BANCO BPM

H1 2017 Results Presentation

4 August 2017

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* * *

In this presentation, with a view to provide adequate information on the Group's balance sheet, financial and income statement position, reclassified accounting tables and comparative data have been prepared, on an aggregate basis, with reference to 31 December 2016 for the balance sheet and to 30 June 2017 for the profit and loss account. Such data have been obtained through the aggregation of the data referring to the former Banco Popolare Group and to the former BPM Group as at 31/12/2016 and as at 30/06/2016, with the inclusion of appropriate adjustments.
Comparative data calculated on an aggregate basis have not been subject to an external audit.

* * *

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.

Agenda

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EXECUTIVE SUMMARY: P&L - MAIN DATA

✓ **«CORE[1]» REVENUES UP**

€2,151m in H1 2017 (+5.6% y/y)

+5.6% Y/Y

✓ **OPERATING COSTS DOWN**

€1,525m in H1 2017 (-5.5% y/y)
Cost Income ratio: -344bps y/y, at 64%

-5.5% Y/Y

✓ **STRONG OPERATING PROFITABILITY**

€853.6m in H1 2017 (+10.2% y/y)

+10.2% Y/Y

✓ **NET PROFIT AT €94M / €127M ADJUSTED[2] VS. NEGATIVE NET RESULTS IN H1 2016**

Note: 1. Net interest income + Net fees and commissions. 2. Net of non-recurring items.

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EXECUTIVE SUMMARY: BALANCE SHEET - MAIN DATA

✓ **C/A AND SIGHT DEPOSITS UP** — **+€6.8BN Y/Y**

Reaching €72bn (+10.5% y/y)

✓ **AUM INCREASING** — **+€6.2BN Y/Y**

Reaching €62bn (+11.1% y/y)

✓ **NEW LOANS GROWING** — **+€0.8BN Y/Y**

€9.3bn (+9.7% y/y), o/w €7.1bn granted to corporates (+10.0% y/y) and €2.2bn to households (+8.6% y/y) [1]

✓ **NET NPLs DOWN** — **-€2.9BN Y/Y**

To €14.2bn (-16.8% y/y)

✓ **SOLID CAPITAL POSITION - CET1 FL pro-forma at 11.3%[2]:** — **11.3%**

Still not factoring in:

- positive impact from AIRB model roll-out
- positive impact from reselling the stakes within the new bancassurance JV

Note: 1. Mortgages and personal loans. Corporates includes also Large Corporates, Institutionals and Third Sector.
2. Includes: negative impact from RWA on defaulted assets and Retail EAD, negative impact of the put options in bancassurance and positive impact from the asset management rationalization.

EXECUTIVE SUMMARY: RISK PROFILE KEEPS IMPROVING

✓ **2016-19 BAD LOAN DISPOSAL PLAN WELL ON TRACK**

Total disposals already completed: €2.5bn
Additional ~€2bn Bad loan disposals planned in Q4 2017

31% COMPLETED

✓ **NET NPL RATIO IMPROVING SIGNIFICANTLY**

From 15.0% as at June 2016 to 13.0% as at June 2017 (-200bps y/y)

13.0% VS 11.1% target 2019

✓ **NET FLOWS TO NPLs DOWN**

€530m in H1 2017: -€596m y/y (-52.9%)

-52.9% Y/Y

✓ **COVERAGE LEVELS STRENGTHENED**

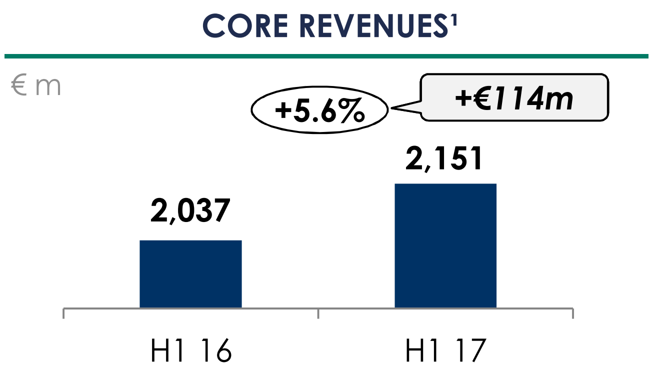
NPLs: +350bps y/y
Bad Loans: +40bps y/y
UTPs: +720bps y/y

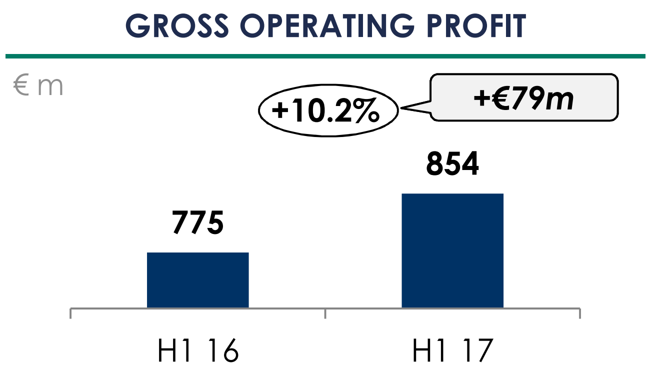
NPLs[1]	Bad loans[1]	UTPs
49.0%	59.9%	31.5%

Note: 1. **Including write-offs**, the coverage rises to **50.7% for NPLs** (+520 bps y/y) and to **62.1% for Bad loans** (+260bps y/y). See slides 31, 57 and 58 for details.

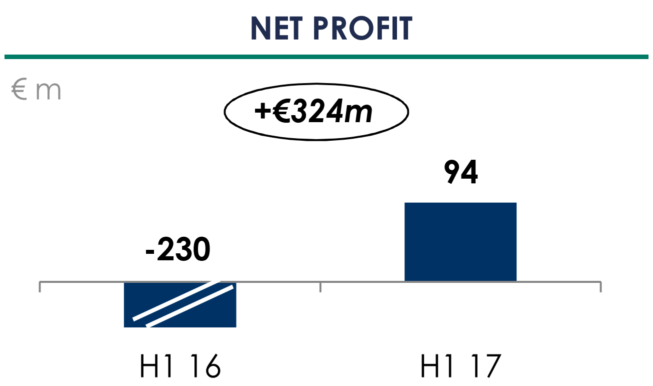
HIGHLIGHTS: H1 2017 RESULTS (1/2)

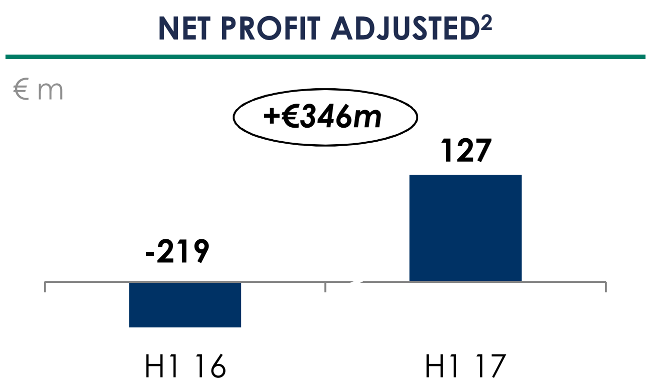
Excellent operating trends…





… supporting Net Profit, in spite of €76m of losses accounted for Atlante and Veneto-based banks





Note: 1. NII+ Net Fees and Commissions. 2. Net of non-recurring items.

HIGHLIGHTS: H1 2017 RESULTS (2/2)

GOOD Q1 ADJUSTED OPERATING AND NET PROFIT TREND CONFIRMED ALSO IN Q2

€ m	STATED Q2 2017	STATED Q1 2017	ADJUSTED[1] Q2 2017	ADJUSTED[1] Q1 2017	ADJUSTED[1] % CHG.
TOTAL INCOME	1,173	1,206	1,188	1,174	**1.2%**
TOTAL COSTS	(750)	(775)	(746)	(802)	**(7.0%)**
GROSS OPERATING PROFIT	423	431	442	372	**18.9%**
NET PROFIT / LOSS	**(21)**	**115**	**63**	**64**	**(1.2%)**

MAIN NON-RECURRING ITEMS	Q2 2017	Q1 2017
TLTRO 2 2016	-	31.7
INTERESTS LINKED TO TAX LITIGATION	-4.1	-
SELMA BIPIEMME LEASING IMPACT	-10.5	-
DTA FEE 2015	-	27.2
ADJUSTMENTS FOR ATLANTE AND VENETO-BASED BANKS	-67.5	-8.8
TAXES AND OTHER	-2.0	1.3
TOTAL	**-84.1**	**51.3**

Note: 1. Net of non-recurring items. See slides 53 and 54 for details.

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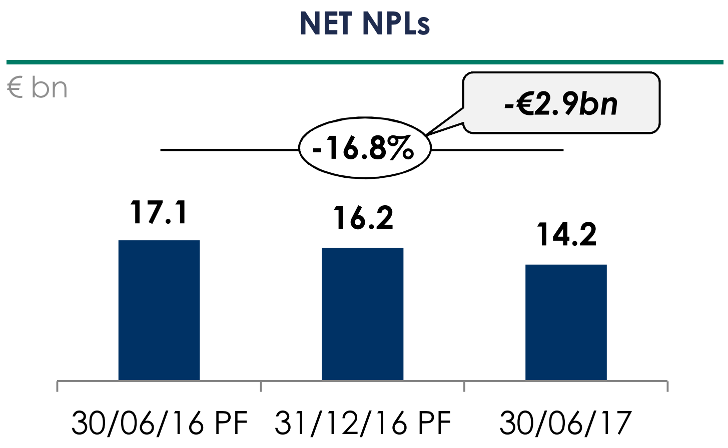
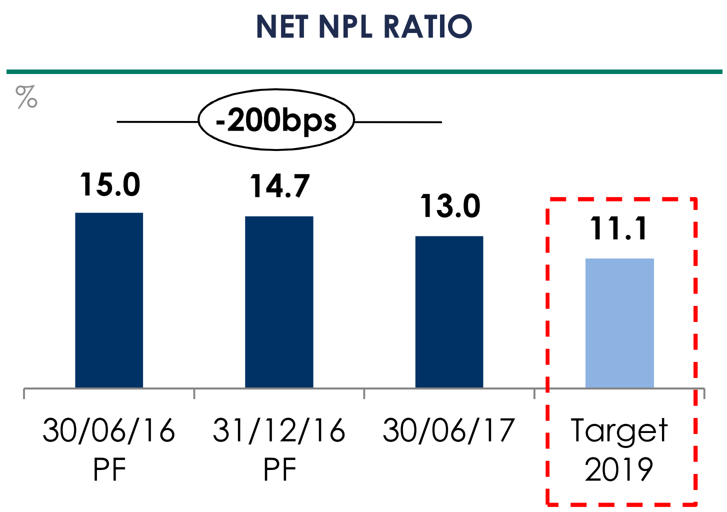
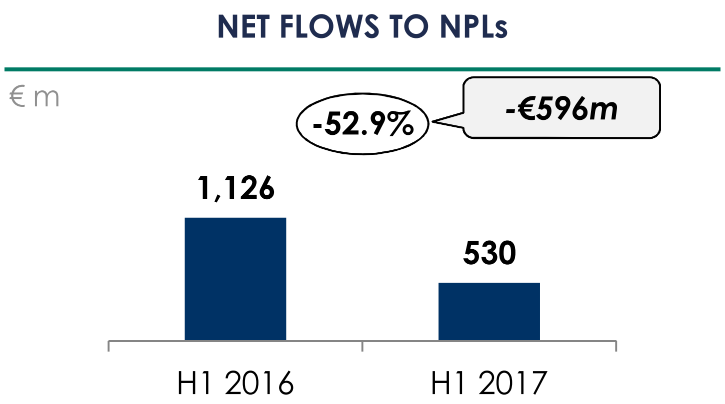
HIGHLIGHTS: RISK PROFILE KEEPS IMPROVING



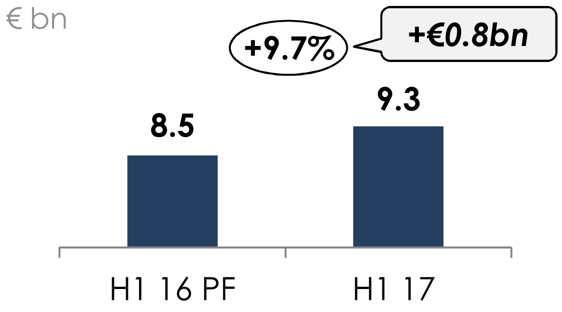




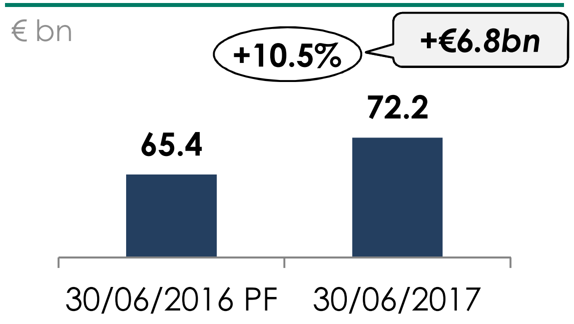
HIGHLIGHTS: COMMERCIAL PERFORMANCE AND LIQUIDITY

POSITIVE TREND OF COMMERCIAL PERFORMANCE

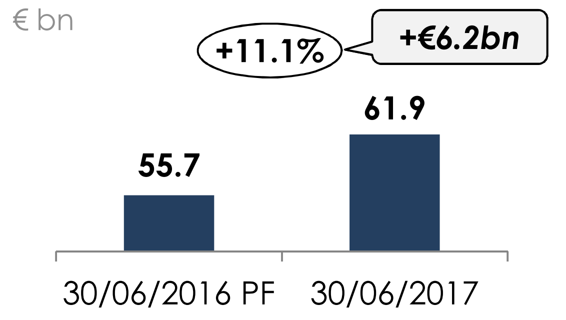
NEW LOANS[1]



C/A AND SIGHT DEPOSITS

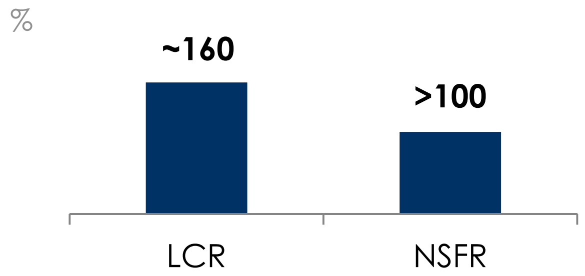


AUM



SOUND LIQUIDITY PROFILE

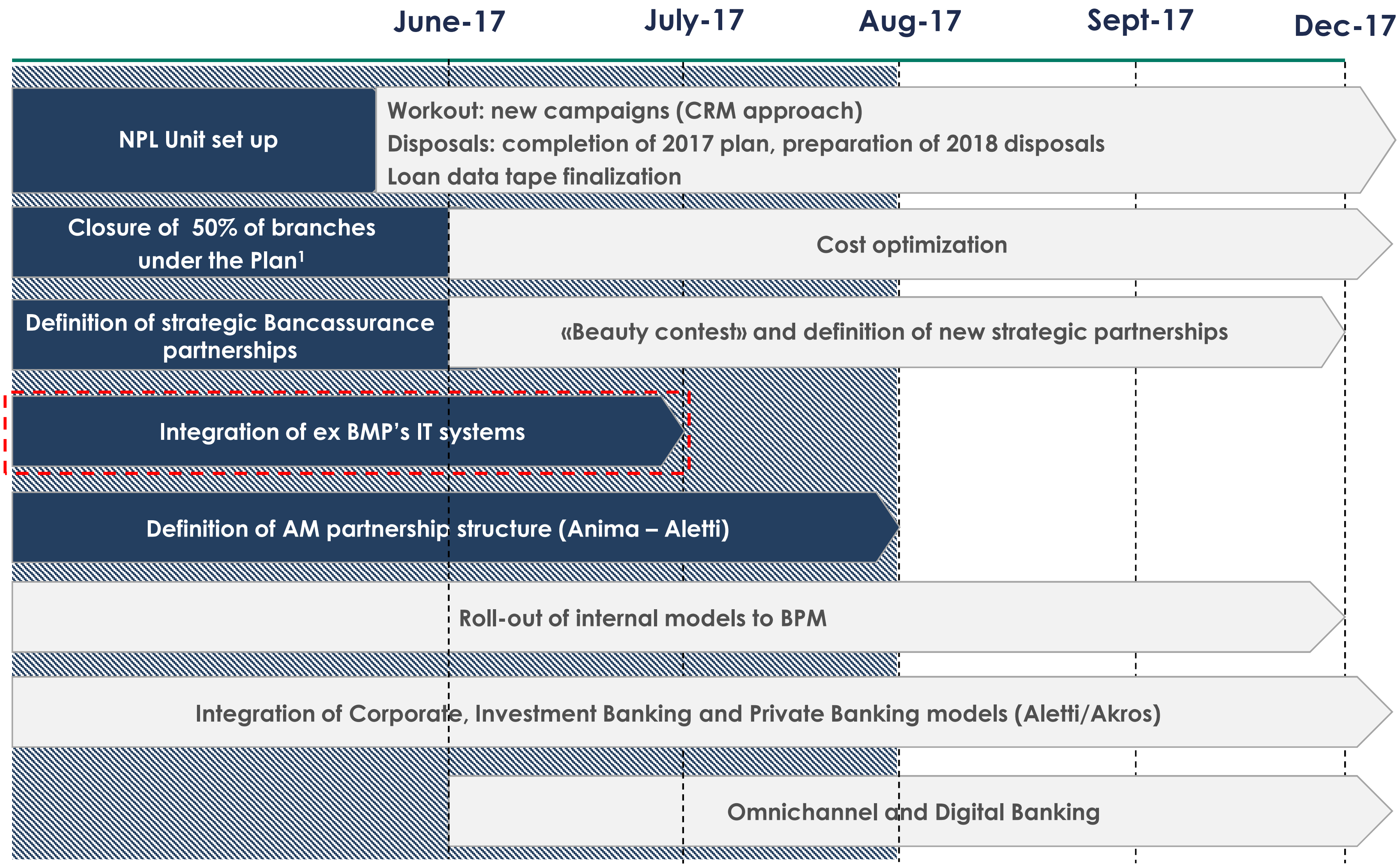
LIQUIDITY RATIOS AS AT 30/06/2017



Unencumbered eligible assets: €20bn

Note: 1. Mortgages and personal loans.

MAIN ONGOING PROJECTS



Notes; 1. The Strategic Plan envisages the closure of 335 branches by 2019.

BPM MIGRATION ON THE GROUP'S IT PLATFORM (1/2)

About **6 months**
kick off: 9 January
go live: 24 July

More than **700 colleagues**
have been working
on this project over
the last 6 months

Migrated on Group IT platform:
more than **600 branches**
more than **1M customers**
more than **6,000 employees**

About **5,000 people**
involved over the last few days

About **1,000 people**
backing up the **BPM network**

BPM MIGRATION ON THE GROUP'S IT PLATFORM (2/2)

IT MIGRATION COMPLETED DURING THE WEEKEND OF 22/23 JULY → **100% OF BRANCHES OPENED BY 08:30A.M. MONDAY MORNING**

Branches

- The day's **transactions** were conducted **regularly** across the board (*deposits, withdrawals, bank transfers, …*)
- **Advisory and sales activities** were executed with **no delays** (*Financial Advisory, Loans, Funds and Sicav, …*)
- As of Monday, **credit risk rating** of Banco BPM's model is operational in the network
- At **07:00 p.m.**, **100% of branches** had completed the **balancing of accounts**

Channels

- The **functionalities** of the digital platforms have been **used regularly** throughout the day: *access by 30% of Retail customers, more than 20,000 business clients have accessed the YouBusiness Web, more than 40,000 YouApp downloads, ca. 65,000 Webank clients actively operating*
- Worth noting is the **trading activity** (*the target platform has been upgraded to include Webank's capabilities*); more than 15,000 orders from Webank and You Web

Agenda

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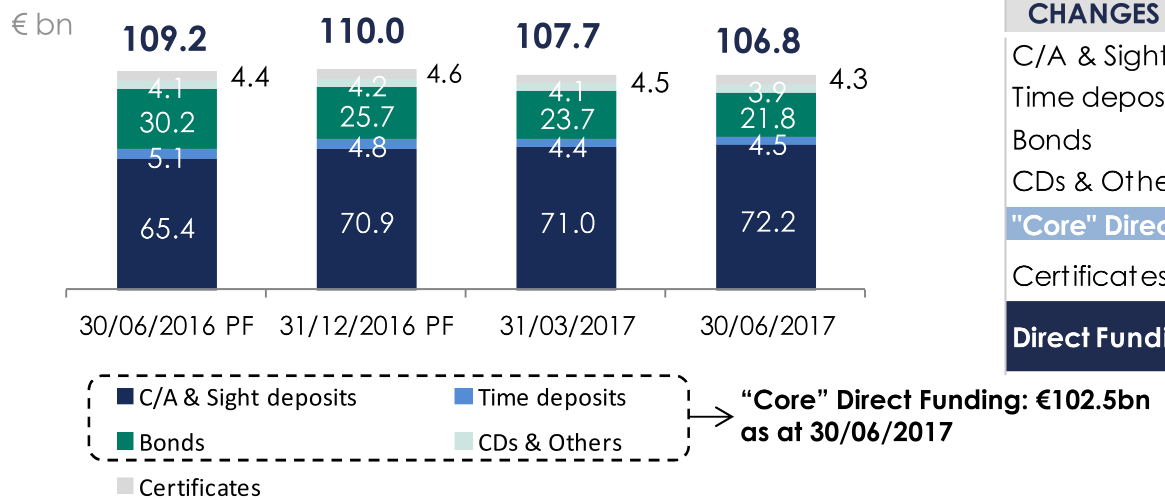
DIRECT FUNDING

Growth in Deposits and decline in more expensive sources of funding

Direct funding[1] *(without Repos)*



CHANGES	In % 12M	In % 6M
C/A & Sight deposits	10.5%	1.9%
Time deposits	-11.9%	-5.7%
Bonds	-27.5%	-14.9%
CDs & Others	-4.7%	-5.4%
"Core" Direct Funding	**-2.2%**	**-2.8%**
Certificates	-2.3%	-5.0%
Direct Funding (without Repos)	**-2.2%**	**-2.9%**

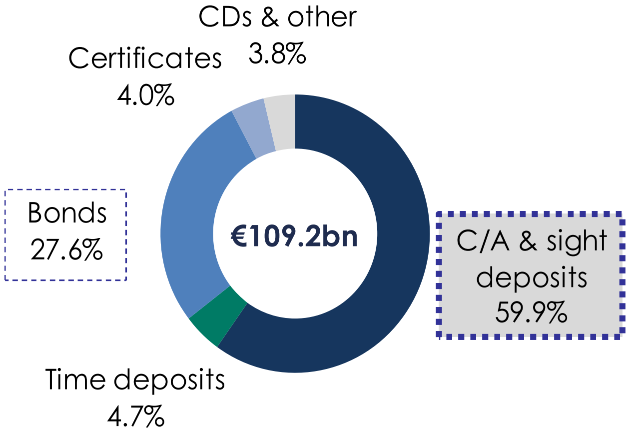
- The decline in direct funding (-2.2% y/y and -2.9% YTD) has been fully driven by the more expensive components: bonds -27.5% y/y and -14.9% YTD.
- Positive dynamic of C/A and sight deposits: +10.5% y/y and +1.9% YTD.
- Given different customer investment propensities, the drop in the bond component continues to have a positive effect also on the growth in AuM.

Notes: 1. Direct funding restated according to a management logic: it includes certificates with guaranteed capital, recognized under 'Held-for-trading liabilities', while it does not include Repos (€7.8bn at June 2017, basically transactions with Cassa di Compensazione e Garanzia), classified in the Accounting Report under 'Due to customers'.

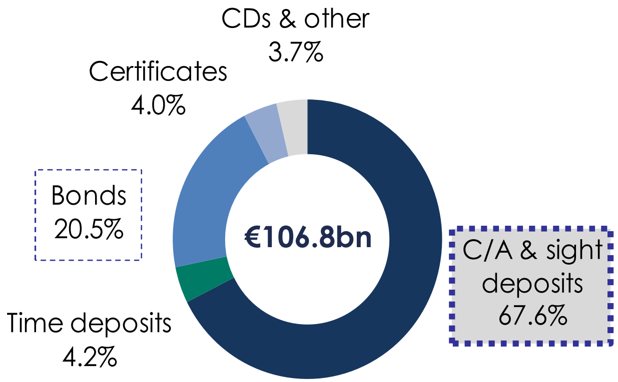
ANALYSIS OF DIRECT FUNDING[1]

Strong perfomance of the cheapest sources of funding

Breakdown at 30/06/2016 (without Repos)



Breakdown at 30/06/2017 (without Repos)



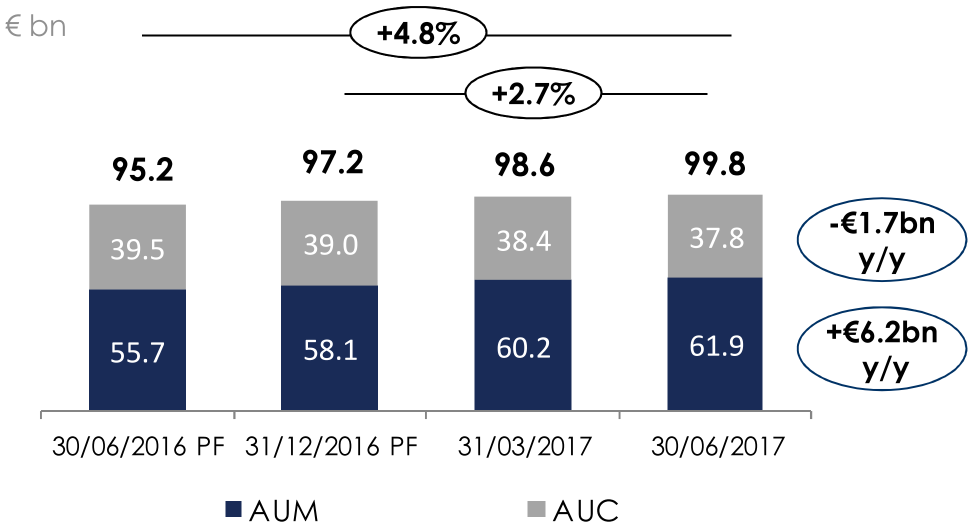
- Increase in the share of checking accounts and sight deposits(from 59.9% to 67.6%; +7.7 p.p. y/y), which represent less expensive funding sources, in line with the strategy to reduce the cost of funding.

Notes: 1. Direct funding restated according to a management logic: it includes certificates with guaranteed capital, recognized under Held-for-trading liabilities, while it does not include Repos (€7.8bn at June 2017, basically transactions with Cassa di Compensazione e Garanzia), classified in the Accounting Report under Due to customers.

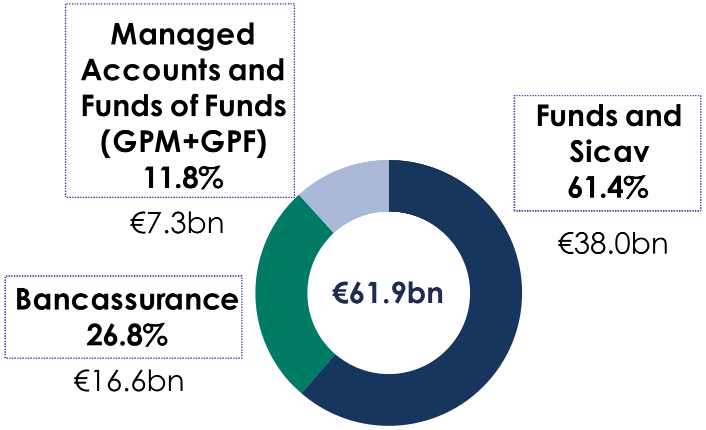
INDIRECT FUNDING

Increase in the share of AuM: from 58.6% at 30/06/2016 to 62.0% at 30/06/2017

Indirect funding[1]



AuM breakdown at 30/06/2017

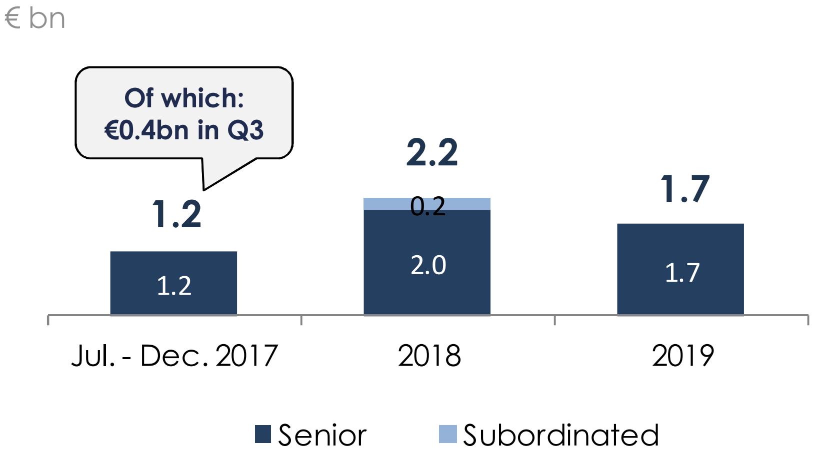


- Excellent growth in AuM (+€6.2bn y/y and +€3.8bn YTD, or +11.1% and +6.5%, respectively), bringing the share to 62.0% of total Indirect Funding.
- The AuM growth is driven mainly by the 'Funds and Sicav' sleeve (+17.1% y/y).

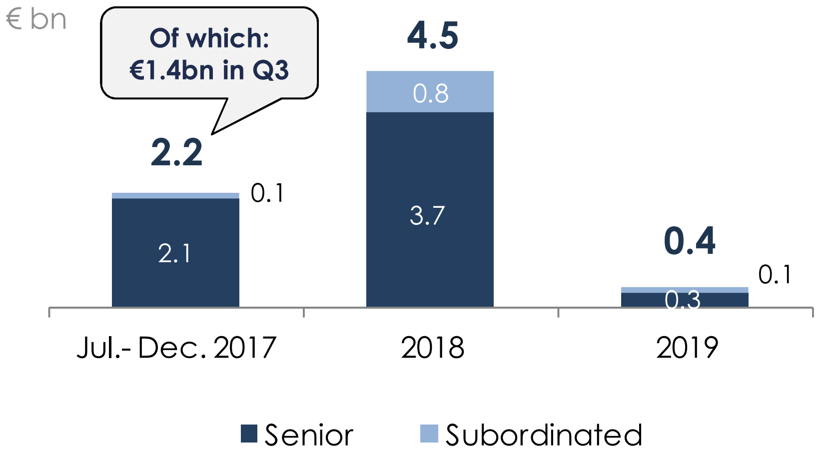
Notes: 1. Indirect Funding is reported net of capital-guaranteed certificates (previously included in Assets under Custody), as they have been regrouped in extended Direct Funding (see previous slides).

SIGNIFICANT POTENTIAL TOWARDS A REDUCTION IN THE COST OF FUNDING

Institutional bond maturities



Retail bond maturities



- In H1 2017, roughly €3.6bn of institutional and retail bonds (including the two buy-backs completed in April and June) were redeemed, mainly at the end of March (€1.4bn), May (€0.7bn) and June (€0.7bn): further positive impact on the cost of funding expected from H2 2017.
- The average spread of the outstanding securities maturing in H2 2017 (€3.4bn) and in 2018 (€6.7bn) is approx. 2.8%.
- Thanks to the Group's strong liquidity position, the upcoming maturities over the next three years can be managed with a view to optimizing the cost of funding and further increasing assets under management.

Maturities include calls.

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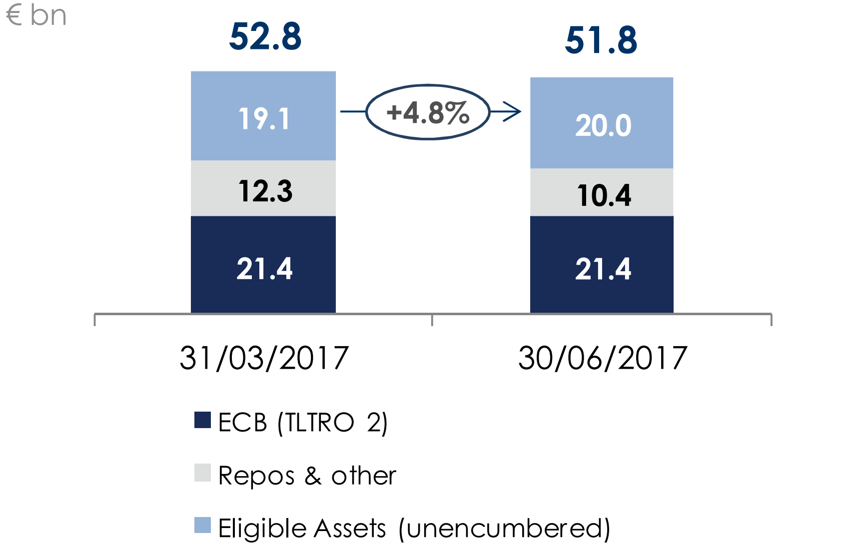
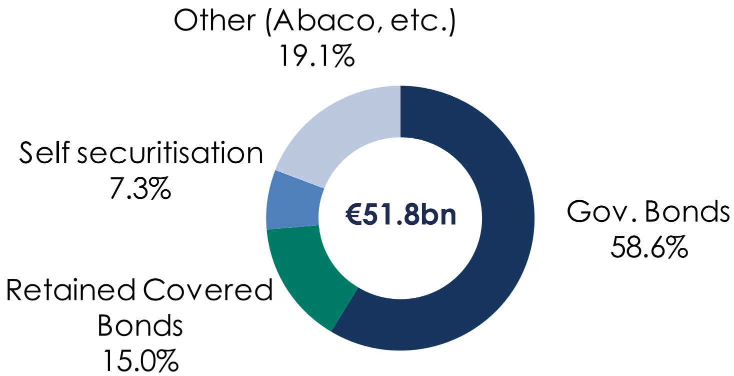
SOUND LIQUIDITY POSITION

Use of eligible assets and liquidity buffer

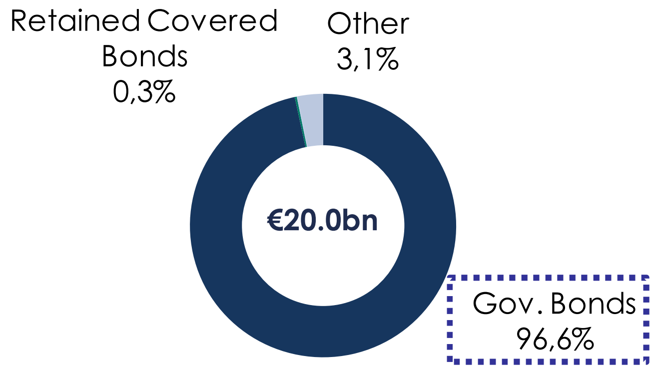


- Unencumbered assets at €20bn, up by €900m over the quarter (composed by 97% of Italian Government bonds).
- TLTRO 2 position stable at €21.4bn, as the maximum take-up for the Group was reached at the March 2017 auction.
- LCR ~160% and NSFR >100%.

Breakdown of total eligible assets



Breakdown of <u>unencumbered</u> eligible assets



Net of haircuts.
Inclusive of assets received as collateral.

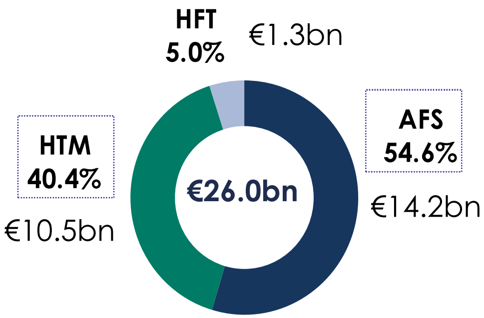
FOCUS ON SECURITIES PORTFOLIO

Analysis of the Securities Portfolio

€ bn

	30/06/17	31/03/17	31/12/16 PF	30/06/16 PF	Chg. 12M Value	Chg. 12M %	Chg. 6M Value	Chg. 6M %
Debt securities: Govies and Central Banks	28.6	28.9	26.9	28.8	-0.2	-0.5%	1.7	6.3%
- o/w: Italian Govies	**26.0**	**27.8**	**26.7**	**28.7**	**-2.7**	**-9.5%**	**-0.7**	**-2.7%**
Debt securities: Financials & other	5.0	5.2	4.7	5.1	-0.2	-3.3%	0.3	6.3%
Equity securities: Financials & other	1.7	1.8	1.2	0.9	0.8	88.6%	0.5	43.0%
Open-end funds & private equity	0.7	0.8	1.0	1.1	-0.4	-38.8%	-0.4	-38.0%
TOTAL	**35.9**	**36.7**	**33.8**	**35.9**	**0.0**	**0.1%**	**2.1**	**6.2%**

Classification of Italian Government bonds at 30/06/2017



- Securities portfolio stable y/y (+0.1%) and up by 6.2% YTD. Italian govies declined by €2.7bn y/y and by €0.7bn YTD.
- Increased diversification of the government bond portfolio, which now includes about 9% of non-Italian securities (4% at the end of March), primarily France (7%), followed by USA and Spain.
- 54.6% of Italian Government bonds are classified as AFS and 40.4% as HTM. HFT accounts for only 5.0%.
- The gross AFS reserve on debt securities came in at a positive value of €19m at the end of June 2017. At the beginning of August, this value reached about €100m, mainly thanks to the improvement in the reserve for Italian govies[1].
- The modified duration of Italian govies classified as AFS is approx. 2.6 years.

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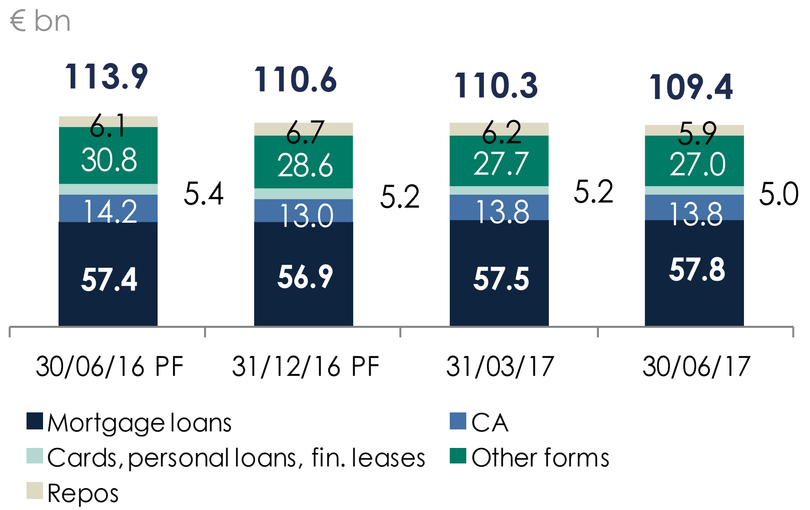
Note: 1. Management accounting data

CUSTOMER LOANS

Performing loans increased during the first six months, thanks to €9.3bn of new loans

Net Customer Loans



CHANGES	In % 12M	In % 6M
Mortgages loans	0.7%	1.5%
Current Accounts	-3.3%	5.7%
Cards, personal loans	-8.3%	-4.5%
o/w leasing	*-18.7%*	*-12.0%*
Other technical forms	-12.4%	-5.9%
Repos	-2.3%	-11.5%
TOTAL	**-3.9%**	**-1.0%**
o/w: Performing	***-1.6%***	***0.9%***
o/w: NPLs	***-16.8%***	***-12.1%***

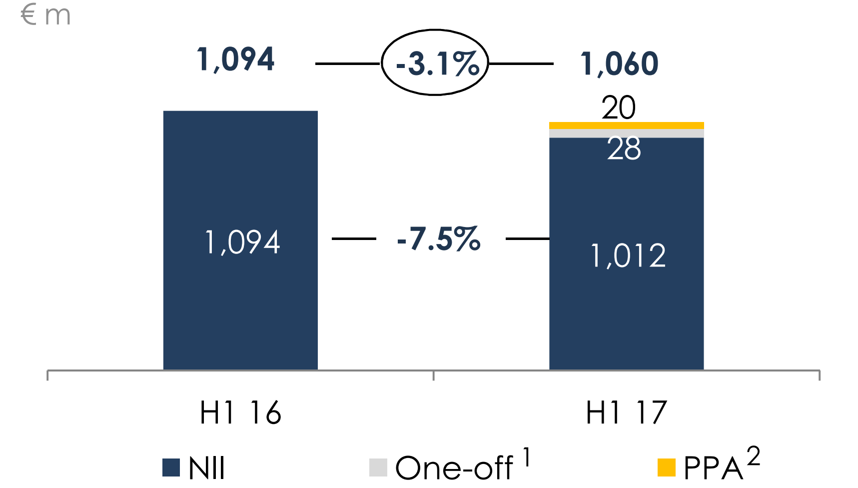
NEW LENDING[1] (€ bn)	H1 2017	H1 2016 PF
HOUSEHOLDS	2.2	2.0
CORPORATE[2]	7.1	6.5
TOTAL	**9.3**	**8.5**

- Decline in net customer loans driven by the de-risking process implemented by the Group: net NPLs -€2.9bn (-16.8% y/y) and -12.1% YTD.
- Also non-core components have been declining, such as leasing (in run-off, with -18.7% y/y and -12.0% YTD) and Repos (-2.3% y/y and -11.5% YTD).
- Net performing loans are stable over the quarter and are up by 0.9% YTD, after the drop reported in prior years (-1.6% y/y).
- Positive trend for mortgage loans: +0.7% y/y, +1.5% YTD.
- €9.3bn of new mortgages and personal loans granted in H1 (+9.7% y/y), of which €7.1bn to Corporates[2] (+10.0% y/y) and €2.2bn to Households (+8.6% y/y).

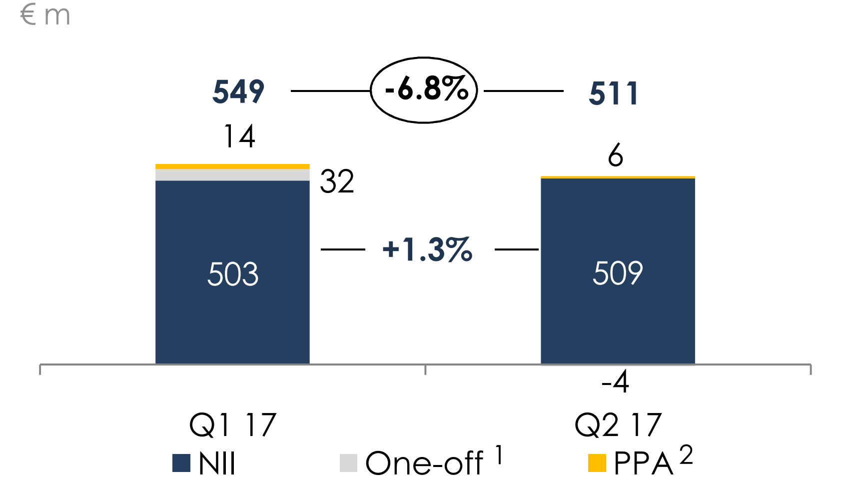
Notes: 1. Mortgages and personal loans. 2. The Corporate segment includes also Large Corporates, Agencies, Institutionals and non-profit sector.

NET INTEREST INCOME

Yearly comparison



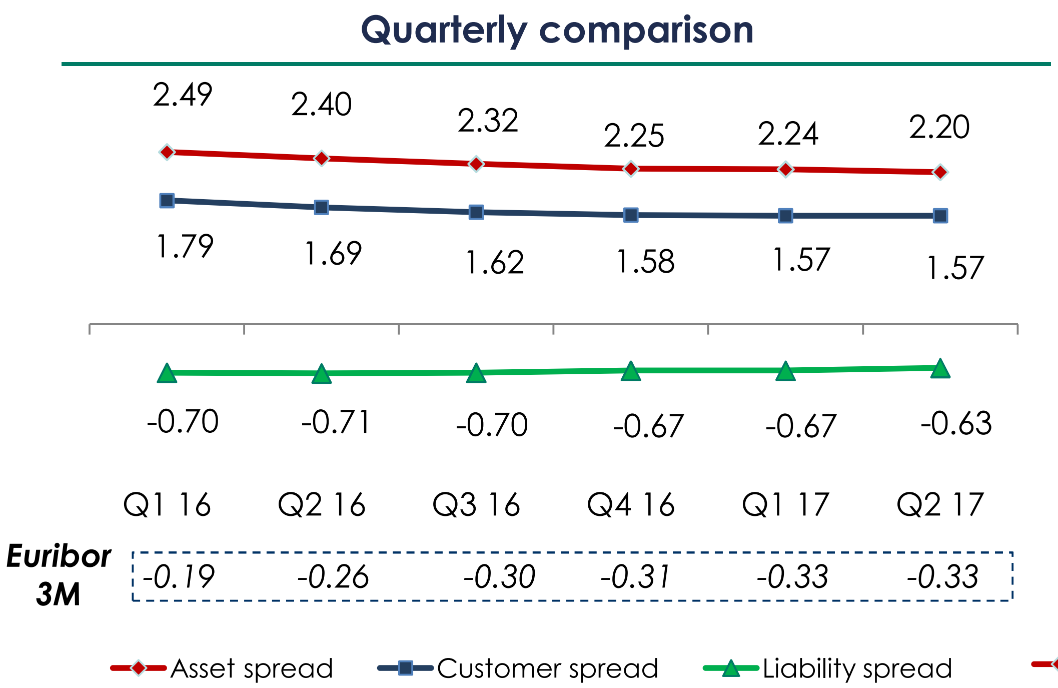
Quarterly comparison

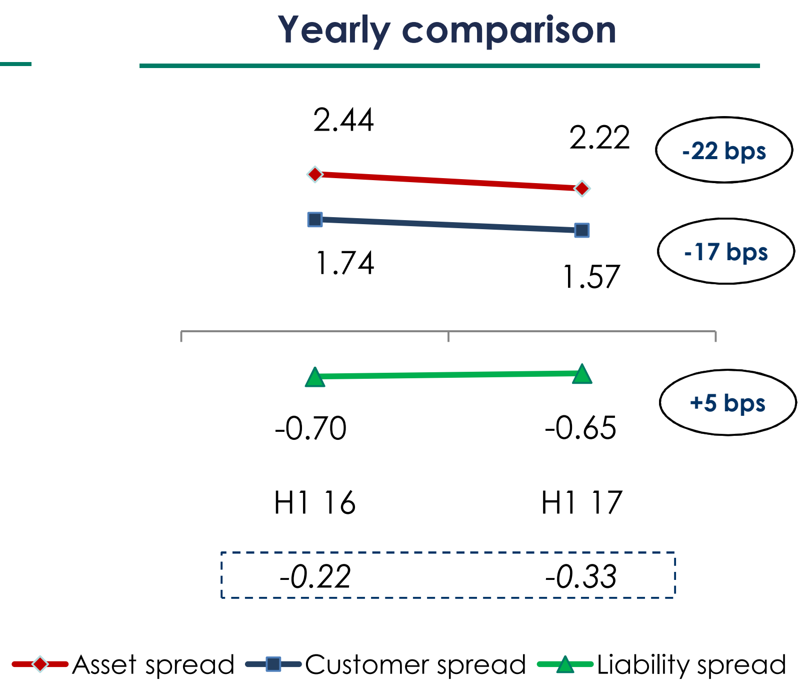


- Net Interest Income fell by 3.1% y/y and 7.5% on a like-for-like basis (excluding PPA and one-offs), mainly driven by the declining contribution of financial income from the securities portfolio (-€55.1m vs H1 16), also due to the mark-to-market of the ex-BPM portfolio, and lower loan book contribution.
- On a like-for-like basis, Net interest income registered a growth for the second consecutive quarter (+1.3% q/q), driven by both commercial and financial income.

Notes: 1. Includes approx. €32m TLTRO2 accrued in 2016 and booked in Q1 17 and a one-off interest expense of €4m linked to a tax litigation closed in Q2 2017. 2. See slides 48 and 51 for details on the change in PPA vs. Q1 2017.

NET INTEREST SPREAD TREND



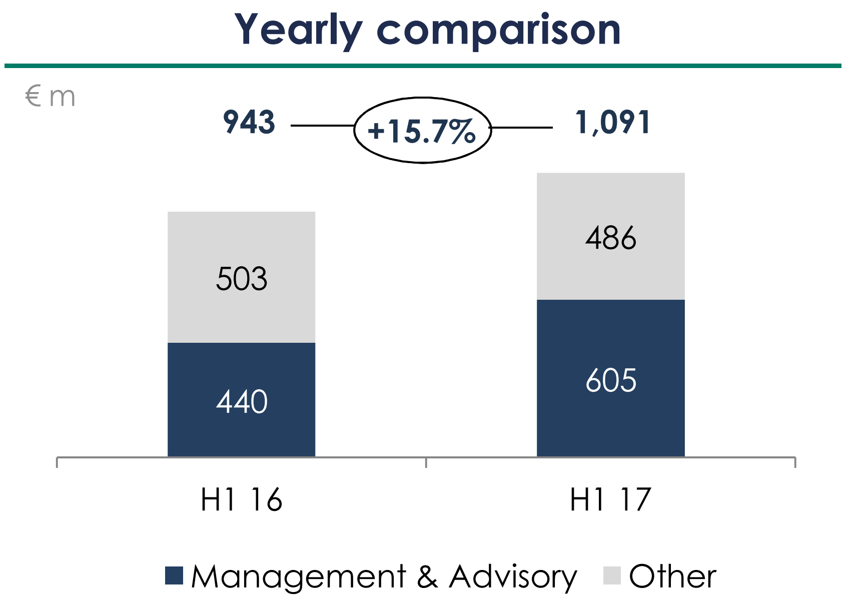


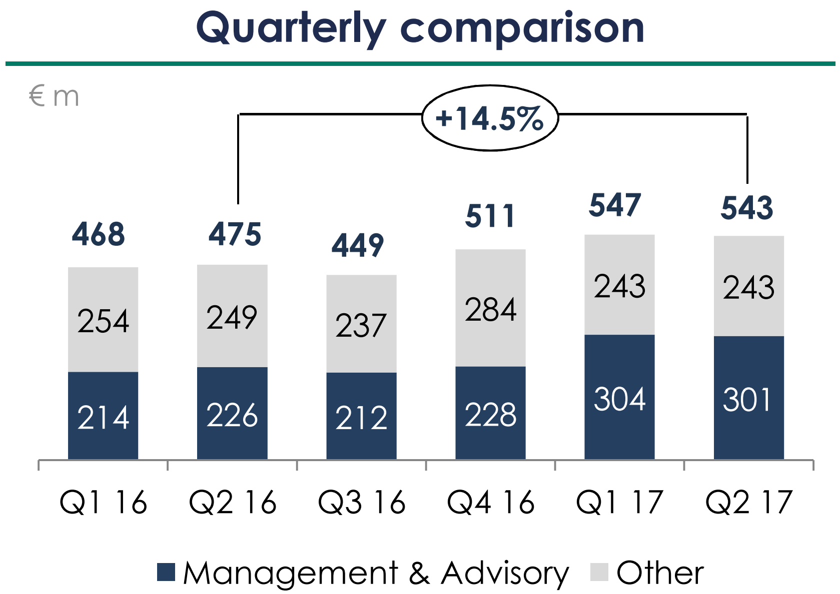
AVERAGE CHANGE

	Y/Y	H/H	Q/Q
Asset spread	**-20pb**	**-22pb**	**-4pb**
Liability spread	**+8pb**	**+5pb**	**+4pb**
Customer spread	**-12pb**	**-17pb**	**0pb**
Euribor 3M	**-7pb**	**-11pb**	**0pb**

- YTD, the customer spread declined less than Euribor
- Customer spread remained stable q/q.

NET FEES AND COMMISSIONS

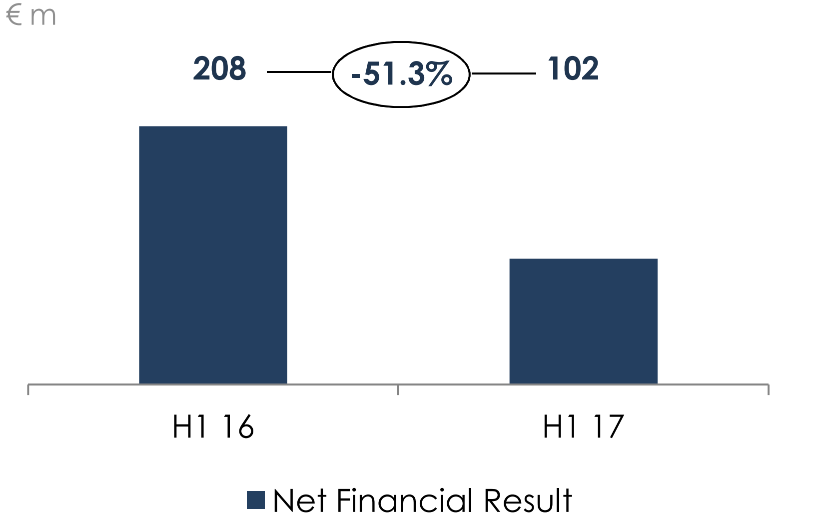




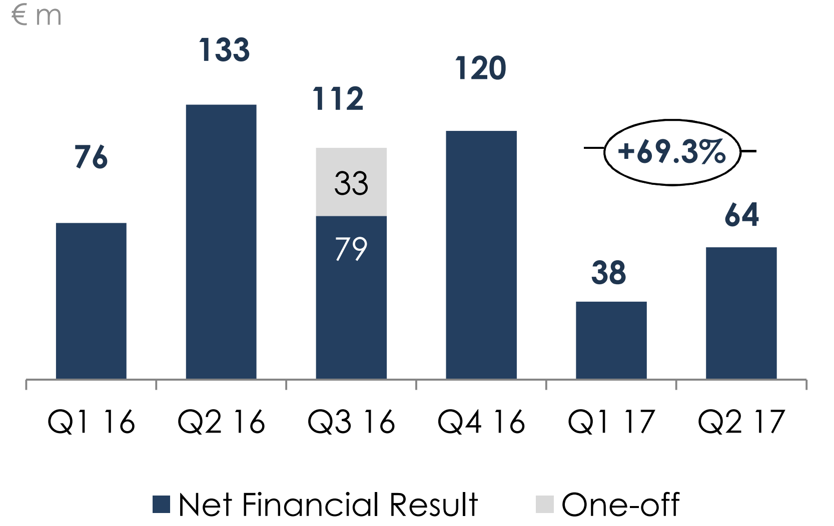
- In H1 2017, Net fees and commissions grew by 15.7% y/y, driven by increasing commissions from management, brokerage and advisory services (+37.5% y/y), mainly thanks to the growing asset management business.
- In Q2 2017, commissions are still robust (at €543m, basically stable q/q).
- Among the traditional banking commissions, good performance in corporate finance and corporate service commissions.

NET FINANCIAL RESULT

Yearly comparison



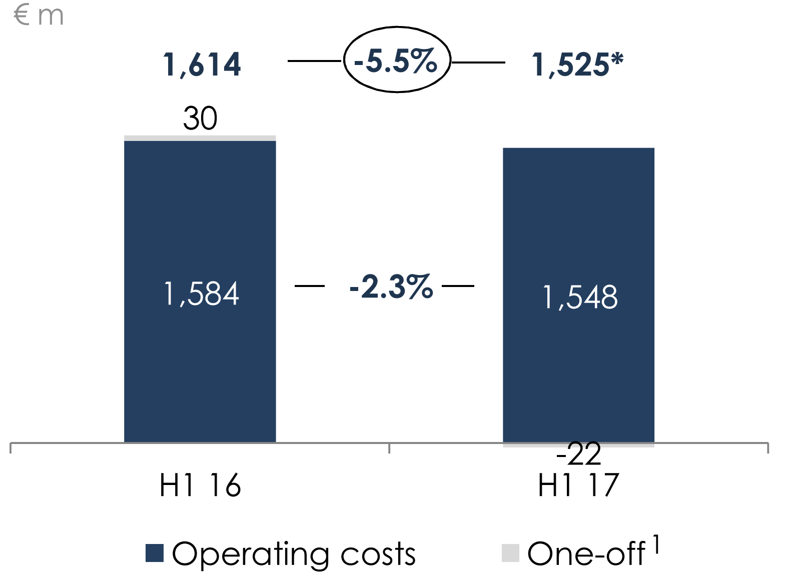
Quarterly comparison



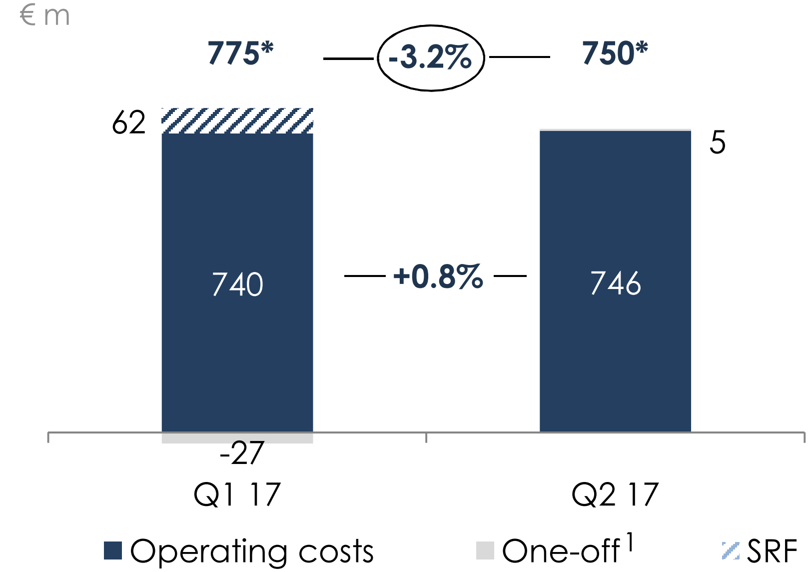
- The y/y fall in the Net financial result was mainly driven by the decline in gains from the disposal of debt securities classified in the AFS portfolio (€23m in H1 2017 vs. €152m in H1 2016).
- The quarterly increase (+69.3%) was positively affected by dividends from equity investments booked in the quarter (€20m, +€12m q/q) and by gains from the disposal of debt securities (€19m, +€15m q/q).
- Over the quarter, the buyback of roughly €200m of subordinated bonds generated a slightly negative impact (-€4.1m).

OPERATING COSTS

Yearly comparison



Quarterly comparison

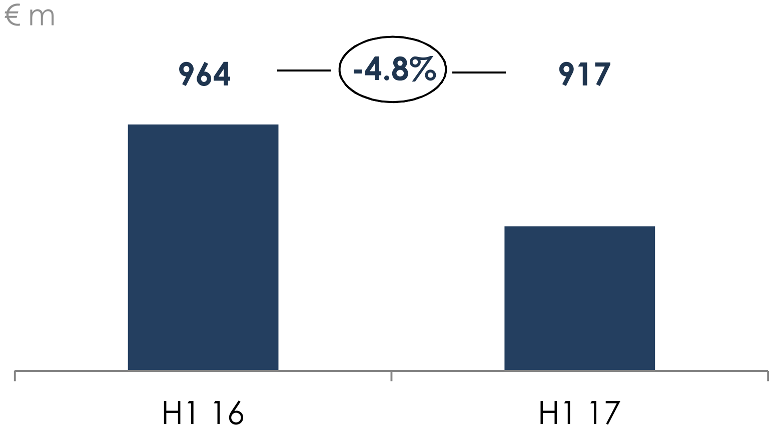


- In H1 2017, Operating costs dropped by 5.5% y/y and, on a like-for-like basis (excluding one-offs), they fell by 2.3%.
- In the quarterly comparison, Operating costs were down 3.2% q/q, while when excluding non-recurring items[1] and the ordinary contribution to the SRF in Q1 2017, they went up slightly (+0.8% q/q), due to the recognition of integration charges[2].

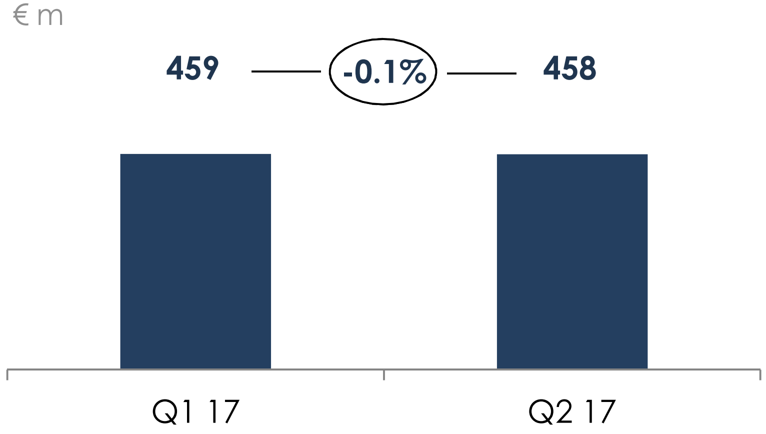
Notes: 1. Mainly referring to the 2015 DTA fee of approx. €27m paid in Q2 16 and written off in Q1 17, plus certain minor one-offs.
2. Management accounting data
* H1 17 includes approx. €6m PPA (€3m in Q1 and €3m in Q2).

PERSONNEL EXPENSES

Yearly comparison[1]



Quarterly comparison[1]

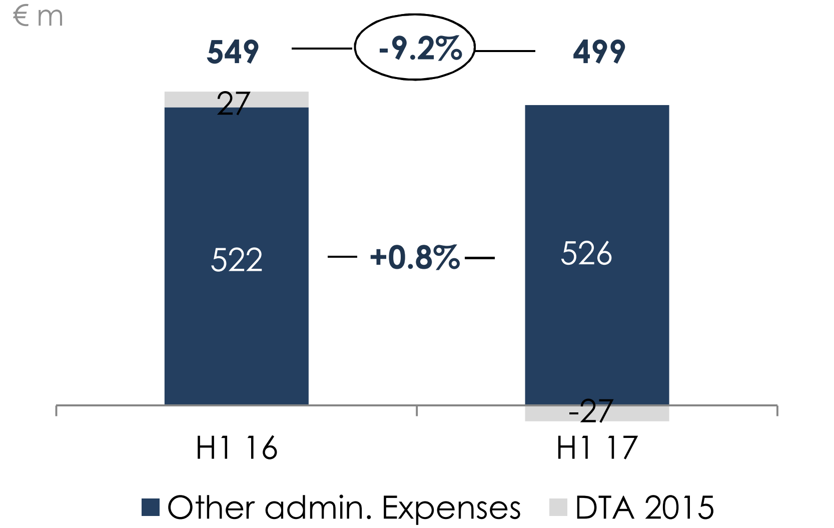


- Personnel expenses dropped by 4.8% y/y, driven by headcount reduction as well as by progressive cost efficiency actions.
- Personnel expenses remained basically stable q/q, including the cost of 71 additional resources under the Early Retirement Plan ("Solidarity Fund").
- Total headcount stood at 24,318 at 30 June 2017, down from 24,680 in December 2016 (-362).
- In H2 2017, 965 resources are scheduled to exit, of which 423 on 30 September.

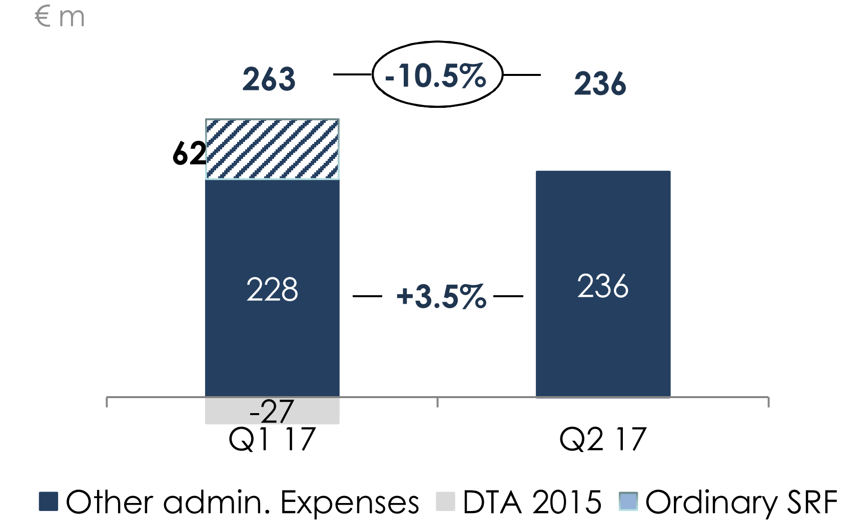
Notes: 1. Including certain minor one-offs amounting to approx. €1m both in H1 16 and in H1 17.

OTHER ADMINISTRATIVE EXPENSES

Yearly comparison



Quarterly comparison

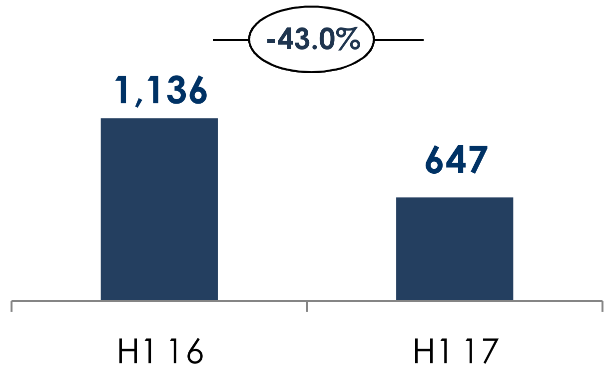


- Other administrative expenses: -9.2% y/y. On a like for like basis (net of DTA fee for 2015 and increased contribution to SRF), they are substantially flat.
- Moreover, in H1 2017, Other administrative expenses include higher integration charges and intercompany VAT for €26m. Excluding also these items, this aggregate would report a drop by 4.4% y/y[1].
- In the quarterly comparison, Other administrative expenses declined by 10.5% . On a like for like basis (net of DTA fee for 2015, increased contribution to SRF and higher integration charges), they are substantially flat.

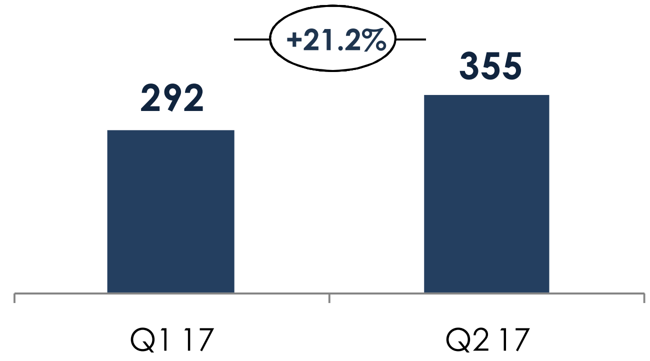
Notes: 1. Management accounting data

LOAN LOSS PROVISIONS

Yearly comparison

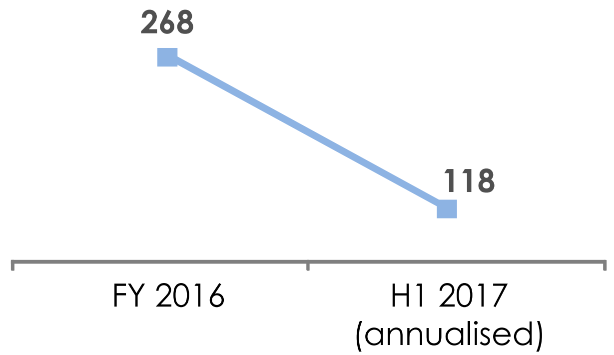


Quarterly comparison



Cost of credit risk

In bps, calculated on net customer loans



- Cost of credit at 118bps in H1 2017 (annualized), from 268bps in FY 2016.
- The conservative approach followed for the cost of credit allowed for a further strengthening of NPL coverage levels, in line with the Strategic Plan target.
- The PPA reversal (+€44m in Q1 and +€49m in Q2) continues to be used to stabilize the Group's sound coverage levels, also in the light of accelerated disposal plans.

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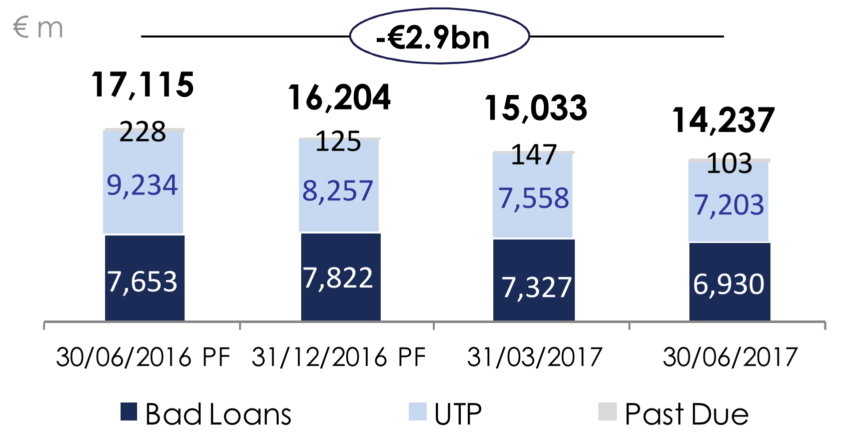
STRONG NPL STOCK REDUCTION AND SIGNIFICANT IMPROVEMENT IN NEW NPL FLOWS

Net NPLs



CHANGE €/m and %	Chg. 12M		Chg. 6M		Chg. 3M	
	Value	%	Value	%	Value	%
Bad Loans	-723	-9.4%	-892	-11.4%	-397	-5.4%
UTP	-2,030	-22.0%	-1,054	-12.8%	-355	-4.7%
Past Due	-125	-54.8%	-22	-17.4%	-44	-30.0%
TOTAL	**-2,878**	**-16.8%**	**-1,968**	**-12.1%**	**-796**	**-5.3%**

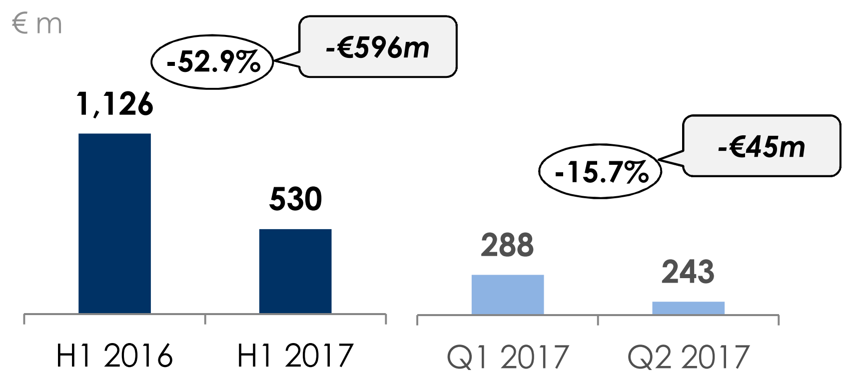
The net NPL stock dropped significantly across all the periods under consideration (-€2.9bn y/y, -€2.0bn in H1 and -€0.8bn in Q2), thanks to:

- decrease in net flows of NPLs (-52,9% y/y);
- internal workout and disposals over the period;
- increase in coverage.

Decline across all non-performing classes: particularly Unlikely-to-pay loans (-€2.0bn y/y), which confirms that the current asset quality trend is normalizing.

An additional ~€2bn of unsecured Bad Loans to be disposed in Q4 2017.

Net flows to NPLs



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SIGNIFICANT INCREASE IN COVERAGE LEVELS

Coverage in line with Strategic Plan targets

NPL coverage

		30/06/17	31/03/17[1]	31/12/16 PF Nominal[2]	30/06/16 PF Nominal[2]	CHANGE (in bps) 12M[3]	6M[3]	3M
Total NPLs	Nominal: 50.7%	**49.0%**	**48.2%**	**47.9%**	**45.5%**	**350**	**110**	**80**
Bad Loans	Nominal: 62.1%	59.9%	59.0%	60.0%	59.5%	40	-10	90
Unlikely-to-Pay Loans		31.5%	31.2%	27.2%	24.3%	720	430	30
Past Due Loans		19.6%	15.0%	18.2%	16.6%	300	140	460

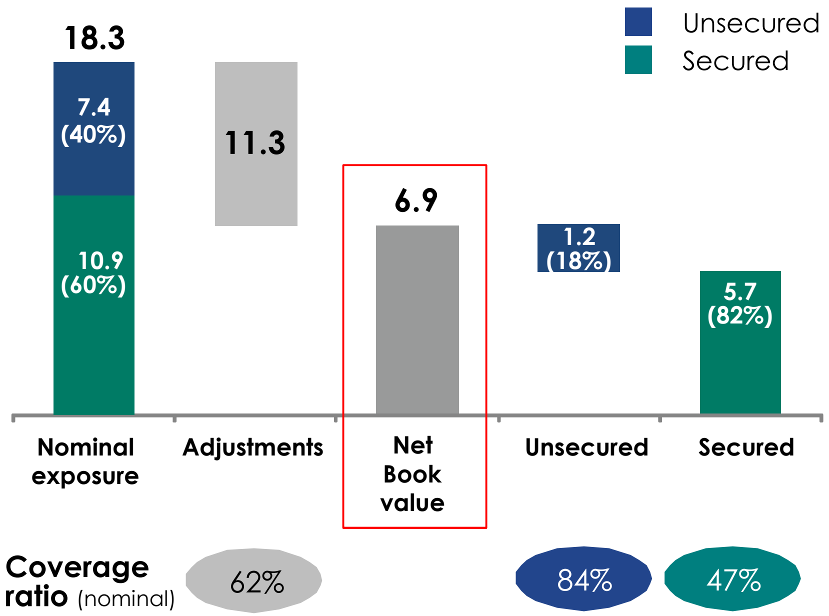
- The NPL coverage increased sharply:
  +520bps y/y and +280bps YTD (both at nominal level) and +80bps q/q, notwithstanding the hefty disposal of Bad Loans (€2.5bn since the beginning of 2016).
- Coverage strengthened in all non-performing loan classes, particularly for Unlikely-to-pay loans (+720bps y/y).

Notes:
1. At 31/03/2017, most write-offs that in the past were included in the Nominal values (see slides 57 and 58) have been brought back onto balance sheet. At the end of March 2017, write-offs of about €1bn are still off-balance sheet.
2. The December and June 2016 Nominal coverage includes all the write-offs that were off-balance sheet at that time, in line with the values used in the Strategic Plan. For further details, please see slides 57 and 58.
3. The 12 and 6-month changes are measured against the nominal values in June and December 2016, respectively (i.e. inclusive of all write-offs).

FOCUS ON BAD LOANS AND UNLIKELY-TO-PAY LOANS

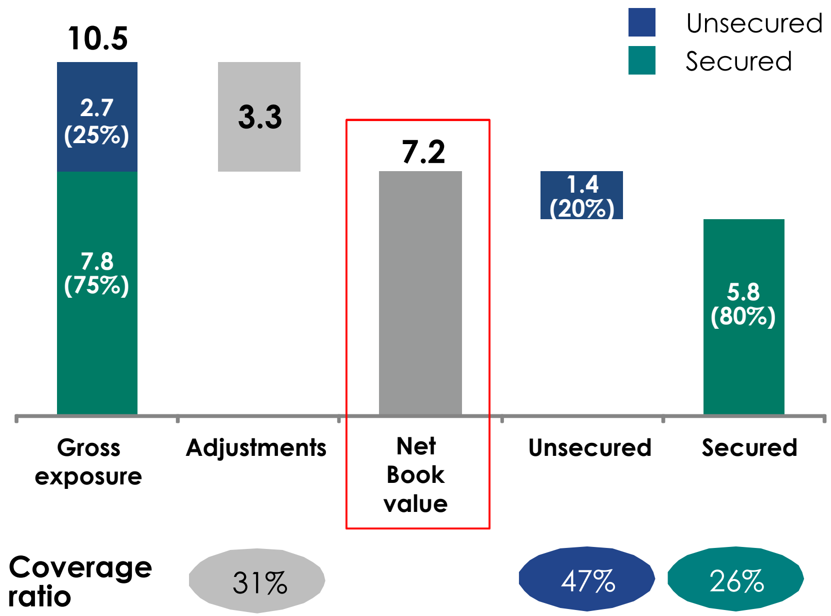
Bad loan Breakdown
30/06/2017 (€bn)

Including off-balance sheet write offs of about €1.0bn.



Bad loans geographic Breakdown	%
Northern Italy	68%
Central Italy (o/w Rome: 52%)	22%
Southern Italy and Islands	9%
ROW	1%

UTP Breakdown
30/06/2017 (€bn)



UTP geographic Breakdown	%
Northern Italy	72%
Central Italy (o/w Rome: 40%)	20%
Southern Italy and Islands	6%
ROW	1%

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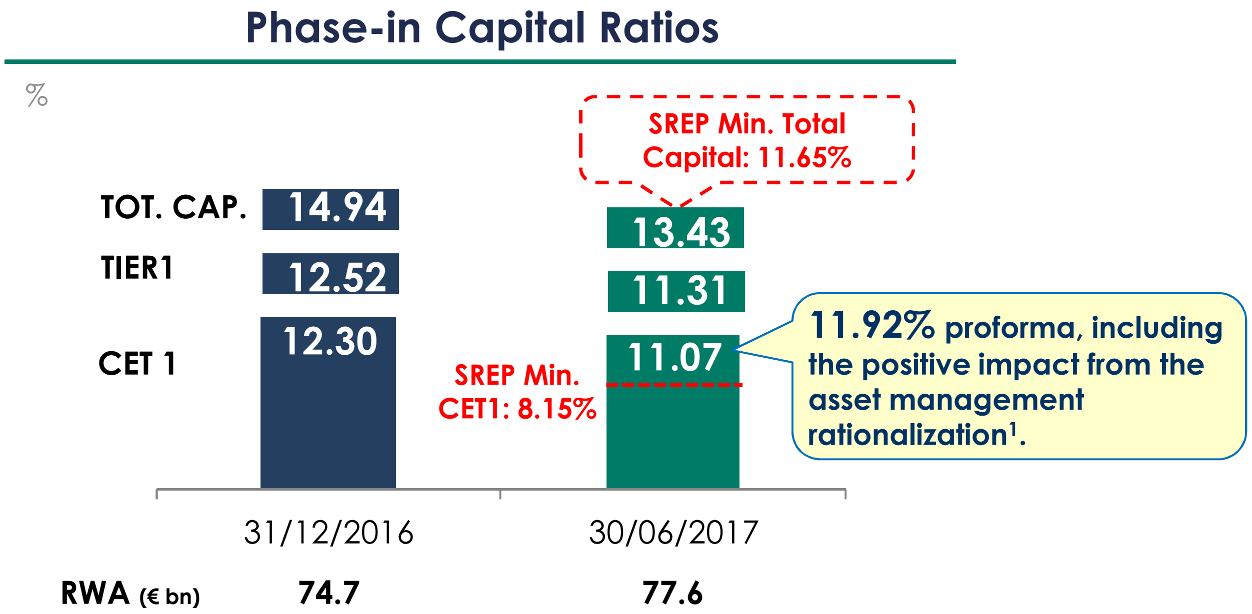
PHASE-IN CAPITAL ADEQUACY

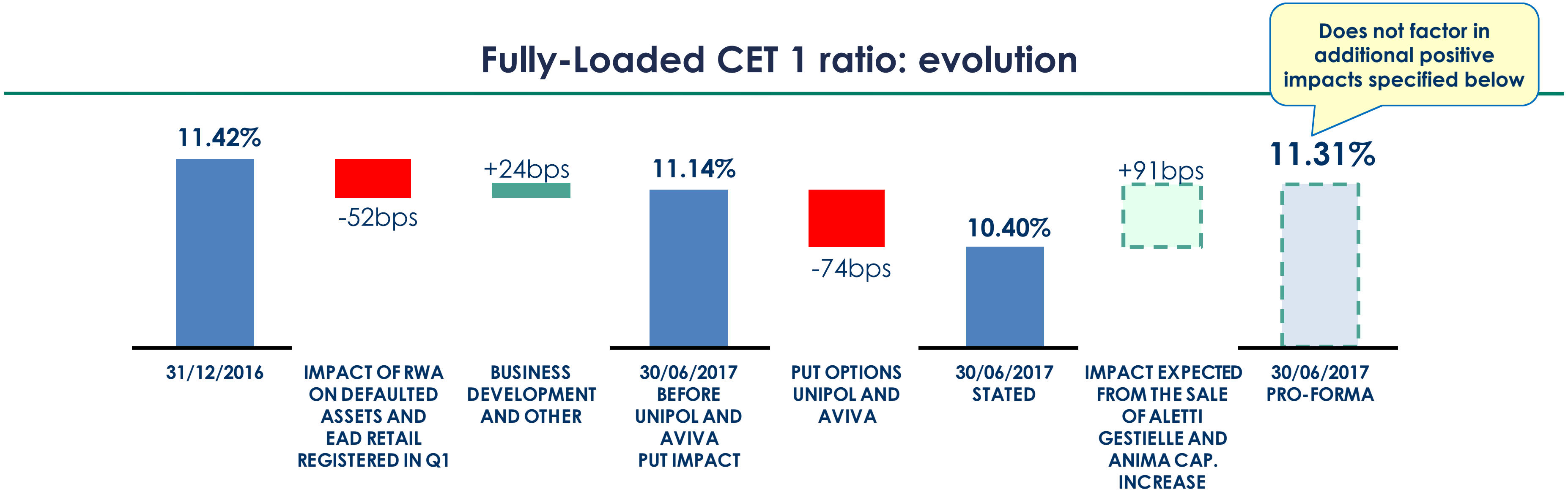


- The Group's capital position as at 30/06/2017 includes two negative headwinds:
  - RWAs on defaulted assets and Retail EAD (-54bps registered in Q1 at CET 1 phase-in level)[2];
  - Unipol's and Aviva's put options (-52bps registered in Q2 at CET 1 phase-in level).
- At pro-forma level, the phase-in ratios at 30/06/2017 (11.92% for CET1 and 14.27% for total capital) feature a wide positive buffer over SREP requirements (8.15% for CET1 and 11.65% for total capital).

Note: The ratios are calculated including the full net income of the period, subject to ECB authorization pursuant to art. 26, paragraph 2, Reg. EU 575/2013 and to EU Decision ECB/2015/4. Considering that the final PPA calculation is completed pursuant to IFRS 3, the ECB authorization is expected to be received by 11 August.

1. Includes the disposal of Aletti Gestielle and the possible capital increase of Anima.
2. As communicated to the market in the Q1 2017 Results presentation.

FULLY-LOADED CET1 RATIO: EVOLUTION IN DETAIL



- At 30/06/2017, the pro-forma fully-loaded CET1 ratio stands at 11.31%, not yet factoring in:
  - positive impact from AIRB model roll-out;
  - positive impact from reselling the stakes within the new bancassurance JV.
- At the same time, the pro-forma ratio still includes two negative factors that emerge on a strictly temporary basis:
  - RWA on defaulted assets and Retail EAD (-52bps registered in Q1 at CET 1 fully-loaded level)[1];
  - Impact from Unipol's and Aviva's exercise of the put options on Popolare Vita (-52bps) and Avipop (-22bps), respectively, to be substantially absorbed at the end of the insurance business rationalization process.

Note: The ratios are calculated including the full net income of the period, subject to ECB authorization pursuant to art. 26, paragraph 2, Reg. EU 575/2013 and to EU Decision ECB/2015/4. Considering that the final PPA calculation is completed pursuant to IFRS 3, the ECB authorization is expected to be received by 11 August.

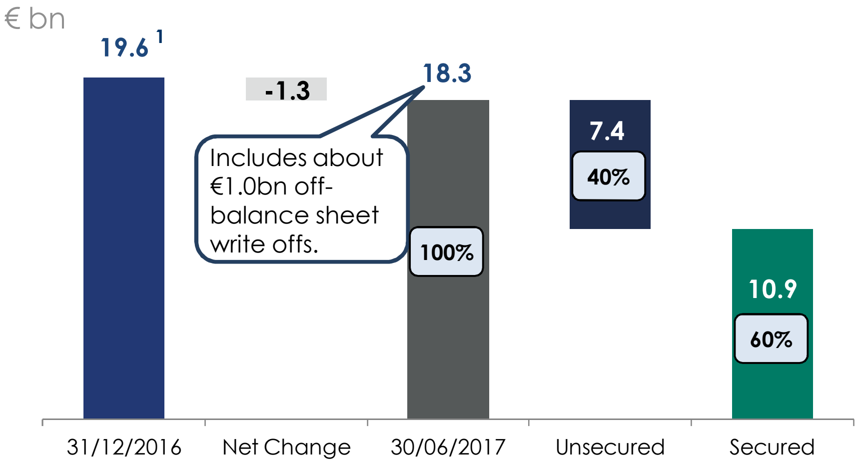
1. As communicated to the market in the Q1 2017 Results presentation.

Agenda

BANCO BPM

BAD LOANS: SCOPE AT 30 JUNE 2017

Nominal value: evolution and composition



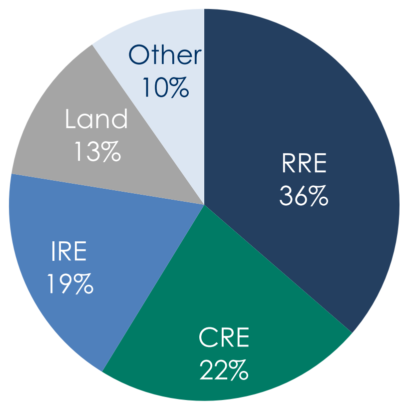
60.0%	Coverage	62.1%	83.9%	47.3%

- Secured/Unsecured composition in terms of book value (60%/40%) well above the industry average (48%/52%)*.

(*) Report PWC "The Italian NPL market – the place to be", July 2017.

Collateral composition

Fair Value of collateral: €14.3bn



Coverage with collateral

	Non Capped	Capped**
FV Collateral + Coverage / Nominal Value	178%	125%
FV Collateral / Net Value	250%	145%

(**) Collateral FV capped at Nominal value.

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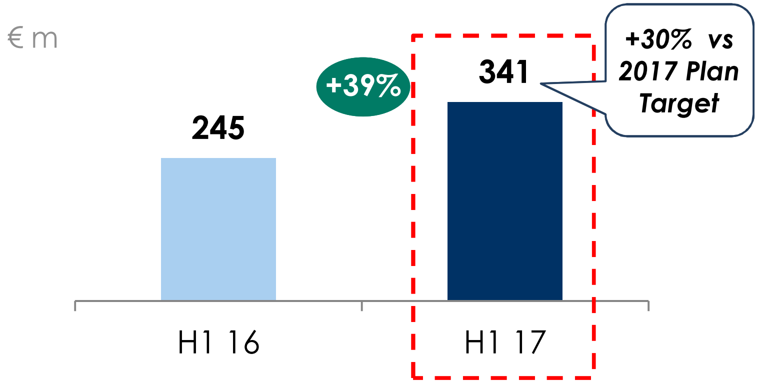
Note: 1. For details regarding the write-offs as at 31/12/2016, see slides 57 and 58.

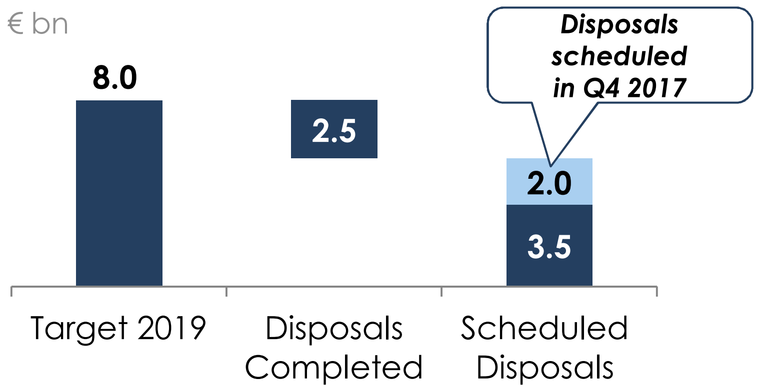
NPL UNIT: MAIN KPI IN H1 2017

Workout recoveries



- Recovery actions have been achieving significant results right from the first months.
- NPL stock reduction of 2.6 times recovery (~€886m in H1 2017).
- Solid collection pipeline also in H2.

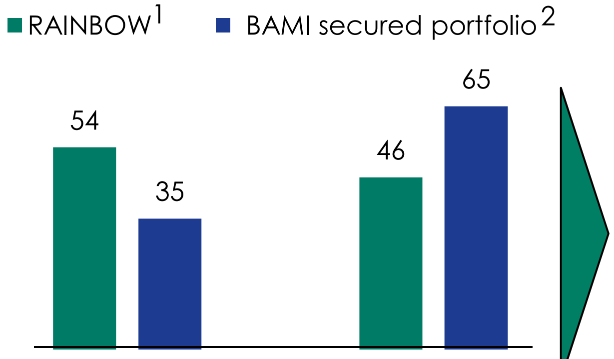
Status of Disposals



- With the Rainbow deal and the finalization of a significant «single name» transaction, the Group is well on track in meeting the 2017 target in terms of secured loan disposals.
- In H2 2017, the focus will shift to unsecured loan sales.

FOCUS ON DISPOSALS: THE RAINBOW DEAL

Percentage pricing distribution and comparison with residual secured Bad loans stock of Banco BPM



Pricing / valuation (% GBV)	< 30%	> 30%

- Disposal of Secured Bad loans, for a total of €693m
- Price well above the one considered in the Business Plan for secured disposals
- The comparison with Banco BPM's secured Bad loan stock shows a strong potential for value enhancement of the residual assets

Pipeline and next steps

- 2017: finalization, preparation and completion of the sale of ~€2bn of unsecured Bad loans.
- 2018: planned disposal of a portfolio of about €3.0/3.5bn, with possible application for the State guarantee on securitization of Bad loans (GACS). Due Diligence of the portfolio to start by September 2017.

Note: 1. Rainbow: average valuations from binding offer. 2. Positions above > €1m, measured by applying IRR comparable to those used by investors and discounting recovery costs to net present value.

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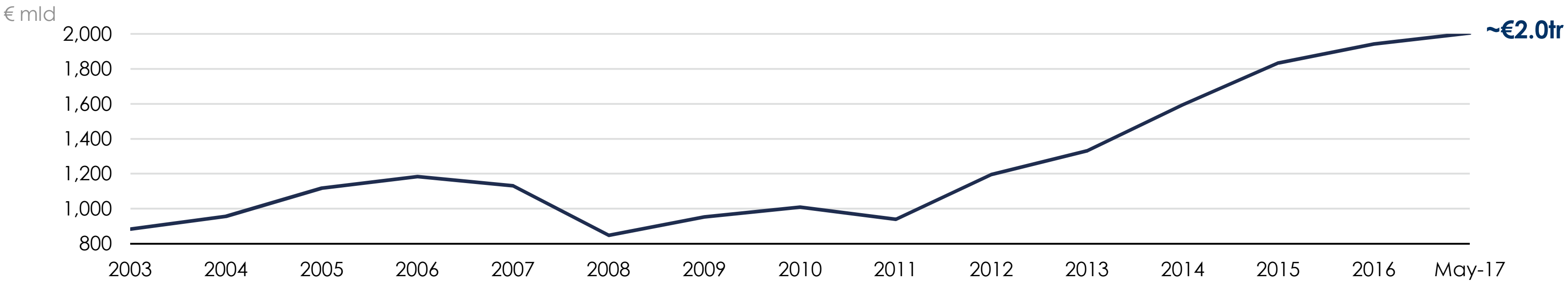
BANCO BPM

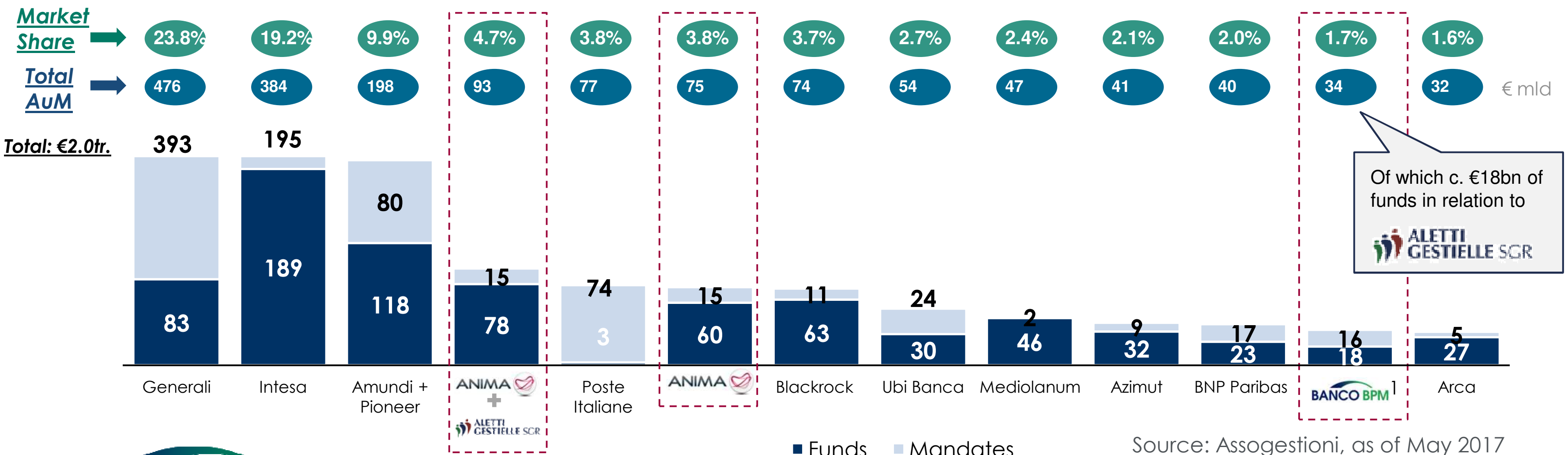
THE ITALIAN ASSET MANAGEMENT MARKET
Key Highlights

Over the last 15 years, the Italian asset management industry has experienced a continuous growth, with AuM reaching c. €2tr in May 2017

AuM Trend



Ranking Top Italian AM by AuM (May 2017)

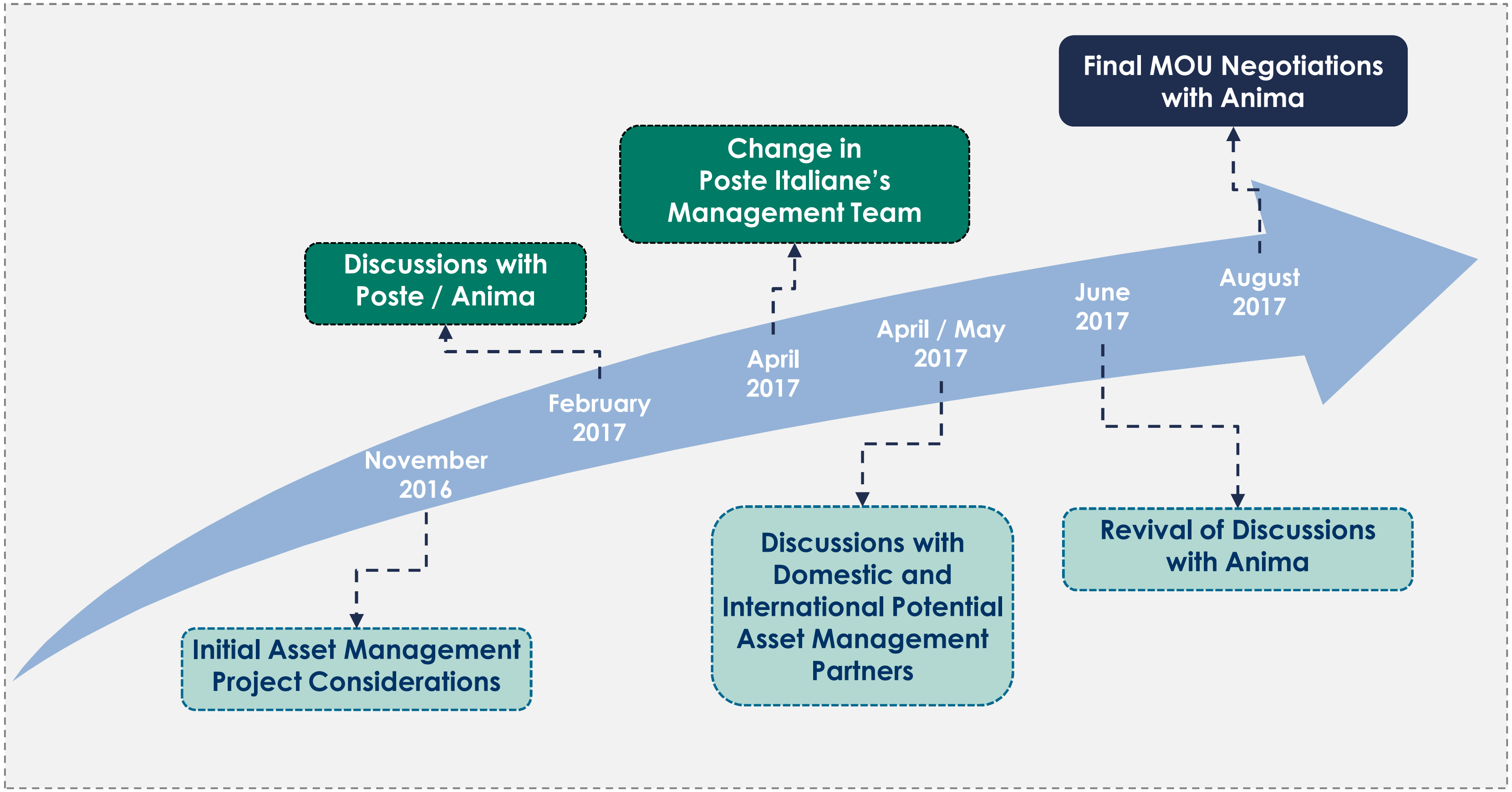


Source: Assogestioni, as of May 2017

Note: 1. It does not include c. €11bn of Anima's funds distributed on Banco BPM's network.

MAIN WORKSTREAMS OF THE PROJECT

Project Timeline



STRATEGIC RATIONALE

1 — Maintain Exposure to AM Through the Creation of a National Champion

- Creation of a champion in the AM sector with pan-European ambitions with Banco BPM as a significant shareholder
- Large exposure kept into the Asset Management sector for Banco BPM, with high commissions and profitability as well as growth perspectives

2 — Valorisation of Banco BPM's Distribution Network

- Valorisation of Banco BPM's distribution network in the AM sector
- Reduced time to market vis-à-vis the distribution network and the client base, through stronger cooperation between product factories

3 — Product Quality

- Bespoke services to Banco BPM's distribution network, maximising the capabilities and the best resources of both Anima and Aletti Gestielle

4 — Synergies

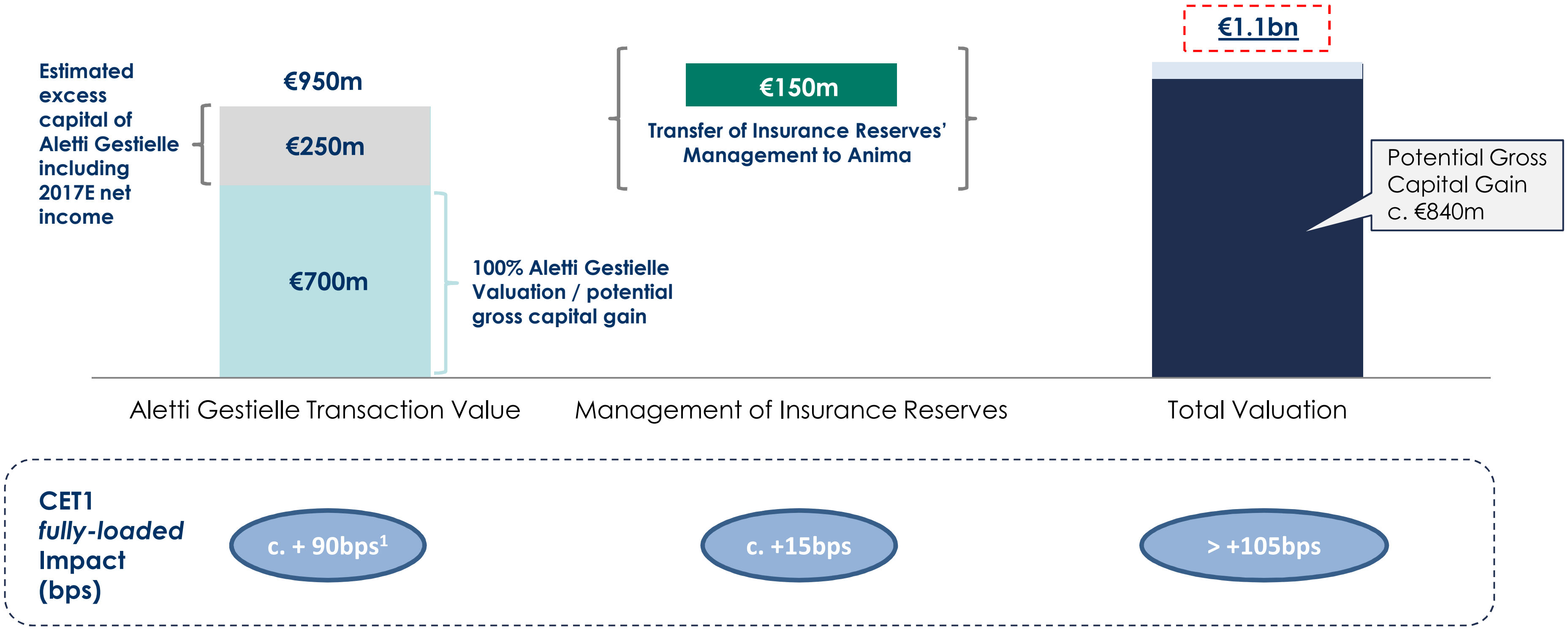
- Pooling of the best practices of both product factories in products development as well as marketing/sales

ANIMA'S TRANSACTION STRUCTURE

Scope of the Transaction and Tenor	▪ Scope of the transaction: 100% of Aletti Gestielle + potential management of the insurance reserves of Banco BPM's insurance JVs ▪ Tenor: 20 years
Key Industrial Terms	▪ Rebate rates for Banco BPM in line with the previous agreement with ex BPM ▪ Banco BPM lock up on 9.99% in Anima, coupled with a committment to subscribe pro quota Anima's possible capital increase expected in the context of the Aletti Gestielle transaction ▪ Market standard warranties
Timing	▪ Closing of the Aletti Gestielle transaction expected by 31 December 2017 ▪ Timeframe alignment between this transaction and the insurance JVs disposals

TRANSACTION WITH ANIMA: 20-YEAR PARTNERSHIP
Transaction Financial Data

The transaction with Anima to allow Banco BPM to receive up to €1.1bn: (i) an upfront cash consideration of €700m, (ii) excess capital distribution of c. €250m and (iii) potentially c. €150m from the sale of management of insurance reserves



Note: 1. Including the effect of a pro quota subscription of Anima's possible capital increase by Banco BPM.

Agenda

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CONCLUSIONS: ROUND-UP OF THE FIRST PART OF THE YEAR

INTEGRATION PROCESS ON TRACK

- ✓ SUCCESSFUL COMPLETION OF THE INTEGRATION OF EX-BPM IT SYSTEMS DURING THE WEEKEND OF 22-23 JULY
- ✓ LAUNCH OF THE REORGANIZATION OF BANCA AKROS AND BANCA ALETTI
- ✓ REORGANIZATION OF BANCASSURANCE AND ASSET MANAGEMENT PARTNERSHIPS

STRONG COMMITMENT TO DE-RISKING PLAN

- ✓ DISPOSAL OF € 2.5BN OF BAD LOANS: COMPLETED 31% OF THE THREE-YEAR PLAN
- ✓ HIGH COVERAGE LEVELS: BAD LOANS AT 60% AND NPLs AT 49%
- ✓ ADDITIONAL DISPOSALS OF ~€2BN OF BAD LOANS SCHEDULED IN Q4 2017

STRONG SALES NETWORK AND BRAND NAME

- ✓ C/A AND SIGHT DEPOSITS: €72.2 BN (+10.5% Y/Y)
- ✓ MANAGED ASSETS: €62 BN (+11.1% Y/Y)
- ✓ NEW MORTGAGES AND PERSONAL LOANS: €9.3 BN (+9.7% Y/Y)
- ✓ PROFITABILITY BUILDING UP, DRIVEN BY CORE REVENUES (+5.6% Y/Y)

Agenda

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ANNEXES

H1 2017 RECLASSIFIED P&L – Y/Y COMPARISON

Reclassified income statement (in euro million)	H1 2017 Stated	o/w PPA	H1 2017 without PPA	H1 2016 PF	o/w PPA	H1 2016 PF without PPA	Chg. Y/Y with PPA	Chg. Y/Y without PPA
Net interest income	1,060.0	20.0	1039.9	1094.3	0.0	1094.3	-3.1%	-5.0%
Income (loss) from investments in associates carried at equity	81.9	0.0	81.9	77.4	0	77.4	5.9%	5.9%
Net interest, dividend and similar income	**1,141.9**	**20.0**	**1121.9**	**1171.7**	**0.0**	**1171.7**	**-2.5%**	**-4.3%**
Net fee and commission income	1,090.7	0.0	1090.7	942.7	0.0	942.7	15.7%	15.7%
Other net operating income	44.7	-23.1	67.8	65.8	-10.9	76.8	-32.2%	-11.8%
Net financial result	101.5	0.0	101.5	208.3	0.0	208.3	-51.3%	-51.3%
Other operating income	**1,236.9**	**-23.1**	**1260.0**	**1216.8**	**-10.9**	**1227.8**	**1.7%**	**2.6%**
Total income	**2,378.9**	**-3.0**	**2381.9**	**2,388.6**	**-10.9**	**2,399.5**	**-0.4%**	**-0.7%**
Personnel expenses	-917.1	0.0	-917.1	-963.8	0.0	-963.8	-4.8%	-4.8%
Other administrative expenses	-498.7	0.0	-498.7	-549.0	0.0	-549.0	-9.2%	-9.2%
Amortization and depreciation	-109.5	-6.3	-103.2	-101.0	-1.8	-99.2	8.4%	4.0%
Operating costs	**-1,525.3**	**-6.3**	**-1519.0**	**-1613.7**	**-1.8**	**-1611.9**	**-5.5%**	**-5.8%**
Profit (loss) from operations	**853.6**	**-9.3**	**862.9**	**774.9**	**-12.7**	**787.6**	**10.2%**	**9.6%**
Net adjustments on loans to customers	-647.0	93.4	-740.4	-1135.5	0.0	-1135.5	-43.0%	-34.8%
Net adjustments on other assets	-79.2	0.0	-79.2	-17.9	0.0	-17.9	342.3%	342.3%
Net provisions for risks and charges	-9.1	0.0	-9.1	2.8	0.0	2.8	n.s.	n.s.
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	n.s.	n.s.
Profit (loss) on the disposal of equity and other investments	13.3	-1.0	14.3	32.5	0.0	32.5	-59.0%	-56.0%
Income (loss) before tax from continuing operations	**131.5**	**83.0**	**48.5**	**-343.3**	**-12.7**	**-330.6**	**n.s.**	**n.s.**
Tax on income from continuing operations	-45.1	-27.6	-17.5	110.5	4.1	106.4	n.s.	n.s.
Income (loss) after tax from discontinued operations	0.4	0.0	0.4	-1.5	0.0	-1.5	n.s.	n.s.
Income (loss) attributable to minority interests	7.4	0.0	7.4	4.2	0.0	4.2	75.7%	75.7%
Net income (loss) for the period excluding Badwill	**94.2**	**55.5**	**38.8**	**-230.0**	**-8.6**	**-221.4**	**n.s.**	**n.s.**
Badwill	3,076.1		3076.1	0		0	n.s.	n.s.
Net income (loss) for the period	**3,170.4**	**55.5**	**3,114.9**	**-230.0**	**-8.6**	**-221.4**	**n.s.**	**n.s.**

In June 2017, the results of the PPA process related to the merger with BPM were approved on a definitive basis. The badwill emerging from this process amounts to €3,076.1 million, which is €47.7 million lower in comparison with the provisional data indicated with reference to 31 March (€3,123.8 million), as a result of a fine-tuning of the Fair Value estimates for performing loans and real estate acquired.

Starting from 30 June 2017, the effects related to the FVO are no longer recorded in the profit and loss account, but are booked directly under a specific reserve item of Shareholders' Equity. The data referring to previous periods have been restated in order to ensure a homogeneous comparison.

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ADJUSTED H1 2017 RECLASSIFIED P&L – Y/Y COMPARISON

Reclassified income statement (in euro million)	H1 2017 Stated	o/w One-off	H1 2017 Adjusted	H1 2016 PF	o/w One-off	H1 2016 PF Adjusted	Chg. Y/Y Adjusted
Net interest income	1,060.0	*27.6*	1,032.4	1,094.3	*0.0*	1,094.3	-5.7%
Income (loss) from investments in associates carried at equity	81.9	*-10.5*	92.4	*77.4*	*0.0*	*77.4*	19.4%
Net interest, dividend and similar income	**1,141.9**	***17.1***	**1,124.8**	**1,171.7**	***0.0***	**1,171.7**	**-4.0%**
Net fee and commission income	1,090.7	*0.0*	1,090.7	942.7	*0.0*	942.7	15.7%
Other net operating income	44.7	*0.0*	44.7	65.8	*0.0*	65.8	-32.2%
Net financial result	101.5	*0.0*	101.5	208.3	*0.0*	208.3	-51.3%
Other operating income	**1,236.9**	***0.0***	**1,236.9**	**1,216.8**	***0.0***	**1,216.8**	**1.7%**
Total income	**2,378.9**	***17.1***	**2,361.8**	**2,388.6**	***0.0***	**2,388.6**	**-1.1%**
Personnel expenses	-917.1	*-1.3*	-915.8	-963.8	*-0.5*	-963.2	-4.9%
Other administrative expenses	-498.7	*27.2*	-525.9	-549.0	*-27.1*	-521.9	0.8%
Amortization and depreciation	-109.5	*-3.5*	-105.9	-101.0	*-2.0*	-99.0	7.1%
Operating costs	**-1,525.3**	***22.3***	**-1,547.6**	**-1,613.7**	***-29.6***	**-1,584.1**	**-2.3%**
Profit (loss) from operations	**853.6**	***39.4***	**814.1**	**774.9**	***-29.6***	**804.5**	**1.2%**
Net adjustments on loans to customers	-647.0	*0.0*	-647.0	-1,135.5	*0.0*	-1,135.5	-43.0%
Net adjustments on other assets	-79.2	*-76.2*	-2.9	-17.9	*0.0*	-17.9	-83.6%
Net provisions for risks and charges	-9.1	*0.0*	-9.1	2.8	*0.0*	2.8	n.s.
Impairment of goodwill	0.0	*0.0*	0.0	0.0	*0.0*	0.0	n.s.
Profit (loss) on the disposal of equity and other investments	13.3	*13.3*	0.0	32.5	*12.2*	20.2	n.s.
Income (loss) before tax from continuing operations	**131.5**	***-23.5***	**155.1**	**-343.3**	***-17.4***	**-325.9**	**n.s.**
Tax on income from continuing operations	-45.1	*-9.6*	-35.5	110.5	*7.6*	103.0	n.s.
Income (loss) after tax from discontinued operations	0.4	*0.4*	0.0	-1.5	*-1.5*	0.0	n.s.
Income (loss) attributable to minority interests	7.4	*0.0*	7.4	4.2	*0.2*	4.0	85.4%
Net income (loss) for the period excluding Badwill	**94.2**	***-32.7***	**127.0**	**-230.0**	***-11.1***	**-218.9**	**n.s.**

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H1 2017 RECLASSIFIED P&L – NON RECURRING ITEMS

Reclassified income statement (in euro million)	H1 2017 Stated	H1 2017 Adjusted	*One- off*	Non-recurring items and extraordinary systemic charges
Net interest income	1,060.0	1,032.4	*27.6*	*TLTRO2 interests accrued in 2H16 and tax litigation*
Income (loss) from investments in associates carried at equity	81.9	92.4	*-10.5*	*SelmaBipiemme Leasing impact*
Net interest, dividend and similar income	**1,141.9**	**1,124.8**	***17.1***	
Net fee and commission income	1,090.7	1,090.7	*0.0*	
Other net operating income	44.7	44.7	*0.0*	
Net financial result	101.5	101.5	*0.0*	
Other operating income	**1,236.9**	**1,236.9**	***0.0***	
Total income	**2,378.9**	**2,361.8**	***17.1***	
Personnel expenses	-917.1	-915.8	*-1.3*	*Early Retirement Plan*
Other administrative expenses	-498.7	-525.9	*27.2*	*Refund of the 2015 DTA fee*
Amortization and depreciation	-109.5	-105.9	*-3.5*	*IT charges*
Operating costs	**-1,525.3**	**-1,547.6**	***22.3***	
Profit (loss) from operations	**853.6**	**814.1**	***39.4***	
Net adjustments on loans to customers	-647.0	-647.0	*0.0*	
Net adjustments on other assets	-79.2	-2.9	*-76.2*	*Impairment of Atlante and Veneto-based banks*
Net provisions for risks and charges	-9.1	-9.1	*0.0*	
Impairment of goodwill	0.0	0.0	*0.0*	
Profit (loss) on the disposal of equity and other investments	13.3	0.0	*13.3*	*Real Estate investments and other investments*
Income (loss) before tax from continuing operations	**131.5**	**155.1**	***-23.5***	
Tax on income from continuing operations	-45.1	-35.5	*-9.6*	*Impact linked to tax litigation and other fiscal effects on non-recurring items*
Income (loss) after tax from discontinued operations	0.4	0.0	*0.4*	*Other*
Income (loss) attributable to minority interests	7.4	7.4	*0.0*	
Net income (loss) for the period excluding Badwill	**94.2**	**127.0**	***-32.7***	

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Q2 2017 RECLASSIFIED P&L – Q/Q COMPARISON

Reclassified income statement (in euro million)	Q2 2017 Stated	o/w PPA	Q2 2017 without PPA	Q1 2017 Stated	o/w PPA	Q1 2017 without PPA	Chg. Q/Q with PPA	Chg. Q/Q without PPA
Net interest income	511.3	5.9	505.3	548.7	14.1	534.6	-6.8%	-5.5%
Income (loss) from investments in associates carried at equity	40.4	0.0	40.4	41.6	0	41.6	-3.0%	-3.0%
Net interest, dividend and similar income	**551.6**	**5.9**	**545.7**	**590.3**	**14.1**	**576.2**	**-6.6%**	**-5.3%**
Net fee and commission income	543.4	0.0	543.4	547.4	0.0	547.4	-0.7%	-0.7%
Other net operating income	14.5	-11.2	25.7	30.2	-11.9	42.1	-52.1%	-39.0%
Net financial result	63.8	0.0	63.8	37.7	0.0	37.7	69.3%	69.3%
Other operating income	**621.7**	**-11.2**	**632.9**	**615.3**	**-11.9**	**627.1**	**1.0%**	**0.9%**
Total income	**1,173.3**	**-5.3**	**1178.6**	**1,205.6**	**2.2**	**1,203.3**	**-2.7%**	**-2.1%**
Personnel expenses	-458.4	0.0	-458.4	-458.7	0.0	-458.7	-0.1%	-0.1%
Other administrative expenses	-235.6	0.0	-235.6	-263.2	0.0	-263.2	-10.5%	-10.5%
Amortization and depreciation	-56.5	-3.1	-53.4	-53.0	-3.2	-49.8	6.7%	7.4%
Operating costs	**-750.4**	**-3.1**	**-747.4**	**-774.9**	**-3.2**	**-771.7**	**-3.2%**	**-3.1%**
Profit (loss) from operations	**422.9**	**-8.3**	**431.2**	**430.7**	**-1.0**	**431.7**	**-1.8%**	**-0.1%**
Net adjustments on loans to customers	-354.5	49.3	-403.8	-292.5	44.1	-336.6	21.2%	20.0%
Net adjustments on other assets	-70.8	0.0	-70.8	-8.4	0.0	-8.4	747.4%	747.4%
Net provisions for risks and charges	-9.6	0.0	-9.6	0.5	0.0	0.5	n.s.	n.s.
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Profit (loss) on the disposal of equity and other investments	-3.8	-1.0	-4.7	17.1	0.0	17.1	-122.1%	-127.8%
Income (loss) before tax from continuing operations	**-15.9**	**40.0**	**-55.8**	**147.4**	**43.1**	**104.3**	**n.s.**	**n.s.**
Tax on income from continuing operations	-9.8	-13.3	3.5	-35.3	-14.3	-21.0	-72.4%	-116.7%
Income (loss) after tax from discontinued operations	0.4	0.0	0.4	0.0	0.0	0.0	n.s.	n.s.
Income (loss) attributable to minority interests	4.3	0.0	4.3	3.1	0.0	3.1	35.6%	35.6%
Net income (loss) for the period excluding Badwill	**-21.0**	**26.7**	**-47.7**	**115.2**	**28.8**	**86.4**	**n.s.**	**n.s.**
Badwill	0.0	0.0	0.0	3076.1	0.0	3076.1	n.s.	n.s.
Net income (loss) for the period	**-21.0**	**26.7**	**-47.7**	**3,191.3**	**28.8**	**3,162.6**	**n.s.**	**n.s.**

In June 2017, the results of the PPA process related to the merger with BPM were approved on a definitive basis. The badwill emerging from this process amounts to €3,076.1 million, which is €47.7 million lower in comparison with the provisional data indicated with reference to 31 March (€3,123.8 million), as a result of a fine-tuning of the Fair Value estimates for performing loans and real estate acquired.

Starting from 30 June 2017, the effects related to the FVO are no longer recorded in the profit and loss account, but are booked directly under a specific reserve item of Shareholders' Equity. The data referring to previous periods have been restated in order to ensure a homogeneous comparison.

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ADJUSTED Q2 2017 RECLASSIFIED P&L – Q/Q COMPARISON

Reclassified income statement (in euro million)	Q2 2017 Stated	o/w one-off	Q2 2017 Adjusted	Q1 2017 Stated	o/w one-off	1T 2017 Adjusted	Chg. Q/Q Adjusted
Net interest income	511.3	*-4.1*	515.4	548.7	*31.7*	517.0	-0.3%
Income (loss) from investments in associates carried at equity	40.4	*-10.5*	50.8	41.6	*0*	41.6	22.2%
Net interest, dividend and similar income	**551.6**	**-14.6**	**566.2**	**590.3**	**31.7**	**558.6**	**1.4%**
Net fee and commission income	543.4	*0.0*	543.4	547.4	*0.0*	547.4	-0.7%
Other net operating income	14.5	*0.0*	14.5	30.2	*0.0*	30.2	-52.1%
Net financial result	63.8	*0.0*	63.8	37.7	*0.0*	37.7	69.3%
Other operating income	**621.7**	**0.0**	**621.7**	**615.3**	**0.0**	**615.3**	**1.0%**
Total income	**1,173.3**	**-14.6**	**1187.9**	**1,205.6**	**31.7**	**1,173.9**	**1.2%**
Personnel expenses	-458.4	*-1.3*	-457.1	-458.7	*0.0*	-458.7	-0.4%
Other administrative expenses	-235.6	*0.0*	-235.6	-263.2	*27.2*	-290.3	-18.9%
Amortization and depreciation	-56.5	*-3.5*	-53.0	-53.0	*0.0*	-53.0	0.0%
Operating costs	**-750.4**	**-4.8**	**-745.6**	**-774.9**	**27.2**	**-802.0**	**-7.0%**
Profit (loss) from operations	**422.9**	**-19.4**	**442.3**	**430.7**	**58.8**	**371.9**	**18.9%**
Net adjustments on loans to customers	-354.5	*0.0*	-354.5	-292.5	*0.0*	-292.5	21.2%
Net adjustments on other assets	-70.8	*-67.5*	-3.3	-8.4	*-8.8*	0.4	n.s.
Net provisions for risks and charges	-9.6	*0.0*	-9.6	0.5	*0.0*	0.5	n.s.
Impairment of goodwill	0.0	*0.0*	0.0	0.0	*0.0*	0.0	n.s.
Profit (loss) on the disposal of equity and other investments	-3.8	*-3.8*	0.0	17.1	*17.1*	0.0	n.s.
Income (loss) before tax from continuing operations	**-15.9**	**-90.7**	**74.8**	**147.4**	**67.1**	**80.3**	**-6.8%**
Tax on income from continuing operations	-9.8	*6.2*	-16.0	-35.3	*-15.8*	-19.5	-18.3%
Income (loss) after tax from discontinued operations	0.4	*0.4*	0.0	0.0	*0.0*	0.0	n.s.
Income (loss) attributable to minority interests	4.3	*0.0*	4.3	3.1	*0.0*	3.1	35.6%
Net income (loss) for the period excluding Badwill	**-21.0**	**-84.1**	**63.1**	**115.2**	**51.3**	**63.9**	**-1.2%**

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Q1 2017 RECLASSIFIED P&L – NON RECURRING ITEMS

Reclassified income statement (in euro million)	Q1 2017 Stated	Q1 2017 Adjusted	*One-off*	Non-recurring items and extraordinary systemic charges
Net interest income	548.7	517.0	*31.7*	*TLTRO2 interests accrued in H2 2016*
Income (loss) from investments in associates carried at equity	41.6	41.6	*0.0*	
Net interest, dividend and similar income	**590.3**	**558.6**	***31.7***	
Net fee and commission income	547.4	547.4	*0.0*	
Other net operating income	30.2	30.2	*0.0*	
Net financial result	37.7	37.7	*0.0*	
Other operating income	**615.3**	**615.3**	***0.0***	
Total income	**1,205.6**	**1,173.9**	***31.7***	
Personnel expenses	-458.7	-458.7	*0.0*	
Other administrative expenses	-263.2	-290.3	*27.2*	*Refund of the 2015 DTA fee*
Amortization and depreciation	-53.0	-53.0	*0.0*	
Operating costs	**-774.9**	**-802.0**	***27.2***	
Profit (loss) from operations	**430.7**	**371.9**	***58.8***	
Net adjustments on loans to customers	-292.5	-292.5	*0.0*	
Net adjustments on other assets	-8.4	0.4	*-8.8*	*Impairment of Atlante*
Net provisions for risks and charges	0.5	0.5	*0.0*	
Impairment of goodwill	0.0	0.0	*0.0*	
Profit (loss) on the disposal of equity and other investments	17.1	0.0	*17.1*	*Real Estate investments and other investments*
Income (loss) before tax from continuing operations	***147.4***	***80.3***	***67.1***	
Tax on income from continuing operations	-35.3	-19.5	*-15.8*	*Impact linked to tax litigation and other fiscal effects on non-recurring items*
Income (loss) after tax from discontinued operations	-0.0	0.0	*0.0*	
Income (loss) attributable to minority interests	3.1	3.1	*0.0*	
Net income (loss) for the period excluding Badwill	***115.2***	***63.9***	***51.3***	

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Q2 2017 RECLASSIFIED P&L – NON RECURRING ITEMS

Reclassified income statement (in euro million)	Q2 2017 Stated	Q2 2017 Adjusted	*One-off*	Non-recurring items and extraordinary systemic charges
Net interest income	511.3	515.4	*-4.1*	*Tax litigation*
Income (loss) from investments in associates carried at equity	40.4	50.8	*-10.5*	*Selma Bipiemme Leasing impact*
Net interest, dividend and similar income	**551.6**	**566.2**	***-14.6***	
Net fee and commission income	543.4	543.4	*0.0*	
Other net operating income	14.5	14.5	*0.0*	
Net financial result	63.8	63.8	*0.0*	
Other operating income	**621.7**	**621.7**	***0.0***	
Total income	**1,173.3**	**1,187.9**	***-14.6***	
Personnel expenses	-458.4	-457.1	*-1.3*	*Early Retirement Plan*
Other administrative expenses	-235.6	-235.6	*0.0*	
Amortization and depreciation	-56.5	-53.0	*-3.5*	*IT charges*
Operating costs	**-750.4**	**-745.6**	***-4.8***	
Profit (loss) from operations	**422.9**	**442.3**	***-19.4***	
Net adjustments on loans to customers	-354.5	-354.5	*0.0*	
Net adjustments on other assets	-70.8	-3.3	*-67.5*	*Impairment of Atlante and Veneto based banks*
Net provisions for risks and charges	-9.6	-9.6	*0.0*	
Impairment of goodwill	0.0	0.0	*0.0*	
Profit (loss) on the disposal of equity and other investments	-3.8	0.0	*-3.8*	*Real Estate investments and other investments*
Income (loss) before tax from continuing operations	***-15.9***	***74.8***	***-90.7***	
Tax on income from continuing operations	-9.8	-16.0	*6.2*	*Impact linked to tax litigation and other fiscal effects on non-recurring items*
Income (loss) after tax from discontinued operations	0.4	0.0	*0.4*	*Other*
Income (loss) attributable to minority interests	4.3	4.3	*0.0*	
Net income (loss) for the period excluding Badwill	***-21.0***	***63.1***	***-84.1***	

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RECLASSIFIED BALANCE SHEET OF BANCO BPM GROUP AS AT 30/06/2017

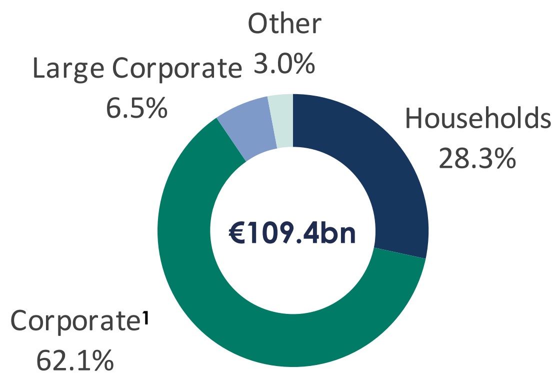
Reclassified assets (€ m)	A 30/06/2017	B 31/12/2016 PF	C 30/06/2016 PF	Chg. A/B Value	Chg. A/B %	Chg. A/C Value	Chg. A/C %
Cash and cash equivalents	790	898	787	-108	-12.0%	3	0.4%
Financial assets and hedging derivatives	38,146	36,580	39,475	1,565	4.3%	-1,330	-3.4%
Due from banks	4,898	6,678	5,245	-1,781	-26.7%	-348	-6.6%
Customer loans	109,441	110,551	113,902	-1,110	-1.0%	-4,461	-3.9%
Equity investments	1,344	1,595	1,639	-251	-15.7%	-295	-18.0%
Property and equipment	2,986	2,696	2,829	290	10.8%	157	5.5%
Intangible assets	2,395	1,834	2,193	561	30.6%	201	9.2%
Non-current assets held for sale and discontinued operations	7	77	75	-71	-91.3%	-69	-91.1%
Other assets	7,714	7,346	6,987	368	5.0%	727	10.4%
Total	**167,720**	**168,255**	**173,133**	**-535**	**-0.3%**	**-5,413**	**-3.1%**

Reclassified liabilities (€ m)	A 30/06/2017	B 31/12/2016 PF	C 30/06/2016 PF	Chg. A/B Value	Chg. A/B %	Chg. A/C Value	Chg. A/C %
Due to banks	26,286	23,276	20,801	3,010	12.9%	5,485	26.4%
Due to customers, debt securities issued and financial liabilities designated at fair value	110,240	116,773	119,815	-6,533	-5.6%	-9,575	-8.0%
Financial liabilities and hedging derivatives	10,009	10,683	11,757	-674	-6.3%	-1,748	-14.9%
Liability provisions	1,601	1,706	1,411	-105	-6.1%	190	13.5%
Liabilities associated with assets held for sale	0	1	0	-1	-89.5%	0	n.s.
Other liabilities	7,140	3,816	6,012	3,324	87.1%	1,129	18.8%
Minority interests	53	58	92	-5	-8.8%	-39	-42.3%
Shareholders' equity	12,390	11,941	13,245	449	3.8%	-855	-6.5%
Total	**167,720**	**168,255**	**173,133**	**-535**	**-0.3%**	**-5,413**	**-3.1%**

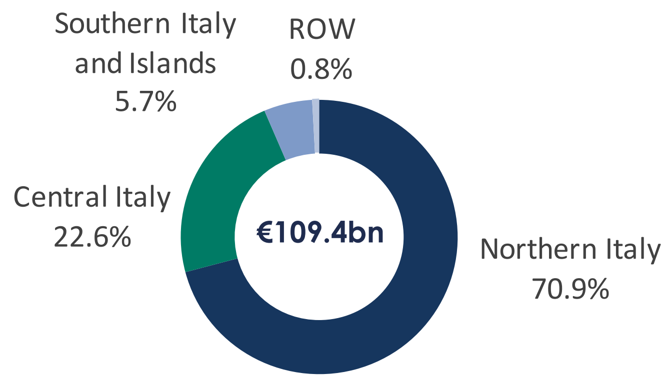
ANNEXES
CUSTOMER LOAN ANALYSIS

Retail and SME-oriented banking group, with franchise concentrated in Northern Italy

Breakdown of net loans by customer segment at 30/06/2017



Breakdown of net loans by geographical area at 30/06/2017



- Roughly 30% of customer loans in relation to the Household segment.
- Corporates[1], excluding Large Corporates, account for roughly 60% of the loan book and the average loan ticket is small, coming in at about €270K.
- More than 70% of the portfolio is concentrated in the wealthiest areas of the Country.

Notes: 1. Non-financial companies (mid-corporate and small business) and financial companies. Includes €5.9bn of Repos, mainly with Cassa di Compensazione e Garanzia.

CREDIT QUALITY: DETAILS ON NPLs

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30/06/2017	Gross exposure	Adjustments	Coverage	Net exposure
Bad Loans	17,264	10,334	59.9%	6,930
Unlikely to pay	10,511	3,308	31.5%	7,203
Past Due	128	25	19.6%	103
Non-performing Loans	**27,903**	**13,667**	**49.0%**	**14,237**

31/03/2017	Gross exposure	Adjustments	Coverage	Net exposure
Bad Loans	17,865	10,538	59.0%	7,327
Unlikely to pay	10,993	3,435	31.2%	7,558
Past Due	173	26	15.0%	147
Non-performing Loans	**29,032**	**13,999**	**48.2%**	**15,033**

31/12/2016 PF	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**

30/06/2016 PF	Nominal exposure	Write-offs	Gross exposure	Adjustments	Adjustments with write-offs	Coverage with write-offs	Coverage without write-offs	Net exposure
Bad Loans	18,915	5,176	13,739	6,086	11,262	59.5%	44.3%	7,653
Unlikely to pay	12,206		12,206	2,972	2,972	24.3%	24.3%	9,234
Past Due	274		274	45	45	16.6%	16.6%	228
Non-performing Loans	**31,394**	**5,176**	**26,218**	**9,104**	**14,279**	**45.5%**	**34.7%**	**17,115**

Restatement of write-offs as of Q1 2017:

At 31/03/2017, the gross exposure of bad loan provisions included approx. €3.5bn of past write-offs (out of a total of about €4.5bn). Hence, at the end of March, about €1bn write-offs have remained off-balance sheet.

CREDIT QUALITY: FOCUS ON WRITE-OFFS

Restatement of write-offs starting from Q1 2017: concept in a nutshell

- At 31/12/2016, Banco BPM's combined data included write-offs totaling €5.2bn.
- Ex-BP and Ex-BPM had different policies on «partial write-offs». The Merger has made it necessary to adopt one of the two criteria for the new Group. In accordance with the common practice used by the Italian banking system, the Group has decided to adopt the policy of ex-BPM, which allows for the inclusion of provisions on-balance sheet, in line also with the financial industry preference.
- Indeed, write-offs have always been included in the nominal exposure and have been taken into account when calculating the bad loan and non-performing loan coverage ratios, a policy also adopted in the Strategic Plan 2016-19.
- As a result of the afore-mentioned approach and considering disposals and/or cancellations, at 31 March 2017 €3.5bn write-offs have been brought back on-balance sheet, while about €1.0bn of write-offs remain off-balance sheet.

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