of an organisational model that provides for the centralised control within the Parent Company to convey a consistent policy and governance when managing the risks.

The credit risk management policies represent the reference framework for the operations of the structures allocated with risk management, they are updated annually as part of the RAF and they guide credit policies in terms of the evolution of the company's activities, the expected risk profile and the external scenario.

As required by supervisory regulations, the Group has drawn up an internal ex-ante management process for Most Significant Transactions (MST) and for the supervision of large exposures, controlled by specific company regulations in this regard.

The Parent Company draws up Group credit policies, in parallel with the budget process and in line with the strategies, the risk appetite and the economic objectives approved by the Board of Directors.

To measure the different aspects and components of credit risk, the Group adopts models and metrics developed in accordance with supervisory regulations, with a view to guaranteeing the sound and prudent management of the risk

positions assumed and to comply with regulatory requirements, also assessing the effect of changes in the scenario to which the loan portfolio is exposed.

These models must periodically undergo backtesting and stress testing in order to guarantee their statistical and prudential robustness, validated by an operational unit that is independent to the function responsible for developing them, reviewed at least annually by the Audit Function.

From a regulatory perspective, risk-weighted assets (RWA) are calculated by a method based on internal ratings (A-IRB Approach), risk segments/parameters validated by the Supervisory Authorities and using the Standardised Approach for the other exposures, in accordance with the Group's roll-out plan. As regards the scope of Banca Akros and Banca Aletti, the standardised regulatory approach is applied.

The risk parameters of the models are periodically calibrated.

The development and updating "model change" process for the rating models entails a series of activities and procedures, the aim of which is to define, initially or when updated, the rating models applicable to credit exposures, namely statistical or empirical models to confirm the credit assessments made by the Companies of the Banking Group and to enable the capital requirements of the same against the risk of unexpected losses to be calculated.

With regard to the segments validated, these include:

- five rating models (4 for Business customers, 1 for Private customers), which use financial statement, performance and qualitative information (Business) and sociological/performance (Private), calibrated adopting a long-term approach (Through-the-Cycle), in order to neutralise the possible impacts of an expansive or recessive phase of the economic cycle;
- two LGD performing models (1 for Business, 1 for Private customers);
- two LGD non-performing ELBE (Expected Loss Best Estimate) and Defaulted Asset models, separate for Business and Private customers;
- two EAD models for Corporate customers and for the Private customer portfolio, respectively.

From an operational perspective, the unexpected loss on credit risk is measured by quantifying the economic capital through the application of an internal Credit VaR portfolio model.

The key component of the credit risk measurement models is the Rating System, namely a structured and documented set of methods, organisational and control processes and procedures to organise databases, which enables the relevant information to be collected and processed, to reach summary assessments of the risk level of a counterparty and of individual credit transactions.

The rating system is incorporated in the decision-making processes and in the management of the company's operations, playing an important role in the following Group processes:

- Lending policies;
- Business planning;
- Capital planning;
- Risk Appetite Framework;
- Product pricing;
- Granting loans;
- Monitoring and managing loans;
- Provisioning;
- Risk measurement and control;
- ICAAP and ILAAP;
- Management of the bonus system;
- A.Ba.Co. (other funding instruments).

The procedures for the operational use of the rating system in the various company processes are regulated by regulations issued over time in the above-mentioned areas. The regulatory framework set in place to oversee credit risk, developed in accordance with company standards, is based on specific Regulations and Process Rules, specifically the Regulations on counterparty credit risk and the Regulations for Limits of Autonomy and powers in the granting and management of loans.

The principles established in the Regulations issued have been applied and included in the wording of the regulations, for the processes included in company taxonomy.

The processes for the granting of loans guarantee an adequate, objective and harmonised assessment of creditworthiness and of risk, through the use of the rating system to guide the decision-making steps.

More specifically, the ratings are used to define the scope of decision-making, by means of a weighting method based on an assessment of the creditworthiness of each counterparty, summarised by the rating, as well as on the measures to mitigate the risk assumed.

An assessment of the risks already assumed or to be assumed is conducted for each individual customer and Risk Group, namely the set of parties related through the ties considered for the registration of Economic Groups, as well as joint account holders and those with a joint-obligation, as regards the entire Banking Group.

The criteria for the allocation of responsibilities to the various parties/organisational units that take part in the loan granting process are based on principles of separation in order to guarantee independence of judgement and prudence in the assumption of risk.

To this end, with regard to the activities envisaged in the loan granting process, the roles of "Proponent", of "Decision-maker" and of any "Intermediate body that gives an opinion" are clearly separated.

In the case of "non-resident" customers, compliance with the authorised maximum limit for "Country Risk" must first be checked, before the assumption of "Credit Risk", "Delivery Risk", "Placement Risk" and "Evidence Risk".

The "Authorisation, monitoring and management of overdrafts and/or past due loans" Rules establish the continuous monitoring activities that the Manager must perform when managing the account, with regard to overdrafts, past due instalments not paid and drawdowns on expired or reduced loans.

The management of overdrafts is accompanied by a specific procedure that has made access to data regarding positions classified as "becoming past due" more efficient, enabling both current and historical information available to be consulted, right down to the details of an individual account, as well as obtaining lists based on selection criteria entered by the user.

Forborne exposures are identified as part of the loan granting process and, therefore, through the ELA (Electronic Loan Application) function.

The identification of forborne exposures is carried out for both performing loan positions included in the watchlist, and for those classified as non-performing loans, for which a status of financial difficulty has been found (said status is objective for the positions classified as non-performing) and the granting of a tolerance.

The Account Manager, in the role of "Proponent", is responsible for:

- assessing the customer's situation of financial difficulty. To reach an opinion, all of the information from the preliminary check used to analyse creditworthiness in the ELA, including a specific additional checklist that differentiates between Business and Private customers;
- assessing the proposed award of forbearance measures;
- entering the Account Manager's assessment of the customer's situation of financial difficulty or otherwise in the information system and identifying award or otherwise of the proposed forbearance measures.

The Intermediate Body that gives an opinion is required to share the Proponent's assessments.

The Decision-making Bodies are responsible for ascertaining the consistency or otherwise of the assessment made by the Proponent.

The evidence expressed at the time of the decision on the individual line of credit automatically identifies all accounts related to it as "forborne".

Once classified as forborne, the exposures are managed in accordance with the relevant processes ("Monitoring and managing non-performing loans" for "Forborne non-performing exposures" and "Monitoring and managing loans: watch list" for "Other forborne exposures").

Decisions regarding situations in which the exposure is no longer forborne, or the reclassification of "Forborne non-performing exposures" as "performing" are assisted by the information system.

In this regard, all positions that surpass the objective parameters established by EBA regulations are automatically highlighted and the proposals are subject to a structured process which enables all of the available assessment elements to be examined and historicised.

The reclassification of a "performing" exposure, already the subject of forbearance measures, to a higher risk category, is automatic if the events established by EBA regulations occur.

Country Risk, which identifies the risk factors relating to the political, macroeconomic, institutional and legal situation of a foreign country, is considered, with regard to all business and financial transactions, if the counterparty is resident or has registered offices in a foreign country. Country risk is based on two main elements:

- political risk, namely the set of factors regarding the political and institutional system that may influence the country's willingness to honour its commitments;

- transfer risk, namely the set of economic factors that can influence the possibility that a certain country may establish, as an element of its economic policy, limits to the transfer of capital, dividends, interest, commission or royalties to foreign creditors and/or investors.

In the case of "non-resident" customers, compliance with the authorised maximum limit for "Country Risk" must first be checked, before the assumption of "Credit Risk", "Delivery Risk", "Placement Risk" and "Evidence Risk".

With regard to Transfer Risk, note that this risk is included in the credit portfolios that use ECAI ratings (exposures towards Governments and Central Administrations, Supervised Intermediaries and non-resident Corporate customers). The residual limited scope (non-resident customers without ECAI), is monitored periodically by the Parent Company's Risk Function.

The organisational structures of the Loans Function and of Loans of the Territorial Departments are defined in accordance with the credit granting, monitoring and management processes.

Furthermore, the Head of the Loans structure of the Territorial Departments reports functionally to the Head of the Loans Function and the Head of Loans for the Business Area, who, in turn, reports functionally to the Head of the Loans structure of the Territorial Department.

In terms of procedures and tools to support the processes, attention is drawn to the following:

- in "Loan Granting" processes, the Electronic Loan Application (ELA) procedure provides support to the Network in the preliminary examination, proposal, approval and finalisation stages and automatically calculates decision-making scope;
- the web-based Electronic Loan Application provides support to the loan granting process through a specific work flow based on parameters and enables each step of the process of preliminary examination - proposal - forwarding to higher Bodies and approval to be traced, as well as automatically checking the documents required and the validity of the assessment elements;
- as regards measures to assist "Private", "Small Business" and "Small Business Operator" customers, decision-making engines are used to establish the financial feasibility of the proposed transaction, which make a summary assessment of the increasing risk;
- the process of monitoring and managing performing loans is assisted by a special procedure on a web platform that also permits the automatic interception of positions and classification on the watchlist, as well as the following of their management and verification of compliance with the decisions made. Positions are intercepted both when the thresholds for specific parameters are exceeded and via the use of an automatic indicator, which is calculated monthly, capable of producing a summary assessment of the performance of the account. This indicator can be searched both with reference to the month of processing and as an average indicator for the period (last six months) and is integrated within credit processes as a parameter of evidence;
- to support the monitoring and management processes of non-performing loans, broken down by status (Past Due and Substandard; Restructured; Bad Loans) a new procedure "Electronic Management Procedure - EMP" has been created;
- the credit assessment processes are conducted using the "IFRS 9 Suite" IT procedure.

The Loans Function prepares a quarterly report - in conjunction with the publication of the quarterly financial statements data - which includes a series of summary views on the main dimensions of loans. Specifically, the report focuses on the national scenario, the distribution of Group loans, the distribution of loans by sector, the distribution by rating classes, the development of loans and mortgages to Private customers – Consumer households.

The Risk Function produces monthly reports on "Credit Risk – Portfolio Model", which include evidence with group, company and economic sector views.

In addition, a summary document has been introduced, with a monthly frequency, relating to the overall Pillar I and Pillar II risk trend, to support the periodic integrated Group risk report, with a view to monitoring the evolution of economic capital and to report the appropriate figures to the Corporate Bodies.

2.2 Management, measurement and control systems

Banco BPM Group uses an elaborate set of instruments to grant and manage credit and to monitor portfolio quality. Rating plays a key role in loan granting, credit product disbursement, monitoring and performance management processes. In particular, it plays a role in defining guidelines for credit policies, in deciding which bodies are competent to approve loans, as well as on the mechanism for the automatic renewal of uncommitted credit facilities, and it contributes to determining automatic interception of the monitoring and management process (Watchlist).

To proactively manage counterparties that show signs of a deterioration of credit risk, the Group utilises a specific platform to intercept, monitor and manage anomalous exposures, as well as a performance scoring model to intercept

the first signs of deterioration of the counterparty, before the default event. Considering the new EBA guidelines on the definition of default, applied by the Group from 1 January 2021, the above-cited monitoring platform incorporates the new rules relating to overdue exposures, making provision, from the first few days in which the overdue event materialises, for intervention processes differentiated by counterparty type and level of exposure, according to a management approach which is as business-oriented as possible, to prevent deterioration in credit risk and the consequent restoration of the ordinary management of the relationship. More specifically, the process currently in place envisages the interception of overdue positions on a daily basis, and their subsequent management according to a structured procedure, which entails clustering the portfolio with anomalies and the subsequent definition of interventions according to a defined scale of priorities.

The methodologies underlying the risk parameters PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default), are used not only to assess the counterparty when granting, monitoring and renewing credit lines, but also to collectively write down receivables in the financial statements, in compliance with IFRS 9.

The credit assessment to calculate the amount of expected losses of non-performing loans differs according to the status and size of the exposure. The expected credit losses valued analytically by the manager are periodically reviewed. For prudential purposes, credit risk monitoring at portfolio level is also based on the use of a default model that is applied on a monthly basis to credit exposures of Banco BPM Group. For more information on the general features of this model, please refer to the following paragraph "E. Prudential consolidation – Credit risk measurement models". For other exposures - other than performing loans with ordinary and financial resident customers - risk is controlled through the use of supervisory regulatory metrics (Standard).

Information on the inclusion of ESG factors in credit processes

The main objective of the credit policies of Banco BPM Group is to guide the growth of volumes, with a view to optimising the risk-return ratio and to containing the future cost of credit risk, by already incorporating various clear ESG-related aspects from 2021, particularly as regards the Real Estate and Agrifood sectors. These aspects have been implemented in the loan application process through dedicated tools, which envisage acquiring information also relating to factors more linked to the environment and the climate during the proposal and approval stage.

Already last year ESG factors were included in the Group's credit processes; during 2024, the integration of Credit Policies for the assessment of ESG factors and the impacts of potential risks linked to climate change on the economic and financial outlooks of the companies to which Banco BPM Group is exposed, continued. In this regard, the assessment was extended to all Bank segments, including Small Business (through a simplified model), and the assessment of physical risk was integrated, with reference to both counterparties and collateral. The risk mitigation actions implemented by the counterparty to which the Group is exposed were also evaluated.

Again in the first half of 2024, also after the Bank joined the Net Zero Banking Alliance, stricter credit policies were introduced for those sectors defined as "priority" in that they are characterised by a higher level of emissions, for which specific targets have been defined to 2030.

Lastly, project activities continued as part of the implementation of the "EU Taxonomy", with the aim of integrating the alignment of exposures of financed counterparties with the taxonomy into processes and products.

Starting from December 2022, in the estimate of expected credit losses (ECL) on performing credit exposures, the Group introduced a specific adjustment to factor the risks deriving from the exposure of debtor counterparties to climate and environmental factors. In particular, the impacts on the PD and LGD risk parameters of the counterparties were estimated, assuming a transition risk and a physical risk developed on the basis of the scenarios illustrated below.

With reference to transition risk, the Orderly Transition scenario was considered, based on the assumptions of the Net Zero 2050 scenario of the Network for Greening the Financial System (NGFS) issued in November 2023 (latest available scenario). With respect to the possible alternative scenarios (Disorderly Transition and Hot House World), the selection of the Orderly Transition scenario was the most prudent with reference to the time horizon of the credit exposures to be assessed, as it assumes an immediate and stringent intervention of climate policies, as described in more detail below.

This scenario was incorporated into PD parameters by assessing its impact on the financial statements items of business customers not belonging to the agriculture sector, on which the sectoral KPIs are calculated, which are then used as inputs to the satellite PD models, applied to estimate the forward-looking PDs. In addition, the physical risk was also considered in the PD parameter through the flood risk shock (flood scenario of the CST2022) as the share of devaluation that impacts the price index of residential and non-residential properties. These factors also act as drivers

of the PD satellite models for the projections of the parameter. In this way, all customers, with the exception of the Public Administration, are impacted by climate risk (both transition and physical).

Conversely and using the same climate scenarios, the LGD parameter is also stressed from a forward-looking perspective through the LGD satellite models. The transition risk is in fact embodied through the sectoral KPIs that impact the migration to bad loan component, while the physical risk is introduced as for the PD, intervening on the property price index, as a driver to stress the LGD component.

For further details on the methodology for calculating the adjustments in question and the relative impacts, please refer to paragraph "2.3 Measurement methods for expected losses", and in particular the information on "Use of post-model adjustments and management overlays".

For a better understanding of the assumptions underlying the transition scenario considered by the Group with respect to the alternative scenarios, an illustration of the main assumptions of each scenario is provided below.

The Orderly Transition scenario is based on the NGFS Net Zero 2050 scenario, which envisages a maximum increase in global temperature of 1.5°C, achieved through the immediate and gradually more stringent introduction of policies to reduce carbon dioxide emissions, which are considered zero in 2050. In this type of scenario, the transition risk and the physical risk are limited: in fact, the gradual transition ensures that the necessary costs and investments in innovation are minimised. At the same time, the increase in the maximum global temperature of 1.5°C reduces the risk of extreme events.

The Disorderly Transition scenario, which is instead based on the NGFS Delayed Transition scenario, assumes a delayed and net introduction of climate policies starting from 2030, in order to limit the increase in global temperature to below 2°C; carbon dioxide emissions are therefore higher than in the previous scenario to comply with the objectives of the Paris agreement. The scenario therefore entails a higher transition risk, due to the higher costs required by the delayed introduction of climate policies, while the increase in global temperature increases physical risk in terms of greater frequency and importance of extreme events.

Lastly, the Hot House World scenario is calibrated on the NGFS Current Policies scenario, which captures the long-term impact of physical risk on the economic and financial system resulting from the failure to introduce emission reduction measures. Although emissions at European level are gradually decreasing, global emissions continue to grow until 2080 with an increase in global temperature of around 3°C. This will lead to greater and more significant natural catastrophes, with a considerable increase in insurance and reconstruction costs linked to these events. In this scenario, there is therefore no transition risk, but the transition costs that would have occurred in previous scenarios are more than offset by the strong impact of extreme physical risk in the economy.

With regard to non-performing loans to be assessed analytically, the risks related to climate and the environment are taken into consideration in the estimate of the present value of forecasted future cash flows, on an essentially discretionary basis and together with other pieces of information.

During the second half of 2022, the Financial Forecast Studio was also implemented, a modular platform to support the forward-looking assessment of a company by the manager. The instrument works on the platform supplied by the provider Cerved.

The elements characterising this instrument are:

- accurate data sets:
 - At least every six months, Cerved prepares forecasts for approximately 400 sectors, which can be used as a standard basis for the prospective simulation of the financial statement figures of the individual company;
 - the historical financial statements of the last few years are made available;
 - the CeBi reclassification scheme of Cerved's Financial Reporting Office was adopted;
- assumptions and business simulations:
 - starting from the standard simulations proposed by the provider, an infinite number of alternative scenarios can be replicated by changing the initial assumptions;
 - more than 20 parameters (financial statement items) are available that can be used as modifiable assumptions of the model;
 - through simple data-entry, start-ups/financial statements of partnerships can also be evaluated;
 - an additional ESG module is included for the accurate estimate of the impacts on credit risk of the variables linked to environmental, social and governance risks;
 - the tool provides a wide range of forecast outputs to support the manager and the decision-maker in the evaluation and granting phase; it also makes it possible to compare multiple scenarios relating to the same company or to different companies (for example, a "best in class" or specific competitor).

The paragraphs below illustrate the additions that have occurred in the Credit Policies framework since 2023:

- ESG:
 - evolution of the transition risk classification methodology based more on emissions;
 - introduction of physical risk;
 - extension to the large corporate segment;
 - management of priority sectors with high emission risk;
 - introduction of ESG credit policies;
- Real Estate:
 - KRI (Key Risk Indicator) integration for the assessment of sustainability in the CRE (Commercial Real Estate) sector;
 - alignment of the requirements for the classification of green real estate investments in line with the requirements of the taxonomy;
- Evolution of the current framework:
 - credit policies as part of "withdrawal" strategies;
 - fine-tuning of policies for the retail sectors, in particular for decision-making engines.

2.3 Measurement methods for expected losses

With regard to the calculation of expected credit losses (ECL), in 2024, the process of revising and fine-tuning the current models, which started in 2020, continued, with a view to more accurately reflecting the expected losses of performing exposures, also as a consequence of the economic disruption caused by the situation of international political instability. This process moreover envisaged a series of post model managerial adjustments, in order to factor in certain measurement elements not adequately intercepted by current models. The paragraphs below provide an illustration of the changes introduced to models and to the criteria to calculate expected credit losses following imbalances linked to the economic situation, as well as the changes introduced in 2024 as part of the continuous process of revising models, depending on the type of intervention. Note that, given the complexity and the pervasiveness of the changes made to the estimation models, it was not possible to isolate the impacts that the same generated in terms of quantifying the expected credit losses, with respect to the estimation models used previously. With regard to the main methodological developments, for Post Model Adjustments, please refer to the following section "Use of post model adjustments and management overlays"; the other main developments, on the other hand, concerned the introduction, in the current year, of the new satellite models for PD and LGD, for which reference is made to the following section "Inclusion of forward-looking factors".

Measurement of expected credit losses

According to IFRS 9, all financial assets not measured at fair value through profit and loss, represented by debt securities and loans, and off-balance sheet exposures (commitments and guarantees given) must be subject to the impairment model based on expected credit losses (ECL – Expected Credit Losses).

Specifically, the IFRS 9 impairment model is based on the concept of forward-looking valuation, i.e. on the concept of Expected Credit Loss, whether calculated at 12 months (Stage 1) or for the entire residual lifetime of the instrument (lifetime loss for Stage 2 and Stage 3). In particular, the model establishes that financial assets should be classified into three separate stages, corresponding to different measurement criteria:

- Stage 1: to be measured on the basis of expected credit loss over a time horizon of one year. Stage 1 includes performing financial assets for which no significant impairment of credit risk has been observed with respect to the date of initial recognition;
- Stage 2: to be measured on the basis of expected credit loss over the entire residual life of the financial asset. Stage 2 includes financial assets that have undergone significant impairment of credit risk with respect to initial recognition;
- Stage 3: to be measured on the basis of an estimate of expected forward-looking loss, based on a 100% probability of default. Stage 3 includes financial assets considered non-performing.

According to the Expected Credit Loss calculation model, losses must be recorded not only with reference to objective evidence of impairment losses that had already occurred at the reporting date, but also on the basis of expectations of future impairment that is not clear yet, which must reflect:

- the likelihood of different scenarios occurring;

- the effect of discounting using the effective interest rate;
- historical experience and current and future valuations.

Detailed information is provided below on the model used by the Group to verify whether there is a significant deterioration of credit risk (known as "Framework Stage Assignment") and to calculate the forward-looking expected credit loss.

Framework stage assignment

Illustration of the staging model

In order to allocate exposures to the various stages, Banco BPM Group has classified them as follows:

- performing loans in Stages 1 and 2;
- non-performing loans in Stage 3. The analyses conducted led to the conclusion that the relative scope is aligned to that of non-performing exposures, determined in accordance with the definitions contained in current supervisory provisions¹ (bad loans, unlikely to pay, past due exposures), as they are deemed to be consistent with accounting regulations in terms of objective evidence of impairment. For further details on this scope, please refer to "Part A – Accounting policies, A.2 Key financial statement items" of these Notes to the financial statements.

With regard to credit exposures to Group customers (cash loans and unsecured loans), an illustration is provided below of the quantitative and qualitative criteria defined by the Group in order to classify a performing exposure in Stage 1 or Stage 2.

With reference to quantitative criteria, the model developed by the Group uses as reference the parameter of lifetime probability of default (LPD), measured at the reference date, and the same parameter measured at the origination date. The ratio between said parameters is defined as the "Lifetime PD Ratio" (LPDR). More specifically, the chosen metric is based on the "Forward" PD concept. This approach entails identifying the forward PD curve on the Lifetime PD curve observed at the origination date, with the reference date as a node and the residual duration as holding period.

The development of the model has also led to the identification of specific internal thresholds of variation between the two aforementioned probabilities, which are differentiated by the following drivers:

- risk segment (Businesses/Private Customers)²;
- risk band;
- residual life;
- ageing of the position (distance between the origination date and the reporting date).

Thus, the change in credit risk is measured by comparing the parameter defined as a logarithm of the "Lifetime PD Ratio - LPDR" of individual exposures, as defined above, and the specific estimated internal thresholds. Exceeding the above thresholds, with the exception of cases in which the annualised PD observed at the reference date is lower than the threshold of 0.30% (threshold considered to express a low credit risk - Low Credit Risk Exemption), represents a significant increase in credit risk and the consequent transfer of the individual credit line from Stage 1 to Stage 2. That methodology is thus based on a relative approach, as the allocation between Stage 1 and Stage 2 is guided by the change in credit risk since the origination date.

In developing its operating model, after calculating the logarithm of the LPDR for each position included in the estimate sample, the Group selected the optimal threshold for each cluster (given by the intersection of the risk driver methods considered relevant) that would allow it to optimise the model's performance measured using the Matthews correlation coefficient (MCC). The performance aims to describe the ability of the model to correctly anticipate, with a Stage 2 classification, the positions that, within 12 months from the reference date, show signs of risk represented not only by default but also by additional elements that denote a high level of risk (the presence of a number of consecutive days past-due/overdue exceeding the 30-day threshold, the granting of a forbearance measure, the presence of the counterparty within exposures subject to strict monitoring).

¹ Definitions contained in the Bank of Italy Circular no. 272 of 30 July 2008 and subsequent updates, on the basis of which the scope of non-performing loans corresponds to that of the Non-Performing Exposures of Implementing Regulation (EU) 680/2014, with which the EBA's ITS was incorporated (EBA/ITS/2013/rev1 of 24/07/2014).

² With reference to exposures belonging to the scope of "Structured Finance transactions - SFT" (Income Producing Real Estate, Real Estate Development and Project Financing), the same thresholds developed for the Businesses segment are applied.

With reference to exposures to banks, the methodology developed is also based on the calculation of the LPDR parameter, using the thresholds developed for the Businesses segment.

It also should be noted that exceeding of the SICR threshold - which determines a Stage 2 classification - is observed on positions that show, with respect to the origination date, a relative increase in PD Lifetime included on average in a range from +100% to +200% depending on the risk segment.

In addition to the quantitative criterion illustrated above, the stage allocation model adopted by the Group is also founded on qualitative criteria and backstops. In greater detail, the following entails classification in Stage 2:

- the presence of a number of consecutive days past-due/overdue exceeding the 30-day threshold;
- the granting of forbearance measures. In greater detail, this includes all exposures affected by forbearance measures which have this attribute still active, regardless of whether the current probation period is regular;
- the inclusion of the counterparty in watchlist exposures subject to strict monitoring, in the presence of situations that suggest high risk (e.g. synthetic judgement of the degree of risk of the individual customer above a certain threshold, prejudicial events);
- the classification of the counterparty in the "High" risk band¹, save for the option of override by the competent company functions, which must be suitably justified on a case-by-case basis;
- lack of rating at the origination date, save for the case where the counterparty was assigned a rating on the measurement date that classifies in the exposure in the "Low", "Medium-low" or "Medium" risk band².

With regard to the functioning of the model, Banco BPM Group has decided to adopt a symmetrical model of reclassification from Stage 2 to Stage 1: in cases in which the conditions triggering the significant deterioration of credit risk cease to exist on a later valuation date, the financial instrument returns to being measured on the basis of the expected credit loss measured on a time horizon of twelve months. It should also be noted that in the event of a return from Stage 3 to performing exposure status, there is no mandatory transfer of the counterparty's relationships to Stage 2. The classification of performing exposures into stages (Stage 1 or Stage 2) will depend on the automatic application of the stage assignment framework.

In the case of forborne exposures, any return to the calculation of the expected credit loss at one year is made in accordance with the probation period, in line with the time frames set out in the supervisory provisions.

The stage allocation methodology described above is applied to all exposures to customers, excluding debt securities.

Following the stage assignment process and ECL calculation, some Manual Stage Adjustments were carried out:

- introduction, from December 2024, of a recalculation of the classification criteria at Stage 2, represented by SICR and Threefold increase following the updating of the lifetime PD values measured at the origination date of the reports, in line with what was done with the updating of the lifetime PD curves at the reference date, with the aim of eliminating the potential distorting effects resulting from the introduction of modelling fine-tuning only on the latter. The intervention involved a total exposure migrated to Stage 1 of 1.16 billion, corresponding to a simultaneous ECL decrease of 8.7 million;
- introduction, from March 2024, of an intervention to classify in Stage 1 relationships, not classified as revolving credit, with residual maturity within the year, which were classified in Stage 2 exclusively due to threefold increases, as considered to be low risk. The intervention involved, as at 31 December 2024, a total exposure migrated to Stage 1 of 0.82 billion, corresponding to a simultaneous ECL decrease of 0.2 million;
- introduction of a quantitative assessment of the SICR on non-segmented (unratable) positions by exploiting the recovery of additional information (e.g. ECAI rating) in order to address a specific ECB request as part of the OSI-IFRS9 SME inspection. The intervention involved a total exposure migrated to Stage 2 of 0.03 billion, corresponding to a simultaneous ECL increase of 0.4 million;
- Stage 2 classification of individual positions whose classification deriving from the application of staging allocation methodology (SICR + Backstop) was considered inappropriate by the Loans function. The intervention involved a total exposure migrated to Stage 2 of 0.01 billion, corresponding to an ECL decrease of 2.2 million.

¹ Note that, for loan granting processes, the rating classes envisaged by the internal model are grouped into 5 homogeneous risk bands ("Low", "Medium-low", "Medium", "Medium-high" and "High").

² See previous note.

Regarding debt securities, the Group applies the Low Credit Risk Exemption, i.e. the practical expedient of assuming that credit risk has not increased significantly compared to the initial recognition of the instrument, classifying it at Stage 1. This exemption applies to securities rated as investment grade at the valuation date, in compliance with IFRS 9.

If on the valuation date, the securities have a rating level that is lower than investment grade - and therefore the "Low Credit Risk Exemption" is not applicable - the method developed by the Group is also based on the calculation of the LPDR¹. More specifically, the SICR threshold values identified for this specific scope were retrieved through a distributive approach and correspond to the 95th percentile of the LPDR distribution observed in the portfolio in question as at December 2024.

Considering the presence of several purchase transactions occurring on different dates for the same fungible security (ISIN), for the purposes of the SICR, the risk at the origin is measured separately for each tranche purchased. It was thus necessary to specify a method for identifying the tranches sold and, as a result, the remaining quantities to which to assign the credit quality at the date of initial recognition, to be compared with that at the measurement date: that movement methodology is based on the FIFO method (First In - First Out).

An inhibition of the quantitative criteria of staging allocation is also applied to the loans perimeter, which exclusively concerns counterparty businesses with low risk, similar to the "investment grade" risk measured in proxies by internal ratings and associated PDs. The inhibition occurs only in cases of classification in Stage 2, limited to Delta PD and/or Threefold triggers. All other triggers are assessed without exception and can determine the classification of the counterparty in Stage 2.

The following table below shows the percentage breakdown of exposures allocated to Stage 2 on the basis of various classification triggers, which shows that the breakdown of the exposures classified therein is influenced by both quantitative criteria based on the change in the probability of default, and on qualitative criteria. Exposures classified as Stage 2 solely due to the presence of more than 30 past-due days represent a negligible percentage.

Type ²	Stage 2	of which: Large Corporate	of which: Mid Corporate Plus	of which: Mid Corporate	of which: Small Businesses	of which: Private Individuals	of which: Banks	of which: other exposures
Quantitative criteria	71.01%	72.72%	84.81%	76.66%	68.04%	33.55%	100.0%	17.97%
Qualitative criteria	20.76%	24.04%	9.01%	12.88%	22.72%	62.83%	0.00%	53.88%
Exposures over 30 days past due	0.35%	0.00%	0.00%	0.63%	0.13%	0.24%	0.00%	5.77%
Manual Adjustment (MA)	0.92%	0.02%	2.11%	0.00%	0.56%	0.06%	0.00%	22.35%
Post Model Adjustment (PMA)	6.96%	3.23%	4.07%	9.83%	8.54%	3.33%	0.00%	0.02%

Expected Credit Loss - Stage 1 and Stage 2

The model for calculating Expected Credit Loss (ECL) to measure the impairment of performing instruments, differentiated based on the classification of the exposure in Stage 1 or Stage 2, is based on the following formula:

$$ECL = \sum_{t=1}^T PD_t * EAD_t * LGD_t * (1 + r)^{-t}$$

¹ Data from the CreditEdge platform of the Moody's rating agency.

² In the case in which a position is classified as stage 2 due to different types of criteria, its exposure has been allocated to the first cluster according to the order in which the classification criteria were presented.

Where:

PD _t	represents the probability of default at each cash flow date. This is the probability of moving from performing status to non-performing status over the course of a year (1-year PD) or over the entire lifetime of the exposure (lifetime PD)
EAD _t	represents the counterparty's exposure at each cash flow date
LGD _t	represents the associated loss by counterparty at each cash flow date. This is the percentage of loss in the event of default on the basis of historical experience over a given observation period, as well as the forward-looking evolution over the entire lifetime of the exposure;
r	represents the discount rate
t	represents the number of cash flows
T	represents the total number of cash flows, limited to the following 12 months for accounts in Stage 1, and referring to the entire residual life for those in Stage 2

The models used to estimate said parameters leverage the equivalent ones used for capital requirements for credit risk, making specific adaptations to take account of the different requirements and purposes of the IFRS 9 impairment model and the prudential impairment model.

The definition of said parameters, compared to the regulatory parameters, considered the following objectives:

- removal of the downturn component considered in calculating the regulatory LGD to take account of the adverse economic cycle;
- removal of the MoC (Margin of Conservatism) component considered in the regulatory LGD calculation to take further margins of conservatism into account as requested by the EBA Guidelines;
- adjustment of loss rates to manage the difference between the discount rate used for the regulatory LGD estimate¹ and the Effective Interest Rate (EIR) used to calculate losses at amortised cost;
- inclusion of the conditions of the current economic cycle (Point-in-Time risk measures) instead of the measurement of the parameters through the economic cycle (TTC - Through the cycle), which is required for regulatory purposes;
- introduction of forecast information regarding future trends in macroeconomic factors (forward-looking risk) considered potentially capable of influencing the debtor's situation;
- extend risk parameters to a long-term perspective, accounting for the lifetime of the credit exposure to be assessed.

As noted, the definition of default adopted is in line with that used for regulatory purposes.

Please recall that in the course of 2020 and 2021, in response to the health crisis, to mitigate its impact, the Government implemented substantial policies to sustain the economy (for example, Heal Italy decree, Relaunch decree, Liquidity decree, etc.). In this context, the competent authorities (ECB, EBA, ESMA, BIS) invited the banks to take into consideration the mitigation measures set in place by the public authorities and to limit the impact of the macroeconomic shock when calculating provisioning containing the elements of procyclicality implied in IFRS 9.

To this end, Banco BPM Group included the government measure in its ECL calculation. The method adopted therefore enabled the share of exposure covered by these guarantees with relation to the total exposure of the transaction to be identified. The LGD associated with the transaction was therefore eliminated on said portion and a "Stato Italia" (Italian State) average coverage assigned.

The provisions are therefore calculated as the sum of the expected credit loss on the share of the exposure not guaranteed by the State, plus an ECL calculated through the application of the "Stato Italia" coverage to the share of the exposure guaranteed by the State.

More detailed information on the way in which the Group has determined the aforementioned IFRS 9 compliant risk parameters, with specific reference to forward-looking factors, is provided below. It should be noted that the PD and LGD parameters obtained as at 31 December 2024, based on "core" model calculations take into account several developments implemented during the first half of 2024 following the revision of the new A-IRB internal models (NAA2021), validated in December 2023, as well as the removal of the double counting of positions that have returned to performing status. The effects of these developments were in any case already considered as at 31

¹ The discount rate used for regulatory LGD estimates, in compliance with EBA Guidelines (EBA/GL/2017/16), corresponds to the 3-month Euribor with a prudential add-on of 5%.

December 2023, through appropriate adjustments after the application of the "core" models. These adjustments were therefore removed, as illustrated in the paragraph "Use of post model adjustments and management overlays". The same applies to the transition to production of the slotting criteria method for specialised lending, which took place during the first half-year, as illustrated in more detail below in the paragraphs dedicated to estimates of parameters.

In that regard, furthermore, it must be noted that the update of the time series of the parameters and, as a result, their recalibration, is carried out on an annual basis. In particular, in December 2024, in line with the provisions of internal processes, the risk parameters were updated to incorporate in their estimation the effect of updating the time series on the PD, LGD, EAD risk parameters and thresholds to identify the SICR.

Estimating the PD parameter

The PD values are obtained on the basis of regulatory ones, which are anchored to the average level of risk observed in the long-term, suitably calibrated to reflect the current conditions of the economic cycle (Point in Time approach). Subsequently, the PD values are adjusted, from a Forward Looking perspective, through the application of the sector satellite models developed by the Group. Said values must be estimated not only with reference to the time horizon of the twelve months following the reporting date, but also in the future years, for the purpose of calculating lifetime provisions. The lifetime PD curves were constructed by multiplying, using a Markov approach, the migration matrices of the rating at 12 months, separately by risk segment (Large Corporate, Mid Corporate, Mid Corporate Plus, Small Business, Private) impacted by the forward-looking macroeconomic scenarios. Each rating class assigned to the counterparties using the AIRB internal models is associated with its related lifetime PD curve. The main methodological steps used to estimate the lifetime PD parameter are provided below:

- the construction of historical Point in Time (PiT) migration matrices for each risk segment defined by the rating models and on the basis of the average of these matrices and the attainment of the long-term Through The Cycle (TTC) migration matrices for each risk segment;
- the determination of future PiT matrices for the first three years following the reporting date, obtained on the basis of PiT matrices conditioned on the basis of macroeconomic scenarios;
- obtaining cumulative PDs by rating class and scenario, via a matrix product (Markov chain techniques) of the future PiT migration matrices for the first three years, as previously calculated, while from the fourth year onwards so-called smoothed matrices are used, which allow for the gradual smoothing with the TTC migration matrix;
- the generation of the cumulative lifetime PD curve as the average of the cumulative PD curves of each selected macroeconomic scenario weighted by the respective probability of occurrence.

With regard to "Structured Finance transactions - SFT" (Income Producing Real Estate, Real Estate Development, Project Financing and Object Finance), it should be noted that, starting from June 2024, the simulation models were discontinued, with the resulting transition to the slotting criteria methodology, in line with the formal regulatory model change request sent to the ECB. The dedicated slotting criteria method involves the assignment of a category defined in a range from 1 to 4, subsequently transformed, through conversion tables, into rating classes and the relative PD value of the Mid Corporate model (segment with more similar size characteristics) relating to the new A-IRB rating system.

The PD values thus obtained are then conditioned to the economic cycle in a forward-looking perspective through the use of internal PD satellite models. The effects of this evolution were in any case already reflected in the past through the application of a post model adjustment which, starting from the discontinuation of the above-mentioned simulation models for the SFT transaction, was not repeated, as illustrated in the subsequent paragraph "Use of post model adjustments and management overlays".

Refer to the paragraph "Inclusion of forward-looking factors", below, for more details on the method of constructing the PD parameter.

Estimating the LGD parameter

LGD values are assumed to be equal to the regulatory recovery rates calculated through the economic cycle (TTC) and suitably adjusted in order to remove some of the prudential elements established by the regulatory models, which are represented by indirect costs, the MoC (Margin of Conservatism) and the component associated with the adverse economic cycle (the downturn component), as well as to reflect the most current recovery rates (PiT), the difference

between the discount rate used to estimate the regulatory parameters¹ and the Effective Interest Rate (EIR), and expectations concerning future (forward-looking) trends. In detail, the forward-looking estimate of the parameter takes account of the impact on the economic cycle of the components represented by the probability of non-performance (Psoff) and the Loss Given Non-Performance (LGNP) using specific forward-looking scaling factors to obtain point in time and forward looking LGDs. More specifically, the forward-looking effects are channelled to LGD estimates through the application of specific satellite models for the main components of the LGD model (Psoff and LGNP), which compare the changes in macro factors with the residual estimations of the two above-cited parameters on the historical horizon.

As set forth in the paragraph dedicated to the PD estimation, as regards "Structured Finance Transactions - SFT" (Income Producing Real Estate, Real Estate Development, Project Financing and Object Finance), starting from June 2024, the simulation models were discontinued, with the resulting transition to the slotting criteria methodology, in line with the formal regulatory model change request sent to the ECB. The effects of this evolution were in any case already reflected in the past through the application of a post model adjustment which, starting from the discontinuation of the above-mentioned simulation models, was not repeated, as illustrated in the subsequent paragraph "Use of post model adjustments and management overlays".

The slotting criteria method involves the assignment of specific LGD values depending on SFT segment, defined on the basis of specific analyses performed on specific portfolios by adopting the fixed values provided by Supervisory Regulations.

The LGD values thus obtained are then conditioned by the economic cycle in a forward-looking perspective through the use of internal LGD satellite models.

EAD Estimation

For on-balance sheet exposures, the EAD is represented, at each future payment date, by the remaining payable based on the repayment plan, plus any unpaid and/or past due instalments.

For off-balance sheet exposures, represented by guarantees and irrevocable or revocable commitments to disburse funds, the EAD is equal to the nominal value weighted by a specific credit conversion factor (CCF), determined in compliance with the previously validated and appropriately calibrated internal models and using the standardised approach for the remaining exposures.

Inclusion of forward-looking factors

In accordance with IFRS 9, to estimate expected credit losses, it is necessary to take forward-looking information² into account, conditioning the risk parameters according to the different macroeconomic scenarios in which it is expected to operate.

With a view to overcoming potential inconsistencies in the results determined by the satellite models ordinarily used before the impact of the Covid-19 emergency, sector satellite models were adopted from 2020, with a view to evaluate the highly diverse consequences of the pandemic on the different sectors of the Italian economy.

With reference to the financial statements as at 31 December 2024, note the change regarding the introduction of the new PD and LGD sector satellite models that make it possible to make the estimates of the risk parameters (both PD and LGD) of all sectors in application forward-looking, in compliance with the accounting standard. The new satellite models were developed by introducing financial KPIs as risk drivers, in addition to macroeconomic factors, making it possible, with reference to climate impacts, to better grasp the effects relating to physical and transition risk.

Lastly, as set forth in internal regulations, to calculate the ECL as at 31 December 2024, the macroeconomic scenarios and the relative probabilities of occurrence were updated, based on the analyses conducted by the Scenario Council³. To this end, the macroeconomic forecasts supplied by the leading provider were considered, with reference to three

¹ The discount rate used for regulatory LGD estimates, in compliance with EBA Guidelines (EBA/GL/2017/16), corresponds to the 3-month Euribor with a prudential add-on of 5%.

² Conditioning of credit risk parameters (PD and LGD) calculated at a Point-in-Time, to estimate the future change based on the expected evolution of the main macroeconomic variables (e.g. GDP, rate of unemployment etc.).

³ The Scenario Council consists of a team responsible for defining and updating or confirming the macroeconomic scenarios adopted in the Group's strategic processes in light of external events or specific vulnerabilities of the Bank. It is also responsible for identifying the processes impacted and their potential updating. The team is comprised by the Chief Financial Officer, the Chief Lending Officer and the Heads of the Planning and Value Management, Risk and Administration and Budget Functions, with the participation of the Head of the Audit Function as auditor.

different scenarios: "baseline", "adverse" and "favourable", with some fine-tuning to adapt them to the rapidly changing economic scenario. With reference to the "worst-case" scenario, previously identified as the "adverse" scenario, a number of changes have been introduced since the December 2024 elaboration to take into account a more prudent assumption of the macroeconomic outlook and a lower level of interest rates ("adverse plus" scenario). In order to allocate probabilities of occurrence to the above-mentioned scenarios, those implicit in the construction of the same were used as a basis of reference, as supplied by the provider. Considering the characteristics of the three scenarios and the uncertainty related to the geo-political developments we decided - consistent with the previous year - to maintain the probability of occurrence of the "worst-case" scenario. The probabilities of occurrence of the three macroeconomic scenarios considered are indicated below:

- "Baseline": 50%;
- "Adverse": 30%;
- "Favourable": 20%.

Please note that the model for the governance of the process of updating the macroeconomic scenarios for IFRS 9 purposes, establishes that the same are updated at least every six months (for the closure at year-end and at the first half of each year). The update may be made more frequently (quarterly), if the monitoring of the forecasts relating to GDP, with respect to those implied in the scenarios utilised, indicates that a specific threshold¹ has been surpassed.

The following table shows the annual average values (expressed in terms of annual percentage changes/absolute values for rates of return and the unemployment rate) of the main macroeconomic indicators for the 2025-2027 period for each of the three scenarios considered in the satellite models for the conditioning of the risk parameters to be used to calculate ECL:

Scenario	Macroeconomic indicators	2025	2026	2027
adverse	GDP Italy	-0.5	0.3	0.3
baseline	GDP Italy	0.8	0.7	0.4
Favourable	GDP Italy	1.5	1.3	0.8
adverse	GDP EMU	0.0	0.3	0.8
baseline	GDP EMU	1.0	1.1	1.1
Favourable	GDP EMU	1.9	1.7	1.6
adverse	Unemployment rate	7.86	8.39	8.58
baseline	Unemployment rate	7.14	7.02	6.80
Favourable	Unemployment rate	6.91	6.28	5.51
adverse	Index of residential property prices	-3.5	-1.4	-0.6
baseline	Index of residential property prices	1.5	1.7	1.9
Favourable	Index of residential property prices	3.7	2.7	2.3
adverse	Household consumption	-0.6	0.6	0.7
baseline	Household consumption	0.8	0.8	0.7
Favourable	Household consumption	1.3	1.5	1.1
adverse	Total investments	-8.2	-3.0	-4.3
baseline	Total investments	-1.9	-0.2	-1.3
Favourable	Total investments	0.3	2.3	0.6
adverse	Construction investments	-13.4	-7.2	-8.6
baseline	Construction investments	-7.9	-4.5	-5.4
Favourable	Construction investments	-5.7	-2.4	-3.7
adverse	3-month Euribor	2.33	1.84	1.76
baseline	3-month Euribor	2.47	2.01	2.01
Favourable	3-month Euribor	2.54	2.32	2.26
adverse	ECB rate	2.40	2.09	1.90
baseline	ECB rate	2.53	2.15	2.15
Favourable	ECB rate	2.65	2.46	2.40
adverse	Return on Italian 10-year government bonds	4.17	4.09	4.30

¹ Threshold established as a change in GDP of over 0.5%.

Scenario	Macroeconomic indicators	2025	2026	2027
baseline	Return on Italian 10-year government bonds	3.63	3.88	4.24
favourable	Return on Italian 10-year government bonds	4.09	4.14	4.41
adverse	BTP/Bund Spread	2.25	1.97	1.82
baseline	BTP/Bund Spread	1.40	1.55	1.50
favourable	BTP/Bund Spread	1.64	1.55	1.47
adverse	Italian consumer price index	2.5	2.1	2.0
baseline	Italian consumer price index	1.8	2.0	2.0
favourable	Italian consumer price index	1.2	1.8	2.0
adverse	Imports	-2.7	-1.0	-0.5
baseline	Imports	2.0	2.1	2.1
favourable	Imports	3.9	4.7	3.9
adverse	Exports	0.0	0.8	1.5
baseline	Exports	1.9	2.6	2.8
favourable	Exports	3.2	3.8	3.5
adverse	Public administration expenditure	1.4	0.1	0.0
baseline	Public administration expenditure	0.8	0.2	0.0
favourable	Public administration expenditure	0.9	0.3	0.1

The global economy also grew in 2024 at a moderate pace, similar to that of 2023. The main concerns regarded the continuation of the conflicts, the uncertainties related to the commercial policy plans of the new Trump administration in the USA, the difficulties of the European manufacturing sector and finally the effectiveness of Chinese government measures in stimulating domestic demand. Inflation has ceased to be a primary problem, allowing central banks to initiate the gradual easing of monetary policy. The labour market remained solid, strengthening the confidence of households in Europe and the United States, and managing to support private consumption as a result.

Starting from these final considerations, the "baseline" scenario envisages that the current conflicts will continue with moderate impacts on the global economic and trade balances. The emergence of a new political structure in some of the developed areas of the world, the results of the elections in some EU countries, possible hotbeds of further local tensions, and the result of the voting in the USA, tend to fuel a greater viscosity of world trade, regarding both merchandise and capital. Tariff barriers and policies aimed at protecting domestic production in this scenario lead to a partial slowdown in investments and jeopardise the continuity of global value chains. Despite this, the path of recovery from inflation is less uncertain, also thanks to the favourable trend in energy prices, and with the FED and the ECB continuing down the path of cutting policy rates, both reducing them by 100 bps during 2025. After having demonstrated that it managed to deal with the recent economic shocks with solidity, Italy is facing the delicate problem of budgetary policy, impacted by problems linked to the costs of the superbonus, with the need to recover resources also from restrictive measures. Despite the difficulties of the German industrial sector, Italian businesses are seeing a context of lower uncertainty in terms of demand, mostly driven by domestic demand. Thanks to this trend, total investment is only partially affected by the sharp decline in building investment. The evolution of the factors presented in the baseline scenario corresponds to the following:

- Italian GDP grows modestly in 2025 (0.8%), and the outlook is less optimistic for the next two years, in particular in 2027, growth is limited to 0.4%; Italy does not perform as well as the Eurozone, which, for the entire three-year period, has an average annual growth of around 1%;
- the unemployment rate resumes growth, albeit modestly, in 2025, reaching 7.14% and then falling again in the following two years, reaching 6.80% in 2027;
- in 2025, inflation grows by 1.8%, approaching the target compared to 2024, when the rate was well below 2%, to then settle at the target value in both 2026 and 2027;
- the return on 10-year Italian government bonds continues to decline in 2025, up to 3.63%, while in 2026 and 2027 it resumes an uptrend, reaching 4.24% in the last year; the BTP/Bund spread in 2025 (on average for the year) settles at the values of 2024, around 140 bps, and then also resumes growth and stabilises at around 150 bps.

As regards the "adverse" scenario, the global geopolitical situation does not provide any indication of possible positive developments. Europe is watching developments helplessly, and the new US administration becomes progressively isolationist, both in terms of foreign and commercial policy. China faces structural problems that the policies adopted

so far do not seem to mitigate. The prices of energy goods, despite the expectations of a much weaker and more contained global demand, rise significantly, mainly due to fears related to possible tensions in global supply chains. On this basis, inflation in Italy reverses the downtrend and remains above the target threshold in 2025, and then stabilises at around 2% both in 2026 and in 2027. To cope with the difficult economic scenario, together with the increase in the unemployment rate and the cost of borrowing, which remains at high levels, households are forced to reduce consumption in 2025, while in the following two years it increases very slowly. Investments are even more penalised after a slump in 2025, and continue to decline until 2027. However, the most significant impact on growth comes from the weakness of the real estate cycle. Industrial production continues the downtrend that began in 2024; However, a gradual recovery began in 2026.

In detail, the following developments are envisaged:

- Italy enters a recession in 2025 (-0.5%), in 2026 there is a weak recovery, with GDP increasing by 0.3%, a trend that continues in the following year;
- the unemployment rate rises significantly to 7.86% in 2025. The labour market also slows down in 2026, with the rate rising to 8.39%, and then increasing further to 8.58% in 2027;
- the persistence of geopolitical tensions, combined with the difficulties of the European industrial sector, has a significant effect on the Italian economy. Investments are particularly affected, and fall by 8.2% in 2025. They also decrease in the following two years, but to a lesser extent. The main impact is given by the sudden halt in investments in construction, penalised mainly by the non-continuation of government incentives;
- the slowdown in the industrial sector and concerns related to the management of the public budget fuel scepticism towards Italian government bonds: the return of the 10-year BTP rises to 4.17% in 2025, and then remains stable in the following 2 years; the BTP/Bund spread jumps to 225 bps in 2025, before returning below 200 bps in 2026 and stabilising at 182 bps in 2027.

Lastly, the "favourable" scenario, instead, assumes the easing of international tensions, with positive effects on the economic scenario. In this context, the more relaxed geopolitical climate favours a reduction in the price of oil and commodities. International trade benefits significantly from this trend, accelerating compared to 2024. Again thanks to the reduction in the prices of external inputs, there is also a slowdown in inflation, which allows central banks to anticipate the cut in monetary policy rates. In Italy, the improvement in the economic scenario is reflected in a climate of greater confidence of households and businesses, which leads to an increase in domestic demand. The investment trend also improves, especially thanks to an effective implementation of the NRRP, which drives the machinery and fittings component. Industrial production starts to rise again, supported by the more favourable economic scenario, which also impacts the number of employees, resulting in a constant reduction in the unemployment rate for the entire period under review. All this contributes to sustained GDP growth, favouring the recovery of the public debt/GDP ratio.

Specifically:

- the more favourable international scenario and a better implementation of the NRRP stimulate economic growth, after the modest trend of 2024, Italian GDP returns to appreciable growth in 2025, +1.5%. The positive trend continues in both 2026 and 2027;
- the economic dynamism that characterises this scenario has important repercussions on the labour market, which sees the unemployment rate gradually falling, from 6.91% in 2025 to 5.51% in 2027;
- households benefit from the improvement in the economic scenario and the increase in disposable income; their consumption, after a stagnant 2024, returns to an average 1.3% growth in the three-year period 2025-2027;
- the return on 10-year Italian government bonds remains almost stable in 2025 and 2026, 4.09% and 4.14% respectively, to then rise to 4.41% in 2027. The BTP/Bund spread is expected to decline slightly, from 164 bps in 2025 to 155 bps in 2026, to then decrease by around 10 bps in 2027.

Use of post model adjustments and management overlays

In addition to the amendments illustrated above ("in-model adjustments"), when the consolidated financial statements as at 31 December 2024 were prepared, it was deemed appropriate to proceed, as in previous periods, with the application of additional top-down corrections ("post model adjustments/management overlays").

These management overlays, which in fact significantly reduce the positive economic impacts that would otherwise have been recorded by applying the models in use, are mainly justified by the fact that the aforementioned models may not capture all the phenomena considered relevant for the purpose of determining the expected losses on performing credit exposures to customers (cash loans and unsecured loans).

In greater detail, for the above-mentioned exposures, the application of the overlays in question entailed the recognition of higher value adjustments for a total of around +134.8 million, compared to the expected credit losses quantified on the basis of the models in use, which amount to around 341.2 million.

The quantification of these amounts was determined by conducting specific analyses, in a laboratory environment, based on the following interventions:

- in line with previous years, assessment of the potential ESG effects on staging allocation and ECL, resulting from the inclusion of physical and transition risk on the forward-looking evolution of PD and LGD parameters, on the assumption of adopting, respectively, the Orderly Transition and Flood scenarios, using short, medium and long-term financial projections as inputs to the satellite PD models, effective from 31 December 2024, and managing any overlapping with the new climate management ratings (also introduced in 2024), in compliance with the ESG operating plans communicated by the Group to the Regulator as part of the Targeted Review on Climate-related and Environmental Risks ("Inclusion of ESG effects"), obtaining an impact in terms of higher ECL of +25.1 million against an increase in Stage 2 exposures of +0.39 billion. In greater detail, for transition risk, the Orderly Transition scenario was considered, based on the assumptions of the Net Zero 2050 scenario of the Network for Greening the Financial System (NGFS); for physical risk, the impact on mortgage collateral was assessed following a possible write-down of properties based on flood risk, as per the NGFS Flood 2022 scenario. Specifically, real estate depreciation was measured through changes in residential and commercial property price indices inferred from the above-mentioned scenario, assuming a proportional impact on the recovery rates underlying the LGD calculation. For further details on the scenarios used and how they are incorporated for the purposes of calculating the PD and LGD risk parameters, please refer to the previous paragraph "Information on the inclusion of ESG factors in credit processes";
- collective approach to the Stage 2 classification of positions affected by an emerging risk linked to the tensions recorded in the Suez Canal following attacks by Yemeni rebels (the "Houthis") on merchant vessels that have started to take alternative routes, docking in more convenient foreign ports and, therefore, penalising activities at Italian ports. For prudence, from the quarterly statements as at 31 March 2024, all positions belonging to the Ateco codes relating to port activities operating only in the Adriatic Sea, were directly classified in Stage 2, through collective assessment, and were as a result assigned prudential Stage 2 coverage, with an impact in terms of higher ECL of +2.2 million against an increase in the exposure classified in Stage 2 equal to +0.04 billion. In greater detail, while in the first half year of 2024, the classification in Stage 2 concerned all positions relating to port activities, as at 31 December 2024, the intervention was restricted only to positions operating on the Adriatic Sea. In fact, an in-depth analysis showed that only this coast was significantly impacted by the phenomenon;
- following the ECB OSI-IFRS 9 inspection, from 31 December 2023, the impacts deriving from the application of the behavioural maturity instead of the contractual maturity, on the technical forms of revolving credit (known as "Behavioural Maturity Application"), were applied, obtaining an impact in terms of higher ECL of +47.8 million against an increase in Stage 2 exposures of +0.25 billion. Said impact also considered the increase in ECL deriving from the possible transition to Stage 2 resulting from a recalculation of the SICR due to the new maturity;
- lastly, with a view to better reflecting the elements of significant uncertainty in the international geopolitical context on the ECL level of the Group's performing loans, from the financial statements as at 31 December 2024, the introduction of a new conservative PMA able to factor in these aspects was evaluated, as already occurred in the past due to the Covid-19 pandemic. These elements of uncertainty (e.g. new assumptions of US trade policies, political deadlock in Europe, etc.), by their very nature, cannot be observed in the time series and therefore intercepted in the IFRS 9 models. To this end, by analysing the information and data currently available and verifying the best market practices, as well as the indications of the Regulator on these novel risks. This PMA was determined through a simulation based on an extreme alternative scenario (calculated as a weighted average at 50% of the baseline scenario, already in use for the purposes of the IFRS 9 model in production, and at 50% of the Severe scenario), used in the conditioning of the risk parameters currently in production. Given the previously mentioned elements of uncertainty, the information currently available and pending the development of an even more structured approach, the intervention in question represents the best possible estimate.

It should be noted that the purpose of this PMA is to intercept scenarios characterised by extreme volatility, and which may be different from the expected scenarios, even significantly, to mitigate the risk that the forward-looking scenario may diverge, in extreme cases, from that resulting from the weighting of the three scenarios (favourable, baseline and adverse plus) approved by the Board of Directors on 17 December 2024.

Consequently, this overlay does not, by its nature, also represent a SICR indicator for the purposes of defining staging allocation in the IFRS 9 framework, as the definition of an extreme scenario is unrelated to a concept of precise measurement of the forward-looking risk of the individual credit positions of the Group's performing portfolio. The impact in terms of higher ECL is +59.6 million.

Note that this approach represents an initial method to quantify this conservative PMA, and will be fine-tuned following further and in-depth analyses.

With respect to that carried out during the preparation of the 2023 financial statements, the following PMAs were discontinued:

- introduction of the effects of the new A-IRB NAA21 models, removed starting from the half-yearly situation as at 30 June 2024 following the modelling conducted;
- introduction of the effects of the transition to the slotting criteria method with reference to the valuation of receivables attributable to specialised loans (Income Producing Real Estate, Real Estate Development and Project Financing), removed from the half-yearly situation as at 30 June 2024 following the modelling conducted;
- removal from the ECL calculation of the double counting effects for the PD and LGD risk parameters, generated as a result of the positions that have returned to performing status, discontinued from the half-yearly situation as at 30 June 2024 following the modelling conducted;
- removal of the potential distorting effects on the risk parameters deriving from the Covid-19 pandemic and the consequent government measures to support household and business liquidity¹, which in 2020 and 2021 led to a break in the historical relationship between economic conditions and levels of risk of borrowers. Starting from December 2024, the PMA was discontinued because the underlying rationale no longer applies. Specifically, with the latest update of the matrices based on 2022-2024 time series, the data impacted by Covid-19 left the Point in Time estimation perimeter of the risk parameters.

This is without prejudice to the transitory nature of the post model adjustments linked to the adoption under IFRS 9 of fine-tuning to the modelling framework, in addition to the consideration that the results deriving from the models to calculate expected credit losses are influenced by macroeconomic scenarios largely dependent on phenomena not fully consolidated and in any case still subject to extreme variability and uncertainty.

Sensitivity analysis of expected credit losses

In accordance with the provisions of paragraph 125 of IAS 1, the Notes must provide information on the key factors of uncertainty that characterise financial statement estimates. Paragraph 129 envisages that this disclosure must be provided in a manner that helps users of financial statements to understand the judgements that management makes about the future and the relative impacts. The examples mentioned to pursue this objective include sensitivity analyses, through which the reader is able to appreciate the impacts on financial statement estimates of alternative calculation models, reasonably foreseeable changes in inputs and assumptions underlying said estimates.

The adjusting provisions of performing credit exposures (ECL) are an example of financial statements values whose estimation process is characterised by the presence of substantial factors of uncertainty.

As described in "Part A – Accounting policies, A.1, Significant accounting policies and uncertainties regarding the use of estimates in the preparation of consolidated financial statements" of these Notes to the financial statements, the inclusion of forward-looking factors for the measurement of expected credit losses is a particularly complex exercise, insofar as it requires macroeconomic forecasts to be made, scenarios and relative probabilities of occurrence to be selected, as well as defining a model able to represent the relationship between the cited macroeconomic factors and the default rates of the exposures measured.

For this reason, to be able to appreciate the impacts on expected credit losses resulting from the selection of different macroeconomic scenarios and in compliance with ESMA recommendations, most recently set forth in the document of 13 May 2022, specific sensitivity analyses are provided below in terms of ECL as well as stage allocation. These analyses were performed by attributing 100% weighting to each individual macroeconomic scenario ("baseline", "adverse", "favourable") with respect to the multi-scenario approach adopted for the preparation of these financial statements which, as described above, consider three different alternative scenarios. Alongside the "baseline" scenario, retained the most likely - 50% is the relative probability of occurrence - an "adverse" scenario was considered, which was attributed a 30% probability of occurrence, and a "favourable" scenario with a 20% probability of occurrence.

¹ The decision was based on the EBA guidelines published at the end of June 2024 through which banks are asked to remove the distorting effects on risk parameters deriving from the pandemic and the ensuing government measures to support household and business liquidity.

The selection of a multi-factor sensitivity, obtained by varying more than one parameter simultaneously and implicit in the decision to consider alternative macroeconomic scenarios, is justified by the fact that there are numerous interrelations between the different macroeconomic factors so as to render a sensitivity analysis based on a single factor less representative (by way of example, a change in GDP would effectively be related to changes in many other macroeconomic variables).

The reference basis for the sensitivity analyses is represented by the ECL provision, before the application of management overlays and determined by the models in use, which amounts to 341.2 million, referring to credit exposures to the Group's customers (cash loans and unsecured loans). However, it is believed that these adjustments have the same sensitivity to changes in the scenario and, for this reason, the results shown below can be extended to the total of the ECL including post model adjustments/management overlays.

In light of what has been described, the main results of the sensitivity analyses are summarised below:

- assignment of a 100% probability of occurrence to the adverse scenario: in this case, the ECL would increase by +105.5 million with respect to that calculated by adopting the multi-scenario approach (+30.9% in percentage terms), against an increase in the percentage of exposures classified in Stage 2 of +1.82%;
- assignment of a 100% probability of occurrence to the baseline scenario: in this case, the ECL amount would decrease by -21.3 million with respect to the amount of ECLs calculated by adopting the multi-scenario approach (-6.2% in percentage terms), against a decrease in the percentage of exposures classified in Stage 2 of -0.43%;
- assignment of a 100% probability of occurrence to the favourable scenario: in this case, the ECL amount would decrease by -76.6 million with respect to the amount of ECLs calculated by adopting the multi-scenario approach (-22.4% in percentage terms), against a decrease in the percentage of exposures classified as Stage 2 of -1.75%.

Expected Credit Loss – Stage 3

With regard to the models used to determine the expected losses on exposures classified under Stage 3, i.e. non-performing exposures, reference should be made to "Part A – Accounting policies, A.2, 16 – Other information, Methods for determining impairment losses on IFRS 9 Financial Instruments" of these Notes to the financial statements. As illustrated in detail in the cited paragraph, the quantification of the expected losses of the aforementioned exposures, in addition to the recovery expected through ordinary operations (internal workout), considered the flows retained recoverable from sales scenarios, in line with the disposal objectives established on each occasion by the Board of Directors.

As stated in "Part A – Accounting policies, A.1, Significant accounting policies and uncertainties regarding the use of estimates in the preparation of consolidated financial statements" of these Notes to the financial statements, the determination of the expected losses on non-performing loans entails significant judgements, with specific reference to the estimate of flows deemed recoverable and the related timing of recovery.

In greater detail, the expected losses on non-performing loans were determined analytically, based on the recovery forecasts formulated by the manager or resulting from the application of the "lump-sum" calculation method, discounted based on the original effective interest rates and the relating timing of recovery. With regard to the lump-sum method for impaired loans (*past due*, unlikely to pay and bad loans of less than 1 million), it should be noted that a corrective action was introduced that replicates the impact of applying a method for calculating impairment losses based on the adoption of the ELBE (*Expected Loss Best Estimate*) regulatory model, appropriately adapted to IFRS 9 requirements. In particular, the new methodology allows for greater alignment to what has already been done in the *performing* area for the estimation of the LGD parameter and is based on historical observed recovery curves. Lastly, it should be noted that the intervention is part of the project to revise the lump-sum methodology that began in 2024 and will be finalised in the first half of 2025.

Considering that the recovery forecasts use the debtor's specific situation as reference, it is deemed impossible to prove any reasonable sensitivity analysis of the expected credit losses.

2.4 Credit risk mitigation techniques

The Group has always kept a watchful eye on the acquisition of loan collaterals and securities, i.e. the use of applications and techniques that mitigate credit risk. When deemed necessary, the typical bank guarantees are acquired, namely mortgages on properties, collaterals on securities in addition to personal guarantees issued by the guarantors.

In general, the decision on the acquisition of a guarantee is based on the customer's creditworthiness and on the characteristics of the transaction. Following this analysis, it may be deemed appropriate to obtain additional guarantees to mitigate credit risk, considering the estimated recoverable value offered by the collateral.

The system for the recording of collateral property used to guarantee lending transactions enables an automatic periodic assessment of the property's value and identifies which properties require updated appraisals, in line with the criteria established by current legislation.

The value of the financial collaterals is constantly and automatically monitored, enabling a comparison between the present value of the collateral and the initial one, and to allow the manager to act promptly in the event that the collateral incurs a significant impairment loss.

As regards collateral represented by a pledge on securities, an automatic warning system is in place, which is triggered when impairment goes beyond a certain threshold value, reporting the same to the customer relationship manager so that the same may take prompt action.

With regard to derivative transactions with market counterparties, we favour entities with which we have entered into agreements requiring the provision of collateral, especially ISDA - Credit Support Annex, to obtain a significant credit risk mitigation.

3. Non-performing credit exposures

3.1 Management strategies and policies

The classification of non-performing exposures is conducted in line with the Supervisory provisions (Art. 178 CRR). More specifically, the classification as non-performing is made:

- automatically, for exposures that reach the thresholds envisaged by the provisions of the Supervisory Authority as regards Past Due;
- by means of a decision taken by an authorised Body (i) on a proposal generated automatically by the IT system, for exposures that reach the envisaged thresholds, on each occasion, by internal credit monitoring and management processes, or (ii) on the proposal of a proponent Body, for exposures that indicate the occurrence of events that may prejudice the "performing" status of the same.

The management of non-performing loans in Banco BPM Group is based, to a great extent, on a model that assigns the management of a specific set of loans (portfolio) to specialist resources. Following the project to reorganise the management of the Group's non-performing loans, which in 2019 saw the completion of the transfer of a business segment focused on bad loan collection to a specialised partner, with the subsequent assignment of a management mandate for most of the new flows of bad loans for the following ten years, the management of bad loans is mostly performed by a leading player in the sector, while the management of the remaining non-performing exposures is handled by specialist internal personnel. Following the transfer of the business segment mentioned above, it was also agreed that the management of all the non-performing exposures would be unified within the unit reporting to the Chief Lending Officer (CLO).

Management responsibility changes depending on the classification status of the exposure:

- the management of exposures classified as Past Due and Unlikely to Pay is assigned, with the sole exception of exposures under a certain threshold, to specialist managers located in the CLO area. For these exposures, the managers of non-performing loans are responsible for the operating decisions relating to the loans assigned to the respective portfolios, in accordance with their decision making authority, and are assisted, as regards the administrative part, by (business) managers from the Network, where the portfolio containing the exposure is placed;
- management of exposures classified as Bad Loans is conducted by the specialised internal structures of the CLO, assisted (as part of the agreement mentioned above) for most of this, by Gardant Liberty Servicing coordinating with the structures of the CLO.

In addition to the recovery process, the managers are responsible for assessing loans with a view to calculating the amount of expected losses for individual positions that have an overall exposure exceeding the threshold defined for collective provisioning. Since 2019, this threshold has been raised from the previous 300 thousand euro to 1 million. When making said assessment, the manager must take the following into account:

- overall risk of the customer and of related accounts, as well as any Economic Group it belongs to;
- situation in the Italian Central Credit Register, with specific attention to any loans guaranteeing third parties;
- equity standing of the borrower and of any guarantors;
- value of the asset used as collateral;
- time needed to recover the debt.

To support the activities relating to the last two points, the Bank has estimated Haircut parameters on a statistical basis, defined as the difference to apply to the market value of the assets used as collateral, to align them to the amount that the Bank is likely to collect after their forced sale, and the timeframe that the manager has to consider in order to make an analytical assessment of the single position. The expected credit losses obtained in this way are periodically reviewed and continuously monitored.

The process described above is not applied to positions that have an overall exposure equal to or lower than the materiality threshold of 1 million, for which the automatic valuation model developed and maintained by the Risk Models and Methodologies unit is used and submitted to the Internal Validation and Risk Control Functions for validation. During the course of 2024, the aforementioned model was subject to some modifications as described in paragraph 2.3 Measurement methods for expected losses above.

The expected credit losses valued analytically by the manager are periodically reviewed.

Strategy for disposal of non-performing credit exposures

The strategy to manage non-performing loans, in addition to the recovery activities carried out by the specific departments (known as internal work-out) as illustrated above, may envisage large-scale disposals to Group third-party counterparties, with a view to achieving specific derisking objectives, as resolved by the Board of Directors.

Given the forward-looking nature of the impairment model envisaged by IFRS 9, the presence of approved disposal targets must be adequately factored into the models that calculate expected credit losses, as illustrated in more detail in "Part A –Accounting policies, A.2, 16 – Other information, Methods for determining impairment losses on IFRS 9 Financial Instruments" of these Notes to the financial statements.

With regard to the derisking exercise undertaken by the Group in 2024, and in particular the objectives of the large-scale disposal of non-performing loans outstanding as at 31 December 2024, please refer to that illustrated in "Derisking activities" contained in the significant events during the year in the consolidated report on operations.

Derisking activities

System of controls for credit processes

The structure of the control system relating to credit processes is based on:

- 1st level controls (or line controls), addressed to ensuring that the processes are correctly carried out. First level controls include so-called "automatic" controls, namely performed directly by application procedures, controls performed directly by operating structures and hierarchical controls, performed within the same chain of responsibility. Second level controls are also implemented, through the CLO structures of Monitoring and Control and Credit Governance;
- 2nd level controls (or controls on risks and compliance), under the "Credit Risk Controls" unit located within the Risk - Enterprise Risk Management Function. The controls are conducted constantly via immense analysis of the Group's credit portfolios and through the review of individual positions - statistically sampled or based on the specific risk profile, independent of the functions responsible for carrying out the activities subject to verification - are aimed at ensuring the correct implementation of the risk management process (set up by the operating structures) by verifying performance monitoring for individual exposures, especially non-performing loans, and the assessment of the consistency of classifications, the congruity of provisions and the adequacy of the recovery process, in line with internal and external regulations. The unit also provides opinions on MST/ST in the credit area, extended in 2024 to proposals to increase operating credit lines exceeding 25

million for transactions attributable to connected customer groups, with a concentration in Large Exposure reporting exceeding 20%.

3.2 Write-offs

For all positions classified as bad loans, the Group assesses whether it is appropriate to continue to maintain the non-performing loan because the out-of-court or judicial actions underway allow a reasonable expectation of recovery, even partial, or whether it is appropriate to proceed with a derecognition or write-off, total or partial, by virtue, respectively, of the conclusion of the recovery process or the circumstance that there is no reasonable prospect of recovery.

The write-off, in compliance with IFRS 9 and the "Guidance to banks on non-performing loans" issued by the ECB, is the reduction in the gross book value of the loan following the acknowledgement that there are no reasonable expectations of its recovery for amounts exceeding those considered collectable or already received.

It does not imply a waiver by the Bank of its legal right to recover the debt and must be carried out if all the information available indicates that the debtor is unable to repay all or part of the amount of the debt.

For further details on the definition of write-off, please refer to the content of "Part A – Accounting policies, A.2, 3 – Financial assets at amortised cost" of these Notes to the financial statements.

The Group's credit monitoring processes envisage that, to supplement and support the decisions adopted by management, positions that require attention for write-off purposes are identified on a quarterly basis, with a view to making an operational assessment of the single positions and deciding whether or not to pursue the necessary approval procedures to finalise the write-off. Said list relates to exposures whose adjusting provisions are equal to or higher than a specific threshold and which have been classified as bad loans for longer than a certain number of years, differentiated by the type of guarantee and by the presence or otherwise of insolvency proceedings.

3.3 Acquired or originated impaired financial assets

With regard to the accounting treatment of these assets and the relative presentation methods, reference should be made to "Part A – Accounting policies, A.2, 16 – Other information, Methods for determining impairment losses on IFRS 9 Financial Instruments" of these Notes to the financial statements.

4. Financial assets subject to commercial renegotiations and forbore exposures

An analysis of forbore exposures is provided below, on the basis of seniority, distinguishing between non-performing and performing exposures.

Year of last forbearance	Performing exposures	Non-performing exposures	Total
2024	588,393	390,956	979,349
2023	381,788	187,270	569,058
2022	88,701	329,475	418,176
2021	260,882	212,619	473,501
2020	50,159	70,172	120,332
2019	11,743	55,504	67,247
2018	21,918	30,275	52,193
2017	14,112	21,798	35,910
2016	5,804	64,511	70,315
2015	3,838	30,304	34,142
2014	11,964	16,014	27,979
2013	373	2,630	3,004
Previous year	1,246	4,962	6,208
Total	1,440,921	1,416,492	2,857,413

The above exposures, related to the scope of prudential consolidation, are broken down in the following table according to the number of forbearance measures granted to the counterparty (one measure, two measures, more than two measures).

Number of forbearance measures	Performing exposures	Non-performing exposures	Total
1	964,177	979,708	1,943,885
2	305,577	285,629	591,206
>2	171,167	151,155	322,322
Total	1,440,921	1,416,492	2,857,413

QUANTITATIVE INFORMATION

A. Credit quality

In this part, for the purposes of quantitative information on credit quality, the term "on-balance sheet credit exposures" means all financial assets held on-balance sheet with banks or customers, regardless of their portfolio of accounting allocations (at fair value through profit and loss, at fair value through other comprehensive income, at amortised cost, financial assets held for sale), but excludes equity instruments and UCIT units.

A.1 Non-performing and performing credit exposures: outstanding amounts, value adjustments, changes and economic distribution*A.1.1 Prudential consolidation – Distribution of financial assets by past due bands (book values)*

Portfolios/risk stages	Stage 1			Stage 2			Stage 3			Acquired or originated impaired			
	From 1 day to 30 days	From more than 30 days to 90 days	From more than 90 days	From 1 day to 30 days	From more than 30 days to 90 days	From more than 90 days	From 1 day to 30 days	From more than 30 days to 90 days	From more than 90 days	From 1 day to 30 days	From more than 30 days to 90 days	Over 90 days	Over 90 days
1. Financial assets at amortised cost	118,652	26,880	5,603	168,232	157,930	18,170	39,883	72,989	1,030,581	88	322	4,217	
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	2,147	264	71,773	-	1,032	755	
Total 31/12/2024	118,652	26,880	5,603	168,232	157,930	18,170	42,030	73,253	1,102,354	88	1,354	4,972	
Total 31/12/2023	398,715	20,433	4,717	407,420	126,835	17,363	91,829	75,479	1,196,893	1,683	467	9,338	

A. 1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: changes in total value adjustments and total provisions

Causes/risk stages	Total value adjustments									
	Stage 1 assets					Stage 2 assets				
	Demand loans to banks and Central Banks	Financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Demand loans to banks and Central Banks	Financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale
Total value adjustments - opening balance	18	114,297	2,699	-	-	117,015	-	317,641	515	-
Increases in financial assets acquired or originated	-	-	-	-	-	-	-	-	-	-
Derecognitions other than write-offs	-	(303)	(837)	-	-	(1,140)	-	(589)	(138)	-
Net credit impairment losses/recoveries (+/-)	-	(18,641)	1,341	-	-	(17,300)	-	59,611	1,143	-
Contractual modification without derecognition	-	(141)	-	-	-	(141)	-	(208)	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	(21,004)	-	-
Other changes	(14)	64	3	-	-	53	-	208	-	-
Total value adjustments - closing balance	4	95,276	3,206	-	-	98,487	-	355,659	1,520	-
Recoveries from collections on financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-
Write-offs recorded directly in the income statement	-	-	-	-	-	-	-	-	-	-

of which: collective write-downs 318,156

of which: individual write-downs (727)

of which: collective write-downs 60,754

of which: individual write-downs (208)

of which: collective write-downs (21,004)

of which: individual write-downs 208

of which: collective write-downs 357,179

Causes/risk stages	Total value adjustments										Total provisions for commitments to disburse funds and financial guarantees given					
	Stage 3 assets					Acquired or originated impaired financial assets										
	Demand loans to banks and Central Banks	Financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees given acquired or originated impaired	Tot.
Total value adjustments - opening balance	-	1,892,803	-	103,915	1,996,718	-	36,215	-	-	32,156	4,059	13,210	10,190	18,030	258	2,509,791
Increases in financial assets acquired or originated	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	-
Derecognitions other than write-offs	-	[406,408]	-	[103,066]	[509,474]	-	[3,046]	-	-	[3,046]	-	-	-	-	-	[514,387]
Net credit impairment losses/recoveries (+/-)	-	322,071	-	[595]	321,476	-	[8,933]	-	-	[9,041]	108	[5,008]	4,405	[1,308]	[164]	353,922
Contractual modification without derecognition	-	[249]	-	-	[249]	-	-	-	-	-	-	-	-	-	-	[598]
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	[130,733]	-	[512]	[131,245]	-	[615]	-	-	[615]	-	-	-	-	-	[152,864]
Other changes	-	[380,002]	-	462,711	82,709	-	[2,940]	-	-	[2,940]	-	-	-	-	-	80,030
Total value adjustments - closing balance	-	1,297,482	-	462,453	1,759,935	-	20,681	-	-	16,514	4,167	8,202	14,595	16,722	94	2,275,894
Recoveries from collections on financial assets subject to write-off	-	5,068	-	-	5,068	-	-	-	-	-	-	-	-	-	-	5,068
Write-offs recorded directly in the income statement	-	[21,239]	-	[5,571]	[26,810]	-	[60]	-	-	[60]	-	-	-	-	-	[26,870]

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: transfers between the different credit risk stages (gross and nominal values)

Portfolios/ risk stages	Gross amounts/nominal value					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
1. Financial assets at amortised cost	4,309,945	4,340,101	652,728	66,247	790,072	13,868
2. Financial assets measured at fair value through other comprehensive income	-	6,020	-	-	-	-
3. Financial assets held for sale	-	-	5,506	-	2,017	-
4. Commitments to disburse funds and financial guarantees given	794,810	937,021	56,975	3,118	57,253	10,816
Total 31/12/2024	5,104,755	5,283,142	715,209	69,365	849,342	24,684
Total 31/12/2023	6,752,222	5,224,454	564,008	109,681	435,346	31,530

For information on loans granted with a public guarantee following the Covid emergency, please refer to "Part A - Accounting policies, Section 5 - Other aspects, Covid-19 support measures by the Group represented by loans with public guarantee" in these Notes to the financial statements.

A. 1.4 Prudential consolidation - On-balance sheet and off-balance sheet credit exposures to banks: gross and net values

Type of exposure/value	Gross exposure			Total value adjustments and total provisions						Net Exposure	Total partial write-offs*	
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	Acquired or originated impaired				
A. On-balance sheet credit exposures												
A.1 On demand	11,258,536	11,258,536	-	-	-	-	-	-	-	-	11,258,536	-
a) Non-performing	-	X	-	-	-	X	-	-	-	-	-	-
b) Performing	11,258,536	11,258,536	-	X	-	-	-	X	-	-	11,258,536	-
A.2 Other	8,823,061	7,021,842	85,716	-	(19,353)	(3,389)	(670)	-	-	-	8,803,708	-
a) Bad loans	-	X	-	-	-	X	-	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	X	-	-	-	-	-	-
b) Unlikely to pay	15,294	X	-	-	(15,294)	X	-	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	X	-	-	-	-	-	-
c) Non-performing past-due exposures	-	X	-	-	-	X	-	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	X	-	-	-	-	-	-
d) Performing past-due exposures	-	-	-	X	-	-	-	X	-	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	X	-	-	-	-
e) Other performing exposures	8,807,767	7,021,842	85,716	X	(4,059)	(3,389)	(670)	X	-	-	8,803,708	-
- of which: forborne exposures	-	-	-	X	-	-	-	X	-	-	-	-
Total (A)	20,081,597	18,280,378	85,716	-	(19,353)	(3,389)	(670)	-	-	-	20,062,244	-
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	X	-	-	-	-	-	-
b) Performing	4,869,458	1,777,197	16,623	X	(140)	(29)	(13)	X	-	-	4,869,318	-
Total (B)	4,869,458	1,777,197	16,623	-	(140)	(29)	(13)	-	-	-	4,869,318	-
Total (A+B)	24,951,055	20,057,575	102,339	-	(19,493)	(3,418)	(683)	-	-	-	24,931,562	-

(*) Value to be shown for disclosure purposes

A.1.5 Prudential consolidation - On-balance sheet and off-balance sheet credit exposures to customers: gross and net values

Type of exposure/value	Gross exposure			Total value adjustments and total provisions							Total partial write-offs*	
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	Net Exposure			
A. On-balance sheet credit exposures												
a) Bad loans	1,628,064	X	-	1,601,001	20,988	(1,079,319)	X	-	(1,055,980)	(17,932)	548,745	98,179
- of which: forborne exposures	240,745	X	-	232,855	7,890	(142,629)	X	-	(135,663)	(6,966)	98,116	27,284
b) Unlikely to pay	2,481,232	X	-	2,142,111	6,640	(722,930)	X	-	(667,996)	(2,113)	1,758,302	-
- of which: forborne exposures	1,114,302	X	-	779,922	4,977	(372,101)	X	-	(319,599)	(1,639)	742,201	-
c) Non-performing past-due exposures	142,454	X	-	142,415	39	(32,428)	X	-	(32,422)	(6)	110,026	-
- of which: forborne exposures	61,445	X	-	61,445	-	(14,382)	X	-	(14,382)	-	47,063	-
d) Performing past-due exposures	522,453	151,496	369,857	X	928	(26,004)	(359)	(25,525)	X	(120)	496,449	-
- of which: forborne exposures	64,651	-	63,776	X	875	(6,015)	-	(5,899)	X	(116)	58,636	-
e) Other performing exposures	137,112,359	126,291,781	9,166,373	X	101,899	(429,767)	(94,732)	(330,986)	X	(4,047)	136,682,592	-
- of which: forborne exposures	1,376,270	20	1,357,917	X	16,569	(95,268)	(2)	(94,037)	X	(1,229)	1,281,002	-
Total (A)	141,886,562	126,443,277	9,536,230	3,885,527	130,494	(2,290,448)	(95,091)	(356,511)	(1,756,398)	(24,218)	139,596,114	98,179
B. Off-balance sheet credit exposures												
a) Non-performing	689,084	X	-	309,658	1,922	(93,614)	X	-	(16,722)	(94)	595,470	-
b) Performing	72,553,495	46,994,286	1,460,163	X	13,975	(27,579)	(8,172)	(14,581)	X	-	72,525,916	-
Total (B)	73,242,579	46,994,286	1,460,163	309,658	15,897	(121,193)	(8,172)	(14,581)	(16,722)	(94)	73,121,386	-
Total (A+B)	215,129,141	173,437,563	10,996,393	4,195,185	146,391	(2,411,641)	(103,263)	(371,092)	(1,773,120)	(24,312)	212,717,500	98,179

*) Value to be shown for disclosure purposes

(*) Value to be shown for disclosure purposes

For information on loans granted with a public guarantee following the Covid emergency, please refer to "Part A - Accounting policies, Section 5 - Other aspects, Covid-19 support measures by the Group represented by loans with public guarantee" in these Notes to the financial statements.

A.1.6 Prudential consolidation - On-balance sheet credit exposures to banks: changes in gross non-performing exposures

Causes/Categories	Bad loans	Unlikely to pay	Non-performing past-due exposures
A. Gross exposure: opening balance	-	15,294	-
- of which: exposures transferred but not derecognised	-	-	-
B. Increases	-	-	-
B.1 entries from performing exposures	-	-	-
B.2 entries from acquired or originated impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing loans	-	-	-
B.4 contractual modification without derecognition	-	-	-
B.5 other increases	-	-	-
C. Decreases	-	-	-
C.1 exits to performing exposures	-	-	-
C.2 write-offs	-	-	-
C.3 collections	-	-	-
C.4 gains on disposal	-	-	-
C.5 losses on disposal	-	-	-
C.6 transfers to other categories of non-performing loans	-	-	-
C.7 contractual modification without derecognition	-	-	-
C.8 other decreases	-	-	-
D. Gross exposure: closing balance	-	15,294	-
- of which: exposures transferred but not derecognised	-	-	-

A.1.6 bis Prudential consolidation - On-balance sheet credit exposures to banks: changes in gross forborne exposures, broken down by credit quality

As at 31 December 2024, as in the previous year, there were no forborne exposures to banks. The related table is therefore omitted.

A.1.7 Prudential consolidation - On-balance sheet credit exposures to customers: changes in gross non-performing exposures

Causes/Categories	Bad loans	Unlikely to pay	Non-performing past-due exposures
A. Gross exposure: opening balance	1,669,067	2,495,038	93,469
- of which: exposures transferred but not derecognised	-	222,251	-
B. Increases	517,982	1,502,240	148,796
B.1 entries from performing exposures	163,823	1,264,094	138,184
B.2 entries from acquired or originated impaired financial assets	-	24	-
B.3 transfers from other categories of non-performing loans	319,369	56,931	892
B.4 contractual modification without derecognition	30	365	56
B.5 other increases	34,760	180,826	9,664
C. Decreases	(558,985)	(1,516,046)	(99,811)
C.1 exits to performing exposures	-	(88,024)	(4,344)
C.2 write-offs	(66,467)	(91,461)	(802)
C.3 collections	(202,770)	(305,437)	(17,263)
C.4 gains on disposal	(93,927)	(414,576)	-
C.5 losses on disposal	(47,848)	(119,356)	-
C.6 transfers to other categories of non-performing loans	(12)	(299,784)	(77,396)
C.7 contractual modification without derecognition	(57)	(145)	-
C.8 other decreases	(147,904)	(197,263)	(6)
D. Gross exposure: closing balance	1,628,064	2,481,232	142,454
- of which: exposures transferred but not derecognised	-	225,484	-

The trend in non-performing exposures is influenced by the derisking strategy pursued by the Group, both through portfolio sales, as described in the significant events during the year in the Consolidate report on operations, and through single name sales; the effects of the aforementioned transactions are shown in sub-items "C.4 Gains on disposal", "C.5 Losses on disposal" and "C.8 Other decreases".

A.1.7 bis Prudential consolidation - On-balance sheet credit exposures to customers: changes in gross forborne exposures broken down by credit quality

Causes/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Gross exposure: opening balance	1,846,565	1,743,391
- of which: exposures transferred but not derecognised	222,251	-
B. Increases	568,017	660,302
B.1 entries from non-forborne performing exposures	208,760	595,924
B.2 entries from forborne performing exposures	118,452	X
B.3 entries from forborne non-performing exposures	X	61,260
B.4 entries from non-forborne non-performing exposures	-	-
B.5 other increases	240,805	3,118
C. Decreases	(998,090)	(962,772)
C.1 exits to non-forborne performing exposures	X	(741,408)
C.2 exits to forborne performing exposures	(61,260)	X
C.3 exits to forborne non-performing exposures	X	(118,452)
C.4 write-offs	(39,755)	-
C.5 collections	(324,522)	(102,912)
C.6 gains on disposal	(264,662)	-
C.7 losses on disposal	(80,880)	-
C.8 other decreases	(227,011)	-
D. Gross exposure: closing balance	1,416,492	1,440,921
- of which: exposures transferred but not derecognised	225,484	-

A.1.8 Prudential consolidation - Non-performing on-balance sheet credit exposures to banks: changes in total value adjustments

Causes/Categories	Bad loans		Unlikely to pay		Non-performing past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total value adjustments - opening balance	-	-	15,294	-	-	-
- of which: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	-	-	-	-	-	-
B.1 value adjustments of acquired or originated impaired financial assets	-	X	-	X	-	X
B.2 other value adjustments	-	-	-	-	-	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 contractual modification without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	-	-	-	-	-	-
C.1 recoveries from valuation	-	-	-	-	-	-
C.2 recoveries from collection	-	-	-	-	-	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 contractual modification without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Total value adjustments - closing balance	-	-	15,294	-	-	-
- of which: exposures transferred but not derecognised	-	-	-	-	-	-

A.1.9 Prudential consolidation - Non-performing on-balance sheet credit exposures to customers: changes in total value adjustments

Causes/Categories	Bad loans		Unlikely to pay		Non-performing past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total value adjustments - opening balance	1,027,598	135,454	994,755	588,002	26,323	6,442
- of which: exposures transferred but not derecognised	-	-	3,251	3,251	-	-
B. Increases	471,609	96,135	590,530	275,098	32,025	18,991
B.1 value adjustments from acquired or originated impaired financial assets	-	X	-	X	-	X
B.2 other value adjustments	269,517	33,112	417,401	182,960	29,467	14,290
B.3 losses on disposal	47,848	15,098	119,356	65,783	-	-
B.4 transfers from other categories of non-performing exposures	151,415	47,868	15,913	10,143	307	-
B.5 contractual modification without derecognition	57	57	145	145	-	-
B.6 other increases	2,772	-	37,715	16,067	2,251	4,701
C. Decreases	(419,888)	(88,960)	(862,355)	(490,999)	(25,920)	(11,051)
C.1 recoveries from valuation	(59,671)	(10,719)	(206,792)	(124,780)	(3,004)	(431)
C.2 recoveries from collection	(41,052)	(4,514)	(34,324)	(7,996)	(19)	(1)
C.3 gains on disposal	(24,943)	(6,532)	(78,255)	(62,048)	-	-
C.4 write-offs	(66,467)	(9,723)	(91,461)	(30,032)	(802)	-
C.5 transfers to other categories of non-performing exposures	-	-	(145,622)	(47,448)	(22,013)	(10,563)
C.6 contractual modification without derecognition	(30)	(30)	(365)	(365)	(56)	(56)
C.7 other decreases	(227,725)	(57,442)	(305,536)	(218,330)	(26)	-
D. Total value adjustments - closing balance	1,079,319	142,629	722,930	372,101	32,428	14,382
- of which: exposures transferred but not derecognised	-	-	6,484	6,484	-	-

With regard to sales of non-performing loans, sub-item "C.7 Other decreases" includes the total amount of derecognitions other than accounting write-offs, resulting from sales.

A.2 Classification of exposures according to external and internal ratings

A.2.1 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees given by external rating classes (gross values)

Exposures	External rating classes						Unrated	Total
	AAA/AA-	A+/A-	BBB+/BBB-	BB+/BB-	B+/B-	below B-		
A. Financial assets at amortised cost	10,272,659	11,857,560	17,789,934	3,373,753	983,632	162,747	89,521,866	133,962,151
- Stage 1	10,272,659	11,752,022	17,301,286	2,639,121	608,699	24,085	78,378,153	120,976,025
- Stage 2	-	105,538	488,648	674,664	307,553	41,053	7,906,821	9,524,277
- Stage 3	-	-	-	51,388	67,380	43,600	3,174,447	3,336,815
- Acquired or originated impaired	-	-	-	8,580	-	54,009	62,445	125,034
B. Financial assets measured at fair value through other comprehensive income	6,599,772	2,318,625	3,116,854	151,035	-	-	391,409	12,577,695
- Stage 1	6,599,772	2,288,392	3,054,964	151,035	-	-	385,862	12,480,025
- Stage 2	-	30,233	61,890	-	-	-	5,547	97,670
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	-	-	-	-	-	-	563,240	563,240
- Stage 1	-	-	-	-	-	-	9,068	9,068
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	548,713	548,713
Total (A+B+C)	16,872,431	14,176,185	20,906,788	3,524,788	983,632	162,747	90,476,515	147,103,086
D. Commitments to disburse funds and financial guarantees given	671,599	5,544,304	7,288,931	2,726,864	417,055	9,776	33,915,295	50,573,824
- Stage 1	671,599	5,505,786	7,256,954	2,438,272	331,345	3,452	32,564,075	48,771,483
- Stage 2	-	38,518	31,977	267,650	85,710	-	1,052,930	1,476,785
- Stage 3	-	-	-	15,108	-	6,324	288,227	309,659
- Acquired or originated impaired	-	-	-	5,834	-	-	10,063	15,897
Total (D)	671,599	5,544,304	7,288,931	2,726,864	417,055	9,776	33,915,295	50,573,824
Total (A+B+C+D)	17,544,030	19,720,489	28,195,719	6,251,652	1,400,687	172,523	124,391,810	197,676,910

Banco BPM Group adopts the credit risk assessments issued by the following external credit assessment agencies (ECAIs): Standard & Poor's ratings Services, Moody's Investors Service, Fitch Ratings and Cerved Rating Agency S.p.A..

These agencies apply to all banks belonging to the Group. On the perimeter of securitisations, credit risk assessments can also be issued by the following external agencies: DBRS, Scope and AM Rating Services. Within this scope, the valuation of the individual transaction is requested by Banco BPM from one of the previous agencies. It should be noted that, where there are two assessments of the same customer, the most prudent one is adopted; in the presence of more than one assessment, the two assessments corresponding

to the two lowest weight factors are selected. If the two lowest weight factors are different, the highest factor is applied. If the two lowest weight factors are identical, said factor is applied (Art. 138 of Regulation (EU) no. 575/2013).
The table below shows the reconciliation between the risk classes and ratings of the agencies used.

CLASS	Fitch Ratings	Moody's	Standard & Poor's	Cerved Rating Agency SpA
AAA/AA-	AAA to AA-	Aaa to Aa3	AAA to AA-	A1.1 to A1.3
A+/A-	A+ to A-	A1 to A3	A+ to A-	A2.1 to A3.1
BBB+/BBB-	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	B1.1 to B1.2
BB+/BB-	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	B2.1 to B2.2
B+/B-	B+ to B-	B1 to B3	B+ to B-	C1.1
Below B-	CCC+ and below	Caa1 and below	CCC+ and below	C1.2 and below

A.2.2 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees given by internal rating classes (gross values)

With the exception of the bank prospectus, the exposures shown in tables A.2.2 are associated with ratings also used to determine capital requirements for credit risks, limited to what can be traced back to the Business and Retail regulatory portfolios.

In particular, with regard to business customers, four separate rating models have been developed, based on the following customer segments: Large Corporate, Mid Corporate Plus, Mid Corporate and Small Business – and one for private customers. The counterparty rating system provides, at the level of each segment, twelve rating classes (eleven performing and one default) grouped below by risk category.

Exposures to banks	Internal rating classes								Unrated	Total
	AAA	AA	A	BBB	BB	B	CCC	Default		
A. Financial assets at amortised cost	597,036	300,553	2,328,256	1,072,406	30,712	-	-	-	1,516,132	5,845,095
- Stage 1	597,036	300,553	2,328,256	1,052,188	27,228	-	-	-	1,514,790	5,820,051
- Stage 2	-	-	-	20,218	3,484	-	-	-	1,342	25,044
- Stage 3	-	-	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	30,798	92,642	870,801	265,686	-	-	-	-	2,535	1,262,462
- Stage 1	30,798	92,642	854,981	220,834	-	-	-	-	2,535	1,201,790
- Stage 2	-	-	15,820	44,852	-	-	-	-	-	60,672
- Stage 3	-	-	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-	-	-
C. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-
- Stage 1	-	-	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-	-	-
Total (A + B + C)	627,834	393,195	3,199,057	1,338,092	30,712	-	-	-	1,518,667	7,107,557
D. Commitments to disburse funds and financial guarantees given										
- Stage 1	12,431	96,563	940,980	523,520	128,555	110	-	-	75,038	1,777,197
- Stage 2	-	-	-	10,474	6,048	-	-	-	101	16,623
- Stage 3	-	-	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-	-	-
Total (D)	12,431	96,563	940,980	533,994	134,603	110	-	-	75,139	1,793,820
Total (A + B + C + D)	640,265	489,758	4,140,037	1,872,086	165,315	110	-	-	1,593,806	8,901,377

Exposures to customers	Internal rating classes							Total
	LOW	MEDIUM-LOW	MEDIUM	MEDIUM-HIGH	HIGH	Default	Unrated	
A. Financial assets at amortised cost	33,655,311	30,312,788	14,426,913	3,813,520	2,025,040	2,626,541	303,042	87,163,155
- Stage 1	33,505,067	29,125,107	11,920,828	1,486,661	61,700	-	285,838	76,385,201
- Stage 2	148,600	1,168,853	2,484,769	2,324,377	1,959,262	-	15,530	8,101,391
- Stage 3	-	-	-	-	-	2,605,014	1,674	2,606,688
- Acquired or originated impaired	1,644	18,828	21,316	2,482	4,078	21,527	-	69,875
B. Financial assets measured at fair value through other comprehensive income	1,327,453	184,993	28,022	-	-	-	-	1,540,468
- Stage 1	1,310,807	177,785	28,022	-	-	-	-	1,516,614
- Stage 2	16,646	7,208	-	-	-	-	-	23,854
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	24	339	8,104	133	468	295,380	-	304,448
- Stage 1	24	339	8,104	133	468	-	-	9,068
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	290,565	-	290,565
- Acquired or originated impaired	-	-	-	-	-	4,815	-	4,815
Total (A + B + C)	34,982,788	30,498,120	14,463,039	3,813,653	2,025,508	2,921,921	303,042	89,008,071
D. Commitments to disburse funds and financial guarantees given								
- Stage 1	25,282,718	11,311,984	4,163,464	308,203	33,120	-	226,800	41,326,289
- Stage 2	36,089	150,034	474,773	397,385	230,228	-	3,118	1,291,627
- Stage 3	-	-	-	-	-	307,980	-	307,980
- Acquired or originated impaired	29	8,892	3,280	1,741	5	1,922	-	15,869
Total (D)	25,318,836	11,470,910	4,641,517	707,329	263,353	309,902	229,918	42,941,765
Total (A+B+C+D) by segment	60,301,624	41,969,030	19,104,556	4,520,982	2,288,861	3,231,823	532,960	131,949,836
Grand total	-	-	-	-	-	991,253	55,834,444	56,825,697
Total	60,301,624	41,969,030	19,104,556	4,520,982	2,288,861	4,223,076	56,367,404	188,775,533

A.3.1 Prudential consolidation - On-balance sheet and off-balance sheet secured credit exposures to banks

[illegible]

A.3.2 Prudential consolidation - On-balance sheet and off-balance sheet secured credit exposures to customers

	Gross exposure	Net exposure	Collateral		Personal guarantees										Total (1)+(2)	
			(1)		(2)											
			Real estate - Mortgages	Real estate - Loans for leases	Securities	Other collateral	CLN	Credit derivatives			Unsecured loans					
								Central counterparties	Banks	Other financial companies	Other entities	Public Administrations	Banks	Other financial companies		Other entities
1. Secured on-balance sheet credit exposures:																
	74,979,131	73,237,518	39,268,893	368,157	4,929,280	2,133,596	337,736	-	5,963	-	3,720	10,495,282	27,300	384,721	7,409,661	65,364,309
1.1. fully secured	60,807,038	59,364,057	39,265,720	368,157	4,805,142	2,056,540	35,854	-	2,416	-	609	5,027,063	18,179	362,423	7,025,247	58,967,350
-of which non-performing	2,797,430	1,650,004	702,862	70,993	3,812	9,857	81	-	31	-	-	734,268	104	1,318	115,181	1,638,507
1.2. partially secured	14,172,073	13,873,461	3,173	-	124,138	77,056	301,882	-	3,547	-	3,111	5,468,219	9,121	22,298	384,414	6,396,959
-of which non-performing	585,186	324,615	838	-	985	1,097	514	-	258	-	-	255,534	673	192	9,433	269,524
2. Secured off-balance sheet credit exposures:																
2.1. fully secured	22,252,404	22,223,299	627,327	-	10,847,695	898,986	-	-	-	-	-	1,634,567	229,653	417,075	6,159,761	20,815,064
-of which non-performing	19,955,583	19,932,486	627,126	-	10,743,219	791,115	-	-	-	-	-	1,203,222	223,210	372,136	5,465,513	19,425,541
2.2. partially secured	91,530	79,536	1,616	-	1,921	2,081	-	-	-	-	-	1,029	37,677	165	34,844	79,333
-of which non-performing	2,296,821	2,290,813	201	-	104,476	107,871	-	-	-	-	-	431,345	6,443	44,939	694,248	1,389,523
-of which non-performing	62,810	57,802	-	-	546	5,280	-	-	-	-	-	1,105	3,645	-	9,271	19,847

Note that this table does not show the risk mitigations represented by CSA contracts on derivative instruments, as well as forms of support relating to synthetic securitisation transactions.

A.4 Prudential consolidation - Financial and non-financial assets obtained through the enforcement of guarantees received

	Derecognised credit exposure	Gross value	Total value adjustments	Book value	
					of which obtained during the year
A. Property, plant and equipment	646,885	701,109	(398,471)	302,638	244
A.1. Used in operations	53,648	62,697	(44,511)	18,186	-
A.2. For investment purposes	593,237	638,412	(353,960)	284,452	244
A.3. Inventories	-	-	-	-	-
B. Equity instruments and debt securities	15,554	15,554	(7,078)	8,476	-
C. Other assets	-	-	-	-	-
D. Non-current assets and disposal groups held for sale	219,053	224,092	(110,364)	113,728	-
D.1. Property, plant and equipment	219,053	224,092	(110,364)	113,728	-
D.2. Other assets	-	-	-	-	-
Total 31/12/2024	881,492	940,755	(515,913)	424,842	244
Total 31/12/2023	1,052,665	1,109,593	(562,270)	547,323	26,414

B. Breakdown and concentration of exposures

B.1 Prudential consolidation - Breakdown by sector of on- and off-balance-sheet credit exposures to customers

Exposures/Counterparties	Public Administrations		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures										
A.1 Bad loans	6	(40)	754	(6,065)	21	(2,628)	433,251	(879,443)	114,734	(193,771)
- of which: forborne exposures	-	-	12	(141)	-	-	77,244	(116,999)	20,860	(25,489)
A.2 Unlikely to pay	278	(567)	495,631	(14,550)	-	-	988,287	(611,886)	274,106	(95,927)
- of which: forborne exposures	89	(140)	4,093	(10,138)	-	-	605,766	(317,720)	132,253	(44,103)
A.3 Non-performing past-due exposures	84	(60)	7,663	(2,426)	-	-	66,012	(20,323)	36,267	(9,619)
- of which: forborne exposures	84	(60)	7,470	(2,388)	-	-	31,859	(10,056)	7,650	(1,878)
A.4 Performing exposures	34,395,464	(6,562)	15,590,343	(30,017)	385,544	(271)	55,260,739	(344,246)	31,932,495	(74,946)
- of which: forborne exposures	390	(8)	4,484	(372)	-	-	982,828	(86,676)	351,936	(14,227)
Total (A)	34,395,832	(7,229)	16,094,391	(53,058)	385,565	(2,899)	56,748,289	(1,855,898)	32,357,602	(374,263)
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	417	(23)	1,114	(288)	-	-	587,003	(92,354)	6,936	(949)
B.2 Performing exposures	2,513,333	(604)	17,368,283	(3,716)	508,436	(149)	48,340,406	(19,521)	4,225,196	(3,738)
Total (B)	2,513,750	(627)	17,369,397	(4,004)	508,436	(149)	48,927,409	(111,875)	4,232,132	(4,687)
Total (A+B) 31/12/2024	36,909,582	(7,856)	33,463,788	(57,062)	894,001	(3,048)	105,675,698	(1,967,773)	36,589,734	(378,950)
Total (A+B) 31/12/2023	37,709,968	(8,351)	23,178,157	(115,601)	654,127	(2,969)	105,494,913	(2,055,648)	37,835,141	(437,467)

B.2 Prudential consolidation - Breakdown by geographic area of on- and off-balance sheet credit exposures to customers

Exposures/Geographic areas	Italy			Other European countries			America			Asia			Rest of the world		
	Net exposure	Total value adjustments		Net exposure	Total value adjustments		Net exposure	Total value adjustments		Net exposure	Total value adjustments		Net exposure	Total value adjustments	
A. On-balance sheet credit exposures															
A.1 Bad loans	546,483	(1,069,590)		2,261	(8,202)		1	(623)		-	(718)		-	(186)	
A.2 Unlikely to pay	1,754,195	(710,129)		3,937	(12,658)		169	(142)		1	(1)		-	-	
A.3 Non-performing past-due exposures	110,008	(32,425)		17	(3)		1	-		-	-		-	-	
A.4 Performing exposures	112,574,298	(449,710)		2,867,104	(2,451)		4,719,194	(2,263)		459,633	(364)		16,558,812	(983)	
Total (A)	114,984,984	(2,261,854)		2,873,319	(23,314)		4,719,365	(3,028)		459,634	(1,083)		16,558,812	(1,169)	
B. Off-balance sheet credit exposures															
B.1 Non-performing exposures	595,315	(93,608)		135	(6)		20	-		-	-		-	-	
B.2 Performing exposures	69,719,307	(27,473)		1,946,269	(68)		371,409	(22)		50,689	(11)		359,544	(5)	
Total (B)	70,314,622	(121,081)		1,946,404	(74)		371,429	(22)		50,689	(11)		359,544	(5)	
Total (A+B) 31/12/2024	185,299,606	(2,382,935)		4,819,723	(23,388)		5,090,794	(3,050)		510,323	(1,094)		16,918,356	(1,174)	
Total (A+B) 31/12/2023	175,976,083	(2,586,838)		22,184,346	(25,473)		5,057,930	(3,478)		479,914	(948)		519,906	(330)	

In greater detail the exposures of Italy are broken down by geographic area as shown in the following table:

Exposures/Geographic areas	North West Italy		North East Italy		Central Italy		South Italy and Islands	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures								
A.1 Bad loans	261,880	(476,172)	97,519	(157,841)	122,690	(263,106)	64,394	(172,471)
A.2 Unlikely to pay	709,244	(350,116)	693,557	(161,127)	272,686	(151,204)	78,708	(47,682)
A.3 Non-performing past-due exposures	41,282	(13,969)	16,823	(5,463)	46,775	(11,653)	5,128	(1,340)
A.4 Performing exposures	52,159,210	(232,946)	20,905,757	(81,025)	33,707,995	(108,903)	5,801,336	(26,836)
Total (A)	53,171,616	(1,073,203)	21,713,656	(405,456)	34,150,146	(534,866)	5,949,566	(248,329)
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	226,457	(49,238)	224,696	(22,729)	127,581	(19,562)	16,581	(2,079)
B.2 Performing exposures	29,085,682	(16,000)	14,022,274	(3,728)	23,901,496	(4,898)	2,709,855	(2,847)
Total (B)	29,312,139	(65,238)	14,246,970	(26,457)	24,029,077	(24,460)	2,726,436	(4,926)
Total (A+B) 31/12/2024	82,483,755	(1,138,441)	35,960,626	(431,913)	58,179,223	(559,326)	8,676,002	(253,255)
Total (A+B) 31/12/2023	82,729,408	(1,295,982)	37,457,542	(446,489)	47,106,422	(576,263)	8,682,711	(268,104)

B.3 Prudential consolidation - Breakdown by geographic area of on- and off-balance sheet credit exposures to banks

Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the world	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	(15,294)	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	14,831,360	(1,355)	4,366,472	(2,156)	360,364	(327)	22,427	(15)	481,621	(206)
Total (A)	14,831,360	(16,649)	4,366,472	(2,156)	360,364	(327)	22,427	(15)	481,621	(206)
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	582,138	(13)	2,978,852	(17)	151,347	(55)	521,551	(33)	240,396	(22)
Total (B)	582,138	(13)	2,978,852	(17)	151,347	(55)	521,551	(33)	240,396	(22)
Total (A+B) 31/12/2024	15,413,498	(16,662)	7,345,324	(2,173)	511,711	(382)	543,978	(48)	722,017	(228)
Total (A+B) 31/12/2023	21,491,738	(17,467)	6,326,858	(1,901)	391,228	(277)	586,519	(138)	293,224	(198)

B.4 Large exposures

From 30 June 2021, the prudential requirements for banks and investment firms contained in Regulation (EU) no. 575/2013, as updated by Regulation (EU) no. 876/2019 (CRR 2), later amended by Regulation (EU) no. 873/2020 and in Directive no. 2013/36/EU, as updated by Regulation (EU) 878/2019 (CRD V) came into force. These transpose the standards defined by the Basel Committee on Banking Supervision.

In July 2022, Delegated Regulation no. 1011/2022, which regulates the recognition of indirect exposures in derivatives for contracts which, even if not directly entered into with a customer, are in any case traced back to the customer as the issuer of the underlying debt or equity instrument. Where the multi-underlying instruments are involved and it is not possible or excessively burdensome to identify the individual underlying instruments, the exposure must be attributed to the unknown client.

This item shows the amount ("non-weighted value" and "weighted value") and the number of the "risk positions" that represent a "large exposure" according to the provisions of Art. 14 of Implementing Regulation (EU) no. 451/2021, laying down implementing technical standards with regard to supervisory reporting of institutions.

An entity's exposure to a customer or a group of related customers is considered a large exposure if the value is equal to or more than 10% of the entity's eligible capital ("CRR 2", Art. 392). In any event, customers or groups of customers with an exposure exceeding 300 million, even if not considered large exposures must be disclosed in the consolidated financial statements.

Taking into account the effect of the exemptions and the credit risk mitigation, large exposures must, in any case, individually respect the limit of 25% of the entity's eligible capital: for entities, said limit may be set at 150 million if the 25% of the eligible capital is lower.

In addition to the implementing technical standards for the supervisory reporting of entities, the reporting of Large Exposures was produced, applying the EBA Guidelines (EBA/GL/2017/15) on connected clients, limited to the alternative approach to Central Governments.

As at 31 December 2024, the eligible capital coincides with the amount of Tier 1 capital.

On the basis of the new combined provisions, at said date there were 34 risk positions classified as "large exposures" for a total ("non-weighted") amount of 820,741.6 million corresponding to a net ("weighted") exposure of 21,362.0 million.

The main Groups identified as "large exposures" have the following risk assets:

- the Ministry of Economy and Finance for 35,085.3 million (560.0 million considering the weight factors and the exemptions pursuant to Art. 400 of the CRR), mainly consisting of the government bonds in the portfolio, the guarantees issued and tax assets. The exposures of this Central Government are in turn included in each group of connected clients, identified separately for directly-controlled or directly-related legal entities, as better specified in paragraph 5 (Alternative approach for exposures to central governments) of the previously-cited EBA guidelines;
- Euronext for 29,486.7 million (521.2 million considering the weight factors and the exemptions pursuant to Art. 400 of the CRR), mainly consisting of repurchase agreements with Cassa Compensazione e Garanzia;
- four Central Governments of foreign countries for a total of 19,259.3 million (0 million considering the weight factors and the exemptions pursuant to Art. 400 of the CRR), consisting exclusively of the government bonds in the portfolio;
- the Bank of Italy for 12,221.4 million (113.6 million considering the weight factors and the exemptions pursuant to Art. 400 of the CRR), mainly consisting of demand deposits and for the minimum reserve.

The remaining 27 positions are those of leading banking, financial and industrial groups, both national and foreign. Each of the positions reported respects the limit of 25% of the eligible capital.

	31/12/2024	31/12/2023
a) Amount (book value) (*)	820,741,556	750,347,023
b) Amount (weighted value) (*)	21,361,988	17,387,764
c) Number	34	34

(*) figures in thousands of euro

C. Securitisation transactions

This section illustrates the Group's exposure in terms of securitisations, both those in which the Group acts as the Originator of the receivables, and those in which the Group acts as an investor.

Traditional securitisations acting as originator

The completion of the transactions in question, with underlying assets sold by the Group as originator, seeks mainly to diversify the sources of funding and reduce the cost of funding for the Group, rather than carrying out derisking actions on non-performing credit exposures (bad loans and unlikely to pay).

In greater detail, for securitisations used for funding purposes, for which the Group also acts as Servicer, the structuring is followed by a Finance function of Banco BPM, which also monitors the transaction, through specific monthly and quarterly reports containing the trend in principal and interest collections and the status of receivables.

For securitisations used for derisking purposes, the structuring is carried out by a function belonging to the Chief Lending Officer area of Banco BPM, which conducts monitoring on the basis of monthly and quarterly reports provided by the Servicers outside the Group.

Information is provided below on the main events that took place during the year and on transactions in progress. In line with the instructions of the Bank of Italy Circular no. 262, for "self-securitisation" transactions in which the Group has fully subscribed the securities issued by the SPE, please refer to paragraph below "1.4 - Liquidity risk".

QUALITATIVE INFORMATION

The following table lists the securitisation transactions in place as at 31 December 2024, showing the relative accounting treatment - derecognition or not from the financial statements of the assets sold to the SPE - depending on the significant transfer of the risks and rewards, as illustrated in "Part A - Accounting policies" of these Notes to the financial statements.

SPE	Originator	Securities issue date	Transaction	Type of securitisation
Securitisations not derecognised from the financial statements				
Lilium SPV S.r.l.	Banco BPM	December 2022	Project Wolf	UTP loans
Securitisations fully derecognised from the financial statements				
Red Sea SPV S.r.l.	Banco BPM	June 2018	Project Exodus	Bad loans
Leviticus SPV S.r.l.	Banco BPM	February 2019	Project Ace	Bad loans
Tiberina SPV S.r.l.	Banco BPM	December 2020	Project Django	UTP and Bad loans
Titan SPV S.r.l.	Banco BPM and Release	December 2020	Project Titan	Bad loans
Aurelia SPV S.r.l.	Banco BPM	June 2021	Project Rockets	Bad loans
Tevere SPV S.r.l.	Banco BPM	June 2022	Project Argo	UTP and Bad loans

The transactions in place as at 31 December 2024 and those closed during the year are illustrated below.

Existing and significant securitisation transactions during 2024

Securitisation transactions concluded during 2024

BP Mortgages 2 (June 2007)

Following the completion of the closure of the "BP Mortgages 2007-2" securitisation transaction, by signing the Termination Agreement on 27 March 2024, the Shareholders' Meeting of the SPE BP Mortgages S.r.l. (i) on 24 April 2024, approved the early winding up of the company and placement in liquidation effective for legal purposes as of 1 May 2024 and (ii) on 11 December 2024, approved the final liquidation financial statements as at 29 November 2024, accompanied by the relative allocation plan.

In January 2025, following the liquidation process, BP Mortgages S.r.l. in liquidation was removed from the relevant Companies' Register.

Lilium SPV S.r.l. (Project Wolf)

In December 2022, the Group had completed a complex transaction for the restructuring of credit exposures classified as unlikely to pay for a nominal value of 495.8 million (including default interest), carried out through the sale without recourse to a securitisation SPE (Lilium SPV S.r.l.).

The following table shows the securities issued by the SPE Lilium SPV S.r.l. and the share held by the Group as at 31 December 2024; unchanged from the previous year.

Class	Partly paid	Nominal value	Notes subscribed and retained by Banco BPM	Notes initially subscribed by Banco BPM, and then transferred to third parties	Notes subscribed by third parties
AS - Senior	Yes	142,500			11,859
AJ - Mezzanine	Yes	7,125			1,065
AX - Mezzanine	Yes	375			56
B1 - Mezzanine	Yes	17,680	17,680		
B2 - Mezzanine	No	3,120		3,120	
C1 - Mezzanine	No	31,790	31,790		
C2 - Mezzanine	No	5,610		5,610	
D1 - Mezzanine	No	24,735	24,735		
D2 - Mezzanine	No	4,365		4,365	
E1 - Junior	No	326,804	326,804		
E2 - Junior	No	81,701		81,701	
Total		645,805	401,009	94,796	12,980

In greater detail, Banco BPM had fully subscribed the notes of the B, C, D and E classes, for a total nominal value equal to that of the loans sold; the relative payment obligation for Banco BPM had been offset against the payment obligations of the SPE for the loans purchased.

Following the agreement for the restructuring of the credit exposures sold to the SPE, sub-classes B2, C2, D2, E2 had subsequently been sold to third-party investors.

The transaction had also envisaged the issue of Class A notes (subscribed by third party investors to Banco BPM) to finance work on properties to guarantee credit exposures (so-called capex), in execution of the provisions of the restructuring agreements.

The following table shows the nominal value of the notes held by the Group as at 31 December 2024, the relative remuneration and the recognition value (fair value) on the basis of the recoverable cash flows expected as a result of the restructuring agreement:

Class	Type	Nominal value	Value as at 31/12/2024	Maturing	Rating	Interest rate
Class B1 Asset-Backed Floating Rate Notes due December 2032	Mezzanine	17,680	17,770	31/12/2032	Unrated	Fixed @3.00%
Class C1 Asset-Backed Floating Rate Notes due December 2032	Mezzanine	31,790	32,113	31/12/2032	Unrated	Fixed @6.00%
Class D1 Asset-Backed Floating Rate Notes due December 2032	Mezzanine	24,735	25,049	31/12/2032	Unrated	Fixed @7.50%
Class E1 Asset-Backed Floating Rate Notes due December 2032	Junior	326,804	126,500	31/12/2032	Unrated	n.a.
Total		401,009	201,432			

Since this is a transaction without derecognition, note that the aforementioned securities are not included in the assets, but are shown as a reduction of the liability recorded against the loans sold and not derecognised. In fact, for the transaction in question, it was deemed that the Group substantially retains the risks and rewards of the assets sold. As at 31 December 2024, the fair value of the exposures sold and not derecognised amounted to 219.0 million; while the corresponding liabilities, already stated net of the fair value of the above-cited Lilium SPV securities, amounted to 18.3 million.

Lastly, the transaction also envisaged the release by Banco BPM of a credit line of 10 million to the SPE, the repayment of which must precede the more senior tranches.

The loan line is revolving and remunerated on the basis of a fixed annual interest rate of 4.5%. As at 31 December 2024, the value drawn down was 3.3 million.

Tevere SPV S.r.l. (Project Argo)

In June 2022, the sale without recourse, against payment and en bloc of a portfolio of loans classified as UTP (unlikely to pay) and bad loans, originated by Banco BPM S.p.A. (hereinafter also the "Transferor" or "Originator") had been finalised for a total gross value of 656.0 million, subsequently increased by 0.7 million.

More specifically, the transaction had been finalised through the sale of the loans to Tevere SPV S.r.l., the securitisation SPE specifically established and not belonging to Banco BPM Group, pursuant to Italian Law 130/99.

The purchase of the loans by the SPE had been settled in part in cash for 24 million and in part through the issue of 4 tranches of securities (Senior, Mezzanine, Mezzanine Lower and Junior notes), which were subscribed by the Originator and by third-party investors belonging to the Elliott Fund, for a nominal value effectively subscribed and paid of 149.5 million. The Senior, Mezzanine and Lower Mezzanine notes were fully subscribed. Only the Junior note was partly paid with respect to the nominal value at the time of issue, as illustrated in the table below.

In compliance with the regulations on the retention rule, the Bank had originally subscribed 100% of the Senior notes and 5% of the other categories of notes subscribed and paid.

The companies of the Elliott fund had directly subscribed 95% of the Mezzanine and Junior notes.

Class	Partly paid	Nominal issue value	Nominal value subscribed	% Retention Banco BPM
A – Senior	No	104,658	104,658	100%
B1 – Mezzanine	No	22,427	22,427	5%
B2 - Lower Mezzanine	No	11,214	11,214	5%
J – Junior	Yes	18,684	11,214	5%
Total		156,983	149,513	

The finalisation of this sale had resulted in the significant transfer of the risks and rewards of the loans sold, which were, therefore, derecognised from the financial statements, based on the regulations set out in the accounting standard IFRS 9.

The situation at the date of the subscription and as at 31 December 2024, of the securities subscribed by the Parent Company is summed up below:

Class	Type	Nominal value	Nominal value subscribed by Banco BPM	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024	Maturing	Rating	Interest rate
Class A Asset-Backed Fixed Rate Notes due December 2041	Senior	104,658	104,658	30,001	27,430	05/12/2041	Unrated	Fixed @2%
Class B1 Asset-Backed Floating Rate Notes due December 2041	Mezzanine	22,427	1,122	457	434	05/12/2041	Unrated	Euribor 3M (floor 0%) + 6% + Detachable coupon @3%
Class B2 Asset-Backed Floating Rate Notes due December 2041	Mezzanine	11,214	561	525	525	05/12/2041	Unrated	Euribor 3M (floor 0%) + 9% + Detachable coupon @3%
Class J Partly Paid Asset-Backed Variable Return Notes due December 2041	Junior	18,684	935	525	525	05/12/2041	Unrated	n.a.
Total		156,983	107,276	31,507	28,914			

Aurelia SPV S.r.l. (Project Rockets)

In June 2021, the sale without recourse, against payment and en bloc, of a portfolio of loans classified as bad loans, originated by Banco BPM S.p.A. (hereinafter also the "Transferor" or "Originator") had been finalised for a total gross value of 1,509.5 million.

More specifically, the transaction was finalised through the sale of the loans to Aurelia SPV S.r.l., the securitisation SPE specifically established and not belonging to Banco BPM Group, pursuant to Italian Law 130/99.

The purchase of the loans by the SPE had been funded through the issue of three tranches of securities (Senior, Mezzanine and Junior notes), which had been fully subscribed pro-rata by the Originator, for a total nominal amount of 394 million, as illustrated in the following table.

Class - Type	Issue value
Class A – Senior, with State Guarantee on the Securitisation of Bad Loans ("GACS")	342,000
Class B – Mezzanine	40,000
Class J – Junior	12,000
Total	394,000

For the sake of completeness, note that the transaction had also envisaged the granting of a Limited Recourse Loan disbursed by Banco BPM to the special purpose entity Aurelia SPV, for an initial value of 15.6 million, remunerated on the basis of a fixed annual interest rate of 1.75%.

This loan does not represent any form of credit support to the securitisation and had been addressed to covering the running costs of the SPE in the initial phase of the securitisation; in fact, in the waterfall payments, the repayment of the loan in question is antedated with respect to the payment of the principal and interest of the Senior and Mezzanine notes. As at 31 December 2024, the residual debt amounted to 7.2 million.

The securities fully subscribed by Banco BPM, had been subsequently partially sold, specifically a share of 95% of the Mezzanine and Junior notes, to a third-party investor.

The finalisation of this sale resulted in the significant transfer of the risks and rewards of the loans sold, which were, therefore, derecognised from the financial statements, based on the regulations set out in the accounting standard IFRS 9.

The situation at the date of the subscription and as at 31 December 2024, of the securities subscribed by the Parent Company is summed up below:

Type	Type	Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value of Banco BPM as at 31/12/2024	Value as at 31/12/2024	Maturing	Rating	Interest rate
Class A Asset Backed Floating Rate Notes due July 2047	Senior	342,000	131,223	132,819	30/07/2047	DBRS: A- Scope: BBB+	Euribor 6M + 0.5%
Class B1 Asset Backed Floating Rate Notes due July 2047	Mezzanine	2,000	2,000	679	30/07/2047	Unrated	Euribor 6M + 8%
Class J Asset Backed Floating Rate and Variable Return Notes due July 2047	Junior	600	600	-	30/07/2047	Unrated	Euribor 6M + 10%
Total		344,600	133,823	133,498			

During 2024, both rating companies improved their ratings on the senior note (Scope from BBB to BBB+ and DBRS from BBB+ to A-).

Tiberina SPV S.r.l. (Project Django)

In December 2020, the contract for the sale of loans between Banco BPM and Tiberina SPV had been signed, as part of the securitisation transaction, pursuant to Italian Law 130/99. The sale had regarded a portfolio of 40 positions classified as Unlikely to Pay and 1 position classified as Bad Loan, for a total gross value of 288 million.

The purchase of the loans portfolio had been funded by the SPV through the issue of the following asset backed securities for a total nominal value of 120.0 million:

Class - Type	Issue value
Class A – Senior	84,000
Class B1 – Mezzanine	18,000
Class B – Mezzanine	9,000
Class J – Junior	9,000
Total	120,000

The Senior tranche had been entirely subscribed by Banco BPM, together with 5% of the Mezzanine tranche and of the Junior tranche - in accordance with the retention rule envisaged by regulatory provisions - for a total nominal value of 85.8 million.

The remaining 95% of the Mezzanine and Junior tranches had instead been subscribed by Credito Fondiario.

The finalisation of this sale had resulted in the significant transfer of the risks and rewards of the loans sold, which had, therefore, been derecognised from the financial statements, based on the regulations set out in the accounting standard IFRS 9.

During 2023, the Senior tranche was fully repaid. During 2024, mezzanine tranches B1 and B2 were also repaid.

The situation of the securities subscribed by the Parent Company as at 31 December 2024, is summarised below:

Type	Type	Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value of Banco BPM as at 31/12/2024	Value as at 31/12/2024	Maturing	Rating	Interest rate
Class A Asset Backed Floating Rate Notes due October 2040	Senior	84,037	-	Reimbursed	01/10/2040	Unrated	Euribor (floor @0%) +2%
Class B1 Asset Backed Floating Rate Notes due October 2040	Mezzanine	901	-	Reimbursed	01/10/2040	Unrated	Euribor (floor @0%) +9%
Class B2 Asset Backed Floating Rate Notes due October 2040	Mezzanine	451	-	Reimbursed	01/10/2040	Unrated	Euribor (floor @0%) +12%
Class J Asset Backed Variable Return Notes due October 2040	Junior	451	91	91	01/10/2040	Unrated	n.a.
Total		85,840	91	91			

Titan SPV S.r.l. (Project Titan)

In December 2020, a multi-originator securitisation transaction had been stipulated (Banco BPM S.p.A., Release S.p.A. and Alba Leasing S.p.A.), where the underlying was a portfolio of Lease NPL with a gross contractual value totalling 335.4 million (value referred to the valuation date, which under the contract was 31 December 2019).

The purchase of the loan portfolio sold had been funded by the SPE through the issue of the following asset backed securities for a nominal value of 115.6 million, including the issue to fund Alba Leasing:

Class – Type	Issue value
Class A – Senior, with State Guarantee on the Securitisation of Bad Loans ("GACS")	90,500
Class B – Mezzanine	15,000
Class J – Junior (*)	10,100
Total	115,600

(*) The issue of the tranche in question, in addition to funding the purchase of the loans, was allocated to cover the 6.5 million initial expenses of the securitisation.

On the issue date, the securities had been entirely subscribed pro-rata by the originators; more specifically, the share of the securities issued to fund the Group's portfolio amounted to 41.7 million (22.3 million relating to the Parent Company and 19.4 million to Release). Subsequently, 95% of the Group's Mezzanine and Junior tranches had been placed with a third-party investor and Release had sold the Parent Company the tranches of the securities it had subscribed.

The finalisation of this sale had resulted in the significant transfer of the risks and rewards of the loans sold, which had, therefore, been derecognised from the financial statements, based on the regulations set out in the accounting standard IFRS 9.

The situation of the securities subscribed by the Parent Company as at 31 December 2024, is summarised below:

Type	Type	Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value Banco BPM as at 31/12/2024	Value as at 31/12/2024	Maturing	Rating	Interest rate
Class A Asset Backed Floating Rate Notes due January 2041	Senior	32,343	9,283	9,418	01/01/2041	DBRS: BBB+ Scope: BBB	Euribor 6M + 0.5%
Class B1 Asset Backed Floating Rate Notes due January 2041	Mezzanine	269	269	78	01/01/2041	Unrated	Euribor 6M + 8%
Class J Asset Backed Variable Return Notes due January 2041	Junior	200	200	-	01/01/2041	Unrated	n.a.
Total		32,812	9,752	9,496			

Said reserve was established by means of a Limited Recourse Loan disbursed by Banco BPM to the special purpose entity Titan SPV, for an initial value of 7.6 million, remunerated on the basis of a fixed annual interest rate of 1.50%, antedated with respect to the Senior note.

This loan does not represent any form of credit support to the securitisation and had been addressed to covering the running costs of the SPE in the initial phase of the securitisation; in fact, in the waterfall payments, the repayment of the loan in question is antedated with respect to the payment of the principal and interest of the Senior and Mezzanine notes. As at 31 December 2024, the residual debt amounted to 4.8 million.

During 2024, the DBRS rating on the senior note was upgraded from BBB to BBB+.

Leviticus SPV S.r.l. (Project Ace)

In December 2018, a transaction to sell a portfolio of bad loans had been set in motion, pursuant to the law on securitisation (Italian Law no. 130/99). On the sale date, the gross value of the portfolio sold amounted to around 6 billion, net of write-offs of around 1.1 billion (the nominal value was 7.4 billion, before write-offs, related to the date of accrual established in the contract as at 30 June 2018).

The transaction had been finalised on 6 February 2019 through the issue, by Leviticus SPV S.r.l., of the following classes of securities, fully subscribed by Banco BPM:

Class - Type	Issue value
Class A – Senior, with State Guarantee on the Securitisation of Bad Loans ("GACS")	1,440,000
Class B – Mezzanine	221,500
Class J – Junior	248,800
Total	1,910,300

Subsequently, the sale to a third party of 95% of the Mezzanine tranche and 95% of the Junior tranche had been completed. In compliance with the retention rule set out in the supervisory provisions, Banco BPM had retained ownership of 5% of those securities. Banco BPM had also retained ownership of 100% of the Senior notes.

The finalisation of this sale had resulted in the significant transfer of the risks and rewards of the loans sold, which had, therefore, been derecognised from the financial statements, based on the regulations set out in the accounting standard IFRS 9.

The situation of the securities subscribed by the Parent Company as at 31 December 2024, is summarised below:

Type	Type	Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value Banco BPM as at 31/12/2024	Value as at 31/12/2024	Maturing	Rating	Interest rate
Class A Asset Backed Floating Rate Notes due July 2040	Senior	1,440,033	431,726	433,567	31/07/2040	DBRS: B; Scope: CCC	6M Euribor +0.6%
Class B Asset Backed Floating Rate Notes due July 2040	Mezzanine	11,078	11,078	546	31/07/2040	Unrated	6M Euribor +8%
Class J Asset Backed Variable Return Notes due July 2040	Junior	12,443	12,443	-	31/07/2040	Unrated	n.a.
Total		1,463,554	455,247	434,113			

For the sake of completeness, note that the transaction had also envisaged the granting of a Limited Recourse Loan disbursed by Banco BPM to the special purpose entity Leviticus SPV, for an initial value of 66.5 million, remunerated on the basis of a fixed annual interest rate of 1.50%.

This loan does not represent any form of credit support to the securitisation and had been addressed to covering the running costs of the SPE in the initial phase of the securitisation; in fact, in the waterfall payments, the repayment of the loan in question is antedated with respect to the payment of the principal and interest of the Senior and Mezzanine notes. As at 31 December 2024, the residual debt amounted to 27.5 million.

During 2024, both rating companies updated their rating on the senior note with a downgrade: the Scope rating went from BB- to CCC, the DBRS rating went from BB- to B.

As at 31 December 2024, the Senior notes of Leviticus were classified as Stage 2 exposures, by virtue of the evolution recorded in 2024 and the potential deterioration of performance in the near future (current Cumulated Collection Ratio close to the threshold limit for the launch of payment acceleration).

Taking into account that the evolution of the securitisation may involve, in the short-term, a subordination event of the payment of the interest of the mezzanine tranche with respect to the principal of the senior tranche, the value of the mezzanine tranche was fully written down (-4.1 million) with the exception of the interest accrual that was received by the Bank in 2025 (0.5 million).

Red Sea SPV S.r.l. (Project Exodus)

In June 2018, Banco BPM had finalised the sale of a portfolio of bad loans for a gross nominal value of around 5.1 billion to Red Sea SPV S.r.l.

The transaction had been carried out through the issue, by the special purpose entity, of securities totalling around 1.9 billion, broken down as follows:

Class – Type	Issue value
Class A – Senior, with State Guarantee on the Securitisation of Bad Loans ("GACS")	1,656,500
Class B – Mezzanine	152,900
Class J – Junior	51,000
Total	1,910,300

The securities fully subscribed by Banco BPM, had been subsequently sold, specifically a share of 95% of the Mezzanine and Junior notes, to a third-party investor. With the placement of the Mezzanine and Junior notes, the requirements had been met for the derecognition of the bad loans sold to the SPE.

The situation of the securities subscribed by the Parent Company as at 31 December 2024, is summarised below:

Type	Type	Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value Banco BPM as at 31/12/2024	Value as at 31/12/2024	Maturing	Rating	Interest rate
Class B Asset Backed Floating Rate Notes due October 2038	Senior	1,656,504	463,585	463,723	29/10/2038	Moody's: BA2; Scope: B	6M Euribor +0.6%
Class B Asset Backed Floating Rate Notes due October 2038	Mezzanine	7,646	7,646	78	29/10/2038	Unrated	6M Euribor +6%
Class J Asset Backed Variable Return Notes due October 2038	Junior	2,549	2,549	-	29/10/2038	Unrated	n.a.
		1,666,699	473,780	463,801			

For the sake of completeness, note that the transaction had also envisaged the granting of a Limited Recourse Loan disbursed by Banco BPM to the special purpose entity Red Sea SPV, for an initial value of 72.4 million, remunerated on the basis of a fixed annual interest rate of 1.50%.

This loan does not represent any form of credit support to the securitisation and had been addressed to covering the running costs of the SPE in the initial phase of the securitisation; in fact, in the waterfall payments, the repayment of the loan in question is antedated with respect to the payment of the principal and interest of the Senior and Mezzanine notes. As at 31 December 2024, the residual debt amounted to 26.4 million.

During 2024, both rating companies updated their rating on the senior note with a downgrade: the Scope rating went from BB+ (2023) to B, the Moody's rating went from Baa2 (2022) to Ba2.

As at 31 December 2024, the senior notes of Red Sea were classified as Stage 3 exposures, as the evolution recorded during 2024 and that expected for the future, in terms of cash flows, could make it necessary to enforce the guarantee of the Italian State (GACS).

In light of this, the book value of the mezzanine tranche was fully written down (-2.9 million) with the exception of the interest accrual portion, which was received by the Bank in 2025 (78 thousand).

Synthetic securitisations acting as originator

Synthetic securitisations envisage, through the contracting of collateral arrangements, the purchase of protection from the credit risk underlying a portfolio of loans, of which the Originator retains full ownership. Thus, the purpose of those transactions is to transfer the credit risk from the Originator to an external counterparty, without derecognising the assets, which are therefore kept in the Originator's financial statements.

The characteristics of these transactions allow regulatory and economic capital to be freed up due to the reduction in the level of risk of the underlying portfolio ("Significant Risk Transfer" pursuant to prudential regulations), thereby contributing to creating value by optimising the use of capital.

The reference regulation for those transactions is EU Regulation no. 575/2013 (Capital Requirements Regulation, "CRR"). Art. 245 of the CRR establishes the conditions at which the Significant Risk Transfer (SRT) criterion is met, i.e. the significant transfer of risk to third parties using collateral or personal guarantees as credit protection. Those conditions must be constantly monitored for the entire duration of the transaction.

QUALITATIVE INFORMATION

The following table shows synthetic securitisation transactions in place as at 31 December 2024.

Transaction	Guarantor	Originator	Transaction date	Type of securitisation
Project Audrey	European Investment Fund	Banco BPM	December 2021	Performing loans
Project Brigitte	Market investor	Banco BPM	December 2021	Performing loans
Project Greta	Market investors and insurance company	Banco BPM	December 2022	Performing loans
Project Sofia	Market investor	Banco BPM	December 2022	Performing loans
Project Grace	Market investors	Banco BPM	June 2023	Performing loans
Project Marlene	Market investors	Banco BPM	December 2023	Performing loans
Tranched Cover – 2001	Guarantee Fund for Small and Medium Enterprises	Banco BPM	December 2023	Performing loans
Project Aretha	Market investors	Banco BPM	August 2024	Performing loans
Tranched Cover – 2002, 2003 & 2004	Guarantee Fund for Small and Medium Enterprises	Banco BPM	August November December 2024	Performing loans

New synthetic securitisation transactions in the year

Synthetic securitisation Large 2024 - Project Aretha

At the beginning of August 2024, Banco BPM concluded a synthetic securitisation transaction with the involvement of six market investors.

The securitised portfolio consists of approximately 3.5 billion in performing loans granted to more than 200 Corporate companies.

The structure of the transaction envisages, net of retention, the risk of which remains with the Bank in order to meet the requirement of maintaining a net economic interest of at least 5% (retention rule), the subdivision of the portfolio into two tranches with an increasing level of risk, with the junior risk hedged by the investors.

As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to 3 billion and the net exposure of Banco BPM was 2.4 billion.

Synthetic securitisation Tranched Cover – 2002, 2003 & 2004

In August, November and December 2024, Banco BPM concluded three Tranched Cover synthetic securitisation transactions, characterised by the release by the Guarantee Fund for small and medium enterprises of a direct personal guarantee to cover the initial losses of three portfolios of around 300 million each in new disbursements to SMEs and Mid Caps.

As at 31 December 2024, the portfolios involved in the three transactions, including retention, amounted to a total of around 790 million and the net exposure of Banco BPM was approximately 630 million.

Outstanding synthetic securitisation transactions

The synthetic securitisation transactions in place as at December 2024 are shown below:

- European Investment Fund 2021 - Project Audrey: transaction completed in December 2021 that provides for the hedging of junior risk by the European Investment Fund. As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to approximately 550 million in loans to SMEs and Corporate customers and the net exposure of Banco BPM was around 500 million;
- Large Corporate 2021- Project Brigitte: in December 2021, Banco BPM finalised the first transaction concluded with the involvement of a market investor for the hedging of the Junior tranche. As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to approximately 600 million in loans to Corporate customers and the net exposure of Banco BPM was approximately 450 million;
- Specialised Lending 2022 - Project Sofia: transaction completed in December 2022, which provides for the hedging of junior risk by market investors and mezzanine risk through an insurance policy. As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to approximately 1 billion in Project Finance and Real Estate loans and the net exposure of Banco BPM was approximately 650 million;
- SME 2022 - Project Greta: transaction finalised in December 2022, which provides for the hedging of the Mezzanine tranche by a market investor. As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to approximately 850 million in loans to SMEs and Corporate customers and the net exposure of Banco BPM was around 750 million;
- Large Corporate 2023: Project Grace: transaction finalised in June 2023, which provides for the hedging of the Junior tranche by two market investors. As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to approximately 2.3 billion in loans to Corporate customers and the net exposure of Banco BPM was approximately 1.6 billion;
- SME 2023 - Project Marlene: transaction finalised in December 2023, which provides for the hedging of the Mezzanine tranche by three market investors. As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to approximately 1.2 billion in loans to SMEs and Corporate customers and the net exposure of Banco BPM was approximately 1.1 billion;
- Tranched Cover - 2001: transaction finalised in December 2023, which provides for the hedging of the Junior tranche by the Guarantee Fund for small and medium enterprises. As at 31 December 2024, the portfolio involved in the transaction, including retention, amounted to approximately 200 million in loans to SMEs and Corporate customers and the net exposure of Banco BPM was around 160 million.

Events occurring after the end of the year

Synthetic securitisation Large 2021 – Project Brigitte

As part of the synthetic securitisations finalised in previous years, concerning loans disbursed to Italian corporates, in January 2025, the transaction finalised in 2021 was closed, with the Bank exercising the early termination option.

Investments in traditional securitisations acting as sponsor

The Group is also active in the market of financing the receivables of its corporate customers through the securitisation of trade receivables in which the Group acts as sponsor, pursuant to Art. 6, paragraph 3 (a) of Regulation (EU) no. 2017/2402, and as senior investor.

QUALITATIVE INFORMATION*New transactions of the period*

During the year, no new securitisation transactions were carried out on trade receivables in which the Group operates as sponsor.

*Outstanding transactions*Securitisation in the energy sector - Sun SPV - lot 1

The securitisation programme regards performing trade receivables for a maximum revolving amount of around 50 million originated by a Group customer, operating in the energy distribution sector, and resulting from the provision of natural gas and electricity. The Group acts as senior noteholder, sponsor and account bank.

The revolving purchase by SUN SPV S.r.l. was financed through the issue of three tranches of unrated ABS (Senior, Mezzanine and Junior classes).

Banco BPM subscribed 100% of the Senior security and 5% of the Mezzanine and Junior securities, for a total initial value of 43.0 million, which was then increased to 67.0 million in 2022 and reduced to 41.9 million during 2024. The securitisation is currently in the revolving phase, and the investment as at 31 December 2024 is equal to 31.9 million.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	41,460	41,460	31,576	31,578
Mezzanine security	6,787	341	260	260
Junior security	1,500	75	75	77
Total	49,747	41,876	31,911	31,915

Securitisation in the wholesale of electronic components sector - Sun SPV - lot 4

The securitisation programme concerns performing trade receivables for a maximum revolving amount of approximately 20 million originated by a Group customer, deriving from the wholesale trade of electronic telecommunications equipment and other electronic components.

The Group acts as senior noteholder, sponsor and account bank.

The revolving purchase by SUN SPV S.r.l. was financed through the issue of three tranches of unrated ABS (Senior, Mezzanine and Junior classes).

Banco BPM subscribed 100% of the Senior security and 5% of the Mezzanine and Junior securities, for a total value of 16.7 million. The securitisation is currently in the revolving phase, and the investment as at 31 December 2024 is equal to 16.6 million.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	16,535	16,535	16,431	16,425
Mezzanine security	2,864	144	143	143
Junior security	736	37	37	39
Total	20,135	16,716	16,611	16,607

*Investments in traditional securitisations***QUALITATIVE INFORMATION**

The Group holds ABS securities relating to a series of structured securitisation transactions starting from 2021, in the majority of which Banca Akros acted as Arranger and Banco BPM purchased all or part of the Senior tranche only.

*New transactions of the period*Securitisation in the medium/long-term rental sector - Venere SPV

The securitisation transaction relates to “dedicated assets” established pursuant to Art. 4-bis of Law 162/2019, equal to 561 million, consisting of receivables deriving from medium/long-term rental payments, the relative contracts and underlying vehicles, originated by a leading group operating in the medium/long-term car rental sector, whose cash flows and income are directed towards repaying a limited recourse loan obtained by an SPV pursuant to Art. 7, paragraph 1, letter a) and paragraph 2-octies of Law 130/99.

Banco BPM purchased a quota of the Senior securities for a total nominal value of 196 million. The transaction includes an 18-month revolving period during which the ABS securities are not amortised and the income from the portfolio is used to replenish the dedicated assets on a monthly basis. Banco BPM's investment as at 31 December 2024 amounted to 196 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	400,000	196,000	196,000	196,468
Junior security	188,777	-	-	-
Total	588,777	196,000	196,000	196,468

Real Estate SPV Project 230Z

The real estate securitisation transaction pursuant to Art. 7.2 of Law 130/99 relates to the purchase of a building located in the centre of Milan and the financing of the relative capexes for the renovation of the facades and common areas, through a senior mortgage loan, disbursed by Banco BPM to the SPV pursuant to Art. 7.2 of Law 130/99, backed by a first-degree mortgage on the property for a total of 10 million and the issue of asset-backed partly paid junior securities for 11 million. The sponsors of the initiative retain the main risks and benefits relating to the transaction through the subscription of all of the Junior securities issued.

Banco BPM acts as senior lender, account bank and hedging counterparty.

The table below shows the total loans, as well as the part subscribed by Banco BPM and securities issued by the SPE.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior mortgage loan	10,000	9,000	8,000	7,703
Junior Class J1	2,000	-	-	-
Junior Class J2	7,700	-	-	-
Junior Class J3	1,300	-	-	-
Total	21,000	9,000	8,000	7,703

Alba 14 SPV S.r.l.

The transaction concerns a portfolio of performing loans originated by Alba Leasing S.p.A. (part owned by Banco BPM S.p.A.) and deriving from real estate, operating and registered movable asset lease contracts.

The purchase price was financed with the issue of three tranches of securities with a different degree of subordination in the absorption of any portfolio losses, with ratings assigned by Moody's and DBRS, excluding the junior class.

Banco BPM subscribed approximately 19.9% of the nominal value of the senior class for a total value of 60 million. Banco BPM's investment as at 31 December 2024 amounted to 53.7 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	550,300	60,000	53,688	54,024
Mezzanine security	175,100	-	-	-
Junior security	115,639	-	-	-
Total	841,039	60,000	53,688	54,024

Siderurgica Futura SPV S.r.l.

The securitisation programme concerns performing trade receivables for a maximum revolving amount of 50.0 million, originated by the Italian subsidiaries of a leading international industrial group operating in the iron and steel industry, and deriving from the production and sale of iron, steel and ferro-alloys to corporate and SME customers.

The Group acts as senior noteholder and account bank.

The revolving purchase by Siderurgica Futura SPV S.r.l. was financed through the issue of an unrated Senior ABS.

Banco BPM subscribed 100% of the Senior security for a total value of 41.1 million. The securities were issued on 9 July 2024 and Banco BPM's investment as at 31 December 2024 amounted to 21.6 million. The securitisation is currently in the revolving phase.

The first loss risk tranche takes the form of a deferred purchase price borne by the originators.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	41,061	41,061	21,557	21,557
Total	41,061	41,061	21,557	21,557

Civetta IV SPV S.r.l.

The securitisation transaction concerns performing loans, originated by Sigla S.r.l., deriving from salary and/or pension-backed loans and from delegated payments.

The transaction envisages an initial portfolio of 4.7 million, to which additional sales of portfolios will be added during the 18-month ramp-up period, in order to establish a total portfolio of approximately 80 million at the end of the ramp-up period.

The purchase price of the portfolios sold during the ramp-up period by Civetta IV SPV S.r.l. was financed with the drawdowns of two tranches of unrated ABS (Senior and Junior class) issued on 20 November 2024.

Banco BPM acts as senior noteholder, account bank and hedging counterparty.

Banco BPM subscribed 100% of the Senior security for a total value of 70 million. The securitisation is currently in the ramp-up phase, and the investment as at 31 December 2024 is equal to 7.3 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	70,000	70,000	7,323	7,331
Junior security	11,000	-	-	-
Total	81,000	70,000	7,323	7,331

BP Fondi RMBS SPV S.r.l.

The transaction relates to a portfolio of performing loans deriving from residential mortgages granted to natural persons and guaranteed by a first-degree mortgage on the relative property, originated by Banca Popolare di Fondi Soc. Coop.

The purchase price was financed with the issue of two tranches of securities: a Senior class and a Junior class. Banco BPM acts as senior noteholder and account bank.

Banco BPM subscribed 100% of the Senior class for a total value of 54.8 million. The transaction does not envisage a ramp-up, and Banco BPM's investment as at 31 December 2024 amounted to 54.8 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	54,821	54,821	54,821	54,907
Junior security	14,822	-	-	-
Total	69,643	54,821	54,821	54,907

Securitisation in the circular economy sector - Sun Spv - lot 6

The securitisation programme concerns performing trade receivables for a maximum revolving amount of approximately 25 million originated by the subsidiaries of a leading industrial group operating in the circular economy sector. Banco BPM acts as senior noteholder and account bank.

The revolving purchase by SUN SPV S.r.l. was financed through the issue of three tranches of unrated ABS (Senior, Mezzanine and Junior classes).

Banco BPM subscribed 100% of the Senior security for a total value of 20.7 million. The securities were issued on 20 December 2024. The securitisation is currently in the revolving phase, and the investment as at 31 December 2024 is equal to 10.5 million.

The originators withheld 5% of the nominal value of each receivable transferred in the securitisation.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	20,664	20,664	10,491	10,498
Mezzanine security	3,580	-	-	-
Junior security	920	-	-	-
Total	25,164	20,664	10,491	10,498

*Outstanding transactions*Alba 13 SPV S.r.l.

The transaction concerns a portfolio of performing loans originated by Alba Leasing S.p.A., part-owned by Banco BPM S.p.A., deriving from real estate, operating and registered movable asset lease contracts.

The purchase price was financed with the issue of four tranches of securities with a different degree of subordination in the absorption of any portfolio losses, with ratings assigned by Moody's, Scope and DBRS, excluding the Junior class.

Banco BPM purchased 9.57% of the nominal value of the Senior A1 class for a total value of 50.0 million. The transaction is static (i.e. there is no ramp-up phase). Banco BPM's investment as at 31 December 2024 amounted to 8.7 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior A1 – A2 security	785,700	50,000	8,692	8,689
Mezzanine security	267,600	-	-	-
Junior security	196,407	-	-	-
Total	1,249,707	50,000	8,692	8,689

Tricolore 2019 S.r.l.

The transaction concerns a portfolio of performing loans granted to SMEs originated by Banca Privata Leasing S.p.A. and deriving from real estate, operating and registered movable asset lease contracts, of which roughly 30% backed by the Guarantee Fund for a weighted average guarantee percentage equal to approximately 80% of the loan amount. The purchase price was financed with the issue of four tranches of securities: Senior A1 class, Senior A2 class, Mezzanine class and Junior class.

Banco BPM subscribed 100% of Senior A2 class for a total value of 50 million. The transaction includes a 12-month ramp-up phase, and Banco BPM's investment as at 31 December 2024 amounted to 15.1 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior A1 security	130,000	-	-	-
Senior A2 security	50,000	50,000	15,116	15,122
Mezzanine security	45,000	-	-	-
Junior security	65,000	-	-	-
Total	290,000	50,000	15,116	15,122

Pontormo SME 2023 S.r.l.

The transaction concerns a portfolio of loans originated by Banca Cambiano 1884 S.p.A. and granted to SMEs, secured by a guarantee of the Central Guarantee Fund for SMEs, as envisaged by the provisions of the law issued following the Covid-19 emergency.

The purchase price was financed with the issue of two tranches of securities: a Senior class and a Junior class.

Banco BPM subscribed 100% of the Senior class for a total value of 100 million. The transaction does not envisage a ramp-up phase, and Banco BPM's investment as at 31 December 2024 amounted to 66.3 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	100,000	100,000	66,314	66,838
Junior security	25,000	-	-	-
Total	125,000	100,000	66,314	66,838

San Felice Finance S.r.l.

The transaction relates to a portfolio of loans deriving from residential mortgage loans granted to natural persons by Banca San Felice 1893 S.C.p.A..

The purchase price was financed with the issue of two tranches of securities: a Senior class and a Junior class.

Banco BPM subscribed 100% of the Senior class for a total value of 66.1 million. The transaction does not envisage a ramp-up phase, and Banco BPM's investment as at 31 December 2024 amounted to 57.9 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	66,120	66,120	57,858	57,858
Junior security	29,681	-	-	-
Total	95,801	66,120	57,858	57,858

Golem SPV S.r.l.

The transaction relates to a portfolio of loans deriving from residential mortgage loans granted to natural persons by Banca Valsabbina S.C.p.A..

The purchase price was financed with the issue of two tranches of securities: a Senior class and a Junior class.

Banco BPM subscribed 100% of the Senior class for a total value of 100 million. The transaction does not envisage a ramp-up phase, and Banco BPM's investment as at 31 December 2024 amounted to 82.0 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	100,000	100,000	82,036	82,048
Junior security	27,257	-	-	-
Total	127,257	100,000	82,036	82,048

Securitisation in the energy sector - Sun SPV – lot 5

The securitisation programme regards trade receivables for a maximum revolving amount of 24.2 million, originated by Group customers, operating in the energy sector, and resulting from the provision of natural gas and electricity to consumers, small businesses and e-businesses. The Group acts as senior noteholder and account bank.

The revolving purchase by Sun SPV S.r.l. was financed through the issue of the tranche of the unrated Senior ABS.

Banco BPM subscribed 100% of the Senior security for a total value of 24.2 million. The securities were issued on 22 December 2023 and Banco BPM's investment as at 31 December 2024 amounted to 9.8 million. The securitisation is currently in the revolving phase. The first loss risk tranche takes the form of a deferred purchase price borne by the originators.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	24,193	24,193	9,848	9,847
Total	24,193	24,193	9,848	9,847

General SPV securitisation

The securitisation programme concerns the sale without recourse of loans deriving from factoring contracts originated by a company operating in the financial sector as part of factoring activities. Banco BPM acts as senior noteholder together with a pool of banks.

The General SPV transaction envisages the issue of three different tranches of ABS securities based on the degree of subordination in absorbing losses: Senior securities classified as variable funding, Mezzanine securities and Junior securities, both of which classified as partly paid.

In December 2022, Banco BPM had subscribed 100% of the class of newly-issued Senior A3 Securities for a maximum amount of 50 million (corresponding to the maximum credit line commitment) for a class with a nominal value of 100 million, following an amendment to the original transaction aimed at increasing its global dimension. During 2024, the programme was renewed for a further 3 years, in which Banco BPM increased the amount of the senior credit line from 50 million to 70 million (of which 50 million committed) in conditions of full use of the programme. The securitisation is currently in the revolving phase, and the investment as at 31 December 2024 is equal to 50 million. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the share subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security – Class A1, A2	400,000	-	-	-
Senior security – Class A3	100,000	70,000	50,000	49,925
Mezzanine security – Class B1, B2, B3	53,000	-	-	-
Junior security	37,000	-	-	-
Total	590,000	70,000	50,000	50,000

SPV Project 2011 S.r.l.

The transaction regards several Project Finance loans disbursed to companies operating in the wind power and photovoltaic sector. The transaction is currently being amortised and the Senior security held by Banco BPM has been partially repaid.

Banco BPM originally subscribed a nominal amount of 15.7 million of the Senior tranche. The securitisation is currently in the security repayment phase, and the residual investment as at 31 December 2024 amounts to 3.0 million.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	16,500	15,675	2,958	3,021
Junior security	9,068	-	-	-
Total	25,568	15,675	2,958	3,021

Perseveranza SPV S.r.l.

The transaction regards a portfolio of loans granted to SMEs secured by a guarantee of the Central Guarantee Fund for SMEs, as envisaged by the provisions of the law issued following the Covid-19 emergency.

In 2022, the amount issued was increased for all classes of securities. This is an ABS classified as partly paid and envisages the payment by the investor of the amount subscribed in different tranches, on the request of the issuer. Banco BPM invested exclusively in Class A - Senior, which concluded the ramp-up phase in 2022. As at 31 December 2024, the transaction is in its amortisation phase, and the residual investment of Banco BPM amounts to 30.9 million.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Class A – Senior	285,000	51,600	30,870	29,230
Class B – Mezzanine	28,000	-	-	-
Class C – Junior	35,000	-	-	-
Total	348,000	51,600	30,870	29,230

Igloo SPV S.r.l.

The transaction regards a portfolio of loans granted to SMEs and Mid-Caps, secured by a guarantee of the Central Guarantee Fund for SMEs or by SACE, as envisaged by the provisions of the law issued following the Covid-19 emergency.

Banco BPM subscribed a nominal amount of 35 million of the Senior tranche. The ramp-up phase continued in 2022 and in the first six months of 2023. As at 31 December 2024, the transaction is in its amortisation phase, and the residual investment of Banco BPM amounts to 18.4 million euro.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Banco BPM		
		Nominal value subscribed by Banco BPM on the issue date	Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Class A1, A2 – Senior	134,700	35,000	18,386	18,386
Class B – Upper Mezzanine	23,300	-	-	-
Class Y – Lower Mezzanine	7,800	-	-	-
Class J – Junior	4,200	-	-	-
Total	170,000	35,000	18,386	18,386

Securitisation in the energy sector - Sun Spv - lot 3

The securitisation programme concerns trade receivables for a maximum revolving amount of 25 million, originated by a customer of the Group, operating in the energy market for the sale of electricity and gas to consumer end users (residential users), condominiums and small businesses and in the telecommunications sector. The Group acts as senior noteholder and account bank.

The revolving purchase by SUN SPV S.r.l. was financed through the issue of two tranches of unrated ABS (Senior and Junior classes).

Banco BPM subscribed 100% of the Senior security for a total value of 21.2 million, while the Junior security was fully subscribed by the Originator. The securities were issued on 7 March 2023, and Banco BPM's investment as at 31 December 2024 amounted to 21.0 million. The securitisation is currently in the revolving phase. The Junior securities were subscribed by the originator.

The table below shows the total securities issued by the SPE and the part subscribed by Banco BPM.

Class – Type	Nominal issue value	Nominal value subscribed by Banco BPM on the issue date	Banco BPM	
			Outstanding nominal value as at 31/12/2024	Value as at 31/12/2024
Senior security	21,250	21,250	20,964	20,964
Junior security	3,850	-	-	-
Total	25,100	21,250	20,964	20,964

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C.1 Prudential consolidation - Exposures deriving from the main “own” securitisation transactions broken down by type of securitised asset and by type of exposure

On-balance sheet exposures

Type of securitised assets/Exposures	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries
A. Fully derecognised	1,133,130	(5,698)	2,349	-	616	-
Non-performing assets:						
A.1 Loans	1,133,130	(5,698)	2,349	-	616	-
Performing assets:						
A.2 Leases	-	-	-	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Not derecognised	7,703,879	(16,409)	74,932	-	138,836	(375)
Non-performing assets:						
C.1 Loans	3,321	(3)	74,932	-	126,500	-
Performing assets:						
C.2 Residential mortgage loans	-	-	-	-	188	-
C.3 Loans to businesses (*)	7,700,558	(16,406)	-	-	12,148	(375)

(*) The sub-item “Loans to businesses” relates to synthetic securitisation transactions. As at 31 December 2024, the value of the retention withheld by Banco BPM is equal to 2,128.4 million.

Credit lines

Type of securitised assets/Exposures	Credit lines					
	Senior		Mezzanine		Junior	
	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries
A. Fully derecognised	-	-	-	-	-	-
Non-performing assets:						
A.1 Loans	-	-	-	-	-	-
Performing assets:						
A.2 Leases	-	-	-	-	-	-
B. Partially derecognised	-	-	-	-	-	-
C. Not derecognised	6,698	(3)	-	-	-	-
Non-performing assets:						
C.1 Loans	6,698	(3)	-	-	-	-
Performing assets:						
C.2 Residential mortgage loans	-	-	-	-	-	-
C.3 Loans to businesses	-	-	-	-	-	-

The part of the table relative to the guarantees issued is omitted inasmuch as there are none.

C.2 Prudential consolidation - Exposures deriving from the main "third party" securitisation transactions broken down by type of securitised asset and by type of exposure

Type of securitised assets/Exposures	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries
A.1 BNT PORT 14-42 TV					13,302	
<i>Mortgage loans FV</i>						
A.2 PHARMA FIN.SRL TV 28			688			
<i>Other FV</i>						
A.3 PHARMA FIN.EUR TV 28			3,979			
<i>Other FV</i>						
A.4 FAW3 SPV 23 A-1-S 2% (*)	13,583	(1,475)				
<i>Loans</i>						
A.5 SUN SPV 21-28 TV A	31,578	(2)				
<i>Loans</i>						
A.6 SUN SPV 23-30 TV A	20,975	(23)				
<i>Loans</i>						
A.7 GENER. SPV TV 22-31A3	49,925	(201)				
<i>Loans</i>						
A.8 SUN SPV 21-28 TV B			260			
<i>Loans</i>						
A.9 SUN SPV 21-28 TV J					77	
<i>Loans</i>						
A.10 SUN SPV 23-30 TV B			143			
<i>Loans</i>						
A.11 SUN SPV 23-30 TV J					39	
<i>Loans</i>						
A.12 PERSEVER. 21-31 TV A	29,230	(1,938)				
<i>Loans</i>						
A.13 IGLOO 21-31 TV A1	16,502	(1,884)				
<i>Loans</i>						
A.14 SPV PROJ 21-28 TV A	3,021	(3)				
<i>Loans</i>						
A.15 TRICOLORE 19 SPV A2	15,122	(10)				
<i>Loans</i>						

Type of securitised assets/Exposures	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries
A.16 SIDERURGICA F.TV 44A	21,557	(4)				
Loans						
A.17 CIVETTA IV 24-41 TV	7,331	(5)				
Loans						
A.18 BP FONDI RMBS A64 TV	54,907	(35)				
Loans						
A.19 ALBA 13 SPV TV 22 A1	8,689	(6)				
Loans						
A.20 ALBA 14 SPV TV 44 A	54,024	(34)				
Loans						
A.21 LUMEN SR ABS 20-26TV	791					
Loans						
A.22 LUMEN SR ABS 20-26TV	198					
Loans						
A.23 SUN SPV 23-30 TV A	16,425	(8)				
Loans						
A.24 SUN SPV 23-31 TV J	9,847					
Loans						
A.25 SUN SPV 6 24-32 TV A	10,498					
Loans						
A.26 PONTORMO A 43 TV	66,838	(13)				
Loans						
A.27 SANFELICE F. TV 63 A	58,324	(19)				
Loans						
A.28 VENERE CL A 30 TV	196,469	(125)				
Loans						
A.29 GOLEM CL A 63 TV	82,048	(25)				
Loans						
A.30 REAL ESTATE SPV PROJECT 2307 SRL	7,703	(336)				
Loans						

(*) This was a single tranche, typically indicated as a Senior security.

Type of securitised assets/Exposures	Credit lines					
	Senior		Mezzanine		Junior	
	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries	Book value	Losses/ Recoveries
A.4 FAW3 SPV 23 A-1-S 2% (*)	1,249	(1)				
Loans						
A.30 REAL ESTATE SPV PROJECT 2307 SRL	967	(33)				
Loans						

(*) This was a single tranche, typically indicated as a Senior security.

The part of the table relative to the guarantees issued is omitted inasmuch as there are none.

Exposures deriving from third party securitisation transactions amounted to 794.1 million (530.4 million as at 31 December 2023), of which 18.5 million is classified in the portfolio of "Financial assets at fair value through profit and loss c) other financial assets mandatorily measured at fair value", and the remaining 775.6 million in the portfolio of "Financial assets at amortised cost". For the main exposures, please refer to the previous paragraphs "Investments in traditional securitisations acting as sponsor" and "Investments in traditional securitisations".

The exposure relative to "BNT Port 14-42 TV", classified under "Financial assets at fair value through profit and loss: c) other financial assets mandatorily measured at fair value" is referred to instead in the following paragraph.

C.3 Prudential consolidation - Shareholdings in securitisation SPEs

The Banking Group does not hold shareholdings in special purpose entities involved in the structuring of the transactions, as BP Mortgages S.r.l. was cancelled from the Companies' Register in 2024.

In any event, the shareholding in "BNT Portfolio SPV" is worth mentioning. This is an SPE established in 2014 for the securitisation of agricultural loans of Banca della Nuova Terra, financed by the issue of a single tranche of securities for a nominal value of 397.8 million subscribed by the member banks of Banca della Nuova Terra, including the former Banco Popolare. Under the agreements entered into, the former Banco Popolare had subscribed the said security for a nominal value of 84.6 million; as at 31 December 2024, the fair value of the security, posted under the "Financial assets at fair value through profit and loss: c) other financial assets mandatorily measured at fair value" came to 13.3 million net of collections.

The following table shows all the assets and liabilities of the separate capital of the SPE.

Name of Securitisation/ Name of SPE	Registered office	Consolidation	Assets			Liabilities		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
BNT Portfolio SPV S.r.l.	Milan	no	68,918	-	14,419	-	-	225,992

The part of the table that shows the guarantees issued and the credit facilities is omitted inasmuch as there are none.

C.4 Prudential consolidation - Non-consolidated SPEs for securitisation

Non-consolidated SPEs for securitisation are those in which the Group does not hold any equity interest. For each of these SPEs, used for transactions in which the Group acts as originator, the table below shows the Group's assets and liabilities due to and from those SPEs, mainly attributable to the Senior securities subscribed by the Group, classified in the portfolio of "Loans to customers".

In this regard, it is noted that these companies have no off-balance sheet exposures, non-revocable credit facilities or financial guarantees; therefore, the maximum exposure to the risk of loss corresponds to the difference between the assets and liabilities held in respect of the SPE. The only exception was the SPE Liliun, to which a credit line of 10 million was granted, of which 3.3 million had been drawn down as at 31 December 2024.

(thousands of euro)	Red Sea SPV	Leviticus SPV	Tiberina SPV	Titan SPV	Aurelia SPV	Tevere SPV	Liliun SPV (*)
Total assets	490,228	461,739	91	14,330	140,788	28,946	3,321
Other financial assets mandatorily measured at fair value	78	546	91	78	679	1,494	-
Loans to customers	490,139	461,178	-	14,252	140,109	27,452	3,321
Other asset items	12	15	-	-	-	-	-
Total liabilities	2,756	-	-	-	33	-	18,295
Guarantees given and commitments	-	-	-	-	-	-	6,698
(thousands of euro)	Red Sea SPV	Leviticus SPV	Tiberina SPV	Titan SPV	Aurelia SPV	Tevere SPV	Liliun SPV *
Net interest income	24,493	12,204	573	689	4,316	934	131

(*) The liability towards Liliun SPV of 18.3 million is represented by the payable recognised against the loans sold to the SPE but not derecognised from the financial statements to substantially maintain the risks and benefits, net of the securities held by Banco BPM as at 31 December 2024. In light of the above, in the assets portfolio, no exposure in securities towards the SPE is reported.

C.5 Prudential consolidation - Servicer activities – own securitisations: collections of securitised loans and redemptions of securities issued by the SPE for the securitisation

In 2024, the Group did not act as a servicer for its own securitisation transactions in which the assets sold were derecognised from the financial statements.

C.6 Prudential consolidation - Consolidated SPEs for securitisation

There are no SPEs for securitisation that are part of the Banking Group.

D. Sale transactions

A. Financial assets sold and not fully derecognised

QUALITATIVE INFORMATION

As at 31 December 2024, the following sale transactions did not involve the derecognition from the financial statements of the underlying financial assets:

- securitisation transactions of credit exposures to customers (219 million);
- repurchase agreements payable on treasury securities mainly classified in the portfolio of "Financial assets measured at fair value through other comprehensive income" and "Financial assets at amortised cost".

For repurchase agreements, the non-derecognition of the security of the repurchase agreement derives from the fact that the Bank substantially holds the risks and rewards linked to the security, having the obligation of the forward repurchase at a contractually established price. Therefore the securities transferred continue to be represented in the relative accounting portfolio; the payment for the sale is posted under the "Financial liabilities at amortised cost: a) due to banks or b) due to customers", according to the type of counterparty. To this regard, it must be noted that the following table does not include the repurchase agreements payable on securities not posted in the financial statements, if its availability is consequent to reverse repurchase agreements (see the paragraph "Other information" in Part B of these Notes).

The securitisation transactions described in the preceding paragraph "C. Securitisation transactions" are not derecognised due to the Group's subscription of the tranches of Junior securities or similar exposures which involve the first loss risk for the Group and, similarly, the reward linked to the yield of the portfolio of the transferred assets. The payment collected for the transfer is posted as a balancing entry of a payable due to the SPE, net of the tranches of the underlying securities subscribed or the use of forms of liquidity support for the SPE for the payment of the principal. The loan to the SPE, thus posted, will decrease by effect of the sums collected from the originator and transferred to said SPE.

QUANTITATIVE INFORMATION

D.1 Prudential consolidation - Fully recognised financial assets sold and associated financial liabilities: book values

	Fully recognised financial assets sold			Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: subject to repurchase agreements	of which non-performing	Book value	of which: subject to securitisation transactions
A. Financial assets held for trading	170,620	-	170,620	X	170,579	-
1. Debt securities	153,597	-	153,597	X	153,572	-
2. Equity instruments	17,023	-	17,023	X	17,007	-
3. Loans	-	-	-	X	-	-
4. Derivatives	-	-	-	X	-	-
B. Other financial assets mandatorily measured at fair value	219,000	219,000	-	219,000	18,295	18,295
1. Debt securities	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-
3. Loans	219,000	219,000	-	219,000	18,295	18,295
C. Financial assets designated at fair value	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	7,078,084	-	7,078,084	-	7,122,888	-
1. Debt securities	7,078,084	-	7,078,084	-	7,122,888	-
2. Equity instruments	-	-	-	X	-	-
3. Loans	-	-	-	-	-	-
E. Financial assets at amortised cost	15,839,481	-	15,839,481	-	15,537,796	-
1. Debt securities	15,839,481	-	15,839,481	-	15,537,796	-
2. Loans	-	-	-	-	-	-
Total 31/12/2024	23,307,185	219,000	23,088,185	219,000	22,849,558	18,295
Total 31/12/2023	21,769,375	219,000	21,550,375	219,000	21,214,050	18,295
						21,195,575

D.2 Prudential consolidation - Partly recognised financial assets sold and associated financial liabilities: book values

As at 31 December 2024 there were no partly recognised financial assets sold or associated financial liabilities.

D.3 Prudential consolidation - Sale transactions with liabilities with recourse only against the assets sold and not fully derecognised: fair value

This table shows the fair value of assets and related liabilities resulting exclusively from securitisation transactions, inasmuch as they are considered the only types existing for the Group in which the transferor, i.e. the SPE, has exclusive recourse against the transferred assets, being in fact the only cash flows available for the payment of the securities issued.

	Fully recognised	Partly recognised	Total	
			31/12/2024	31/12/2023
A. Financial assets held for trading	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets mandatorily measured at fair value	219,000	-	219,000	219,000
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	219,000	-	219,000	219,000
C. Financial assets designated at fair value	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets at amortised cost (fair value)	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
Total financial assets	219,000	-	219,000	219,000
Total associated financial liabilities	18,295	-	X	X
Net value as at 31/12/2024	200,705	-	200,705	X
Net value as at 31/12/2023	200,705	-	X	200,705

B. Financial assets sold and fully derecognised with recognition of continuing involvement

The Group has none of this type at the reporting date.

C. Financial assets sold and fully derecognised

Multi-originator sales of loans to mutual investment funds

This Section provides the qualitative and quantitative information relating to multi-originator sales of loan portfolios made by the Group during 2024 and in previous years, attributable to the scheme of sale to a mutual investment fund with allocation of the relative units to Group itself.

QUALITATIVE INFORMATION

Main objectives

In general, the business and strategic objective in this case is to assign the management of several exposures classified as high risk to specialist, independent operators (i.e. represented by asset management companies, hereinafter also "SGR"), which, through changes in management, should enable more effective company turnaround than what the Bank could achieve by continuing to manage its own exposure. The strategies pursued by the asset management company specifically focus on managerial leverage that is difficult for single banks to activate, such as, merely by way of example: converting the loans into equity, joining the management bodies of the companies to carry out effective operational turnaround, developing distressed M&A operations to safeguard the value of the companies through business partnerships, directly repossessing the property in the case of real estate operators and, lastly, third party investors contributing new financing to relaunch the companies.

In that view, the intervention of an asset management company enables the creation of suitable mechanisms to safeguard the rights of the contributing banks, through the powers assigned to specific investor committees. In addition, in order to align the interests of the asset management company with those of the contributing banks, the structure of fees to the asset management company generally entails management fees consistent with the net assets of the fund, as well as performance fees or a carried interest on the extra yield of the transaction.

Accounting treatment

In accounting terms, pursuant to the accounting standard IFRS 9, the above sale transactions resulted in the derecognition of the loans sold, as the Group did not substantially retain the risks or rewards of the transferred assets, and also did not retain any substantial control over the assets, as the control was instead assumed by the fund management company. In particular, the risks and rewards that the Group may obtain from the units held in exchange for the loans are not anchored to the occurrence, amount or timing of the events that involve the loans sold, given that the economic and financial dynamics linked to the single loans will not automatically or directly influence the returns of individual unitholders (including Banco BPM) which, instead, will depend on the general performance of the fund managed by the asset management company. In that regard, it must be noted that, as these are multi-originator transactions, the loans contributed by the single participants may differ from those contributed by other participants and, where these concern the same debtor, may also change the percentage of exposure contributed by each participant.

In relation to said derecognition, the fund units obtained as a conversion from the sale were recognised in the accounting portfolio of "Other financial assets mandatorily measured at fair value". The difference between these derecognised loans and the recognition value of the fund units was recognised in the income statement as an effect of the loans, based on the regulations set out in paragraph 3.2.12 of the accounting standard IFRS 9.

With regard to the need to consolidate the mutual funds subscribed - in line with that illustrated in "Part A – Accounting policies" with regard to the requirements of the accounting standard IFRS 10 for holding control over an entity - no funds were identified that required consolidation. Based on the powers assigned to the bodies establishing the fund (Board of Directors, Investors Committee, Investors' Meeting) and the majorities required to pass the related resolutions, no funds were identified in which the Group is deemed to hold the power to manage significant activities.

New transactions of the period

UTP Corporate Restructuring Fund (Sagitta SGR)

The multi-originator transaction called UCT Corporate Restructuring (hereinafter "UCR") was completed in two separate waves on 15 July 2024 and 23 December 2024, through the sale of loans to the UCR Fund managed by Sagitta SGR - the first Fund in Italy launched by the Arrow Group that invests in UTP exposures, and in general in loans to companies in financial distress with turnaround and relaunch prospects - and the simultaneous subscription of the Fund units. The UCR Fund is a single-segment fund with two classes of units, A1 Units for contributing investors and A2 Units reserved to the SGR and the management team, which give them the right to receive the carried interest.

The Fund has a duration of 8 years (extendable by one year).

More specifically, the transaction in question regards the sale of a portfolio of Corporate Large & Medium Size loans classified as Unlikely to Pay (hereinafter also UTP), resulting from loans granted to companies in financial distress, with different risk profiles in terms of territorial distribution, intended use and lifecycle of the underlying assets.

The purpose of the transaction is to ensure a more proactive and effective management of secured loans, through i) the disbursement of new loans where deemed necessary to develop the business and/or rebalance the corporate debt; ii) the possibility of intervening directly in the equity of the target companies, changing their governance and guiding restructuring processes; iii) a better and more effective restructuring of the company, exploiting the specific skills of the Group of the assignee SGR.

Amount of loans sold and Banco BPM's stake

The participants in the waves sold their credit exposures to the fund for a total gross value of approximately 293 million for a total NAV of approximately 236 million.

Banco BPM sold two exposures classified as UTP to the SPE, for a gross value of 40.7 million, corresponding to an initial assignment value of 35.7 million. Against the cited transaction, Banco BPM received 35,379.33 units of the UCR Fund. More specifically, in some cases, these assignments involved several counterparties from which Sagitta SGR had already purchased portions of loans from other banks: the aim of Banco BPM's assignment was therefore, inter alia, to increase UCR's share of wallet vis-à-vis the counterparties sold, thus increasing its negotiating power at restructuring tables, with a view to boosting the recovery for the shareholders.

As at 31 December 2024, the total fair value of the units of this Fund held by Banco BPM was 31.9 million.

Accounting treatment

The estimate of the fair value of the fund units, based on the provisions of IFRS 13, was carried out using the Discounted Cash Flow technique; for information on the method used to determine fair value, please refer to the contents of part "A.4 – Fair value disclosure", which also includes some sensitivity analyses.

Retail & Leisure Fund (IQ EQ Fund Management)

The multi-originator transaction called Retail & Leisure (hereinafter "RL") was finalised on 15 April 2024 through the sale of the receivables to the RL Fund managed by IQ EQ Fund Management - a Fund dedicated to Real Estate exposures mainly to shopping centres in financial distress and sponsored by Pillarstone, which acts as servicer - and the simultaneous subscription of the Fund's units. The RL Fund is a single-segment fund with a single class of A Units for contributing investors.

The Fund has a duration of 7 years (extendable by one year).

More specifically, the transaction in question regards the sale of a portfolio of Real Estate loans classified as Unlikely to Pay (hereinafter also UTP), resulting from loans granted to real estate companies in financial distress, with different risk profiles in terms of territorial distribution.

The purpose of the transaction is to ensure a more proactive and effective management of secured loans, through i) the disbursement of new loans where deemed necessary to make the capex to develop the business and/or rebalance the corporate debt, ii) the possibility of intervening directly in the equity of the target companies, changing their governance and guiding restructuring processes, and iii) a better and more effective restructuring of the company, exploiting the specific skills of the Group of the assignee SGR.

Amount of loans sold and Banco BPM's stake

The participants in the waves sold their credit exposures to the fund for a total gross value of approximately 238 million for a total NAV of approximately 224 million.

Banco BPM sold 3 exposures classified as UTP to the SPE, for a gross value of 74.7 million, corresponding to an initial assignment value of 71.1 million. Against the cited transaction, Banco BPM received 71,129,115 units of the RL Fund. More specifically, in some cases, these assignments involved several counterparties from which the Fund had already purchased portions of loans from other banks: the aim of Banco BPM's assignment was therefore, inter alia, to increase RL's share of wallet vis-à-vis the counterparties sold, thus increasing its negotiating power at restructuring tables, with a view to boosting the recovery for the shareholders.

As at 31 December 2024, the total fair value of the units of this Fund held by Banco BPM was 51.2 million.

Accounting treatment

The estimate of the fair value of the fund units, based on the provisions of IFRS 13, was carried out using the Discounted Cash Flow technique; for information on the method used to determine fair value, please refer to the contents of part "A.4 – Fair value disclosure", which also includes some sensitivity analyses.

City Regeneration Fund - Class C (Redo SGR Benefit Corporation)

Following the transaction already completed in 2023 with Redo SGR - in relation to the urban regeneration project of the former "ex Falk" industrial areas, following which Banco BPM had received units of the City-Regeneration Class B Fund - on 11 June 2024, Banco BPM contributed to the fund in question, managed by the same asset management company, the performing exposure to the company EuroMilano Fund, for a gross value of 12.9 million. In particular, this is a real estate development company that carries out activities focusing on urban and environmental regeneration and offers planning and recovery services for urban areas, with the aim of enhancing existing areas and ensuring the construction of functional and eco-sustainable buildings.

The aforementioned sale is part of a broader and more complex transaction, which involves a number of leading Italian banks, lenders of EuroMilano, including Banco BPM, aimed at completing the urban regeneration project of the Cascina Merlata area in Milan. The transaction envisages both a financial manoeuvre, through the progressive discharge of EuroMilano's debt, and an industrial manoeuvre carried out through the completion of the planned lots in the Cascina Merlata area.

The holding of the unit classes of the above-cited Fund represents the contribution made by Banco BPM against the non-recourse sale of credit exposures to EuroMilano S.p.A. (hereinafter also EuroMilano or the company).

The transfer value of the units, supported by the fairness opinion drawn up by the expert appointed by the asset management company, was equal to the nominal value of the receivables, taking into account that the value of the real estate complex constituted as collateral for the receivables was considered more than sufficient with respect to the value of the receivables sold.

As at 31 December 2024, the *fair value* of the B and C Units of this Fund held by Banco BPM had a NAV of 58.5 million.

Accounting treatment

The estimate of the fair value of the fund units, based on the provisions of IFRS 13, was carried out on the basis of the Net Asset Value Method, which aligns the value of a company to the market value of the underlying assets held or attributable to the same.

In this case, the NAV of the fund allocated to the unit class held by Banco BPM (class C), based on the waterfall envisaged by the Regulation, was in line with the nominal value of the receivable contributed, equal to 12.8 million. The aforementioned initial recognition value was also confirmed for 31 December 2024, in the absence of new information in the short period of time with respect to the completion of the transaction.

For more information on the method used to determine the fair value, please refer to the content of part "A.4 – Fair value disclosure".

QUANTITATIVE INFORMATION**Breakdown of units of mutual investment funds held as at 31 December 2024**

As at 31 December 2024, the value of mutual investment funds in the financial statements deriving from the transactions in question totalled 480.2 million (313.7 million as at 31 December 2023), fully referring to the Parent Company.

The change in 2024 is attributable to the net balance between new subscriptions of 170.8 million, the distributions received by the SGRs of -11.7 million, and the valuation effects, which overall were a positive 7.4 million.

The table below provides the breakdown of funds held, indicating the fund management company, the first closing date and the subsequent contributions, as well as the investment policy followed by the fund.

Fund name	Book value as at 31/12/2024 (*)	Asset Management Company	First closing date/subsequent contributions	Fund investment policy
IDeA Corporate Credit Recovery I	122	Dea Capital Alternative Funds SGR	23 June 2016 27 June 2017 4 July 2019	Past due loans, unlikely to pay or corresponding or similar categories of loans and/or loans subject to restructuring disbursed to target companies, participating financial instruments or shares issued by the above and any short-term loans deriving from self-liquidating credit lines granted to said target companies.
IDeA Corporate Credit Recovery II	72,028	Dea Capital Alternative Funds SGR	28 December 2017 18 February 2019 4 April 2023 23 December 2024	Past due loans, unlikely to pay or corresponding or similar categories of loans and/or loans subject to restructuring disbursed to target companies, from participating financial instruments or shares issued by the above and any short-term loans deriving from self-liquidating credit lines granted to said target companies.
IDeA Corporate Credit Recovery II – USD Shipping segment	5,375	Dea Capital Alternative Funds SGR	21 December 2018	Past due loans, unlikely to pay or corresponding or similar categories of loans and/or loans subject to restructuring disbursed to target companies operating in the field of shipping and maritime transport, without specific sector restrictions, from participating financial instruments or shares issued by the above and any short-term loans deriving from self-liquidating credit lines granted to said target companies.
Clessidra Restructuring Fund	23,120	Clessidra SGR	25 September 2019	Past due loans, unlikely to pay, forborne performing and non-performing loans, performing high risk loans disbursed to target companies, from participating financial instruments/shares/convertible bonds issued by said companies, loans disbursed in the form of debtor-in-possession financing transactions to support the target companies in restructuring the debt disbursed.
Back2bonis	57,919	Prelios SGR	23 December 2019 20 December 2021 27 December 2023	Untranch asset backed securities issued as part of securitisation transactions carried out pursuant to Law 130/99, whose underlying is represented by receivables mainly classifiable as "unlikely to pay" loans, not due from consumer debtors, as well as loans disbursed to those debtors as part of debt restructuring transactions, recovery and/or turnaround and/or similar operations or as part of repossessions and similar actions on collateral.
iCCT Fund Class A Class A1	36,324	Illimity SGR	3 October 2022 24 March 2023 18 December 2023 26 June 2024 17 December 2024	Unlikely to Pay loans disbursed to "Corporate Large & Medium Size" customers deriving from loans granted to companies in financial distress. The purpose of the transaction is to ensure a more proactive and effective management of secured loans, through i) the disbursement of new loans where deemed necessary to develop the business and/or rebalance the corporate debt, ii) the possibility of intervening directly in the equity of the target companies, changing their governance and guiding restructuring processes, and iii) a better and more effective restructuring of the company, exploiting the specific skills of the Group of the assignee SGR.
Efesto Fund	51,314	FinInt SGR	6 July 2022 16 November 2022 22 December 2023 26 June 2024 20 December 2024	Unlikely to Pay and non-performing loans disbursed to "Corporate Large & Medium Size" customers deriving from loans granted to companies in financial distress. The purpose of the transaction is to ensure a more proactive and effective management of secured loans, through i) turn-around activities and extraordinary distressed M&A transactions, disbursement of new finance and private equity-style management, ii) settlement activities out-of-court and in the structuring of composition procedures.
UTP Italia Fund	29,430	Sagitta SGR	11 November 2022	Unlikely to Pay and, to a lesser extent, non-performing loans disbursed to "Small-Medium" customers deriving from loans granted to retail entities and SMEs in financial distress. The aim of the transaction is to ensure a more proactive and effective management of secured loans, through i) the disbursement of new loans where deemed necessary to develop the business and/or rebalance the counterparty's indebtedness, ii) a better and more effective restructuring of the borrower, taking advantage of the specific skills of the Group of the assignee SGR and iii) proactive management of the loan portfolio according to the principles of ethical management of exposures inspired by the ESG framework.
Lendlease Msg Heartbeat (**)	48,500	Lendlease Italy Sgr	30 June 2023	Unlikely to Pay loans disbursed to the Risanamento group. The purpose of the transaction is to unblock the implementation of the real estate project in the Santa Giulia area owned by Risanamento. The MSG project promoted by Risanamento is one of the main urban redevelopment initiatives and involves the development of buildings for different uses, with the involvement of the Lendlease Group (LL).

Fund name	Book value as at 31/12/2024 (*)	Asset Management Company	First closing date/subsequent contributions	Fund investment policy
Eleuteria Fund	14,482	Prelios SGR	18 November 2023 19 January 2024	Unlikely to Pay loans disbursed to "Small-Medium" customers deriving from loans granted to retail entities and SMEs in financial distress. The aim of the transaction is to ensure a more proactive and effective management of secured loans, through i) the disbursement of new loans where deemed necessary to develop the business and/or rebalance the counterparty's indebtedness, ii) a better and more effective restructuring of the borrower, taking advantage of the specific skills of the Group of the assignee SGR and iii) remediation of the economic conditions, thanks to support in the turnaround of the company.
City Regeneration Fund - Class B Class C (**)	58,447	Redo SGR Società benefit	10 November 2023 12 June 2024	This is an alternative closed-end real estate investment fund reserved to qualified investors, with the aim of making sustainable investments pursuant to Art. 9 of Regulation (EU) 2019/2088 (so-called "Fund pursuant to Art. 9 SFDR"), in real estate initiatives aimed at urban regeneration and which have a social impact. The management is entrusted to Redo SGR Società benefit (benefit corporation), a leading company in affordable housing and in urban regeneration with a social impact.
R&L Fund	51,232	IQ EQ Fund Management	15 April 2024	Past due loans, unlikely to pay or corresponding or similar categories of loans and/or loans subject to restructuring disbursed to target companies, participating financial instruments or shares issued by the above and any short-term loans deriving from self-liquidating credit lines granted to said target companies.
UCR Fund	31,890	Sagitta SGR	15 July 2024 23 December 2024	Past due loans, unlikely to pay or corresponding or similar categories of loans and/or loans subject to restructuring disbursed to target companies, participating financial instruments or shares issued by the above and any short-term loans deriving from self-liquidating credit lines granted to said target companies.

(*) Assets included in the financial statement item "20 c. Financial assets at fair value through profit and loss - other financial assets mandatorily measured at fair value".

(**) Real estate funds based on the real estate development underlying the completion of the transaction.

It is also specified that the fund units held represent the Group's maximum exposure to risk; with regard to the above transactions, there are no guarantees or irrevocable credit lines issued to the fund, nor are there commitments to subscribe additional units of the fund.

Lastly, for the transactions carried out through the scheme of the sale of receivables to a securitisation SPE pursuant to Law 130/99 and the concurrent subscription of ABS by the originators, refer to that illustrated in paragraph "C. Securitisation transactions" above.

Significant events during the year

iCCT Fund - Credit & Corporate Turnaround Fund (Illimity SGR)

On 26 June 2024, Banco BPM made a contribution for an equivalent value of 5.9 million against a total gross value transferred of 10.1 million relating to a Large Corporate receivable classified as UTP.

The initial recognition value is 5.9 million against a value recorded in units of 7.3 million.

On 17 December 2024, Banco BPM made a further contribution for an equivalent value of around 3.2 million against a total gross value transferred of 5.5 million relating to the short-term receivables of a Corporate Group classified as UTP.

The initial recognition value is 3.2 million against a value recorded in units of 4.0 million.

As at 31 December 2024, the fair value value of the units of this Fund held by the Bank was 36.3 million.

IDeA Corporate Credit Recovery II (Dea Capital Alternative Funds SGR)

On 23 December 2024, Banco BPM sold a pool loan equal to 61.6 million, held by Banco BPM among others, in order to consolidate the exposure to and restructure the underlying debtor. The carrying amount of the units was 54.8 million, compared to a fair value initially recognised of 47.2 million.

As at 31 December 2024, the fair value value of the units of this Fund held by the Bank was 72.0 million.

Efesto Fund (Finint SGR)

On 26 June 2024, Banco BPM sold a portfolio of loans of a Corporate Group, used to restructure the underlying debtors. The carrying amount of the units was 5.7 million, compared to a fair value initially recognised of 4.9 million.

On 20 December 2024, Banco BPM sold a portfolio of loans classified as UTP and NPL mainly of SMEs. The carrying amount of the units was 18.9 million, compared to a fair value initially recognised of 16.7 million. As at 31 December 2024, the fair value value of the units of this Fund held by the Bank was 51.3 million.

Eleuteria Fund (Prelios SGR)

On 19 January 2024, Banco BPM sold a portfolio of loans classified as UTPs and NPLs mainly of SMEs. The carrying amount of the units was 7.2 million, compared to a fair value initially recognised of 6.2 million. As at 31 December 2024, the fair value of the units of this Fund held by the Bank was 14.5 million.

D. Covered bond transactions

Covered bond issue programmes

QUALITATIVE INFORMATION

Strategic goals

The Covered Bonds ("CB") issue is part of Banco BPM Group's Strategic Plan, and represents a tool to diversify sources of funding, to reduce the relative cost and to extend the maturities of liabilities.

As at the date of these financial statements, Banco BPM Group has two Covered Bond programmes in place, specifically, the "BPM CB1" and "BPM CB2" programmes.

At the former BPM Group level, on 13 November 2007, the Board of Directors of Banca Popolare di Milano authorised a CB issue programme ("BPM CB1"), for a maximum amount of 10 billion, relative to only residential landed and mortgage loans, structured, however, to also include commercial mortgages. Subsequently, on 10 March 2015, the Board of Directors of the former BPM Group approved a second CB programme ("BPM CB2") structured to only include the sale of residential landed and mortgage loans for a maximum amount of 10 billion.

During 2024, with a view to streamlining the CB programmes of Banco BPM Group, the CB Programme launched in 2010 by former Banco Popolare Group concerning residential mortgages ("Residential CB" or "BP CB1"), whose nominal value had been increased from the initial 5 billion to 10 billion in February 2011, was dismantled in advance.

Structure of the Programmes

Following the merger by incorporation of BPM S.p.A. into Banco BPM, which was completed in November 2018, Banco BPM acted as sole Originator Bank for the assets pursuant to Art. 7-bis of Italian Law no. 130 of 30 April 1999, as subsequently amended and supplemented, as well as Issuer Bank for the Group's CB programmes.

With reference to the "BPM CB1" and "BPM CB2" Programmes, the monetary receivables deriving from residential landed and mortgage loans having the characteristics set forth in Art. 2 of the MEF Decree (Mortgage Loans), as subsequently replaced by Article 7-novies "Eligible Assets" of Italian Law 130/99 and relative implementing provisions of the Bank of Italy, together with the commercial loans of only the BPM CB1 Programme, were transferred to the SPE BPM Covered Bond S.r.l. (80%-owned by Banco BPM) within the sphere of the "BPM CB1" Programme and to the SPE BPM Covered Bond 2 S.r.l. (80%-owned by Banco BPM) within the sphere of the "BPM CB2" Programme.

With reference to the "BP CB1" Programme, closed in advance in 2024, Banco BPM provided for without-recourse sales to the SPE BP Covered Bond S.r.l. (60%-owned by Banco BPM) of the related monetary receivables deriving from mortgage loans having the characteristics set forth in Art. 2, paragraph 1, letter a) of the MEF Decree (Mortgage Loans), as subsequently replaced by Article 7-novies "Eligible Assets" of Italian Law 130/99 and relative implementing provisions of the Bank of Italy.

It should be noted that in the previous year, following the entry into force in Italy of the Covered Bond Directive (CBD) resulting from the new Bank of Italy regulation which amended Circular no. 285 of 17 December 2013 "Supervisory provisions for banks" with regard to Covered Bonds (CB), the contractual documentation of the "BPM CB1" and "BPM

CB2" programmes has been aligned with the new reference regulatory framework and the new requirements introduced by the CBD.

Therefore, the covered bonds issued during the year under the two programmes are sold under the brand name "European Covered Bond (Premium)".

Subordinated loan

For all Banco BPM Group's CB programmes, the Originator Banks (now only Banco BPM) granted a Subordinated Loan to the SPEs on the sale of assets to provide them with the financial resources required to acquire the related receivables (except when the SPE provided for the direct payment of the assets purchased). The SPEs must repay the subordinated loans on the final repayment date, also taking into account the extension of the deferral of the repayment date in the event of the Issuer's default, in accordance with the applicable priority of payments and within the limits of the funds available. In any event, at each interest payment date, there is an option to repay the subordinate loans in advance provided that the residual principal amount of the loans is equal to or higher than the residual debt of the Covered Bonds outstanding and that the tests contemplated by the regulations and by contract are complied with. Interest is paid on subordinated loans at a fixed rate equal to the interest rate of the respective CB Series issued, plus any excess spread generated by the structure.

Derivative Contracts

None of the CB Programmes of Banco BPM Group have hedging derivatives in place on the cover pool (so-called "Mortgages Pool Swap").

The "BPM CB2" Issue Programme has instead one derivative contract in place called "Covered Bond Swap" subscribed by the SPE and a market counterparty; said swap is an interest rate swap that hedges, at consolidated level and also in the case of the Issuer's default, the interest rate risk deriving from the misalignment between the interest flows of the portfolio of assets sold to the SPE and the interest flows on the CBs issued. The derivative in question complies with the requirements of the new supervisory regulations to be qualified as eligible assets. No "Covered Bond Swap" contracts are in place for the "BPM CB1" Programme.

Guarantees

In order to guarantee the repayment of the Covered Bonds should the Issuer not fulfil its obligations to pay, the SPEs have issued an unconditional and irrevocable primary guarantee valid for separate assets for the benefit of the investors that will subscribe the Covered Bonds. The guaranteed amount is equal to total interest and principal that must be paid to the investors on each class of Covered Bond. The regulations require that the integrity of the guarantee should be ensured during the life of the Covered Bonds and to this end, specific tests are envisaged that take the amount and the characteristics of both the assets assigned and the CB issued into account. The tests are carried out quarterly by the Group's Finance department and are checked by the risk control unit. The accuracy of the tests carried out when the individual CB series are issued and then on a quarterly basis is also checked by an external party, the Asset Monitor, which, in accordance with the Supervisory Provisions, must be an audit firm other than that assigned to audit the financial statements. The Asset Monitor must also check the quality and integrity of the assets sold and draw up an annual report containing the results of the checks carried out. The control system also avails of the Internal Audit department, which verifies the adequacy of the internal checks, also on the basis of the annual report drawn up by the Asset Monitor.

The current control system envisaged for covered bond transactions was appropriately updated, to provide for the new control mechanisms relating to the new framework on transfers, to the new minimum coverage requirement of 5%, liquidity requirements, limits on liquid assets in segregated assets and the liquidity reserve.

Regulatory and contractual tests (coverage requirements)

Regulatory tests, conducted quarterly on the portfolios of each of the issue programmes, and updated to comply with the new supervisory provisions, are as follows:

- the Nominal Value Test, which verifies that the nominal value of the residual loans in the portfolio sold is higher than the nominal value of the outstanding CB;

- the NPV Test, which checks that the present value of the residual credit portfolio is greater than the present value of the outstanding CBs;
- the Interest Coverage Test, which verifies that the interest collected and to be collected, net of the costs of the SPE, is higher than the interest to be paid to the holders of CBs.

If the requirements of all of the tests are met, payments may be made in accordance with the “order of payment”. In accordance with the contractual documentation of the programmes, the Asset Coverage Test on the portfolio should also be respected, which checks that the nominal value of the loans, weighted on the basis of any delays in the payment of the latter and the level of over-collateralisation envisaged by the contracts, is higher than the nominal value of the outstanding CBs. The infringement of the regulatory and contractual tests leads to an obligation for the originator banks to add to the portfolio.

The new implementing provisions provide for a minimum level (equal to 5%) of coverage of liabilities (so-called Overcollateralisation Test), measured by the ratio between the assets included in the cover pool and the bonds issued. The contractual documentation of the “BPM CB1” and “BPM CB2” programmes, which already establishes a minimum level of excess collateral of 7.5%, was updated in order to provide for the possibility of using an over-collateralisation level lower than 7.5%, but in any case not lower than the 5% coverage requirement.

Liquidity requirements: liquid assets and new liquidity reserve

In addition to residential and commercial mortgages and derivative contracts that meet the conditions envisaged by Law, segregated assets may also include liquid assets that meet the requirements of the supervisory provisions. These liquid assets can be calculated according to predetermined percentages, which depend on the creditworthiness class of the Bank that holds them, and are calculated with respect to the nominal value of the outstanding covered bonds. As part of the aforementioned requirements for liquid assets, the new provisions require the Bank to hold a Liquidity Buffer, in order to continuously ensure, for the entire duration of the programme, that the assets forming part of the segregated assets include a buffer of liquid assets and exposures to banks (the latter in compliance with the limits and rating requirements envisaged by the regulations) that is at least equal to the maximum cumulative net liquidity outflow for the next 180 days.

Integration of eligible assets

With regard to the control activities envisaged for sales, whether they are supplementary or aimed at supporting new issues, the maximum sale percentages of eligible assets referring to the CET1 and Tier 1 capital limits of the originator Bank are no longer referred to. The new provisions require banks to set internal operating limits on the amount of eligible assets that can be committed to covered bond programmes and that these limits are consistent with the risk objectives and tolerance thresholds defined in the RAF (Risk Appetite Framework), with particular reference to those relating to liquidity risk (LCR Liquidity Coverage Requirement, NSFR Net Stable Funding Requirement), the overall level of encumbered assets and non-performing loans (NPL ratio).

With reference to the sales carried out in December 2024, the risk control function of Banco BPM has shown that these sales are consistent with the proposed operating limits and the tolerance thresholds envisaged by the Risk Appetite Framework approved by the Board of Directors of Banco BPM for 2024. In addition, the Compliance function also issued an opinion on the compliance of the aforementioned sales with the new reference regulatory framework.

It should also be noted that the direct sale of assets from the Guarantor BP Covered Bond S.r.l. to the Guarantor BPM Covered Bond S.r.l., carried out in June 2024, did not constitute a sale of “new” assets (“new” meaning assets not engaged in sale transactions in the context of secured funding transactions), but as an internal reallocation of already committed and segregated mortgages, therefore some operations typical of the sale of new assets were not necessary (such as the procedure of controls on the internal limits of the sale).

CB issues

Both of Banco BPM Group's Covered Bond Programmes comply with the new regulatory framework contained in Title I-bis of Law no. 130/1999 and relative implementing provisions envisaged by Bank of Italy Circular no. 285, chapter 3, part three. Therefore, the bonds issued during the year under the two Programmes are sold under the brand name “European Covered Bond (Premium)”.

Collection and administrative management services

For each Group CB Programme, the collection and management of the receivables sold is carried out by Banco BPM, which acts as the sole Servicer. In particular, with reference to each CB Programme of the Group, the amounts collected are paid into the accounts held in the name of the respective SPEs (BPM Covered Bond S.r.l. for the "BPM CB1" Programme and BPM Covered Bond 2 S.r.l. for the "BPM CB2" Programme) opened at Banco BPM and, on a daily basis, are transferred to the accounts of the respective SPEs opened at Banco BPM.

Banco BPM also acts as Administrative Servicer, namely it provides administrative services and fulfils tax-related requirements on behalf of all three SPEs.

QUANTITATIVE INFORMATION**Programmes closed in 2024***Banco Residential CB Programme ("BP CB1")*

As part of the Residential CB Programme ("BP CB1"), at the maturity of 31 March 2024, the Seventh Series of CBs was fully repaid by Banco BPM for a nominal value of 1 billion euro. Subsequently, with a view to streamlining the CB programmes of Banco BPM Group, the "BP CB1" Programme was dismantled in advance in 2024. In particular, in June 2024, the following was carried out: (i) the direct transfer to the BPM CB1 Programme of the entire loan portfolio to the BP CB1 Programme (excluding bad loans and other non-eligible exposures, which had been repurchased by Banco BPM in a separate transaction), and of the relative subordinated loan used by the SPE BP Covered Bond S.r.l. for the purchase of individual asset portfolios and (ii) the transfer from the BP CB1 Programme to the BPM CB1 Programme of the existing retained Covered Bond Series (Series 12), for a nominal value of 1,000 million, via the replacement of the Guarantor.

On 26 June 2024, deemed an extraordinary Guarantor Payment Date, the SPE made the final payments and the full repayment of the outstanding subordinated loan.

In July 2024, a Termination Agreement was signed, whereby all of the contracts signed and accounts opened with relation to the programme, were closed.

Existing and significant programmes during 2024*BPM Covered Bond Programme ("BPM CB1")*

In previous years, a total of thirteen portfolios of eligible assets were sold to the SPE BPM Covered Bond S.r.l., with total residual debt of 16.7 billion.

In June 2024, with regard to the unwinding of the "BP CB1" Programme, an "Asset Transfer between Guarantors" agreement was signed, with which the Guarantor BP Covered Bond S.r.l. sold en bloc, against payment and without recourse, its entire loan portfolio, excluding bad loans and other unsuitable exposures, repurchased by Banco BPM with a separate transaction, for a total residual debt of 2,330 million, to the Guarantor BPM Covered Bond S.r.l.. This is a portfolio of eligible assets consisting of residential landed and mortgage loans (fourteenth sale to the SPE).

In addition, in December 2024, by signing the relative contracts, Banco BPM sold a new portfolio of residential mortgage loans, including disbursements to employees of the Group, and commercial mortgage loans, for a total residual debt of approximately 1,251 million to the SPE BPM Covered Bond S.r.l. ("Seventh Banco BPM Portfolio", fifteenth sale to the SPE).

The SPE paid the purchase prices of the various portfolios using the Subordinated Loans granted by the Originator Banks, now Banco BPM, and the available liquidity deriving from the amortisation of the loan portfolio deposited in its current accounts held at Banco BPM. The Originator Banks, now Banco BPM, acted as Servicer, managing the collection of the receivables.

The table below shows the overall value of the loans sold to the SPE as at 31 December 2024:

Bank	Value as at 31/12/2024	Value as at 31/12/2023
Banco BPM	9,873,628	7,478,355

The amounts indicated represent performing, unlikely to pay, non-performing past due and bad loans, net of the relative write-down provisions, amortised cost, including mortgage loan instalments.

The table below shows non-performing loans:

Bank	Value as at 31/12/2024	Value as at 31/12/2023
Banco BPM	56,258	82,174

In 2024, the mortgage loan portfolio generated collections totalling 1,320 million, of which 1,037 million represented principal and 283 million represented interest.

Bonds issued by Banco BPM

As part of the "BPM CB1" Programme, Banco BPM issued fourteen CB Series, listed on the Luxembourg Stock Exchange, for a total of 13,650 million, over 1,000 million relating to Series 14 transferred from another programme, originally subscribed by institutional investors or by Banco BPM itself. These have been repaid for a total of 6,700 million.

As at 31 December 2024, there are eight Series of covered bonds outstanding, fully repurchased by Banco BPM, and used for refinancing operations with the ECB or for Repo transactions with market counterparties, for a total of 7,950 million, broken down as follows:

Date of issue	Series/Tranche	Notional value	Coupon	Maturity	Issue Price (flat quotation)	Moody's Rating (**)
19/11/2015	7th Series	900,000	3-month Euribor + 60 bps	19/11/2027 ⁽¹⁾	100.00	Aa3
07/11/2016	8th Series	1,000,000	3-month Euribor + 30 bps	07/11/2025 ⁽²⁾	100.00	Aa3
26/04/2018	9th Series	1,900,000	3-month Euribor + 30 bps	26/04/2025 ⁽³⁾	100.00	Aa3
25/09/2019	11th Series	650,000	3-month Euribor + 80 bps	25/03/2025	100.00	Aa3
21/12/2023	12th Series (Premium)	600,000	3-month Euribor + 75 bps	21/12/2027	100.00	Aa3
28/02/2024	13th Series (Premium)	900,000	3-month Euribor + 75 bps	28/02/2028	100.00	Aa3
28/03/2018	14th Series (*)	1,000,000	1-month Euribor + 30 bps	30/06/2025 ⁽⁴⁾	100.00	Aa3
26/07/2024	15th Series (Premium)	1,000,000	3-month Euribor + 60 bps	26/07/2028	100.00	Aa3
Total		7,950,000				

⁽¹⁾ In November 2022, the maturity date was extended from 19 November 2022 to 19 November 2027.

⁽²⁾ In October 2021, the maturity date was extended from 7 November 2021 to 7 November 2025.

⁽³⁾ In April 2021, the maturity date was extended from 26 April 2021 to 26 April 2025.

⁽⁴⁾ In April 2021, the maturity date was extended from 30 June 2021 to 30 June 2025.

(*) Bond transferred on 21 June 2024 from the BP CB1 Programme (formerly Series 12) to the BPM CB1 Programme.

(**) Rating as at 31 December 2024.

Other information

In June and December 2024, Banco BPM arranged for the repurchase en bloc, inter alia, of (i) the positions which, as at 31 May 2024 and 30 November 2024 respectively, were classified as bad loans and (ii) the repurchase of a portion of mortgages previously sold to the SPE and no longer classifiable as eligible. The considerations for these repurchases were paid to the SPE in June and December 2024 respectively.

As part of the programme, Banco BPM issued (i) on 28 February 2024, the Thirteenth retained CB Series for a nominal value of 900 million and (ii) on 26 July 2024, the Fifteenth retained CB Series for a nominal value of 1,000 million. This is the second and third issue of European Covered Bonds (Premium) as part of the BPM CB1 programme.

In addition, in June 2024, with the signing of the related contractual documentation, the transfer of the liability of the retained Covered Bond Series 12, renamed Series 14, with a nominal value of 1,000 million, from the original "BP CB1" Issue Programme to the "BPM CB1" Programme was finalised.

On the Guarantor Payment Dates of 15 January, 15 April, 15 July and 15 October 2024, the subordinated loan granted by Banco BPM to the SPE was repaid for a total of 725 million.

Events occurring after the end of the year

The subordinated loan granted by Banco BPM to the SPE was repaid for 450 million on the Guarantor Payment Date of 15 January 2025.

BPM Covered Bond 2 Programme ("BPM CB2")

During previous years, twelve residential landed and mortgage loan portfolios were sold to the SPE BPM Covered Bond 2 S.r.l. for a total value of approximately 13.5 billion.

In December 2024, by signing the relative contracts, Banco BPM sold a new portfolio of residential mortgage loans, excluding disbursements to Group employees and including mortgage loans disbursed by Webank, for a total residual debt of 1,612 million to the SPE BPM Covered Bond 2 S.r.l. ("Eighth Banco BPM Portfolio", thirteenth sale to the SPE).

To pay the purchase price of the portfolios, the SPE used a subordinated credit facility granted by the Originator Banks. The Originator Banks, now Banco BPM, acted as Servicer, managing the collection of the receivables.

The table below shows the overall value of the loans sold to the SPE as at 31 December 2024:

Bank	Value as at 31/12/2024	Value as at 31/12/2023
Banco BPM	8,132,137	7,297,428

The amounts indicated represent performing, unlikely to pay, non-performing past due and bad loans, net of the relative write-down provisions, amortised cost, including mortgage loan instalments.

The table below shows non-performing loans:

Bank	Value as at 31/12/2024	Value as at 31/12/2023
Banco BPM	23,167	63,611

In 2024 the mortgage loan portfolio generated collections totalling 881 million, of which 724 million represented principal and 157 million represented interest.

Bonds issued by Banco BPM

As part of the "BPM CB2" Programme, Banco BPM issued eleven CB Series, which are listed on the Luxembourg Stock Exchange, for a total nominal value of 7,750 million, of which 2,250 million was repaid, plus a Registered Covered Bond of 100 million transferred from another issue programme. All bonds issued by the programme have been placed on the capital market.

As at 31 December 2024, there are nine Series of covered bonds in place for a total of 5,600 million, broken down as follows:

Date of issue	Series/Tranche	Notional value	Coupon	Maturity	Issue Price (flat quotation)	Moody's Rating (*)
24/01/2011	Registered CB ⁽¹⁾	100,000	5.250%	03/04/2029	96.590	Aa3
02/12/2015	2nd Series	750,000	1.500%	02/12/2025	98.946	Aa3
23/01/2018	4th Series	750,000	1.000%	23/01/2025	99.792	Aa3
05/12/2019	6th Series ⁽²⁾	500,000	0.500%	05/12/2025	100.000	Aa3
15/03/2022	7th Green Series	750,000	0.750%	15/03/2027	99.868	Aa3
27/06/2023	8th Series (Premium)	750,000	3.750%	27/06/2028	99.879	Aa3
18/09/2023	9th Series (Premium) first tranche	500,000	3.875%	18/09/2026	99.764	Aa3
29/09/2023	9th Series (Premium) second tranche	250,000	3.875%	18/09/2026	99.430	Aa3
24/01/2024	10th Series (Premium)	750,000	3.375%	24/01/2030	99.781	Aa3
28/05/2024	11th Series (Premium)	500,000	3.250%	28/05/2031	99.348	Aa3
Total		5,600,000				

(1) The bonds were placed in the form of private placements with market investors; they were transferred on 27 April 2023 from the original BP CB1 programme.

(2) Private placement with the European Investment Bank (EIB)

(*) Rating as at 31 December 2024.

Other information

As part of the programme, Banco BPM (i) on 24 January 2024 issued the "Tenth Series" of CBs for a nominal value of 750 million and (ii) on 28 May 2024, issued the "Eleventh" Series of CBs for a nominal value of 500 million. This is the third and fourth issue of European Covered Bonds (Premium) as part of the BPM CB2 programme.

In June and December 2024, Banco BPM arranged for the repurchase en bloc, inter alia, of (i) the positions which, as at 31 May 2024 and 30 November 2024 respectively, were classified as bad loans and (ii) the repurchase of a portion of mortgages previously sold to the SPE and no longer classifiable as eligible. The considerations for these repurchases were paid to the SPE in June and December 2024 respectively.

On the Guarantor Payment Dates of 18 January and 18 April 2024, the subordinated loan granted by Banco BPM to the SPE was repaid for a total of 380 million, no repayment was made in the GPDs of July and October 2024.

Events occurring after the end of the year

The subordinated loan granted by Banco BPM to the SPE was repaid for 300 million on the Guarantor Payment Date of 20 January 2025.

On the maturity date of 23 January 2025, due to natural termination, Banco BPM provided for the full repayment of the Fourth Series of CBs issued for a nominal value of 750 million euro.

Accounting representation

On the consolidated financial statements of Banco BPM S.p.A. (as Issuer Parent Company and originator bank) the SPEs belong to the Group and are included in the consolidation on a line-by-line basis.

The main balance sheet items linked to the issue of CBs are shown below:

- loans sold by the originator banks to the SPEs continue to be posted under the balance sheet assets under item "40. b) - Loans to customers", and the relative interest is posted under income statement item "10. Interest and similar income". As at 31 December 2024, the book value of the mortgages is (i) 9,872 million for the BPM CB1 programme, and (ii) 8,129 million for the BPM CB2 programme. Said value is specifically indicated under the "Assets pledged to secure own liabilities and commitments" under liabilities of "Part B – Information on the balance sheet, Other information" of these Notes to the financial statements;
- the CBs issued are posted under debt securities in issue (item 10 c) of the Liabilities) and valued according to the fair value hedge accounting rules, hedged by the interest rate hedging derivative stipulated by the SPE

("Covered Bond Swap"). The securities issued also include funding transactions by means of repurchase agreements on the series of CBs repurchased, in line with the clarifications to this regard set out by the Supervisory Authority. The book value of the CBs as at 31 December 2024 amounts to (i) 6,545 million relative to the BPM CB1 programme and (ii) 5,693 million relative to the BPM CB2 programme. Note that the issues of part of the BPM CB1 programme are not posted inasmuch as used as collateral for monetary policy operations with the Eurosystem, as described previously;

- the Covered Bond Swap contracts, between the SPEs and the market counterparties outside the Group, are classified under item "50. Hedging derivatives" under assets and/or item "40. Hedging derivatives" under liabilities.

The consolidated income statement has the following components:

- interests on the loans sold (cover pool), as mentioned above, posted under the item "Interest and similar income";
- interest on the Covered Bonds issued, posted under the item "Interest and similar expense";
- the differentials relative to the hedging derivatives (which transform the Covered Bond rate from fixed to floating) which are posted under the "Interest and similar income" or "Interest and similar expense" according to the balance;
- the fair value delta of the hedging contracts and of the items covered, posted under item 90 "Fair value gains/losses on hedging derivatives".

E. Prudential consolidation - Credit risk measurement models

When measuring the credit risk of portfolios, the Bank uses an econometric model for management purposes, supported by an extensive set of data and risk variables, known as the Portfolio Model.

Through the use of Credit-VaR metrics, this model enables the distribution of the probability of losses of the loan portfolio to be defined, taking into account the different concentration, migration and default risk components, also in the event of a joint non-fulfilment of counterparties, in a predefined context of correlations between exposures in portfolio. This distribution is used to measure the maximum potential loss over a yearly time period and with a specific level of confidence of 99.9%. More specifically, in order to obtain this distribution, the model's processing engine uses a Monte Carlo simulation approach, which simulates a sufficiently high number of scenarios so as to provide a good empirical approximation of the theoretical distribution of loan portfolio losses. The maximum potential loss of the portfolio is calculated in terms of the change in the fair value of loans in the event of both the migration and default of customers.

For other residual exposures that are not part of the portfolio model, economic capital is calculated for the purpose of management control of risk through the use of supervisory regulatory metrics.

Lastly, the portfolio model periodically undergoes stress testing to evaluate the credit risk sensitivity of the Group's portfolio to changes in economic-financial and climate factors.

As at 31 December 2024, the expected credit loss, calculated on the Basel III validation perimeter (for which Banco BPM was authorised by the Regulator to use internal rating systems to calculate the capital requirements on credit risks), was 0.49% of the exposure to default, while the overall loss (measured by the C-VaR method in the 99.9th percentile, the most recent figure available with reference to the performing portfolio model perimeter) amounted to 1.61% of the exposure at default.

The internal models for estimating PD, LGD and EAD are subject to an internal validation process by the Internal Validation function and to a third-tier control by the Audit Function. The outcome of these processes is outlined in special reports submitted to the Corporate Bodies and sent to the European Central Bank/Bank of Italy.

Outcome of backtesting of rating systems

In order to calculate capital requirements against Credit Risk and only on the scope of the Parent Company, Banco BPM Group adopts internal estimates of PD and of LGD for Business and Private Customer portfolios.

The comparison between estimates and empirical data is made separately for PD, LGD and CCF, by means of backtesting conducted by the Internal Validation function.

With reference to the PD models, Banco BPM Group adopts performance measurements to check the accuracy ratio (AR) of the estimates and calibration tests ("classical" binomial tests on a multi-period and single period basis) to compare the default rates (DRs) recorded over an annual time horizon with the estimated PD values.

Regarding the Business customer segment, the latest backtesting showed a good discriminatory power of models, both in terms of single modules and final integrated scores, which produced values comparable and at times superior to those obtained during the development phase. With regard to the calibration, satisfactory values were found for all models.

Overall, the model performed well for the Private customer segment. With regard to calibration, the results of the binomial tests were satisfactory.

With regard to the LGD parameter, testing was conducted on both the performing and in default components. Internal Validation did not detect significant problems with the estimates generated for the private and business models. However, aspects of further improvement on the default scope remain to be explored, especially with reference to unlikely to pay exposures.

Testing was conducted in relation to CCFs. Internal Validation did not detect significant problems with the estimates generated for both the retail and corporate models.

In general, the models were fine-tuned, mainly with a view to making the models more compliant with legislative requirements.

1.2 MARKET RISKS

1.2.1 Interest rate risk and price risk - regulatory trading book

QUALITATIVE INFORMATION

A. General aspects

Market risk is the risk that the Group may generate less revenues than expected, or suffer from the impairment of balance sheet items or capital losses from financial positions held, due to sharp and adverse changes in market conditions, in particular interest rates, share prices, exchange rates, commodities and the associated volatilities and correlations (generic risk), or due to events that may impair the issuer's redemption capability (default risk) or which in any event result in a change in the solvency of the issuer (credit spread risk). Market risks can materialise both with regard to the trading book, which includes trading instruments and the associated derivative instruments, and with regard to the banking book, which includes financial assets and liabilities that are accounted for differently than those included in the trading book.

The organisational model adopted by Banco BPM Group for the trading books exposed to interest rate risk and price risk requires the centralisation in the Parent Company's Finance Department of the management of Treasury positions and the proprietary portfolio.

With reference to the internal model for the calculation of capital absorption against market risk, it should be noted that, starting from the 31 December 2020 reporting date, Banco BPM Group has used the model extended to all risk factors to calculate the Market Risk capital requirement. Said requirement is therefore calculated on the basis of the VaR, Stressed VaR – including the specific risk of debt securities – and of the IRC.

On 14 April 2023, the ECB also granted authorisation to extend the approach of the IMA model to the exchange rate risk of Banking Book positions.

Following the finalisation of the demerger of the Global Markets business unit of Banca Akros to Banco BPM, effective for legal purposes as of 1 January 2024, the new operating model centralised capital markets activities that involve the assumption of market risk in the Parent Company.

Parent Company's Portfolio

The Parent Company's trading book is held as part of its Investment Banking activities.

The Parent Company holds a trading book, the main interest rate risk exposures of which concern transactions on both money markets and the associated hedging derivatives, as well as those on the markets for OTC derivatives and structured products and listed derivatives.

Transactions are connected to both plain vanilla and structured instruments and listed and unlisted derivatives, including trades on the secondary market of structured products issued by the Group. The destructuring of complex transactions based on the underlying enables the centralised management of the interest rate, exchange rate and price risks within the specific offices of the Bank's Finance Department, which use sophisticated position keeping systems.

Trading in interest rate derivatives mainly consists of optimising the flows generated by the need to hedge interest rate risk by institutional customers (for example, Banks, Funds and Insurance companies), and corporate customers of the Bank, taking on the risk as its own and managing it using dynamic hedging strategies. The Parent Company operates as a market maker on OTC derivatives, mainly on the Euro interest rate curves. The process of rebalancing risks on an ongoing basis entails, also based on market liquidity, the use of trading in regulated futures and the related options on short and medium/long-term interest rates.

Trading in bonds issued by financial companies or corporates, traded on the secondary market (Eurobonds) derives from the need to meet customer requests, mainly from institutional customers. On the secondary market, the Bank operates as a market maker on bonds from corporate, financial and supranational issuers, primarily denominated in Euro, through trading on multilateral trading facilities or OTC.

With regard to the composition of the portfolio, at the end of December, net bond exposure, excluding Banco BPM issues, amounted to a nominal value of around 176 million, represented by 169 million in Italian Financial securities, 72 million in Corporate bonds, 9 million in German government bonds, 3 million in Supranational bonds and a short position in Italian government bonds (-72 million) and foreign Financial bonds (-5 million), the latter mainly comprised of financial CDS Ittraxx, used to hedge the positions in financial securities.

The exposure to credit spread risk totalled approximately +50 thousand euro (net of Banco BPM issues), considering a shock of 1 basis point, deriving mainly from Italian government bonds (credit spread sensitivity: approximately +91 thousand euro) and offset by financial securities (approximately -18 thousand euro), most of which Italian, foreign government bonds (approximately -12 thousand euro) and by corporate bonds (approximately -10 thousand euro).

The sensitivity (delta) to the overall interest rate risk at the end of December, netting long and short exposures on the various currencies and yield curve nodes, was +42 thousand euro, assuming a parallel change in the interest rate curve of 1 basis point. The greatest exposure to interest rate risk was recorded on the EUR (+57 thousand euro, positive rho), USD (-12 thousand euro, negative rho) and CHF (-3 thousand euro, negative rho) curves.

The main exposures to equity risk are related to trading on cash markets and associated listed or plain vanilla derivatives on the derivatives and OTC structured products market and the listed derivatives market.

Specifically, the scope includes portfolios of equities and related listed derivatives, held for trading purposes, for market making transactions on individual stock futures and options and for activities related to specialist services (continuous exposure of proposals to buy/sell), as well as transactions in structured instruments and listed derivatives. The deconstructing of complex operations based on the underlying enables the centralised management of the interest rate, exchange rate and price risks within the specific offices, which use a sophisticated position keeping system specialised in interest rate and credit spread, exchange rate and price risks. The system is integrated with pricing models and risk measurement (Greeks) developed in-house by the Financial Engineering function and validated by the Parent Company's Risk Function.

The overall exposure to the price risk of the equity portfolio equals a delta equivalent long position of around +12.6 million, divided between the Eurozone (+5.3 million) and the USA (+7.2 million). With regard to the Vega indicator (sensitivity to changes in the implicit volatility of the underlying), relating to the equity risk class, at the end of December the exposure was negative, approximately -501 thousand euro, considering a parallel shock of 1% on volatility levels. That exposure mainly originates from liquid share indices and "Large Cap" single stocks.

Lastly, the sensitivity to the dividend risk factor, considering a parallel shock of 10% on the levels of this parameter, was approximately +383 thousand euro at 31 December, concentrated mainly in the Oil&Gas, Utilities and Healthcare sectors.

The above-mentioned risk exposures are monitored daily to ensure that the operating limits, for the entire portfolio and for the individual underlying assets, established in accordance with the RAF limits set by the Board of Directors are complied with.

B. Interest-rate risk and price risk management processes and measurement methods

The task of controlling the financial risk management, with a view to identifying the different types of risk, defining the methods to measure the same, to controlling limits at strategic level and verifying the consistency between the operations of the same and the risk/return targets assigned, is centralised in the Parent Company under the responsibility of the Risk Function.

Financial risks are monitored on a daily basis, both through the use of deterministic indicators (sensitivity to market risk factors and indicators referred to the issuer) and probabilistic indicators (Value at Risk - VaR). The VaR, which indicates the maximum potential loss associated with market movements in unexceptional conditions, over a certain time horizon and with a certain confidence interval, represents a synthetic risk measurement.

The approach used to calculate the VaR is based on historical simulation. The values calculated are provided with a confidence interval of 99% and a time horizon of one day. The correlations used are those implicit in the historical scenarios of risk factors applied to estimate the empirical distribution of values in the trading book.

With regard to the Internal model (IMA) used to quantify the Regulatory Capital Requirement, in addition to the Ordinary VaR calculated under current conditions, a VaR under stressed conditions (Stressed VaR) is calculated, which adopts the period between August 2008 and August 2009 as the most severe scenario. The period of stress is monitored with a frequency and a method defined by internal regulations, which enable it to be promptly identified when changes in the composition of the portfolio occur, at the same time guaranteeing a certain degree of stability.

The Historical Simulation VaR model is used both to calculate the capital requirement, as envisaged by prudential requirements for market risk, and for operational purposes.

QUANTITATIVE INFORMATION

Regulatory trading book: internal models and other sensitivity analysis methods

Operational VaR

The operational Value at Risk (VaR) measurement considers the interest rate risk, equity risk, trading and banking book exchange rate risk and credit spread risk, as well as the benefit of correlation between the risks. Correlation risk and dividend risk are also considered, measured through stress testing techniques, with the benefit of diversification with respect to the first risk group cited.

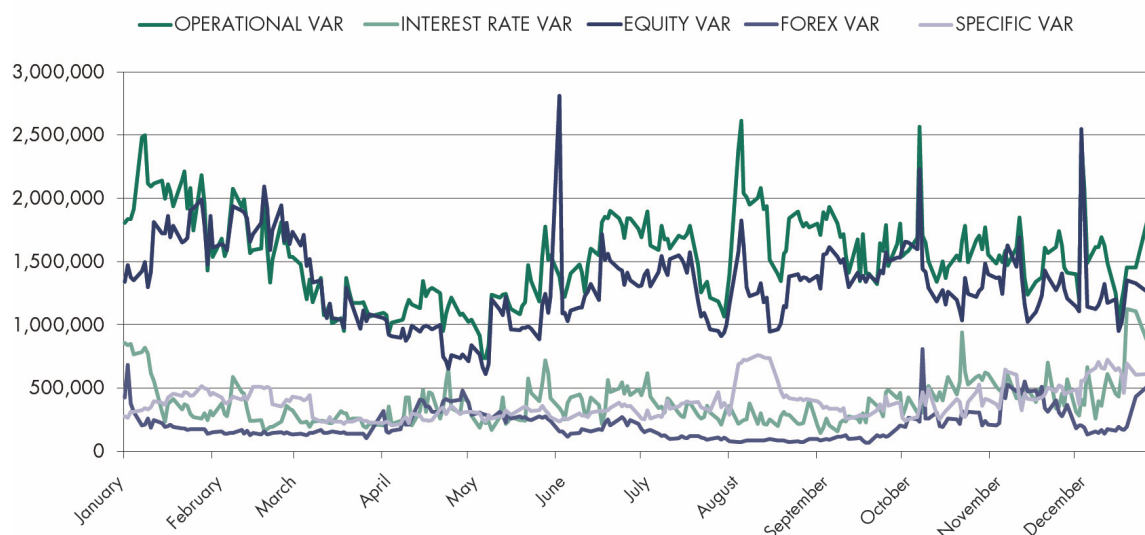
The capital requirement for supervisory purposes is measured with an internal validated model, for equity risk, trading and banking book exchange rate risk, interest rate risk and specific credit risk, while the commodity risk factor is measured with the standard method.

A table containing the operational VaR figures and the performance graph relating to 2024, referring to the regulatory trading book of Banco BPM, are shown below.

Regulatory trading book (in millions of euro)	2024			
	31 December	average	maximum	minimum
Interest Rate Risk	0.785	0.383	1.126	0.146
Trading and banking book exchange rate risk	0.478	0.210	0.810	0.067
Equity Risk	1.193	1.328	2.813	0.614
Dividend and Correlation Risk	0.267	0.587	1.405	0.050
Specific Debt Securities Risk	0.596	0.386	0.763	0.202
Total uncorrelated	3.318			
Diversification effect	-1.758			
Combined risk (*)	1.560	1.549	2.615	0.735

(*) Overall operational VaR.

Daily VaR and VAR by risk factor

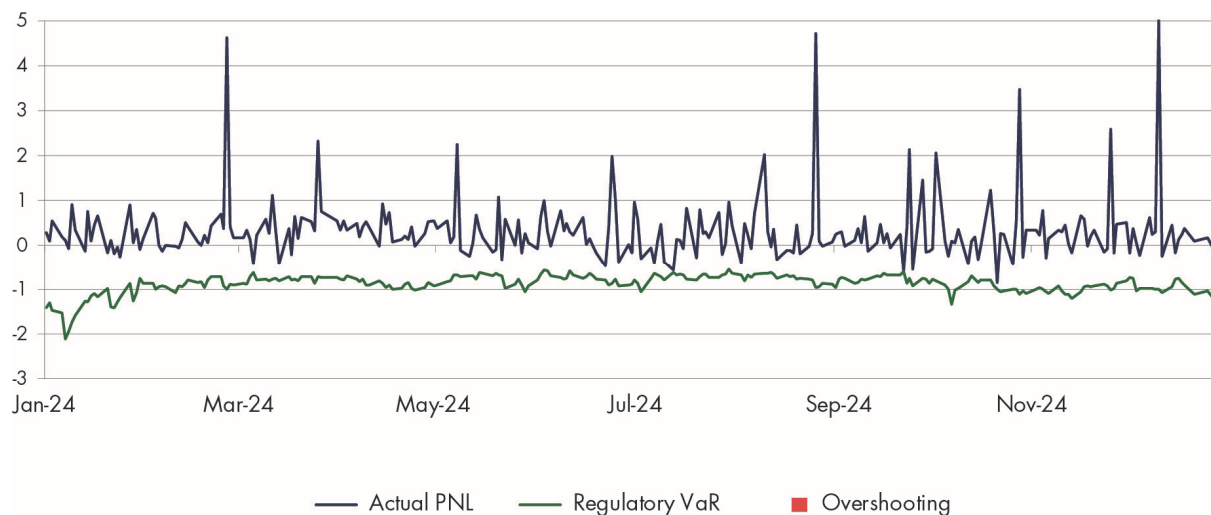


The prevailing risk component in 2024 is that relating to equity risk (levels and volatility), followed in order of importance by interest rate risk. The specific risk component on debt securities is low, although it rose in the second half of the year, in line with a low exposure to the bond segment.

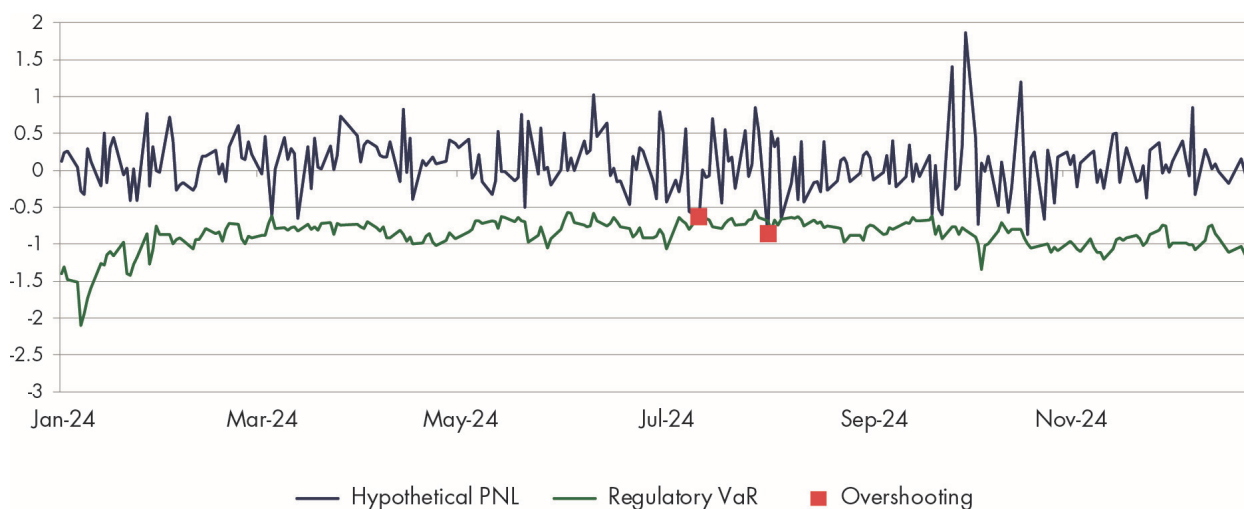
Consistent with the validation of the internal model for the calculation of the capital requirement relating to market risks, backtesting is conducted on the regulatory trading book on a daily basis, with a view to verifying the solidity of the VaR model adopted. The backtesting referred to the VaR method, calculated on the risk components included in the model, is shown below.

For backtesting purposes, as envisaged by supervisory regulations in force, we used the equally-weighted VaR measurement instead of applying a decay factor, which is used in operational approaches.

Actual Backtesting



Hypothetical Backtesting



In the last 250 observations, Banco BPM recorded 2 hypothetical backtesting overruns (15 July 2024 and 5 August 2024), generated by adverse market movements.

FRTB (Fundamental Review of the Trading Book)

To address the numerous critical issues that emerged during the global financial crisis of 2008, the CRR (Capital Requirements Regulation) came into force in 2013, a European regulation that adopts Basel II and III standards in order to guarantee the financial stability of institutions by defining robust capital requirements for credit, operational and market risks.

Since then, banking regulations on market risk management have been further revised, with a first implementation of the FRTB (Fundamental Review of the Trading Book) framework within CRR II in 2019, the introduction of requirements of incremental reporting starting from 2021, and a subsequent integration of the FRTB standards with the entry into force in July 2024 of the new CRR III regulation. In particular, the new framework introduced the following changes:

- definition of more stringent rules for the classification and movement of instruments within the trading and banking book;
- the metrics for measuring the capital requirement for market risk using the standardised approach, have been made more prudential and sensitive to market movements;
- internal models continue to be allowed, but must meet more stringent requirements and are subject to approval by the Regulator.

In order to ensure a level playing field between EU financial institutions and other jurisdictions, on 24 July 2024, the Commission changed, by means of a delegated act, the date of application of the regulatory text, postponing it from 1 January 2025 to 1 January 2026.

In this regard, Banco BPM Group is actively working on the development and alignment of the systems, structures and activities with the new regulations introduced. In particular, it should be noted that:

- as regards the Standard model (FRTB SA), the request for the use of alternative sensitivities (as made possible by Art. 325t) was approved by the Regulator, as they are considered more precise than those required by the regulation;
- as regards the Internal Model (FRTB IMA), given the complexity of calculating the new measures and the recent organisational reorganisation of the trading book structures, Banco BPM Group decided not to request authorisation for the application of the model (it may request it subsequently, if necessary).

Outcomes of internal validation activities

Banco BPM Group adopts internal models to quantify capital requirements for Market Risk, on which the Internal Validation function conducts qualitative and quantitative analyses to assess their soundness and the accuracy of the estimates for all significant risk components. Furthermore, it expresses an opinion on the regular functioning, on the predictive capacity, on the performance of internal risk measurement methods and on the adequacy of operating processes to ensure, on a continuous basis, the compliance of internal methods with company needs and the evolution of the reference market.

With reference to backtesting, the data produced to support overruns is analysed, as well as specific statistical tests (Proportion of Failures test, Time Until First Failure test, Christoffersen Interval Forecast test, Mixed Kupiec test and Conditional Coverage test) that are conducted in regard to different portfolio hierarchical levels and time horizons for Banca Akros (until December 2023) and the Parent Company. The results of the analysis showed that the model has a good ability to predict the number of backtesting overruns, also taking into account market trends.

Additionally, the adequacy of the scaling method used to quantify the capital requirement, as required by regulations, was reviewed.

To verify the severity of the stressed period used in the Stressed VaR risk measurement, appropriate analysis is carried out to assess any alternative periods that are more conservative than the one currently used to quantify the risk. The analyses showed the adequacy of the stressed period used in the quantification of risk.

Lastly, the Internal Validation function validates sample pricing models and performs benchmark models in order to evaluate the robustness of those in production.

On a periodic basis Internal Validation also verifies the robustness of the non-modelled risk framework (RNIME), as required by supervisory regulations.

As regards MiFiD 2 regulations, the Internal Validation function coordinated the working group created specifically to produce the Annual Validation Report on the Trading Algorithm to be sent to CONSOB (after the assessment of the Audit and Compliance functions), with an overall result of the self-assessment process considered adequate.

1.2.2 Interest rate risk and price risk - banking book

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for interest rate risk and price risk

The interest rate risk relating to the banking book is mainly associated with the core activity performed by the bank acting as an intermediary in the process of transformation of maturities. In particular, the issue of fixed-rate bonds, the

granting of fixed-rate commercial and mortgage loans, and funding from demand current accounts represent a fair value interest rate risk, while floating-rate financial assets and liabilities represent a cash flow interest rate risk.

The Asset & Liability Management unit of the Parent Company's Finance Function is responsible for managing interest rate risk and operates in compliance with the limits for exposure to interest rate risk defined by the RAF and/or the framework of operating limits and the indications of the Finance Committee.

The Parent Company's Risk Function is in charge of monitoring and controlling the interest rate risk of the banking book, also for the financial subsidiaries. This activity is performed on a monthly basis to verify that the limits in terms of changes in net interest income or the economic value of the banking book are complied with.

During the second half of 2024, the usual periodic activities were carried out to maintain and update internal models. It should also be noted that the Supervisory reports (ad hoc collection) required by the new EBA guidelines of 2022 have been regularly transmitted: CSRBB and NII+FV Changes in the area of STE, SOT EV and SOT NII, launched starting from 31 December 2023. In addition, starting from September 2024, ITS supervisory reports were introduced at individual level (including legal entities), as required by the Regulator.

As part of the monitoring of interest rate risk, the risk measures used within the RAF are:

- the change in expected net interest income over a twelve-month time horizon, in accordance with both a static and a dynamic balance sheet perspective, in the Constant Balance Sheet - CBS scenario, following a sudden parallel shock of the spot rate curves of +/- 100 bps for static monitoring and +/- 200 bps for dynamic monitoring, equating the measure to the static SOT NII (income perspective);
- the change in economic value following a parallel shock of the spot rate curves of +/-200 bps in the Balance Sheet Run-Off scenario in relation to Tier 1 (capital perspective);
- the value at risk of the banking book through the VaR (Value at Risk) methodology over a 12-month time horizon and with a confidence interval of 99.9% monitored as a RAF early warning indicator (capital perspective).

With regard to economic value analyses, Banco BPM Group maintained the monthly frequency of application of stress tests on the relevant currencies, reporting the results to the Finance Committee, in any case also following normal operating practice, as well as internal regulations, to carry out the same stress tests by applying sudden shocks, parallel or non-parallel, on the rate curves to all currencies in which banking book items are denominated.

Additionally, during the ICAAP exercise, the impact of extreme yet plausible changes in risk factors on VaR is assessed from a capital adequacy perspective.

QUANTITATIVE INFORMATION

1. Banking book: distribution of financial assets and liabilities by residual duration (by repricing date)

Currency of denomination: Euro

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	Over 10 years	Unlimited duration
1. On-balance sheet assets	29,484,434	54,058,361	8,730,682	3,838,812	21,955,307	20,620,727	12,647,765	-
1.1 Debt securities	275,187	2,172,666	4,634,982	940,885	12,268,704	14,623,411	2,124,229	-
- with early redemption option	41,712	1,208,218	121,952	79,047	865,991	584,124	89,472	-
- other	233,475	964,448	4,513,030	861,838	11,402,713	14,039,287	2,034,757	-
1.2 Loans to banks	11,664,861	2,569,678	13,962	176,763	2,146	-	-	-
1.3 Loans to customers	17,544,386	49,316,017	4,081,738	2,721,164	9,684,457	5,997,316	10,523,536	-
- current accounts	7,678,755	161,419	1,965	20,462	39,939	292	-	-
- other loans	9,865,631	49,154,598	4,079,773	2,700,702	9,644,518	5,997,024	10,523,536	-
- with early redemption option	3,620,666	44,659,321	3,820,453	2,517,963	8,964,531	5,935,343	10,484,304	-
- other	6,244,965	4,495,277	259,320	182,739	679,987	61,681	39,232	-
2. On-balance sheet liabilities	100,032,566	11,716,476	467,313	3,022,925	14,503,258	2,420,737	267,783	-
2.1 Due to customers	98,761,680	1,248,768	305,357	218,075	649,860	323,242	261,605	-
- current accounts	97,707,244	135,746	6	-	6	-	-	-
- other payables	1,054,436	1,113,022	305,351	218,075	649,854	323,242	261,605	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	1,054,436	1,113,022	305,351	218,075	649,854	323,242	261,605	-
2.2 Due to banks	72,535	1,282,455	2,197	2,214	1,661,010	1,260	1,017	-
- current accounts	9,210	-	-	-	-	-	-	-
- other payables	63,325	1,282,455	2,197	2,214	1,661,010	1,260	1,017	-
2.3 Debt securities	1,198,344	9,185,253	159,759	2,802,636	12,192,388	2,096,235	5,161	-
- with early redemption option	172,413	6,522,105	58	501,685	4,442,671	846,904	-	-
- other	1,025,931	2,663,148	159,701	2,300,951	7,749,717	1,249,331	5,161	-
2.4 Other liabilities	7	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	7	-	-	-	-	-	-	-
3. Financial derivatives	8,451,600	48,138,913	5,207,233	9,568,438	30,997,952	14,623,135	2,485,151	-
3.1 With underlying security	1,891,325	538,771	-	86,630	10,000	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	1,891,325	538,771	-	86,630	10,000	-	-	-
+ Long positions	1,140,678	26,055	-	86,630	10,000	-	-	-
+ Short positions	750,647	512,716	-	-	-	-	-	-
3.2 Without underlying security	6,560,275	47,600,142	5,207,233	9,481,808	30,987,952	14,623,135	2,485,151	-
- Options	132	50,848	24,928	185	48,268	21,436	6,084	-
+ Long positions	132	50,433	24,901	85	68	38	283	-
+ Short positions	-	415	27	100	48,200	21,398	5,801	-
- Other derivatives	6,560,143	47,549,294	5,182,305	9,481,623	30,939,684	14,601,699	2,479,067	-
+ Long positions	1,295,143	18,808,600	4,357,600	8,184,180	22,531,385	2,850,000	370,000	-
+ Short positions	5,265,000	28,740,694	824,705	1,297,443	8,408,299	11,751,699	2,109,067	-
4. Other off-balance sheet transactions	43,007,813	43,007,813	-	-	-	-	-	-
+ Long positions	32,540,967	10,466,846	-	-	-	-	-	-
+ Short positions	10,466,846	32,540,967	-	-	-	-	-	-

Currency of denomination: other currencies

Type/Residual duration	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 years to 10 years	Over 10 years	Unlimited duration
1. On-balance sheet assets	206,592	712,654	54,150	67,517	647,129	3,424,007	215,740	-
1.1 Debt securities	32,552	20,293	-	41,956	574,234	3,377,293	208,323	-
- with early redemption option	1,807	1,957	-	-	76,632	70,131	-	-
- other	30,745	18,336	-	41,956	497,602	3,307,162	208,323	-
1.2 Loans to banks	92,202	95,147	94	14	-	-	-	-
1.3 Loans to customers	81,838	597,214	54,056	25,547	72,895	46,714	7,417	-
- current accounts	18,340	-	-	-	-	-	-	-
- other loans	63,498	597,214	54,056	25,547	72,895	46,714	7,417	-
- with early redemption option	59,655	276,848	13,793	23,181	71,937	46,714	7,417	-
- other	3,843	320,366	40,263	2,366	958	-	-	-
2. On-balance sheet liabilities	1,029,800	4,672,116	26,935	36,423	-	-	-	-
2.1 Due to customers	911,379	681,242	24,269	29,685	-	-	-	-
- current accounts	775,392	8,259	24,269	29,685	-	-	-	-
- other payables	135,987	672,983	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	135,987	672,983	-	-	-	-	-	-
2.2 Due to banks	118,421	3,990,874	2,666	6,738	-	-	-	-
- current accounts	3,202	-	-	-	-	-	-	-
- other payables	115,219	3,990,874	2,666	6,738	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	19,251	2,231,092	395,648	859,770	1,696,382	1,867,020	192,623	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	19,251	2,231,092	395,648	859,770	1,696,382	1,867,020	192,623	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	19,251	2,231,092	395,648	859,770	1,696,382	1,867,020	192,623	-
+ Long positions	19,251	2,231,092	390,835	845,332	144,383	-	-	-
+ Short positions	-	-	4,813	14,438	1,551,999	1,867,020	192,623	-
4. Other off-balance sheet transactions	-	131,111	1,394	1,873	-	-	-	-
+ Long positions	-	63,922	1,394	1,873	-	-	-	-
+ Short positions	-	67,189	-	-	-	-	-	-

2. Banking book: internal models and other sensitivity analysis methods

The Group makes use of an Asset & Liability Management procedure to measure on a monthly basis the impact ("sensitivity") from changes in the interest rate structure on the management aggregates of the financial margin and of the economic value of capital related to the banking book.

With regard to the impact on the management aggregate of the financial margin, which represents a reasonable proxy of net interest income in the financial statements, the ALM system estimates its changes on a one-year horizon

in the assumption of deterministic shocks of the interest rate curves (bps increases/decreases applied to all the interest rate curves as if it were a sudden, single and parallel change), and shocks to adjust to the forward rates implied in money market rates, and again shocks from projections that reflect alternative scenarios. Estimates are based on the assumption that the capital structure remains unchanged in terms of aggregate assets and liabilities, as well as in terms of financial characteristics (rates, spreads, duration).

With regard to the economic value of capital, the same assumptions on the interest rate curve changes are applied, measuring the change in present value of all transactions and comparing it with the value of Own Funds (Tier 1).

For the purposes of sensitivity analyses, risk measurement metrics are monitored by applying a floor to the development of rates which, however, is currently not relevant in the face of a market scenario characterised by a sudden increase in risk-free rates after years of negative interest rates.

In 2024, interest rate risk exposure, at consolidated level, from income (NII) and capital (EV) perspectives, generally remained within the Risk Appetite Framework risk limits on the quarterly reporting dates of the financial statements.

With reference to results between quarters, the RAF SOT NII indicator exceeded the limit twice (May and November 2024), with the relative activation of the envisaged escalation process and implementation of the remedial actions that promptly brought the indicator back into the area of adequacy.

The table below shows exposure to interest rate risk at the end of 2024 in accordance with operational risk measures.

Risk ratios (%)	2024				2023	
	31 December	average	maximum	minimum	31 December	average
For shift + 100 bps						
Financial margin at risk/ Financial margin	6.30%	6.35%	8.27%	4.20%	6.0%	4.6%
For shift - 100 bps						
Financial margin at risk/ Financial margin	-6.73%	-7.04%	-8.74%	-7.40%	-6.8%	-6.3%
For shift + 100 bps						
Economic value at risk/ Economic value of capital	-6.43%	-5.01%	-6.43%	-5.90%	-3.1%	-3.9%
For shift - 100 bps						
Economic value at risk/ Economic value of capital	3.32%	0.88%	-1.61%	-1.60%	-1.0%	-1.2%

With reference to the banking book, the Group also assesses the exposure to default and migration risk of the rating classes of the debt securities classified as HTCS and HTC using a method which involves calculating the VaR spread and the Incremental Default Risk (IDR), to take into consideration the Default component of the HTCS portfolio and the Incremental Risk Charge to capture the Rating Migration component of the HTC portfolio.

Outcomes of internal validation activities

Banco BPM Group adopts behavioural models in order to capture idiosyncratic elements of customer segments and produce rate risk estimates that are more appropriate to the characteristics of the banking book. In this context, Internal Validation carries out reperforming, benchmarking and backtesting analyses in order to verify the robustness of rate risk estimates. The analyses carried out in 2024 did not reveal critical issues.

1.2.3 Exchange rate risk

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for exchange rate risk

The Money Market & Forex Unit, where the management of the Parent Company's exchange rate risk is centralised, hedges currency exposures both relating to other desks and to its own market making activities, with a view to the unitary and dynamic management of exchange rate risk and exchange rate volatility "on the book", thus with the possibility to carry out hedging "upstream" and to assume risks within the preset limits defined by the internal policies. The Group's total net exposure at the end of the year, adding all the exchange rate positions against the Euro, was around +1.2 million euro (long foreign currency, short Euro), concentrated mainly in USD (US Dollar: exposure -2.8 million euro), JPY (Japanese Yen: exposure +2.2 million euro) and HKD (Hong Kong dollar: exposure +1 million euro).

B. Exchange rate risk hedging

Exchange rate risk exposures are monitored on a daily basis and are hedged by the various desks so as to meet the risk limits defined by the Group.

Note that, following the finalisation of the demerger of the Global Markets business unit of Banca Akros to Banco BPM, effective for legal purposes as of 1 January 2024, the new operating model centralised capital markets activities that involve the assumption of exchange rate risk in the Parent Company.

QUANTITATIVE INFORMATION

The table below shows the distribution, by currency, of the assets, liabilities and derivatives of the Group, based on the rules for preparation envisaged by Bank of Italy Circular no. 262 and subsequent amendments.

In this regard, note that the imbalance resulting from the above-mentioned distribution does not necessarily represent the Group's actual foreign exchange position, as can be inferred from operational risk results. This mainly results from the fact that the table includes certain instruments in foreign currency, operationally related to other instruments which, however, are not subject to exposure as they are denominated in euro, although a part of the cash flows depends on exchange rate risk.

1. Breakdown by currency of assets and liabilities and of derivatives

Items	Currencies					
	USD	CHF	JPY	GBP	CNY	OTHER
A. Financial assets	5,569,804	189,460	112,630	171,184	7,797	208,792
A.1 Debt securities	4,029,065	98,178	-	120,160	-	8,122
A.2 Equity instruments	587,007	43,181	106,353	37,111	1,847	155,507
A.3 Loans to banks	113,404	22,058	2,015	5,481	3,178	41,321
A.4 Loans to customers	840,328	26,043	4,262	8,432	2,772	3,842
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	62,297	6,158	2,041	33,413	12	4,179
C. Financial liabilities	5,638,884	17,649	12,208	53,617	2,983	42,271
C.1 Due to banks	4,096,208	-	-	12,062	-	10,431
C.2 Due to customers	1,542,676	17,649	12,208	41,555	2,983	31,840
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	28,735	2,407	12	1,554	237	3,595
E. Financial derivatives						
- Options						
+ Long positions	202,624	5,160	3,227	1,837	-	690
+ Short positions	136,681	8,660	423	-	915	-
- Other derivatives						
+ Long positions	14,519,906	26,622	19,366	83,411	36,776	80,698
+ Short positions	14,357,175	165,570	14,791	241,683	38,146	85,762
Total assets	20,354,631	227,400	137,264	289,845	44,585	294,359
Total liabilities	20,161,475	194,286	27,434	296,854	42,281	131,628
Imbalance (+/-)	193,156	33,114	109,830	(7,009)	2,304	162,731

2. Internal models and other sensitivity analysis methods

The exchange rate risks generated by the trading book and the banking book are monitored through an internal VaR model illustrated in the "Interest rate risk and price risk - Regulatory trading book" section, where the values assumed by this indicator are shown.

1.3 Derivative instruments and hedging policies

Derivative instruments

With regard to derivative transactions, Banco BPM Group has introduced specific and robust validation and control processes of the pricing models and related market parameters.

Validation and control process of Market Parameters

Banco BPM Group adopted a Fair Value Policy defining the accounting rules to be used to value market parameters. To comply with this Policy, a strict process was put in place to count, validate and control the market parameters used to measure the market value and to estimate the risk of derivative positions. This process is implemented by the Parent Company's CRO Function and envisages, in particular:

- the constant update of the Parameter Manual, containing the main parameters used and their most significant features, and the definition of the source;
- the constant update of parameter control methods;
- the daily validation and control of the listed parameters, automatically fed by external infoproviders;
- the daily validation and control of illiquid parameters used for operational purposes.

In order to support control activities, the Group introduced an advanced application system (fed by the front office system and, for benchmarking purposes, by alternative and highly specialised infoproviders) to monitor the performance of the parameters over time, featuring the statistical analysis of variations and operating warnings.

Validation and control process of pricing models of OTC derivative products

Banco BPM Group works with OTC derivative instruments using, for the purposes of their valuation, quantitative pricing models in line with market best practices, which are already included in the Front Office application or, for special structures, models developed internally.

In order to ensure a precise and strict control over the adoption of new pricing models - be they market or in-house developed models - a validation process is in place, with the following features:

- the validation of the models carried out by the Market Risk Unit of the CRO Function;
- model validation based on strict consistency and robustness tests;
- the official validation of the new pricing models by the Parent Company's Risk Committee and, when this involves the creation of a new product, also by the Product Innovation Committee with the involvement of the main members of corporate management.

Note that, based on the current prudential policy pursued by the Group, innovative financial instruments can be entered only after a thorough analysis of the reliability and accuracy of their pricing models.

With regard to fair value measurement for the purposes of the accounting valuation of financial instruments, the Parent Company also estimates fair value adjustments (Valuation Adjustments) in order to reflect the risk relating to the pricing models used for the valuation of financial instruments.

The adjustments are deemed necessary to include all factors considered relevant to market participants, as well as to take into account any uncertainties in the measurement of fair value. In this regard, these adjustments must have the sole purpose of best reflecting the price of a possible market transaction and must not represent merely prudential adjustments, as they are not consistent with the fair value objectives. In relation to the type of instrument/model used, possible adjustments are represented by:

- model risk: this adjustment must be made to cover the risk that the valuation models, though validated, may generate fair values not directly observable or not immediately comparable with market prices;
- liquidity risk: this adjustment is made to take account of the size of the "bid - ask spread", i.e., the actual cost of divesting in markets with low efficiency;
- counterparty risk and risk of non-fulfilment of own contractual obligations.

The results of the valuation models used must be constantly calibrated, to assess the predictive capacity of the model to reproduce the market prices available for the same or similar instruments; they are also subject to continuous review, when new information becomes available, if information previously used is no longer available, the improvement of valuation techniques or changes in market conditions.

OTC financial and credit derivatives: counterparty risk/financial risk – Internal models

With regard to counterparty risk, defined as the risk that the counterparty in a transaction defaults before the final settlement of the cash flows of such transaction (EU Regulation no. 575/2013), the Group uses, both for supervisory reporting purposes and for internal management purposes, standardised methods to calculate exposures on the entire reference scope relating to derivatives and securities financing transactions (repurchase agreements and securities lending).

As regards derivative transactions, exposure to counterparty risk is calculated on the basis of the SA-CCR approach (Standardised Approach for Counterparty Credit Risk) (Ref. EU Regulation 2019/876), which makes it possible to better reflect the risks associated with derivative transactions.

Starting from March 2023, the internal method (Shortcut Method), previously used for management purposes to estimate risk exposures in OTC derivatives subject to Collateral Agreements (CSA), was prudentially replaced by the standardised approach (SA-CCR) also adopted in the Supervisory reporting area, which entered into force in June 2021 and applied to the entire scope of derivative transactions.

The above cited internal method continues to be implemented in the Parent Company for transactions in OTC collateralised derivatives, together with a daily monitoring and reporting system.

Membership of Clearing Houses for transactions in OTC Derivatives and Credit Derivatives has enabled the mitigation of risks.

In accordance with the Basel III Framework, additional capital requirements regarding the following are to be calculated:

- own funds for the Credit Valuation Adjustment (CVA) Risk through the adoption of the Standardised Approach, as established by Regulation (EU) no. 575/2013 for banks that are not authorised to use the Internal Model Method (IMM) for counterparty risk or the IMM for Incremental Risk Charge (IRC);
- exposures relating to operations with Qualifying Central Counterparties (QCCP) by adopting the methods envisaged by Arts. 306-308 of Regulation (EU) no. 575/2013.

Total counterparty risk is determined by applying the credit parameters (PD, LGD, weightings) established (AIRB or Standard internal model) to the exposure measures defined above.

Compliance with the operating limit, determined in accordance with the RAF limit set by the Board of Directors, is verified on a monthly basis on the entire scope.

With regard to fair value measurement for the purposes of the accounting valuation of financial instruments, the Parent Company also estimates fair value adjustments (Valuation Adjustments) in order to reflect counterparty risk on OTC derivative exposures.

The above adjustments are made with reference to both credit exposures (CVA - Credit Valuation Adjustment) and debt exposures (DVA - Debit Valuation Adjustment), to take into account the probability of bankruptcy of the counterparty and the Reporting Bank, respectively. In order to determine the exposure, an advanced simulation approach (Monte Carlo) is adopted for the quantification of the CVA and DVA, in line with market best practices.

The Group has met the obligation envisaged by European Legislation (EU Delegated Regulation 2016/2251), by exchanging, based on the relative contracts (CTA - Collateral Transfer Agreement), the initial margins of OTC derivatives not cleared by a central counterparty, which provide additional protection in the event that one of the two counterparties is not able to meet its commitments over the life of the contract.

Banco BPM Group uses the SIMM (Standard Initial Margin Model) method, whose calculation is mostly risk-sensitive, and is based on aggregate sensitivities by risk and product category.

1.3.1 Trading derivative instruments

A. FINANCIAL DERIVATIVES

A.1 Trading financial derivatives: year-end notional values

Underlying assets/Derivative types	Total 31/12/2024				Total 31/12/2023			
	Over the Counter			Organised markets	Over the Counter			Organised markets
	Central counterparties	Without central counterparties With netting arrangements	Without central counterparties Without netting arrangements		Central counterparties	Without central counterparties With netting arrangements	Without central counterparties Without netting arrangements	
1. Debt securities and interest rates	41,684,928	36,380,797	12,009,177	2,941,300	43,673,488	32,148,054	12,163,452	55,216
a) Options	-	26,942,337	2,176,899	112,700	-	18,795,583	1,987,454	-
b) Swaps	41,684,928	9,438,460	9,832,278	-	43,673,488	11,145,971	9,885,998	-
c) Forwards	-	-	-	-	-	-	290,000	-
d) Futures	-	-	-	2,828,600	-	2,206,500	-	55,216
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and share indices	-	6,087,867	368,021	4,605,331	-	10,794,253	880,908	1,124,328
a) Options	-	6,087,867	358,021	4,165,496	-	10,571,629	880,908	1,077,270
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	10,000	-	-	-	-	-
d) Futures	-	-	-	439,835	-	222,624	-	47,058
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	-	27,826,814	865,272	-	-	35,295,614	894,273	-
a) Options	-	214,190	392,868	-	-	376,237	214,903	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	27,612,624	468,731	-	-	34,919,377	668,448	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	3,673	-	-	-	10,922	-
4. Commodities	-	174,993	18,284	-	-	168,889	8,902	-
5. Other	-	-	-	-	-	-	-	-
Total	41,684,928	70,470,471	13,260,754	7,546,631	43,673,488	78,406,810	13,947,535	1,179,544

A.2 Trading financial derivatives: gross positive and negative fair value - breakdown by products

Derivative types	Total 31/12/2024				Total 31/12/2023			
	Over the Counter			Organised markets	Over the Counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Positive fair value								
a) Options	-	316,565	14,142	202,543	-	666,299	12,257	38,212
b) Interest rate swaps	644,619	260,945	103,652	-	933,661	319,307	52,734	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	622,945	8,041	-	-	344,332	9,340	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	3,418	1,066	-	-	8,340	187	-
Total	644,619	1,203,873	126,901	202,543	933,661	1,338,278	74,518	38,212
2. Negative fair value								
a) Options	-	231,897	129,089	151,369	-	645,411	160,084	32,225
b) Interest rate swaps	402,437	105,088	217,451	-	515,675	175,746	388,643	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	624,402	8,044	-	-	346,893	5,341	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	3,952	176	-	-	7,686	686	-
Total	402,437	965,339	354,760	151,369	515,675	1,175,736	554,754	32,225

A.3 OTC trading financial derivatives: notional values, gross positive and negative fair value by counterparties

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting arrangements				
1) Debt securities and interest rates				
- notional value	X	-	289,367	11,719,810
- positive fair value	X	-	2,211	108,355
- negative fair value	X	-	2,038	226,013
2) Equity instruments and share indices				
- notional value	X	-	247,641	120,380
- positive fair value	X	-	11	600
- negative fair value	X	-	3,121	109,933
3) Currencies and gold				
- notional value	X	9,064	60,265	795,943
- positive fair value	X	2	50	14,627
- negative fair value	X	259	2,270	10,969
4) Commodities				
- notional value	X	-	-	18,284
- positive fair value	X	-	-	1,045
- negative fair value	X	-	-	157
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting arrangements				
1) Debt securities and interest rates				
- notional value	41,684,928	25,188,448	8,472,931	2,719,418
- positive fair value	644,619	237,633	95,676	18,415
- negative fair value	402,437	55,195	37,516	46,803
2) Equity instruments and share indices				
- notional value	-	2,927,477	3,160,390	-
- positive fair value	-	85,943	138,146	-
- negative fair value	-	121,065	75,202	-
3) Currencies and gold				
- notional value	-	24,970,779	2,504,769	351,266
- positive fair value	-	544,731	76,253	3,659
- negative fair value	-	583,821	35,983	5,804
4) Commodities				
- notional value	-	96,931	5,903	72,159
- positive fair value	-	1,000	-	2,417
- negative fair value	-	3,217	474	259
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives: notional values

Underlying/Residual life	Up to 1 year	From over 1 year to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	39,260,616	42,129,759	8,684,527	90,074,902
A.2 Financial derivatives on equity instruments and share indices	1,215,934	4,297,244	942,710	6,455,888
A.3 Financial derivatives on currencies and gold	28,567,708	124,378	-	28,692,086
A.4 Financial derivatives on commodities	193,277	-	-	193,277
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	69,237,535	46,551,381	9,627,237	125,416,153
Total 31/12/2023	74,054,868	52,935,699	9,037,266	136,027,833

B. CREDIT DERIVATIVES**B.1 Trading credit derivatives: year-end notional values**

Transaction categories	Trading derivatives	
	on a single party	on several parties (basket)
1. Protection purchased		
a) Credit default products	30,000	53,000
b) Credit spread products	-	-
c) Total rate of return swaps	-	-
d) Other	-	-
Total 31/12/2024	30,000	53,000
Total 31/12/2023	-	91,000
2. Protection sold		
a) Credit default products	-	5,000
b) Credit spread products	-	-
c) Total rate of return swaps	-	-
d) Other	-	-
Total 31/12/2024	-	5,000
Total 31/12/2023	-	8,000

B.2 Trading credit derivatives: gross positive and negative fair value - breakdown by products

Derivative types	Total 31/12/2024	Total 31/12/2023
1. Positive fair value		
a) Credit default products	444	403
b) Credit spread products	-	-
c) Total rate of return swaps	-	-
d) Other	-	-
Total	444	403
2. Negative fair value		
a) Credit default products	2,639	3,045
b) Credit spread products	-	-
c) Total rate of return swaps	-	-
d) Other	-	-
Total	2,639	3,045

B.3 OTC trading credit derivatives: notional values, gross (positive and negative) fair value by counterparty

	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting arrangements				
1) Protection purchased				
– notional value	X	-	-	-
– positive fair value	X	-	-	-
– negative fair value	X	-	-	-
2) Protection sold				
– notional value	X	-	-	-
– positive fair value	X	-	-	-
– negative fair value	X	-	-	-
Contracts included in netting arrangements				
1) Protection purchased				
– notional value	53,000	30,000	-	-
– gross positive fair value	46	-	-	-
– gross negative fair value	2,332	307	-	-
2) Protection sold				
– notional value	5,000	-	-	-
– gross positive fair value	398	-	-	-
– gross negative fair value	-	-	-	-

B.4 Residual life of OTC trading credit derivatives: notional values

Underlying/Residual life	Up to 1 year	From over 1 year to 5 years	Over 5 years	Total
1 Protection sold	-	5,000	-	5,000
2 Protection purchased	5,000	78,000	-	83,000
Total 31/12/2024	5,000	83,000	-	88,000
Total 31/12/2023	-	99,000	-	99,000

B.5 Credit derivatives connected with the fair value option: annual changes

This case is not present for the Group; thus the relevant table has been omitted.

1.3.2 Hedge accounting

QUALITATIVE INFORMATION

A. Fair value hedging

The management of interest rate risk in the Banking Book is carried out centrally by the Parent Company within a specific delegated department, and the primary objective of management decisions is to mitigate the rebalancing of the dynamics of economic value volatility with the volatility of net interest income as the market rate curve changes, in accordance with the provisions of specific regulations (BCBS, EBA and the Bank of Italy).

The Group utilises an integrated Asset Liability Management (ALM) system with the aim of calculating the risk measurements that also include the use of behavioural models and measures, and management tends to pursue a natural compensation for the risks generated by the gaps in liabilities and assets. The items for which hedges are present are above all on-demand items, bond issues, mortgage loans and the securities portfolio.

In regard to the accounting of these hedging relationships:

- demand items are hedged through fair value hedges;

- bonds placed with ordinary customers are hedged via the fair value option, while fair value hedging is used for bonds placed with institutional investors;
- the securities portfolio is usually hedged through fair value hedges (or, in some specific cases, cash flow hedges);
- loans are hedged through fair value hedges.

For further details, please refer to "Part A – Accounting policies, A.2 – Key financial statement items" of these Notes to the financial statements.

The price risk of the alternative asset portfolio is monitored on a daily basis and is not hedged.

B. Cash flow hedging

Cash flow hedges are extremely limited and only concern certain securities on the balance sheet (these are mainly inflation-linked securities).

C. Foreign investment hedging

The only foreign investment hedges made by the Group concern the interest held by Banca Aletti in the subsidiary Banca Aletti & C. (Suisse) S.A., in which the book value is expressed in a currency other than euro (Swiss francs). In the separate financial statements, the hedge directly refers to the interest recorded in Banca Aletti's financial statements, while at the consolidated financial statement level, following on from a process of consolidation, the hedge regards the assets and liabilities of the aforementioned subsidiary.

D. Hedging instruments

The main sources of ineffectiveness that could change the hedging relationship during the period of validity are as follows:

- misalignment between the notional value of the derivative and of the hedged underlying recorded on initial designation or subsequently generated, as in the case of repurchases of bond loans;
- inclusion in the effectiveness test of the value of the variable leg of the hedging derivative, in the case of fair value hedges.

During the year, no conditions arose that determined hedge ineffectiveness.

During the year, the Group did not implement any dynamic hedging, as defined by IFRS 7, paragraph 23C.

E. Hedged items

Regarding the hedged risks and the relative hedging instruments used, please refer to previous points A and B.

As outlined in Part A of these Notes to the consolidated financial statements, the derivatives can be designated as hedges, provided that the hedging relationship between the hedged instrument and the hedging instruments is formally documented and it is effective at the time the hedge is originated and prospectively throughout its entire life. The hedge effectiveness depends on the extent to which the changes in the fair value or in the expected cash flows of the hedged instrument are actually offset by those of the hedging instrument. Therefore, effectiveness is measured by comparing said changes, while considering the aim pursued by the entity when the hedge was established.

A hedge is effective (within the limits established as a range of 80% to 125%) when changes in the fair value (or in the cash flows) of the hedging instrument neutralise almost completely the changes in the hedged instrument attributable to the hedged risk.

Subsequent to initial recognition with reference to the partial or total ineffectiveness of the hedging relationships:

- for fair value hedges, the changes in fair value of the hedged element are offset by the changes in fair value of the hedging instrument. Said offset is recognised by charging the changes in value to the income statement, in item "90. Fair value gains/losses on hedging derivatives", referring both to the hedged element (referring to the changes generated by the underlying risk factor), as well as to the hedging instrument. Any resulting difference, which represents the partial ineffectiveness of the hedge, represents the net effect on the income statement. If the hedging relationship ends, the hedged instrument reacquires the measurement approach of the class to which it originally belonged; for instruments measured at amortised cost, the cumulative

revaluations/write-downs recognised as a result of changes in fair value of the hedged risk are recognised in the income statement under interest income and expense throughout the residual life of the hedged item, on the basis of the effective interest rate. If the hedged item is sold or repaid, the share of fair value not yet amortised is recognised immediately in the income statement;

- for cash flow hedges, the portion of changes in the fair value of the derivative that is determined to be an effective hedge is recognised in shareholders' equity (item "120. Valuation reserves"), while it is recognised in the income statement only when changes in cash flows to be offset arise in the hedged item. The portion of gains or losses of the hedging instrument that is considered ineffective is charged to the income statement (item "90. Fair value gains/losses on hedging derivatives"). Said portion is equal to any difference between the cumulative fair value of the hedging instrument and the cumulative fair value of the hedged instrument. In any event, the fluctuations in fair value of the hedged item and the related hedge must lie within the 80%-125% range. If the cash flow hedge is no longer considered effective, or the hedging relationship is terminated, the total amount of gains or losses on the hedging instrument, already recognised under item "120. Valuation reserves", is recognised in the income statement only when the hedging transaction will take place or when it is no longer deemed possible that the transaction will take place. In this last circumstance, the profits or losses are transferred from the shareholders' equity item to the income statement item "90. Fair value gains/losses on hedging derivatives".

With reference to the impacts of the macroeconomic environment on the effectiveness of the Group's hedging relationships in place as at 31 December 2024, no particular critical elements emerged.

In this regard, the risk that the hedging relationship may be interrupted due to the increased risk of counterparty default appears remote, considering that almost all hedging derivatives are entered into with central counterparties, as shown in the following tables.

In addition, for fair value macro hedges, no elements have emerged related to the risk of any prepayment, even unexpected, as this risk is already included in the model. As a further safeguard against unexpected prepayments, there is the circumstance that the hedged portion represents a fraction of the amount that can be potentially hedged.

QUANTITATIVE INFORMATION

A. FINANCIAL HEDGING DERIVATIVES

A.1 Financial hedging derivatives: year-end notional values

Underlying types	assets/Derivative	Total 31/12/2024			Organised markets	Total 31/12/2023			Organised markets
		Over the Counter				Over the Counter			
		Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
			With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates		61,181,273	1,071,928	1,000,000	-	48,082,972	461,543	1,000,000	-
a) Options		-	-	-	-	-	5,000	-	-
b) Swaps		61,181,273	446,527	1,000,000	-	48,082,972	429,201	1,000,000	-
c) Forwards		-	625,401	-	-	-	27,342	-	-
d) Futures		-	-	-	-	-	-	-	-
e) Other		-	-	-	-	-	-	-	-
2. Equity instruments and share indices		-	-	-	-	-	-	-	-
a) Options		-	-	-	-	-	-	-	-
b) Swaps		-	-	-	-	-	-	-	-
c) Forwards		-	-	-	-	-	-	-	-
d) Futures		-	-	-	-	-	-	-	-
e) Other		-	-	-	-	-	-	-	-
3. Currencies and gold		-	-	27,962	-	-	-	29,239	-
a) Options		-	-	-	-	-	-	-	-
b) Swaps		-	-	-	-	-	-	-	-
c) Forwards		-	-	27,962	-	-	-	29,239	-
d) Futures		-	-	-	-	-	-	-	-
e) Other		-	-	-	-	-	-	-	-
4. Commodities		-	-	-	-	-	-	-	-
5. Other		-	-	-	-	-	-	-	-
Total		61,181,273	1,071,928	1,027,962	-	48,082,972	461,543	1,029,239	-

A.2 Financial hedging derivatives: gross positive and negative fair value - breakdown by products

Derivative types	Positive and negative fair value						Changes in value used to calculate hedge ineffectiveness			
	Total 31/12/2024			Total 31/12/2023						
	Central counterparties	Over the Counter		Organised markets	Central counterparties	Over the Counter		Organised markets	Total 31/12/2024	Total 31/12/2023
		Without central counterparties	With netting arrangements			Without central counterparties	With netting arrangements			
1. Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	1,235,418	2,234	-	-	1,335,296	3,270	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	16,802	-	648	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	1,235,418	19,036	-	648	1,335,296	3,270	-	-	-	-
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	1,003,719	78,529	8,451	-	1,296,835	80,566	20,701	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	207	-	-	-	358	1,868	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	1,003,719	78,736	8,451	-	1,296,835	80,924	22,569	-	-	-

A.3 OTC financial hedging derivatives: notional values, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting arrangements				
1) Debt securities and interest rates				
- notional value	X	1,000,000	-	-
- positive fair value	X	-	-	-
- negative fair value	X	8,451	-	-
2) Equity instruments and share indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	27,962
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting arrangements				
1) Debt securities and interest rates				
- notional value	61,181,273	836,928	235,000	-
- positive fair value	1,235,418	19,036	-	-
- negative fair value	1,003,719	28,087	50,649	-
2) Equity instruments and share indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional values

Underlying/Residual life	Up to 1 year	From over 1 year to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	12,075,494	32,037,297	19,140,410	63,253,201
A.2 Financial derivatives on equity instruments and share indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	27,962	-	-	27,962
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	12,103,456	32,037,297	19,140,410	63,281,163
Total 31/12/2023	6,812,044	23,749,873	19,011,837	49,573,754

B. CREDIT HEDGING DERIVATIVES**B.1 Credit hedging derivatives: year-end notional values**

This case is not present for the Group; thus the relevant table has been omitted.

B.2 Credit hedging derivatives: gross positive and negative fair value - breakdown by products

This case is not present for the Group; thus the relevant table has been omitted.

B.3 OTC credit hedging derivatives: notional values, gross positive and negative fair value by counterparty

This case is not present for the Group; thus the relevant table has been omitted.

B.4 Residual life of OTC credit hedging derivatives: notional values

This case is not present for the Group; thus the relevant table has been omitted.

C. NON-DERIVATIVE HEDGING INSTRUMENTS**C.1 Hedging instruments other than derivatives: breakdown by accounting portfolio and hedge type**

This case is not present for the Group; thus the relevant table has been omitted.

D. HEDGED INSTRUMENTS

D.1 Fair value hedges

	Micro hedges: book value	Micro hedges - net positions: book value of assets or liabilities (before netting)	Accumulated changes in the fair value of the hedged instrument	Micro hedges Termination of the hedge: residual accumulated changes in fair value	Changes in value used to calculate hedge ineffectiveness	Macro hedges: Book value
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging of:	10,219,506	-	(104,535)	-	-	-
1.1 Debt securities and interest rates	10,219,506	-	(104,535)	-	-	X
1.2 Equity instruments and share indices	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets at amortised cost - hedging of:	9,764,799	-	(79,080)	-	-	6,070,945
2.1 Debt securities and interest rates	9,764,799	-	(79,080)	-	-	X
2.2 Equity instruments and share indices	-	-	-	-	-	X
2.3 Currencies and gold	-	-	-	-	-	X
2.4 Loans	-	-	-	-	-	X
2.5 Others	-	-	-	-	-	X
Total 31/12/2024	19,984,305	-	(183,615)	-	-	6,070,945
Total 31/12/2023	14,307,313	-	(516,275)	-	-	9,008,620
B. Liabilities						
1. Financial liabilities at amortised cost - hedging of:	8,914,238	-	49,717	-	-	24,916,000
1.1 Debt securities and interest rates	8,914,238	-	49,717	-	-	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31/12/2024	8,914,238	-	49,717	-	-	24,916,000
Total 31/12/2023	7,735,620	-	(32,684)	-	-	15,996,000

D.2 Cash flow hedges and foreign investment hedges

		Changes in value used to calculate hedge ineffectiveness	Hedging reserves	Termination of the hedge: residual value of the hedging reserves
A. Cash flow hedges				
1. Assets		-	2,492	(1,829)
1.1 Debt securities and interest rates		-	2,492	(1,829)
1.2 Equity instruments and share indices		-	-	-
1.3 Currencies and gold		-	-	-
1.4 Loans		-	-	-
1.5 Other		-	-	-
2. Liabilities		-	-	-
2.1 Debt securities and interest rates		-	-	-
2.2 Currencies and gold		-	-	-
2.3 Other		-	-	-
Total (A)	31/12/2024	-	(2,492)	1,829
Total (A)	31/12/2023	-	(22,867)	2,386
B. Foreign investment hedges		X	(1,823)	-
Total (A+B)	31/12/2024	-	(4,315)	1,829
Total (A+B)	31/12/2023	-	(25,673)	2,386

E. EFFECTS OF HEDGING TRANSACTIONS ON SHAREHOLDERS' EQUITY

E.1 Reconciliation of shareholders' equity components

	Cash flow hedging reserve					Foreign investment hedging reserve				
	Debt securities and interest rates	Equity instruments and share indices	Currencies and gold	Loans	Other	Debt securities and interest rates	Equity instruments and share indices	Currencies and gold	Loans	Other
Opening balance	(20,481)	-	-	-	-	-	-	-	-	-
Fair value changes (effective portion)	29,605	-	-	-	-	-	-	-	-	-
Reclassifications to income statement	-	-	-	-	-	-	-	-	-	-
of which: future transactions no longer expected	-	-	-	-	-	-	X	X	X	X
Other changes	(9,787)	-	-	-	-	-	-	-	-	-
of which: transfers at the initial book value of hedged instruments	-	-	-	-	-	-	X	X	X	X
Closing balance	(663)	-	-	-	-	-	-	-	-	-

The table relating to Hedging instruments (non-designated items) is omitted as the category is not present for the Group.

F. DISCLOSURE ENVISAGED BY IFRS 7 RELATING TO THE REFORM OF BENCHMARK RATES

Information on risks and related hedging policies - derivative instruments and hedging policies

Hedge accounting

As regards hedge accounting, as at 31 December 2024, there are no residual derivative contracts indexed to the rates impacted by the IBOR Reform, pursuant to paragraph 24H of IFRS 7.

1.3.3 Other information on derivatives (trading and hedging)

A. FINANCIAL AND CREDIT DERIVATIVES

A.1 OTC financial and credit derivatives: net fair value by counterparty

	Central counterparties	Banks	Other financial companies	Other entities
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	51,546,828	-	-	-
- net positive fair value	363,910	-	-	-
- net negative fair value	-	-	-	-
2) Equity instruments and share indices				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	1,823	1,850	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
B. Credit derivatives				
1) Protection purchased				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-
2) Protection sold				
- notional value	-	-	-	-
- net positive fair value	-	-	-	-
- net negative fair value	-	-	-	-

1.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

Challenges and impacts related to the current macroeconomic context

Although the macroeconomic scenario has been characterised recently by high volatility given the inflation and interest rate trends, as well as geopolitical tensions, the Group's risk profile showed robust levels of liquidity and funding, well above the regulatory thresholds and internal limits. In addition, the scenario and the relative impacts on the Group's liquidity and funding position are constantly monitored and reported to the competent corporate bodies.

A. General aspects, management processes and measurement methods for liquidity risk

Liquidity risk means the risk that the Group is not able to meet its payment commitments, which are certain or envisaged with reasonable certainty. Two types of liquidity risk are normally identified:

- Liquidity and Funding Risk, i.e. the risk that the Group may not be able, in the short-term (liquidity) and/or in the long-term (funding), to efficiently meet its payment commitments and obligations;
- Market Liquidity Risk, i.e. the risk that the Group may not be able to liquidate an asset without incurring capital losses due to the limited depth of the reference market and/or as a result of the timing with which it is necessary to carry out the transaction.

In Banco BPM Group, liquidity and funding risk is governed by the "Liquidity, funding risk and ILAAP regulation", which establishes: the roles and responsibilities of the corporate bodies and the corporate functions, the metrics used for risk measurement, the guidelines for conducting stress tests, the Liquidity Contingency Plan and the overall reporting framework related to the Group's liquidity and funding risk.

Liquidity risk is managed and monitored as part of the Internal Liquidity Adequacy Assessment Process (ILAAP), which is the process the Group uses to identify, measure, monitor, mitigate and report its liquidity risk profile. As part of this process, the Group makes an annual self-assessment regarding the adequacy of the overall liquidity risk management and measurement framework, which also covers governance, methodologies, information systems, measurement tools and reporting. The results of the risk profile adequacy assessment and the overall self-assessment are reported to the Corporate Bodies and submitted for the attention of the Supervisory Authority.

Liquidity governance is centralised within the Parent Company. Liquidity risk monitoring and control is conducted on a daily (short-term liquidity) and a monthly basis (structural liquidity); its objective is to monitor the evolution of the risk profile by verifying its adequacy with respect to the Risk Appetite Framework and the operational limits envisaged. Stress tests are conducted on a monthly basis, in order to test the Group's ability to withstand unfavourable scenarios and the estimates of the liquidity that can be generated with the countermeasures (so-called action plan, an integral part of the Liquidity Contingency Plan) that can be activated when a stress scenario occurs, are updated.

More specifically, the Group uses a monitoring system that includes short-term liquidity indicators (with a time horizon from intraday to twelve months) and long-term ones (beyond twelve months). To this end, both regulatory metrics (LCR, NSFR, ALMM) and metrics processed internally, which include the use of estimation models of behavioural and/or optional parameters, are adopted.

In 2024, the liquidity and funding profile of Banco BPM Group was found to be adequate, complying with both internal and regulatory risk limits. The monitoring of all ordinary activities related to the measurement, monitoring and reporting of the Group's exposure to liquidity and funding risks was maintained, including Supervisory Reporting and periodic dialogue with the JST. During the second quarter of 2024, the Group was subject to an inspection - included in the annual Supervisory Evaluation Plan - on "Liquidity and Funding risk" (on-site inspection OSI-2024-ITBPM-0241688). This inspection was divided into macro areas such as: Funding Plan, Liquidity Contingency Plan, Regulatory Reporting (LCR/NSFR/ALMM) and Liquidity Stress Testing. Based on the preliminary evidence shared, the inspection outcome was substantially positive. Once the Final Report is received from the ECB, the Group will plan the resolution of the findings that emerge.

Outcomes of internal validation activities

The Internal Validation Function conducts qualitative and quantitative analyses to assess the soundness and accuracy of liquidity risk estimates. Furthermore, as regards ILAAP, the Function expresses an opinion on the regular functioning, on the predictive capacity, on the performance and on the prudence of the internal methodologies for measuring liquidity and funding risks. The analyses carried out in 2024 did not highlight any particular aspects of improvement.

Liquidity risk of insurance contracts

Undiscounted/discounted net cash flows of insurance contracts issued and reinsurance that are liabilities: time distribution

Items/Time bands	Up to 1 year	From over 1 year to 2 years	From over 2 years to 3 years	From over 3 years to 4 years	From over 4 years to 5 years	Over 5 years	Total
Life business segment							
1. Insurance contracts issued with direct participation features	2,223,991	1,860,162	1,545,467	1,454,999	1,385,602	5,790,716	14,260,937
2. Investment contracts issued with discretionary participation features	-	-	-	-	-	-	-
3. Insurance contracts issued without direct participation features	(2,313)	(1,821)	(1,456)	(1,134)	(878)	2,649	(4,953)
4. Reinsurance	61	137	200	255	299	4,530	5,482
Non-Life business segment							
1. Insurance contracts issued	-	-	-	-	-	-	-
2. Reinsurance	-	-	-	-	-	-	-

Insurance contracts issued and reinsurance that are liabilities with surrender clauses: amounts payable on demand and book value

Items/Amounts	Amounts payable on demand	Book values
1. Insurance contracts issued with direct participation features	12,258,471	12,786,092
2. Investment contracts issued with discretionary participation features	-	-
3. Insurance contracts issued without direct participation features	-	558
4. Reinsurance	-	-

Self-securitisation transactions

As outlined in "Part E – Section 2 – Risks of prudential consolidation – 1.1 Credit risk – C. Securitisation transactions", Banco BPM has subscribed to securities that can be used for refinancing transactions with the ECB or for repurchase agreements with market counterparties, against "self-securitisation" transactions generated by Group companies or banks. The "self-securitisation transactions" outstanding as at 31 December 2024 are shown below.

SPE	Originator	Securities issue date	Transaction	Type of securitisation
Self-securitisation transactions not derecognised from the financial statements				
BPL Mortgages S.r.l.	Banco BPM	December 2012	BPL Mortgages 5	Performing residential mortgage loans
ProFamily SPV S.r.l.	Banco BPM (former ProFamily)	February 2021	ProFamily	Consumer credit
BPL Mortgages S.r.l.	Banco BPM	April 2022	BPL Mortgages 8	Mortgage, landed, agricultural and other loans granted to performing SMEs

Existing and significant self-securitisation transactions during 2024

Securitisation of mortgage, landed, agricultural and other loans granted to small and medium-sized enterprises – BPL Mortgages 8 (April 2022)

On 29 March 2022, with the signature of the relative contracts, Banco BPM sold to the SPE BPL Mortgages S.r.l. a portfolio of mortgage, landed, agricultural and other loans, disbursed in favour of small and medium-sized enterprises for a sale value (including accruals) of 2,459.5 million, carrying out a new securitisation called "BPL Mortgages 8". On 27 April 2022, to fund the purchase of the loans, the SPE issued two classes of securities: (i) Class A (Senior Notes), rated, listed on the ExtraMOT PRO segment, now Euronext Access Milan Professional of Borsa Italiana and (ii) Class J (Junior Notes), unrated and unlisted. Both classes of securities were subscribed by Banco BPM and the Senior Securities are currently used by Banco BPM as collateral for Eurosystem monetary policy transactions and as a source of funding in REPO transactions with institutional counterparties.

In December 2024, the transaction was restructured through (i) the buyback by Banco BPM of non-performing loans and other loans not consistent with European regulations on simple, transparent securitisations and standardised (STS), as well as with the CRR, previously transferred as part of the securitisation transaction and (ii) the sale by Banco BPM to the SPE of an additional portfolio of loans disbursed by Banco BPM to be financed through the issue of new asset-backed classes of Securities, expected in February 2025 in addition to the outstanding issues, as represented in the table below.

As part of this transaction, the Originator, Banco BPM, took on the role of Servicer, managing the collection of receivables and also acts as Interim Account Bank and Transaction Bank.

Loan portfolio

Bank	Value 31/12/2024	Value 31/12/2023
Banco BPM	3,889,000	1,288,190

The amounts indicated represent performing, unlikely to pay, non-performing past due and bad loans, net of the relative write-down provisions, amortised cost, including mortgage loan instalments.

Issue characteristics

Class	Type	Issue value	Value 31/12/2024	Interest rate	Maturity	Rating Moody's/DBRS (*)
A	Senior	1,800,000	390,689	3-month Euribor + 0.7% ⁽¹⁾	October 2064	Aa3/AA low
J	Junior ⁽²⁾	656,397	656,397	Additional Return	October 2064	unrated
Total		2,456,397	1,047,086			

(1) In any event, this interest rate cannot be higher than 1.7%.

(2) Unlisted Junior Securities.

(*) Rating as at 31 December 2024.

Accessory financial transactions

The structure of the transaction envisaged the establishment of an initial Cash Reserve of 72 million, constituted at the date of issue of the securities mainly through the disbursement of a subordinated loan totalling 67 million by Banco BPM. Subsequent to the issue date, the Target Cash Reserve Amount was 4% of the outstanding amount of the Class A securities (with a minimum amount of 7.2 million). During the previous year, the SPE repaid in full the residual principal amount of the subordinated loan and paid all the interest accrued on the junior loan (both that previously unpaid and that accrued during the period). On the Interest Payment Date of January 2024, the SPE repaid the residual amount of 0.2 million still to be paid to the Originator for the portion of accruals on the loans initially transferred. As at 31 December 2024, the Cash Reserve amounted to 18.4 million (target level).

Other information

On 26 April 2024, the rating agency DBRS increased the rating of the A Class Senior Securities from "A high" to "AA low".

Securitisation of residential mortgage and landed loans – BPL Mortgages 5 (December 2012)

The securitisation transaction was originated by Banco Popolare and Credito Bergamasco, now both Banco BPM, and was finalised in a number of phases. On 7 December 2012, with the signature of the relative contracts, the Originator Banks sold an initial portfolio of performing residential landed and mortgage loans to the SPE BPL Mortgages S.r.l. for a sale value (including accruals) of 2,505.2 million and on 21 December 2012, the SPE issued two classes of bonds. Subsequently, in 2016, 2019 and 2024, portfolio restructuring was carried out, which resulted in the sale/repurchase of loans and the issue of additional securities. In particular, in the context of the 2024 restructuring, to finance the purchase in June of the new portfolio of loans with a transfer value of 1,807 million, net of repurchased loans for a value of 442 million, in August, the SPE issued a Fourth Series of asset-backed securities with only one Class A4 ("Senior Securities") for a nominal value of 1,365 million.

All Classes of Securities were subscribed by Banco BPM and the Senior Securities are used by Banco BPM as collateral for Eurosystem monetary policy transactions and as a source of funding in REPO transactions with institutional counterparties.

As part of this transaction, the Originator Banks, now Banco BPM, took on the role of Servicer, managing the collection of receivables; Banco BPM also has the role of Interim Account Bank and Transaction Bank.

Loan portfolio

Bank	Value 31/12/2024	Value 31/12/2023
Banco BPM	3,079,125	2,019,871

The amounts indicated represent performing, unlikely to pay, non-performing past due and bad loans, net of the relative write-down provisions, amortised cost, including mortgage loan instalments.

Issue characteristics

Class	Type	Issue value	Value 31/12/2024	Interest rate	Maturity (*)	Rating Moody's/DBRS (**)
A1	Senior	2,440,400	207,040	1-month Euribor + 0.3%	January 2062	Aa3/AA
B1	Junior ⁽¹⁾	1,148,455	392,765	Additional Return	January 2062	unrated
A2	Senior	995,100	179,742	1-month Euribor + 0.25%	January 2062	Aa3/AA
A3	Senior	1,504,300	401,746	1-month Euribor + 0.25%	January 2062	Aa3/AA
B3	Junior ⁽¹⁾	69,670	69,670	Additional Return	January 2062	unrated
A4	Senior	1,365,000	1,319,270	1-month Euribor + 0.80%	January 2062	Aa3/AA
Total		7,522,925	2,570,233			

(1) Unlisted Junior Securities.

(*) In August 2024, to coincide with the issue of the Fourth Series, the Final Maturity Date of the previous Series A1, A2 and A3 was postponed from 30 October 2058 to 31 January 2062.

(**) Rating as at 31 December 2024.

Accessory financial transactions

The structure of the transaction envisages the establishment of a Cash Reserve, the initial amount of which was 64 million, and was constituted mainly through the disbursement, which took place on 21 December 2012, of a subordinated loan totalling 60 million by the Originator Banks, now Banco BPM.

As part of the transaction restructuring that took place during 2019, on 14 March 2019, the Cash Reserve was further increased by 24.6 million via the disbursement by Banco BPM, of a limited loan of the same amount.

At the time of the Interest Payment Date of 28 April 2023, the amount of the Cash Reserve reached its target level of 40 million.

In the context of the third restructuring of the transaction, in August 2024, the cash reserve was increased by 25.4 million through the disbursement by Banco BPM of a limited mortgage for the same amount, bringing the balance of the Cash Reserve Account to the new target level of 65.4 million.

Other information

As part of the restructuring transaction, on 7 August 2024 (i) the DBRS rating agency assigned a rating of "AA" to the new Class A4 Senior Notes and simultaneously decreased the rating of the Class A1, A2 and A3 Senior Notes from "AAA" to "AA", while Moody's assigned the rating "Aa3" to the new Class A4 Senior Notes, confirming the same "Aa3" rating in place for the Classes A1, A2 and A3.

In addition, in August 2024, the Class A1, Class A2 and Class A3 Senior Notes of the transaction were withdrawn from the Irish Stock Exchange (Euronext Dublin) and were admitted to trading on the Euronext Access Milan Professional (MTF) segment of Borsa Italiana. Therefore, as at 31 December 2024, all Senior Notes issued as part of the transaction are traded on the Euronext Access Milan Professional (MTF) segment. Lastly, to coincide with the issue of the Fourth Series, the Final Maturity Date of the previous Series A1, A2 and A3 was postponed from 30 October 2058 to 31 January 2062.

Consumer credit securitisation – ProFamily SPV (February 2021)

On 16 December 2020, ProFamily S.p.A., now Banco BPM, with the signature of the relative contracts, sold a portfolio of performing consumer loans to the SPE Profamily SPV S.r.l. for 958.5 million. On 24 February 2021, the SPE issued two classes of securities: (i) Class A (Senior Notes), rated, listed on the ExtraMOT PRO segment, now Euronext Access Milan Professional, of Borsa Italiana and (ii) Class J (Junior Notes), unrated and unlisted. Both classes of securities were fully subscribed by the Originator ProFamily, now Banco BPM.

During the revolving period, the SPE purchased a further four portfolios of performing consumer loans from ProFamily, now Banco BPM.

As part of the transaction, the Originator ProFamily, now Banco BPM, acted as Servicer to manage the collection of the loans.

Loan portfolio

Bank	Value 31/12/2024	Value 31/12/2023
Banco BPM (former ProFamily S.p.A.)	102,946	247,899
<i>The amounts indicated represent consumer credit loans classified as performing, unlikely to pay, non-performing past due and bad loans, net of the relative write-down provisions, amortised cost, including accruals.</i>		

Issue characteristics

Class	Type	Issue value	Value 31/12/2024	Interest rate	Maturity	Rating DBRS/Fitch (*)
A	Senior	860,000	10,993	1% per annum	December 2040	AAA/AA
J	Junior ⁽¹⁾	100,932	101,086	5% per annum	December 2040	unrated
Total		960,932	112,079			

⁽¹⁾ Unlisted Junior Securities.

(*) Rating as at 31 December 2024.

1.5 BANKING GROUP - OPERATIONAL RISKS

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for operational risk

Type of risk

Operational risk is defined as the risk of losses suffered as a result of inadequacy or malfunction of procedures, human resources and internal systems, or of external events. Losses resulting from fraud, human error, interruption of operations, non-availability of systems, contractual breaches and natural disasters are included in this type of risk. Operational risk also encompasses legal risk, while strategic and reputational risks are not included.

Risk sources

The main sources of operational risk are: the low reliability of operational processes - in terms of effectiveness/efficiency - internal and external frauds, operational mistakes, the qualitative level of physical and logical security, inadequate IT structure compared to the size of operations, the growing recourse to automation, the outsourcing of corporate functions, a limited number of suppliers, changes in strategies, incorrect personnel management and training policies and finally social and environmental impacts.

Risk management model and organisational structure

Banco BPM Group fully adopts the Traditional Standardised Approach to calculate capital requirements for all companies that make up the Supervised Group, while with regard to the other qualitative-quantitative elements envisaged by Supervisory Regulations, as requested by the ECB, it meets all of the requirements of the CRR (Regulation (EU) no. 575/2013) for the TSA, as well as those envisaged by the above-mentioned AMA in Articles 321 (points b-e) and 322 (points b-f).

Also in compliance with the relevant regulations, the Group adopted an operational risk management model that illustrates the management methods and the people involved in risk identification, measurement, monitoring, mitigation and reporting. In particular, the model refers to centralised oversight functions (governance and control functions) and decentralised oversight functions (coordinators and ORM contacts, which are specifically involved in the key processes of collecting operating loss data, continuously assessing the operating scenario and forecasting exposure to risk). This model is governed by a specific Group Regulation approved by the Corporate Bodies.

Banco BPM Group adopts a reporting model, consisting of a management IT system for the Corporate Bodies and Top Management (significant losses and related recoveries, overall assessment of the risk profile, RAF indicator profile, capital absorption and risk management policies implemented and/or planned) and an operational reporting system, for the purposes of an adequate risk management in the relevant areas.

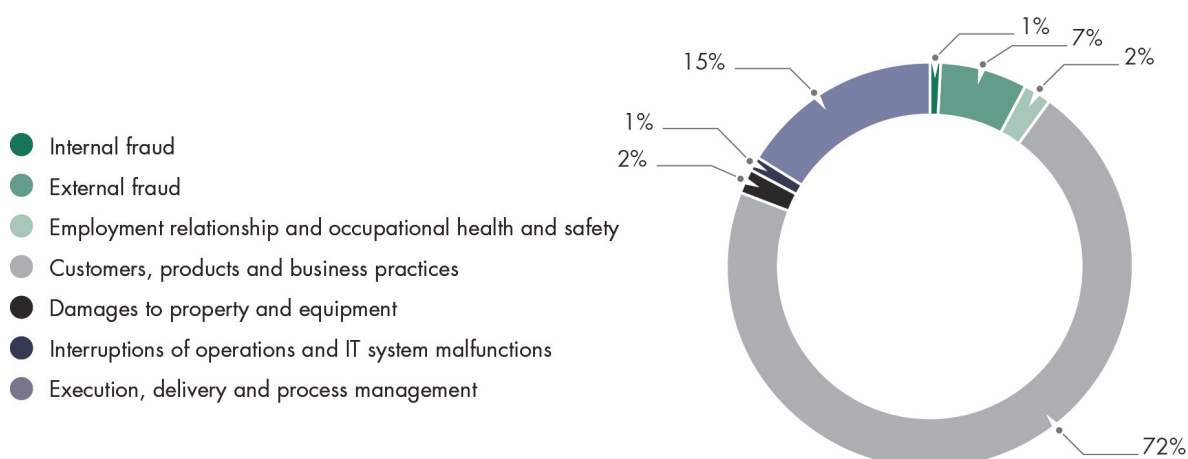
In line with the mission of Banco BPM Group, the main risk impacts regard the "Commercial practices" category, followed by "Processes", which together represent the predominant portion of total risk and which, for the most part, arise in the Group's commercial networks. With reference to the category of "External Fraud", given the trend of increasingly sophisticated techniques (e.g. identity theft, cyber risk phenomena, etc.), the Group is constantly reinforcing physical and logical security, therefore containing these phenomena both in terms of frequency and the average impact on loss events of this kind. The Group takes the appropriate mitigating measures (e.g. training, implementation of application processes/procedures) as protection against the main risk factors that arise.

QUANTITATIVE INFORMATION

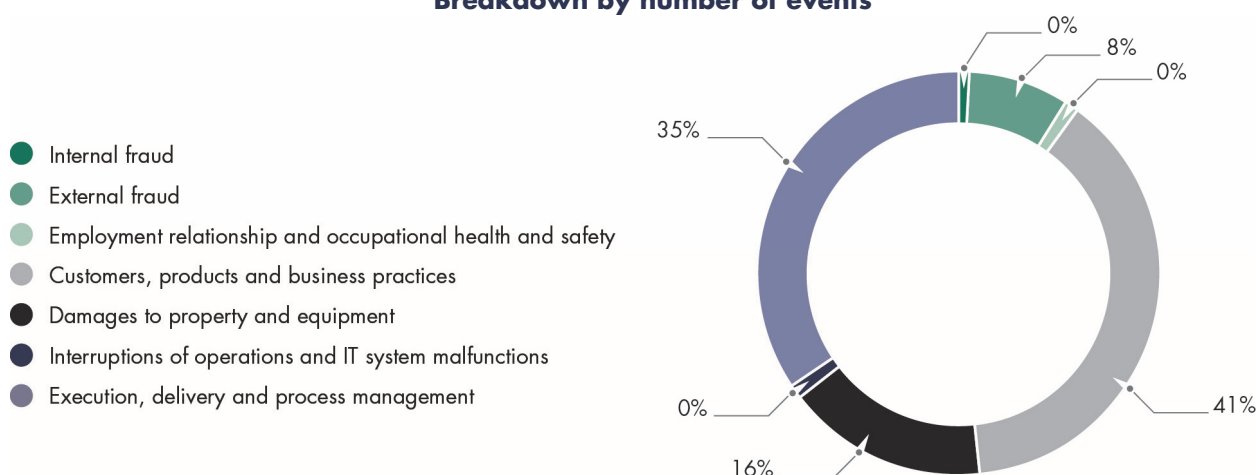
Regarding the sources of operational risk, an analysis was conducted with reference to operational risk events, with a gross loss greater than or equal to 200 euro (minimum materiality threshold) and with a reporting date of 1 January 2015 or later.

The loss data in question, recorded in the Group's Loss Collection management archive, have been broken down by type of event, with views by impact and by number of events, according to the event classification standards provided by the Regulator.

Breakdown by impact



Breakdown by number of events



The analysis of the graphs reveals that the main event categories in terms of impact relate to:

- commercial practices, with losses resulting from failures to meet professional obligations towards customers or from the nature or characteristics of the product or service provided. The category in question includes operational risk impacts connected to the diamond situation;
- processes, with losses related to errors/inefficiencies/delays in the execution, delivery and management of processes;
- external crimes, with losses due to fraud, undue appropriation or infringement of the law by parties outside the Bank, including phenomena relating to cyber risk.

Validation activities

In the area of Operational Risk, the Internal Validation Unit oversees the management framework and the calculation of Pillar II risks through annual audits on measurement methods and stress scenarios applied to the entire Group perimeter.

Section 3 - Risks to insurance companies

3.1 INSURANCE RISKS

Introduction

The Banco BPM Vita Insurance Group (hereinafter "Insurance Group") represents the completion of the process of insourcing the Life insurance business envisaged by Banco BPM's Strategic Plan.

Specifically, this objective was achieved by acquiring exclusive control over Vera Vita and Vera Financial (subsequently renamed BBPM Life DAC) by Banco BPM Vita and the simultaneous activation of a long-term strategic partnership with Crédit Agricole Assurances S.A. in the Non-Life/Protection sector through the sale to the same of the controlling interest in the share capital of Banco BPM Assicurazioni and Vera Assicurazioni.

During 2024 and the first few months of 2025, the process of insourcing the activities of Vera Vita, which until April 2025 will be carried out by Generali Italia, as part of the service agreement entered into when control was acquired, continued. To proceed with said migration, the insourcing activities entailed implementing a new portfolio system (Universo), as well as the porting of the accounting (SAP 4Hana) and actuarial (Prophet) systems, in order to also align Vera Vita with the technological architecture already in use at the Insurance Group.

The Insurance Group aims to create value by managing the risks inherent to its business. The risks to which the Insurance Group is exposed are managed and monitored in compliance with the Risk Appetite Framework.

The portfolio of insurance liabilities, the portfolio of financial assets, the organisation and the economic, regulatory and financial scenario of the various insurance companies belonging to the Insurance Group represent the sources of the risks to which the Group is exposed. These aspects are analysed and monitored on a permanent basis, as part of the Insurance Group's risk management and control system.

This risk management system, proportional to the nature, scope and complexity of the business activity in question, allows the most significant risks to be identified, assessed, including forward-looking evaluations, and controlled. Significant risks means those whose consequences may be undermine the solvency of individual insurance companies and the Group, or constitute a serious obstacle to the achievement of corporate objectives.

In this regard, information is continuously collected on the internal and external, existing and future risks that may affect the overall activities of the Insurance Group.

The risk management system is based on the joint activity of five main players: Board of Directors, Top Management, Risk Owner, Risk Management Function and Actuarial Function.

Among these, the role played by the Risk Management function of the different companies is crucial, as it has the task of ensuring an integrated risk assessment, and is responsible for the effectiveness of the risk management system. Specifically, in compliance with the provisions of IVASS Regulation no. 38/2018, as amended:

- it periodically submits to the Board of Directors, also through the Internal Control and Risk Committee, the results of the controls and analyses carried out, as well as the results of the annual assessment of operational risks and evidence of operational incidents;
- it contributes to the definition of the "Policy for risk management and for current and forward-looking risk and solvency assessment" and monitors its implementation;
- it organises meetings with the managers of the corporate functions and with the Chief Executive Officer to gather information on the risks identified;
- it carries out, in agreement with the Chief Executive Officer, a selection of the current and potential risks to undergo scenario analyses and stress tests, on the basis of the risks identified, in collaboration with the competent functions reporting to the Chief Risk Officer of the Parent Company Banco BPM;
- performs the calculations and assessments relating to the risks under its responsibility from a current and forward-looking perspective, it aggregates the results of the calculations and assessments provided by the other corporate functions to the extent of their competence, and determines the Solvency Capital Ratio;
- it prepares the reports relating to the overall risk position, which includes assessments relating to the Solvency Ratio, the Solvency Capital Requirement and Own Funds;
- it prepares a stress test plan that concerns both the current solvency situation, and a scenario analysis to be carried out from a forward-looking perspective, to be performed with the contribution of the other corporate functions to the extent of their competence;

- it carries out continuous monitoring of solvency, verifying that the risks considered do not jeopardise the stability of the Companies and the interests of policyholders, periodically reporting the results of its assessments through Risk Appetite Monitoring (RAM);
- it is responsible for assessing the overall ORSA process and validating it.

In carrying out its role, the Risk Management function must obviously be able to understand the nature of the risks identified, their origin, the possibility or need to control them and the effects that may derive from them, both in terms of losses and opportunities. The analysis process includes both a qualitative assessment and, for quantifiable risks, the adoption of methods for measuring risk exposure, including, where appropriate, systems to calculate the amount of the maximum potential loss.

In measuring risks, the Function considers, where possible, the interrelations among risks, assessing them both individually and on an aggregate basis. The risk assumption, measurement and management policies are defined and implemented with reference to the integrated overview of the assets and liabilities in the financial statements, considering that the development of asset-liability management techniques and models is fundamental for the correct understanding and management of the risk exposures that may derive from interrelations, and from the lack of balance between assets and liabilities.

The risk identification and assessment processes are carried out on an ongoing basis, to take into account both changes in the nature and size of the business and in the market context, and the emergence of new risks or changes in existing ones. Particular attention is paid to the assessment of the risks arising from the offer of new products or from the entry into new markets.

The processes are defined to promptly identify the emergence of risks that may damage the balance sheet or income statement, or the exceeding of the thresholds set in the Risk Appetite Framework. Adequate emergency plans are prepared for the major sources of risk identified.

The risks of the Group are quantified within the context of the calculation of the solvency capital requirement, on the basis of the standard formula, according to the methodology and parameters defined by the reference regulations. The analyses conducted by the Risk Management function show the adequacy of the standard formula for the assessment of the Group's risk profile.

The Group's risk profile also includes those risks not measured by the standard formula, but in any event monitored and managed under the risk management and control system.

LIFE BUSINESS - QUALITATIVE INFORMATION

The main risk factors of the life insurance portfolio (Banco BPM Vita and Vera Vita) are linked to underwriting risks. Underwriting risk is the risk relating to underwriting insurance contracts, associated with the events covered, the processes followed for the pricing and selection of risks, the unfavourable performance of the actual loss ratio compared to that estimated (underwriting risk) and the quantification of insufficient technical reserves with respect to the commitments undertaken towards policyholders and injured parties (reserve risk).

This risk can be divided into the following types:

- Mortality risk, namely the risk of losses or unfavourable changes in the value of insurance liabilities, deriving from a change in the level, trend or volatility of mortality rates, in the event that an increase in mortality leads to an increase in technical reserves;
- Longevity risk, which concerns the risk of losses, or adverse changes in the value of insurance liabilities, deriving from a change in the trend or volatility of mortality rates, where a decrease in mortality leads to an increase in reserves;
- Disability/morbidity risk, which is the risk of losses, or adverse changes in the value of insurance liabilities, deriving from a change in the level, trend or volatility of disability and morbidity rates. The Insurance Group is not exposed to this type of risk;
- Lapse risk, namely the risk of loss or change in insurance liabilities due to a change in the exercise rates of this option by the policyholders;
- Expense risk, which regards the risk of loss or unfavourable change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of the expenses incurred with relation to the management of insurance contracts;

- Revision risk, which represents the risk of an unfavourable change in the value of liabilities, deriving from fluctuations in the level, trend or volatility of the annuity revision rates. The Insurance Group is not exposed to this type of risk;
- Catastrophe risk, namely the risk of loss or unfavourable change in the value of insurance liabilities, deriving from the significant uncertainty of the assumptions relating to the determination of premiums and the establishment of reserves in relation to the occurrence of extreme and exceptional events linked to natural events or those caused by man.

LIFE BUSINESS - QUANTITATIVE INFORMATION

The risk module includes the risks associated with all types of life insurance contracts, with the exception of health insurance contracts. The Group determines the capital requirement for Life underwriting risk by aggregating, through the correlation coefficients of the Standard Formula, the SCRs determined for each of the sub-modules (Mortality Risk, Longevity Risk, Lapse Risk, Expense Risk, Catastrophe Risk). The calculation of the capital requirements for the risk sub-modules that impact the balance sheet of the Companies is obtained, in line with that described in the Delegated Acts, through the use of the Scenario Based approach.

This assessment shows that the exposure to the risk of massive surrender (Lapse Mass Risk) contributes predominantly to the Life underwriting risk before the division between the sub-modules as shown in the table below:

	% Weight on Underwriting SCR	% Weight on Overall SCR
Mortality risk	5.3%	2.7%
Longevity risk	3.3%	1.7%
Disability morbidity risk	0.0%	0.0%
Life Lapse risk	71.6%	36.5%
Expense risk	17.2%	8.8%
Revision risk	0.0%	0.0%
CAT risk	2.6%	1.3%

The concentration of gross direct premiums broken down by Class I, Class III and Class VI as at 31 December 2024, with reference to the Life business of the Insurance Group is shown below.

Gross premium	31/12/2024	%
CLASS I	2,068,009	61.7%
CLASS III	1,285,111	38.3%
CLASS VI	155	0.0%
Total	3,353,275	100.0%

3.2 FINANCIAL RISKS

LIFE BUSINESS - QUALITATIVE INFORMATION

When conducting its Life business, the Insurance Group is required to invest the premiums collected in a variety of financial assets, mostly long-term, with the main objective of guaranteeing the return expected by policyholders, honouring its future commitments. The main risks to which the various companies are exposed, therefore, derive from market risks, which may result in losses or unfavourable changes in the financial situation due to fluctuations in the market value of the assets in the financial statements.

Market risk concerns the risk of losses caused by changes in interest rates, share prices, exchange rates and property prices.

This risk can be divided into the following types:

- Interest rate risk: derives from unfavourable changes and the volatility of interest rates;
- Equity risk: reflects possible unfavourable changes in the level and volatility of the market value of financial instruments and capital;

- Real estate risk: reflects possible adverse changes in the level and volatility of real estate market prices;
- Currency risk: derives from adverse changes in the level and volatility of currency exchange rates;
- Spread risk: depends on the sensitivity of the value of the assets to changes in the level or volatility of corporate securities, covered bonds, structured bonds, derivatives or bonds issued by sovereign countries with respect to the structure at maturity of risk-free interest rates;
- Concentration risk: derives from an expected change in the value of exposures towards issuers, on which there is an accumulation of exposure with the same counterparty or with a group of interconnected parties belonging to the same sector or to the same geographical area.

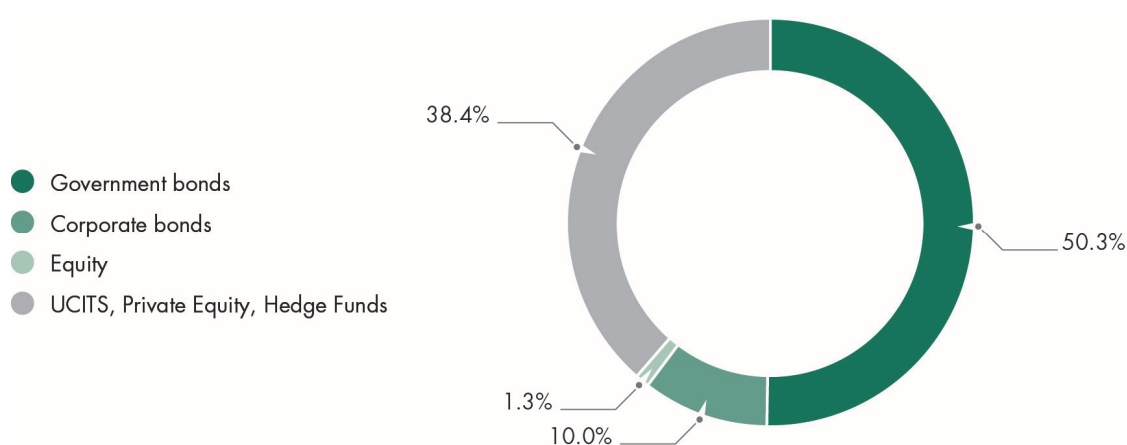
With regard to market risks, the various companies do not use any specific mitigation techniques, but rather monitor these risk factors through the calculation and subsequent control of risk indicators defined in the Risk Appetite Framework (RAF).

In particular, given the breakdown of the assets portfolio, the Insurance Group is mainly exposed to Equity risk, Spread risk and exposure to Italian government bonds.

LIFE BUSINESS - QUANTITATIVE INFORMATION

The following table shows the breakdown by asset class of the investment portfolio relating to the life business as at 31 December 2024.

Financial assets	31/12/2024	%
Government bonds	8,579,228	50.3%
Corporate bonds	1,706,074	10.0%
Equity	217,947	1.3%
UCITS, Private Equity, Hedge Funds	6,543,999	38.4%
Total	17,047,249	100.0%



Analysing the breakdown of the securities portfolio, it should be noted that the percentage weight of investments in government bonds is absolutely predominant, standing at just over 50%, and is followed by investments in investment fund units, whose weight is equal to over 38%. With reference to the latter type of assets, note that most of these instruments are related to unit-linked products marketed by the various insurance companies.

Below is a breakdown of financial assets mandatorily measured at fair value (included in item 20 c) of Balance Sheet assets) both by product (table A) and by debtor/issuer (table B):

Table A Items/Amounts	Total 31/12/2024		
	L1	L2	L3
1. Debt securities	329,784	540,699	-
1.1 Structured securities	-	31,633	-
1.2 Other debt securities	329,784	509,066	-
2. Equity instruments	217,625	-	-
3. UCIT units	4,827,151	1,389,822	351,296
4. Loans	-	8,940	10,828
4.1 Repurchase agreements	-	-	-
4.2 Other	-	8,940	10,828
Total	5,374,560	1,939,461	362,124

L1 = Level 1

L2 = Level 2

L3 = Level 3

Table B Items/Amounts	Total 31/12/2024
1. Equity instruments	217,625
of which: banks	-
of which: other financial companies	-
of which: non-financial companies	-
2. Debt securities	870,483
a) Central Banks	231,874
b) Public Administrations	43,908
c) Banks	547,430
d) Other financial companies	23,353
of which: insurance companies	7,184
e) Non-financial companies	23,918
3. UCIT units	6,568,269
4. Loans	19,768
a) Central Banks	-
b) Public Administrations	-
c) Banks	19,768
d) Other financial companies	-
of which: insurance companies	-
e) Non-financial companies	-
f) Households	-
Total	7,676,145

Lastly, the breakdown of financial assets measured at fair value through other comprehensive income (included in item 30 of Balance Sheet assets) is provided both by product (Table C) and by debtor/issuer (Table D):

Table C Items/Amounts	Total 31/12/2024		
	L1	L2	L3
1. Debt securities	9,250,199	31,490	133,109
1.1 Structured securities	-	-	-
1.2 Other debt securities	9,250,199	31,490	133,109
2. Equity instruments	295	-	-
3. Loans	-	-	-
Total	9,250,494	31,490	133,109

L1 = Level 1

L2 = Level 2

L3 = Level 3

Table D Items/Amounts	Total 31/12/2024
1. Debt securities	9,414,798
a) Central Banks	72,702
b) Public Administrations	8,202,760
c) Banks	-
d) Other financial companies	1,139,335
of which: insurance companies	-
e) Non-financial companies	-
2. Equity instruments	295
a) Banks	-
b) Other issuers:	295
- other financial companies	-
of which: insurance companies	-
- non-financial companies	-
- other	295
3. Loans	-
a) Central Banks	-
b) Public Administrations	-
c) Banks	-
d) Other financial companies	-
of which: insurance companies	-
e) Non-financial companies	-
f) Households	-
Total	9,415,094

3.3 OTHER RISKS

Liquidity risk

Liquidity risk is the risk deriving from the inability to efficiently meet expected and unexpected cash commitments, or to be able to meet them only through access to the credit market at adverse conditions or by liquidating financial assets at a considerable discount.

The governance of liquidity risk, over a short/medium-term time horizon, ensures that an adequate level of resources is maintained, with a view to guaranteeing all the commitments to which the Insurance Group is called upon to meet, also through risk maintenance policies and appropriate mitigation techniques for the same.

Liquidity risk management includes the assessment of the various elements that influence the liquidity requirement, including any misalignment of cash inflows and outflows of both assets and liabilities, including expected cash flows for direct insurance transactions and for reinsurance, the quantification of potential costs or financial losses deriving from a forced transaction, etc. The continuous monitoring of the various cases makes it possible to identify the global liquidity requirement in the short and medium-term, with the aim of guaranteeing the necessary requirement, including a liquidity reserve that is well matched with relation to total assets, able to meet any possible unforeseen events.

The governance of liquidity risk therefore takes into consideration both the needs related to core and non-core operating processes and investments. The analysis and monitoring of this risk is carried out periodically, taking into consideration liquidity needs in the short-term (three months after the monitoring date) and in the medium-term (beyond the following three months). Liquidity risk is one of the significant risk areas in the Company's Risk Appetite Framework (RAF), for which a monitoring is carried out periodically that envisages tolerance and capacity thresholds to which well-defined governance processes are linked within the RAF towards the internal bodies, including the Board of Directors. The Company also monitors liquidity risk also through periodic reporting to the Supervisory Authority, where required by ad hoc surveys.

Below is a summary table relating to the Insurance Group concerning the Liquidity risk of insurance contracts. In particular, the time distribution of the cash flows for the fulfilment of insurance contracts issued and reinsurance that are liabilities are shown.

Items/Time bands Life business segment	Up to 1 year	From over 1 year to 2 years	From over 2 years to 3 years	From over 3 years to 4 years	From over 4 years to 5 years	Over 5 years	Total
Insurance contracts issued with direct participation features - Undiscounted net cash flows	(1,283,013)	(1,176,569)	(837,794)	(814,813)	(940,946)	(3,610,792)	(8,663,927)
Investment contracts issued with discretionary participation features - Undiscounted net cash flows	(940,978)	(683,593)	(707,673)	(640,186)	(444,656)	(2,179,924)	(5,597,011)
Insurance contracts issued without direct participation features - Undiscounted net cash flows	2,313	1,821	1,456	1,134	878	(2,649)	4,954
Reinsurance - Undiscounted net cash flows	(61)	(137)	(200)	(255)	(299)	(4,530)	(5,482)

Operational risk

Operational risk is the risk of losses deriving from inefficiencies of people, processes and systems, including those used for online sales, or from external events, such as fraud or the activity of external suppliers. In general, operational risks may also have effects on reputational aspects, therefore the management of operational risks is also considered to potentially impact the mitigation of reputational risks.

Operational risk management at individual insurance company level is carried out through the identification and qualitative and, if possible, quantitative assessment, on an annual basis, of the various categories of operational risks (e.g. shortcomings linked to outsourcing of activities, violations of the security of IT systems by third parties, insufficiency of internal or external human resources, non-fulfilment of regulatory obligations, errors or omissions in accounting or financial transactions, violation of the obligation of data quality, theft, fraud and improper use of assets by third parties).

Depending on the frequency and impact of the event, the various operational risk factors identified are quantified on the basis of a standardised scale of values, envisaging the implementation of appropriate risk mitigation activities where necessary.

Sustainability risks

The exposure of Life insurance companies to sustainability risks, in particular climate risks, is not very significant and is mainly due to potential Transition risks on the asset portfolio.

In light of the above, the following table shows the overall breakdown of the Solvency Requirement of the Insurance Group as at 31 December 2024, based on that provided to the European Insurance and Occupational Pensions Authority (EIOPA) in response to the Financial Stability survey.

(in millions of euro)	31/12/2024
Market risk	303
Counterparty Default Risk	10
Life Risk	163
Health Risk	1
Diversification Effects	(95)
Total BSCR Net	381

In this regard, note that it cannot be excluded that the final results of the Solvency II data process, which is expected to be concluded by mid-May 2025, may lead to a more accurate estimate of the amounts.

Section 4 - Other company risks

No significant additional risks are reported for the remaining companies falling within the consolidation scope that are not part of the Banking Group or of insurance companies. With regard to the Group's real estate companies, including those acquired following credit restructuring agreements, it should be noted that the book value at which the properties are recorded is consistent with the values inferred from specific appraisals and valuations, also in consideration of the fact that they are measured at fair value, in line with the Group's valuation policies and methods, and are better detailed in Part A – Accounting policies of these Notes to the consolidated financial statements, to which reference is made.

The risk of impairment of real estate assets is in any event covered by a specific capital requirement - in terms of credit risk - which the Group calculates in accordance with regulatory methods. Furthermore, the Risk Function uses internal operational methods to check the adequacy of the regulatory capital requirement vis-à-vis real estate risk on a quarterly basis.

PART F – INFORMATION ON CONSOLIDATED SHAREHOLDERS' EQUITY

Section 1 - Consolidated shareholders' equity

A. QUALITATIVE INFORMATION

The Group's shareholders' equity consists of the sum of the balances of the following balance sheet liability items:

- Share capital
- Share premium reserve
- Reserves
- Advances on dividends
- Valuation reserves
- Equity instruments
- Own shares
- Profit (loss) for the year.

B. QUANTITATIVE INFORMATION

Consolidated shareholders' equity as at 31 December 2024 amounted to 14,604.0 million (of which 14,603.9 million for the Group and 0.1 million for non-controlling interests), showing a net increase of 565.8 million compared to the 14,038.2 million (of which 14,038.1 million for the Group and 0.1 million for non-controlling interests) recorded for consolidated shareholders' equity as at 31 December 2023.

B.1 Consolidated book value of shareholders' equity: breakdown by business type

Shareholders' equity items	Prudential consolidation	Insurance companies	Other businesses	Consolidation cancellations and adjustments	Total
1. Share capital	7,100,008	179,125	3,058	(182,141)	7,100,050
2. Share premium reserve	-	-	4	(4)	-
3. Reserves	4,822,849	664,445	15,937	(672,746)	4,830,485
3.5. (Advances on dividends)	(600,553)	-	-	-	(600,553)
4. Equity instruments	1,608,773	-	-	-	1,608,773
5. (Own shares)	(66,712)	-	-	-	(66,712)
6. Valuation reserves:	(188,413)	(13,420)	24	13,396	(188,413)
- Equity instruments designated at fair value through other comprehensive income	57,475	117	-	-	57,592
- Hedges of equity instruments designated at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(504,927)	6,052	-	-	(498,875)
- Property, plant and equipment	351,782	-	-	-	351,782
- Intangible assets	-	-	-	-	-
- Foreign investment hedges	(1,823)	-	-	-	(1,823)
- Cash flow hedges	(663)	-	-	-	(663)
- Hedging instruments (non-designated items)	-	-	-	-	-
- Exchange rate differences	11,976	-	-	-	11,976
- Non-current assets and disposal groups held for sale	-	-	-	-	-
- Financial liabilities designated at fair value through profit and loss (changes to its own credit risk)	(46,559)	-	-	-	(46,559)
- Actuarial gains/(losses) on defined benefit pension plans	(59,084)	38	24	-	(59,022)
- Shares of valuation reserves related to interests in associates and joint ventures carried at equity	3,410	-	-	13,396	16,806
- Revenues or costs of a financial nature relating to insurance contracts issued	-	(19,627)	-	-	(19,627)
- Revenues or costs of a financial nature relating to reinsurance	-	-	-	-	-
- Special revaluation laws	-	-	-	-	-
7. Profit (loss) for the year (+/-) attributable to the Group and non-controlling interests	1,925,134	43,171	(2,987)	(44,936)	1,920,382
Total	14,601,086	873,321	16,036	(886,431)	14,604,012

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: breakdown

Asset/Amounts	Prudential consolidation		Insurance companies		Other businesses		Consolidation cancellations and adjustments		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	34,497	(543,467)	1,010,942	(699,712)	-	-	-	-	1,045,439	(1,243,179)
2. Equity instruments	100,813	(43,338)	199	(21)	-	-	-	-	101,012	(43,359)
3. Loans	6,040	(1,997)	-	-	-	-	-	-	6,040	(1,997)
Total 31/12/2024	141,350	(588,802)	1,011,141	(699,733)	-	-	-	-	1,152,491	(1,288,535)
Total 31/12/2023	71,133	(573,943)	-	(28,147)	-	-	-	-	71,133	(602,090)

B.3 Valuation reserves for financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity instruments	Loans
1. Opening balance	(488,176)	(14,634)	-
2. Positive changes	73,862	75,904	6,040
2.1 Fair value increases	60,172	70,143	6,040
2.2 Credit impairment losses	1,931	X	-
2.3 Reclassification to income statement of negative reserves from disposal	10,055	X	-
2.4 Transfers to other shareholders' equity components (equity instruments)	-	5,761	-
2.5 Other changes	1,704	-	-
3. Negative changes	(94,656)	(3,795)	(1,997)
3.1 Fair value decreases	(64,623)	(3,069)	(1,997)
3.2 Credit recoveries	(921)	-	-
3.3 Reclassification to income statement of positive reserves: from disposal	(18,652)	X	-
3.4 Transfers to other shareholders' equity components (equity instruments)	-	(726)	-
3.5 Other changes	(10,460)	-	-
4. Closing balance	(508,970)	57,475	4,043

B.4 Valuation reserves for defined benefit plans: annual changes

	31/12/2024
1. Opening balance	(58,468)
2. Positive changes	4,649
2.1 Gains from changes in financial assumptions	316
2.2 Other actuarial gains	2,792
2.3 Other changes	1,541
3. Negative changes	(5,203)
3.1 Losses from changes in financial assumptions	(2,884)
3.2 Other actuarial losses	(1,063)
3.3 Other changes	(1,256)
4. Closing balance	(59,022)

Section 2 - Own funds and capital ratios

Please see the information on own funds and capital adequacy found in the document "Disclosure to the public by entities (Pillar III)", available on the website www.gruppo.bancobpm.it.

PART G – BUSINESS COMBINATIONS REGARDING COMPANIES OR DIVISIONS

Section 1 - Transactions carried out during the year

1.1 Business combinations

During 2024, no business combinations were carried out, as defined by IFRS 3.

Nevertheless, as illustrated in the section dedicated to the significant events during the year in the Report on operations, the complex operation of integrating the bancassurance segment was completed, which had led to the Group obtaining full control over the companies operating in the Life business (Banco BPM Vita, Vera Vita and BBPM Life) as well as acquiring a stake of 35% in the companies operating in the Non-Life business (Banco BPM Assicurazioni, Vera Assicurazioni and indirectly Vera Protezione), in a joint venture with Crédit Agricole Assurances.

In particular, in May 2024, the prices were adjusted to determine the overall impacts of the finalisation of the bancassurance reorganisation, taking into account the own funds and the profits realised by the companies, recording a positive effect of 2.5 million.

The following table summarises the final impacts, noting the effects on the relevant individual income statement items:

	Impact calculated on the final price			Impact estimated 2023 financial statements	Impact adjusted 2024 financial statements	Income statement items (before tax)
	Final gross value	Taxation	Net value	Net value		
(A) Total impact of acquisition of control of Vera Vita:	(76,708)	3,202	(73,506)	(79,676)	6,170	
- Measurement at fair value of the interest already held (35%)	(104,544)	-	(104,544)	(104,544)	-	250. Gains (losses) of associates and joint ventures
- Economic effect of the cancellation of pre-existing intercompany relations	(10,388)	3,202	(7,186)	(7,186)	-	250. Gains (losses) of associates and joint ventures
- Profit attributed to the exercise of the call option of Vera Vita (65%)	38,224	-	38,224	32,054	6,170	80. Net trading income
(B) Total impact of purchase and sale of Vera Assicurazioni:	6,996	4,530	11,526	14,902	(3,376)	
- Profit from sale of 65% of Vera Assicurazioni to CAA	6,996	4,530	11,526	14,902	(3,376)	250. Gains (losses) of associates and joint ventures
(C) Total impact of loss of control of Banco BPM Assicurazioni:	29,955	(254)	29,701	30,029	(328)	
- Profit from sale of 65% of Banco BPM Assicurazioni to CAA	19,520	(254)	19,266	19,478	(212)	280. Gains (losses) on disposal of investments
- Profit from measurement at FV of the interest withheld (35%) due to loss of control	10,435	-	10,435	10,551	(116)	280. Gains (losses) on disposal of investments
(D) Release of provision due to partnership agreements with Generali Italia:	12,500	-	12,500	12,500	-	
- Release of provision due to partnership agreements	12,500	-	12,500	12,500	-	200. Net provisions for risks and charges
Total impact of the bancassurance reorganisation (A)+(B)+(C)+(D)	(27,257)	7,478	(19,779)	(22,245)	2,466	

Lastly, as at 31 December 2024, the Purchase Price Allocation process was completed, as illustrated below.

With reference to the acquisition of control of Vera Vita and its subsidiary BBPM Life, as at 31 December 2023 - conventionally assumed as the business combination date for accounting purposes - the cost of the business combination, equal to 417.3 million, had been allocated to the identifiable net assets acquired, including contingent liabilities, on the basis of the relative fair values (Purchase Price Allocation - PPA). As a result of this process, carried out with the support of independent experts, no residual difference had emerged to be recognised in the 2023 financial

statements as goodwill/badwill. It should be noted that, as permitted by accounting standard IFRS 3¹, the aforementioned PPA had to be considered provisional, taking into account that the short period of time available with respect to the date of the business combination, could not have allowed all the necessary information to be considered. The analyses conducted in 2024, with the support of independent experts, did not find any further or different information with respect to that considered provisionally; as at 31 December 2024, the PPA related to the reorganisation in question must therefore be considered final.

The cost of the business combination was confirmed as higher than the book value of the shareholders' equity of the companies acquired as at 31 December 2023 by 87.9 million, net of the pre-existing intercompany relations. The above difference was wholly allocated to the identifiable net assets measured at fair value, without the emergence of any residual difference to be recorded as goodwill/badwill.

In this regard, it should be noted that, as part of the final PPA verification activities, the need to carry out some limited reclassifications of the balance sheet items affected by the fair value adjustments of the identifiable net assets emerged. To guarantee a like-for-like comparison with respect to 31 December 2024, the balances of the previous period were therefore restated; as at 31 December 2023, the above-mentioned restatement led to a decrease in assets of 33.2 million and a corresponding decrease in liabilities. On the other hand, no impact was recorded on the quarterly economic contributions for 2024.

The following table provides a summary of the PPA process as at 31 December 2023, as determined provisionally and definitively, with evidence of the impacts of the balance sheet reclassifications illustrated above, and the relative items impacted in the balance sheet.

		PPA (provisional) 31/12/2023	PPA (final) 31/12/2023	Delta	Items impacted balance sheet
Total acquisition cost as at 31 December 2023	A	417,270	417,270	-	
Book value of shareholders' equity of Vera Vita and BBPM Life	B	322,178	322,178	-	
Difference to be allocated (net of intercompany accounts)	C= D+E+F +G+H+I+L	87,906	87,906	-	
- FV adjustment of insurance liabilities	D	102,469	100,869	(1,600)	110. Insurance liabilities: a) insurance contracts issued - liabilities
- Elimination of Deferred Income Reserve (DIR)	E	-	34,800	34,800	80. Other liabilities
- Elimination of Deferred Acquisition Cost (DAC)	F	-	(29,156)	(29,156)	80. Insurance assets: a) insurance contracts issued - assets
- Elimination of Deferred Acquisition Cost (DAC)	F	-	(44)	(44)	130. Other assets
- Recognition of Value of Business Acquired (VoBA)	G	18,900	14,900	(4,000)	100. Intangible assets
- FV adjustment of financial liabilities	H	7,810	7,810	-	
- Other minor adjustments	I	(2,945)	(2,945)	-	
- Total deferred tax effects	L	(38,328)	(38,328)	-	
Shareholders' equity at fair value as at 31 December 2023	I=B+C	410,084	410,084	-	
Loss from elimination of pre-existing contracts between Vera Vita and Banco BPM net of tax effects	M	(7,186)	(7,186)	-	
Residual difference for goodwill/badwill	N=A-I+M	-	-	-	

¹ IFRS 3, paragraph 45, provides that the measurement period within which to obtain the information needed to carry out the fair value measurement of the net assets acquired - and therefore to complete the process of allocation of the business combination - ends as soon as the acquirer has received all the necessary information at the acquisition date, or has ascertained that it is not possible to obtain further information for the measurement at fair value of the assets acquired. In any event, the measurement period cannot exceed one year from the acquisition date. For the business combination in question, the allocation process was therefore completed on 31 December 2024.

Business combinations between companies in the Group (business combinations under common control)

With effect from 1 January 2024 for accounting and tax purposes, the simplified partial demerger was finalised, with the assignment by Banca Akros to Banco BPM of the business unit consisting of the set of assets and resources organised for the performance of the "Proprietary Finance" activities of Banca Akros which includes the related financial assets and liabilities, of a 20% equity interest in Vorvel SIM, relations with custodian banks, brokers and counterparties, in addition to employment contracts with 60 employees.

In addition, during the year, the merger by incorporation of Terme Ioniche Società Agricola S.r.l. into Terme Ioniche S.r.l., both controlled by Banco BPM, was completed, with effect for accounting and tax purposes from 1 January 2024, and without an exchange ratio or cash adjustment.

Lastly, effective from 1 July 2024, Banco BPM transferred to Banco BPM Invest SGR the business unit represented by the set of assets and people relating to the organisational structure "Alternative Investments and Funds" dedicated to the investment of closed-end fund units of the Parent Company.

The above-illustrated transactions took place according to the simplified form envisaged for wholly-owned companies, they do not fall within the scope of application of IFRS 3 and had no impact on the balance sheet or income statement of Banco BPM Group.

Section 2 - Transactions carried out after the end of the year

No business combination transactions with companies outside of the Group were completed after the end of the year.

Business combinations between companies in the Group (business combinations under common control)

No business combinations between companies belonging to the Group were completed after the end of the year.

Section 3 - Retrospective adjustments

It was not necessary to recognise any retrospective adjustments.

PART H – TRANSACTIONS WITH RELATED PARTIES

1. Information on compensation to directors and executives with strategic responsibilities

This information relates to those who, directly or indirectly, have the power and the responsibility to plan, manage and control the business activities of Group companies.

The table below summarises the compensation paid to directors, statutory auditors and executives with strategic responsibilities (general managers and other executives meeting the above characteristics).

In total, 138 assignments were entrusted to 104 people (including 31 executives).

<i>(thousands of euro)</i>	2024	2023
Total gross compensation	18,900	17,416
of which:		
Non-executive directors and Statutory auditors	5,141	4,877
Non-employee executive directors	125	105
Employee executive directors	5,442	4,900
Employees	8,192	7,534
Short-term benefits (e.g. car, lodging, accident insurance policy, medical assistance) ^(*)	223	207
Post-employment benefits (e.g. pension fund, supplementary pension scheme) ^(*)	233	232
Employee termination benefits (e.g. provisions for employee severance pay, other benefits)	95	-

() The figure represents the taxable amount of the benefits.*

2. Information on transactions with related parties

In accordance with the requirements established by accounting standard IAS 24, the paragraphs below illustrate the criteria applied by Banco BPM Group to identify related parties, expressed in specific company regulations:

- a) companies subject to significant influence and joint control: namely the entities in which the Parent Company Banco BPM or the Subsidiary entities exercise significant influence pursuant to IAS 28 or joint control pursuant to IFRS 11. In particular, these are the "Interests in companies subject to joint control and subject to significant influence" indicated under "Section 7 – Interests in associates and joint ventures – Item 70" in Part B of these Notes to the financial statements;
- b) executives with strategic responsibilities: the members of the Board of Directors, the acting members of the Board of Statutory Auditors, the General Manager and the Co-General Managers of the Parent Company and the Group companies are classified as such, as well as the senior operational and executive managers of Banco BPM, identified by a dedicated board resolution, the Manager responsible for preparing the Company's financial reports, the Head of the Compliance function, the Head of the Risk Management function, the Head of the Internal Audit function of Banco BPM, any additional structure heads identified by the Board of Directors of Banco BPM;
- c) close family members of executives with strategic responsibilities: only family members that are able to influence (or be influenced by) the party concerned in the relationship between the latter and Banco BPM or Group companies. The following are presumed to be as such, unless otherwise declared in writing by the executive, under the latter's own responsibility and containing adequate and analytical justification of the reasons that exclude any possible influence: spouses, common law spouses (including cohabitants whose status is not indicated in the family status certificate), offspring of the party, of the spouse or common law spouse, individuals dependent on the party, the spouse or common law spouse. Any other individual, which the party believes may influence them (or be influenced by them) in their dealings with Banco BPM or the other Group companies, is also a related party;
- d) equity interests attributable to executives with strategic responsibilities and their close relatives: the following entities are considered to be related parties, those in which executives with strategic responsibilities or their close relatives have control pursuant to Art. 2359, paragraph 1 of the Italian Civil Code, or joint control or exercise significant influence which is presumed when they hold, directly or indirectly, at least 20% of the

voting rights which can be exercised during ordinary shareholders' meetings, or 10% if the company has shares listed on organised markets;

- e) Group pension funds: the Pension Funds for employees of the Group and of any other related entity;
- f) holders of a significant interest: shareholders and the relative corporate groups (legal entities which are parent companies, subsidiaries or subject to joint control) which control the Parent Company, even jointly, or which exercise significant influence over Banco BPM, are considered related parties. As a minimum, a situation of significant influence is deemed to exist when the shareholder holds an interest with voting rights exceeding 10% of the share capital of Banco BPM. Parties not belonging to the Group who hold an interest in other Group companies greater than 20% of the voting rights that may be exercised in the ordinary shareholders' meeting, or 10% if the company has shares listed in organised markets, are also considered to be related parties;
- g) parties who themselves are in a position to appoint members of the Board of Directors by virtue of the articles of association or shareholders' agreements.

Financial and commercial transactions between subsidiaries and companies subject to significant influence and joint control.

Financial and commercial transactions with related parties fall within the sphere of ordinary operations and have been conducted as arm's length transactions.

The tables below indicate the balance sheet and income statement transactions as at 31 December 2024 with the companies subject to significant influence, the joint ventures, management with strategic responsibilities (which include audit bodies) and other related parties.

(thousands of euro)	Entities exercising significant influence (1)	Associated companies	Joint ventures	Executives with strategic responsibilities	Other related parties	Total	% of consolidate d total
Financial assets held for trading	-	6,825	-	-	4	6,829	0.11%
Loans to customers	-	2,841,802	-	8,971	69,237	2,920,010	2.93%
Other asset items	-	10,062	-	-	6	10,068	0.07%
Due to customers	-	274,653	-	8,307	61,143	344,103	0.33%
Debt securities in issue	-	3,248	-	-	-	3,248	0.01%
Financial liabilities designated at fair value	-	-	-	1,249	613	1,862	0.02%
Other liability items	-	49,782	-	52	22	49,856	0.27%
Guarantees given and commitments	-	133,578	-	1,691	8,902	144,171	0.20%

(1) Authorised parties who possess a shareholding greater than 10% of the share capital.

(thousands of euro)	Entities exercising significant influence (1)	Associated companies	Joint ventures	Executives with strategic responsibilities	Other related parties	Total	% of consolidate d total
Net interest income	-	120,599	-	139	(1,039)	119,699	3.22%
Net fee and commission income	-	528,436	-	10	301	528,747	28.45%
Administrative expenses/recoveries of expenses	-	(15,655)	-	(15,824)	(544)	(32,023)	1.08%
Other costs/revenues	-	11,084	-	-	(1)	11,083	1.43%

(1) Authorised parties who possess a shareholding greater than 10% of the share capital.

Other related party transactions

The table below discloses other transactions (supplies of goods and services and transactions on real estate) entered into with the related parties shown in the table above under "Administrative expenses/recoveries of expenses", in correspondence with "executives with strategic responsibilities" and "other related parties".

	Purchases and sales of goods and services	Rental income	Rental expense
a) Directors	-	-	-
b) Executives with strategic responsibilities	-	-	-
c) Close family members of the parties in letters a) and b)	-	-	-
d) Subsidiary, associated company or subject to significant influence by the parties in letters a) and b)	579	135	1,171

Other Information

In regard to paragraph 8 of Art. 5 Disclosures to the public on related party transactions of CONSOB Regulation containing provisions for related-party transactions (adopted by CONSOB with resolution no. 17221 of 12 March 2010 as amended), the following paragraphs illustrate the most important transactions conducted in 2024, as well as those that are less important yet particularly significant¹.

Initiatives as part of the Group's Covered Bond ("CB") issue programmes: renewal of the expiry of annual ceilings for the periodic repurchase of assets sold

At its meeting held on 7 November 2023, the Board of Directors approved the renewal, for the January - December 2024 period, of the respective annual ceilings for the periodic repurchase, for up to a maximum of 100 million for each of the outstanding Covered Bonds programmes and on the basis of the criteria established therein, of assets sold to the SPEs BP Covered Bond S.r.l., BPM Covered Bond S.r.l. and BPM Covered Bond 2 S.r.l. as well as the signature of the Repurchase Documents relating to each programme. Subsequently, by resolution of the Board of Directors of 26 November 2024, the annual ceiling relating to the SPE BPM Covered Bond S.r.l. was increased by 50 million. Please note that for the period January - December 2024, the annual ceilings, as framework resolutions in accordance with rules on conflicts of interest, for the periodic repurchases of assets sold, were used for 24.4 million, 105 million and 49.5 million, respectively.

Issue by Banco BPM S.p.A. of investment certificates to be placed with third-party networks: (i) allocation of a maximum ceiling; (ii) promotion and marketing activities by Banca Akros

The Board of Directors, at its meeting on 19 December 2023, resolved to approve the allocation of a maximum total ceiling of up to 600 million, to be used for the issue of certificates and bonds to be placed with third-party networks outside the Group, for the 1 January 2024 - 31 December 2024 period, recognising a flow of commissions to Banca Akros, for the same time interval, as a framework resolution pursuant to the rules on conflicts of interest, of a total amount of up to 6 million, in relation to the promotion and marketing activities, and resolved to approve the resulting update of the outstanding framework service agreement between Banco BPM and Banca Akros; note that for the January - December 2024 period, approximately 1 million of the ceiling was used.

Subsequently, the Board of Directors' meeting on 26 November 2024, resolved the approval, for the period 1 January 2025 - 31 December 2025, of the allocation of a ceiling to be used for the issue of certificates to be placed with third-party networks outside the Group, also as private placements, addressed to customers of Banca Akros, for a maximum total amount of up to 300 million, recognising a flow of commissions to Banca Akros, for the same time interval, as a framework resolution pursuant to the rules on conflicts of interest, of a total amount of up to 2 million, in relation to the promotion and marketing activities.

¹ This section shows the transactions of lesser significance resolved by the Board of Directors, for 2024, concerning: (i) framework resolutions with/between subsidiaries/associates on finance/commercial matters; (ii) mergers/demergers/transfers of divisions with/between subsidiaries; (iii) transactions other than those of the previous points (i) and (ii) for an amount equal to or greater than 300 million.

Outsourcing of Parent Company business activities to Banca Akros

The Board of Directors, at its meeting held on 19 December 2023, resolved to (i) approve the outsourcing to Banca Akros of activities relating to "Corporate" and "Financial Institutions" securitisations, recognising an annual consideration of 1.5 million to the subsidiary and ratifying its actions for the activities already started by Banca Akros during 2023; (ii) authorise the allocation of a ceiling of 1.5 million, as a framework resolution pursuant to the rules on conflicts of interest, for the 1 January - 31 December 2024 period - to be paid to Banca Akros by way of consideration for the performance of outsourced activities. It should be noted that for the January - December 2024 period, the ceiling was entirely used.

Framework resolution for fee and commission flows relating to the performance of trading on own behalf, order execution on behalf of customers, receipt and transmission of orders between Banco BPM, Banca Aletti S.p.A. and Banca Akros S.p.A.

The Board of Directors, at its meeting on 19 December 2023, resolved to authorise the renewal for the 1 January - 31 December 2024 period of the framework resolution concerning the performance of trading activities on own account, the execution of orders on behalf of customers, and order receipt and transmission by Banca Akros S.p.A., for which (i) Banco BPM estimated to pay the subsidiary a maximum flow of commissions of 14 million; (ii) Banca Aletti S.p.A. estimated to pay Banca Akros a maximum flow of commissions of 3.3 million; for the January - December 2024 period, approximately 13.3 million and around 2.8 million of the ceilings had been used, respectively. Subsequently, the Board of Directors, at its meeting on 17 December 2024, authorised the renewal for the period 1 January - 31 December 2025, of the framework resolution concerning the performance of trading activities by Banca Akros S.p.A., for which (i) Banco BPM estimated to pay the above-mentioned subsidiary a maximum flow of commissions of 14 million; (ii) Banca Aletti S.p.A., in turn estimated to pay Banca Akros S.p.A. a maximum flow of commissions of 3.3 million.

Issue of certificates and/or bonds by Banco BPM placed through the Banca Aletti Network

At its meeting on 16 January 2024, the Board of Directors resolved to approve, for the 1 February 2024 - 31 January 2025 period, the flow of commissions to be paid to Banca Aletti for the placement of certificates and/or bonds issued by Banco BPM and placed through the Network of that subsidiary, for a total of up to 5.0 million; it should be noted that for the February - December 2024 period, approximately 1.5 million of the ceiling had been used.

BPL Mortgages S.r.l.: (i) restructuring of the "BPL Mortgages Series 5" securitisation transaction; (ii) revision of credit lines, increasing them from 4.8 billion to 5.0 billion in order to allow for the completion of the restructuring of the BPL5 securitisation

At its meeting on 16 April 2024, the Board of Directors resolved (i) the sale of the BPL 5 Subsequent Portfolio for an amount estimated at up to 2 billion; (ii) the repurchase, by Banco BPM, of non-performing loans and loans that are not consistent with the STS regulations, which are now part of the BPL 5 portfolio for an estimated amount of approximately 200 million; (iii) the issue of new senior notes and new junior notes and their subscription by Banco BPM, the total maximum amount of which is estimated at 1.8 billion; (iv) the execution of a possible interest rate swap to partially or fully hedge the interest rate risk of the new senior notes, taking into account that any specific credit lines granted for such a swap will be subject to a specific resolution proposal by the CLO Area.

Subsequently, at its meeting on 28 May 2024, the Board of Directors approved a revision as at 31 May 2025 of the credit lines granted to BPL Mortgages S.r.l., increasing them from 4.8 billion to 5.0 billion, in order to allow for the finalisation of the BPL5 securitisation transaction restructuring approved by the Board of Directors at its meeting on 16 April 2024. Specifically, the following was agreed: (i) the replacement of the existing Banking Book credit line of 2.2 billion with a new one for an amount of 3.4 billion, (ii) a new subordinated loan of 70 million, (iii) a new credit line for derivatives of 200 million, (iv) the reduction of an additional Banking Book credit line from 2.5 billion to 1.3 billion. In execution of such resolutions, with reference to the "BPL Mortgages 5" transaction, in June 2024, with the signing of the relative contracts, (i) Banco BPM sold an additional portfolio of loans deriving from land and residential mortgages for a total residual debt (excluding accruals) of 1.8 billion and (ii) the SPE sold to Banco BPM, among others, the non-performing loans and those loans not consistent with European regulations on simple, transparent and standardised securitisations (STS), previously transferred as part of the securitisation transaction, for a total residual debt of 449.5 million. To finance the purchase of the third subsequent portfolio, in August 2024 the SPE issued an additional series of asset-backed securities equal to approximately 1.4 billion.

Plan for the merger by incorporation of Terme Ioniche Società Agricola S.r.l. into Terme Ioniche S.r.l.

At the meeting of 16 April 2024, the Board of Directors resolved to (i) approve the merger by incorporation of Terme Ioniche Società Agricola S.r.l. into Terme Ioniche S.r.l., to be implemented with a simplified procedure pursuant to Art. 2505 of the of the Italian Civil Code, applied analogously, (ii) waive, as the sole shareholder of Terme Ioniche Società Agricola S.r.l. and Terme Ioniche S.r.l., the terms set forth in Art. 2501-ter, fourth paragraph, and 2501-septies of the Italian Civil Code, as well as the generation of any additional document relating to the merger other than the relative plan. The value of the assets of the merged companies as at 31 December 2023, equal to 8.2 million, was indicated as the total value of the transaction.

Alba Leasing risk group - confirmation of the lending ceiling for direct risks, reduction of total credit lines and new review deadline

At its meeting on 28 May 2024, the Board of Directors resolved to approve in favour of Alba Leasing S.p.A.: (i) the confirmation of the lending ceiling for direct risks of 1,100 million, of which 100 million with utilisation restriction within 6 months; (ii) the extension of the short-term cash, current account and hot money line of 897 million; (iii) the reduction of credit lines from 1,063.2 million to 1,060.2 million, in addition to evidence risks of 15 million; (iv) the new review deadline of 30 June 2025.

Covered Bond Programmes: (i) activities aimed at the early closure (unwinding) of the BP Covered Bond programme; (ii) repurchases of ineligible assets from special purpose entities as part of the Group's issue programmes

At its meeting on 28 May 2024, the Board of Directors resolved (i) the transfer en bloc to BPM CB1 (Asset Transfer between Guarantors) of the loans transferred as part of the BP CB programme, for an amount of approximately 2.4 billion, excluding non-performing positions which, together with other ineligible assets of BPM CB1 and BPM CB2, are repurchased by the Bank in a separate transaction; (ii) the transfer to the BPM CB1 programme of the retained covered bond series 12, finalised by amending the relative Final Terms, to incorporate the change of guarantor and acceptance of the terms and conditions of the BPM CB1 programme; (iii) the signing of the documentation relating to the Transfer between Guarantors, the Written Resolution for the amendment of the Final Terms of the retained covered bond series 12 and the Unwinding Documents.

Furthermore, also in the exercise of the management and coordination activities under the responsibility of the Parent Company pursuant to Art. 2497 et seq. of the Italian Civil Code, the Board approved: (i) the repurchase from the respective special purpose entities of ineligible loans in the total maximum amount estimated at 45 million; (ii) the return to Banco BPM of the loans not eligible under the BPM CB1 Programme for a maximum amount of 20 million, excluding the UTP and Bad Loan positions already considered in the annual ceiling, with the payment of the related sale price to the SPE; (iii) the return to Banco BPM of the loans not eligible under the BPM CB2 Programme for a maximum amount of 10 million, excluding the UTP and Bad Loan positions already considered in the annual ceiling, with the payment of the related sale price to the SPE; (iv) the return to Banco BPM of the loans not eligible under the BP CB Programme for a maximum amount of 15 million, excluding the UTP and Bad Loan positions already considered in the annual ceiling, with the payment of the related sale price to the SPE; (v) the negotiation and signing of all Repurchase Documents.

In execution of this resolution, in June 2024, with the signing of the respective contracts, in order to proceed with the early closure ("Unwinding") of the "BP CB1" Programme, the following was carried out: (i) the direct transfer to the BPM CB1 Programme of the entire portfolio of assets transferred on each occasion by Banco BPM to the BP CB1 Programme, by signing a "Contract for transfer between Guarantors" (excluding bad loans and other non-eligible exposures previously repurchased by Banco BPM), and the relative subordinated loan used by the Company BP Covered Bond S.r.l. for the purchase of the individual asset portfolios and (ii) the transfer from the BP CB1 Programme to the BPM CB1 Programme of the existing retained Covered Bond Series 12, renamed Series 14, for a nominal value of 1 billion, via the replacement of the Guarantor from the SPE BP Covered Bond S.r.l. to the SPE BPM Covered Bond S.r.l.

In addition, in June 2024, as part of all three Covered Bond Issue Programmes of the Group, Banco BPM repurchased "en bloc" (i) the positions that as at 31 May 2024 were classified as bad loans, (ii) a portion of loans previously transferred to the SPEs and no longer classifiable as eligible, as they had mortgage collateral that was expiring by 30 June 2024 and (iii) some positions classified as unlikely to pay. In June 2024, Banco BPM settled the consideration for the repurchase of bad loans and mortgages in favour of the SPEs.

It should also be noted that on 4 June 2024, the Credit Committee of Banco BPM resolved, implementing the resolutions of the Board of Directors of 28 May 2024 and 19 December 2023, which give it the right to operate within the credit

ceiling assigned to BP Covered Bond S.r.l., BPM Covered Bond S.r.l. and BPM Covered Bond 2 S.r.l., to grant BP Covered Bond S.r.l. a new line of credit for Covered Bond Subsidies for an amount of 1.5 billion.

Banco BPM Invest SGR S.p.A. Alternative Investments Project: contribution of the business unit dedicated to the investment of units of closed-end funds of Banco BPM by way of an increase in the shareholders' equity of the beneficiary Banco BPM Invest SGR S.p.A.

At its meeting on 11 June 2024, the Board of Directors of Banco BPM resolved to approve the contribution to the shareholders' equity of the business unit dedicated to the investment of units of closed-end funds of Banco BPM in favour of the subsidiary Banco BPM Invest SGR, whose economic value was determined by the independent expert appointed pursuant to Art. 2343 ter of the Italian Civil Code as 1.3 million. Following the transaction, which became effective on 1 July 2024, Banco BPM Invest SGR increased its shareholders' equity by 100 thousand euro, corresponding to the accounting imbalance of the business unit at the reference date of 31 December 2023, while Banco BPM increased the carrying amount of the interest held in Banco BPM Invest SGR by the same amount.

Signing of the Banco BPM portfolio management contract with Banco BPM Invest SGR S.p.A.

On 11 June 2024, the Board of Directors of Banco BPM resolved, with effect from 1 July 2024, to transfer the "Alternative Investments" unit of Banco BPM to Banco BPM Invest SGR. Subsequently, at its meeting on 2 July 2024, in order to continue to benefit from the expertise and experience of the "Alternative Investments" unit in the field of alternative funds, the Board of Directors resolved to transfer the management of the current Portfolio of Private Markets to the SGR, by means of a portfolio management contract called "Proposal for a portfolio management contract" signed between the parties, with effect from 1 July 2024, paying the SGR, for 2024, as a framework resolution pursuant to the rules on conflicts of interest, a consideration for management activities of 1.7 million; approximately 1.5 million of the ceiling was used. Subsequently, at its meeting on 17 December 2024, the Board of Directors renewed the framework resolution in question, providing for the payment to the SGR, for 2025, of a consideration for management activities of approximately 3.1 million.

Contribution for future share capital increases to Banco BPM Vita S.p.A. as part of the strategic transaction concerning the public purchase offer by Banco BPM Vita aimed at acquiring all of the ordinary shares of Anima Holding S.p.A.

The Boards of Directors of Banco BPM and Banco BPM Vita, at meetings held on 6 November 2024, approved the terms and conditions of the voluntary public purchase offer, pursuant to and for the purposes of Articles 102, paragraph 1 and 106, paragraph 4 of the Consolidated Finance Law by Banco BPM Vita, aimed at acquiring all of the ordinary shares of Anima Holding S.p.A., less the shares held by Banco BPM, and including own shares, as well as any shares that will be issued, by the end of the period of subscription to the Offer, as part of the remuneration plans in place based on financial instruments. In this regard, in order to provide Banco BPM Vita with the financial resources needed to complete the transaction, Banco BPM irrevocably committed to making a payment, also in several tranches, of a maximum total amount of 2,026.1 million, to the subsidiary Banco BPM Vita, corresponding to the sum of: (i) the maximum outlay that Banco BPM Vita would incur if all the shares under the Offer were subscribed (1,583.1 million); and (ii) the outlay that Banco BPM Vita would incur for the purchase of the Anima Holding shares held by Banco BPM, assuming a consideration per share equal to the consideration paid to the shareholders of Anima under the Offer (443.0 million). The financial resources would be provided by means of a contribution for future share capital increases, to be allocated, in whole or in part, to the release (for both the capital portion and the share-premium portion) of one or more tranches of a future share capital increase of Banco BPM Vita, to be resolved in the context of the offer, no later than 31 December 2025.

Participation in possible market transactions with provision of guarantee

At its meeting on 13 November 2024, the Board of Directors of Banco BPM approved, in relation to the potential participation of Banca Akros S.p.A., as global coordinator and bookrunner, in the private placement of a stake in the share capital of Banca Monte dei Paschi di Siena S.p.A., the provision of a guarantee to Banca Akros related to the above-mentioned transaction, up to a maximum amount of 600 million.

Restructuring of the "BPL Mortgages Series 8" (BPL8) securitisation transaction. Programmes for the issue of Group Covered Bonds: (i) disposal of new portfolios (ii) repurchases of ineligible assets and (iii) increase of the annual repurchase ceiling as part of the "CB1" securitisation transaction

At its meeting on 26 November 2024, the Board of Directors of Banco BPM resolved:

- with reference to the restructuring of the "BPL Mortgages Series 8" (BPL8) securitisation transaction: (i) the sale of loans relating to the Subsequent BPL8 Portfolio, by Banco BPM to BPL Mortgages, for an amount estimated as a maximum of 3.6 billion, by the end of December 2024; (ii) the repurchase, by Banco BPM, of the non-performing loans and possibly non-compliant with the STS and CRR regulations, forming part of the BPL8 portfolio, for an amount estimated as approximately 200 million, at the same time as the sale in the previous point; (iii) the subscription, by Banco BPM, of the new senior notes and the new junior notes issued by BPL Mortgages, roughly by the first quarter of 2025, the maximum total amount of which was estimated as 3.4 billion, also in compliance with the risk retention obligations pursuant to the SECR; (iv) the payment, by BPL Mortgages to Banco BPM, of the servicing fees and fees for the performance of administrative services, estimated as an overall annual amount of less than 2 million; (v) the performance, where necessary, of an interest rate swap to partially or fully hedge the interest rate risk of the new senior notes, taking into account that any award of specific credit lines for the aforementioned swap will be subject to a specific resolution proposed by the CLO Area; (vi) the amendment of the contractual documentation required for the completion of the BPL8 Restructuring; (vii) the negotiation and signature of all contracts, deeds, documents and certificates necessary or appropriate for the purposes of carrying out the BPL8 Restructuring and the above (including, but not limited to, new contracts as well as any additional deed and contract deemed appropriate and/or necessary for the successful outcome of the BPL8 Restructuring); (viii) the signature of the mandates to the counterparties involved in the BPL8 Restructuring such as, by way of example but not limited to, the Rating Agencies, the external legal consultant and the third party assessor which certifies the compliance of the BPL8 Restructuring with the regulations on STS securitisations; (ix) to approve the adjustment of the credit ceiling of BPL Mortgages in the terms described, authorising the Credit Committee to:
 - adjust the banking book credit line granted to BPL Mortgages for the amount of 1.3 billion, to the new amount of 4.9 billion;
 - grant a new subordinated loan, up to a maximum amount of 140 million, to be used to adjust the cash reserve of the BPL8 transaction;
 - grant (if necessary) a new credit line for derivatives;
- as part of the Group's CB Programmes, with reference to sales of new portfolios, repurchase of ineligible loans and increase of the annual ceiling for repurchases of non-performing positions under the CB1 programme: (i) the sale by Banco BPM to the SPE BPM Covered Bond S.r.l. of the receivables of the BPM CB1 New Portfolio of eligible assets, consisting of residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans, for an amount of approximately 1.3 billion, and the signature of the Sale Documents of BPM CB1; (ii) the sale by Banco BPM to the SPE BPM Covered Bond 2 S.r.l. of the receivables of the BPM CB2 New Portfolio consisting exclusively of residential mortgages, including mortgage loans disbursed by Webank and excluding disbursements to Group employees, for an amount equal to approximately 1.6 billion and the signature of the Sale Documents of BPM CB2; (iii) the payment by BPM Covered Bond S.r.l. to Banco BPM of the servicing fees, estimated at an overall annual amount of less than 2.5 million; (iv) the payment by BPM Covered Bond 2 S.r.l. to Banco BPM of the servicing fees, estimated as an annual amount of less than 2 million; (v) the repurchase from the respective SPEs of ineligible loans and the signature of the Repurchase Documents, and specifically the return to Banco BPM of the ineligible loans under the BPM CB1 Programme, for a maximum amount of 50 million, excluding the UTP and Bad Loan positions already considered in the annual ceiling, with payment of the relative sale price to the SPE and the return to Banco BPM of the ineligible loans under the BPM CB2 Programme, for a maximum amount of 10 million, excluding the UTP and Bad Loan positions already considered in the annual ceiling, with payment of the relative sale price to the SPE; (vi) to approve the review and restructuring of the credit lines granted to BPM Covered Bond and BPM Covered Bond 2 in the terms described, authorising the Credit Committee to organise:
 - the review and restructuring of the credit lines pertaining to BPM Covered Bond, with an increase of the same by 700 million (i.e. from a total of 10.3 billion to a total of 11 billion);
 - the review and restructuring of the credit lines granted to BPM Covered Bond 2, with a reduction in the lines for subordinated loans from a total of 9.2 billion to a total of 8.9 billion; said restructuring entailed granting an increase for a credit line of 500 million;
 - the revision of the credit ceiling for a total of 21 billion granted by the resolution of 19 December 2023;

- the increase up to 150 million of the annual ceiling for the repurchase of non-performing positions from the CB1 programme.

In execution of said resolution, in December 2024, by signing the relative contracts, Banco BPM sold (i) a new portfolio of residential mortgage loans, including disbursements to employees of the Group, and commercial mortgage loans, for a total residual debt equal to around 1.25 billion to the SPE BPM Covered Bond S.r.l. and (ii) a new portfolio of residential mortgage loans, excluding disbursements to employees of the Group and including loans disbursed by Webank, for a total residual debt equal to around 1.6 billion to the SPE BPM Covered Bond 2 S.r.l. In addition, in December 2024, as part of the Covered Bond Issue Programmes of the Group, Banco BPM repurchased "en bloc" (i) the positions that as at 30 November 2024 were classified as bad loans, (ii) a portion of loans previously transferred to the SPEs and no longer classifiable as eligible, as they had mortgage collateral that was expiring by 31 December 2024 and (iii) some positions classified as unlikely to pay. In December 2024, Banco BPM settled the consideration for the repurchase of bad loans and mortgage loans in favour of the SPEs.

Allocation of a maximum ceiling for the issue of "Skew Notes" to be placed with institutional investors, for the period from 1 January 2025 to 31 December 2025; commission flows to be paid to the subsidiary Banca Akros S.p.A. for its role as lead manager

At its meeting on 17 December 2024, the Board of Directors of Banco BPM resolved to (i) approve the allocation of a maximum ceiling of up to 300 million, intended for the issue of "Skew Notes" (the Securities) to be placed with institutional investors, for the period from 1 January 2025 to 31 December 2025; (ii) to approve the publication of a Drawdown Prospectus for each issue of the securities, and to avail itself of the assistance of the necessary counterparties, subject to the submission of the Drawdown Prospectus referred to above to the approval of the Luxembourg Supervisory Authority - Commission de Surveillance du Secteur Financier (CSSF); (iii) to grant, for the same time period, to the subsidiary Banca Akros, which will play the role of lead manager of the securities, with the function of identifying potential investors, a flow of commissions, as a framework resolution pursuant to the rules on conflicts of interest, equal to a maximum of 15 million.

PART I – SHARE-BASED PAYMENT AGREEMENTS

A. QUALITATIVE INFORMATION

1. Description of share-based payment agreements

1.1 Remuneration linked to incentive systems: compensation plans based on shares

As the Parent Company, Banco BPM S.p.A. prepares the annual Policy-on-remuneration report and payouts awarded pursuant to the provisions in force on remuneration and incentive policies and practices of the Bank of Italy (Circular no. 285/2013, 37th update of 24 November 2021, Part I, Title IV, Chapter 2 "Remuneration and incentive policies and practices"), of Art. 123-ter of Italian Legislative Decree 58/1998 ("Consolidated Finance Law" or "CFL") as amended and of Art. 84-quater of CONSOB resolution no. 11971/1999 as amended ("Issuers' Regulation").

The remuneration policy ("Policy") represents an important management lever to attract, motivate and retain management and staff. This steers behaviour towards reducing the risks taken on (including legal and reputational), protecting customers and increasing loyalty while also being careful to manage conflicts of interest. The Policy also pursues sustainable success, which produces long-term value for the benefit of shareholders in the interest of the Group's stakeholders.

The 2024 Policy defines the guidelines of the remuneration systems to pursue long-term strategies, objectives and results, in line with governance and risk management policies. The correlation between variable remuneration of personnel and ESG factors is one of the elements of the 2024 Policy. Variable remuneration is therefore related to strategic actions concerning environmental issues, health and safety and human resource management. The remuneration policy for staff is gender neutral.

In accordance with the 2024 Policy, the remuneration of Group employees includes a variable component (incentive) linked to the annual incentive system (Short-Term Incentive Plan). The receipt of an incentive is subject to the verification that the predefined access conditions (gates) have been met, consisting of indicators of capital adequacy and adequacy of liquidity and profitability. After verification of the gates, but before any payment, the amount of the economic resources actually available is determined on the basis of the economic results recorded (financial adjustment factor), as well as qualitative indicators of a non-financial nature (non-financial adjustment factor), in line with the Group risk appetite framework.

The incentive for identified staff¹ established in the year 2024, is paid over a period of six or five years, and is divided into an up-front portion and five or four annual deferred portions, subject to the successful fulfilment of future conditions.

The up-front portion, regardless of beneficiary, amounts to:

- 60% of the incentive awarded, in cases where the annual individual variable remuneration is less than 435 thousand euro;
- 40% of the incentive awarded, in cases where the annual individual variable remuneration is equal to or greater than 435 thousand euro.

The figure of 435 thousand euro represents for the Group the level of variable remuneration of a particularly high amount, determined in keeping with the criterion established by the Bank of Italy Supervisory Regulations².

50% of the up-front portion of the incentive is awarded in Banco BPM ordinary shares.

The deferred portions consist of:

- five annual instalments of the same amount deferred in the five-year period following the year of vesting of the up-front portion, for 55% in Banco BPM ordinary shares, for the senior identified staff, regardless of the

¹ Parties whose professional activity has or may have a significant impact on the risk profile of the Group or the individual Legal Entity.

² See Part One, Title IV, Chapter 2, Section III, Paragraph 2: "Particularly high variable remuneration amount means the lower of: i) 25 percent of the total average remuneration of the Italian high earners, resulting from the most recent report published by the EBA; ii) 10 times the total average remuneration of the bank's employees".

amount of the annual individual variable remuneration awarded, and for the heads of the main business lines of Banca Akros or Banca Aletti who report directly to the Chief Executive Officer or senior management of Banca Akros or Banca Aletti, in the event that the amount of the annual individual variable remuneration paid is equal to or greater than 435 thousand euro;

- four annual instalments of the same amount, deferred in the four-year period following the year of vesting of the up-front portion, for 50% in Banco BPM ordinary shares, for identified staff not included in the previous point.

As required by the Supervisory Provisions of the Bank of Italy, in cases where the annual individual variable remuneration is lower than or equal to the significance threshold of 50 thousand euro, and, at the same time, lower than or equal to one third of the total annual individual remuneration, the relative amount is paid out in cash and in a lump sum.

The Shareholder's Meeting of 7 April 2022 approved a Long-Term Incentive Plan related to the performance to be achieved in the 2022-2024 three-year period.

The 2023-2026 Strategic Plan was approved on 12 December 2023.

To support the 2023-2026 Strategic Plan and pursue results that create long-term value for shareholders and all relevant stakeholders, the Bank decided to submit a Long-Term Incentive Plan to the Shareholders' Meeting of 18 April 2024 (2024-2026 LTI plan) related to the performance to be achieved in the three-year period 2024-2026.

The scope of the beneficiaries of the LTI plans includes around 80 positions (excluding those belonging to functions with control tasks), selected on the basis of the level of the position, the impact on the business or for retention purposes. The beneficiary roles include the Chief Executive Officer and executives with strategic responsibilities of the Parent Company.

The incentive correlated with the LTI plan (LTI incentive) is fully assigned in Banco BPM ordinary shares, is awarded at the end of the three-year performance period and is proportional to the level of achievement of the conditions and performance objectives.

The 2024-2026 LTI incentive is paid in an up-front portion of 40% and in annual deferred portions of the same amount, in accordance with the provisions of the 2024 Short-Term Incentive Plan, subject to the successful fulfilment of future conditions.

With reference to the Short-Term Incentive and Long-Term Incentive Plans, for vested shares (up-front and deferred), a one-year retention period (selling restriction) is established, which starts from their vesting; the transfer of ownership to the beneficiary takes place at the end of this period.

Both the up-front portions and the deferred portions are subject to malus and claw-back mechanisms, as set forth in the Policy.

In addition to the compensation plans based on Banco BPM S.p.A. shares relating to the 2024 Short-Term Incentive Plan and the 2024-2026 Long-Term Incentive Plan, the Ordinary Shareholders' Meeting of Banco BPM held on 18 April 2024 approved:

- the 2024 remuneration policy - Section I of the Policy-on-remuneration report and payouts awarded of Banco BPM Group's staff – 2024;
- the report on payouts awarded in 2023 - Section II of the Policy-on-remuneration report and payouts awarded of Banco BPM Group's staff – 2024 (advisory vote);
- the request for authorisation to purchase and dispose of own shares in service of the Banco BPM S.p.A. share-based payment plan.

For further information refer to the content of the following documents: 2024 Policy-on-remuneration report and payouts awarded of Banco BPM Group's staff (Section I and Section II), Information Document on the Banco BPM Share-based compensation plan - 2024 Short-Term Incentive Plan, Information Document on the Share-based compensation plan - 2024-2026 Long-Term Incentive Plan, available on the website www.gruppo.bancobpm.it (Corporate Governance - Remuneration Policies section).

1.2 Share-based compensation plans of previous years

On 8 February 2024, the Banco BPM Board of Directors acknowledged the vesting in the year 2024 of the equity component of the deferred short- and long-term incentives referring to the share-based compensation plans currently valid and approved on the basis of previous shareholders' resolutions.

For more details on the procedures and the terms for the allocation of the shares under the above-illustrated Plans, please refer to the respective information documents drawn up in accordance with Art. 84-bis of the Issuers' Regulation, deposited at the registered office, at Borsa Italiana S.p.A. and also available to the general public on Banco BPM S.p.A.'s website at www.gruppo.bancobpm.it (Corporate Governance — Remuneration Policies section).

1.3 Amounts for early termination of employment

In compliance with regulations in force over time, the Parent Company has the unilateral right to agree — subject to the conditions and in accordance with the methods defined in the Policy — possible amounts for the early termination of employment (for identified staff, golden parachutes), which may be awarded up to the maximum extent of twenty-four months of fixed remuneration (excluding indemnity for lack of notice, determined by legislative provision) and up to the maximum limit of 2.9 million euro (employee gross amount).

The recognition of the amounts for early termination of the employment relationship takes place on termination and is subject to the positive verification of conditions, related to the previous financial year, of capital adequacy and liquidity. The amount is determined considering each relevant element, and in any event:

- the positive results achieved over time;
- the circumstances that led to the termination, taking into account the interests of the company also to avoid an error of judgement;
- the tasks performed and/or positions held in the course of the employment relationship, also in the sense of risks assumed by the subject;
- the duration of the employment relationship and of the job;
- savings as a result of early termination of employment.

Payment thereof occurs according to the same methods provided for by the Short-Term Incentive Plan, defined in the remuneration policy in force on the date of termination, with reference to the last position for which payment of the amount was assessed, without prejudice to specific conditions envisaged by the Bank of Italy Supervisory Regulations. The amounts for early termination of the employment relationship, both for identified staff and the remaining personnel, shall only be disbursed in the absence of fraudulent conduct or gross negligence committed by the person who has terminated his/her employment. Confirmation of such conduct entails the cancellation of the portions not yet disbursed (malus) and the return of those already disbursed (claw-back). The assessment of the degree of negligence is carried out by the Board of Directors of the Parent Company and/or the subsidiaries and/or the Chief Executive Officer of the Parent Company (or his/her delegate), each to the extent of their responsibility; this assessment takes place from the moment of vesting of units and for the next five years.

The remuneration components for the identified staff described above, which establish the payment based on shares of Banco BPM, are "equity-settled" plans in accordance with the provisions in IFRS 2. These share-based payments are recorded in the income statement under the item "Personnel expenses" as a balancing entry to an increase in the "Reserves" of consolidated shareholders' equity and the Parent Company's shareholders' equity.

Subsidiaries, on the other hand, in their separate financial statements, record the cost for the period in the income statement item "Personnel expenses" as a balancing entry of an increase in the balance sheet liability item "Provisions for risks and charges", in that the incentive plans for identified staff establish payment based on the shares of the Parent Company, which will be settled by the individual subsidiaries and, therefore, are considered cash-settled transactions.

B. QUANTITATIVE INFORMATION

1. Annual changes

The balance of the stock of shares at 1 January 2024, entirely held by the Parent Company Banco BPM, consisted of 6,958,684 ordinary shares of Banco BPM.

In 2024, in implementation of the remuneration policy, a total of 1,439,978 ordinary shares of Banco BPM S.p.A. were delivered to 95 beneficiaries.

1.1 Own share purchase programme to service the share allocation plans for Banco BPM Group's identified staff

Please recall that the Ordinary Shareholders' Meeting of Banco BPM S.p.A. of 20 April 2023 and the Ordinary Shareholders' Meeting of Banco BPM S.p.A. of 18 April 2024 approved, inter alia, the request for the authorisation to purchase and dispose of own shares to service the share-based compensation plans and that - based on the authorisation issued by the European Central Bank in accordance with the applicable provisions of Regulation (EU) no. 575/2013 and Delegated Regulation (EU) no. 241/2014 - Banco BPM implemented its own share purchase programme to support short- and long-term incentive plans in place, which make provision for deferred portions.

In particular, please note that as per the press releases most recently issued on 4 March 2024, 24 June 2024 and 19 September 2024, Banco BPM, as part of the above-mentioned share purchase programme, purchased a total of 905,286 own shares on the Euronext Milan Market on 4 March 2024 (equal to 0.06% of the ordinary shares outstanding) at the average unit price of 5.52 euro, for a total value of approximately 5 million, in the period from 19 to 24 June 2024, a total of 4,911,328 own shares (equal to 0.32% of the ordinary shares outstanding) at the average unit price of 6.11 euro, for a total value of approximately 30 million, and in the period from 17 to 18 September 2024, a total of 2,464,487 own shares (equal to 0.16% of the ordinary shares outstanding) at the average unit price of 6.09 euro, for a total value of approximately 15 million.

Following the above-mentioned transactions and taking into account the previous stock of own shares in addition to the share deliveries made in 2024 which took place as part of the implementation of the remuneration policies, as at 31 December 2024 Banco BPM directly owns 13,799,807 own shares.

2. Other information

With reference to the resolution passed by the Banco BPM Board of Directors on 12 March 2024 with regard to the Short-Term Incentive share-based compensation plan approved by the Ordinary Shareholders' Meeting in 2023, a total of 663,743 shares were granted to 59 beneficiaries, of which (i) 324,475 relating to the vested up-front portion and (ii) 339,268 relating to the deferred portions, as appropriate, in the four or five years after 2024, the vesting of which remains subject to positive verification of future consolidated conditions as well as the absence of misconduct. As part of this plan, note that the Parent Company awarded its beneficiaries 575,198 shares, of which 279,391 shares relating to the vested up-front portion and 295,807 shares relating to the deferred portions as indicated above. The same resolution also determined the vesting of deferred portions relating to previous years (2018, 2019, 2020, 2021 and 2022) for a total of 496,194 Banco BPM shares to 78 beneficiaries, of which 442,822 shares vested in favour of Parent Company beneficiaries.

With reference to the resolution passed by the Banco BPM Board of Directors on 12 March 2024 with regard to the 2021-2023 Long-Term Incentive share-based compensation plan approved by the Shareholders' Meeting of 15 April 2021, a total of 6,330,479 shares were granted to 48 beneficiaries, of which (i) 2,532,191 relating to the vested up-front portion and (ii) 3,798,288 relating to the deferred portions, as appropriate, in the three or five years after 2024, the vesting of which remains subject to positive verification of future consolidated conditions as well as the absence of misconduct. As part of this plan, note that the Parent Company awarded its beneficiaries 5,771,543 shares, of which 2,308,620 shares relating to the vested up-front portion and 3,462,923 shares relating to the deferred portions as indicated above.

2.1 Economic impact in 2024

With regard to the share-based incentive systems for identified staff in 2024, the charge debited to personnel expenses amounts to 11.3 million. The most significant amounts relate to the short-term incentive plans for 3.8 million and to the long-term plans for 7.3 million (1.7 million for 2021-2023 plan, 1.1 million for 2022-2024 plan and 4.5 million for 2024-2026 plan). It should be noted that the amount attributable to the Parent Company, for these Incentive Systems, is 9.9 million.

PART L – SEGMENT REPORTING

According to IFRS 8, companies must provide information enabling users of financial statements to assess the nature and the effects on the financial statements of their business activities and the economic contexts in which they operate. Therefore, it is necessary to highlight the contribution of the various "operating segments" to the formation of the Group's income.

The identification of the "operating segments" of this Section is consistent with the procedures adopted by Company Management to make operating decisions and is based on internal reporting, used for allocating resources to the various segments and analysing their performance, as amended in 2024 following the corporate reorganisations illustrated below.

It should be noted that, following the demerger of the Global Markets business unit from the subsidiary Banca Akros in favour of the Parent Company, starting from the year 2024, the contribution of the operations of that business unit is shown in the Finance business unit.

In addition, the following additional changes were made to the structure of segment reporting, consistent with the new corporate structure and with internal reporting:

- creation of a business unit named Commercial, which brings together the activities of the Retail, Institutional and Private segments of the Commercial Network;
- creation of a business unit, named Corporate and Investment Banking, which includes the Corporate segment of the Commercial Network and the contribution of Banca Akros and its subsidiary Oaklins Italy.

Therefore, for 2024, the business units taken as a reference to provide the segment reporting are as follows:

- Commercial;
- Corporate and Investment Banking;
- Insurance;
- Strategic Partnerships;
- Finance;
- Corporate Centre.

A brief illustration of the breakdown of the various operating segments is provided below:

- the "Commercial" business unit includes, as mentioned above, the Retail, Institutional and Private segments. More specifically:
 - the "Retail" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers and small businesses. These activities are for the most part carried out by the Parent Company's Commercial Network;
 - the "Institutional" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at bodies and institutions (UCITs, SICAVs, insurance companies, pension funds and banking foundations). Those activities are conducted in an equal amount by the Commercial Network of the Parent Company, for "local institutional" counterparties, and by specialised branches, for "systemically-important institutional" counterparties;
 - the "Private" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers with assets that, individually and/or within their business, amount to at least 1 million. These activities are carried out by the subsidiary Banca Aletti;
- the "Corporate and Investment Banking" business unit includes, as mentioned above, the Corporate operations of the Commercial Network and the contribution of Banca Akros and its subsidiary Oaklins Italy. More specifically:
 - the "Corporate" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at medium and large-sized companies. These activities are for the most part carried out by the Parent Company's Commercial Network;
 - the "Investment Banking" segment includes the search for solutions for the efficient management of customers' assets and liabilities, also in order to reduce their financial risks, access to regulated markets and support and development of specialised financial services in the Corporate Finance area. These activities are carried out by Banca Akros and by Oaklins Italy;

- the "Insurance" business unit includes the contribution of Banco BPM Vita, BBPM Life and Vera Vita, as well as the contribution to the consolidated results of the interests held in Vera Assicurazioni and Banco BPM Assicurazioni;
- the "Strategic Partnerships" business unit includes the contribution of the interests held in Agos Ducato, Alba Leasing, SelmaBipiemme Leasing, Gardant Liberty Servicing, Anima Holding and Numia Group;
- the "Finance" business unit includes, aside from the above-mentioned Global Market operations, activities relating to the portfolio of owned securities, treasury, the Group's Asset and Liability Management and the stock of bond issues placed on institutional markets;
- in addition to governance and support functions, the "Corporate Centre" business unit also includes activities relating to the leasing business, equity interests not allocated to "Strategic Partnerships" and companies operating in the real estate sector. Lastly, all the consolidation entries are included in this residual segment.

For a description of the configuration of said operating segments, refer to the disclosure set out in the Section "Results by business segment" of the Consolidated report on operations.

The tables below provide the detailed income statement and balance sheet figures by segment as at 31 December 2024, compared with the corresponding figures for the previous year.

As envisaged by paragraph 29 of IFRS 8, the figures referring to 2023 have been restated with respect to those published in the Annual Financial Report as at 31 December 2023, to reflect the change introduced in the composition of the operating segments indicated above, so as to allow a like-for-like comparison. More specifically:

- the contribution referring to the Retail, Institutional and Private segments is shown in aggregate form in the new "Commercial" business unit;
- the contribution referring to the Investment Banking segment, net of the contribution referring to the Global Markets activity of Banca Akros, and the Corporate segment of the Commercial Network, is shown in the new "Corporate and Investment Banking" business unit;
- the contribution referring to the Global Markets activities of Banca Akros, previously included in the Investment Banking operating segment, is shown in the "Finance" business unit.

In addition, the comparative data of the previous year were restated to take account of the amendments to the reclassified income statement format.

In more detail, income relating to e-money activities, carried out by the subsidiary Tecmarket Servizi, as well as income for the management of digital payment services, provided by the Parent Company following the partial demerger of the above-mentioned subsidiary on 1 January 2023, originally shown in the item "Other net operating income" was reclassified under "Net fee and commission income". In addition, the capital gain recorded as a result of the reorganisation of the payment systems is represented in the new item of the reclassified income statement named "E-money impact net of taxes".

Segment results - income statement figures

2024	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Net interest income	3,440,045	2,576,854	660,322	(1,431)	(9,893)	130,093	84,100
Gains (losses) on interests in associates and joint ventures carried at equity	151,689	-	-	7,485	142,397	-	1,807
Financial margin	3,591,734	2,576,854	660,322	6,054	132,504	130,093	85,907
Net fee and commission income	2,003,846	1,684,272	429,328	-	-	(32,456)	(77,298)
Other net operating income	23,360	6,019	70	(1,656)	-	-	18,927
Net financial result	(8,843)	(31,724)	10,945	-	-	20,397	(8,461)
Profit (loss) on insurance business	93,432	-	-	93,432	-	-	-
Other operating income	2,111,795	1,658,567	440,343	91,776	-	(12,059)	(66,832)
Operating income	5,703,529	4,235,421	1,100,665	97,830	132,504	118,034	19,075
Personnel expenses	(1,745,204)	(1,176,357)	(115,138)	(4,253)	(1,858)	(18,166)	(429,432)
Other administrative expenses	(644,781)	(730,973)	(180,774)	(19,703)	(739)	(109,616)	397,024
Net value adjustments to property, plant and equipment and intangible assets	(265,715)	(94,887)	(4,122)	(266)	(41)	(507)	(165,892)
Operating expenses	(2,655,700)	(2,002,217)	(300,034)	(24,222)	(2,638)	(128,289)	(198,300)
Profit (loss) from operations	3,047,829	2,233,204	800,631	73,608	129,866	(10,255)	(179,225)
Net adjustments to loans to customers	(461,475)	(308,683)	(157,881)	-	-	-	5,089
Fair value gains (losses) on property, plant and equipment	(54,627)	-	-	-	-	-	(54,627)
Net adjustments to securities and other financial assets	(8,567)	-	-	-	-	(2,200)	(6,367)
Net provisions for risks and charges	(22,192)	(17,836)	7,599	444	-	-	(12,399)
Gains (losses) on interests in associates and joint ventures and other investments	2,427	-	-	-	-	-	2,427
Profit (loss) before tax from continuing operations	2,503,395	1,906,685	650,349	74,052	129,866	(12,455)	(245,102)
Taxation charge related to profit or loss from continuing operations	(789,594)	(635,600)	(215,660)	(19,887)	4,129	3,383	74,041
Profit (loss) after tax from continuing operations	1,713,801	1,271,085	434,689	54,165	133,995	(9,072)	(171,061)
Banking industry charges net of taxes	(71,011)	(62,779)	(4,727)	(3,505)	-	-	-
Charges relating to early retirement incentives net of taxes	(141,868)	(89,911)	(8,550)	-	-	(1,405)	(42,002)
E-money impact net of taxes	493,125	-	-	-	-	-	493,125
Bancassurance impacts net of taxes	2,466	-	-	5,842	-	-	(3,376)
Impairment on interests in associates and joint ventures	(42,446)	-	-	-	(42,446)	-	-
Impact of the change in own credit risk on the issue of certificates (OCR) net of taxes	1,213	-	-	-	-	-	1,213
Impact of the purchase price allocation (PPA) net of taxes	(34,898)	(20,229)	(1,563)	-	-	-	(13,106)
Profit (loss) attributable to non-controlling interests	11	-	-	-	-	-	11
Parent Company's profit (loss) for the year	1,920,393	1,098,166	419,849	56,502	91,549	(10,477)	264,804

2023 (*)	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Net interest income	3,289,228	2,327,541	589,226	(95)	(1,764)	263,557	110,763
Gains (losses) on interests in associates and joint ventures carried at equity	144,097	-	-	28,440	113,597	-	2,060
Financial margin	3,433,325	2,327,541	589,226	28,345	111,833	263,557	112,823
Net fee and commission income	1,919,571	1,595,279	366,011	-	-	5,036	(46,755)
Other net operating income	21,724	7,655	49	3,955	-	(222)	10,287
Net financial result	(79,029)	(21,377)	19,229	-	-	(85,002)	8,121
Profit (loss) on insurance business	45,851	-	-	45,851	-	-	-
Other operating income	1,908,117	1,581,557	385,289	49,806	-	(80,188)	(28,347)
Operating income	5,341,442	3,909,098	974,515	78,151	111,833	183,369	84,476
Personnel expenses	(1,671,952)	(1,140,807)	(102,318)	(2,026)	(1,639)	(17,994)	(407,168)
Other administrative expenses	(652,393)	(734,147)	(170,881)	(11,873)	(701)	(91,888)	357,097
Net value adjustments to property, plant and equipment and intangible assets	(246,818)	(96,953)	(3,052)	(7)	(40)	(209)	(146,557)
Operating expenses	(2,571,163)	(1,971,907)	(276,251)	(13,906)	(2,380)	(110,091)	(196,628)
Profit (loss) from operations	2,770,279	1,937,191	698,264	64,245	109,453	73,278	(112,152)
Net adjustments to loans to customers	(558,594)	(333,156)	(165,103)	-	-	-	(60,335)
Fair value gains (losses) on property, plant and equipment	(146,847)	-	-	-	-	-	(146,847)
Net adjustments to securities and other financial assets	(1,986)	-	17	-	-	2,064	(4,067)
Net provisions for risks and charges	(22,189)	(30,600)	5,636	(34)	-	-	2,809
Gains (losses) on interests in associates and joint ventures and other investments	342	-	-	-	-	-	342
Profit (loss) before tax from continuing operations	2,041,005	1,573,435	538,814	64,211	109,453	75,342	(320,250)
Taxation charge related to profit or loss from continuing operations	(604,751)	(525,012)	(178,914)	(7,926)	1,357	(22,224)	127,968
Profit (loss) after tax from continuing operations	1,436,254	1,048,423	359,900	56,285	110,810	53,118	(192,282)
Charges related to the banking system, net of taxes	(126,577)	(106,690)	(13,946)	-	-	(5,941)	-
Impact of the realignment of tax values to book values	8,802	-	-	-	-	-	8,802
Bancassurance impacts net of taxes	(22,245)	-	-	-	-	-	(22,245)
Impact of the change in own credit risk on the issue of certificates (OCR) net of taxes	(3,463)	-	-	-	-	-	(3,463)
Impact of the purchase price allocation (PPA) net of taxes	(28,340)	(24,075)	92	-	-	-	(4,357)
Profit (loss) attributable to non-controlling interests	22	-	-	-	-	-	22
Parent Company's profit (loss) for the year	1,264,453	917,658	346,046	56,285	110,810	47,177	(213,523)

(*) the previous year's figures have been restated to reflect the changes introduced in the composition of the operating segments as at 31 December 2024, and to take into account the amendments to the reclassified income statement format illustrated above.

The following tables show the details of fee and commission income of 2024 and the previous year disaggregated by type of service provided and defined with an operating outlook, and by IFRS 8 operating segment, in line with the disclosure requirements introduced by IFRS 15.

2024	Group	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Fee and commission income/Type of services/values							
Savings products	763,176	738,727	1,426	-	-	4,152	18,871
of which:							
Upfront	258,942	254,823	78	-	-	1,684	2,357
Administered	68,832	65,235	33	-	-	1,684	1,880
Portfolio management and funds	145,449	145,695	44	-	-	-	(290)
Life	44,661	43,893	1	-	-	-	767
Running	504,234	483,904	1,348	-	-	2,468	16,514
Administered	81,614	74,276	530	-	-	2,468	4,340
Portfolio management and funds	376,868	368,204	794	-	-	-	7,870
Life	45,752	41,424	24	-	-	-	4,304
Other fees and commissions	1,442,392	1,021,420	460,139	-	-	-	(39,167)
Fee and commission income	2,205,568	1,760,147	461,565	-	-	4,152	(20,296)
Fee and commission expense	(201,722)	(75,875)	(32,237)			(36,608)	(57,002)
Net fee and commission income	2,003,846	1,684,272	429,328	-	-	(32,456)	(77,298)

2023 (*)	Group	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Fee and commission income/Type of services/values							
Savings products	702,924	674,510	1,391	-	-	17,694	9,329
of which:							
Upfront	219,794	205,337	65	-	-	15,055	(663)
Administered	76,182	63,752	14	-	-	15,055	(2,639)
Portfolio management and funds	106,846	106,976	30	-	-	-	(160)
Life	36,766	34,609	21	-	-	-	2,136
Running	483,130	469,173	1,326	-	-	2,639	9,992
Administered	74,075	67,373	514	-	-	2,639	3,549
Portfolio management and funds	366,609	360,444	772	-	-	-	5,393
Life	42,446	41,356	40	-	-	-	1,050
Other fees and commissions	1,410,361	1,056,413	398,490	-	-	-	(44,542)
Fee and commission income	2,113,285	1,730,923	399,881	-	-	17,694	(35,213)
Fee and commission expense	(193,714)	(135,644)	(33,870)	-	-	(12,658)	(11,542)
Net fee and commission income	1,919,571	1,595,279	366,011	-	-	5,036	(46,755)

(*) the previous year's figures have been restated to reflect the changes introduced in the composition of the operating segments as at 31 December 2024, and to take into account the amendments to the reclassified income statement format illustrated above.

The following tables provide the details of the item "Other fees and commissions" for 2024 and for the previous year, broken down by the type of service provided:

2024	Group	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Other fees and commissions							
Investment Banking	52,956	-	100,529	-	-	-	(47,573)
Insurance protection	63,824	64,476	16	-	-	-	(668)
Keeping and management of current accounts	227,287	216,453	11,411	-	-	-	(577)
Loans	579,905	308,582	270,356	-	-	-	967
Credit access fee and commission income (CAF)	245,592	199,962	45,648	-	-	-	(18)
Commission on loans	194,710	28,388	164,235	-	-	-	2,087
Commission on unsecured loans	90,239	30,868	60,473	-	-	-	(1,102)
Consumer Credit	49,364	49,364	-	-	-	-	-
Other business services	123,297	63,828	59,775	-	-	-	(306)
Ecobonus and tax credit	49,241	14,152	35,089	-	-	-	-
Trade receivables	16,492	4,693	12,711	-	-	-	(912)
Portfolio	57,564	44,983	11,975	-	-	-	606
Collection and payment services, e-money	394,396	369,528	18,501	-	-	-	6,367
Collection and payment services	164,895	151,449	7,883	-	-	-	5,563
Abroad (currency fees and commissions on bank transfers)	21,969	17,310	4,982	-	-	-	(323)
E-money	207,532	200,769	5,636	-	-	-	1,127
Synthetic securitisations	-	-	-	-	-	-	-
Other services:	727	(1,447)	(449)	-	-	-	2,623
Commercial refunds	(5,718)	(4,051)	(1,369)	-	-	-	(298)
Other	6,445	2,604	920	-	-	-	2,921
Total	1,442,392	1,021,420	460,139	-	-	-	(39,167)

2023 (*)	Group	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Other fees and commissions							
Investment Banking	35,823	-	63,280	-	-	-	(27,457)
Insurance protection	54,130	55,708	18	-	-	-	(1,596)
Keeping and management of current accounts	242,825	230,646	12,129	-	-	-	50
Loans	542,385	306,695	237,207	-	-	-	(1,517)
Credit access fee and commission income (CAF)	246,133	202,204	43,929	-	-	-	-
Commission on loans	167,291	29,366	136,533	-	-	-	1,392
Commission on unsecured loans	84,815	31,255	56,745	-	-	-	(3,185)
Consumer Credit	44,146	43,870	-	-	-	-	276
Other business services	146,904	76,359	67,662	-	-	-	2,883
Ecobonus and tax credit	61,464	15,761	45,703	-	-	-	-
Trade receivables	11,815	5,280	7,513	-	-	-	(978)
Portfolio	73,625	55,318	14,446	-	-	-	3,861
Collection and payment services, e-money	389,409	390,266	18,465	-	-	-	(19,322)
Collection and payment services	141,535	134,090	5,637	-	-	-	1,808
Abroad (currency fees and commissions on bank transfers)	20,968	16,719	5,049	-	-	-	(800)
E-money	226,906	239,457	7,779	-	-	-	(20,330)
Synthetic securitisations	-	-	-	-	-	-	-
Other services:	(1,115)	(3,261)	(271)	-	-	-	2,417
Commercial refunds	(5,067)	(3,939)	(465)	-	-	-	(663)
Other	3,952	678	194	-	-	-	3,080
Total	1,410,361	1,056,413	398,490	-	-	-	(44,542)

(*) the previous year's figures have been restated to reflect the changes introduced in the composition of the operating segments as at 31 December 2024, and to take into account the amendments to the reclassified income statement format illustrated above.

Segment results - balance sheet figures

31/12/2024	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Loans to customers:	125,952,322	65,124,860	29,700,470	2,725	-	27,189,611	3,934,656
• loans to customers	99,729,999	64,730,425	29,185,194	2,725	-	2,996,039	2,815,616
• debt securities	26,222,323	394,435	515,276	-	-	24,193,572	1,119,040

31/12/2023 (*)	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Loans to customers:	129,266,444	66,860,554	29,759,065	2,510	-	29,453,390	3,190,925
• loans to customers	104,015,166	66,481,131	29,518,896	2,510	-	4,821,704	3,190,925
• debt securities	25,251,278	379,423	240,169	-	-	24,631,686	-

(*) the previous year's figures have been restated to reflect the changes introduced in the composition of the operating segments as at 31 December 2024.

31/12/2024	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Direct funding	126,149,114	92,542,655	8,445,954	-	-	24,452,934	707,571

31/12/2023 (*)	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Direct funding	120,770,064	92,321,619	7,352,969	-	-	19,627,852	1,467,624

(*) the previous year's figures have been restated to reflect the changes introduced in the composition of the operating segments as at 31 December 2024.

31/12/2024	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Interests in associates and joint ventures	1,708,439	-	-	138,313	1,549,798	-	20,328

31/12/2023 (*)	Total	Commercial	CIB	Insurance	Strategic Partnerships	Finance	Corporate Centre
Interests in associates and joint ventures	1,454,249	-	-	136,892	1,296,992	-	20,365

(*) The previous year's figures have been restated to reflect the changes introduced in the composition of the operating segments as at 31 December 2024.

Note that the activities and operating income are mainly achieved in Italy, confirming the deep roots throughout the country, considered to be the main area of action of the Group. The incidence of activities and operating income achieved abroad is to be considered negligible.

PART M – DISCLOSURE ON LEASES

Section 1 – Lessee

QUALITATIVE INFORMATION

The IFRS 16 scope of Banco BPM Group includes the lease contracts on the property units mainly intended for commercial activities (branches), which account for more than 90% of the rights of use relating to leases. There was a marginal amount of other contracts, relating to the hiring of the company car fleet and the rights of use of technological equipment.

Short-term or low value (5 thousand euro) lease contracts are recorded according to that set out in par. 6 of IFRS 16. The related costs are indicated in table "12.5 Other administrative expenses: breakdown".

QUANTITATIVE INFORMATION

According to that set out in Bank of Italy Circular 262, the information required by accounting standard IFRS 16, relating to contracts in which the Group is the lessee, contained in these Notes to the consolidated financial statements, in the sections indicated below:

- the information on rights of use acquired through leases is contained in Part B, Assets – Section 9, Table "9.1 Property, plant and equipment used in operations: breakdown of assets at cost" and in Table "9.6 bis Property, plant and equipment used in operations - Rights of use acquired through leases: annual changes";
- the information on lease payables is contained in Part B, Liabilities – Section 1, Table "1.6 Lease payables";
- the information on interest expense on lease payables is contained in Part C – Section 1 – Table "1.3 Interest and similar expense: breakdown";
- the information on the depreciation of the rights of use and the related asset classes is contained in Part B, Assets – Section 9, Table "9.6 bis Property, plant and equipment used in operations - Rights of use acquired through leases: annual changes", under sub-item "C.2 Depreciation".

At the reporting date, there are no material amounts relating to commitments for lease contracts signed with a future commencement date.

Section 2 – Lessor

QUALITATIVE INFORMATION

The Group has both finance lease contracts and operating lease contracts in force.

Finance lease operations, which include the contracts of the former Banca Italease and Release (transferred to the Parent Company Banco BPM), are in run-off as a result of the Group's decision to no longer directly disburse that type of financing.

Operating leases refer to commercial leases connected to properties not used for business activities, mainly with regard to properties acquired by way of *datio in solutum* (transfer in lieu of payment) against previous credit exposures or to properties previously used for administrative/commercial activities for which there has been a change of destination (e.g. closure of a branch).

QUANTITATIVE INFORMATION

1. Information on the balance sheet and income statement

According to that set out in Bank of Italy Circular no. 262, the information required by accounting standard IFRS 16, relating to contracts in which the Group is the lessor, contained in these Notes to the consolidated financial statements, in the sections indicated below:

- the information on loans for leases is contained in Part B, Assets – Section 4, Table "4.1 Financial assets at amortised cost: breakdown by product for loans to banks" and Table "4.2 Financial assets at amortised cost: breakdown by product for loans to customers";
- the information on assets granted through operating leases is contained in Part B, Assets – Section 9, at the bottom of Table "9.4 Property, plant and equipment held for investment purposes: breakdown of assets at fair value through profit and loss", with the related specifics provided at the bottom of that table;
- the information on interest income on loans for leases is contained in Part C – Section 1 – Table "1.1 Interest and similar income: breakdown";
- the information on income from operating leases is contained in Part C – Section 16, Table "16.2 Other operating income: breakdown".

2. Finance leases

2.1 Classification of payments to be received by time band and reconciliation with loans for leases posted under assets

The total payments to be received correspond to the sum of the minimum payments due in terms of principal and interest and any unsecured residual value due to the lessor.

Time bands	Total 31/12/2024	Total 31/12/2023
	Lease payments to be received	Lease payments to be received
Up to 1 year	72,231	223,269
From over 1 year to 2 years	69,034	70,246
From over 2 years to 3 years	47,600	77,629
From over 3 years to 4 years	50,154	54,368
From over 4 years to 5 years	34,247	52,308
Over 5 years	72,724	112,715
Total lease payments to be received	345,990	590,535
Reconciliation with loans		
Financial profits not accrued (-)	(48,902)	(71,852)
Residual non-guaranteed value	13,938	-
Loans for leases	311,026	518,683

Loans for leases recorded a gradual decrease, in relation to the Group's decision to no longer directly disburse that type of financing. The payments do not include those relating to non-performing leases connected to the Toledo project, which are included among assets held for sale in accordance with IFRS 5.

2.2 Other information

There is no other information to report.

3. Operating leases

The table shows the classification by time bands of the expected payments to be received for the properties leased by the Group, referring to the non-discounted value of the lease payment (without VAT, if due), according to the initial term of the contracts or of the renewal period, determined according to the same guidelines for identifying the term of lease contracts payable by Group, as illustrated in "Part A - Accounting policies, A.2, 16 - Other information, Leases" of these Notes to the Financial Statements.

The lease payments that will be received by the Group, based on the actual duration of the contract, are recognised in the income statement under item "230. Other operating expenses/income" on an accrual basis.

3.1 Classification by time band of payments to be received

Time bands	Total 31/12/2024 Lease payments to be received	Total 31/12/2023 Lease payments to be received
Up to 1 year	26,236	38,060
From over 1 year to 2 years	17,676	33,520
From over 2 years to 3 years	16,191	32,509
From over 3 years to 4 years	15,265	31,119
From over 4 years to 5 years	14,914	21,825
Over 5 years	67,528	62,455
Total	157,810	219,488

It should be noted that the reduction in payments to be received for properties leased by Group companies compared to the previous year, is mainly due to the streamlining of the real estate portfolio (Square Project), partly already carried out in December 2024. For the remaining properties of the Square Project, the term considered for the payments to be received is equal to the dates on which their transfer is expected to take place (June 2025 and June 2026), which is earlier than the term of the lease contract considered for the purpose of the disclosure as at 31 December 2023. As regards the aforementioned transaction, it is also envisaged that the lease payments that will be received by the Group until the transfer dates (approximately 7 million for 2025 and 0.3 million for 2026), will have to be retroceded to the transferee net of the costs of managing the properties.

For further details on the impacts of the "Square Project", please refer to "Part A - Accounting policies, A.1, Section 5 - Other aspects, Other significant aspects relating to Group accounting policies" of these Notes to the consolidated financial statements.

3.2 Other information

There is no other information to report.

OTHER INFORMATION

Disclosure regarding public disbursements pursuant to Art. 1, paragraph 125 of Law 124 of 4 August 2017 ("Annual market and competition law")

In compliance with that stated in Art. 1, paragraph 125 of Law 124 of 4 August 2017, the amounts received by the Parent Company and its subsidiaries during 2024, in the form of "subsidies, contributions, paid positions and in any case economic advantages of any type" are provided below.

Group company	Type of contributions	Granting authority	Amounts received in 2024 (figures in euro)
Banco BPM	Aid for personnel training (*)	FBA (Bank and Insurance Fund)	2,850,524
Banco BPM	Aid for personnel training (*)	FONDIR (National interprofessional joint fund for continuous training of executives)	10,000
Banco BPM	Contributions for personnel recruitment and stabilisation resulting from the application of the National Collective Labour Agreement of the Credit sector	FOC (National Fund for employment support in the credit sector)	1,989,600
Banco BPM	Contributions for new hires and job stability, introduced by the 2018 stability law (Italian Law no. 205/2017)	INPS (National Institute of Social Security)	143,679
Banca Aletti	Contributions for personnel recruitment and stabilisation resulting from the application of the National Collective Labour Agreement of the Credit sector	FOC (National Fund for employment support in the credit sector)	26,400
Banca Aletti	Contributions for new hires and job stability, introduced by the 2018 stability law (Italian Law no. 205/2017)	INPS (National Institute of Social Security)	60,445
Banca Akros	Contributions for personnel recruitment and stabilisation resulting from the application of the National Collective Labour Agreement of the Credit sector	FOC (National Fund for employment support in the credit sector)	65,760
Banca Akros	Contributions for new hires and job stability, introduced by the 2018 stability law (Italian Law no. 205/2017)	INPS (National Institute of Social Security)	102,853
Sagim S.r.l. Società Agricola	Agricultural aid (**)	Disbursed by the European Union through ARTEA (Tuscan Regional Agency for Agricultural Aid), as the paying body	219,095

(*) Aid for personnel training requested in 2023 and paid in 2024.

(**) In particular, these are public resources from EU sources, in which the Italian public administration takes on the role of payer, of which 108,566 euro for 2023 and 110,529 for 2024.

To that end, note that in the table, in line with the provisions of the law in question, economic advantages of less than the threshold of 10,000 euro are not stated. This threshold should be understood to refer to all the advantages that the Parent Company or each company in the Group received from the same authority in 2024, whether the benefit was disbursed in one tranche or in several tranches.

Declarations of the Chief Executive
Officer and the Manager
responsible for preparing
the Company's financial reports

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND ITS SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

1. The undersigned, Giuseppe Castagna, as Chief Executive Officer of Banco BPM S.p.A. and Gianpietro Val, as Manager responsible for preparing the Company's financial reports of Banco BPM S.p.A., hereby certify, also in consideration of the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 dated 24 February 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for the formation of the consolidated financial statements of Banco BPM S.p.A. in 2024.

2. The assessment of the adequacy and the verification of the effective application of the administrative and accounting procedures for the formation of the consolidated financial statements of Banco BPM S.p.A. as at 31 December 2024 were based on an internal model set in place by Banco BPM S.p.A., developed on the basis of the "Internal Control – Integrated Framework (COSO)" and, for the IT component, the "Control Objectives for IT and related Technology (COBIT)", which represent the standards for the internal audit system generally accepted at international level.

3. We also hereby certify that:

- the consolidated financial statements of Banco BPM S.p.A. as at 31 December 2024:
 - a) were drawn up in compliance with the applicable international accounting standards recognised in the European Community as per EC Regulation no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
 - b) comply with the results of the accounting records and journal entries;
 - c) are suitable for providing a true and fair view of the balance sheet, income statement and financial situation of the issuer and of all the companies included within the scope of consolidation.
- the report on operations includes a reliable analysis of operating performance and results, as well as the situation of the issuer, Banco BPM S.p.A., and of all of the companies included within the scope of consolidation, together with a description of the main risks and uncertainties to which the same are exposed.

Milan, 13 March 2025

Signed by

Giuseppe Castagna
Chief Executive Officer

Signed by

Gianpietro Val
Manager responsible for preparing the
Company's financial reports

CERTIFICATION OF SUSTAINABILITY REPORTING

The undersigned, Giuseppe Castagna, as Chief Executive Officer of Banco BPM S.p.A. and Gianpietro Val, as Manager responsible for preparing the Company's financial reports of Banco BPM S.p.A., hereby certify¹, pursuant to Art. 154-bis, paragraph 5-ter, of Italian Legislative Decree no. 58 dated 24 February 1998, that the Sustainability Reporting included in the Consolidated Report on Operations was prepared:

- a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and Italian Legislative Decree no. 125 of 6 September 2024;
- b) with the specifications adopted pursuant to Article 8, paragraph 4 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Milan, 13 March 2025

Signed by

Giuseppe Castagna
Chief Executive Officer

Signed by

Gianpietro Val
Manager responsible for preparing the
Company's financial reports

¹ Certification produced according to the model included in the consultation document "Amendments to secondary legislation in enforcement of Italian Legislative Decree no. 125 of 6 September 2024, which transposes into national law Directive 2022/2464/EU of the European Parliament and of the Council on corporate sustainability reporting" published by CONSOB on 13 December 2024.

Independent Auditors' Reports



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Banco BPM SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Banco BPM SpA Group (the “Group”), which comprise the consolidated balance sheet as of 31 December 2024, the consolidated income statement, statement of consolidated comprehensive income, statement of changes in consolidated shareholders’ equity, the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the Group’s financial position as of 31 December 2024 and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Banco BPM SpA (the “Bank”) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Valuation of performing loans to customers measured at amortised cost

Notes to the consolidated financial statements:

Part A - Accounting policies

Part B – Information on the consolidated balance sheet – Assets, Section 4

Part C – Information on the consolidated income statement, Section 8

Part E – Information on risks and related hedging policies

Performing loans to customers (Stage 1 and Stage 2) as of 31 December 2024 amount to Euro 98,051 million and represent 77.9 per cent of the financial statements line item 40 b) “*Financial assets at amortised cost – Loans to customers*” which totals Euro 125,952 million corresponding to 63.5 per cent of total assets in the consolidated balance sheet.

Net impairment losses booked in the year for these loans, amount to Euro 37 million and represent directors’ best estimate in order to determine expected credit losses at the reporting date on the basis of the applicable reporting standards.

Valuation processes and methods adopted are characterized by a high degree of judgement and require the estimation of several variables. The use of significant assumptions is particularly relevant for measuring the significant increase in credit risk (“*SICR*”), allocating loan portfolios to the different risk stages (“*Staging*”) and determining assumptions and inputs to the models used for the expected credit loss (“*ECL*”) calculation.

In the current year, in addition to the recurring process of updating the input data and of refining of risk parameters, the Group revised the methodologies and criteria adopted compared to the previous year, introducing some evolutions to the models and also applied “*post model adjustments/management overlays*”. These

In performing our audit procedures, we considered internal control relevant to the financial reporting process.

Our audit procedures were defined taking into account the review of the methodologies and criteria introduced during the year, as well as adjustments to existing models in use for the valuation of the performing loans portfolio.

To address this key audit matter, we performed the following relevant procedures, with the support of experts of the PwC network as needed;

- Assessment of the adequacy of the IT environment and test of the operating effectiveness of the applicable key controls over the systems and computer applications used by the Group for the valuation of loans to customers;
- Understanding and evaluation of the design of key controls related to the monitoring, classification and impairment valuation of loans to customers and tests of the operating effectiveness of some of them ;
- Critical assessment of the control activities carried out during the year by internal control functions, of the related outcomes and of the remedial actions undertaken;

<i>Key Audit Matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
actions were deemed necessary to improve the predictiveness of the models in use, to consider the uncertainties in the macroeconomic environment as well as some additional risk factors not adequately captured by models in use, including climate change and geopolitical tensions related to credit risk. Considering the materiality of the amount, the high complexity of the estimation processes and the high degree of judgement involved, as well as the process of fine-tuning and refinement of criteria and models adopted, we considered the valuation of these loans as a key audit matter.	• Tests, for a sample of loan, of the reasonableness of their classification as performing (Stage 1 and Stage 2) on the basis of the different available information about debtor's status, including external information; • Understanding and assessment of the appropriateness of the policies, criteria and models used for determining <i>SICR</i>, <i>Staging</i> and <i>ECL</i>. Special attention was paid to the changes introduced during the year to criteria and models in use, to methods for determining "<i>post model adjustments/management overlays</i>" applied as well as to their reasonableness; • Understanding and review of the methods used for defining the key estimation parameters for the models used, to determine the ECL and assessment of the updates and refinements introduced during the year. In particular, we assessed the reasonableness of macroeconomic scenarios assumed, also by checking their consistency with external sources, as well as their probabilities weighting, also in the light of the uncertainties in the macroeconomic environment; • Assessment of the correct application of the defined criteria, of the completeness and accuracy of the data used for the <i>ECL</i> calculation, as well as of any computation performed outside the IT systems; • Comparative and trend analysis of the volumes of loans to customers performing and related coverage ratios, also by comparing data of previous years and information related to the main sector peers; • Review of ECL sensitivity analyses to the macroeconomic scenarios that influence the risk parameters of the models used;

Key Audit Matters	Auditing procedures performed in response to key audit matters
<i>Notes to the consolidated financial statements:</i> <i>Part A - Accounting policies</i> <i>Part B – Information on the consolidated balance sheet – Assets, Section 4</i> <i>Part C – Information on the consolidated income statement, Section 8</i> <i>Part E – Information on risks and related hedging policies</i> Non-Performing loans (Stage 3) as of 31 December 2024 amount to Euro 1,575 million. Net impairment losses booked in the year for these loans, amount to Euro 370 million and represent directors' best estimate in order to determine expected credit losses for these loans at the reporting date on the basis of the applicable international reporting standards. Valuation processes and methods, assessed both on an individual basis and on a flat rate basis, are characterized by a high degree of judgement and require the estimation of several variables. The use of significant assumptions is particularly relevant for assessing future cash flows, recovery times and for determining the recoverable amount of any collaterals. In particular, where Group's strategy is also based on the recovery through disposals of portfolios, the valuation is performed with a multi-scenario approach reflecting cash flows arising from internal work-out activities as well as cash flows expected from the disposal of these loans.	• Test of the completeness and adequacy of financial statements disclosures in accordance with International Financial Reporting Standards, the applicable regulatory framework and the communications and recommendations issued by the Supervisory Authorities. In performing our audit procedures, we considered internal control relevant to the financial reporting process in order to define the audit procedures appropriate to the circumstances. To address this key audit matter, we performed the following relevant procedures, with the support of experts of the PwC network as needed; • Assessment of the adequacy of the IT environment and tests of the operating effectiveness of the applicable key controls over the systems and computer applications used for the valuation of non-performing loans to customers; • Understanding and evaluation of the design of key controls related to the monitoring, classification and impairment valuation of loans to customers and tests of their operating effectiveness;

<i>Key Audit Matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
For the current financial year, the Group has reviewed the methodologies and criteria underlying the flat-rate model, introducing, compared to the previous financial year, a “post model adjustment” in order to improve the predictive capacity of the model in use. Considering the materiality of the non-performing loans, the complexity of the valuation processes and the high degree of judgement of the assumptions and hypotheses required for determining the key variables, we considered the valuation of these loans as a key audit matter.	• Understanding and assessment of the appropriateness of the policies, criteria and models used for determining the <i>ECL</i>, including the method of determining the “<i>post model adjustment</i>” applied to the flat-rate model and its reasonableness; • Assessment of the correct application of the defined criteria as well as of the completeness and accuracy of the data used in the <i>ECL</i> calculation; • Tests, for a sample of loan, of the reasonableness of their classification among the different regulatory categories also on the basis of the available information about debtor’s status and of other supporting evidences, including external information; • Assessment of the reasonableness of the method adopted for defining possible alternative recovery scenarios (disposal or work-out), of their consistency with disposal targets defined by the directors and of the probabilities assigned, as well as test of the correct calculation of the <i>ECL</i> on the basis of the weighted average of future probable cash flows expected from internal work-out and disposal scenarios; • In relation to the work-out scenario, for each category required by the applicable financial and regulatory reporting framework, tests, for a sample of loans assessed on an individual basis, of the reasonableness of the assumptions made for determining future cash flows from work-out activity, valuation of collaterals and recovery times. For non-performing loans assessed on a flat rate basis, test of the correct determination of key model parameters of the completeness and the accuracy of

<i>Key Audit Matters</i>	<i>Auditing procedures performed in response to key audit matters</i>
	related key data inputs, as well as the application of <i>the post-model adjustment</i> introduced in the financial year; • Comparative and trend analysis of the volumes of non-performing loans to customers and related coverage ratios, performed also by comparing data of previous years and information related to main sector peers; • Analysis of subsequent events occurred after the reference date of financial statements; • Test of the completeness and adequacy of financial statements disclosures in accordance with International Financial Reporting Standards, the applicable regulatory framework and the communications and recommendations issued by the Supervisory Authorities.

Valuation of financial instruments held for trading not listed in active markets and measured at fair value on a recurring basis

Notes to the consolidated financial statements:

Part A – Accounting policies

Part B – Information on the consolidated balance sheet – Assets, Section 2, Liabilities, Section 2

Part C – Information on the consolidated income statement, Section 4

Financial instruments held for trading and not listed in active markets whose fair values were determined using models with data and parameters both directly observable and not directly observable in the market (instruments with levels 2 and 3 of the fair value hierarchy) represent assets for Euro 3,754 million and liabilities for Euro 22,154 million, corresponding respectively to about 1.9 per cent of total assets and 11.2 per cent of total liabilities.

The financial instruments carrying amounts, which represent directors' best estimate of the fair value of these instruments at the reporting date determined in accordance with the applicable international reporting standards.

Throughout the course of our audit, we paid attention to the valuation of these financial instruments held by the Group, focusing primarily on those characterised by a high degree of complexity (structured securities and derivatives).

This was considered a key audit matter due to the materiality of the amounts, the number and complexity of the valuation models used and the significant estimates and assumptions required. The valuation models used, in addition to being numerous and different in relation to the type of instrument, require specific qualitative and quantitative assumptions that could determine significantly different outcomes.

The valuation models used, even if well-known

In performing our audit procedures, we considered internal control relevant to the financial reporting process in order to define the audit procedures appropriate to the circumstances.

Specifically, to address this key matter, we performed the following relevant procedures, with the support of experts of the PwC network as needed:

- Assessment of the adequacy of the IT environment and tests of the operational effectiveness of key controls over the systems and computer applications used for the valuation of financial instruments;
- Understanding and evaluation of the design of controls relevant to the identification, measurement and monitoring of the risk related to valuation and recognition of financial instruments, as well as the operational effectiveness of some controls;
- Understanding and critical assessment of the policies adopted to determine the fair value of financial instruments, in order to verify its appropriateness;
- Review of the valuation techniques and models used as well as of the criteria applied for determining significant assumptions and data inputs, and assessment of their

and acknowledged in the practice, could be extremely sensitive to inputs and assumptions and, given their nature, incorporate a risk of incorrect valuation.

- consistency with the market practice and financial sector literature;
- Specific substantive procedures on the related accounting balances, including independent fair values calculation for a sample of financial instruments, aimed at verifying the reasonableness of directors' valuations. Special attention was paid to qualitative and quantitative assumptions and inputs used (interest rate curves, credit and liquidity spreads, adjustments for credit ratings, volatility parameters, other market information);
- Test of the completeness and adequacy of disclosures closely related to this key matter also considering requirements of the applicable international financial reporting standards.

Valuation of insurance liabilities for residual coverage (life insurance)

Notes to the consolidated financial statements:

Part A – Accounting Policies

Part B – Information on the consolidated balance sheet, Liabilities, Section 11

Part C – Information on the consolidated income statement, Section 10 and Section 11

Part E – Information on risks and related hedging policies

Insurance liabilities amounted to Euro 12,883 million, corresponding to approximately 6.5 per cent of the liabilities in the consolidated balance sheet, of which Euro 12,730 million are attributable to liabilities for residual coverage of the life insurance business, relating to the subsidiaries Banco BPM Vita SpA, Vera Vita SpA and BBPM Life DAC ("Insurance Companies").

The insurance liabilities for residual coverage include the discounted expected cash flows (Present value of future cash flow – "PVFCF"), corrected to take into account non-financial risks (Risk Adjustment) and the Contractual Service Margin (CSM) which represents the present value

In performing our audit procedures, we considered internal control relevant to the financial reporting process, to define appropriate audit procedures under the circumstances.

In particular, in order to address this key audit matter, the following main activities were performed:

- Assessment of the adequacy of the IT environment and tests of the operational effectiveness of key controls over the systems and computer applications used by the

of future profits on insurance contracts that is released to the income statement according to logics consistent with the insurance service provided in the period.

The International Accounting Principle IFRS 17 is characterised by a high level of interpretative and operational complexity, due to the presence of numerous aspects that require the application of a high degree of subjectivity, including:

- the valuation of liabilities for remaining coverage of insurance contracts assessed with the “general model” or the “variable fee approach”. This valuation requires the use of statistical-actuarial methodologies and calculation models characterized by a high degree of judgement for the selection of parameters to be used (such as surrender hypothesis, mortality rates, additional payments, expected expenses, expected claims and discount rates) for estimating future cash flows and adjustment for non-financial risk;
- the valuation of the release of the CSM on contractual services as a recognition of profits in the profit and loss account on the insurance services provided. The determination of the release modalities is characterized by a high degree of subjectivity in the identification of coverage units.

Considering the materiality of of the amount in the financial statements, the complexity of the estimation processes, the valuation of insurance liabilities has been considered a key audit matter.

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Insurance Companies for the purpose of assessing liabilities for residual coverage;

- Understanding and evaluation of the design of controls relevant to the monitoring, classification and assessment of insurance liabilities and verification of the operational effectiveness of some controls;
- Assessment of the accuracy and completeness of the databases by carrying out substantive procedures for a sample of premiums, comparing the information present in the IT system of the Insurance Companies with the supporting evidence obtained from them;
- Critical analysis of the methodologies and assumptions adopted by the directors in compliance with the International Accounting Principle IFRS 17;
- Comparison of the methodologies and assumptions, referred to point above, with market practices.

Furthermore, with the support of actuarial experts belonging to the PwC network, we carried out the following activities:

- Assessment of the methodologies and assumptions underlying the calculation of insurance liabilities for residual coverage for each component also through the analysis of the main performance indicators;
- Independent recalculation of the PVFCF of insurance liabilities for residual coverage for a sample of policies;
- Analysis of the evaluation criteria of the coverage units for the purposes of issuing the CSM on contractual services in the income statement;
- Analysis of the movements of insurance liabilities for residual coverage between the beginning and the end of the period on a sample basis;

-
- Assessment of the onerousness of the contracts (“Onerous contract test” or “OCT”) and of the related definition of the Unit of Account as the minimum level of aggregation of insurance contracts.

Finally, we verified the completeness and adequacy of the disclosures strictly related to the key aspect in question, also in relation to the provisions of the reference international accounting principles.

Valuation of E-money business reorganisation

Notes to the consolidated financial statements:

Part A – Accounting Policies

Part B – Information on the consolidate balance sheet, Assets, Section 7

Part C – Information on the consolidated income statement, Section 20

On 30 September 2024, the Banco BPM Group finalised the transactions relating to the reorganisation of its E-money business (hereinafter, the “Transaction”).

In more detail, the Transaction was carried out in several stages. First of all, Banco BPM contributed to Numia SpA the compendium of assets and liabilities relating to the so-called “E-money business”, including the interest held in Tecmarket Servizi SpA; these assets and liabilities were already classified in the previous year's financial statements as held for sale in accordance with International Accounting Standard IFRS 5 - “Non-current Assets Held for Sale and Discontinued Operations”. Following this contribution, Banco BPM received shares of Numia SpA (for a countervalue of Euro 500 million), which were then sold to Numia Group SpA; in exchange for the last transaction, Banco BPM received Euro 228 million in cash and Euro 272 million in shares of Numia Group SpA.

The Transaction resulted in the recognition in the consolidated income statement of a capital gain of

In order to address this key audit matter, the following main audit activities were carried out, with the support of experts of the PwC network as needed:

- Understanding the structure of the Transaction, also through obtaining and analysing supporting documents, as well as exchanges with management;
 - Understanding and evaluation of the controls put in place by the management in relation to the Transaction;
 - Assessment of the reasonableness of the assumptions underlying the activity carried out by the appraiser appointed by the Bank, in relation to the determination of the fair value of the compendium of assets and liabilities relating to the “E-money business”, as well as the interest held in Tecmarket Servizi SpA;
 - Assessment of the correctness of the criteria for recognising, classifying
-

Euro 500 million for the year, in addition to the recognition of an associate investment of 28.57% in Numia Group SpA.

Considering the materiality of of the amount in the financial statements and the complexity of the agreements underlying the Transaction, it has been considered a key audit matter.

- and measuring the financial and economic effects of the Transaction;
Test of the completeness and adequacy of financial statements disclosures in accordance with International Financial Reporting Standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the parent company Banco BPM SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.



As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.



From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 15 October 2016 the shareholders of Banco Popolare Società Cooperativa and Banca Popolare di Milano Scarl in general meeting engaged us to perform the statutory audit of the Bank's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Bank in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Banco BPM SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.



Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Banco BPM SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Banco BPM Group as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of Banco BPM Group as of 31 December 2024;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the consolidated sustainability reporting and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the consolidated financial statements of Banco BPM Group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.



Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Milan, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

As disclosed by the Directors, the accompanying consolidated financial statements of Banco BPM SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



Independent auditor's limited assurance report on the consolidated sustainability report

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of
Banco BPM SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability report of the Banco BPM group (hereinafter also the "Group") for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the Banco BPM group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "*Taxonomy pursuant to Article 8 of Regulation (EU) 2020/852*" of the consolidated sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the *Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability report* section of this report.

PricewaterhouseCoopers SpA

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We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The consolidated sustainability report for the year ended 31 December 2024 contains, in the specific section *"Taxonomy pursuant to Article 8 of Regulation (EU) 2020/852"*, the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subjected to any assurance procedures.

Responsibilities of the directors and the board of statutory auditors of Banco BPM SpA for the consolidated sustainability report

The directors of Banco BPM SpA are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability report in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the paragraph *"Process of identifying and assessing impacts, risks and opportunities"* of the consolidated sustainability report.

The directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph *"Taxonomy pursuant to Article 8 of Regulation (EU) 2020/852"*.

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability report in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the consolidated sustainability report

As reported in paragraph “*Disclosures in relation to specific circumstances*”, section “*General information*”, for the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability report, about future events and possible future actions by the Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

As reported in paragraph “*Estimates regarding the value chain*”, section “*General information*”, the disclosure about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.

Auditor’s responsibilities for the limited assurance conclusion on the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing a limited assurance engagement on the consolidated sustainability report and assuming full responsibility for the conclusion on the consolidated sustainability report.



Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of Banco BPM SpA responsible for the preparation of the information presented in the consolidated sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- we understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- we understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability report;
- we understood the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the company in the materiality assessment process;
- we identified the disclosures where a material misstatement is likely to arise;
- we defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- we understood the process implemented by the Group to identify the eligible exposures and to determine the proportion aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability report;
- we reconciled the information reported in the consolidated sustainability report with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- we verified the structure and presentation of disclosures included in the consolidated sustainability report in accordance with the ESRS;
- we obtained management's representation letter.

Milan, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Sara Bettoni
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers.

Attachments

List of IAS/IFRS endorsed by the European Commission as at 31 December 2024

Accounting standards		Endorsement Regulation (*) amendments	
IAS 1	Presentation of Financial Statements	1803/2023	2822/2023
IAS 2	Inventories	1803/2023	
IAS 7	Statement of Cash Flows	1803/2023	1317/2024
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1803/2023	
IAS 10	Events After the Reporting Period	1803/2023	
IAS 12	Income Taxes	1803/2023	2468/2023
IAS 16	Property, Plant and Equipment	1803/2023	
IAS 19	Employee Benefits	1803/2023	
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1803/2023	
IAS 21	The Effects of Changes in Foreign Exchange Rates	1803/2023	2862/2024 (***)
IAS 23	Borrowing Costs	1803/2023	
IAS 24	Related Party Disclosures	1803/2023	
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1803/2023	
IAS 27	Separate Financial Statements	1803/2023	
IAS 28	Investments in Associates and Joint Ventures	1803/2023	
IAS 29	Financial Reporting in Hyperinflationary Economies	1803/2023	
IAS 32	Financial Instruments: Presentation	1803/2023	
IAS 33	Earnings per Share	1803/2023	
IAS 34	Interim Financial Reporting	1803/2023	
IAS 36	Impairment of Assets	1803/2023	
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1803/2023	
IAS 38	Intangible Assets	1803/2023	
IAS 39	Financial Instruments: Recognition and Measurement (with the exception of several provisions relating to accounting for hedging transactions) (**)	1803/2023	
IAS 40	Investment Property	1803/2023	
IAS 41	Agriculture	1803/2023	
IFRS 1	Firsttime Adoption of International Financial Reporting Standards	1803/2023	2862/2024 (***)
IFRS 2	Share-based Payments	1803/2023	
IFRS 3	Business Combinations	1803/2023	
IFRS 4	Insurance Contracts	1803/2023	
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1803/2023	
IFRS 6	Exploration for and Evaluation of Mineral Resources	1803/2023	
IFRS 7	Financial Instruments: Disclosures	1803/2023	1317/2024
IFRS 8	Operating Segments	1803/2023	
IFRS 9	Financial Instruments	1803/2023	
IFRS 10	Consolidated Financial Statements	1803/2023	
IFRS 11	Joint Arrangements	1803/2023	
IFRS 12	Disclosure of Interests in Other Entities	1803/2023	
IFRS 13	Fair Value Measurement	1803/2023	
IFRS 15	Revenue from Contracts with Customers	1803/2023	
IFRS 16	Leases	1803/2023	2579/2023
IFRS 17	Insurance Contracts	1803/2023	

(*) Regulation (EU) no. 1803 of 13 August 2023 repealed Regulation (EC) no. 1126/2008 of the Commission, which adopts the international accounting standards and the related interpretations issued or adopted by the IASB until 15 October 2008. This regulation was amended to include the standards and related interpretations issued or adopted by the IASB, and adopted by the Commission until 8 September 2022, in accordance with Regulation (EC) no. 1606/2002. Having undergone numerous amendments, in order to simplify EU legislation on international accounting standards, it was deemed appropriate, for reasons of clarity and transparency, to replace Regulation no. 1126/2008.

(**) With the entry into force of IFRS 9 "Financial Instruments", only the portion of IAS 39 regarding accounting for fair value hedging transactions remains in force.

(***) Regulations endorsed at the date of approval of the financial statements, but applicable following 1 January 2025.

Interpretations		Endorsement Regulation (*) amendments
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1803/2023
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments	1803/2023
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1803/2023
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1803/2023
IFRIC 7	Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies	1803/2023
IFRIC 10	Interim Financial Reporting and Impairment	1803/2023
IFRIC 12	Service Concession Arrangements	1803/2023
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1803/2023
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1803/2023
IFRIC 17	Distributions of Non-Cash Assets to Owners	1803/2023
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1803/2023
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1803/2023
IFRIC 21	Levies	1803/2023
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1803/2023
IFRIC 23	Uncertainty over Income Tax Treatments	1803/2023
SIC 7	Introduction of the Euro	1803/2023
SIC 10	Government Assistance – No Specific Relation to Operating Activities	1803/2023
SIC 15	Operating Leases – Incentives	1803/2023
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	1803/2023
SIC 29	Service Concession Arrangements: Disclosures	1803/2023
SIC 32	Intangible Assets – Web Site Costs	1803/2023

(*) Regulation (EU) no. 1803 of 13 August 2023 repealed Regulation (EC) no. 1126/2008 of the Commission, which adopts the international accounting standards and the related interpretations issued or adopted by the IASB until 15 October 2008. This regulation was amended to include the standards and related interpretations issued or adopted by the IASB, and adopted by the Commission until 8 September 2022, in accordance with Regulation (EC) no. 1606/2002. Having undergone numerous amendments, in order to simplify EU legislation on international accounting standards, it was deemed appropriate, for reasons of clarity and transparency, to replace Regulation no. 1126/2008.

Reconciliation between the items in the consolidated balance sheet and the reclassified consolidated balance sheet as at 31 December 2024

Asset items (thousands of euro)	31/12/2024
10. Cash and cash equivalents	12,124,840
Cash and cash equivalents	12,124,840
40. a) Financial assets at amortised cost: loans to banks	5,842,536
minus: debt securities due to banks at amortised cost	(2,480,261)
minus: financial assets at AC pertaining to insurance companies - loans to banks	(8)
Loans at AC: loans to banks	3,362,267
40. b) Financial assets at amortised cost: loans to customers	125,952,322
minus: debt securities due to customers at amortised cost	(26,222,323)
minus: financial assets at AC pertaining to insurance companies - loans to customers	(2,725)
Loans at AC: loans to customers	99,727,274
20. Financial assets at fair value through profit and loss	15,570,018
50. Hedging derivatives	1,033,292
minus: financial assets at fair value through profit and loss pertaining to insurance companies	(7,284,747)
Financial assets and hedging derivatives at FV through Profit and Loss	9,318,563
30. Financial assets measured at fair value through other comprehensive income	22,682,060
minus: financial assets measured at fair value through other comprehensive income pertaining to insurance companies	(9,402,106)
Financial assets at FV through OCI	13,279,954
plus: debt securities due to banks and customers at amortised cost	28,702,584
Financial assets at AC	28,702,584
plus: financial assets at AC pertaining to insurance companies - loans to banks	8
plus: financial assets at AC pertaining to insurance companies - loans to customers	2,725
plus: financial assets at fair value through profit and loss pertaining to insurance companies	7,284,747
plus: financial assets measured at fair value through other comprehensive income pertaining to insurance companies	9,402,106
Financial assets pertaining to insurance companies	16,689,586
70. Interests in associates and joint ventures	1,708,439
Interests in associates and joint ventures	1,708,439
90. Property, plant and equipment	2,513,905
Property, plant and equipment	2,513,905
100. Intangible assets	1,256,612
Intangible assets	1,256,612
110. Tax assets	3,372,636
Tax assets	3,372,636
120. Non-current assets and disposal groups held for sale	444,525
Non-current assets and disposal groups held for sale	444,525
60. Fair value change of financial assets in macro fair value hedge portfolios (+/-)	(1,450)
80. Insurance assets	7,219
130. Other assets	5,702,133
Other asset items	5,707,902
Total assets	198,209,087

Liability items (thousands of euro)	31/12/2024
10. b) Financial liabilities at amortised cost: due to customers	103,408,494
minus: lease payables due to customers	(646,203)
minus: due to customers pertaining to insurance companies	(4,892)
Due to customers	102,757,399
10. c) Financial liabilities at amortised cost: debt securities in issue	23,373,420
30. Financial liabilities designated at fair value	8,287,982
minus: protected capital certificates	(4,938,077)
minus: financial liabilities at fair value pertaining to insurance companies	(3,331,610)
Securities and financial liabilities designated at fair value	23,391,715
Direct bank funding	126,149,114
plus: financial liabilities at fair value pertaining to insurance companies	3,331,610
110. Insurance liabilities	12,883,201
Direct funding from insurance business and insurance liabilities	16,214,811
10. a) Financial liabilities at amortised cost: due to banks	6,383,938
minus: lease payables due to banks	(5)
minus: due to banks pertaining to insurance companies	(51,211)
Due to banks	6,332,722
plus: lease payables due to banks	5
plus: lease payables due to customers	646,203
Lease payables	646,208
20. Financial liabilities held for trading	22,896,647
plus: protected capital certificates	4,938,077
40. Hedging derivatives	869,068
Other financial liabilities designated at fair value	28,703,792
plus: due to customers pertaining to insurance companies	4,892
plus: due to banks pertaining to insurance companies	51,211
Other financial liabilities pertaining to insurance companies	56,103
90. Provisions for employee severance pay	237,783
100. Provisions for risks and charges	750,842
Liability provisions	988,625
60. Tax liabilities	471,782
Tax liabilities	471,782
70. Liabilities associated with assets classified as held for sale	1,215
Liabilities associated with assets classified as held for sale	1,215
50. Fair value change of financial liabilities in macro fair value hedge portfolios (+/-)	(403,870)
80. Other liabilities	4,444,573
Other liability items	4,040,703
Total liabilities	183,605,075
190. Non-controlling interests (+/-)	69
Non-controlling interests	69
120. Valuation reserves	(188,413)
140. Equity instruments	1,608,773
150. Reserves	4,830,455
155. Advances on dividends	(600,553)
170. Share capital	7,100,000
180. Own shares (-)	(66,712)
200. Profit (loss) for the year (+/-)	1,920,393
Group shareholders' equity	14,603,943
Total liabilities and shareholders' equity	198,209,087

Reconciliation between the items in the consolidated income statement and the reclassified consolidated income statement schedule for 2024

2024 (thousands of euro)	Income statement	Reclassifications		Reclassified income statement
Net interest income				3,440,045
10. Interest and similar income	7,228,107	6,393	(a)	
		(282,160)	(h)	
20. Interest and similar expense	(3,509,654)	(2,641)	(h)	
Gains (losses) on interests in associates and joint ventures carried at equity				151,689
250. Gains (losses) of associates and joint ventures		151,689	(b)	
Financial margin				3,591,734
Net fee and commission income				2,003,846
40. Fee and commission income	2,069,495	47,749	(c)	
		49,331	(h)	
		38,993	(r)	
50. Fee and commission expense	(210,781)	9,059	(h)	
Other net operating income				23,360
230. Other operating expenses/income	369,284	(303,671)	(d)	
		(4,392)	(e)	
		432	(h)	
		(38,993)	(r)	
		700	(a)	
Net financial result				(8,843)
70. Dividends and similar income	93,146			
80. Net trading income	129,591	(47,749)	(c)	
		(1,812)	(f)	
90. Fair value gains/losses on hedging derivatives	(8,144)			
100. Gains (losses) on disposal or repurchase	(11,759)	64,031	(g)	
110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss	60,134	(286,281)	(h)	
Profit (loss) on insurance business				93,432
160. Profit (loss) on insurance services	68,635			
170. Balance of revenues and costs of a financial nature relating to insurance activities	(540,384)			
		11,377	(a)	
		559,974	(h)	
		(6,170)	(q)	
Other operating income				2,111,795
Operating income				5,703,529
Personnel expenses				(1,745,204)
190 a) Personnel expenses	(1,921,687)	(6,144)	(i)	
		(33,695)	(h)	
		4,392	(e)	
		211,930	(p)	
Other administrative expenses				(644,781)
190 b) Other administrative expenses	(1,051,939)	6,144	(i)	
		303,671	(d)	
		105,032	(l)	
		(7,689)	(h)	

2024 (thousands of euro)	Income statement	Reclassifications		Reclassified income statement
Net value adjustments to property, plant and equipment and intangible assets				(265,715)
210. Depreciation and impairment losses on property, plant and equipment	(152,267)	(5,100)	(h)	
220. Amortisation and impairment losses on intangible assets	(140,617)	32,269	(a)	
Operating expenses				(2,655,700)
Profit (loss) from operations				3,047,829
Net adjustments to loans to customers				(461,475)
130 a) Net credit impairment losses/recoveries relating to financial assets at amortised cost	(404,125)	119	(m)	
		(212)	(n)	
		6,176	(o)	
		(64,031)	(g)	
140. Gains (losses) from contractual modification without derecognition	598			
Fair value gains (losses) on property, plant and equipment				(54,627)
260. Fair value gains (losses) on property, plant and equipment and intangible assets	(54,627)			
Net adjustments to securities and other financial assets				(8,567)
130 b) Net credit impairment losses/recoveries relating to financial assets measured at fair value through other comprehensive income	(1,254)	(119)	(m)	
		212	(n)	
		(6,176)	(o)	
		(1,230)	(h)	
Net provisions for risks and charges				(22,192)
200. Net provisions for risks and charges	(22,192)			
Gains (losses) on interests in associates and joint ventures and other investments				2,427
250. Gains (losses) of associates and joint ventures	104,254	(151,689)	(b)	
		4,988	(q)	
		(500,000)	(r)	
		42,446	(s)	
280. Gains (losses) on disposal of investments	502,428			
Profit (loss) before tax from continuing operations				2,503,395
Taxation charge related to profit or loss from continuing operations				(789,594)
300. Taxation charge related to profit or loss from continuing operations	(675,860)	(34,021)	(l)	
		(15,841)	(a)	
		599	(f)	
		(70,062)	(p)	
		(1,284)	(q)	
		6,875	(r)	
Profit (loss) after tax from continuing operations				1,713,801
Banking industry charges net of taxes		(71,011)	(l)	(71,011)
Charges relating to early retirement incentives net of taxes		(141,868)	(p)	(141,868)
E-money impact net of taxes		493,125	(r)	493,125
Bancassurance impacts net of taxes		2,466	(q)	2,466
Impairment on interests in associates and joint ventures		(42,446)	(s)	(42,446)
Impact of the change in own credit risk on the issue of certificates (OCR) net of taxes		1,213	(f)	1,213
Impact of the purchase price allocation (PPA) net of taxes		(34,898)	(a)	(34,898)
Profit (loss) attributable to non-controlling interests				11
340. Profit (loss) for the year attributable to non-controlling interests	11			
Parent Company's profit (loss) for the year	1,920,393	-		1,920,393

The letters shown in the column "Reclassifications" are provided for easier understanding of the reclassifications made. With regard to the above statement of reconciliation, the main classifications are illustrated below:

- **"Net interest income"** is represented by the algebraic balance of interest and similar income (item 10) and interest and similar expense (item 20), net of the PPA relating to loans to customers, amounting to 6.4 million (a), classified within the new reclassified income statement item "Impact of Purchase Price Allocation (PPA) net of taxes", and of interest income (282.2 million) and expense (2.6 million) pertaining to insurance companies, shown in item "Profit (loss) on insurance business" (h);
- **"Gains (losses) on interests in associates and joint ventures carried at equity"** shows the portion of profits (losses) pertaining to investee companies carried at equity (included in item 250) totalling 151.7 million (b), and together with the net interest income, the aggregate is defined as the **"Financial margin"**;
- **"Net fee and commission income"** is represented by the algebraic balance of fee and commission income (item 40) and fee and commission expense (item 50); it also includes the reclassification of the upfront fees relating to the placement of Certificates through the Group network (47.7 million (c)) from item 80 of the official schedule "Net trading income". The item in question is shown net of fee and commission income (49.3 million) and expense (9.1 million) pertaining to insurance companies, shown in "Profit (loss) on insurance business" (h). Lastly, the aggregate in question includes income from activities related to the e-money segment recognised in the financial statements under the item "Other net operating income" for 39.0 million (r);
- the item **"Other net operating income"** is represented by the financial statement item "230. Other operating expenses/income" net of recoveries on indirect taxes, legal fees and other expenses, totalling 303.7 million (d), which for the purpose of the reclassification, are shown as a reduction of "Other administrative expenses", and of the recovery of training costs of 4.4 million (e) reclassified as a reduction of "Personnel expenses", the share of net expenses (0.4 million) pertaining to insurance companies, shown in the item "Profit (loss) on insurance business" (h) income from activities related to the e-money segment, of 39.0 million (r), classified under net fee and commission income, as described previously, and the share of amortisation of several intangibles relating to the insurance companies, combined in the reclassified income statement item "Impact of Purchase Price Allocation (PPA) net of taxes", for 0.7 million (a);
- the income statement item **"Net financial result"** includes "Dividends and similar income" (item 70), "Net trading income" (item 80), net of both the reclassification of the amounts of fees on the placement of Certificates for a total of 47.7 million (c), re-attributed to net fee and commission income, and the impact deriving from the change in own credit risk on the issue of Certificates for 1.8 million (f), re-attributed to the customised item of the reclassified income statement called "Impact of the change in own credit risk on the issue of certificates (OCR), net of taxes". The aggregate in question also includes "Fair value gains/losses on hedging derivatives" (item 90), "Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss" (item 110) and "Gains/losses on disposal or repurchase" (item 100) net of gains on disposal of loans not represented by debt securities, equal to 64.0 million (g), re-attributed to the management aggregate "Net adjustments to loans to customers". The items of net financial result pertaining to insurance companies are also excluded, corresponding to 286.3 million (h), shown under "Profit (loss) on insurance business";
- the item **"Profit (loss) on insurance business"** corresponds to the financial statement items "160. Profit (loss) on insurance services" and "170. Balance of revenues and costs of a financial nature relating to insurance activities", plus the share relating to interest income and expense, to fee and commission income and expense, to other income and expense and to the net financial result pertaining to insurance companies, as illustrated above (h). The aggregate also includes the share of personnel expenses, other administrative expenses, net value adjustments to property, plant and equipment and intangible assets and other income and expense attributable to the insurance business, included in the Contractual Service Margin pursuant to IFRS 17, presented as a separate item in the reclassified income statement; the total contribution to the item in question is 560.0 million (h). The item in question excludes the effect of the PPA relating to insurance liabilities of the companies, equal to 11.4 million (a), reconciled in the reclassified income statement item "Impact of Purchase Price Allocation (PPA) net of taxes". Lastly, this aggregate does not include the effects attributable to the revision of estimates in the 2023 financial statements, due to the definition of prices of purchase and sale transactions correlated with the reorganisation of the bancassurance business, shown in reclassified income statement item called "Bancassurance impacts net of taxes" for 6.2 million (q);
- **"Personnel expenses"** is represented by the financial statement item "190. a) Personnel expenses" and by several charges functionally related to personnel, amounting to 6.1 million (i), recognised in the financial statements under item 190. b) "Other administrative expenses" and by the recovery of training costs of 4.4

million (e), recorded under item "230. Other operating expenses/income", as described above. The item in question also includes the share of personnel expenses attributable to the insurance business relating to the Contractual Service Margin (33.7 million) set forth in IFRS 17 and shown under the item "Profit (loss) on insurance business" (h). This aggregate does not include the amount of expenses to be incurred for the Retirement incentive plan activated by the Parent Company, equal to 211.9 million (p) shown, net of the related tax effect, in the new reclassified income statement item "Charges relating to early retirement incentives net of taxes";

- **"Other administrative expenses"** is represented by the financial statement item 190 b), net of recoveries on indirect taxes, legal fees and other expenses, totalling 303.7 million (d), included in the item "230 Other operating expenses/income", as described above, and of several charges connected to personnel, recognised in the reclassified item "Personnel expenses" for 6.4 million (i). "Banking industry" charges totalling 105.0 million (l) represented by the last share of the ordinary contribution to the FITD and by the first instalment of the contribution due to the new Guarantee Fund of the Life insurance sector show, net of the related tax effect, in the separate item "Banking industry charges net of taxes". The aggregate in question also includes the share of other administrative expenses attributable to the insurance business relating to the Contractual Service Margin (7.7 million) set forth in IFRS 17 and shown under the item "Profit (loss) on insurance business" (h);
- **"Net value adjustments to property, plant and equipment and intangible assets"** corresponds to the accounting items 210 and 220, net of adjustments to intangibles with a finite useful life (client relationships and value of business acquired), allocated to the reclassified income statement item "Impact of Purchase Price Allocation (PPA) net of taxes", amounting to 32.3 million (a). The aggregate in question also includes the share of value adjustments attributable to the insurance business relating to the Contractual Service Margin (5.1 million) set forth in IFRS 17 and shown under the item "Profit (loss) on insurance business" (h);
- the total of **"Net adjustments to loans to customers"** and **"Net adjustments to securities and other financial assets"** originates from income statement items "130. Net credit impairment losses/recoveries" and "140. Gains (losses) from contractual modification without derecognition". Specifically, "Net adjustments to loans to customers" include adjustments to exposures classified in the portfolio of financial assets at amortised cost - loans to customers - loans (amounting to 404.1 million), the negative result of disposals of loans, amounting to 64.0 million (g) (included in item 100), as well as gains (losses) from contractual modification without derecognition (item 140 of the income statement). Instead, this excludes net impairment losses on exposures classified in the portfolio of financial assets at amortised cost represented by debt securities, totalling 6.2 million (o), as well as net impairment losses on exposures classified in the portfolio of financial assets at amortised cost – loans to banks – loans and securities (m) and (n) totalling 0.1 million, all fully presented in the item of the reclassified income statement "Net adjustments to securities and other financial assets";
- **"Fair value gains (losses) on property, plant and equipment"** correspond to item 260 of the official income statement;
- the aggregate of "Net adjustments to securities and other financial assets" includes net impairment losses on exposures classified in the portfolio of financial assets at amortised cost – loans to banks – loans and securities (m) and (n) totalling 0.1 million, as well as net impairment losses on exposures classified in the portfolio of financial assets at amortised cost consisting of debt securities (included in item 130) issued by customers (o) totalling 6.2 million. Lastly, the item in question includes net adjustments on securities and other financial assets pertaining to insurance companies shown in the reclassified income statement item "Net adjustments to securities and other financial assets" for 1.2 million (h);
- **"Net provisions for risks and charges"** correspond to item 200 of the official income statement;
- **"Gains (losses) on interests in associates and joint ventures and other investments"** correspond to item 280 of the official income statement and to the gains (losses) on disposal of interests in associates and joint ventures and other investments carried at equity (item 250 of the official income statement), net of the portion of gains (losses) of the investees carried at equity, overall a positive 151.7 million (b) included in the reclassified aggregate "Gains (losses) on interests in associates and joint ventures carried at equity". This item does not include the effects attributable to the revision of the estimates carried out in the 2023 financial statements, consequent to the definition of the prices of the purchase and sale transactions related to the reorganisation of the bancassurance business, shown in the reclassified income statement item "Bancassurance impacts net of taxes" of 5.0 million (q), the positive impact totalling 500.0 million (r), attributable to the transactions completed on 30 September 2024 for the reorganisation of the payment systems segment, shown in the item of the reclassified income statement entitled "E-money impact

net of taxes", and the capital loss recorded on some equity interests, equal to 42.4 million (s), shown in the reclassified income statement item "Impairment on interests in associates and joint ventures";

- **"Taxation charge related to profit or loss from continuing operations"** corresponds to item 300 of the official income statement, net of the negative tax effects relating to "banking industry charges" of 34.0 million (i), the PPA of 15.8 million (a) and the impact of the change in credit risk on the issue of certificates of 0.6 million (f). The aggregate in question also does not include the tax effects related to the impacts of the reorganisation of the payment systems segment (6.9 million (r)) and of the bancassurance segment (1.3 million (q)), and those relating to charges for early retirement incentives, equal to 70.1 million (p), shown in the reclassified income statement items named "E-money impact net of taxes", "Bancassurance impacts net of taxes" and "Charges relating to early retirement incentives net of taxes";
- the item **"Banking industry charges net of taxes"** includes charges for a total of 105.0 million (l) recognised in the accounts in item 190 b) of the official income statement, net of the related tax effect, amounting to 34.0 million (l);
- the item **"Charges relating to early retirement incentives net of taxes"** includes the amount of expenses to be incurred for the Retirement incentive plan for personnel, activated by the Parent Company, equal to 211.9 million (p) shown net of the relative tax effect of 70.1 million (p);
- the item **"E-money impact net of taxes"** includes the effects attributable to the reorganisation of the payment systems segment, originally recognised in items 250 and 300 of the official income statement, as previously illustrated (r);
- the item **"Bancassurance impacts net of taxes"** includes the effects attributable to the reorganisation of the bancassurance business, originally recognised in items 170, 250 and 300 of the official income statement, as previously illustrated (q);
- the item **"Impairment on interests in associates and joint ventures"** includes the capital loss relating to some equity interests, originally recognised under item 250 of the official income statement, as previously illustrated (s);
- the item **"Impact of the change in own credit risk on the issue of certificates (OCR), net of taxes"** shows the economic impact of a change in own credit risk related to the issue of Certificates, recognised in the accounts in item 80 of the official income statement for 1.8 million (f), net of the related tax effect, amounting to -0.6 million (f);
- lastly, the item **"Impact of Purchase Price Allocation (PPA) net of taxes"** includes the effects of the PPA relating to interest on customer loans, amounting to -6.4 million (a), the amortisation of the client relationship and VoBA of -32.3 million (a), the amortisation of other intangibles of 0.7 million (a), the reversal effects on insurance liabilities of -11.4 million (a), net of the relative tax effects, amounting to 15.8 million (a).

Consolidated balance sheet: contribution of insurance companies

Asset items (thousands of euro)	31/12/2024	of which contribution Insurance Companies
10. Cash and cash equivalents	12,124,840	25,269
20. Financial assets at fair value through profit and loss	15,570,018	7,284,747
a) financial assets held for trading	6,012,317	-
c) other financial assets mandatorily measured at fair value	9,557,701	7,284,747
30. Financial assets measured at fair value through other comprehensive income	22,682,060	9,402,106
40. Financial assets at amortised cost	131,794,858	(269,717)
a) loans to banks	5,842,536	8
b) loans to customers	125,952,322	(269,725)
50. Hedging derivatives	1,033,292	-
60. Fair value change of financial assets in macro fair value hedge portfolios (+/-)	(1,450)	-
70. Interests in associates and joint ventures	1,708,439	138,313
80. Insurance assets	7,219	7,219
90. Property, plant and equipment	2,513,905	2,621
100. Intangible assets	1,256,612	40,478
110. Tax assets	3,372,636	149,487
a) current	253,714	84,513
b) deferred	3,118,922	64,974
120. Non-current assets and disposal groups held for sale	444,525	-
130. Other assets	5,702,133	228,296 ^(*)
Total assets	198,209,087	17,008,819

(*) The item includes the effect of cancellations of intra-group accounts and of other consolidation adjustments in relation to insurance companies.

Liabilities and shareholders' equity items (thousands of euro)	31/12/2024	of which contribution Insurance Companies
10. Financial liabilities at amortised cost	133,165,852	(338,974)
a) due to banks	6,383,938	44,545
b) due to customers	103,408,494	(52,600)
c) debt securities in issue	23,373,420	(330,919)
20. Financial liabilities held for trading	22,896,647	(32,123)
30. Financial liabilities designated at fair value	8,287,982	3,331,610
40. Hedging derivatives	869,068	-
50. Fair value change of financial liabilities in macro fair value hedge portfolios (+/-)	(403,870)	-
60. Tax liabilities	471,782	136,080
a) current	41,692	29,320
b) deferred	430,090	106,760
70. Liabilities associated with assets classified as held for sale	1,215	-
80. Other liabilities	4,444,573	149,329
90. Provisions for employee severance pay	237,783	1,532
100. Provisions for risks and charges	750,842	2,451
a) commitments and guarantees given	121,328	(2)
b) post-employment benefits and similar obligations	83,467	-
c) other provisions	546,047	2,453
110. Insurance liabilities	12,883,201	12,883,201
120. Valuation reserves	(188,413)	(16,902)
140. Equity instruments	1,608,773	-
150. Reserves	4,830,455	844,896
155. Advances on dividends	(600,553)	-
170. Share capital	7,100,000	-
180. Own shares (-)	(66,712)	-
190. Non-controlling interests (+/-)	69	-
200. Profit (loss) for the year (+/-)	1,920,393	47,719 ^(*)
Total liabilities and shareholders' equity	198,209,087	17,008,819

(*) The item includes the effect of cancellations of intra-group accounts and of other consolidation adjustments in relation to insurance companies.

Consolidated income statement	2024	of which contribution Insurance Companies
10. Interest and similar income	7,228,107	282,160
of which: interest income using the effective interest method	6,521,928	-
20. Interest and similar expense	(3,509,654)	2,641
30. Net interest income	3,718,453	284,801
40. Fee and commission income	2,069,495	(49,331)
50. Fee and commission expense	(210,781)	(9,059)
60. Net fee and commission income	1,858,714	(58,390)
70. Dividends and similar income	93,146	23,482
80. Net trading income	129,591	6,170
90. Fair value gains/losses on hedging derivatives	(8,144)	-
100. Gains (losses) on disposal or repurchase of:	(11,759)	9,265
a) financial assets at amortised cost	(61,396)	-
b) financial assets measured at fair value through other comprehensive income	37,567	(1,063)
c) financial liabilities	12,070	10,328
110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss	60,134	247,364
a) financial assets and liabilities designated at fair value	(235,761)	(8,545)
b) other financial assets mandatorily measured at fair value	295,895	255,909
120. Operating income	5,840,135	512,692
130. Net credit impairment losses/recoveries relating to:	(405,379)	1,331
a) financial assets at amortised cost	(404,125)	101
b) financial assets measured at fair value through other comprehensive income	(1,254)	1,230
140. Gains (losses) from contractual modification without derecognition	598	-
150. Net income from financial activities	5,435,354	514,023
160. Profit (loss) on insurance services	68,635	68,635
170. Balance of revenues and costs of a financial nature relating to insurance activities	(540,384)	(540,384)
180. Net income from financial and insurance activities	4,963,605	42,274
190. Administrative expenses:	(2,973,626)	12,791
a) personnel expenses	(1,921,687)	30,016
b) other administrative expenses	(1,051,939)	(17,225)
200. Net provisions for risks and charges	(22,192)	444
a) commitments and guarantees given	12,474	-
b) other net provisions	(34,666)	444
210. Depreciation and impairment losses on property, plant and equipment	(152,267)	4,884
220. Amortisation and impairment losses on intangible assets	(140,617)	(5,369)
230. Other operating expenses/income (*)	369,284	(2,793)
240. Operating expenses	(2,919,418)	9,716
250. Gains (losses) of associates and joint ventures	104,254	9,661
260. Fair value gains (losses) on property, plant and equipment and intangible assets	(54,627)	-
280. Gains (losses) on disposal of investments	502,428	-
290. Profit (loss) before tax from continuing operations	2,596,242	61,892
300. Taxation charge related to profit or loss from continuing operations	(675,860)	(14,173)
310. Profit (loss) after tax from continuing operations	1,920,382	47,719
330. Profit (loss) for the year	1,920,382	47,719
340. Profit (loss) for the year attributable to non-controlling interests	11	-
350. Parent Company's profit (loss) for the year	1,920,393	47,719

(*) The item includes the effect of cancellations of intra-group accounts and of other consolidation adjustments in relation to insurance companies.

Country by Country Reporting

The regulations for country by country reporting, introduced with Art. 89 of Directive 2013/36/EU (CRD IV), implemented in Italy with the 4th update to Bank of Italy Circular 285 of 17 December 2013 (Part One, Title III, Chapter 2), involves an annual obligation to publish the information set out in letters a), b), c), d), e) and f) of Art. 89 of CRD IV.

To that end, the required information is provided, broken down by individual letter.

(A) Name of companies and nature of business

The activities carried out by Banco BPM Group are indicated in the following table, which refers to that indicated in Art. 317 of Regulation no. 575/2013 of the European Parliament and of the Council (CRR), integrated with additional specific business activities.

These activities are grouped, based on criteria of prevalence, with the business segments which, in brief, refer to the Group's internal management structure and are referred to in the Report on Operations (section "Results by business segment", as well as in "Part L - Segment reporting" in the Notes to the Consolidated Financial Statements as at 31 December 2024).

Taken from the CRR: par. 4, Art. 317, Table 2		Banco BPM Group business segments					
Business line	List of activities	Commercial	Corporate & Investment banking	Insurance	Strategic Partnerships	Finance	Corporate Centre
Corporate Finance	Underwriting commitments of financial instruments or placement of financial instruments on the basis of an irrevocable commitment		✓			✓	
	Services associated with underwriting commitments		✓			✓	
	Investment advisory		✓				
	Investment research and financial analysis and other forms of general advisory activities involving transactions in financial instruments		✓				
Trading and sales	Own account trading					✓	
	Receipt and transmission of orders regarding one or more financial instruments	✓	✓				
	Execution of orders for customers	✓	✓				
	Placement of financial instruments without irrevocable commitments	✓	✓				
	Management of multilateral trading facilities						
Retail brokerage (with natural persons or SMEs meeting the criteria set under Art. 123 for the retail exposures class)	Receipt and transmission of orders regarding one or more financial instruments	✓	✓				
	Execution of orders for customers	✓	✓				
	Placement of financial instruments without irrevocable commitments	✓	✓				
Commercial banking	Collection of deposits or other repayable funds	✓	✓				
	Lending transactions	✓	✓				
	Finance leases				✓		✓
	Issuing of guarantees and unsecured guarantees	✓	✓				
Retail banking (with natural persons or SMEs meeting the criteria set under Art. 123 for the retail exposures class)	Collection of deposits or other repayable funds	✓					
	Lending transactions	✓			✓		
	Finance leases	✓			✓		✓
	Issuing of guarantees and unsecured guarantees	✓					
Payment and settlement	Payment services	✓	✓				
	Issuing and management of means of payment	✓	✓				
Agency services	Custody and administration of financial instruments for customers, including custody and associated services such as management of cash/collateral		✓				✓

Taken from the CRR: par. 4, Art. 317, Table 2		Banco BPM Group business segments					
Business line	List of activities	Commercial	Corporate & Investment banking	Insurance	Strategic Partnerships	Finance	Corporate Centre
Asset management	Portfolio management				✓		
	UCITS management						✓
	Other forms of portfolio management			✓	✓		
Other services and support activity	Treasury management and own account funding					✓	
	Equity interest portfolio management						✓
	IT asset management						✓
	Real estate asset management and maintenance						✓

With reference to the main content, the business segment:

- "Commercial" includes the Retail, Institutional and Private segments. More specifically:
 - the "Retail" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers and small businesses. These activities are for the most part carried out by the Parent Company's Commercial Network;
 - the "Institutional" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at bodies and institutions (UCITs, SICAVs, insurance companies, pension funds and banking foundations). Those activities are conducted in an equal amount by the Commercial Network of the Parent Company, for "local institutional" counterparties, and by specialised branches, for "systemically-important institutional" counterparties;
 - the "Private" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers with assets that, individually and/or within their business, amount to at least 1 million euro. These activities are carried out by the subsidiary Banca Aletti;
- "Corporate and Investment Banking" includes the Corporate operations of the Commercial Network and the contribution of Banca Akros and its subsidiary Oaklins Italy. More specifically:
 - the "Corporate" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at medium and large-sized companies. These activities are for the most part carried out by the Parent Company's Commercial Network;
 - the "Investment Banking" segment includes the search for solutions for the efficient management of customers' assets and liabilities, also in order to reduce their financial risks, access to regulated markets and support and development of specialised financial services in the Corporate Finance area. These activities are carried out by Banca Akros and by Oaklins Italy;
- "Insurance" encompasses the contribution of Banco BPM Vita and Vera Vita, as well as the contribution to the consolidated results of the interests held in Vera Assicurazioni and Banco BPM Assicurazioni;
- "Strategic Partnerships" includes the contribution of the interests held in Agos Ducato, Alba Leasing, SelmaBipiemme Leasing, Gardant Liberty Servicing and Anima Holding;
- "Finance" encompasses, aside from the above-mentioned Global Markets operations, activities relating to the portfolio of owned securities, treasury, the Group's Asset and Liability Management and the stock of bond issues placed on institutional markets;
- in addition to governance and support functions, "Corporate Centre" also includes activities relating to the Group's leasing business, equity interests not allocated to "Strategic Partnerships" and companies operating in the real estate sector.

To a marginal extent with respect to the Group's total volumes, certain retail activities included in the above classifications are also conducted by the foreign subsidiary Banca Aletti & C. (Suisse) S.A. (specialised financial services for private customers). With reference to 31 December 2024, the impact of foreign business can be considered negligible, both in terms of total consolidated assets and total consolidated income.

(B) Turnover

Turnover refers to Operating income, as under item 120 of the consolidated income statement, which amounted to 5,840.1 million as at 31 December 2024 (5,185.3 million as at 31 December 2023). Please see the Consolidated Income Statement schedule for 2024.

(C) Number of FTE employees

In terms of full-time equivalent employees, the figure as at 31 December 2024 totalled 18,490, including Co.Co.Pro. (temporary contracts) and internship contracts (18,754 as at 31 December 2023).

(D) Profit or loss before tax

The Group's profit (loss) before tax corresponds to items 290 and 320 of the consolidated income statement, which is +2,596.2 million (+1,777.6 million as at 31 December 2023). Please see the Consolidated Income Statement schedule for 2024.

(E) Taxes on profit or loss

The tax on the Group's profit for 2024 corresponds to the amount shown in item 300 of the consolidated income statement, which is a negative figure of -675.9 million (-513.2 million as at 31 December 2023). Please see the Consolidated Income Statement schedule for 2024.

The following table provides details of income taxes for the year broken down by country.

Taxes on Group profit - breakdown by country (in millions of euro)	2024	2023
Italy	(674.4)	(513.0)
Ireland	(1.4)	-
Switzerland	(0.1)	(0.2)
Other countries	-	-
Total	(675.9)	(513.2)

As shown in the Notes to the consolidated financial statements, Part C - Information on the consolidated income statement, Section 21 - Taxation charge related to profit or loss from continuing operations - Item 300, note that the taxes relating to foreign countries refer to the taxes determined according to Swiss tax regulations for the subsidiaries Bipielle Bank (Suisse) S.A. in liquidation and Banca Aletti & C. (Suisse) S.A. based in Switzerland, of 0.1 million (0.2 million as at 31 December 2023) and to Irish tax regulations for the subsidiary BBPM Life dac.

(F) Public grants received

During 2024, Banco BPM Group received public grants to provide personnel training courses totalling 2.9 million (3.3 million as at 31 December 2023) and 2.4 million for personnel recruitment and stabilisation.

To that end, note that in the listing of these grants, in compliance with the provisions established for preparing the disclosure in question, transactions carried out with central banks for the purposes of financial stability are excluded, as are operations with the objective of facilitating the mechanism used to transmit monetary policy.

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