



FY 2016 Results Presentation

10 February 2017



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* * *

This presentation includes both accounting data (based on financial accounts) and internal management data (which are also based on estimates).

Mr Gianpietro Val as the manager responsible for preparing the Bank's accounts hereby states pursuant to Article 154-bis, paragraph 2 of the Financial Consolidated Act that the accounting information contained in this presentation corresponds to the documentary evidence, corporate books and accounting records.

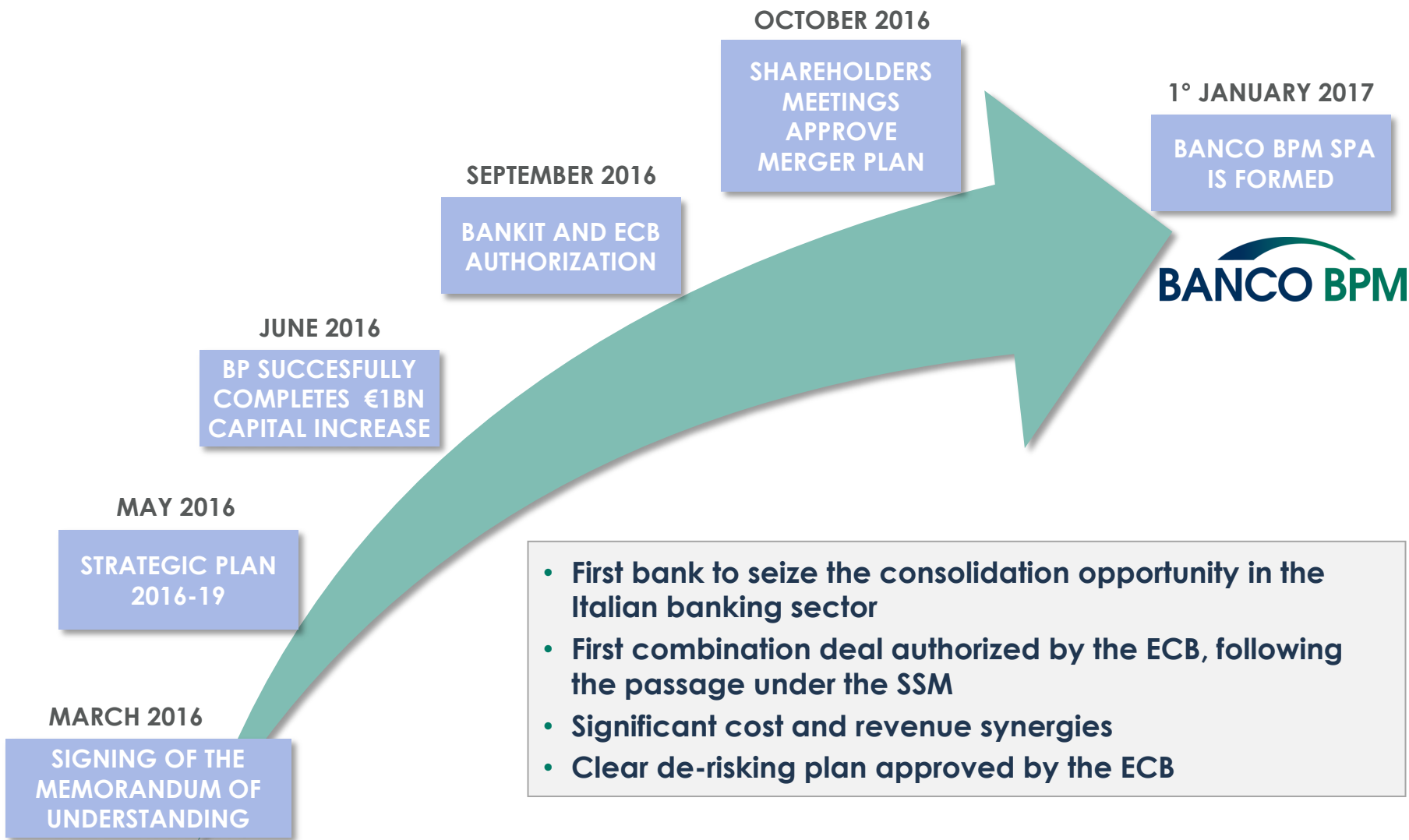
* * *

The aggregate data of Banco BPM Group are calculated as the sum of the figures of the consolidated financial accounts as at 31/12/2016 of former Banco Popolare Group and former BPM Group, net of intercompany relations and adjustments resulting from the aggregation of shareholdings held by the two Groups in the same companies.

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2. FY 2016 Results at a Glance: Banco Popolare Group (ex BP)	11
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BANCO BPM: MAIN STEPS



BANCO BPM: TARGETS REACHED



CAPITAL BOLSTERING (€1bn capital increase)

- Banco Popolare successfully completed the rights issue in June, in spite of the challenging economic environment

Banco BPM starts off with a solid capital position, with further benefits expected to come from the rollout of AIRB models to the former BPM.

Capital Flexibility thanks to the strategic management of equity holdings.



NPL DISPOSAL PLAN

- Sold €1.7bn¹ of bad loans since the beginning of 2016

Banco BPM has already completed 21% of the NPL reduction plan to be achieved by 2019 as part of the Strategic Plan (€8bn¹)

Large buffer of selected NPL (>€11bn) to complete the remaining NPL disposals (€6.3bn) envisaged in the Strategic Plan 2016-2019

BANCO BPM: TARGETS REACHED



INCREASE IN NPL COVERAGE¹

- NPLs: from 44% in 2015 to 48% in 2016
- Bad loans: from 57% in 2015 to 60% in 2016

An additional increase in coverage to about 62% for Bad Loans and 49% for total NPLs is foreseen with the application of IFRS 3²

NPL coverage (cash + collateral) 2016:

- 135% (with collaterals at FV)
- 99% (with collaterals capped at loan residual value)

1. Figures as at 31/12/2016, including write-offs.

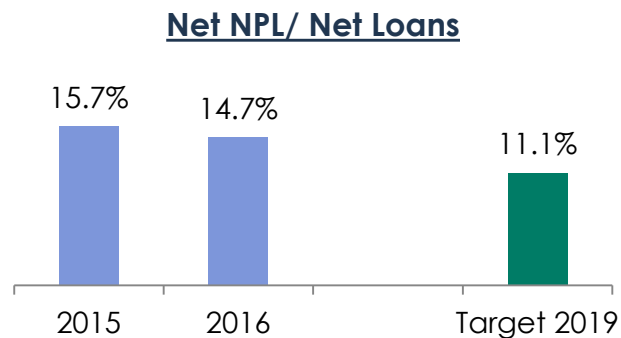
2. The application of IFRS3 is due with the opening of the FY 2017 financial statements (01/01/2017) and implies the FV valuation of ex BPM loans «acquired» in the merger. According to the Plan's estimates ,no material capital impact is expected thanks to offsetting items.

BANCO BPM: FINANCIAL TARGETS REACHED



STRONG REDUCTION IN THE RISK PROFILE

- Bank's risk profile decreased thanks to the increase in coverage, in line with the guidelines envisaged in the Strategic Plan 2016-2019



In 2016 net NPL decreased significantly: -8.4% y/y

In the first month of 2017, flows are down vs. the same period of 2016 (-20%)

BANCO BPM: FINANCIAL TARGETS REACHED



PROFIT FROM OPERATIONS (NET OF NON-RECURRING ITEMS)¹ AT €1.6BN, IN SPITE OF THE DIFFICULT MACROECONOMIC AND MARKET ENVIRONMENT



INTEGRATION COSTS ROADMAP

- Entered TU agreements for the exit of 2,100 resources vs. 1,800 under the Strategic Plan, at no extra cost compared to the Plan. Including 2016 exits, the reduction under the Plan is 2,500 resources.
- Personnel expenses include the entire Early Retirement Fund amounts of former BP and former BPM, for a total of €364m.
- Other administrative expenses include €56m of integration costs.

1. Non-recurring items with negative impact on operating profit adjusted : €32.6m Net Financial Result.
Non-recurring items with positive impact on operating profit adjusted: €366.7m staff cost; €200.5m admin.expenses; €107.8 D&A

BANCO BPM: GROUP STRENGTHS

A new leading player in the wealthy regions of Northern Italy, sound and with strong value creation potentials

FRANCHISE IN THE WEALTHIEST AREAS OF THE COUNTRY

- Roughly 2,300 branches, >75% in Northern Italy → 11% market share in Northern Italy, with a 55% contribution to national GDP.
- #1 in Lombardy, with a market share >15%; #2 in Liguria, with a market share >14%; #3 in Piedmont, with a share >12%, #3 in Veneto and in Tuscany, with a share >9%.
- Complemented by a modern integrated distribution strategy.

SOLID CAPITAL POSITION

- CET 1 FL at 11.42%, still not including the rollout of the internal model validation to the former BPM portfolio.
- Capital flexibility thanks to a strategic approach underlying the integrated management of equity holdings.

LARGE LIQUIDITY BUFFER AND BALANCED LOAN/DEPOSIT RATIO

- ~€21bn of unencumbered eligible assets (12% of total assets), that guarantee a wide flexibility when managing funding sources.
- LCR >180%; NSFR >100%*.
- Loan-to-deposit ratio at 95%**.

HIGH VALUE CREATION POTENTIAL

- Full-fledged synergies of ~€490m vs €460m planned mainly thanks to higher voluntary exits
- Large portfolio of product factories (particularly strong brands: Banca Akros, Banca Aletti, Agos, etc.), with excellent cross-selling and revenue diversification opportunities.

NPL REDUCTION PLAN AGREED WITH ECB

- Clear NPL management strategies and objectives, both in terms of coverage and stock reduction, agreed with the ECB and communicated to the market.
- Creation of an NPL Unit, reporting directly to the CEO, with 300/350 employees dedicated to maximizing the recovery success rate and to implement the NPL reduction plan.



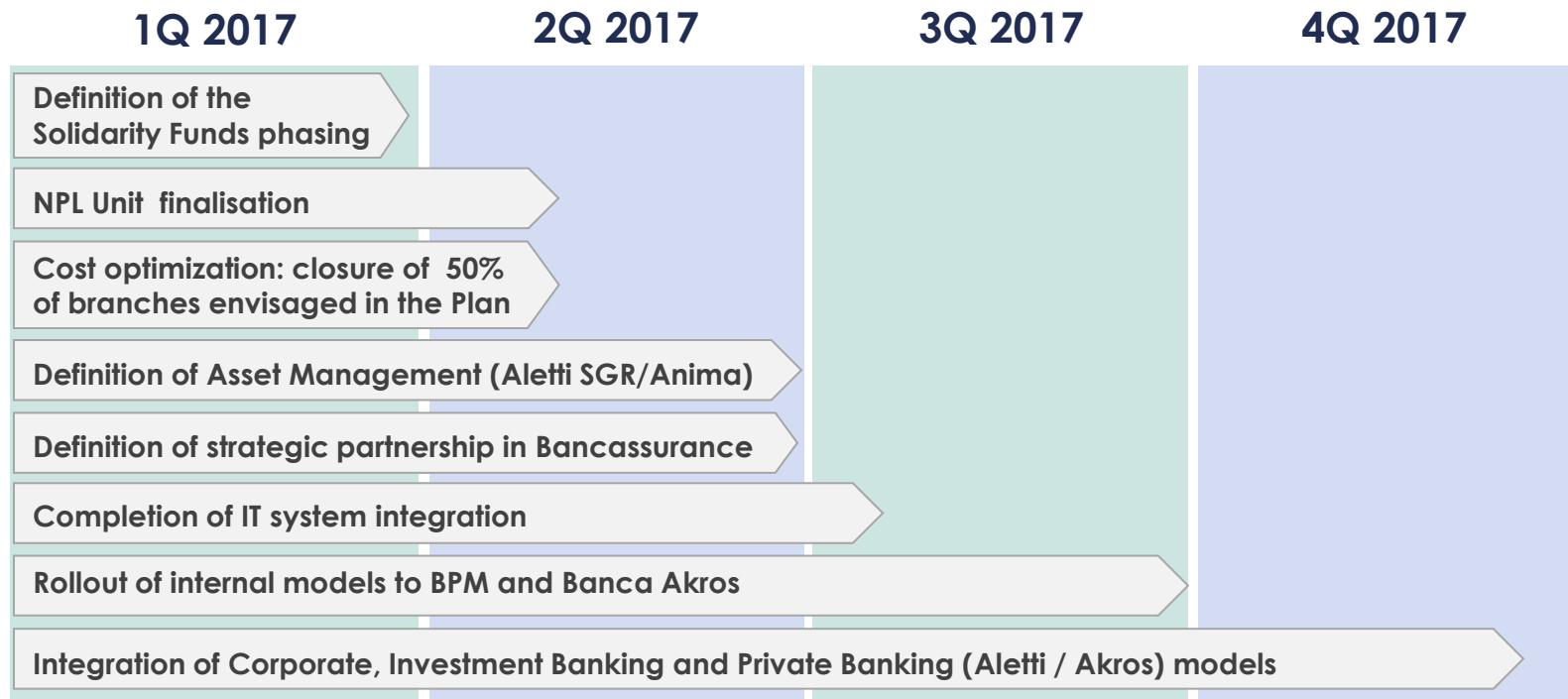
* Estimated proforma data

** Net loans to net direct funding ratio

FIRST PHASE OF THE INTEGRATION SUCCESSFULLY COMPLETED: NEXT STEPS

Objectives already met to date and to be achieved by 2017

- From the Merger Plan presentation to date, the new Group has already completed a significant part of the projects (capital increase, new organization with defined responsibility completed, TU agreements, branch closures, NPL disposals, set up of NPL Unit), **demonstrating a strong capability to deliver**
- The **next objectives** to be achieved in 2017 are:



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EX BP: KEY BALANCE SHEET ITEMS

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	A	B	C	Chg. A/B		Chg. A/C	
	31/12/2016	30/09/2016	31/12/2015	Value	%	Value	%
NET CUSTOMER LOANS	75.8	78.2	78.4	-2.3	-3.0%	-2.6	-3.3%
TOTAL ASSETS	117.4	122.0	120.2	-4.5	-3.7%	-2.8	-2.4%
DIRECT FUNDING	80.4	81.4	82.1	-0.9	-1.2%	-1.7	-2.1%
- of which: Current Accounts and Sight deposits	46.3	43.6	40.6	2.8	6.3%	5.8	14.3%
INDIRECT FUNDING	69.2	68.6	71.1	0.6	0.9%	-1.9	-2.7%
- of which: Asset under Management	36.4	36.3	35.4	0.2	0.4%	1.1	3.0%
- of which: Asset under Custody	32.8	32.3	35.7	0.4	1.4%	-2.9	-8.2%
SHAREHOLDERS' EQUITY	7.6	8.6	8.5	-1.0	-11.5%	-0.9	-10.8%
- CAPITAL AND RESERVES	9.3	9.3	8.1	0.0	-0.2%	1.2	14.8%
- NET INCOME (LOSS) FOR THE PERIOD	-1.7	-0.7	0.4	-1.0	136.2%	-2.1	n.s.
- NET INCOME (LOSS) FOR THE PERIOD EXCLUDING GOODWILL IMPAIRMENT	-1.4	-0.7	0.4	-0.7	97.0%	-1.8	n.s.

EX BP: ADJUSTED 2016 INCOME STATEMENT

Net of non-recurring items

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Reclassified consolidated income statement	A	B	Delta A-B	Description: Non recurring items and extraordinary Systemic Charges*
	2016 Accounting	2016 Adjusted		
Net interest income	1,318.1	1,318.1	0.0	
Income (loss) from investments in associates carried at equity	124.5	124.5	0.0	
Net interest, dividend and similar income	1,442.6	1,442.6	0.0	
Net fee and commission income	1,318.2	1,318.2	0.0	
Other net operating income	101.9	101.9	0.0	
Net financial result (excluding FVO)	197.5	172.3	25.3	Earn-out ICBP
Other operating income	1,617.5	1,592.3	25.3	
Total income	3,060.1	3,034.9	25.3	
Personnel expenses	-1,470.2	-1,271.6	-198.6	Early Retirement Plan and exit incentives
Other administrative expenses	-852.2	-704.5	-147.8	Extraordinary systemic charges + Fee to convert DTAs into tax credits for FY 2015 + Integration costs (details on page 52)
Amortization and depreciation	-165.3	-133.1	-32.2	Write-downs on real estate assets
Operating costs	-2,487.7	-2,109.2	-378.5	
Profit (loss) from operations	572.4	925.7	-353.3	
Net adjustments on loans to customers	-2,539.3	-939.3	-1,600.0	LLPs due to the increase of NPL coverage provided for in the Strategic Plan 2016/2019
Net adjustments on other assets	-40.8	-17.7	-23.1	Write-downs on AFS
Net provisions for risks and charges	-24.7	-9.9	-14.8	Provisions for risks
Impairment of goodwill and equity investments	-279.0	0.0	-279.0	Goodwill Impairment
Profit (loss) on the disposal of equity and other investments	17.0	0.0	17.0	Disposal of RE assets and of minor investments
Income (loss) before tax from continuing operations	-2,294.4	-41.2	-2,253.2	
Tax on income from continuing operations (excluding FVO)	583.1	47.0	536.2	
Income (loss) after tax from discontinued operations	2.5	0.0	2.5	IFRS 5
Income (loss) attributable to minority interests	22.8	6.9	16.0	
Net income (loss) for the period excluding FVO	-1,685.9	12.6	-1,698.5	
FVO Impact	4.2	0.0	4.2	FVO
Net income (loss) for the period	-1,681.7	12.6	-1,694.3	

Notes: * The Adjusted Income Statement includes ordinary systemic charges (contribution to SRF, DGS and fee to convert DTAs into tax credits for 2016) within the Other administrative expenses, for a total amount of €93.8m (€67.6m net of tax and minorities).



** Round estimates of the impact from discontinuity in the NPL evaluation process in the Financial Year .

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EX BPM: MAIN BALANCE SHEET DATA

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	A	B	C	Chg. A/B		Chg. A/C	
	31/12/2016	30/09/2016	31/12/2015	Value	%	Value	%
CUSTOMER LOANS (NET)	34.8	34.3	34.2	0.5	1.3%	0.6	1.7%
TOTAL ASSETS	51.1	50.6	50.2	0.5	1.0%	0.9	1.8%
DIRECT FUNDING	36.5	36.5	37.6	-0.1	-0.2%	-1.1	-3.0%
- of which: Current Accounts and Sight deposits	24.5	23.9	22.0	0.7	2.7%	2.5	11.5%
INDIRECT FUNDING	32.6	32.5	34.1	0.1	0.3%	-1.5	-4.2%
- o/w: Assets under Management	22.1	21.6	20.9	0.5	2.2%	1.2	6.0%
- o/w: Assets under Custody	10.5	10.9	13.2	-0.4	-3.5%	-2.7	-20.4%
SHAREHOLDERS' EQUITY	4.4	4.5	4.6	-0.1	-2.5%	-0.3	-5.7%
- CAPITAL AND RESERVES	4.3	4.4	4.3	-0.1	-2.2%	0.0	-1.1%
- NET PROFIT (LOSS) FOR THE PERIOD	0.1	0.1	0.3	0.0	n.s.	-0.2	-74.8%

EX BPM: ADJUSTED 2016 INCOME STATEMENT¹

Net of non-recurring items

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Reclassified consolidated income statement	2016	2016	Delta A-B	Non-recurring items and extraordinary systemic charges *
	Stated	Adjusted		
Net interest income	788.0	788.0	0.0	
Income (loss) from investments in associates carried at equity	22.5	22.5	0.0	
Net interest, dividend and similar income	810.5	810.5	0.0	
Net fee and commission income	585.3	585.3	0.0	
Other net operating income	37.4	37.4	0.0	
Net financial result (excluding FVO)	241.6	234.2	7.4	Earn-out ICBPI
Other operating income	864.2	856.8	7.4	
Total income	1,674.7	1,667.3	7.4	
Personnel expenses	-775.3	-607.2	-168.1	Early Retirement Plan and exit incentives
Other administrative expenses	-338.3	-285.5	-52.7	Extraordinary systemic charges + integration costs (details at page 61)
Amortization and depreciation	-155.6	-80.0	-75.6	Software amortization
Operating costs	-1,269.2	-972.8	-296.4	
Profit (loss) from operations	405.5	694.6	-289.1	
Net adjustments on loans to customers	-418.8	-418.8	0.0	
Net adjustments on other assets	-72.0	-30.0	-42.0	AFS adjustments (Atlante and others)
Net provisions for risks and charges	-30.3	-20.3	-10.0	IT contract charges
Profit (loss) on the disposal of equity and other investments	141.0	20.1	120.9	Anima Holding (disposal of 2.18% stake + reclassification impact and other minor)
Income (loss) before tax from continuing operations	25.3	245.5	-220.2	
Tax on income from continuing operations (excluding FVO)	47.4	-50.2	97.6	
Income (loss) attributable to minority interests	-0.1	-0.1	0.0	
Net income (loss) for the period excluding FVO	72.7	195.2	-122.5	
Fair Value Option result (FVO)	0.0	0.0	0.0	
Net income (loss) for the period	72.7	195.2	-122.5	

Note: * The Adjusted Income Statement includes ordinary systemic charges (contribution to SRF and DGS) for a total of €26.7m in Other administrative expenses (€18m net of tax and minorities).

1. P&L reclassifications adapted to the ex BP accounting schemes for a homogeneous basis.

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<ul style="list-style-type: none">- Balance Sheet and Income Statement- Funding, liquidity and securities portfolio- Loans to customers- Key operating results- Credit quality- Capital Position	
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BANCO BPM'S KEY AGGREGATE BALANCE SHEET ITEMS*

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	31/12/2016	o/w:	ex BP	ex BPM
CUSTOMER LOANS (NET)	110.6		75.8	34.8
TOTAL ASSETS	168.3		117.4	51.1
DIRECT FUNDING	116.8		80.4	36.5
- of which: Current Accounts and Sight deposits	70.9		46.3	24.5
INDIRECT FUNDING	101.7		69.2	32.6
- o/w: Assets under Management	58.6		36.4	22.1
- o/w: Assets under Custody	43.2		32.8	10.5
SHAREHOLDERS' EQUITY	11.9		7.6	4.4
- CAPITAL AND RESERVES	13.6		9.3	4.3
- NET PROFIT (LOSS) FOR THE PERIOD	-1.6		-1.7	0.1

The key aggregate balance sheet items confirm the new Banco BPM Group as the third Bank in the country, with good opportunities of further expansion and optimisation

Note: * The data of Banco BPM Group are calculated as the sum of the figures of the consolidated financial accounts as at 31/12/2016 of former Banco Popolare Group and former BPM Group, net of intercompany relations and adjustments resulting from the aggregation of shareholdings held by the two Groups in the same companies.

Aggregate reclassified Balance Sheet of the new Group, with breakdown of ex BP and ex BPM, without separate indication of the eliminations and accounting adjustments which are not material.

BANCO BPM ADJUSTED AGGREGATE FY2016 RECLASSIFIED INCOME STATEMENT*

See slides 13 and 16 for adjustment details

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Items of the Adjusted income statement	2016	o/w:	ex BP	ex BPM
Net Interest income	2,107.8		1,318.1	788.0
Income (loss) from investments in associates carried at equity	147.9		124.5	22.5
Net interest, dividend and similar income	2,255.6		1,442.6	810.5
Net fee and commission income	1,903.4		1,318.2	585.3
Other net operating income	139.2		101.9	37.3
Net financial result (excluding FVO)	407.5		172.3	234.2
Other operating income	2,450.1		1,592.3	856.8
Total income	4,705.7		3,034.9	1,667.3
Personnel expenses	-1,878.8		-1,271.6	-607.2
Other administrative expenses	-990.0		-704.5	-285.6
Amortization and depreciation	-213.1		-133.1	-80.0
Operating costs	-3,081.9		-2,109.2	-972.9
Profit (loss) from operations	1,623.8		925.7	694.5
Net adjustments on loans to customers	-1,358.2		-939.3	-418.8
Net adjustments on other assets	-47.3		-17.7	-30.0
Net provisions for risks and charges	-30.2		-9.9	-20.3
Profit (loss) on the disposal of equity and other investments	20.1		0.0	20.1
Income (loss) before tax from continuing operations	208.2		-41.2	245.5
Tax on income from continuing operations (excluding FVO)	-4.2		47.0	-50.2
Income (loss) attributable to minority interests	3.4		6.9	-0.1
Net income (loss) for the period	207.3		12.6	195.2

The Adjusted Income Statement includes ordinary systemic charges in other administrative expenses (SRF, DGS and fee on eligible DTA in 2016), for a total of €120.5m (€85.7m net of taxes and minorities).

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BANCO BPM AGGREGATE FY2016 RECLASSIFIED INCOME STATEMENT*

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Reclassified income statement	2016	o/w:	ex BP	ex BPM
Net interest income	2,107.8		1,318.1	788.0
Income (loss) from investments in associates carried at equity	147.9		124.5	22.5
Net interest, dividend and similar income	2,255.6		1,442.6	810.5
Net fee and commission income	1,903.4		1,318.2	585.3
Other net operating income	139.2		101.9	37.3
Net financial result (excluding FVO)	440.1		197.5	241.6
Other operating income	2,482.7		1,617.5	864.2
Total income	4,738.3		3,060.1	1,674.7
Personnel expenses	-2,245.5		-1,470.2	-775.3
Other administrative expenses	-1,190.5		-852.2	-338.3
Amortization and depreciation	-320.9		-165.3	-155.6
Operating costs	-3,756.9		-2,487.7	-1,269.2
Profit (loss) from operations	981.4		572.4	405.5
Net adjustments on loans to customers	-2,958.2		-2,539.3	-418.8
Net adjustments on other assets	-112.5		-40.8	-72.0
Net provisions for risks and charges	-55.1		-24.7	-30.3
Net adjustment on intangible and investments	-279.0		-279.0	0.0
Profit (loss) on the disposal of equity and other investments	158.0		17.0	141.0
Income (loss) before tax from continuing operations	-2,265.3		-2,294.4	25.4
Tax on income from continuing operations (excluding FVO)	629.7		583.1	47.4
Income (loss) after tax from discontinued operations	2.5		2.5	0.0
Income (loss) attributable to minority interests	19.4		22.8	-0.1
Net income (loss) for the period excluding FVO	-1,613.7		-1,685.9	72.7
Fair Value Option result (FVO)	5.9		5.9	0.0
Tax on FVO result	-1.6		-1.6	0.0
Net income (loss) for the period	-1,609.5		-1,681.7	72.7

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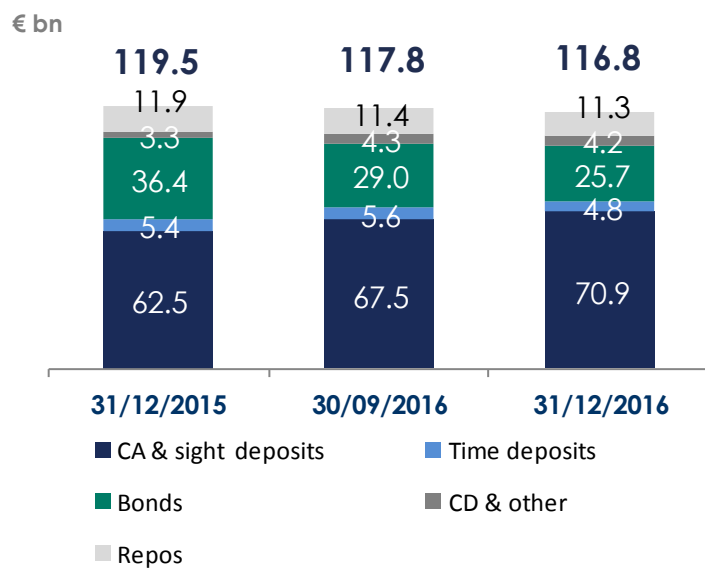


Aggregate reclassified Balance Sheet of the new Group, with breakdown of ex BP and ex BPM, without separate indication of the eliminations and accounting adjustments which are not material.

BANCO BPM: AGGREGATE DIRECT FUNDING

Growth in deposits and decrease in more expensive sources of funding

Direct funding



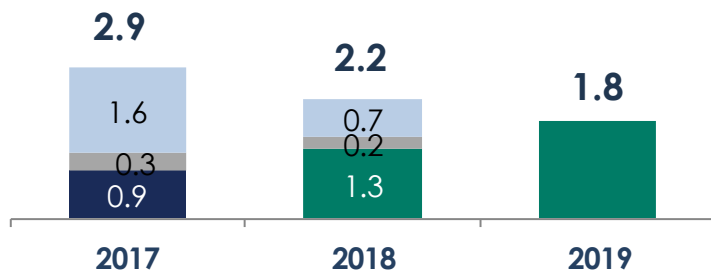
Changes	y/y (%)	q/q (%)
CA & sight deposits	+13.3%	+5.0%
Time deposits	-11.5%	-15.1%
Bonds	-29.5%	-11.6%
CDs & other	+26.6%	-3.2%
Repos	-5.0%	-0.7%
TOTAL	-2.3%	-0.9%

- Growth in sight deposit (Current accounts & deposits) continued during the year (+13.3% y/y and +5.0% q/q).
- More expensive source of funding were down:
 - Bonds: -29.5% y/y and -11.6% q/q
 - Time deposits -11.5% y/y and -15.1% q/q
- Including *certificates with guaranteed capital* (€4.6bn as at 2016 year-end vs. €3.8bn at year-end 2015), direct funding totals €121.3bn.

BANCO BPM: WHOLESALE AND RETAIL BONDS MATURITIES

Wholesale maturities

€ bn



- Placements on third party network
- Other
- Senior EMTN
- Cov.Bond

N.B. Wholesale maturities do not include LT repos

Retail maturities

€ bn



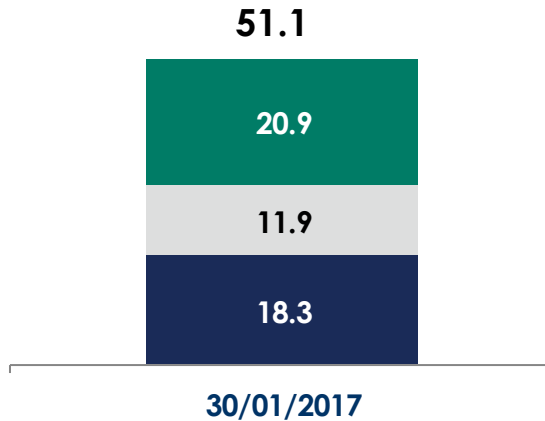
N.B. Retail maturities include calls

A material reduction in the cost of funding is expected starting from 2017, thanks to significant bond maturities and to higher TLTRO financing.

BANCO BPM: LIQUIDITY POSITION

Use of eligible assets and liquidity buffer*

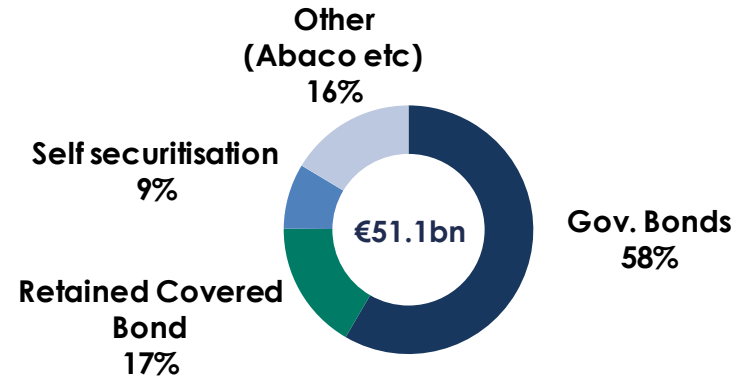
€ bn



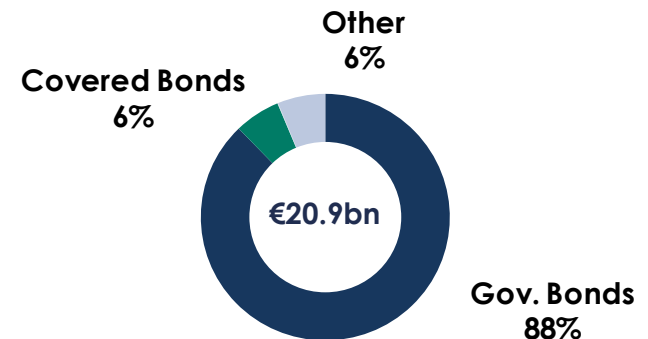
- ECB (TLTRO 2)
- Repo&Other
- Eligible Assets (unencumbered)

- Strong liquidity position.
- Maximum TLTRO 2 take-up at €21.3bn, with a buffer of around €3bn as of today.
- LCR >180%; NSFR >100%.

Breakdown of Total eligible assets*



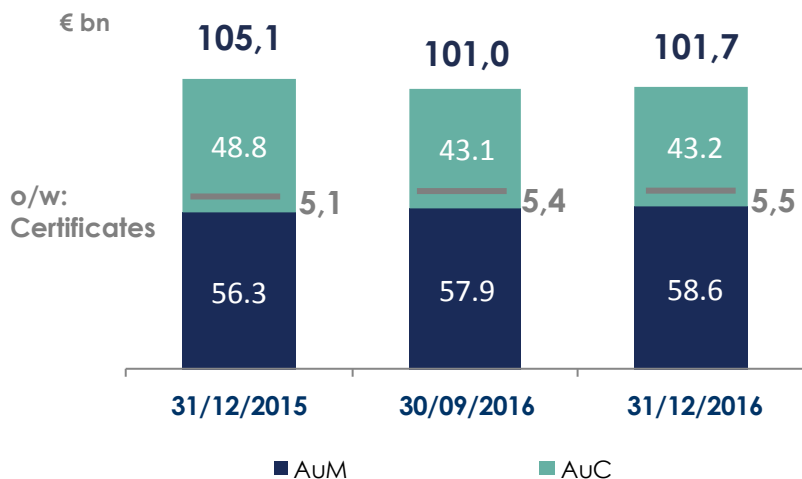
Breakdown of unencumbered* eligible assets



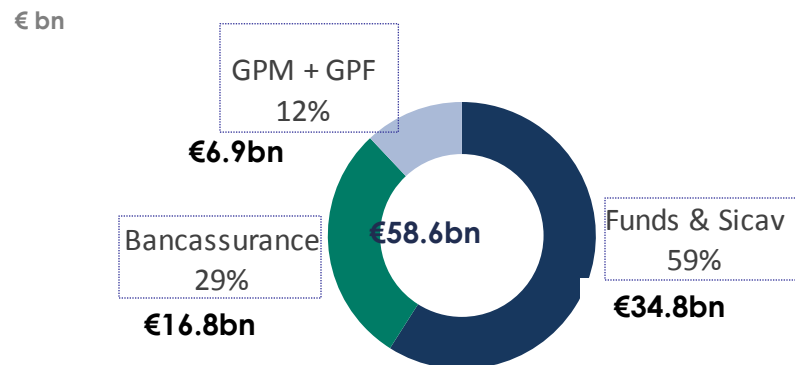
BANCO BPM: AGGREGATE INDIRECT FUNDING

Focus on AuM which register an increasing weight in Total Indirect Funding

Indirect Funding



AuM by type of product as at 31/12/2016



Changes	y/y (%)	q/q (%)
AuM	+4.1%	+1.1%
AuC	-11.5%	+0.1%
- o/w: certificates	+7.9%	+2.1%
TOTALE	-3.2%	+0.7%

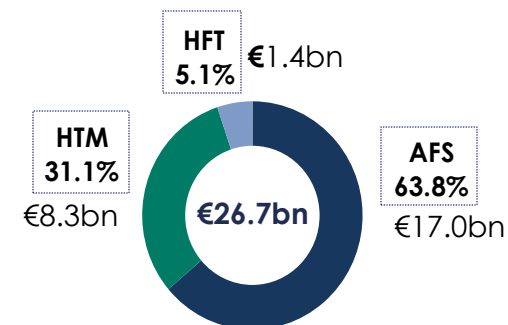
- AuM +4.1% y/y and +1.1% q/q, reaching 57.6% of total Indirect Funding at year-end 2016.
- Indirect Funding decreased y/y due to the lower AuC component, which is also explained by an extraordinary outflow of more than €2bn related to two “Big-Ticket” positions with negligible margin contribution.

FOCUS ON BANCO BPM'S SECURITIES PORTFOLIO

Analysis of the Securities portfolio

€bn				Chg. y/y		Chg. q/q	
	31/12/16	30/09/16	31/12/15	Value	%	Value	%
	Govies and Central Banks	26.9	29.2	28.1	-1.2	-4.2%	-2.3
- of which: Italian Govies	26.7	29.2	28.1	-1.4	-4.9%	-2.5	-8.5%
Financials and other	4.7	5.0	4.9	-0.2	-4.0%	-0.3	-6.4%
Equity securities	1.2	0.9	1.1	0.1	10.9%	0.3	29.0%
Open-end funds and private equity	1.0	1.0	1.0	0.0	0.4%	0.0	1.9%
TOTAL	33.8	36.2	35.1	-1.3	-3.6%	-2.4	-6.6%

Breakdown of the Italian Govies portfolio



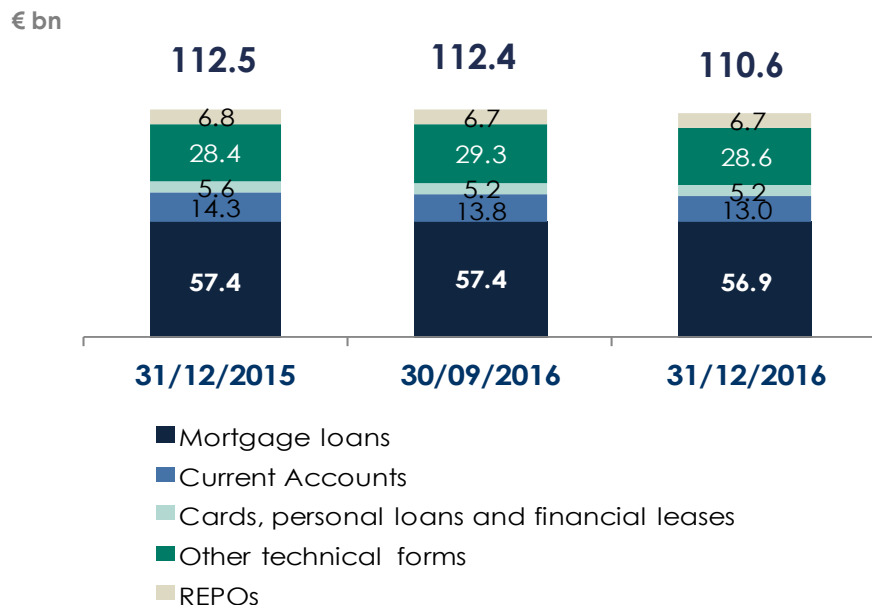
ITALIAN GOVERNMENT SECURITIES:

- The Italian Govies portfolio was €26.7bn as at year-end 2016, down by more than €1bn y/y and by more than €2bn in the quarter.
- The bulk of Italian Govies are classified as AFS and HTM. Starting from the beginning of 2017, Govies classified in HTM increased by roughly €2bn, with a concurrent reduction in the AFS component.
- The modified duration of the AFS portfolio is roughly 1.8 years.

BANCO BPM'S CUSTOMER LOANS

Strong support to the real economy thanks to ~€15bn loans granted; the decrease in the stock is entirely due to the reduction in Net NPLs (down by 8.4% y/y)

Net Customer Loans



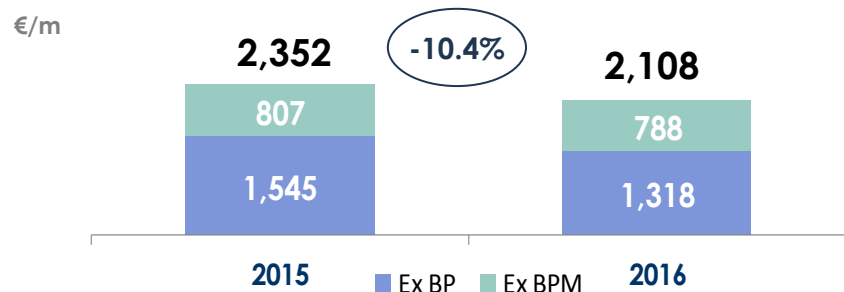
Chg.	In % y/y	In % q/q
Mortgage loans	-0.9%	-0.7%
Current Accounts	-9.2%	-5.5%
Cards, personal loans and financial leases	-6.7%	-0.2%
Other technical forms	+0.9%	-2.3%
REPOs	-0.5%	-0.4%
TOTAL	-1.8%	-1.7%
<i>Of which: Performing</i>	<i>-0.5%</i>	<i>-1.2%</i>
<i>Of which: NPLs</i>	-8.4%	-4.5%

Loans disbursed (€ bn)	2016	2015
HOUSEHOLDS	4.2	3.8
CORPORATE	10.6	10.5
TOTAL	14.8	14.3

- Granted ~€15bn of loans in 2016 (+3.6% vs. 2015). In the Household segment granted ~ €4bn (+12.1% y/y), €10.6bn in the Corporate segment (+0.6% y/y).
- The trend of net customer loans (-1.8% y/y) reflects the strong improvement in the credit risk profile of the Group: Net NPLs down by 8.4% y/y.
- Net performing loans are basically stable y/y.

MAIN AGGREGATE INCOME ITEMS OF BANCO BPM

Net Interest Income*

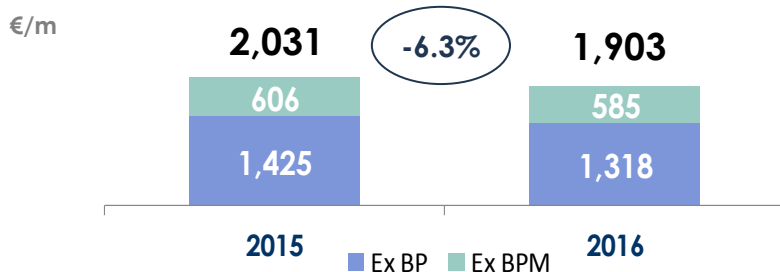


Net interest income in 2016 was €2.1bn, of which 63% tied to ex BP and 37% to ex BPM.

The y/y reduction (-10.4%) is due to a reduction in customer loans, pressure on spreads and a lower contribution from the securities portfolio, only partially offset by a reduction in the cost of funding.

A significant reduction in the cost of funding is expected from 2017 onwards also thanks to the bonds that matured in 2016 which were not renewed.

Net Fees and Commissions*

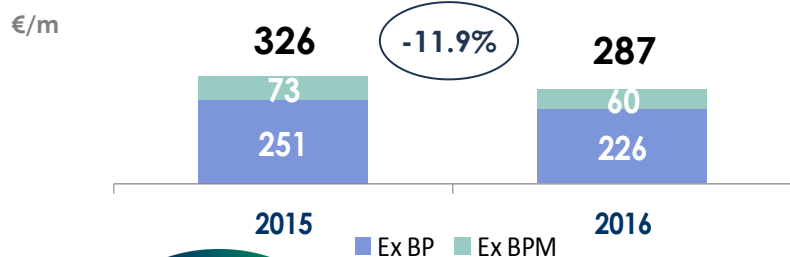


Net fees and commissions came in at €1.9bn in 2016, of which 69% related to ex BP and 31% to ex BPM.

The y/y reduction (-6.3%) is mainly due to the negative performance of financial markets which mainly affected intermediation, management and advisory fees.

The Strategic Plan envisages room for cross-selling opportunities fostering the development of commission income.

Income from Investments in Associates and other net Operating income*

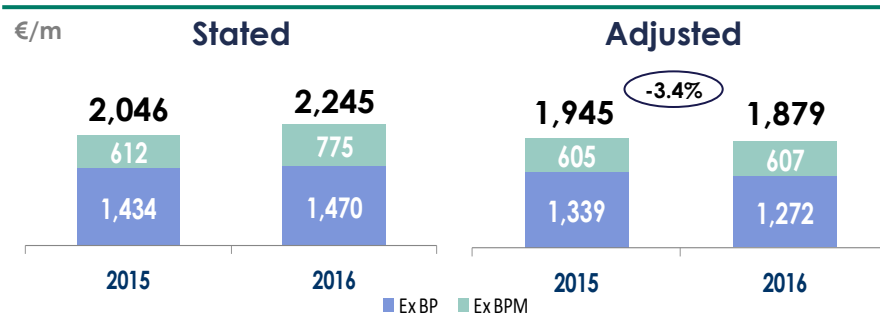


Income from investments and other operating income amounted to €0.3bn in 2016, of which 79% tied to ex BP and 21% to ex BPM.

MAIN AGGREGATE COST ITEMS OF BANCO BPM

Total Adjusted Operating costs register a fall by 1.5% y/y

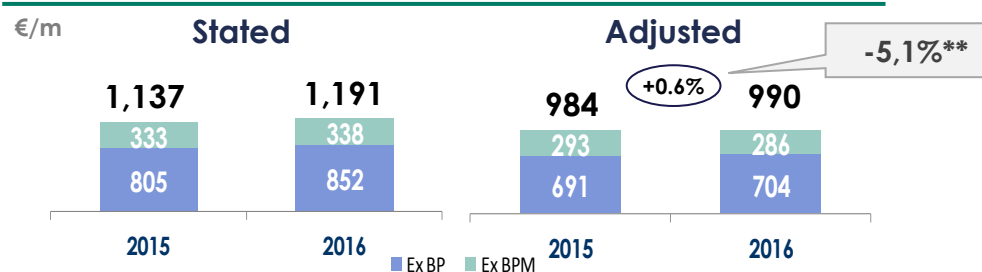
Personnel Expenses*



Banco BPM's Personnel expenses stand at €2,245m in 2016, of which €1,879m related to ordinary items and €367m tied to extraordinary charges incurred by the two banks on a standalone basis (Solidarity Fund).

Excluding extraordinary charges, a decline of 3.4% y/y is reported (equal to about €66m).

Non-Personnel Expenses*

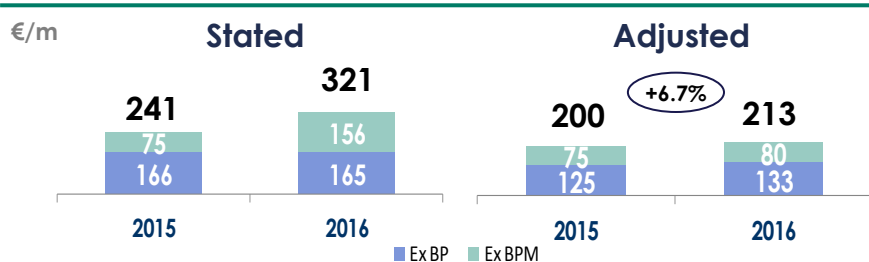


Banco BPM's non-personnel expenses, totalling €1,191m in 2016, include :

- €56m of integration costs
- €118m of extraordinary contributions to the Single Resolution Fund
- €27m of the extraordinary portion (2015) related the conversion of DTAs into tax credits.
- The yearly comparison with the adjusted data highlights a basically stable trend (+0.6%)** even including ordinary systemic charges (contributions to SRF, DGS and annual fee for DTAs of 2016), for a total of €120m, relevantly higher than €67m in 2015,

** Decrease of 5.1% excluding so-called "ordinary" systemic charges.

Amortisation & Depreciation*



Banco BPM's amortisation and depreciation stand at €321m in 2016, but fall to €213 after reducing €108m of one-off devaluation.

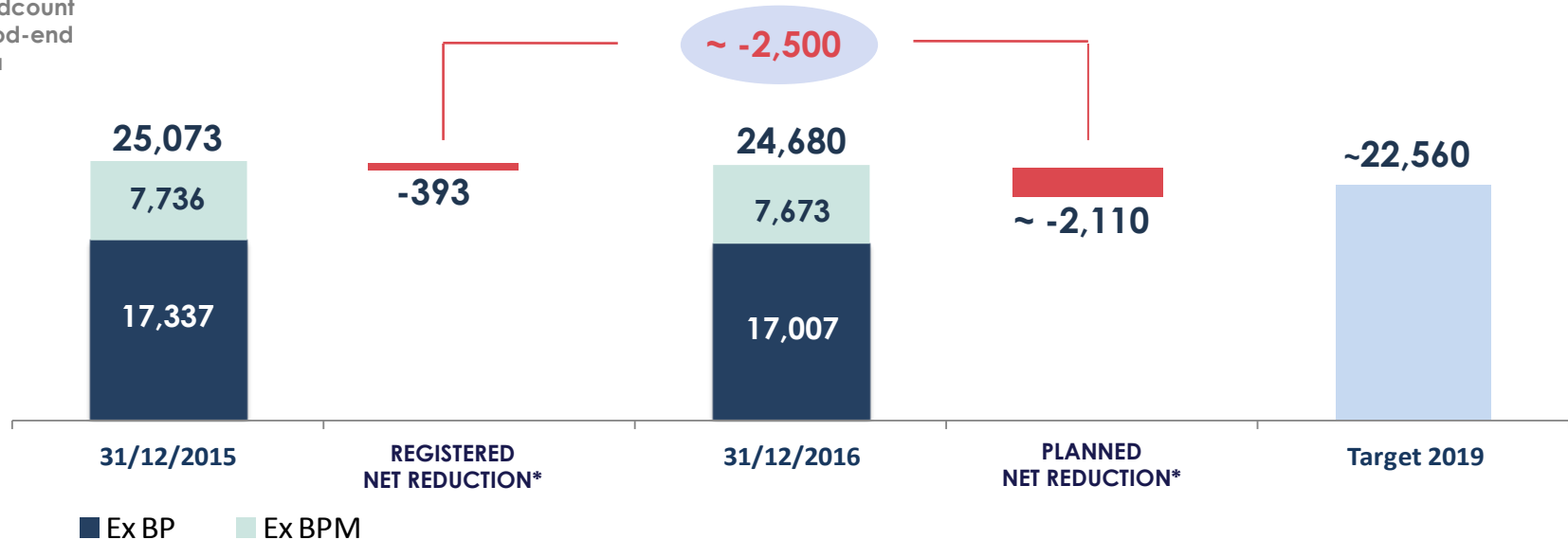
The comparison with the adjusted data, therefore, shows a rise of 6.7% y/y, tied to the investments made.

HEADCOUNT EVOLUTION OF BANCO BPM

Ahead of Strategic Plan targets

Headcount evolution: backward and forward outlook

Headcount
Period-end
data



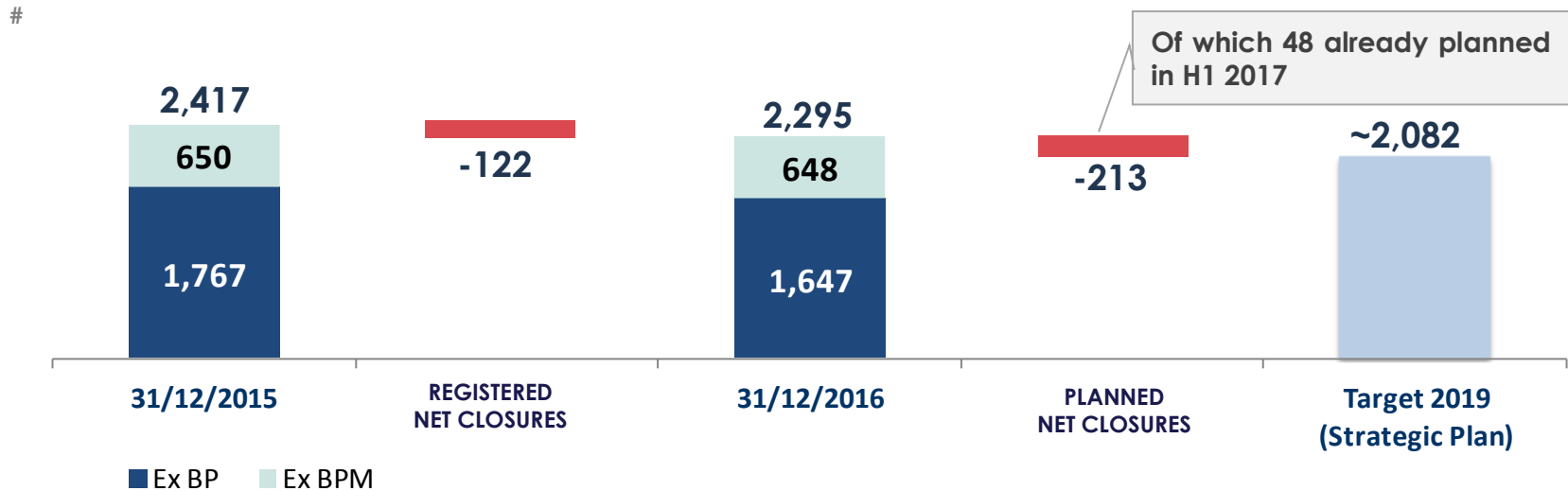
- Signed agreements with trade unions related to the release of 2,100 employees (vs. 1,800 included in the Strategic Plan).
- Expected headcount reduction in the period 2017-2019: >2,100 thanks to natural turnover.

*Includes the net impact from voluntary exits tied to the Redundancy Fund and to Pensions/Exits, as well as to Turnover and Recruitments.

BRANCH EVOLUTION OF BANCO BPM

Ahead of Strategic Plan targets

Branch evolution: backward and forward outlook

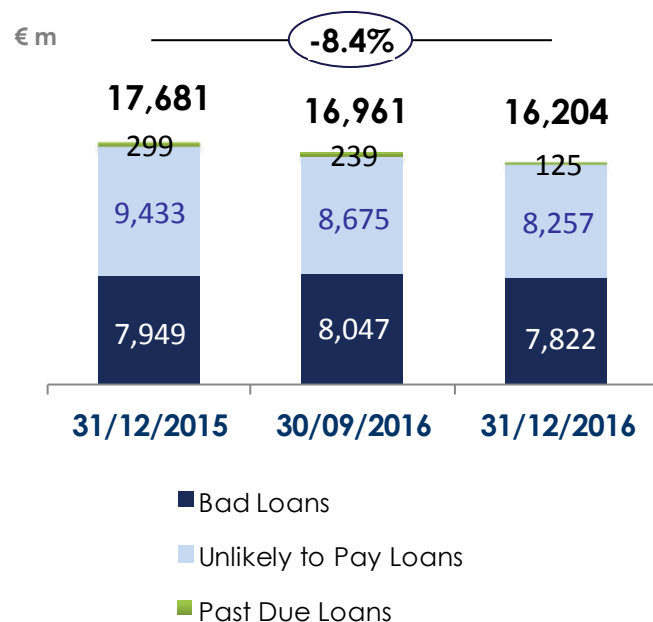


- Reduction programme of the franchise network ahead of the intermediate forecasts of the Plan: net closures of 122 branches already completed in 2016, compared to the target of 335 closures over the planning period of the Strategic Plan 2016-2019.
- The distribution strategy is flanked by a digitalisation approach of banking services, with chances of further improvement of the final target included in the Strategic Plan as of today (1,700/1,800 branches).

BANCO BPM'S CREDIT QUALITY: NPL STOCK

Strong reduction of the net NPLs in line with the Strategic Plan provisions

Net NPLs



Nominal and Gross NPLs

€ m	31/12/16	30/09/16	31/12/15	Chg. % y/y	Chg. % q/q
Nominal Bad Loans*	19,578	19,882	18,590	+5.3%	-1.5%
- of which: Gross Bad Loans	14,413	14,660	13,747	+4.8%	-1.7%
- of which: Write-offs	5,166	5,222	4,844	+6.7%	-1.1%
Gross Unlikely to Pay Loans	11,349	11,638	12,533	-9.4%	-2.5%
Gross Past Due Loans	153	286	363	-57.9%	-46.5%
TOTAL NOMINAL NPLs*	31,080	31,806	31,486	-1.3%	-2.3%
TOTAL GROSS NPLs	25,914	26,584	26,642	-2.7%	-2.5%

Data at year-end 2016 do not factor in the €641m disposal of Bad Loans (nominal amount) perfected in January 2017.

- Net NPLs decrease (-8.4% y/y), thanks to the increase of the coverage levels registered in all categories.
- Nominal and Gross NPLs decrease thanks to the planned disposals realised in the year (between June and October), even without factoring in yet the latest disposal perfected in January 2017.
- Relevant decrease registered both in Unlikely to Pay Loans and in Past Due Loans.

BANCO BPM'S CREDIT QUALITY: COVERAGE

Increase of coverage level registered in all NPL categories

Coverage in %	Including Write-offs			Excluding Write-offs		
	31/12/16	30/09/16	31/12/15	31/12/16	30/09/16	31/12/15
Total NPLs	47.9	46.7	43.8	37.5	36.2	33.6
- including real guarantees*	99.0	-	-	98.8	-	-
Bad Loans	60.0	59.5	57.2	45.7	45.1	42.2
- including real guarantees*	104.6	-	-	106.2	-	-
Unlikely to Pay Loans	27.2	25.5	24.7	27.2	25.5	24.7
- including real guarantees*	89.7	-	-	89.7	-	-
Past Due Loans	18.2	16.2	17.6	18.2	16.2	17.6
- including real guarantees*	78.5	-	-	78.5	-	-

- The coverage of NPLs increases by more than 400bps y/y, standing at ~48% at year-end 2016 (including write-offs).
- Such result has been obtained increasing the average coverage level in all categories: Bad Loans +280bps (in spite of the significant disposals of unsecured loans in 2016); Unlikely to Pay Loans +250bps and Past Due Loans +60bps.
- The coverage including real guarantees* stands at ~100% for total NPLs, exceeding 100% for Bad Loans, thanks to the high level of collateralisations of the credit portfolio of our Group.
- An additional increase in coverage to about 62% for Bad Loans and 49% for total NPLs is foreseen with the application of IFRS 3. According to the Plan's estimates, no material capital impact is expected thanks to offsetting items.

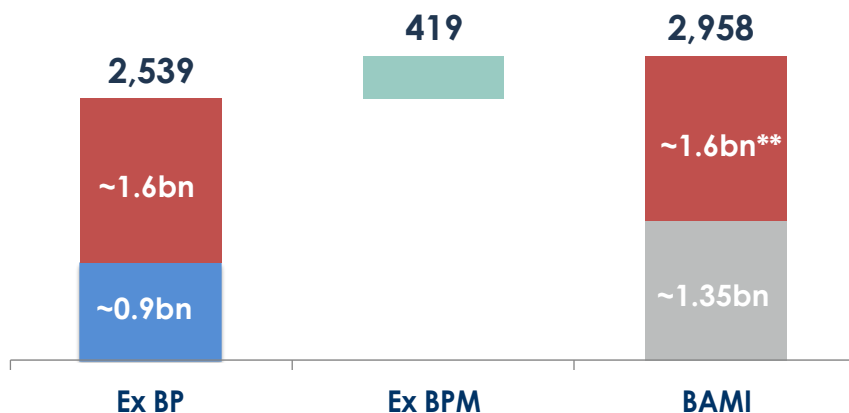
Note: * The coverage including real guarantees consider the value of collateral capped at the residual debt. For Leasing, the value of the asset is capped at the salvage value (VPR – Valore di Pronto Realizzo).

BANCO BPM'S LOAN LOSS PROVISIONS

The cost of credit reflects the alignment of the NPLs coverage to the targets defined in the Merger Plan presented in March 2016

Loan Loss Provisions

€ m



	Stated 2016	“Adjusted” 2016
Cost of credit*	268bps	~123bps

* Calculated on net loans

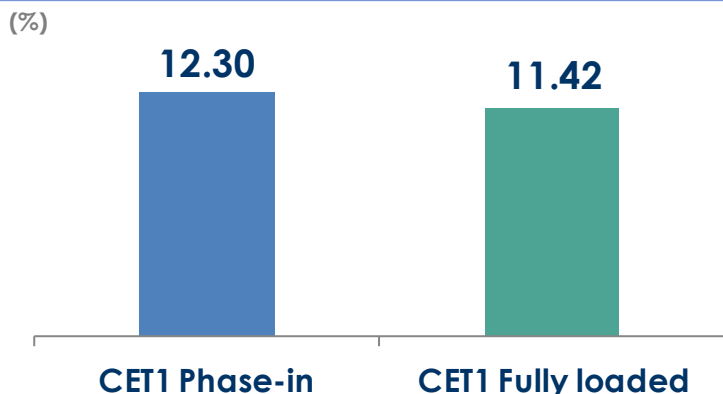
■ Of which: Impact from the alignment of NPLs coverage to Plan targets

- LLPs in 2016 (~€3.0bn) include the provisions aimed at strengthening the coverage levels, as provided for in the Strategic Plan 2016/2019 presented to the market in May 2016
- 2016 cost of credit at ~123bps, excluding the impact from the alignment of NPL coverage to Plan targets.
- The increase in coverage levels realised in 2016 and the NPL reduction plan included in the Strategic Plan will allow the progressive decline of the cost of credit in the next 3 years (63bps expected in 2019).

** Round estimate of the impact from discontinuity in the NPL evaluation process in the Financial Year

CAPITAL ADEQUACY OF BANCO BPM

Common Equity Tier 1 as at 31/12/2016



Composition of RWA as at 31/12/2016

(€ /bn)

Risk weighted assets	Fully loaded		Phase-in	
	Value	% of total	Value	% of total
Credit Risk	66.8	90.1%	67.3	90.2%
Market Risk	1.8	2.5%	1.8	2.4%
Operational Risk	5.5	7.4%	5.5	7.4%
TOTAL	74.2	100%	74.7	100%

- Including the positive impact stemming from the coupon stripping of associates, the CET1 Fully phased ratio rises to 11.5%.
- The CET1 ratio is affected by the anticipation of the integration costs in 2016, differently from the indications included in Strategic Plan.
- The ratios do not take into account the benefits deriving from the extension of AIRB models to the perimeter of ex BPM, expected by 2017.
- DTAs not included in the calculation of the Common Equity Tier 1 Fully loaded, since tied to tax losses, amount to €624m (€374m for the calculation of the CET1 phase-in). The expected profitability will allow to progressively consider this component again also for supervisory purposes, with positive impacts on capital ratios.

Agenda

1. Inception of Banco BPM SpA	3
2. FY 2016 Results at a Glance: Banco Popolare Group (ex BP)	11
3. FY 2016 Results at a Glance: BPM Group (ex BPM)	14
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NPL UNIT AT A GLANCE

A new recovery machine...

- Established since day 1 of the merger, directly reporting to the CEO
- 220 professionals fully dedicated to Bad Loan management (target 300-350)
- Focused internal organization with a well-defined mission
 - Specialized workout network
 - Portfolio disposals
 - Performance management
 - Operational excellence
 - Real Estate advisory
- MBO/incentive system focused on recovery results

... built upon few clear success factors

1. **Complete digital-based data infrastructure** allowing to
 - Provide clear targets and managerial inputs to workout professionals
 - Make available full data tape instrumental for disposals
2. **Specialized «coverage approach»** by exposure type
 - «Large» tickets vs. «mass» exposures
 - Secured – by underlying collateral type – vs. unsecured
3. **Advanced borrower-based segmentation** aimed at identifying the most appropriate recovery strategy at single position level
4. **Strong focus on extrajudicial approach** to accelerate recoveries
5. **Dedicated Real Estate Advisory** to promote collateral value maximization
6. **Optimized disposals** based on careful bottom-up selection of single positions

Cumulative historical recovery rate* - Average 2006/2015

Banco BPM	53.5%
Italian Banks Average	46.9%

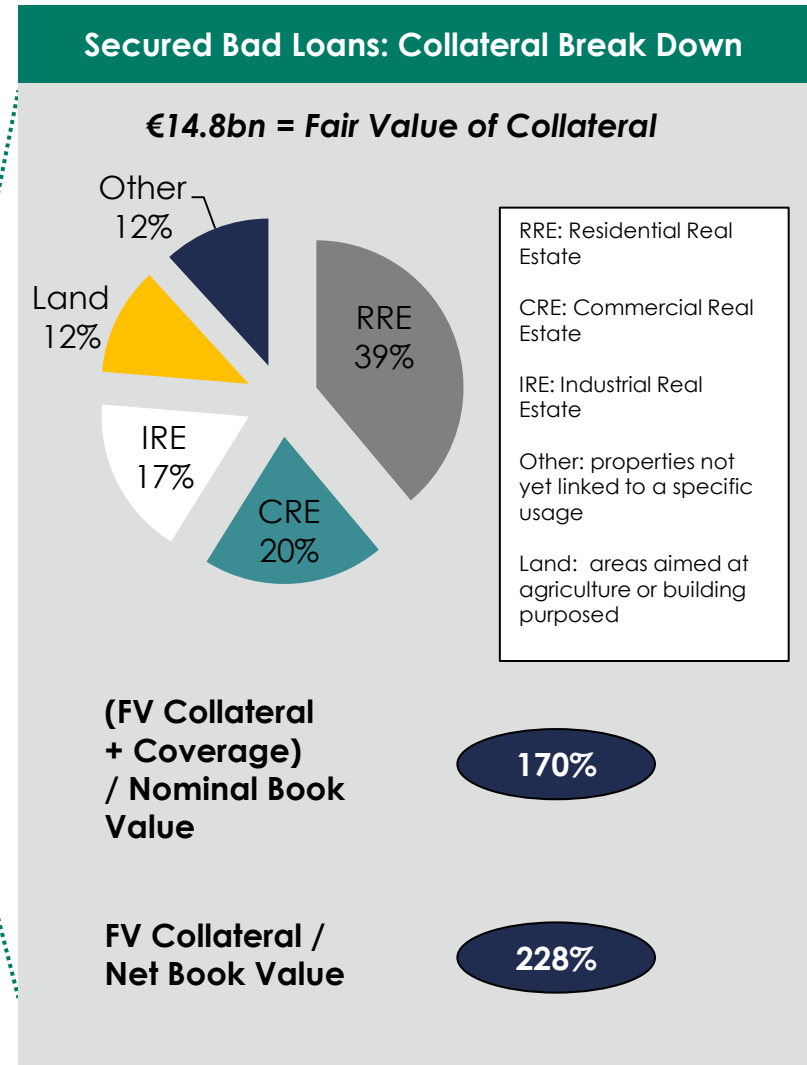
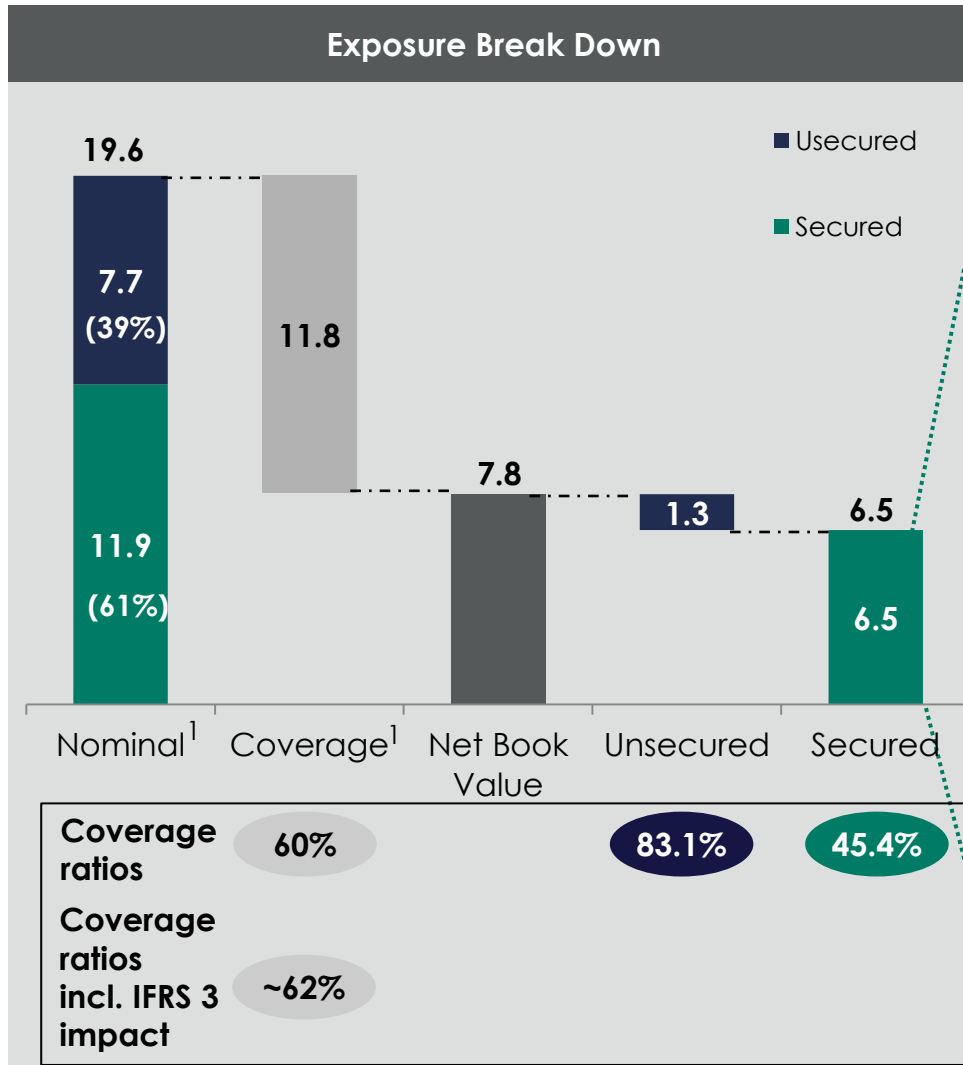
*Simple average of yearly recovery rates excluding NPL disposals



**Track record
already
showing
stronger
recovery skills
vs. average**

Overview of Bad Loans perimeter as of December 2016

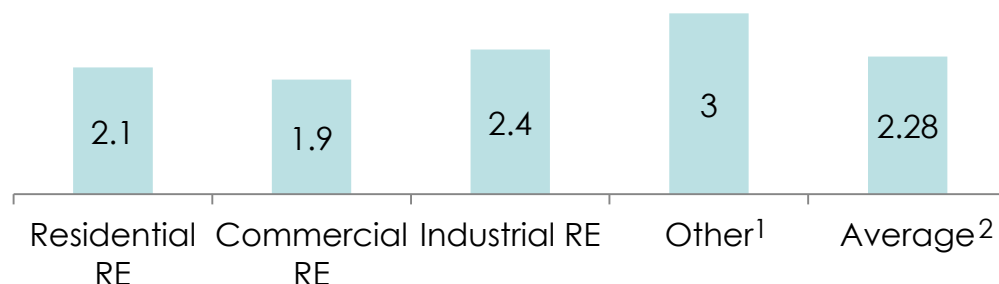
Exposure and collateral break down – Eur Bn, %



Deep Dive on Secured Bad Loans Portfolio

Collateral based coverage at RE category level - managerial data as of 30 Sep. 2016

FV Collateral/Net Book Value



- Collateral FV/NBV = 228%, higher than 100% for 85% of total volumes
- On the remaining 15%
 - ✓ Collateral Value covers an average of 53%
 - ✓ Other sources of recovery are present – e.g. personal guarantees (covering 102% for these specific positions)

(FV collateral + coverage)/ Nominal Book Value



- Coverage including collateral = 170%
- Collateral FV + coverage to nominal book value ratio generally stable throughout the different «deciles» of coverage ratios (never below ~160%)

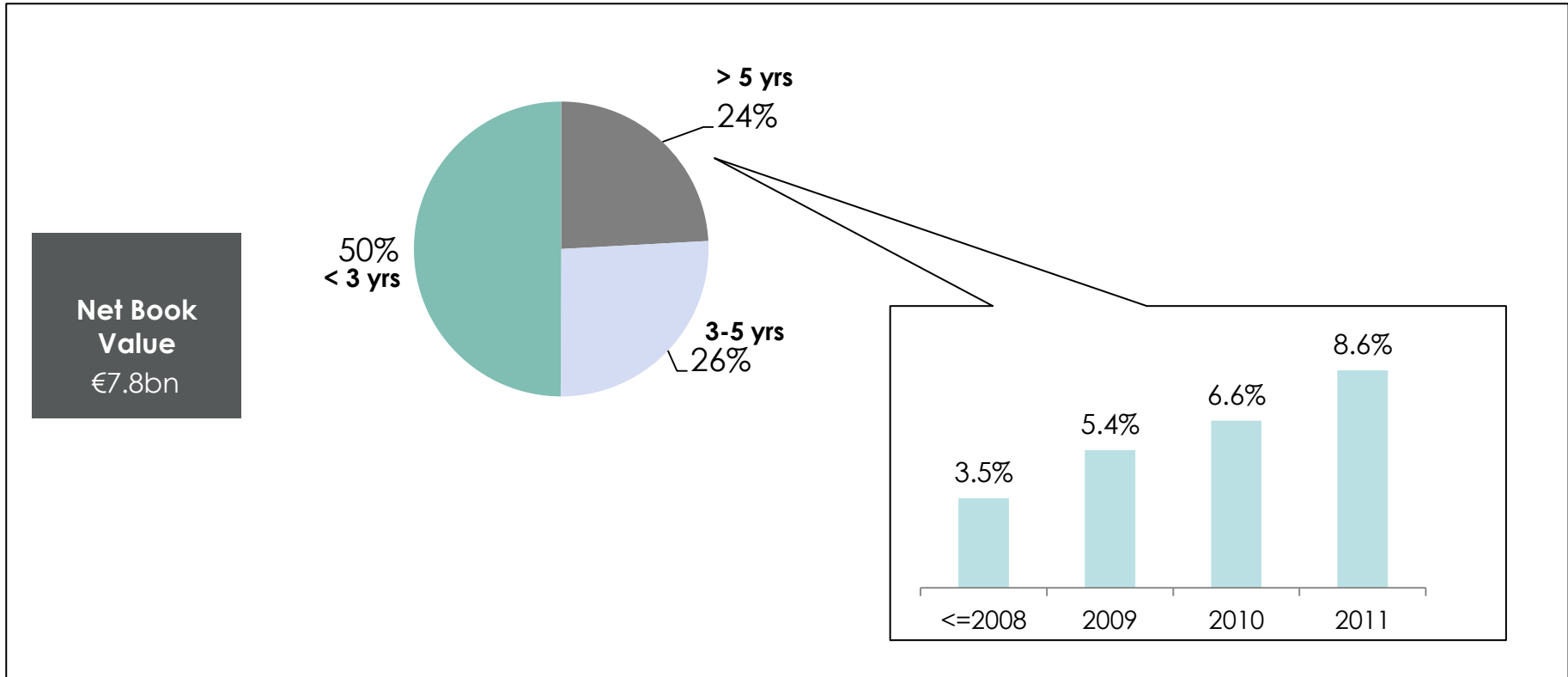
- Value of collateral widely sufficient to cover Net Book Value throughout all different categories
- Coverage ratios more conservative for industrial and other RE vs. Residential and Commercial

¹Including land

²Average reported as of 31/12/2016

Bad Loans: breakdown by Vintage

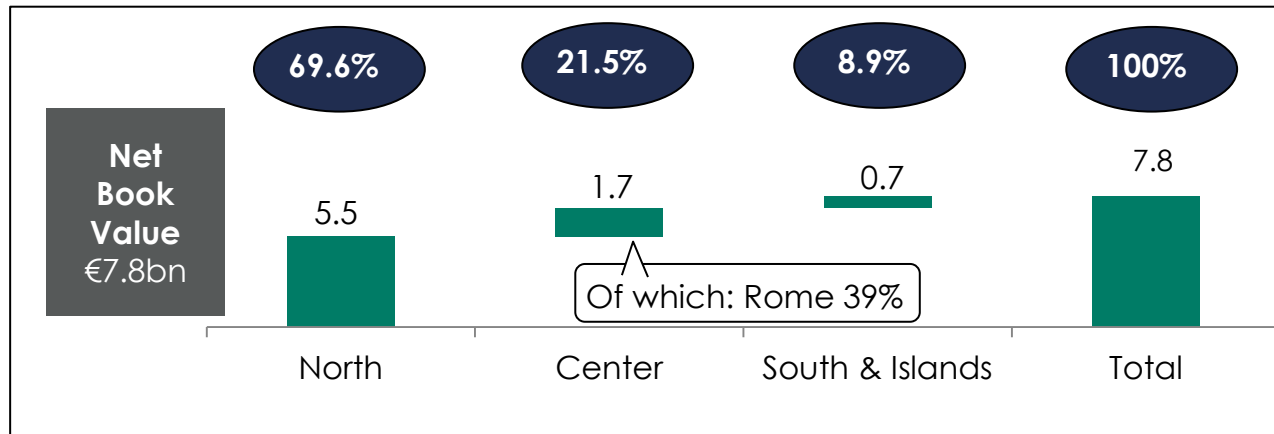
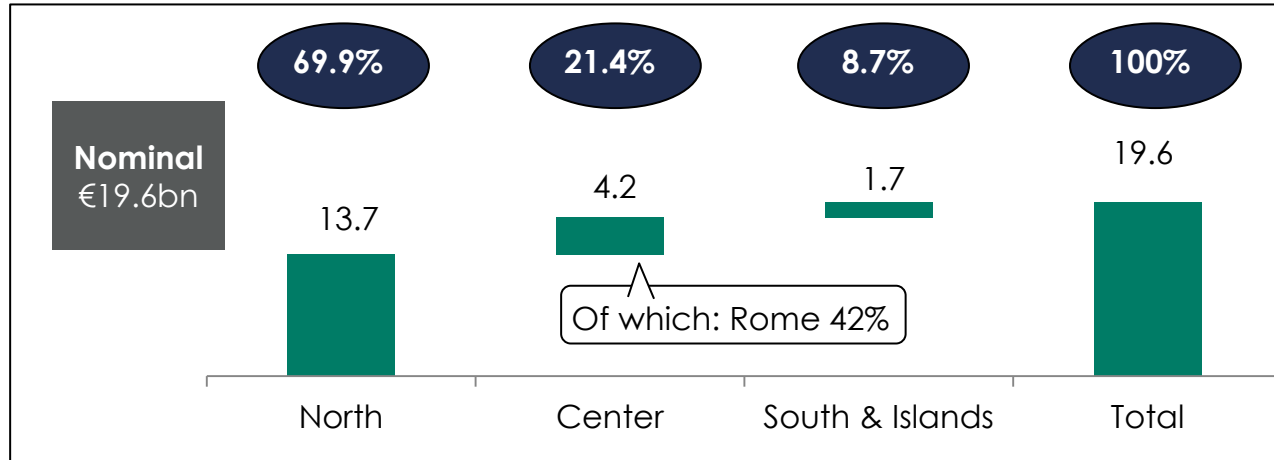
As of Dec. 2016



- ~76% of total NBV shows a vintage of less than 5 years
- Only ~9% has a vintage above 7 years

Bad Loans: Breakdown by Geographic Area

As of Dec. 2016



Market experience – recovery rates / data reported by Moody's

	Sec	Unsec
North	52.0%	16.3%
Center	41.0%	15.8%
South	26.4%	9.3%

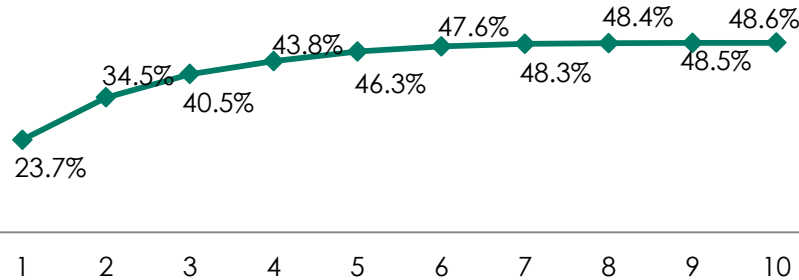
Italian NPL Transactions v1.0 – July 2016

Bad loans mostly concentrated in Northern Italy and Rome, where recovery potential is higher than overall market average

Work-out: historical recovery curves¹ for Banco BPM Bad Loans widely above Net Book values

**Average Recovery¹
in 10 years / Net Book
Value (2016)**

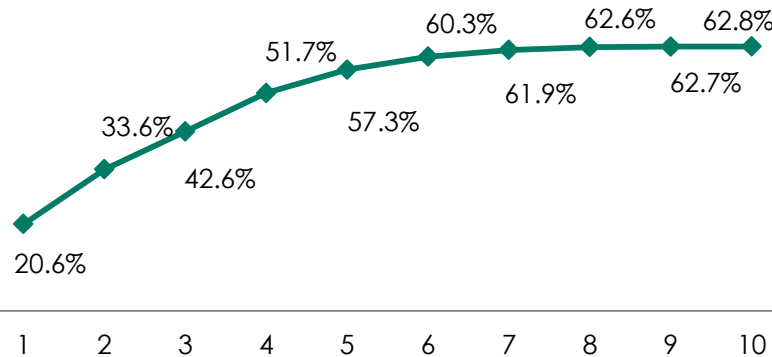
Wholesale



**Time from entrance
in bad loans to
closing (years)**

121.4%

Private individuals

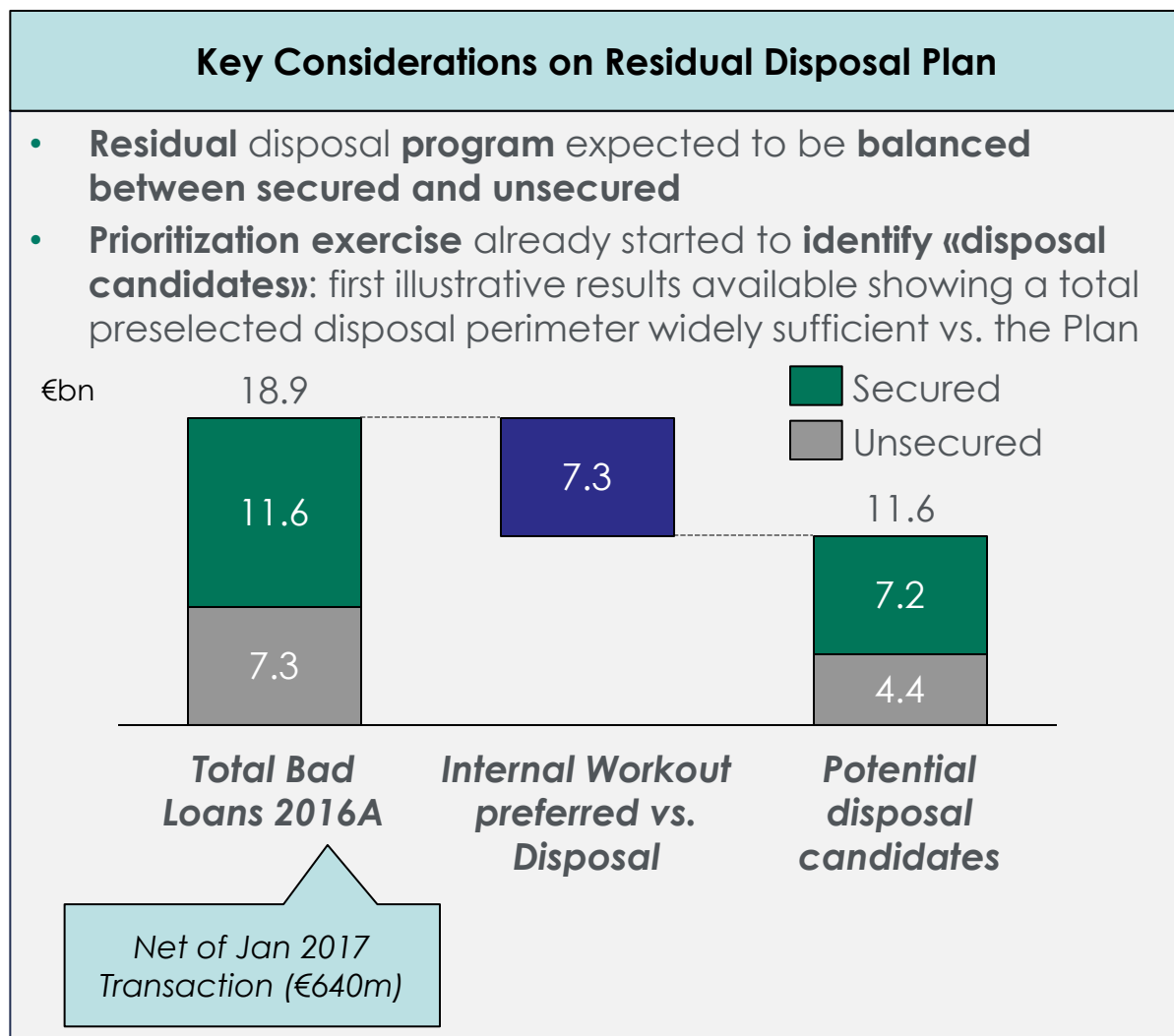
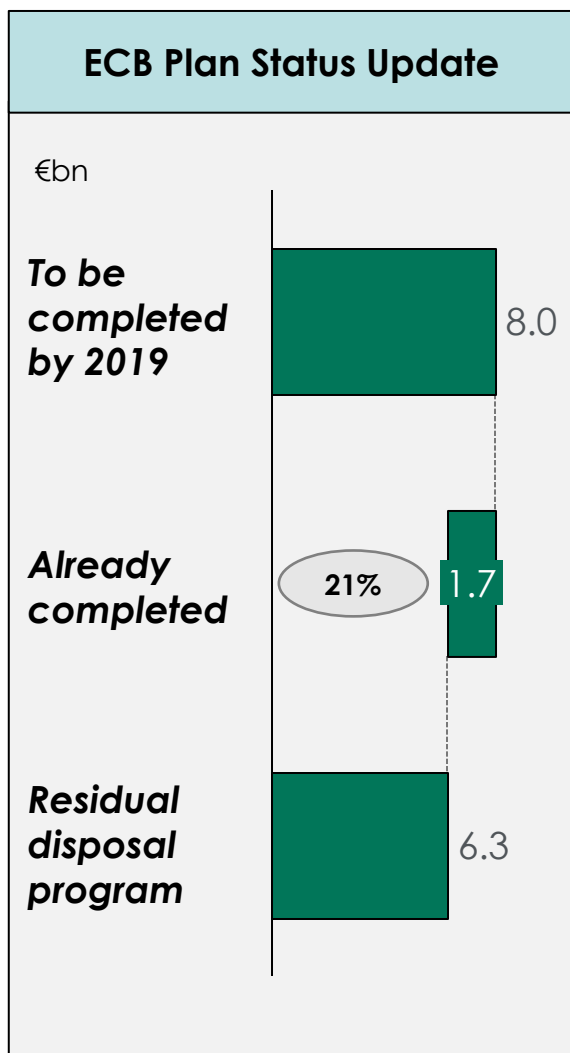


**Time from entrance
in bad loans to
closing (years)**

122.5%

¹ Application of internal recovery rate on closed positions – observation period 2006/2015

NPL Disposals: 21% of the strategic plan target agreed with ECB already completed, residual disposal plan on track



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- Appendix 1: Details on Banco BPM
- Appendix 2: Ex BP – FY 2016 results in detail
- Appendix 3: Ex BPM – FY 2016 results in detail

BANCO BPM: RECLASSIFIED AGGREGATED BALANCE SHEET AS AT 31/12/2016

€ m

Reclassified assets	A	B	C	Chg. A/B		Chg. A/C	
	31/12/2016	30/09/2016	31/12/2015	Value	%	Value	%
Cash and cash equivalents	898	812	888	86	10.6%	10	1.1%
Financial assets and hedging derivatives	36,580	39,643	38,461	-3,063	-7.7%	-1,881	-4.9%
Due from banks	6,678	5,674	4,998	1,005	17.7%	1,681	33.6%
Customer loans	110,551	112,440	112,536	-1,889	-1.7%	-1,986	-1.8%
Equity investments	1,595	1,675	1,674	-80	-4.8%	-80	-4.7%
Property and equipment	2,696	2,724	2,853	-28	-1.0%	-157	-5.5%
Intangible assets	1,834	2,191	2,179	-357	-16.3%	-346	-15.9%
Non-current assets held for sale and discontinued operations	77	84	110	-7	-8.3%	-33	-29.7%
Other assets	7,346	7,001	7,326	346	4.9%	20	0.3%
Total	168,255	172,243	171,026	-3,988	-2.3%	-2,771	-1.6%

Reclassified liabilities	A	B	C	Var. A/B		Var. A/B	
	31/12/2016	30/09/2016	31/12/2015	Value	%	Value	%
Due to banks	23,276	22,139	21,097	1,137	5.1%	2,180	10.3%
Due to customers, debt securities issued and financial liabilities designated at fair value	116,773	117,795	119,519	-1,022	-0.9%	-2,746	-2.3%
Financial liabilities and hedging derivatives	10,683	11,995	9,720	-1,312	-10.9%	963	9.9%
Liability provisions	1,706	1,554	1,495	152	9.8%	211	14.1%
Liabilities associated with assets held for sale	1	0	342	1	n.s.	-341	-99.7%
Other liabilities	3,816	5,768	4,957	-1,952	-33.8%	-1,141	-23.0%
Minority interests	58	67	66	-9	-13.7%	-7	-11.3%
Shareholders' equity	11,941	12,923	13,829	-982	-7.6%	-1,888	-13.7%
Total	168,255	172,243	171,026	-3,988	-2.3%	-2,771	-1.6%

The aggregate data of Banco BPM Group are calculated as the sum of the figures of the consolidated financial accounts as at 31/12/2016 of former Banco Popolare Group and former BPM Group, net of intercompany relations and adjustments resulting from the aggregation of shareholdings held by the two Groups in the same companies.

BANCO BPM: AGGREGATED CREDIT QUALITY

€ m

	31/12/2016							
	Nominal Exposure	Write-offs	Gross Exposure	Adjustments	Adjustments with write-offs	Coverage with write-offs	Coverage without write-offs	Net exposure
Bad Loans	19,578	5,166	14,413	6,590	11,756	60.0%	45.7%	7,822
Unlikely to Pay	11,349		11,349	3,092	3,092	27.2%	27.2%	8,257
Past due	153		153	28	28	18.2%	18.2%	125
Non-Performing Loans	31,080	5,166	25,914	9,710	14,876	47.9%	37.5%	16,204
Performing loans	94,754		94,754	408	408	0.4%	0.4%	94,346
Total customer loans	125,834	5,166	120,669	10,118	15,284	12.1%	8.4%	110,551
	30/09/2016							
	Nominal Exposure	Write-offs	Gross Exposure	Adjustments	Adjustments with write-offs	Coverage with write-offs	Coverage without write-offs	Net exposure
Bad Loans	19,882	5,222	14,660	6,614	11,835	59.5%	45.1%	8,047
Unlikely to Pay	11,638		11,638	2,963	2,963	25.5%	25.5%	8,675
Past due	286		286	46	46	16.2%	16.2%	239
Non-Performing Loans	31,806	5,222	26,584	9,623	14,845	46.7%	36.2%	16,961
Performing loans	95,918		95,918	440	440	0.5%	0.5%	95,479
Total customer loans	127,724	5,222	122,503	10,063	15,284	12.0%	8.2%	112,440
	31/12/2015							
	Nominal Exposure	Write-offs	Gross Exposure	Adjustments	Adjustments with write-offs	Coverage with write-offs	Coverage without write-offs	Net exposure
Bad Loans	18,590	4,844	13,747	5,798	10,641	57.2%	42.2%	7,949
Unlikely to Pay	12,533		12,533	3,100	3,100	24.7%	24.7%	9,433
Past due	363		363	64	64	17.6%	17.6%	299
Non-Performing Loans	31,486	4,844	26,642	8,961	13,805	43.8%	33.6%	17,681
Performing loans	95,368		95,368	513	513	0.5%	0.5%	94,855
Total customer loans	126,854	4,844	122,011	9,474	14,318	11.3%	7.8%	112,536

EX BP: RECLASSIFIED CONSOLIDATED BALANCE-SHEET

€ m

Reclassified assets	A	B	C	Chg. A/B		Chg. A/C	
	31/12/2016	30/09/2016	31/12/2015 (*)	Value	%	Value	%
Cash and cash equivalents	648	605	587	43	7.1%	61	10.4%
Financial assets and hedging derivatives	25,650	28,782	27,531	-3,132	-10.9%	-1,881	-6.8%
Due from banks	4,559	3,669	2,818	890	24.3%	1,741	61.8%
Customer loans	75,840	78,180	78,422	-2,340	-3.0%	-2,581	-3.3%
Equity investments	1,195	1,164	1,166	31	2.7%	29	2.5%
Property and equipment	1,978	2,007	2,133	-29	-1.4%	-155	-7.3%
Intangible assets	1,752	2,040	2,042	-288	-14.1%	-290	-14.2%
Non-current assets held for sale and discontinued operations	77	84	110	-7	-8.3%	-33	-29.7%
Other assets	5,711	5,420	5,428	290	5.4%	282	5.2%
Total	117,411	121,951	120,237	-4,540	-3.7%	-2,826	-2.4%

Reclassified liabilities	A	B	C	Chg. A/B		Chg. A/C	
	31/12/2016	30/09/2016	31/12/2015 (*)	Value	%	Value	%
Due to banks	16,017	16,165	16,335	-148	-0.9%	-317	-1.9%
Due to customers, debt securities issued and financial liabilities designated at fair value	80,447	81,395	82,141	-948	-1.2%	-1,695	-2.1%
Financial liabilities and hedging derivatives	9,438	10,555	8,565	-1,117	-10.6%	874	10.2%
Liability provisions	1,133	984	1,061	149	15.2%	73	6.9%
Liabilities associated with assets held for sale	1	0	342	1	n.s.	-341	-99.7%
Other liabilities	2,730	4,221	3,247	-1,491	-35.3%	-517	-15.9%
Minority interests	70	72	53	-3	-3.5%	16	30.9%
Shareholders' equity	7,575.3	8,559	8,494	-984	-11.5%	-918	-10.8%
- Capital and reserves	9,257	9,272	8,063	-15	-0.2%	1,193	14.8%
- Net income (loss) for the period	-1,682	-712	430	-969	136.1%	-2,112	-491.0%
Total	117,411	121,951	120,237	-4,540	-3.7%	-2,826	-2.4%

(*) Figures of the previous period have been adjusted to allow a homogenous comparison.

EX BP: RECLASSIFIED CONSOLIDATED INCOME STATEMENT

€ m

Reclassified consolidated income statement	2016	2015	% Chg. y/y	Q4 2016	Q3 2016	% Chg. q/q
Net interest income	1,318.1	1,545.4	-14.7%	303.2	323.6	-6.3%
Income (loss) from investments in associates carried at equity	124.5	141.5	-12.0%	31.2	29.8	4.8%
Net interest, dividend and similar income	1,442.6	1,686.9	-14.5%	334.4	353.4	-5.4%
Net fee and commission income	1,318.2	1,425.4	-7.5%	367.9	311.0	18.3%
Other net operating income	101.9	109.6	-7.1%	31.0	24.3	27.5%
Net financial result (excluding FVO)	197.5	441.1	-55.2%	13.8	85.0	-83.8%
Other operating income	1,617.5	1,976.1	-18.1%	412.6	420.3	-1.8%
Total income	3,060.1	3,663.0	-16.5%	747.1	773.7	-3.4%
Personnel expenses	-1,470.2	-1,433.6	2.6%	-507.1	-314.1	61.5%
Other administrative expenses	-852.2	-804.9	5.9%	-255.6	-192.7	32.7%
Amortization and depreciation	-165.3	-166.4	-0.6%	-55.4	-46.6	18.9%
Operating costs	-2,487.7	-2,404.8	3.4%	-818.2	-553.4	47.8%
Profit (loss) from operations	572.4	1,258.2	-54.5%	-71.1	220.3	n.s.
Net adjustments on loans to customers	-2,539.3	-803.9	215.9%	-839.6	-719.3	16.7%
Net adjustments on other assets	-40.8	-54.2	-24.7%	-32.8	-0.7	n.s.
Net provisions for risks and charges	-24.7	-50.8	-51.3%	-17.3	-5.5	213.9%
Impairment of goodwill and equity investments	-279.0	0.0	n.s.	-279.0	0.0	n.s.
Profit (loss) on the disposal of equity and other investments	17.0	-4.4	n.s.	13.9	2.9	n.s.
Income (loss) before tax from continuing operations	-2,294.4	344.9	n.s.	-1,225.8	-502.3	n.s.
Tax on income from continuing operations (excluding FVO)	583.1	70.5	n.s.	251.6	156.6	60.7%
Income (loss) after tax from discontinued operations	2.5	-7.3	n.s.	4.0	0.0	n.s.
Income (loss) attributable to minority interests	22.8	18.7	22.3%	2.6	14.7	-82.7%
Net income (loss) for the period excluding FVO	-1,685.9	426.8	n.s.	-967.6	-331.0	n.s.
Fair Value Option result (FVO)	5.9	4.9	19.2%	-2.3	-1.6	40.0%
Tax on FVO result	-1.6	-1.6	-0.9%	0.6	0.4	40.3%
Net income (loss) for the period	-1,681.7	430.1	n.s.	-969.3	-332.2	n.s.

EX BP: RECLASSIFIED QUARTERLY CONSOLIDATED INCOME STATEMENT

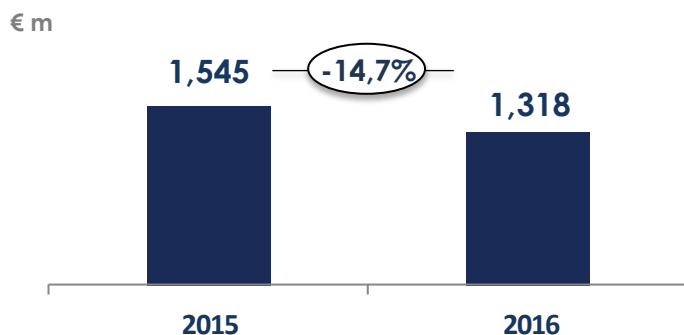
€ m

Reclassified consolidated income statement	2016			
	Q4	Q3	Q2	Q1
Net interest income	303.2	323.6	339.7	351.5
Income (loss) from investments in associates carried at equity	31.2	29.8	27.4	36.1
Net interest, dividend and similar income	334.4	353.4	367.1	387.7
Net fee and commission income	367.9	311.0	322.5	316.8
Other net operating income	31.0	24.3	22.7	23.8
Net financial result (excluding FVO)	13.8	85.0	40.9	57.9
Other operating income	412.6	420.3	386.1	398.6
Total income	747.1	773.7	753.2	786.2
Personnel expenses	-507.1	-314.1	-323.4	-325.5
Other administrative expenses	-255.6	-192.7	-199.4	-204.6
Amortization and depreciation	-55.4	-46.6	-32.9	-30.3
Operating costs	-818.2	-553.4	-555.6	-560.5
Profit (loss) from operations	-71.1	220.3	197.6	225.7
Net adjustments on loans to customers	-839.6	-719.3	-296.0	-684.4
Net adjustments on other assets	-32.8	-0.7	-9.1	1.7
Net provisions for risks and charges	-17.3	-5.5	1.4	-3.4
Impairment of goodwill and equity investments	-279.0	0.0	0.0	0.0
Profit (loss) on the disposal of equity and other investments	13.9	2.9	0.6	-0.3
Income (loss) before tax from continuing operations	-1,225.8	-502.3	-105.5	-460.7
Tax on income from continuing operations (excluding FVO)	251.6	156.6	39.3	135.6
Income (loss) after tax from discontinued operations	4.0	0.0	0.0	-1.5
Income (loss) attributable to minority interests	2.6	14.7	2.6	2.9
Net income (loss) for the period excluding FVO	-967.6	-331.0	-63.6	-323.6
Fair Value Option result (FVO)	-2.3	-1.6	-5.3	15.0
Tax on FVO result	0.6	0.4	2.3	-5.0
Net income (loss) for the period	-969.3	-332.2	-66.6	-313.6

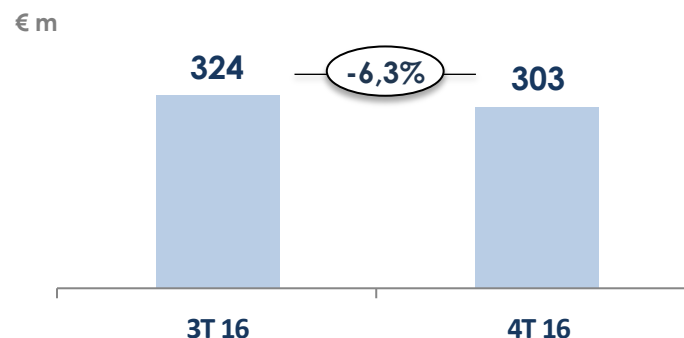
EX BP: NET INTEREST INCOME

Net interest income is still being affected by the interest rate decline and the competitive pressure on loan pricing

Yearly comparison



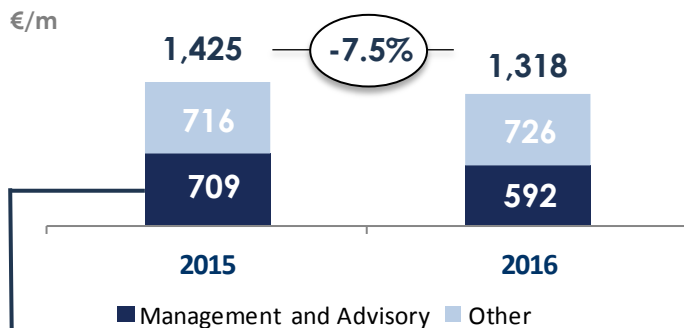
Quarterly comparison



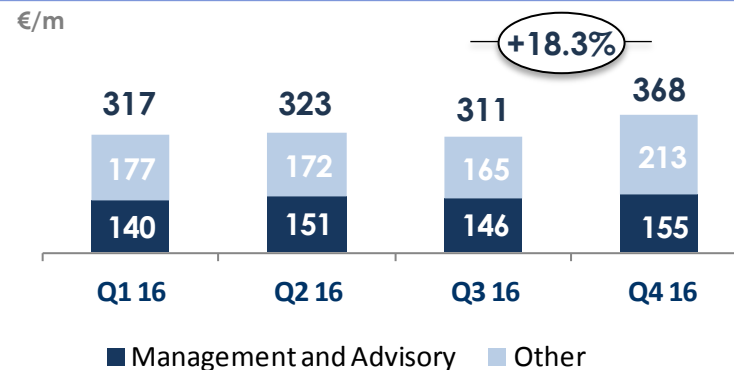
- In a low interest rate environment, which clearly penalizes banks' profitability, the progressive fall in the cost of funding in 2016 could not offset the strong competitive pressure on loan pricing.
- Also the contribution from the securities portfolio declined both y/y and q/q.

EX BP: NET FEES AND COMMISSIONS

Yearly evolution



Quarterly evolution



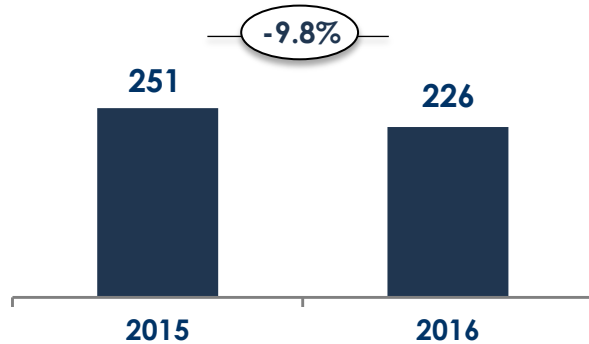
ANALYSIS OF MANAGEMENT, BROKERAGE AND ADVISORY SERVICES	2016			2015			2016			2015		
	2016	2015	% Chg.	2016	2015	% Chg.	Q4 16	Q3 16	% Chg.	Q4 16	Q3 16	% Chg.
Placement of savings products:	448	543	-17.5%	126	111	13.0%						
- Securities sale and distribution	21	4	437.1%	1	-2	-146.0%						
- Asset management	333	407	-18.2%	97	99	-2.0%						
- Bancassurance	95	133	-28.2%	27	14	91.1%						
Consumer credit	26	36	-26.5%	4	7	-39.1%						
Credit cards	31	32	-1.9%	9	8	7.1%						
Custodian banking services	18	17	5.0%	5	5	0.8%						
FX & trading activities of branch customer	45	56	-20.6%	10	10	2.3%						
Other	23	25	-6.4%	1	6	-80.7%						
Total	592	709	-16.5%	155	146	5.7%						

- Net fees and commissions down by 7.5% y/y, mainly due to the contraction in AuM and bancassurance, reflecting the negative performance of financial markets.
- Clear rebound of fees and commissions over the quarter (+18.3%), driven by items falling under the commercial banking activity, as well as by the good performance of bancassurance fees.
- The annual comparison is uneven, due to the non-recurring performance reported in Q1 2015.

EX BP: INCOME FROM INVESTMENTS IN ASSOCIATES AND OTHER NET OPERATING INCOME

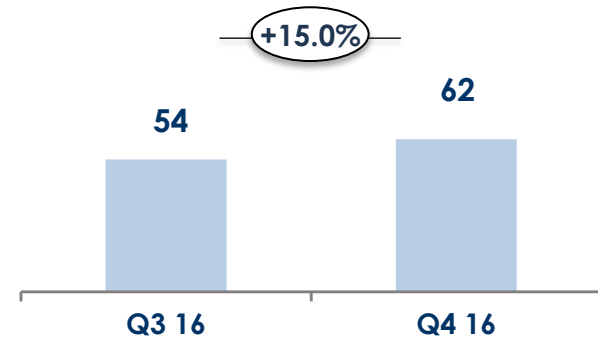
Yearly Evolution

€/m



Quarterly Evolution

€/m



Income from investments in associates and other net operating income include a significant contribution to the income statement of Banco Popolare stemming from the joint ventures operating in the consumer finance and *bancassurance* sectors (Agos, Popolare Vita and Avipop).

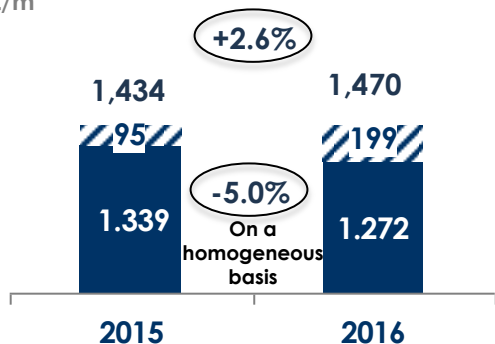
EX BP: OPERATING COSTS – YEARLY EVOLUTION

Personnel Expenses

Non-Personnel Expenses

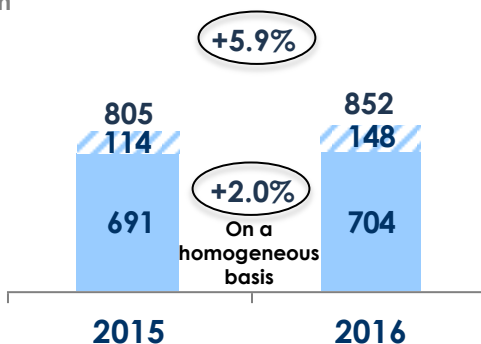
Amortisation & Depreciation

€/m



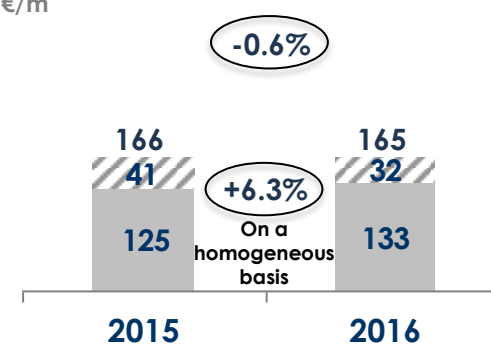
■ Recurring ▨ Solidarity Fund

€/m



▨ one-off and extraordinary systemic charges
■ Recurring

€/m



■ Recurring ▨ One-off

- Ordinary Personnel expenses (net of non-recurring charges for voluntary exit incentive schemes*) fell by 5.0% y/y, mainly driven by the average headcount reduction (-346 FTE y/y), as well as by the lower allowances for variable remuneration elements.
- Other administrative expenses increased by €47m y/y (+5.9%), mainly driven by integration costs (€32m), charges tied to 2015 DTAs convertible into tax credits (€27m) and extraordinary contributions to the Single Resolution Fund (€89m). Net of these items, they increase only by 2.0% y/y.
- D&A declined by 0.6% y/y. Net of property depreciation, however, an 'ordinary' increase of 6.3% was reported, fully ascribable to IT investments.
- **Net of non-recurring items, total operating costs stand at €2.1bn, decreasing by 2.1% y/y.**

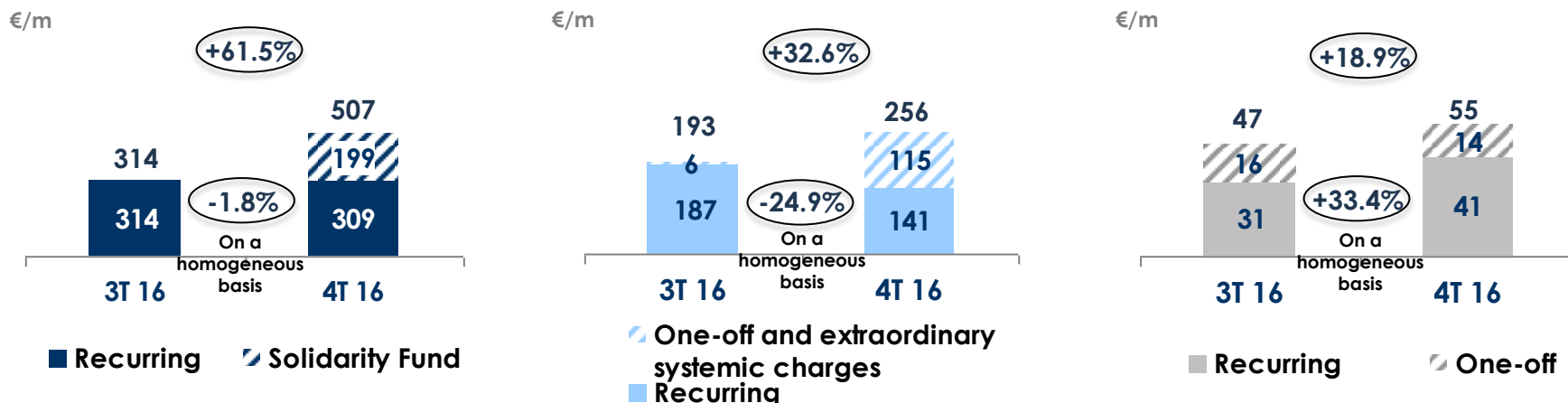
*€198.6 m of non-recurring charges further to the voluntary exit agreement to be implemented in 2017/2018, vs. €94.6 m reported in 2015. Including these charges, personnel expenses increased by 2.6% y/y.

EX BP: OPERATING COSTS – QUARTERLY EVOLUTION

Personnel Expenses

Non-Personnel Expenses

Amortisation & Depreciation



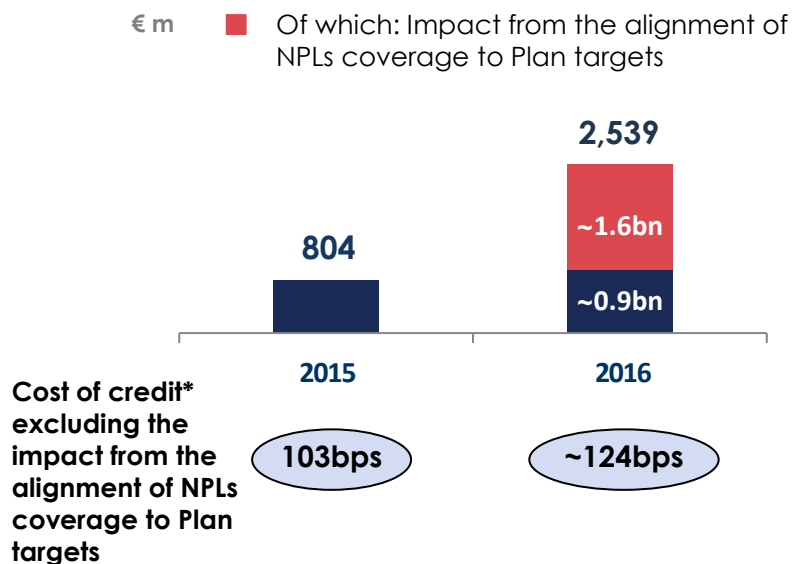
- Personnel expenses (net of non-recurring charges for the voluntary exit scheme *) fell by 1.8% over the quarter.
- Other administrative expenses rose by 32.6% over the quarter, driven by a higher percentage of extraordinary charges tied to the Single Resolution Fund and to integration costs in Q4. Indeed, the ordinary component fell by 24.9%.
- Also on a quarterly basis the ordinary components of D&A reported a rise, driven by IT investments. As a result, total depreciation and amortization reported an increase of 18.9% q/q.
- **Net of extraordinary items, total operating costs stand at €492m, falling by 7.5% q/q.**

*€198.6 m of non-recurring charges further to the voluntary exit agreement to be implemented in 2017/2018. Including these charges, personnel expenses increased by 61.5% q/q.

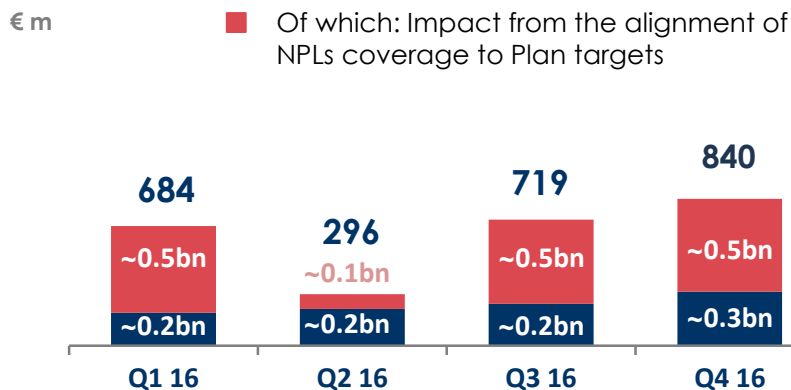
EX BP: LOAN LOSS PROVISIONS

The cost of credit reflects the alignment of NPL coverage with the targets set in the Merger Plan presented in March 2016

Yearly comparison



Quarterly comparison



- In 2016, the cost of credit includes the anticipated additional write-downs carried out to bring the NPL coverage in line with the targets set in the Merger Plan (approx. €1.6bn).
- Net of this factor, loan loss provisions for the year came in at roughly €0.9bn (124bp over net customer loans).

Note: * Calculated on net loans. Equal to 94bps in 2015 and ~113bps in 2016 when calculated on gross loans.

EX BPM: RECLASSIFIED BALANCE SHEET

€ m

Reclassified assets	A	B	C	Chg. A/B		Chg. A/C	
	31/12/2016	30/09/2016	31/12/2015	Delta	%	Delta	%
Cash and cash equivalents	249	207	301	42	20.7%	-52	-17.0%
Financial assets and hedging derivatives	11,270	11,185	11,416	85	0.8%	-146	-1.2%
Due from banks	2,185	2,128	1,225	57	2.7%	961	78.4%
Customer loans	34,771	34,323	34,187	448	1.3%	584	1.7%
Equity investments	232	344	342	-113	-32.7%	-110	-32.3%
Property and equipment	718	717	720	1	0.1%	-2	-0.3%
Intangible assets	82	151	137	-70	-46.1%	-55	-40.4%
Fiscal Assets	1,064	1,112	1,101	-47	-4.3%	-37	-4.2%
Other assets	559	454	774	105	23.1%	-214	-27.7%
Total	51,131	50,622	50,203	509	1.0%	927	1.8%

Reclassified liabilities	A	B	C	Chg. A/B		Chg. A/C	
	31/12/2016	30/09/2016	31/12/2015	Delta	%	Delta	%
Due to banks	7,386	6,161	4,839	1,225	19.9%	2,546	52.6%
Due to customers, debt securities issued and financial liabilities designated at FV	36,471	36,529	37,602	-58	-0.2%	-1,131	-3.0%
Financial liabilities and hedging derivatives	1,269	1,467	1,250	-198	-13.5%	18	1.5%
Liability provisions	573	570	435	3	0.5%	138	31.8%
Other liabilities	1,067	1,412	1,430	-344	-24.4%	-363	-25.4%
Minority interests	1	8	20	-7	-84.5%	-19	-93.5%
Shareholders' equity	4,364	4,475	4,627	-111	-2.5%	-263	-5.7%
- Capital and reserves	4,292	4,387	4,338	-95	-2.2%	-47	-1.1%
- Net income (loss) for the period	73	88	289	-15	-17.4%	-216	-74.8%
Total	51,131	50,622	50,203	509	1.0%	927	1.8%

EX BPM: RECLASSIFIED P&L¹

€ m

Reclassified Consolidated Income Statement	FY 2016	FY 2015	Chg. % y/y	Q4 2016	Q3 2016	Chg. % q/q
Net interest income	788.0	806.7	-2.3%	192.7	192.3	0.2%
Income (loss) from investments in associates carried at equity	22.5	32.6	-31.1%	4.5	4.1	8.4%
Net interest, dividend and similar income	810.5	839.3	-3.4%	197.1	196.4	0.4%
Net fee and commission income	585.3	606.0	-3.4%	143.6	138.3	3.8%
Other net operating income	37.3	40.2	-7.2%	9.8	8.3	17.3%
Net financial result (excluding FVO)	241.6	224.2	7.7%	105.0	27.3	284.1%
Other operating income	864.3	870.4	-0.7%	258.3	174.0	48.5%
Total income	1,674.7	1,709.7	-2.0%	455.4	370.4	23.0%
Personnel expenses	-775.3	-612.4	26.6%	-154.3	-306.2	-49.6%
Other administrative expenses	-338.3	-332.6	1.7%	-116.8	-76.5	52.8%
Amortization and depreciation	-155.6	-74.8	108.1%	-97.2	-20.6	n.s.
Operating costs	-1,269.2	-1,019.8	24.5%	-368.3	-403.3	-8.7%
Profit (loss) from operations	405.5	689.9	-41.2%	87.1	-32.9	n.s.
Net adjustments on loans to customers	-418.8	-342.3	22.3%	-190.0	-73.8	157.4%
Net adjustments on other assets	-72.0	-42.4	69.8%	-56.1	-5.4	n.s.
Net provisions for risks and charges	-30.3	10.8	n.s.	-24.2	-10.9	122.8%
Profit (loss) on the disposal of equity and other investments	141.0	37.4	276.6%	109.0	-0.2	n.s.
Income (loss) before tax from continuing operations	25.4	353.3	-92.8%	-74.3	-123.1	-39.7%
Tax on income from continuing operations (excluding FVO)	47.4	-63.5	n.s.	58.7	52.8	11.1%
Income (loss) attributable to minority interests	-0.1	-1.0	-92.4%	0.2	0.2	-28.5%
Net income (loss) for the period excluding FVO	72.7	288.9	-74.8%	-15.4	-70.1	-78.0%
Tax on FVO result	0.0	0.0	n.a.	0.0	0.0	n.a.
Net income (loss) for the period	72.7	288.9	-74.8%	-15.4	-70.1	-78.0%

1. P&L reclassifications adapted to the ex BP accounting schemes for a homogeneous basis.

EX BPM: QUARTERLY RECLASSIFIED P&L ¹

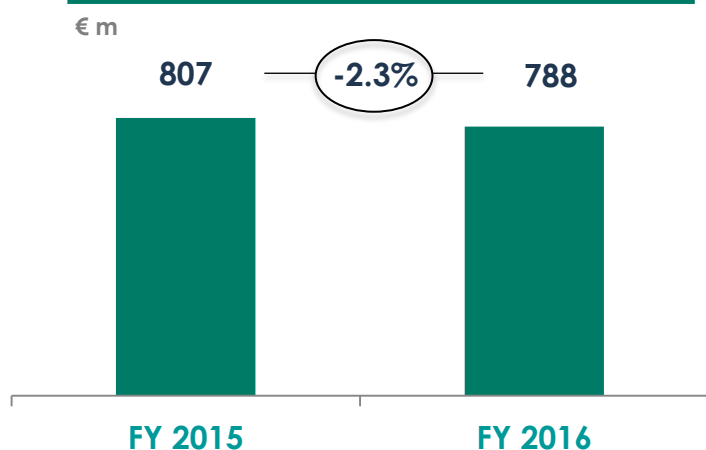
€ m

Reclassified consolidated income statement	2016			
	Q4	Q3	Q2	Q1
Net interest income	192.7	192.3	196.6	206.5
Income (loss) from investments in associates carried at equity	4.5	4.1	5.2	8.6
Net interest, dividend and similar income	197.1	196.4	201.8	215.1
Net fee and commission income	143.6	138.3	152.0	151.3
Other net operating income	9.8	8.3	10.1	9.2
Net financial result (excluding FVO)	105.0	27.3	90.2	19.1
Other operating income	258.3	174.0	252.3	179.7
Total income	455.4	370.4	454.1	394.8
Personnel expenses	-154.3	-306.2	-159.8	-155.0
Other administrative expenses	-116.8	-76.5	-66.1	-78.9
Amortization and depreciation	-97.2	-20.6	-19.3	-18.5
Operating costs	-368.3	-403.3	-245.3	-252.4
Profit (loss) from operations	87.1	-32.9	208.8	142.4
Net adjustments on loans to customers	-190.1	-74.3	-89.7	-65.2
Net adjustments on other assets	-56.1	-5.4	-3.9	-6.6
Net provisions for risks and charges	-24.2	-10.9	4.5	0.3
Profit (loss) on the disposal of equity and other investments	109.0	-0.2	30.3	1.9
Income (loss) before tax from continuing operations	-74.3	-123.1	149.8	72.8
Tax on income from continuing operations (excluding FVO)	58.7	52.8	-39.8	-24.2
Profit (loss) from discontinuing operations	0.0	0.0	0.0	0.0
Income (loss) attributable to minority interests	0.2	0.2	-0.2	-0.3
Net income (loss) for the period excluding FVO	-15.4	-70.0	109.8	48.3
Tax on FVO result				
Net income (loss) for the period	-15.4	-70.0	109.8	48.3

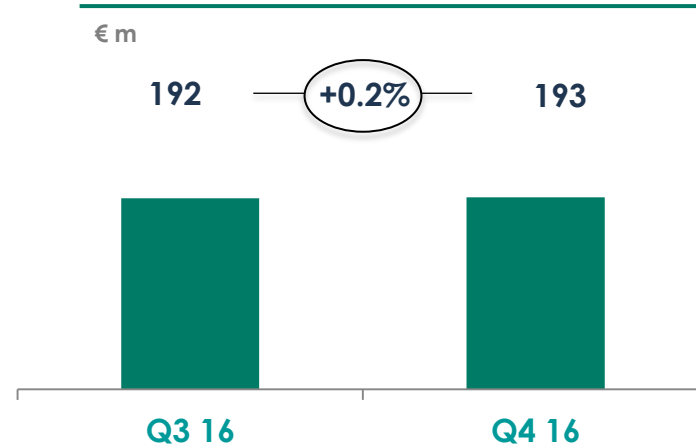
1. P&L reclassifications adapted to the ex BP accounting schemes for a homogeneous basis.

EX BPM: NET INTEREST INCOME

Yearly comparison



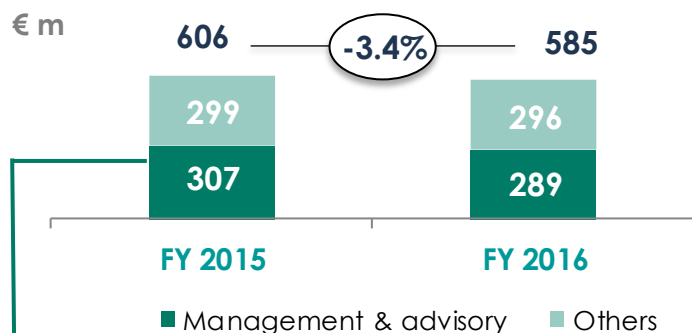
Quarterly comparison



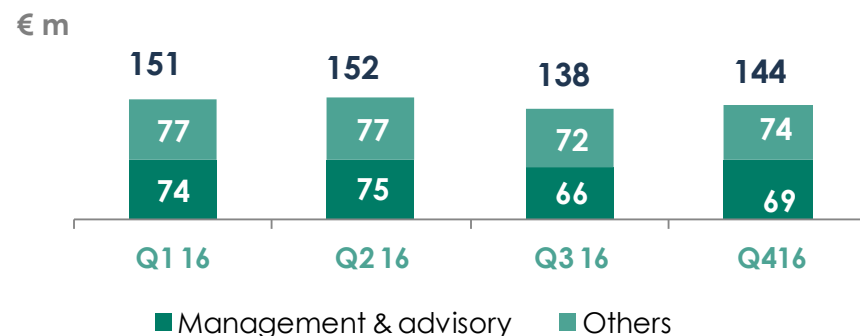
- Net interest income decreased by 2.3% y/y mainly due to:
 - lower contribution from BPM bond portfolio, only partially offset by the lower cost of institutional and interbank funding
 - commercial net interest income affected by commercial spread compression, partially offset by the increase in customer loans
- In Q4, net interest income was basically stable (+0.2% q/q), thanks to the contribution of financial net interest income.

EX BPM: NET FEES AND COMMISSION

Yearly comparison



Quarterly comparison

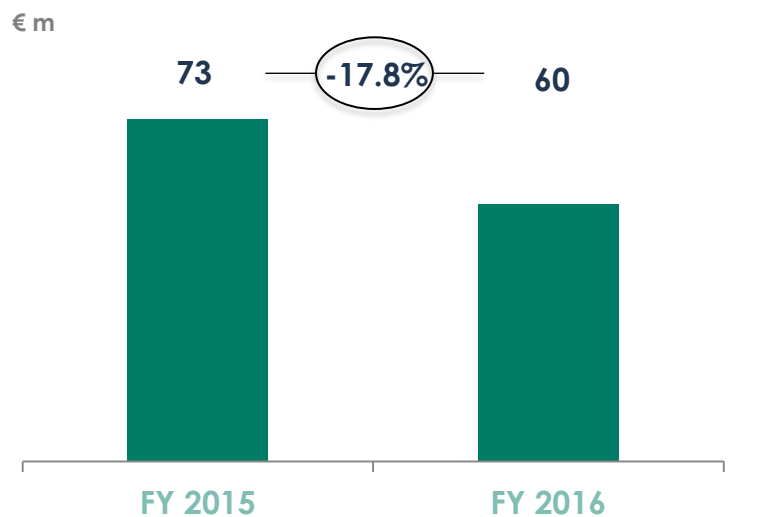


MANAGEMENT & ADVISORY FEES ANALYSIS	FY			Q4 16 Q3 16 Chg. %		
	2016	2015	Chg. %	Q4 16	Q3 16	Chg. %
Placement of saving products:	250	257	-2.6%	65	57	13.6%
- Securities distribution	4	6	-33.9%	1	0	231.4%
- Asset Management	246	250	-1.6%	64	57	12.3%
- Bancassurance	46	54	-14.7%	11	9	25.3%
Consumer Credit	-	-	-	-	-	-
Credit Cards	0.2	0.2	N.S.	0.05	0.03	N.S.
Custodian Banking services	-	-	-	-	-	-
FX & trading activities	31	41	-24.8%	8	6	21.3%
Others	8	9	-9.3%	1	2	-41.1%
Total	289	307	-5.8%	74	66	12.5%

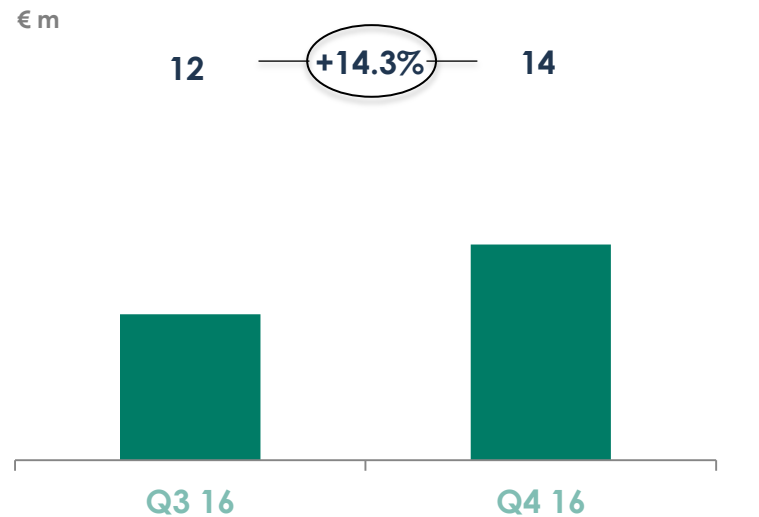
- Net fees and commission decreased 3.4% y/Y, mainly due to fewer management & advisory fees.
- Traditional banking fees were basically stable thanks to higher credit fees.
- In Q4 16 net fees and commission are up 3.8% q/q thanks to the increase in AUM fees.

EX BPM: PROFIT FROM EQUITY STAKES AND OTHER INCOME

Yearly comparison

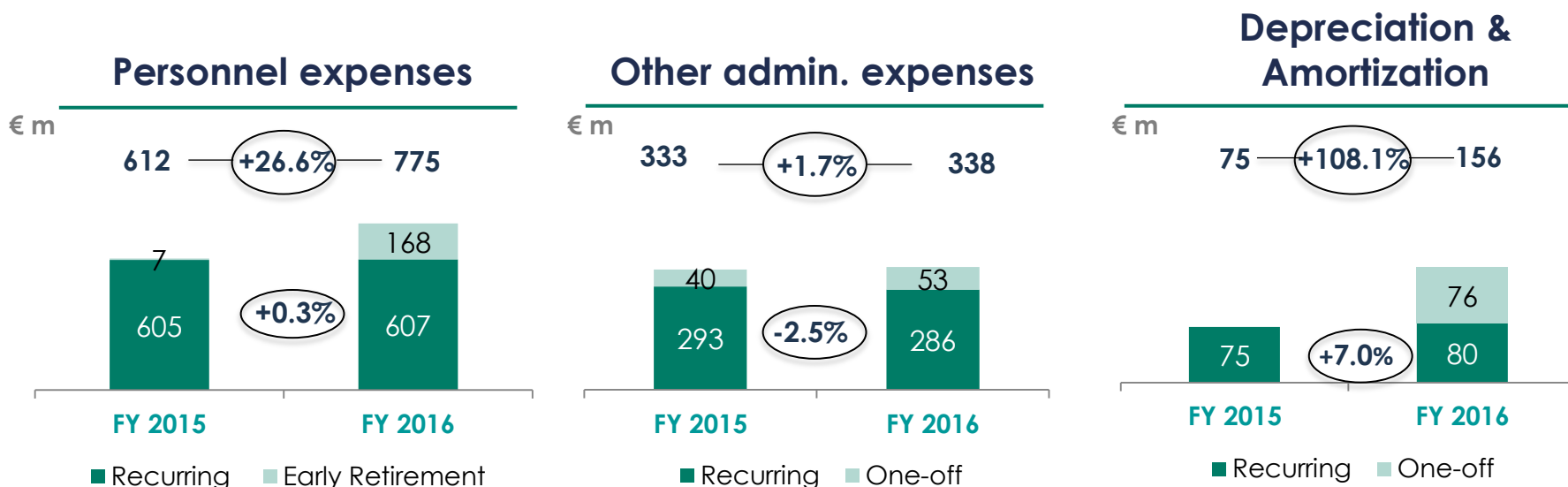


Quarterly comparison



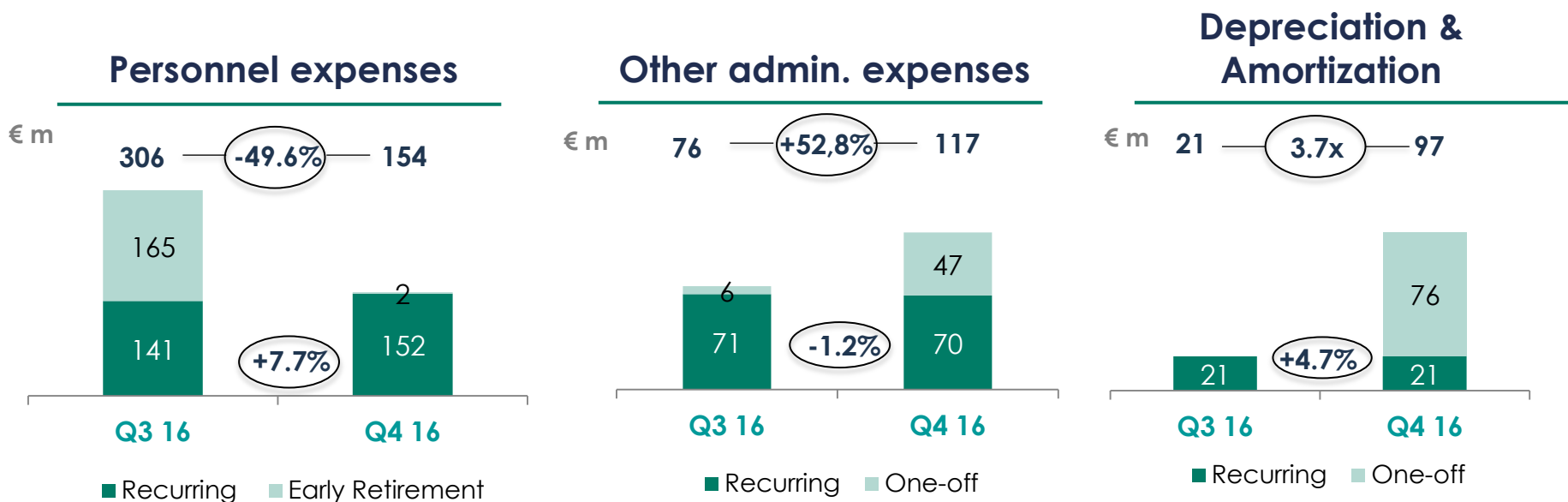
The sum of Profit from equity stakes and Other income is down y/y, due to the lower contribution from the subsidiary Anima Holding, with the stake reclassified as AFS in Q4 2016.

EX BPM: OPERATING COSTS – Y/Y CHANGES



- Personnel expenses basically stable net of non-recurring items linked to the Early Retirement Plan.
- Administrative expenses down 2.5% net of non-recurring items related to integration costs (€23.9m in 2016 and not booked in 2015) and extraordinary systemic charges (€28.8m in 2016 vs. €39.7m in 2015).
- D&A in 2016 were affected by a one-off (software).
- Net of non-recurring items, total operating costs are flat y/y.

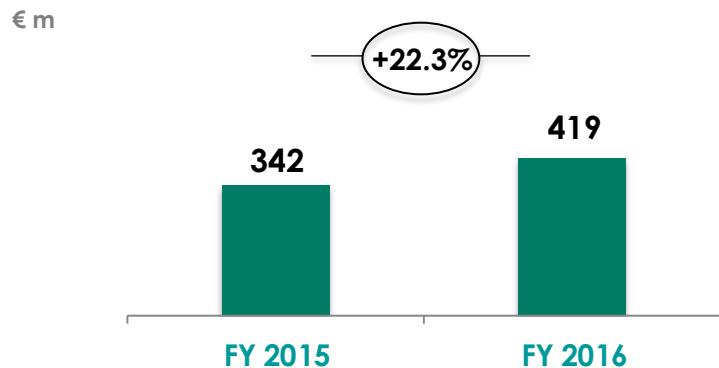
EX BPM: OPERATING COSTS – Q/Q CHANGES



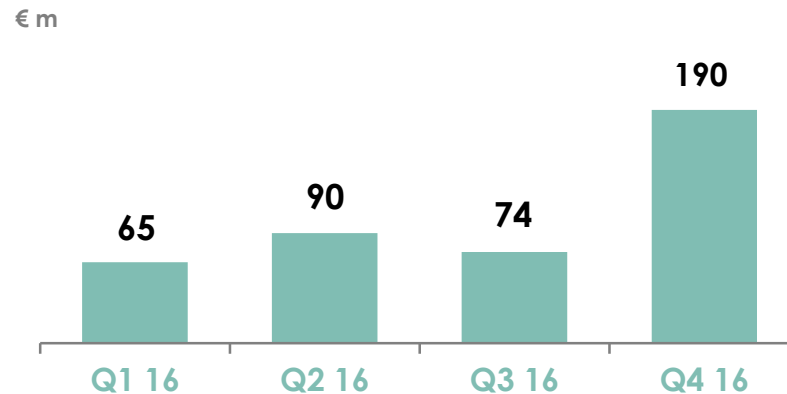
- Personnel expenses increased 7.7% q/q on a like-for-like basis due to the usual season effect.
- The increase in administrative expenses q/q were entirely due to non-recurring items in relation to extraordinary systemic charges (€28.8m) not booked in Q3 16 and integration costs (€18.1m vs. €5.8m in Q3).
- Depreciations, include €76m linked to software write-down.
- Net of non-recurring items, total operating costs were up 4.7% q/q, mainly due to the usual season effect.

EX BPM: LOAN LOSS PROVISIONS

Yearly comparison



Quarterly comparison



Cost of Risk *

100bp
s

120bps

- Cost of risk in 2016 was 120bps vs 100bps in 2015, mainly due to the increase in NPL's coverage
- In Q4 2016, loan loss provision were €190m, up vs previous quarters as a result of the increase in coverage set forth in the Strategic Plan

2017 CORPORATE CALENDAR

2017 Corporate Events Calendar

Date	Town	Event	
10 February 2017	Milan	Approval of the 2016 draft annual reports and consolidated financial statements of ex Banco Popolare and ex BPM	V
8 aprile 2017	Novara	Shareholders' Meeting	
11 May 2017	Verona	Approval of additional periodic information as at 31/03/2017	
08 August 2017	Verona	Approval of half-yearly report as at 30/06/2017	
10 November 2017	Milan	Approval of additional periodic information as at 30/09/2017	

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