9M 2018 Group Results Presentation

7 November 2018

DISCLAIMER

This presentation has been prepared by Banco BPM ("Banco BPM"); for the purposes of this notice, "presentation" means this document, any oral presentation, any question and answer session and any written or oral material discussed following the distribution of this document.
The distribution of this presentation in other jurisdictions may be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of, and observe, these restrictions. To the fullest extent permitted by applicable law, Banco BPM and its companies disclaim any responsibility or liability for the violation of such restrictions by any person.
This presentation does not constitute or form part of, and should not be construed as, any offer or invitation to subscribe for, underwrite or otherwise acquire, any securities of Banco BPM or any member of its group, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities in Banco BPM or any member of its group, or any commitment whatsoever. This presentation and the information contained herein does not constitute an offer of securities in, the United States or to any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act"), as amended), Canada, Australia, Japan or any other jurisdiction where such offer is unlawful.
The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements in this presentation are forward-looking statements about Banco BPM. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words “expects”, “anticipates”, “believes”, “intends”, “estimates” and similar expressions. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.
Banco BPM does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.
None of Banco BPM, its subsidiaries or any of their respective members. Directors, officers or employees nor any other person accepts any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or otherwise arising in connection therewith.
By participating to the presentation of the Group results and accepting a copy of this presentation, you agree to be bound by the foregoing limitations regarding the information disclosed in this presentation.

***

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 data contained in this presentation correspond to the documentary evidence, corporate books and accounting records.

METHODOLOGICAL NOTES

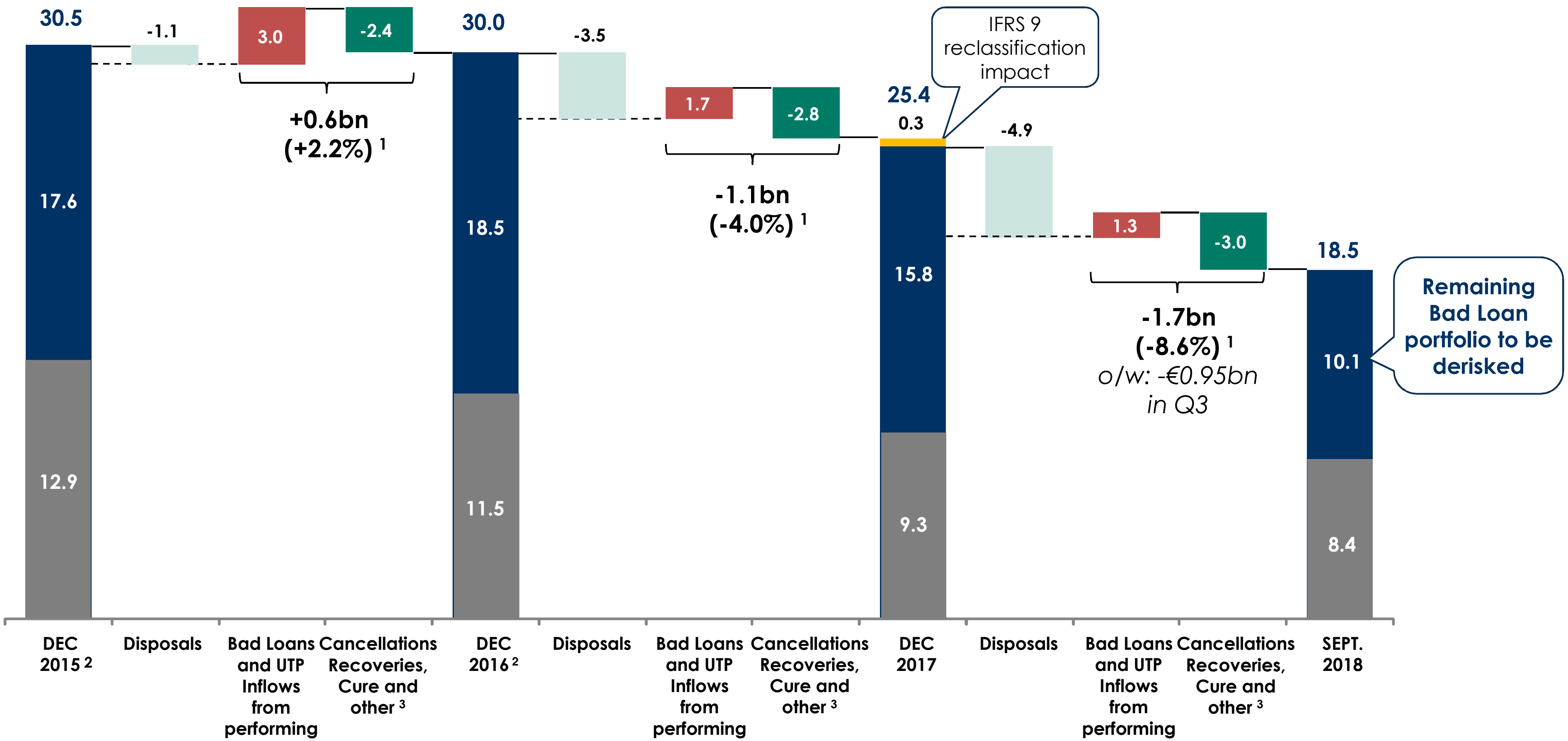
- The new accounting standard IFRS 9 on "Financial Instruments" became effective beginning on 1 January 2018 and therefore the P&L and balance sheet results of 2018 have been prepared in compliance with the new accounting standard IFRS 9, while the 2017 P&L and balance sheet results had been prepared in compliance with the former accounting standard IAS 39.
- The final impact of the FTA in relation to IFRS 9 and IFRS 15 was defined as at 30 June 2018 with reference to 01 January 2018 data.
- To favor a more consistent comparison between the 2018 and 2017 P&L data, in this presentation, 2018 data are complemented with the main reclassifications on adoption of the new accounting standard IFRS 9. However, it should be pointed out that the new classification and measurement criteria and the new impairment model for financial assets do not allow a full comparability of the two sets of data under comparison.
- For a correct understanding of the Balance Sheet quarterly evolution, with accounting standards being equal, the balance sheet data as at 30/06/2018 and 30/09/2018 has been compared with the balance sheet data as at 01/01/2018, recalculated, whenever possible, based on the new accounting standard, with all the differences and reclassifications as at 01/01/2018 duly highlighted compared to IAS 39 compliant data at 31/12/2017 in appendix.
- It should be noted that starting from 2018 the reclassified Balance Sheet scheme has been changed to include the new accounting categories of financial instruments, and that for the reclassified income statement face, the adoption of IFRS 9 required that some aggregates be redefined (for more details please refer to the explanatory notes of the news release of 7 November 2018 on the approval of the consolidated results as at 30 September 2018).
- It is noted that starting from 30/06/2018 ordinary and extraordinary systemic charges related to SRF and DGS have been reclassified from Other Operating Expenses to a dedicated item "Systemic charges after tax". Historical P&L schemes have been reclassified accordingly.
- It is also reminded that in August 2017, Banco BPM signed a binding Memorandum of Understanding to sell 100% of Aletti Gestielle SGR's capital to Anima Holding. For this reason, starting from 30/09/2017, the contribution of Aletti Gestielle has been classified according to IFRS 5 as a "discontinued operation". The sale of the Company was perfected in December 2017. For this reason, in the 2017 P&L statement, the contribution of Aletti Gestielle SGR and the gain realised from disposal are booked in line item "Income after tax from discontinued operation".
- Moreover, in February 2018, Banco BPM signed an agreement to sell the Custodian Banking activity and, in September the Business Unit has been officially sold. For this reason, starting from 31/03/2018, the Balance Sheet data related to this Business Unit (substantially CA and Deposits) have been classified according to IFRS 5 as a "discontinued operation" and as at 30/09/2018 they are no more included in the consolidated perimeter. In this presentation, in order to ensure coherence with the historical reporting, the Direct Funding as at 01/01/2018 shown in the slide no. 23 is proforma, i.e. reported excluding the data related to this Business Unit.

Agenda

BANCO BPM

NPL DYNAMICS AT A GLANCE: IMPRESSIVE DERISKING

€ bn – Total NPLs, gross book value



Internal management analysis

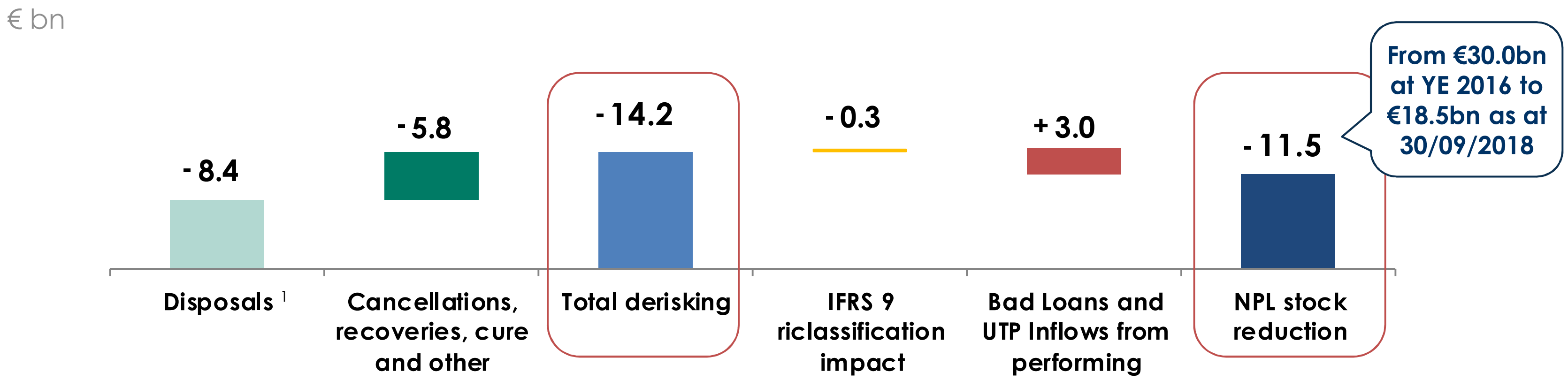
Notes:

1. % change vs. perimeter after disposals.
2. Accounting gross book value, including restatement for managerial purposes (inclusion of a portion of write-offs, in coherence with the restatement done in 2017)
3. Includes also the net change in Past Due.

ACCELERATED DERISKING SINCE THE MERGER: SUMMARY

A significant reduction in accounting GBVs (-€11.5bn) is registered since the effectiveness of the merger (01/01/2017), thanks not only to disposals, but also to the enhanced workout management (cash recoveries, cure and cancellations), leading to a continuous improvement in the pace of derisking.

Analysis of NPLs stock reduction since YE 2016



- Further derisking in the pipeline (ACE Project)

Notes:
1. Including also disposals carried out in 2016, total disposals actually amount to €9.5bn.

PROJECT ACE: UPDATE ON DERISKING PROCESS UNDER WAY

1

NPL Portfolio

Composed of secured, unsecured and leasing

- *Minimum required to complete 2018-20 plan agreed with ECB: €3.5bn disposal*
- ***Alternative scenario: acceleration of the derisking plan via larger disposals***

2

NPL Recovery B.U.

Potential platform sale dependent upon final size of NPL portfolio disposed of

Perimeter definition and subscription of a servicing agreement

Phase 2/ Due Diligence

Binding offers

STATUS

i. The three Consortia selected in early August have undertaken a thorough due diligence on a pre-identified sample of a portfolio composed of about **40,000 documents** – substantial investment undertaken from the buyers' side **with ~650 people involved**

ii. Consistently with the announcement made in August, the objective remains to speed-up the de-risking plan, potentially selling a higher amount of loans: **maximum potential perimeter for the binding offers is up to ~€8.6bn** (i.e. all Banco BPM Spa positions excluding those receivables whose legal/contractual status hinders the possibility to proceed with a sale)

NEXT STEPS

i. Binding offers expected mid-November

ii. Consequently, a decision will be taken on:
   - Selection of winning consortium
   - Final size and perimeter of the portfolio to be disposed of
   - Possible sale of the NPL recovery Business Unit and subscription of a long-term servicing agreement

GACS EXTENSION

i. The process is shaped to keep all available implementation options open, i.e. either to exploit the GACS scheme – recently extended until March – or to follow alternative routes based on private debt financing mechanisms

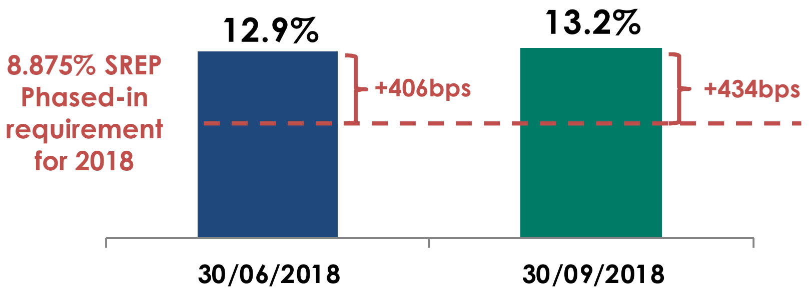
ii. Rating agencies already engaged to speed up the execution phase

BANCO BPM

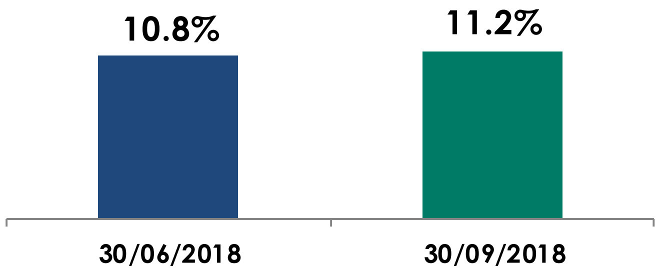
SOUND CAPITAL POSITION

Good and increasing buffer vs. 2018 SREP requirement

CET 1 ratio Phased-in



CET 1 ratio Fully Loaded



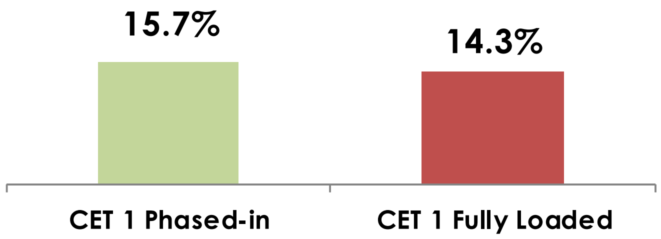
- In Q3 2018, the Group has strengthened its capital position notwithstanding the impact of the BTP portfolio performance
- Capital flexibility guaranteed by possible optimisation opportunities in the financial participations portfolio

See slide 61 for further details.

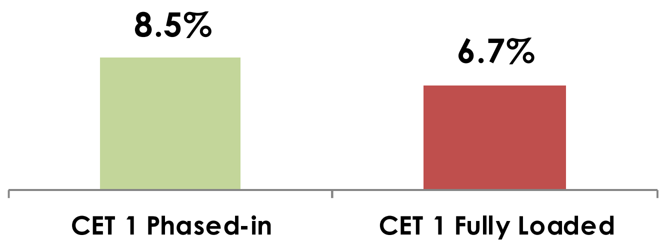
RESULTS OF THE EU-WIDE STRESS TEST

Soundness of profitability and resilience of capital position confirmed also by the Stress Test results

Stress Test Baseline Scenario



Stress Test Adverse Scenario



- The results achieved by Banco BPM are very satisfactory, confirming the Group's ability to generate value under the baseline scenario and resilience under the adverse scenario
- The outcomes are even more important considering that the exercise rules prevented the peculiarities tied to the merger plan to be factored in, which would otherwise have contributed to further significant improvements in the results. More in detail:
  i. the exercise has not allowed to filter out merger-related extraordinary and nonrecurring costs, which were projected throughout the 3-year time horizon for a cumulative total exceeding €500m, thus generating unrealistic effects;
  ii. based on the static balance sheet assumption, the exercise has not allowed to factor in the ongoing de-risking process, in particular the sale of € 5.1 billion of bad loans already completed in H1 2018 (corresponding to about one third of the total portfolio).
- The above-mentioned factors had a material negative impact also with reference to the Leverage Ratio

9M 2018 STATED PERFORMANCE

€ m	9M 2018 (IFRS9)	9M 2017 (IAS 39)
NET INTEREST INCOME	1,738	1,585
TOTAL INCOME	3,751	3,371
OPERATING COSTS	-2,068	-2,203
PROFIT FROM OPERATIONS	1,683	1,168
LOAN LOSS PROVISIONS	-954	-988
PROFIT BEFORE TAX	779	62
NET INCOME	525	53

9M 2018 ADJUSTED PERFORMANCE

Figures adjusted for IFRS9 effect and one-off items

€ m	9M 2018	9M 2017 [1]
NET INTEREST INCOME	1,577	1,557
TOTAL INCOME	3,276	3,354
OPERATING COSTS	-2,056	-2,177
PROFIT FROM OPERATIONS	1,220	1,177
LOAN LOSS PROVISIONS	-793	-988
PROFIT BEFORE TAX	309	179
NET INCOME	155	81

Notes:
1. See slide 53 for full details regarding one-off items. In addition, 9M 2017 adjusted figures are restated to take account of the deconsolidation of Aletti Gestielle, thereby providing a homogeneous comparison.

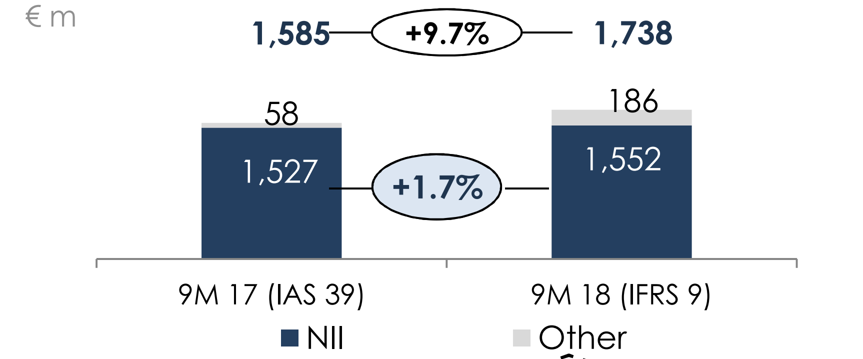
Agenda

BANCO BPM

NET INTEREST INCOME

Volume growth and cost of funding reduction supporting growth in Q3

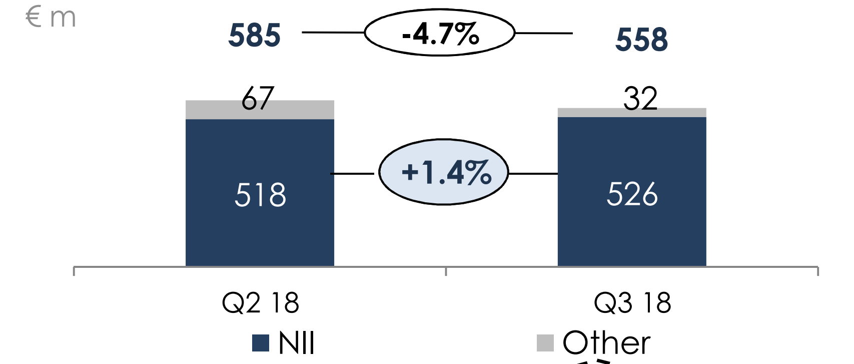
Y/Y comparison



€ m	9M 17	9M 18
OTHER	**58**	**186**
o/w: PPA	30	25
o/w: IFRS9 PPA	0	98
o/w: IFRS9	0	63
o/w: one-offs[1]	28	0

161

Q/Q comparison

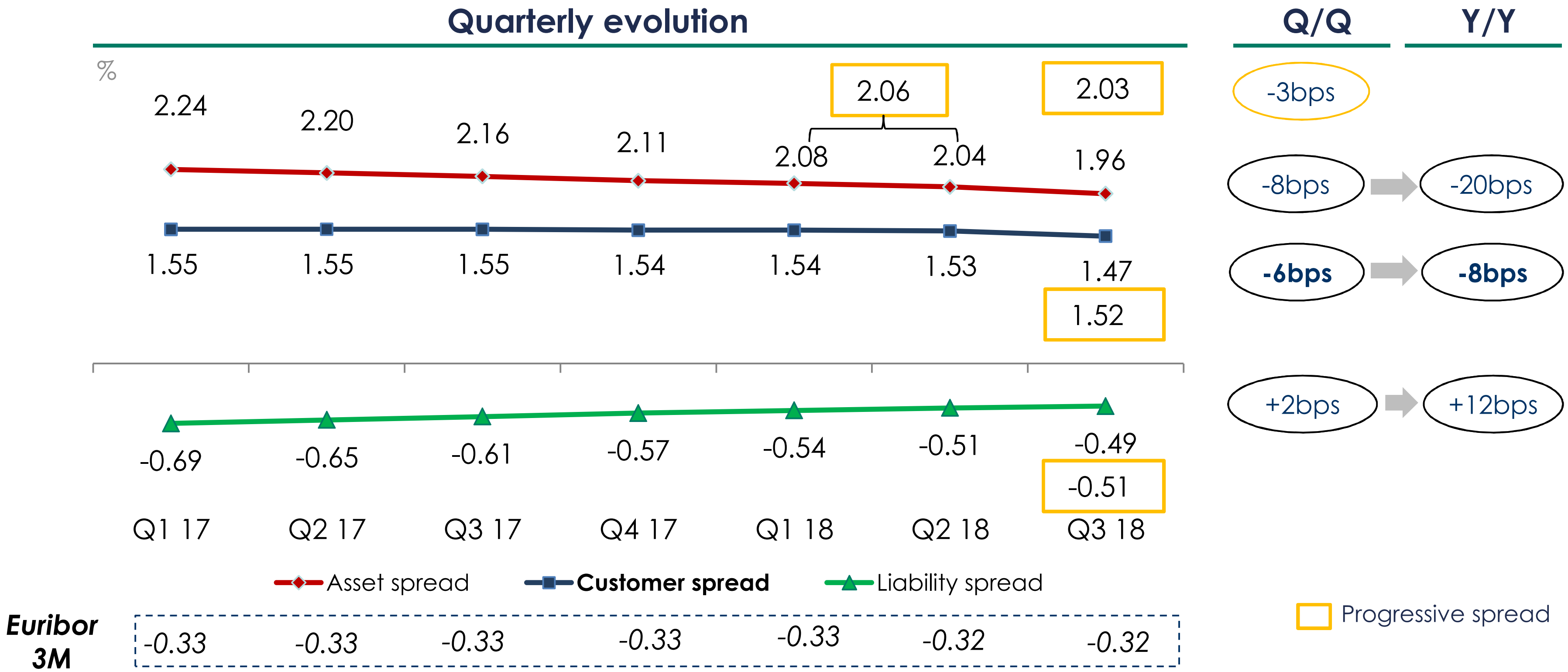


€ m	Q2 18	Q3 18
OTHER	**67**	**32**
o/w: PPA	4	0
o/w: IFRS9 PPA	40	20
o/w: IFRS9	24	12

- Stated Net Interest Income up 9.7% y/y, benefiting from the reversal of time value on bad loans (reclassified from LLPs under IFRS 9) and PPA
- Net interest income was up 1.7% y/y on a like-for-like basis (excluding one-offs, IFRS 9 effect and PPA), mainly driven by lower cost of funding
- In the quarterly comparison, Net Interest Income was down 4.7%, mainly due to a lower PPA effect and time value on bad loans resulting from NPL disposals (Exodus transaction). On an underlying basis (net of PPA and IFRS 9 effects), NII was up 1.4% q/q, also thanks to volume growth

Notes:
1. Includes approx. €32m related to TLTRO2 accrued in 2016 and booked in Q1 17.

NET INTEREST SPREAD IN COMMERCIAL BANKING



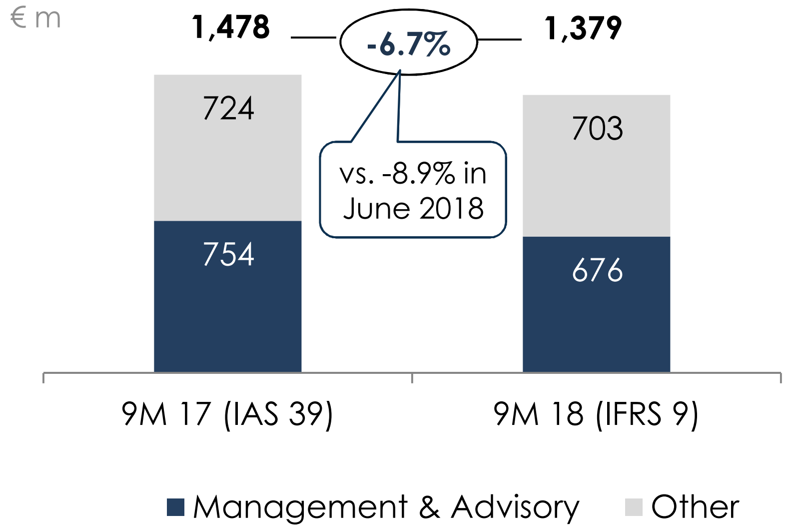
- The asset spread decrease in the quarter is partially explained by the high proportion of high-quality new loans granted to the corporate and institutional segments, with an embedded low risk profile
- On a progressive basis, the asset spread in September (2.03%) registered a decrease of only 3 bps vs. the corresponding level as of June
- A steady improvement is registered in the trend of the liability spread

BANCO BPM

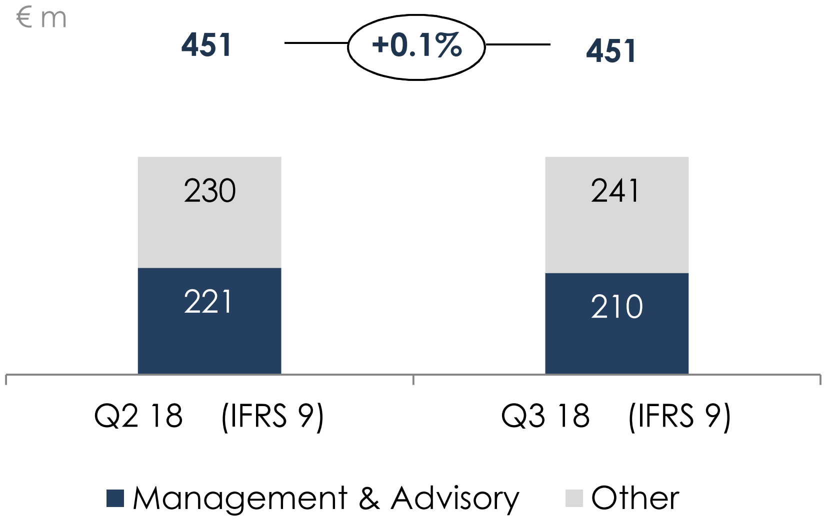
Notes: Quarterly spreads for 2017 have been adjusted to reflect the adoption of new customer portfolio perimeter and segments of the new commercial network

NET FEES AND COMMISSIONS

Y/Y comparison



Q/Q comparison

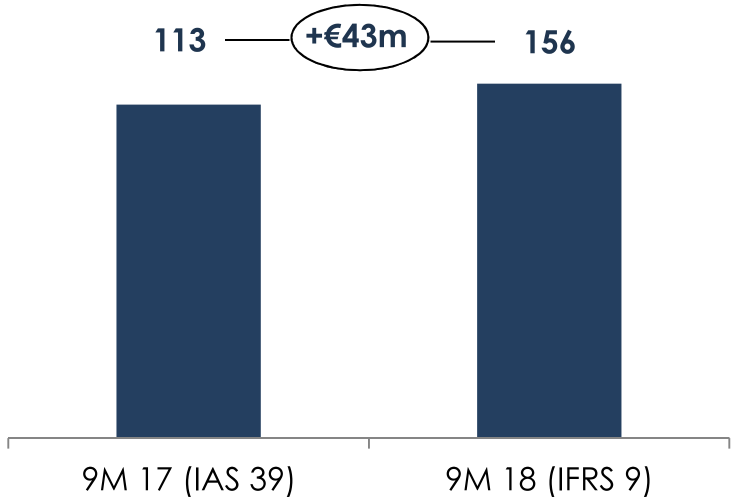


- In 9M 2018, management and advisory fees showed an increase of more stable running fees (+13.3% y/y) whereas upfront fees (-26.7% y/y) were affected by the market turmoil in Q2 and Q3 2018. Total fees and commissions decreased 6.7% y/y, compared with a reduction of 8.9% y/y recorded in H1 2018
- Fees and commissions were flat q/q, a good result in light of the typical seasonal effect in Q3 and the market turmoil in the quarter. The result benefited from the higher diversification of fees generated across different businesses (i.e. credit fees), entirely offsetting lower management and advisory fees

NET FINANCIAL RESULT

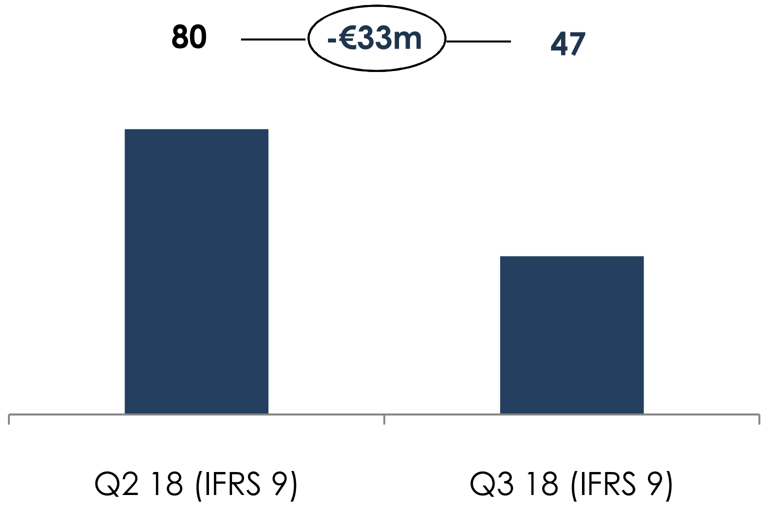
Y/Y comparison

€ m



Q/Q comparison

€ m

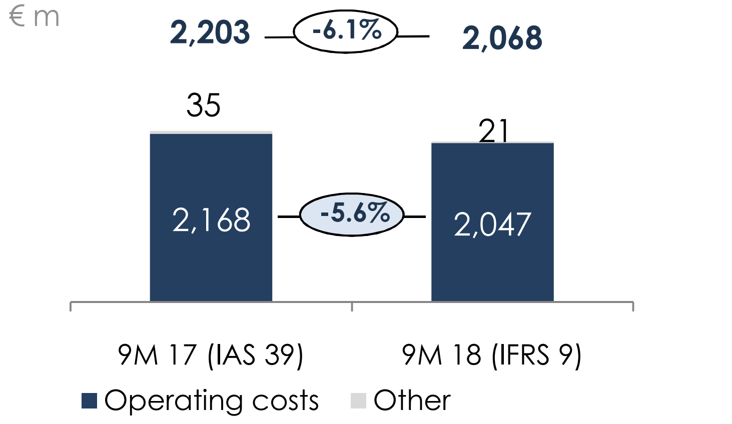


- Net Financial Result stood at €156m in 9M 2018 (+€43m y/y), mainly thanks to higher gains from disposals of debt securities
- In Q3, the Net Financial Result came in at €47m, a good result in light of the reduced capital sensitivity to government bonds (reduction of €3.2bn in government bonds classified in HTCS)

BANCO BPM

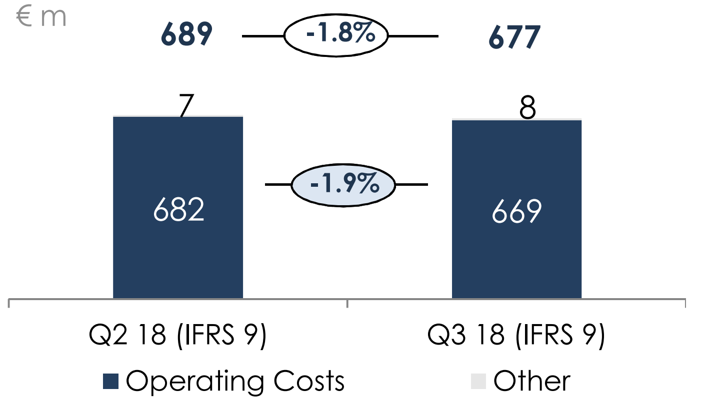
OPERATING COSTS

Y/Y comparison



€ m	9M 17	9M 18
OTHER	**35**	**21**
o/w: one-offs	26	12
o/w: PPA	9	9

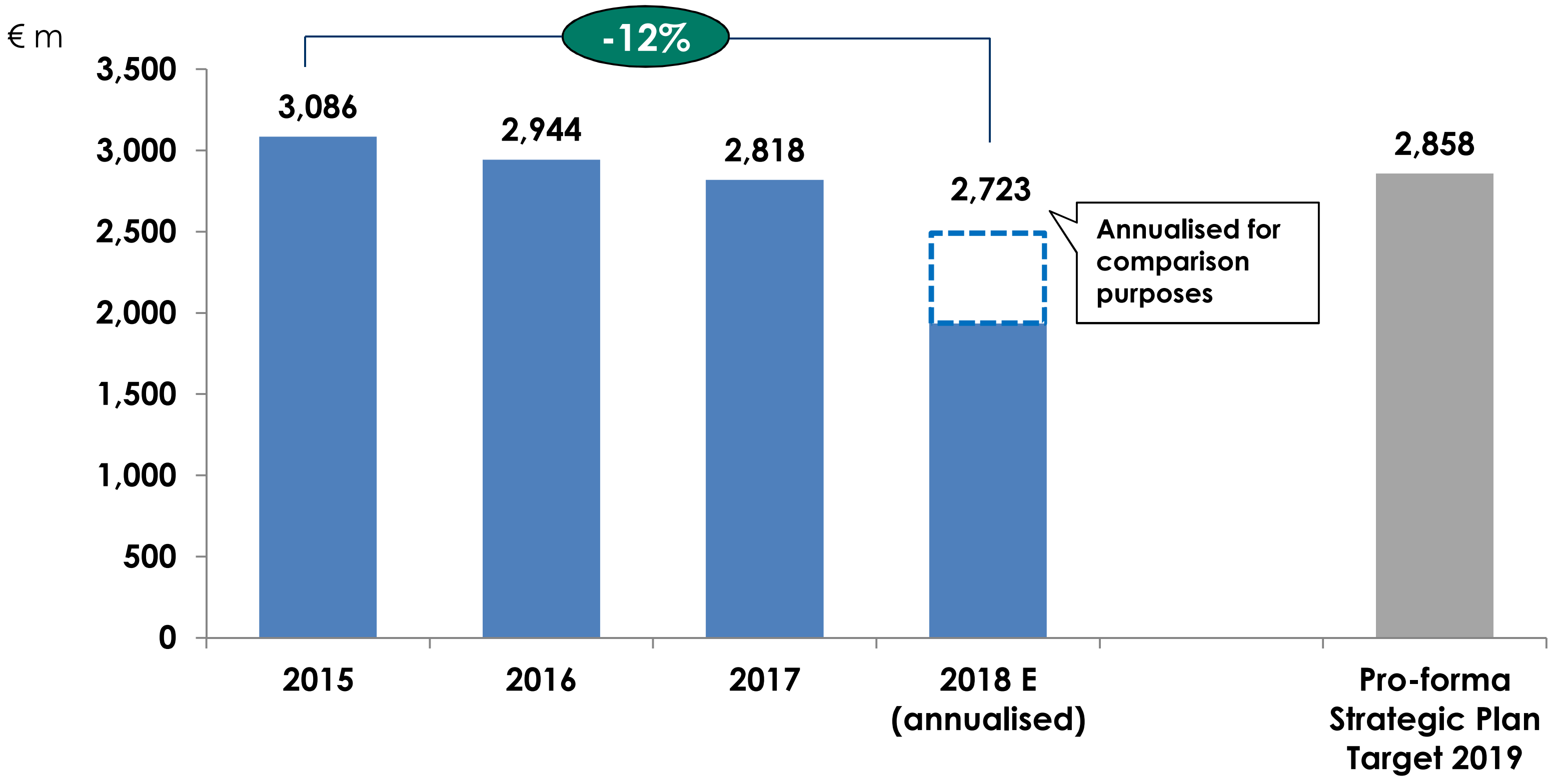
Q/Q comparison



€ m	Q2 18	Q3 18
OTHER	**7**	**8**
o/w: one-offs	4	5
o/w: PPA	3	3

- In 9M 2018, operating costs were down 6.1% y/y (stated) and 5.6% y/y on an underlying basis (excl. one-off items and PPA), thanks to strict cost control
- Operating costs amounted to €677m in Q3 2018, the best quarterly result reached since the creation of Banco BPM, down 1.8% q/q.

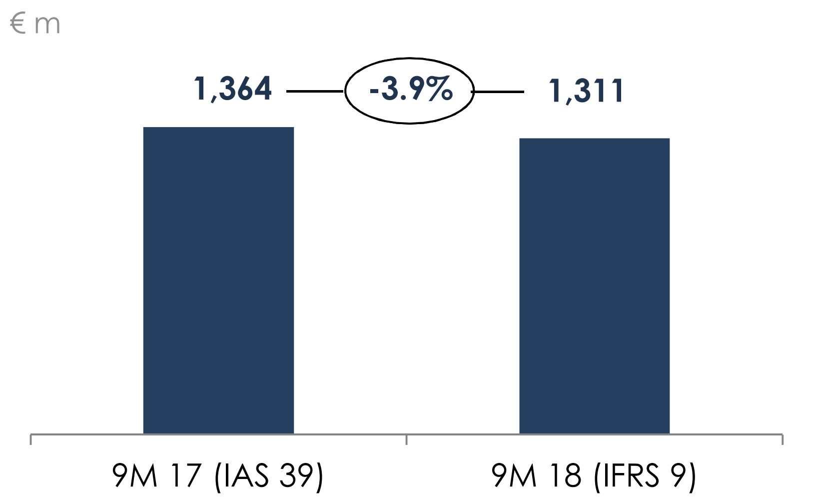
OPERATING COSTS[1] WELL AHEAD OF STRATEGIC PLAN TARGETS



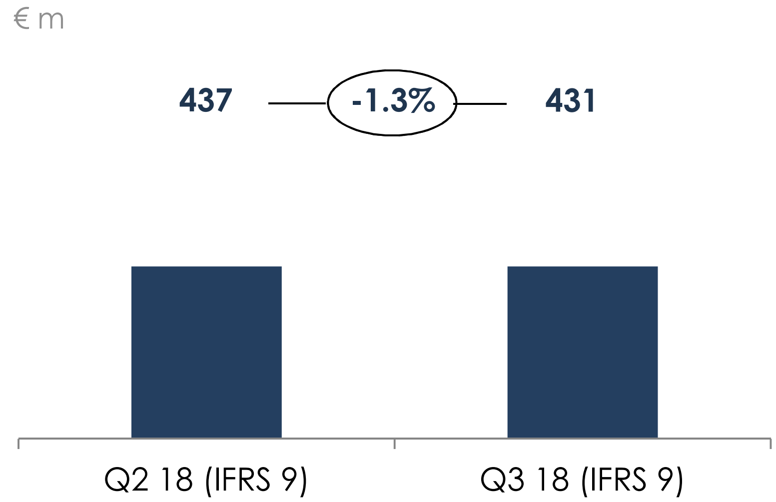
Notes:
1. Internal Management Data adjusted for non-recurring items, systemic charges and DTA fees. All figures are pro-forma (ex Aletti Gestielle). It is noted that 2018 figures do not yet benefit from the full effect of synergies coming from personnel and other administrative costs.

PERSONNEL EXPENSES

Y/Y comparison



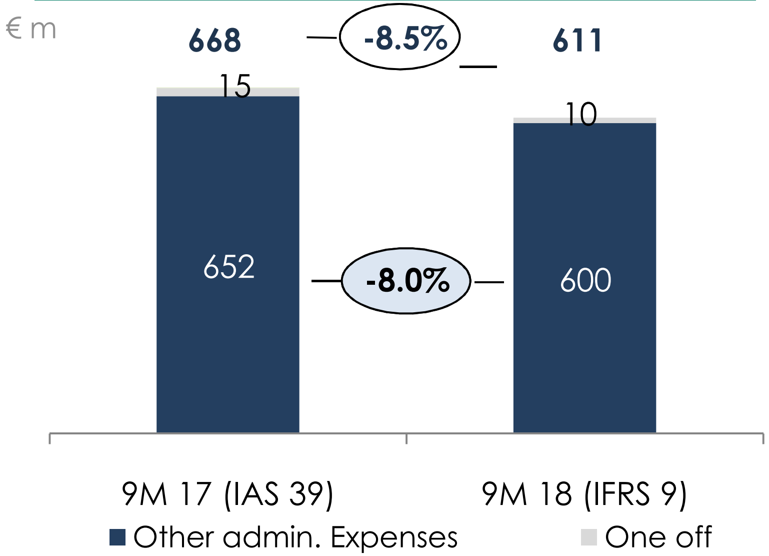
Q/Q comparison



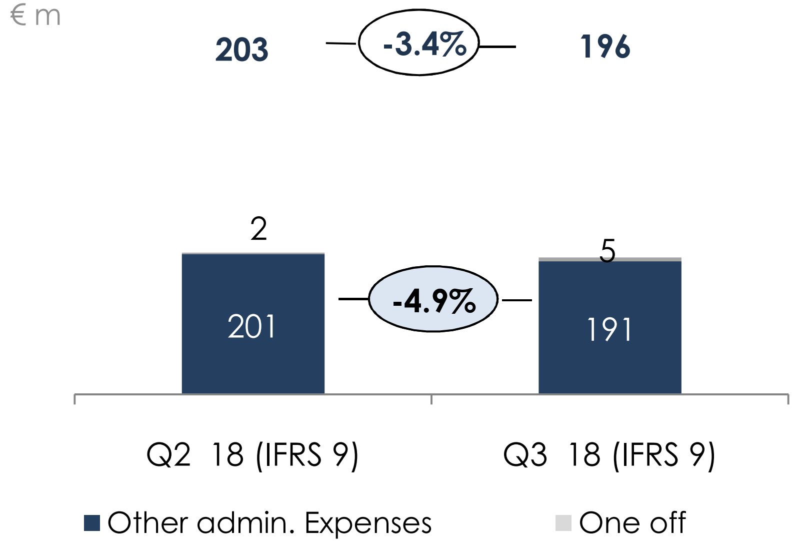
- Personnel expenses were down 3.9% y/y, mainly driven by the headcount reduction
- Personnel expenses were down also in the quarter, coming in at €431m (-1.3% q/q)
- Total headcount stood at 22,640 on 30 Sept. 2018, down from 23,263 at year-end 2017 (-623, of which -375 on the basis of the Solidarity Fund at the end of June 2018) and from 25,001 at the starting point of the Strategic Plan (-2,361)
- Additional 314 exits are planned in December 2018, as part of the already agreed Solidarity Scheme

OTHER ADMINISTRATIVE EXPENSES

Y/Y comparison



Q/Q comparison

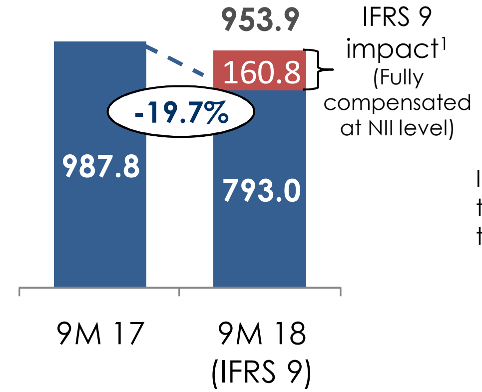


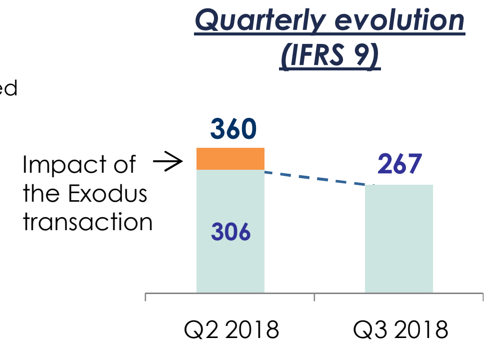
- Other administrative expenses decreased 8.5% y/y and 3.4% q/q, thanks to the strict cost control across all expense categories. The categories that benefit most from the merger-related synergies are third party and advisory services, maintenance and rental, advertisement, transport and insurance

LOAN LOSS PROVISIONS

Loan Loss Provisions

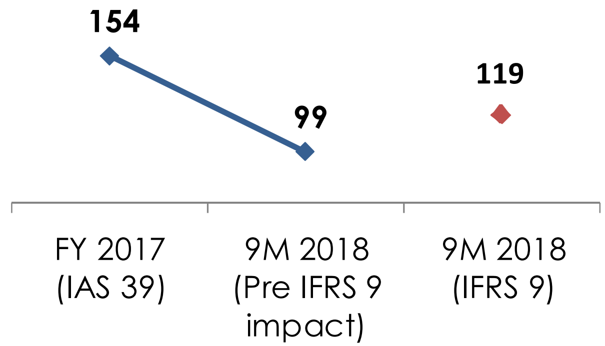
€ m





Cost of credit [2]

In bps, annualised, calculated on net customer loans



- 9M 2018 LLPs of €953.9m include the impact of €160.8m coming from the application of the IFRS 9 accounting principle (€66m in Q1, €63m in Q2 and €32m in Q3)
- LLPs pre-IFRS 9 are down by 19.7% Y/Y , corresponding to an annualized cost of credit of 99bps. This level includes the impact of Exodus as well as the maintenance of a solid NPL coverage
- In Q3 2018, LLPs (post IFRS 9) stood at €267m, -25.8% Q/Q. Also excluding the €54m impact from the Exodus transaction from Q2, LLPs are still down on a quarterly basis (-12.7% Q/Q).

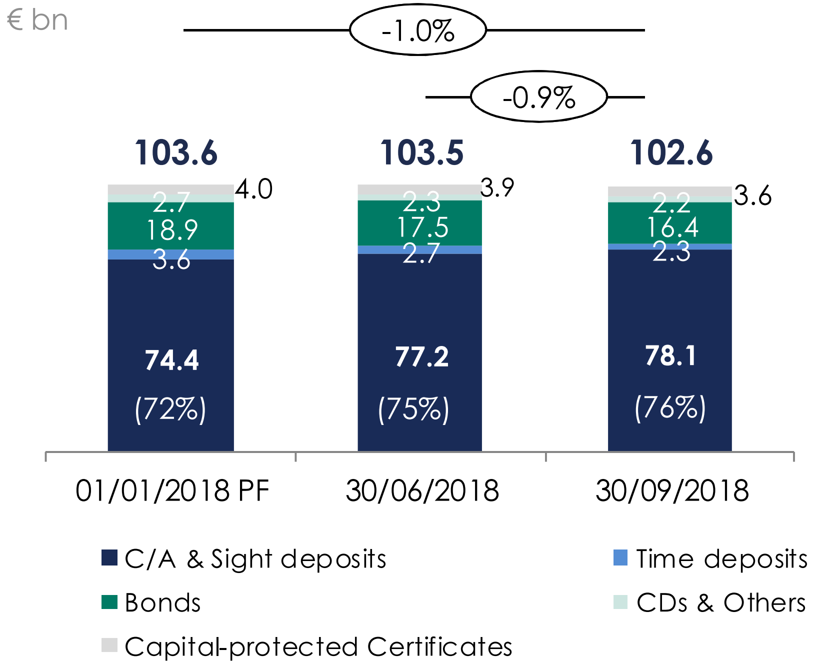
Notes:
1. The IFRS 9 impact is due to the reclassification to NII of +€98.4m of PPA reversal on Bad Loans and of +€62.5m of time value reversal of Bad Loans and Accrual interest on Net UTP.
2. Cost of credit calculated adding to LLPs also €2.8m of generic provisions related to the Exodus Senior Tranche classified under the Item Net Adjustments on other assets, in coherence with the aggregate of Net Customer Loans

Agenda

DIRECT FUNDING

Healthy growth in core deposits, with concurrent decline in more expensive sources of funding

Direct funding[1] (*without* Repos)



CHANGE	In % vs. 01/01/18	In % Q3
C/A & Sight deposits	5.0%	1.2%
Time deposits	-35.4%	-13.6%
Bonds	-13.3%	-6.2%
CDs & Others	-19.9%	-5.6%
Capital-protected Certificates	-9.2%	-6.8%
Direct Funding (excl. Repos)	**-1.0%**	**-0.9%**

- Direct funding at €102.6bn, with a positive dynamic of C/A and sight deposits (+5.0% YTD and +1.2% in Q3)
- Increasing weight of stable core Retail component in Deposits: from 61% as at June to 63% as at September 2018[2]
- New issuance activity on wholesale markets in the 9M period: €1.25bn of Covered Bonds and €0.5bn of Senior bonds

Notes:
1. Direct funding restated according to a management logic: it includes capital-protected certificates, recognized under 'Held-for-trading liabilities', while it does not include Repos (€9.0bn at September 2018, basically transactions with Cassa di Compensazione e Garanzia).
2. Internal management data.

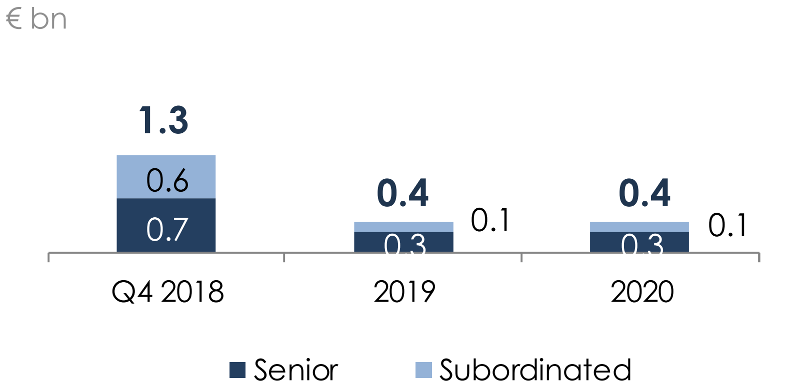
Historic data exclude the volumes of the custodian banking Activity (€3.7bn as at 01/01/18 and €4.2bn as at 30/06/18), sold in Q3 2018.

BANCO BPM

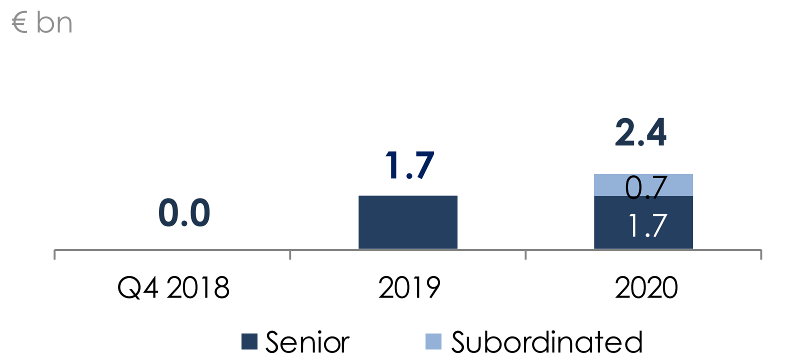
BOND MATURITIES: VERY MANAGEABLE AMOUNTS

The Group will maintain a robust funding structure and a balanced ALM profile, while optimizing the cost of funding and developing AUM

Retail bond maturities



Institutional bond maturities



- Very limited amount of bond maturities (€1.3bn in Q4 18, €2.1bn in 2019 and €2.8bn in 2020),
- Retail maturities keep sustaining the growth of Deposits and AUM, supporting both NII and Commissions
- A low-cost funding source: the current amount of unencumbered assets eligible for Covered bonds/ABS issuance is well in excess of the maturing securities
- The solid funding and liquidity position allows the Group to wait for better market conditions to tap the institutional bond market

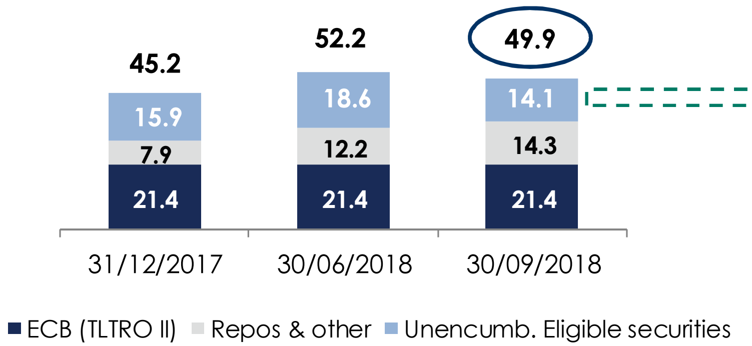
BANCO BPM

Note:
Managerial data based on nominal amounts, including calls.

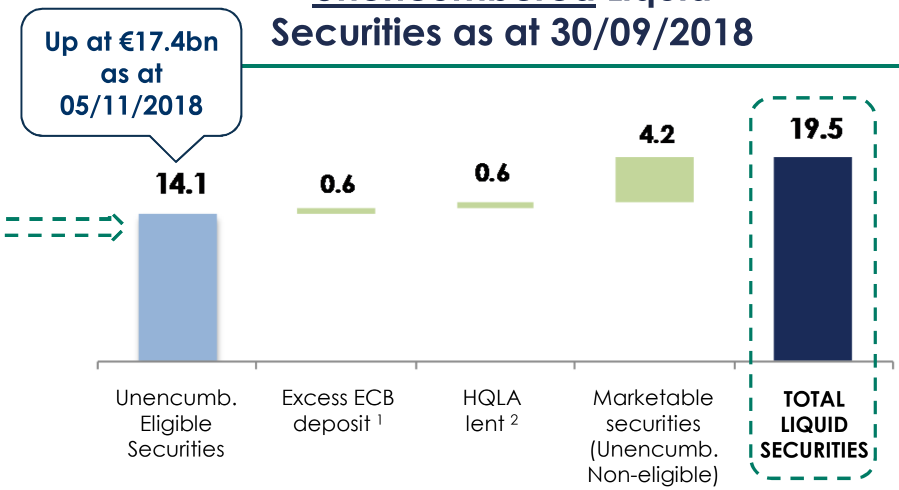
STRONG LIQUIDITY POSITION

€ bn - Internal management data, net of haircuts

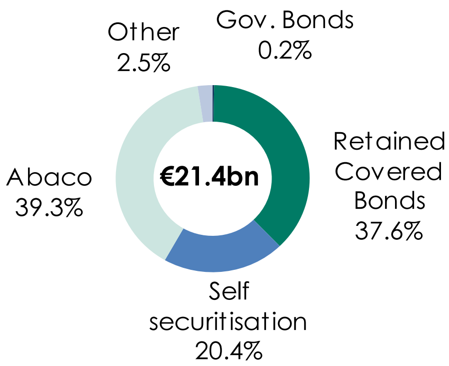
Eligible Securities



Unencumbered Liquid Securities as at 30/09/2018



Breakdown of assets encumbered with TLTRO II as at 30/09/2018



- Roughly €20bn of total unencumbered liquid securities (net of haircuts)
- As of October, €0.8bn of unencumbered marketable securities (net of haircuts) refinanced in bilateral transactions
- €13bn of assets encumbered with TLTRO II are high quality marketable securities (rated A or higher): easy to refinance at good conditions
- €8.4bn of credit claims (ABACO) are eligible for securitisations
- **LCR at 133% & NSFR >100%[3]**

Notes:
1. Defined as non-mandatory ECB deposits (exceeding the compulsory reserve)
2. Refers to securities lending (uncollateralized high quality liquid assets)
3. Monthly LCR as at September 2018; Monthly NSFR based on management data as at September 2018.

SECURITIES PORTFOLIO

Prudent diversification, with solid liquidity and support of NII

€ bn

Further details on the Govies portoflio in the following slide

Securities Portfolio Breakdown

	30/09/18	30/06/18	01/01/18	31/12/17 IAS 39	Chg. vs. 31/12/17 Value	Chg. vs. 01/01/18 Value	Chg. in Q3 Value
Debt securities	34.0	36.1	30.3	30.2	3.7	3.7	-2.1
- o/w Total Govies	28.4	30.4	25.3	25.2	3.1	3.0	-2.1
- o/w: Italian Govies	**18.2**	**18.9**	**20.8**	**20.7**	**-2.5**	**-2.6**	**-0.7**
in % on Total Govies	***64.3%***	***62.2%***	***82.1%***	***82.1%***			
Equity securities and Open-end funds & Private equity	2.3	2.4	2.2	2.2	0.1	0.1	-0.1
TOTAL SECURITIES	**36.2**	**38.5**	**32.4**	**32.4**	**3.9**	**3.8**	**-2.2**

- Italian Govies at €18.2bn: -€0.7bn in Q3 and -€2.5bn YTD and, with an accounting remix:
  - HTCS down to €6.5bn (-€1.9bn in Q3 and -€3.4bn vs. year-end 2017 IAS 39), with a modified duration of ~2.9 years[1]
  - HTC up at €10.1bn (+€1.2bn in Q3 and +€0.1bn vs. year-end 2017 IAS 39)
  - FVTPL at €1.6bn (stable in Q3 and +€0.8bn vs. year-end 2017 IAS 39), o/w €0.9bn short-term trading positions held in the investment bank portfolio
- Non-Italian Govies at €10.1bn, 36% of total Govies: primarily France (13%), USA (11%), Germany (6%), followed by Spain (5%)
- Gross HTCS reserve on debt securities at about -€330m (vs. about -€200m at the end of June 2018 and about +€165m end of Dec. 2017)[1].

BANCO BPM

Note:
1. Management accounting data.

FOCUS ON ITALIAN GOVIES: DECLINE IN HTCS COMPONENT AND STRONG REDUCTION OF SENSITIVITY TO SPREAD EVOLUTION

1bps spread sensitivity down from about €3.5m in Q2 2018 to €2.0m in September

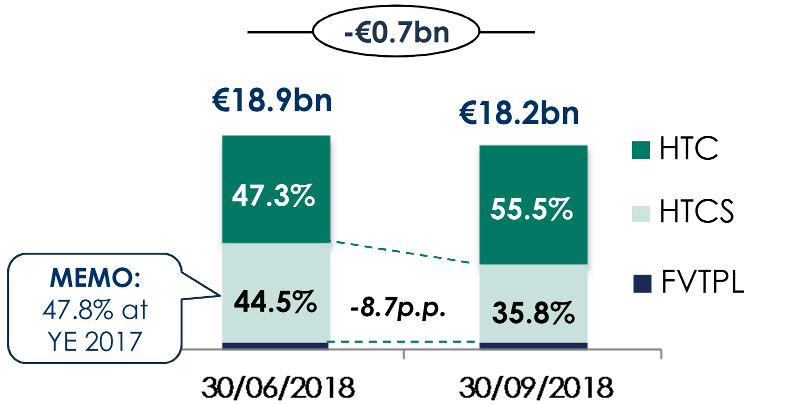
Significant decline of Govies in HTCS in Q3, particularly in the Italian component

€ bn

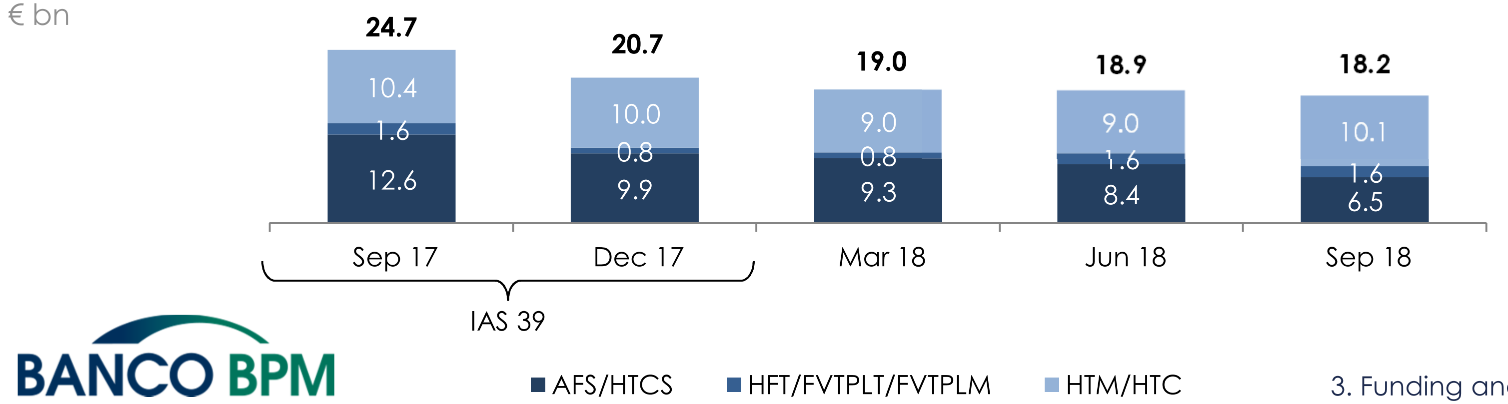
	30/09/18	30/06/18	Chg. in Q3	31/12/17 IAS 39
Total Govies in HTCS	**11.9**	**15.1**	**-3.2**	**12.9**
o/w: Italian	6.5	8.4	**-1.9**	9.9
in % on Total	55%	56%	**-1p.p.**	77%
o/w: Non Italian	5.4	6.7	**-1.3**	2.9
in % on Total	45%	44%	**+1p.p.**	23%
Duration of Italian Govies in HTCS *(years)*	**2.9**	**3.4**		

-22 p.p. vs. YE 2017

Classification of Italian Govies: weight of HTC up, with HTCS down to 36%



Yearly evolution of Italian Govies portfolio: -€6.5bn in total, o/w -€6.1bn for AFS/HTCS

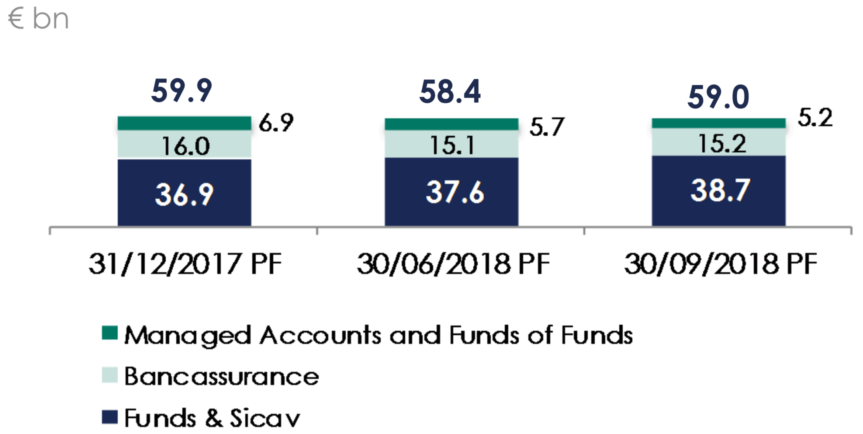


BANCO BPM

INDIRECT FUNDING

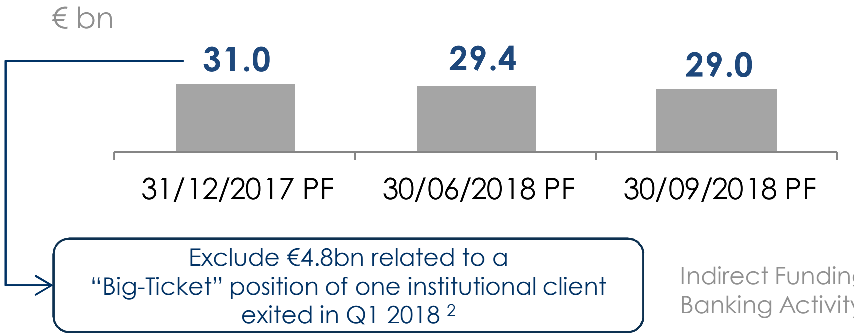
Strong performance of 'Funds and Sicav'
Big impact from market performance, especially on AuC

Assets under Management



- Good recovery of the performance of AUM in Q3, with an increase of €0.6bn
- Good growth in 'Funds and Sicav': +4.7% YTD and +2.9% in Q3
- Decrease registered in 'Bancassurance', being also temporarily impacted by the reorganisation of the bancassurance JV in H1 2018. Recovery started in Q3 (+0.5% Q/Q)
- 'Managed Accounts and Funds of Funds' negatively impacted by price effect for -€0.6bn YTD and -€0.4bn in Q3

Assets under Custody[1]



- On a like-for-like basis[2] and excluding the market pricing effect registered in 9M 2018, **AuC grew by roughly €0.4bn YTD**

Indirect Funding data proforma for the exclusion of the volumes related to the Depositary Banking Activity.

Notes:
1. AuC net of capital-protected certificates , as they have been regrouped under Direct Funding (see slide 23).
2. In Q1 2018, AuC registered the outflow of one big institutional client (€4.8bn as at 31/12/2017), with a negligible margin contribution. These volumes are excluded from 31/12/2017 PF data.

TOTAL CORE FUNDING: GROWTH DESPITE MARKET TURMOIL

€ bn	30/09/2018	30/06/2018	01/01/2018 PF	Chg. vs. 01/01/18	Chg. in Q3
C/A & Sight Deposits	78.1	77.2	74.4	+3.7	+0.9
AUM	59.0	58.4	59.9	-0.8	+0.6
AUC [1]	29.0	29.4	31.0	-2.0	-0.4
TOTAL CORE FUNDING	166.1	165.1	165.3	+0.9	+1.1

+€4.2bn excluding the market price effect registered in 9M 2018 on Indirect Funding (-€2.4bn in AUC and -€1.0bn in AUM)

All data exclude the volumes related to the Depositary Banking Activity

Notes:
1. AUC excludes Capital-protected Certificates and, as from 01/01/2018, excludes also €4.8bn of volumes related to one big-Ticket position of an institutional client who left our Group in Q1 2018. See slide 28 for details.

BANCO BPM

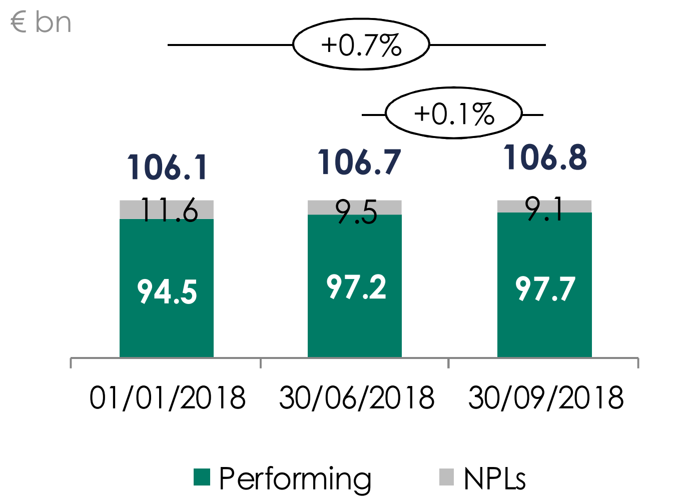
Agenda

BANCO BPM

NET CUSTOMER LOANS

Satisfactory increase in Performing Loans, with strong performance of new loan granting in Q3 (€5.5bn)

Net Customer Loans[1]



	30/09/18	30/06/18	01/01/18	CHANGE In % vs. 01/01/18	CHANGE In % Q3
Performing loans	**97.7**	**97.2**	**94.5**	**3.4%**	**0.5%**
Core customer loans[2]	88.74	87.26	86.94	2.1%	1.7%
Leasing	1.16	1.20	1.20	-3.6%	-3.3%
Repos	6.14	7.13	6.36	-3.6%	-13.9%
Exodus Senior Notes	1.66	1.65	0.00	n.m.	0.1%
NPLs	***9.1***	***9.5***	***11.6***	***-21.3%***	***-3.9%***
TOTAL	**106.8**	**106.7**	**106.1**	**0.7%**	**0.1%**

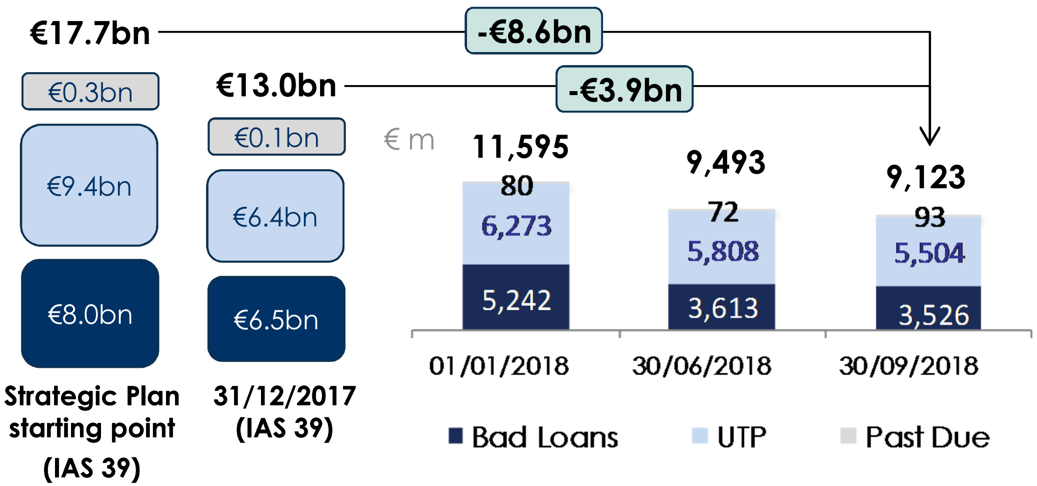
- Trend of total Net Customer Loans impacted by the solid derisking (disposal of Bad Loans and workout) and by the subscription of Exodus Senior Notes
- Performing customer loans are up 3.4% vs. 01/01/2018 and 0.5% in Q3
- Even when excluding the subscription of €1.7bn of Exodus Senior Notes, performing loans are up by 1.6% YTD and 0.5% Q/Q, with a positive trend registered in "Core customer loans" [2] (+2.1% YTD and +1.7% in Q3)
- €14.6bn of new mortgage and personal loans granted in the period (€2.7bn to Households and €11.9bn to Corporate)[3] , with a strong performance in Q3 (€5.5bn), particularly in the highly-rated corporate segment.

Notes:
1. Customer loan data refer to Loans and advances to customers measured at Amortized Cost, including also the Exodus senior notes
2. Core customer loans include Mortgage Loans, Current Accounts, Cards & Personal Loans and Other technical forms.
3. Internal management data. 'Corporate' includes SMEs, Large Corporates, Institutional Customers and Third Sector.

NPL STOCK REDUCTION PROGRESSING WELL

Net NPLs reduced by >€8bn vs. the Strategic Plan starting point, with net Bad Loans more than halved

Net NPLs

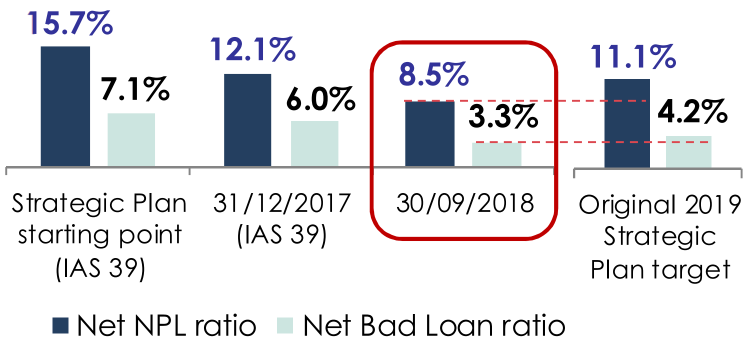


Pre-IFRS 9 FTA[1]

CHANGE €/m and %	Chg. vs. 31/12/17		Chg. vs. 01/01/18		Chg. in Q3	
	Value	%	Value	%	Value	%
Bad Loans	-2,962	-45.7%	-1,716	-32.7%	-88	-2.4%
UTP	-955	-14.8%	-769	-12.3%	-304	-5.2%
Past Due	13	15.9%	13	15.9%	21	29.8%
TOTAL NPLs	-3,904	-30.0%	-2,472	-21.3%	-371	-3.9%

- Net NPLs down by €2.5bn vs. 01/01/2018 (-€3.9 pre-IFRS 9), thanks to the Exodus transaction, Bad Loan workout and UTPs reduction, confirming the good performance of NPL management and the normalization in asset quality trends
- Net NPL ratio down at 8.5% and Net Bad Loan ratio down at 3.3%. Both are set to improve further after the completion of the revised derisking plan

Evolution of Net NPL and Net Bad Loan ratios



2018 Customer Loan data refer to Loans and advances to customers measured at Amortized Cost.

BANCO BPM

Notes:
1. As at 01/01/2018, €0.2bn Net UTP loans were reclassified from Customer Loans measured at Amortized Cost to Other Financial Assets. Also, the IFRS 9 FTA impact on net NPLs for new Impairment models has translated into a reduction of €1.2bn as at 01/01/2018 (specifically in Bad Loans).

CONSERVATIVE COVERAGE LEVELS MAINTAINED

Coverage strengthened mainly thanks to the IFRS 9 FTA

NPL coverage

Includes IFRS 9 FTA impact

	30/09/2018 (IFRS 9)	30/06/2018 (IFRS 9)	Var. vs. 31/12/17 (in p.b.)	Var. vs. 30/06/18 (in p.b.)	MEMO 31/12/2017 (IAS 39)
Bad Loans	65.0%	66.2%	+610	-120	58.9%
UTP Loans	33.6%	32.9%	+130	+70	32.3%
Past Due Loans	17.7%	19.0%	+200	-130	15.7%
NPLs	**50.6%**	**51.2%**	**+190**	**-50**	**48.8%**

69.0% incl. write-offs

53.9% incl. write-offs

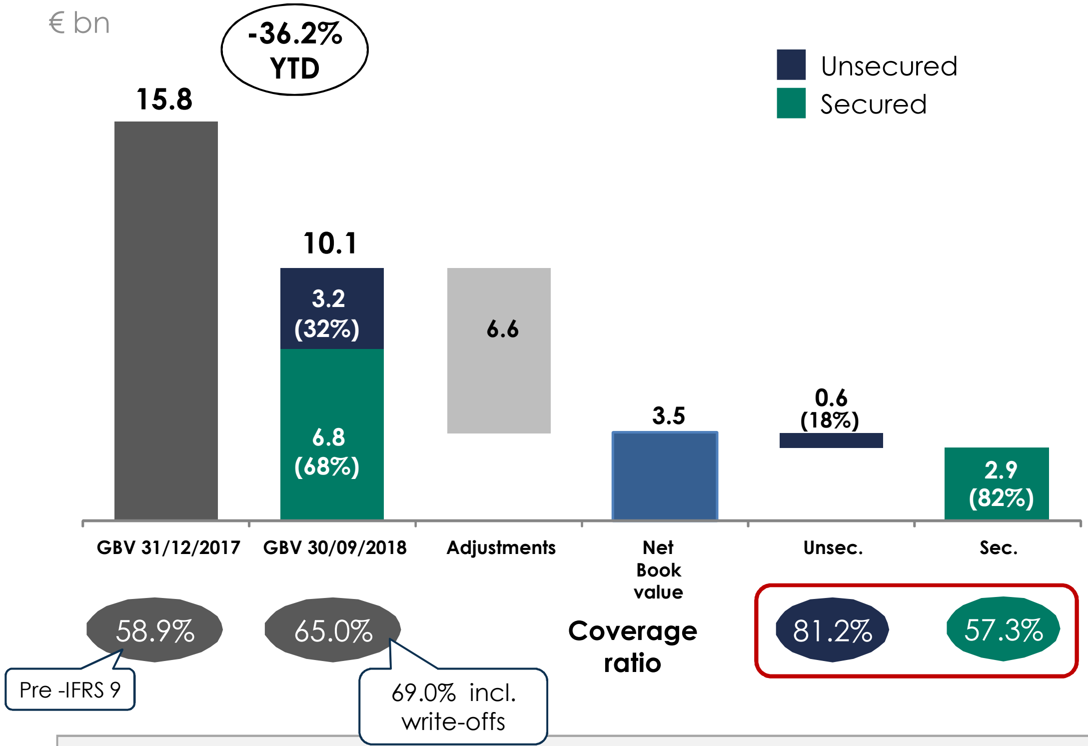
	Coverage Secured	Coverage Unsecured
Bad Loans	57.3%	81.2%
UTP Loans	26.5%	47.0%

- NPL coverage at 50.6% (+190bps vs. YE 2017), mainly leveraging on the IFRS 9 FTA on Bad Loans, which reach a coverage of 65.0% (+610bps vs. YE 2017), paving the way for the acceleration of the derisking plan
- The decrease in Bad Loan coverage in Q3 (-120bps), reflected also in the total NPL coverage (-50bps), is essentially due to the write-offs perfected in the period (+€0.4bn). Including write-offs (element that is part of the overall derisking strategy), the Bad Loan coverage comes in at 69.0% and the NPL coverage at 53.9%
- Further strengthening of UTP coverage in the quarter (+130bps YTD and +70bps Q/Q)

Notes:
2018 Customer Loan data refer to Loans and advances to customers measured at Amortized Cost.
The IFRS 9 FTA impact on NPLs coverage (specifically on Bad Loans) for new Impairment models translated into an increase of NPL Adjustments of €1.2bn as at 01/01/2018.

FOCUS ON BAD LOANS: DETAILED ANALYSIS

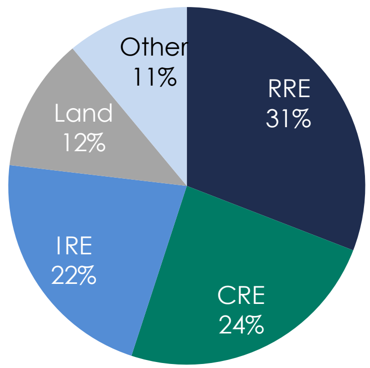
Bad Loans: evolution and composition



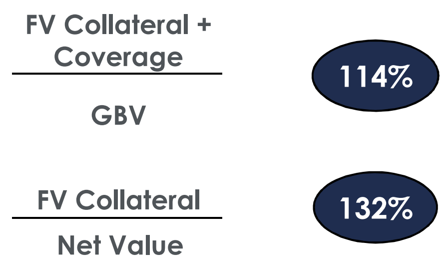
- Secured/Unsecured composition in terms of GBV (68%/32%) well above the industry average (50%/50%)[1], with a stable share of secured Bad Loans in Q3 2018
- Accounting coverage stable vs. June 2018 including write-offs, while a slight reduction was registered in terms of accounting cash coverage, due to cancellations and write-offs

Collateral composition

Fair Value of collateral: €8.8bn



Coverage with collateral[2]

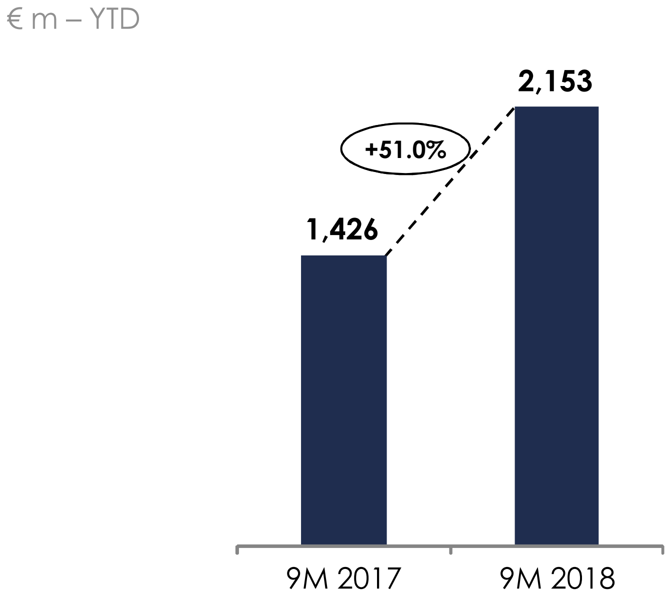


Notes:
1. Report PWC "The Italian NPL market – What's next?", June 2018.
2. Collateral FV capped at nominal value.

EFFECTIVE WORKOUT ACTIVITY ON BAD LOANS

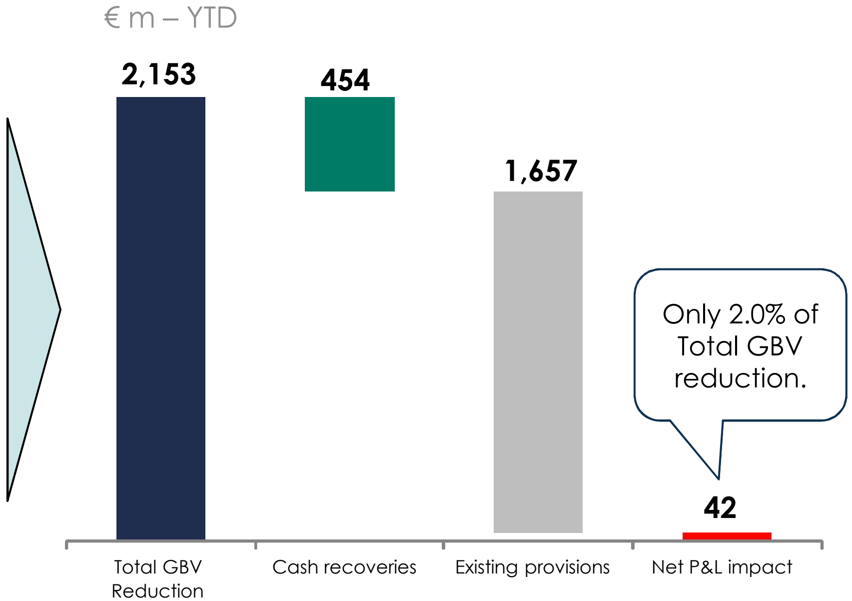
GBV reduction from internal workout activity is significantly higher compared to the same period of 2017, notwithstanding a materially lower starting point (GBV under management). This is due to the speed-up of the recovery rate, the enhancement of new DPO campaigns as well as the acceleration of cancellations and write-offs

Delta GBV from Bad Loans Workout (Cancellations & Recoveries)



	9M 2017	9M 2018
Recovery Rate (annualised)	4.0%	5.0%
GBV reduction from internal workout on GBV	5.0%	10.8%

Cost of organic Bad Loan GBV reduction

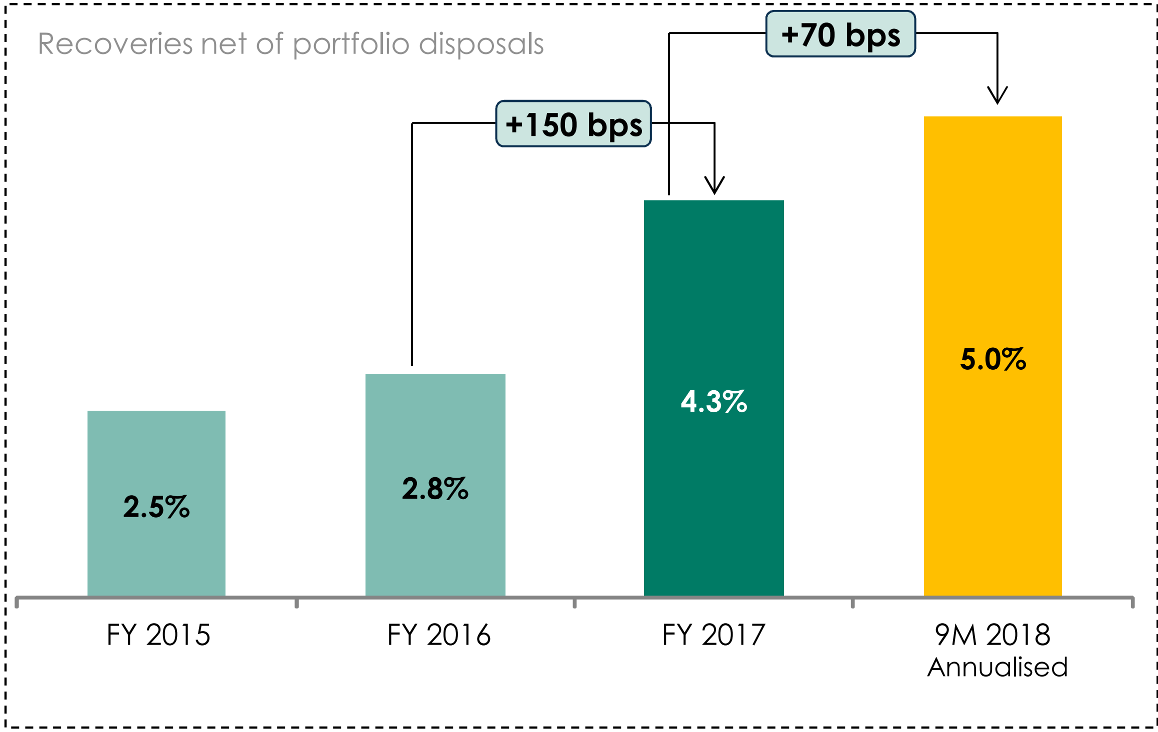


- The workout activities only had a very limited impact on the cost of credit

Notes:
Internal management data. Includes gains on closed positions and recoveries on single name disposals. Recovery rate calculated over average Gross Book Value of the period.

BAD LOAN RECOVERY PERFORMANCE

Recovery rate on average GBV



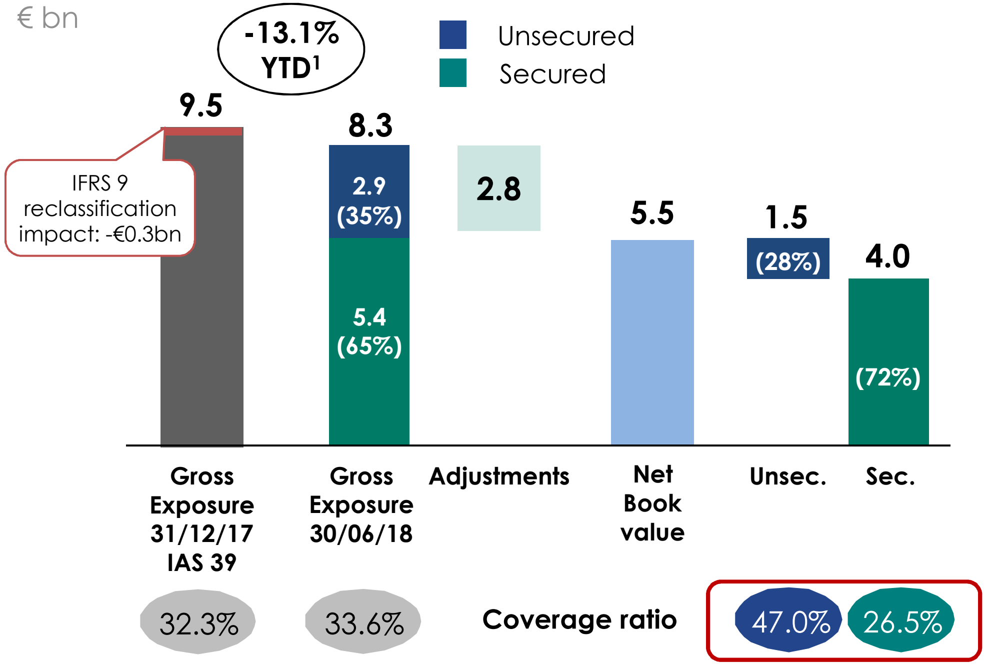
Performance % almost doubled in less than two years

- 2017 represented a «change of paradigm» compared to both banks' historical performance
- 2018 is clearly overperforming 2017 results

Notes:
Internal management data. Includes gains on closed positions and recoveries on single name disposals over average Gross Book Value of the period.

FOCUS ON UTP LOANS: DETAILED ANALYSIS

UTP analysis

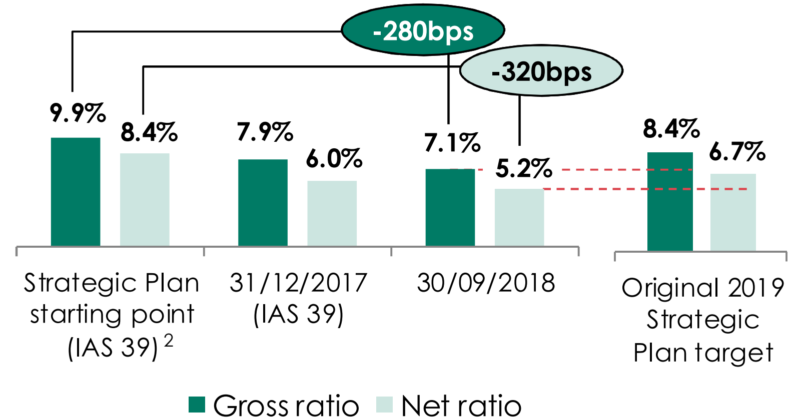


- Solid level of coverage for unsecured UTP: 47.0%
- Net Restructured loans (€2.4bn) account for 44.0% of total net UTP: they are essentially related to formalized underlying restructuring plans and procedures (mainly under Italian credit protection procedures)
- Net unsecured UTP other than Restructured loans are limited to €0.6bn

Breakdown of Net UTP Loans

		30/09/18	31/12/17 (IAS 39)	% Chg.
Total net UTP		5.5	6.5	-14.8%
o/w:	Restructured	2.4	2.8	-14.7%
	- Secured	*1.4*	*1.8*	*-18.8%*
	- Unsecured	*1.0*	*1.1*	*-7.8%*
o/w:	Other UTP	3.1	3.6	-15.0%
	- Secured	*2.5*	*3.1*	*-18.6%*
	- Unsecured	*0.6*	*0.5*	*5.9%*

Evolution of UTP ratios[1]



BANCO BPM

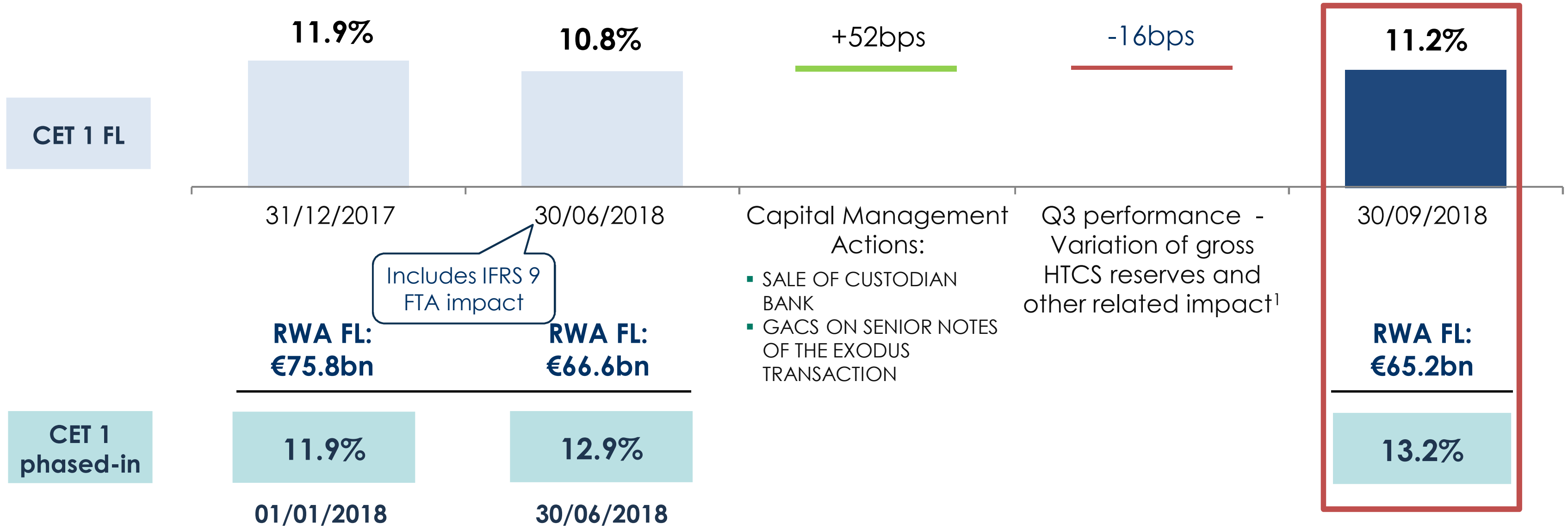
Note:
1) Trend since Strategic Plan starting point and YTD also impacted by IFRS 9 reclassifications (-€0.3bn at Gross level and -€0.2bn at net level as at 01/01/2018).
2) Calculated as a % of Total Loans including Write-offs (Nominal).

Agenda

BANCO BPM

CET1 RATIO: EVOLUTION DETAILS

CET 1 ratio at 13.2% phased-in and at 11.2% FL



- Satisfactory capital position, with CET 1 ratio FL at 11.2%, notwithstanding the full impact of the IFRS 9 FTA and the recent financial market turmoil (impacting the HTCS reserves), benefitting from a series of capital management actions
- Temporary negative impact from the change in value of the HTCS reserve, resulting from the sovereign spread crisis
- CET 1 phased-in at 13.2%, benefitting from the 5-year phasing of the IFRS 9 impact

30/09/2018 ratios include also Q3 net income.

Agenda

Annexes

ANNEXES

STRATEGIC PROJECTS OVERVIEW

MAIN STRATEGIC PROJECTS AIMED AT FURTHER IMPROVING THE RISK PROFILE, CAPITAL POSITION AND OPTIMIZING COSTS

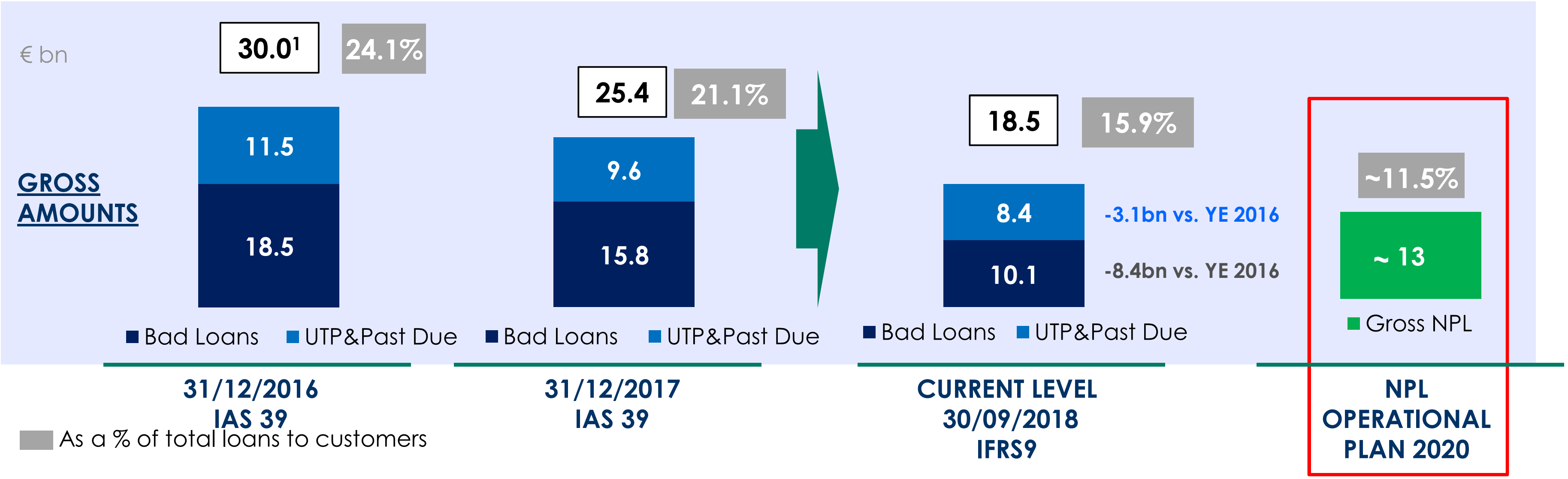
	COMPLETED	IN PROGRESS
PRODUCT COMPANY REVIEW	• AuM & Bancassurance Reorganisation • Transfer of Insurance Reserve Management • Disposal Custodian Bank	• Launch of new business line in Bancassurance ('Primavera') • Review of Leasing activities
BANKING MODEL	• New Commercial Model • Corp. & Investmt. Bank: consolid. under Akros • Private & WM: consolidation under Aletti	• Incorporation of BPM SpA into BBPM (Q4 2018) • Incorp. of SGS and BP Property into BBPM (Q4 2018) • Digital Transformation Project
CAPITAL STRENGTHENING	• Optimisation of Group product companies • Internal Model Validation • Disposal Custodian Bank (Q3 2018)	• Consumer Credit Reorganisation
ASSET QUALITY IMPROVEMENT	• NPL Unit set-up • Bad Loan Disposals • Strengthening of NPL Workout	• ACE Derisking Project (binding offers expected mid-Nov. 2018)
OPERATING EFFICIENCY ENHANCEMENT	• IT System Integration • Staff Reduction & HR Requalification • Branch Rationalisation	• Further cost containment actions • Additional branch closures (209 in Q4)

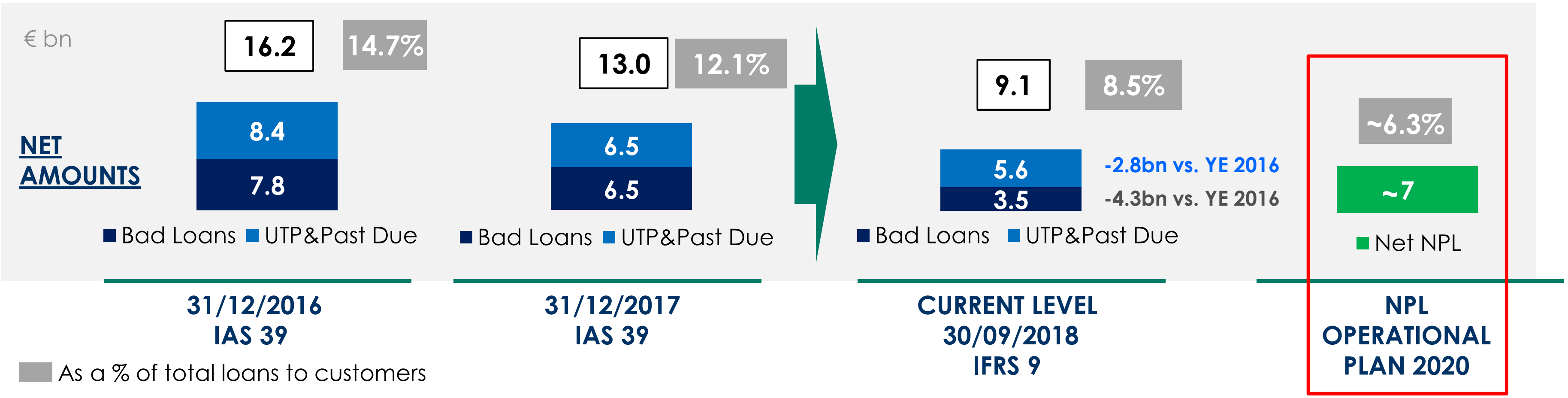
Full €400m cost synergies expected from FY 2019

BANCO BPM

BANCO BPM DELIVERS STRONG DERISKING

Update as at 30/09/2018, pre ACE Project





BANCO BPM

Trend since YE 2016 and YTD also impacted by IFRS 9 FTA.

Notes:

1. Data restated excluding from the Nominal amount only the write-offs which remained off-balance sheet at the beginning of 2017

BANCO BPM DELIVERS STRONG DERISKING

BANCO BPM ADOPTED ONE OF THE MOST AMBITIOUS DERISKING PLANS[1]

- ✓ **GROSS NPL VOLUME REDUCTION (2017-2020): -€17bn (from €30bn to €13bn)**
- ✓ **BAD LOAN DISPOSAL PLAN: €13bn (revised up from €8bn)**

9M 2018 DERISKING HIGHLIGHTS

✓ **STRONG REDUCTION OF BAD LOAN RATIO THANKS TO DISPOSALS AND WORKOUT**	**NET BAD LOAN RATIO AT 3.3%** vs. 4.2% original 2019 target vs. 3.4% as at 30/06/2018
✓ **UTP LOANS ALREADY BELOW 2019 ORIGINAL TARGET**	**NET UTP LOAN RATIO AT 5.2%** vs. 6.7% original 2019 target vs. 5.4% as at 30/06/2018
✓ **PROJECT EXODUS DELIVERED ON TIME (BY 30/06/2018)**	**~€5bn BAD LOANS DECONSOLIDATED**
✓ **NEXT STEP FOR BAD LOAN DISPOSALS: SHORTLIST OF THREE BIDDING CONSORTIA**	**AT LEAST ~€3.5bn** with binding offers expected mid-Nov. 2018

Note:
1. Based on new derisking plan revised in February 2018, with a total amount of Bad Loan disposals revised up from €8bn to €13bn, to be achieved by 2020.

RECLASSIFIED BALANCE SHEET AS AT 30/09/2018

Reclassified assets (€ m)	A 30/09/2018	B 30/06/2018	C 01/01/2018 restated	MEMO 31/12/2017 (IAS39)	Chg. A/C Value	Chg. A/C %	Chg. A/B Value	Chg. A/B %
Cash and cash equivalents	807	796	977	977	-170	-17.4%	10	1.3%
Loans and advances measured at AC	111,453	112,041	111,045	112,682	408	0.4%	-588	-0.5%
- Loans and advances to banks	*4,639*	*5,310*	*4,937*	*4,939*	*-298*	*-6.0%*	*-671*	*-12.6%*
- Loans and advances to customers (*)	*106,815*	*106,731*	*106,108*	*107,743*	*706*	*0.7%*	*84*	*0.1%*
Other financial assets	38,759	41,049	34,885	34,533	3,874	11.1%	-2,289	-5.6%
- Assets measured at FV through PL	*8,011*	*7,977*	*6,417*	*5,185*	*1,594*	*24.8%*	*34*	*0.4%*
- Assets measured at FV through OCI	*15,860*	*19,018*	*16,750*	*17,129*	*-890*	*-5.3%*	*-3,158*	*-16.6%*
- Assets measured at AC	*14,888*	*14,054*	*11,718*	*12,220*	*3,170*	*27.1%*	*834*	*5.9%*
Equity investments	1,379	1,355	1,257	1,349	122	9.7%	24	1.8%
Property and equipment	2,848	2,733	2,735	2,735	112	4.1%	114	4.2%
Intangible assets	1,285	1,295	1,297	1,297	-12	-1.0%	-10	-0.8%
Tax assets	4,850	4,904	4,897	4,520	-48	-1.0%	-54	-1.1%
Non-current assets held for sale and discont. operations	45	45	106	106	-61	-57.8%	0	-0.1%
Other assets	2,459	2,811	3,007	3,007	-548	-18.2%	-352	-12.5%
Total	**163,884**	**167,029**	**160,206**	**161,207**	**3,678**	**2.3%**	**-3,145**	**-1.9%**

Reclassified liabilities (€ m)	A 30/09/2018	B 30/06/2018	C 01/01/2018 restated	MEMO 31/12/2017 (IAS39)	Chg. A/C Value	Chg. A/C %	Chg. A/B Value	Chg. A/B %
Due to banks	30,979	31,551	27,199	27,199	3,780	13.9%	-571	-1.8%
Direct Funding	107,999	105,506	107,525	107,510	473	0.4%	2,493	2.4%
- Deposits from customers (**)	91,340	87,660	87,848	87,848	3,491	4.0%	3,680	4.2%
- Debt securities and financial liabilities desig. at FV	16,659	17,846	19,677	19,662	-3,018	-15.3%	-1,187	-6.7%
Other financial liabilities designated at FV	8,484	8,964	8,704	8,708	-220	-2.5%	-480	-5.4%
Liability provisions	1,553	1,532	1,617	1,580	-64	-4.0%	21	1.4%
Tax liabilities	564	606	692	669	-128	-18.4%	-42	-7.0%
Liabilities associated with assets held for sale	0	4,213	0	0	0	-100.0%	-4,213	ns
Other liabilities	3,363	3,771	3,576	3,576	-213	-6.0%	-408	-10.8%
Minority interests	52	53	58	63	-5	-9.3%	0	-0.6%
Shareholders' equity	10,890	10,834	10,835	11,900	55	0.5%	56	0.5%
Total	**163,884**	**167,029**	**160,206**	**161,207**	**3,678**	**2.3%**	**-3,145**	**-1.9%**

BANCO BPM

Note:
* "Customer loans" include Exodus Senior Notes.
** In the official Balance Sheet scheme, "Deposits from customers" as at 01/01/2018 and 31/12/2017, differently from data as at 30/09/2018 and 30/06/2018, include Custodian Bank (€3.7bn), which has been classified as discontinued operation as at 30/06/2018 and then sold as at 30/09/2018.

RECLASSIFIED BALANCE SHEET AS AT 01/01/2018 (IFRS 9) VS. 31/12/2017 (IAS 39)

Reconciliation statement between balances at 31.12.2017 and balances at 01.01.2018 restated in compliance with IFRS 9 and IFRS 15

		FTA IFRS 9					
(€/000)	31/12/2017	Classification (a)	Measurement impacts (b)	ECL impacts (c)	FTA IFRS 9 impacts	FTA IFRS 15 impact	01/01/2018 Restated
Cash and cash equivalents	976,686				-		976,686
Financial assets at amortised cost	112,681,902	-314,696	-	-1,322,458	-1,637,154		111,044,748
- Due from banks	4,939,223			-2,716	-2,716		4,936,507
- Customer loans	107,742,679	-314,696		-1,319,742	-1,634,438		106,108,241
Financial assets and hedging derivatives	34,533,172	314,696	50,405	-13,475	351,626		34,884,798
- Financial assets designated at FV through P&L	5,184,586	1,251,406	-18,909		1,232,497		6,417,083
- Financial assets designated at FV through other comprehensive income	17,128,622	-430,150	51,600		-378,550		16,750,072
- Financial assets at amortised cost	12,219,964	-506,560	17,714	-13,475	-502,321		11,717,643
Equity investments	1,349,191		-92,348		-92,348		1,256,843
Property and equipment	2,735,182				-		2,735,182
Intangible assets	1,297,160				-		1,297,160
Tax assets	4,520,189		923	370,675	371,598	5,610	4,897,397
Non-current assets held for sale and discontinued operations	106,121				-		106,121
Other assets	3,007,162				-		3,007,162
Total ASSETS	**161,206,765**	**-**	**-41,020**	**-965,258**	**-1,006,278**	**5,610**	**160,206,097**
Due to banks	27,199,304				-		27,199,304
Direct funding	107,509,849		15,254		15,254		107,525,103
- Due to customers	87,848,146				-		87,848,146
- Debt securities issued and financial liabilities designated at fair value	19,661,703		15,254		15,254		19,676,957
Other financial liabilities designated at fair value	8,707,966		-3,618		-3,618		8,704,348
Liability provisions	1,580,461			16,451	16,451	20,400	1,617,312
Tax liabilities	669,494		21,037	1,192	22,229		691,723
Liabilities associated with assets held for sale	35				-		35
Other liabilities	3,576,116				-		3,576,116
Total LIABILITIES	**149,243,225**	**-**	**32,673**	**17,643**	**50,316**	**20,400**	**149,313,941**
Minority interests	63,310			-5,743	-5,743		57,567
Shareholders' equity	11,900,230	-	-73,693	-977,158	-1,050,851	-14,790	10,834,589
CONSOLIDATED SHAREHOLDERS' EQUITY	**11,963,540**	**-**	**-73,693**	**-982,901**	**-1,056,594**	**-14,790**	**10,892,156**

a) *Reclassification of the IAS 39 balances according the new items of the financial assets and liabilities.*

b) *IFRS 9 FTA impacts from the new measurement criteria of the financial assets and liabilities (excluding ECL).*

c) *IFRS 9 FTA impacts from the new Expected Credit Loss (ECL) model*

IFRS 9 FTA FINAL IMPACT: OPPORTUNITY TO ACCELERATE DERISKING ON BAD LOANS & STRENGTHEN FUTURE PROFITABILITY

IFRS 9 First Time Application (FTA) impact: -€1,406m pre-tax (€1,057m post-tax), mainly due to the application of the new impairment model as detailed below:

- **application of new impairment model to non-performing exposures: -€1,246m**
- **application of new impairment model to performing exposures: -€107m**
- **application of new classification and measurement rules: +€39m**
- **application of IFRS 9 by associates: -€92m**

The new FTA impairment model to non-performing exposures has been applied exclusively on bad loans cluster coherent with the accounting rules

The resulting impact on the fully phased CET1 ratio as of 1 January 2018 is -182 bps

The Group has adopted the transitional arrangements to phase-in the IFRS 9 FTA impact in five years (5% for 2018)

IFRS 9 FTA provided a good opportunity to further increase the Bad Loan coverage in a meaningful way, thereby allowing the Group to:

- Accelerate the path of derisking: higher recovery rates and more disposal opportunities (disposal target increased from €8bn to €13bn)
- Pave the way for a normalisation of the cost of risk, with positive implications for the bottom line result

ANNEXES

9M 2018 MAIN P&L ITEMS: COMPARISON EXCL. IFRS 9

+1.3% adjusted (mainly €32m TLTRO2 matured in 2016 and booked in H1 17)[1]

€ m	A 9M 2018 STATED	B 9M 2018 pre-IFRS9	C 9M 2017 IAS 39	B/C % Change	Memo: delta PPA 9M 2018 vs 9M 2017
NET INTEREST INCOME	1,738	1,577	1,585	-0.5%	-5.5
TOTAL INCOME	3,751	3,590	3,371	6.5%	-2.4
OPERATING COSTS	-2,068	-2,068	-2,203	-6.1%	-0.8
PROFIT FROM OPERATIONS	1,683	1,522	1,168	30.3%	-1.6
LOAN LOSS PROVISIONS	-954	-793	-988	-19.7%	-36.1
PROFIT BEFORE TAX	779	779	62	n.s.	-36.8
NET INCOME	525	525	53	n.s.	-24.6

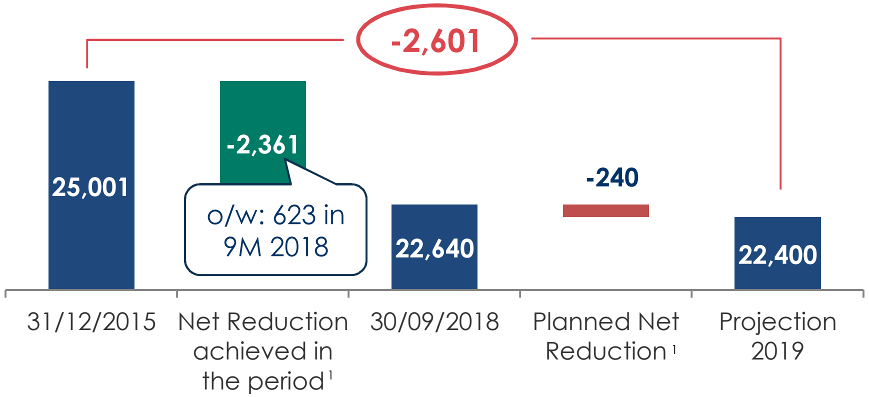
For full details about the IFRS9 impact and PPA, please refer to slide 53.

BANCO BPM

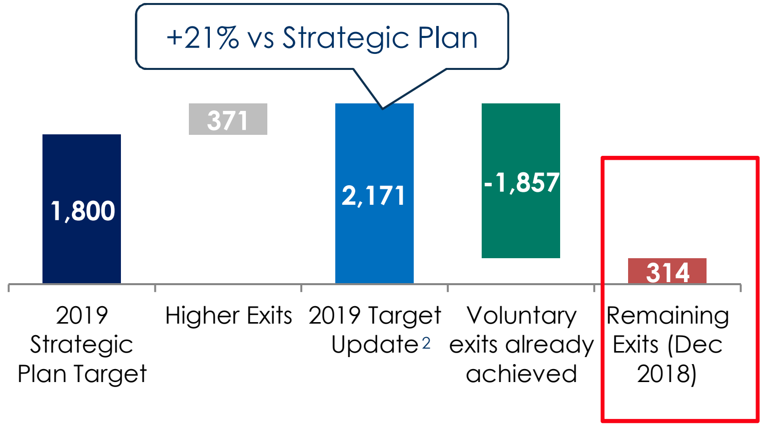
OUTPERFORMANCE OF THE ORIGINAL COST SYNERGIES

Better than original Strategic Plan quantitative targets and well ahead of schedule in terms of amount and timing: cost synergies at €400m

Headcount evolution



Solidarity Fund



Optimisation of Retail Network[3]: 360 additional branch closures

Notes:
1. Including natural turnover.
2. Including 71 higher Solidarity Fund exits coming from the new agreement signed in June 2017.
3. The network, consistently with the perimeter underlying the Strategic Plan, does not include: WeBank, Akros, Aletti (Italy and Switzerland) and other minor.
4. Indicated in the Strategic Plan as a level that was potentially going to be considered beyond 2019, but which had not been embedded in the Plan.

BANCO BPM

QUARTERLY ANALYSIS OF STATED RECLASSIFIED P&L

Including PPA line-by-line

Due to the application of the IFRS9 principle, 2018 figures are only partially comparable with 2017

Reclassified income statement (in euro million)	Q3 2018 (IFRS 9)	Q2 2018 (IFRS 9)	Q1 2018 (IFRS 9)	Q4 2017 (IAS 39)	Q3 2017 (IAS 39)	Q2 2017 (IAS 39)	Q1 2017 (IAS 39)
Net interest income	557.8	585.0	595.1	528.8	524.9	511.1	548.6
Income (loss) from investments in associates carried at equity	32.8	33.4	42.6	45.2	38.9	40.4	41.6
Net interest, dividend and similar income	**590.6**	**618.4**	**637.7**	**573.9**	**563.9**	**551.5**	**590.2**
Net fee and commission income	451.4	451.0	476.5	472.1	458.9	503.6	515.8
Other net operating income	214.5	130.0	24.2	24.7	29.4	14.4	30.3
Net financial result	46.8	80.2	29.3	41.9	13.0	63.3	36.9
Other operating income	**712.7**	**661.2**	**530.0**	**538.7**	**501.3**	**581.3**	**582.9**
Total income	**1303.2**	**1279.6**	**1167.7**	**1112.7**	**1065.1**	**1132.8**	**1173.1**
Personnel expenses	-431.5	-437.1	-442.1	-420.8	-450.6	-456.7	-456.7
Other administrative expenses	-196.2	-203.1	-211.5	-204.7	-236.3	-233.1	-198.3
Amortization and depreciation	-49.5	-49.0	-47.9	-95.5	-62.2	-56.4	-52.9
Operating costs	**-677.1**	**-689.2**	**-701.5**	**-721.0**	**-749.1**	**-746.2**	**-707.9**
Profit (loss) from operations	**626.1**	**590.4**	**466.2**	**391.7**	**316.1**	**386.6**	**465.2**
Net adjustments on loans to customers	-267.4	-360.2	-326.2	-673.1	-340.8	-354.5	-292.5
Net adjustments on other assets	-1.3	-1.6	2.2	-12.7	-48.3	-70.8	-8.4
Net provisions for risks and charges	-71.9	-20.7	-25.0	-9.2	4.6	-9.6	0.5
Profit (loss) on the disposal of equity and other investments	-10.3	-1.1	179.7	12.1	0.3	-3.8	17.1
Income (loss) before tax from continuing operations	**275.2**	**206.8**	**296.9**	**-291.3**	**-68.1**	**-52.1**	**182.0**
Tax on income from continuing operations	-72.3	-61.3	-25.9	101.8	34.8	1.1	-44.9
Systemic charges after tax	-32.1	-18.4	-49.0	-6.2	-26.1	0.0	-45.0
Income (loss) after tax from discontinued operations	0.9	0.0	0.0	700.0	16.5	25.8	20.0
Income (loss) attributable to minority interests	0.3	2.2	1.4	0.9	1.4	4.3	3.1
Net income (loss) for the period excluding Badwill & Impairment of goodwill and client relationship	**171.9**	**129.3**	**223.3**	**505.1**	**-41.5**	**-21.0**	**115.2**

BANCO BPM

Excluding PPA line-by-line

ANNEXES

QUARTERLY ANALYSIS OF STATED RECLASSIFIED P&L

Due to the application of the IFRS9 principle, 2018 figures are only partially comparable with 2017

Reclassified income statement (in euro million)	Q3 2018 (IFRS 9)	Q2 2018 (IFRS 9)	Q1 2018 (IFRS 9)	Q4 2017 (IAS 39)	Q3 2017 (IAS 39)	Q2 2017 (IAS 39)	Q1 2017 (IAS 39)
Net interest income	557.5	541.7	536.0	527.7	514.9	505.2	534.5
Income (loss) from investments in associates carried at equity	32.8	33.4	42.6	45.2	38.9	40.4	41.6
Net interest, dividend and similar income	**590.3**	**575.1**	**578.6**	**572.8**	**553.8**	**545.6**	**576.1**
Net fee and commission income	451.4	451.0	476.5	472.1	458.9	503.6	515.8
Other net operating income	225.1	140.5	34.6	36.4	41.0	25.6	42.2
Net financial result	46.8	80.2	29.3	41.9	13.0	63.3	36.9
Other operating income	**723.2**	**671.7**	**540.4**	**550.4**	**512.9**	**592.5**	**594.8**
Total income	**1313.6**	**1246.8**	**1119.0**	**1123.2**	**1066.8**	**1138.1**	**1170.9**
Personnel expenses	-431.5	-437.1	-442.1	-420.8	-450.6	-456.7	-456.7
Other administrative expenses	-196.2	-203.1	-211.5	-204.7	-236.3	-233.1	-198.3
Amortization and depreciation	-46.5	-46.1	-45.1	-91.7	-59.0	-53.3	-49.7
Operating costs	**-674.2**	**-686.3**	**-698.6**	**-717.2**	**-745.9**	**-743.1**	**-704.7**
Profit (loss) from operations	**639.4**	**560.5**	**420.4**	**406.0**	**320.8**	**395.0**	**466.2**
Net adjustments on loans to customers	-287.7	-360.2	-326.2	-735.8	-382.0	-403.8	-336.6
Net adjustments on other assets	-1.3	-1.6	2.2	-12.7	-48.3	-70.8	-8.4
Net provisions for risks and charges	-71.9	-20.7	-25.0	-9.2	4.6	-9.6	0.5
Profit (loss) on the disposal of equity and other investments	-10.3	-1.1	179.7	12.2	0.2	-2.8	17.1
Income (loss) before tax from continuing operations	**268.2**	**176.9**	**251.1**	**-339.6**	**-104.7**	**-92.1**	**138.9**
Tax on income from continuing operations	-69.9	-51.4	-10.7	117.9	47.0	14.4	-30.6
Systemic charges after tax	-32.1	-18.4	-49.0	-6.2	-26.1	0.0	-45.0
Income (loss) after tax from discontinued operations	0.9	0.0	0.0	700.0	16.5	25.8	20.0
Income (loss) attributable to minority interests	0.3	2.2	1.4	0.9	1.4	4.3	3.1
Net income (loss) for the period excluding PPA, Badwill & Impairment of goodwill and client relationship	**167.3**	**109.3**	**192.8**	**472.9**	**-65.8**	**-47.7**	**86.4**
Purchase Price Allocation (PPA) after tax	4.7	19.9	30.6	32.2	24.3	26.7	28.8
Net income excluding Badwill & Impairment of goodwill and client relationship	**172.0**	**129.2**	**223.3**	**505.1**	**-41.5**	**-21.0**	**115.2**

BANCO BPM

9M 2018 RECLASSIFIED P&L – IFRS 9 AND PPA IMPACTS

Reclassified income statement (in euro million)	A 9M 2018 Stated	B o/w IFRS 9 *PPA Bad loans*	C *Reclassification net impact*	(B+C)	A-(B+C) 9M 2018 pre-IFRS 9	D o/w *PPA*	A-(B+C+D) 9M 2018 pre-FRS9 and without PPA line by line
Net interest income	1,737.9	*98.4*	62.5	160.8	1,577.0	*24.5*	1,552.5
Income (loss) from investments in associates carried at equity	108.8				108.8	*0.0*	108.8
Net interest, dividend and similar income	**1,846.7**	**98.4**	**62.5**	**160.8**	**1,685.8**	**24.5**	**1,661.3**
Net fee and commission income	1,378.9				1,378.9	*0.0*	1,378.9
Other net operating income	368.7	0.0			368.7	*-31.5*	400.2
Net financial result	156.3				156.3	*0.0*	156.3
Other operating income	**1,903.9**	**0.0**	**0.0**	**0.0**	**1,903.9**	**-31.5**	**1,935.4**
Total income	**3,750.5**	**98.4**	**62.5**	**160.8**	**3,589.7**	**-7.0**	**3,596.7**
Personnel expenses	-1,310.6				-1,310.6	*0.0*	-1,310.6
Other administrative expenses	-610.8				-610.8	*0.0*	-610.8
Amortization and depreciation	-146.4				-146.4	*-8.7*	-137.7
Operating costs	**-2,067.8**	**0.0**	**0.0**	**0.0**	**-2,067.8**	**-8.7**	**-2,059.1**
Profit (loss) from operations	**1,682.7**	**98.4**	**62.5**	**160.8**	**1,521.9**	**-15.7**	**1,537.5**
Net adjustments on loans to customers	-953.9	*-98.4*	-62.5	-160.8	-793.0	*98.4*	-891.4
Net adjustments on other assets	-0.7				-0.7	*0.0*	-0.7
Net provisions for risks and charges	-117.5				-117.5	*0.0*	-117.5
Profit (loss) on the disposal of equity and other investments	168.2				168.2	*0.0*	168.2
Income (loss) before tax from continuing operations	**778.9**	**0.0**	**0.0**	**0.0**	**778.9**	**82.7**	**696.2**
Tax on income from continuing operations	-159.6	*0.0*			-159.6	*-27.6*	-132.0
Systemic charges after tax	-99.6				-99.6	*0.0*	-99.6
Income (loss) after tax from discontinued operations	0.9				0.9	*0.0*	0.9
Income (loss) attributable to minority interests	3.8				3.8	*0.0*	3.8
Net income (loss) for the period excluding Badwill & Impairment of goodwill and client relationship	**524.5**	**0.0**	**0.0**	**0.0**	**524.5**	**55.2**	**469.4**

524.5 post PPA

BANCO BPM

ANNEXES

Q3 2018 RECLASSIFIED P&L – IFRS 9 AND PPA IMPACTS

Reclassified income statement (in euro million)	A Q3 2018 Stated	B o/w IFRS 9 *PPA Bad loans*	C o/w IFRS 9 *Reclassification net impact*	(B+C)	A-(B+C) Q3 2018 Pre-IFRS9	D o/w *PPA*	A-(B+C+D) Q3 2018 pre-IFRS9 and without PPA line by line
Net interest income	557.8	*20.3*	11.6	31.9	525.8	*0.2*	525.6
Income (loss) from investments in associates carried at equity	32.8				32.8	*0.0*	32.8
Net interest, dividend and similar income	**590.6**	**20.3**	**11.6**	**31.9**	**558.6**	**0.2**	**558.4**
Net fee and commission income	451.4				451.4	*0.0*	451.4
Other net operating income	214.5				214.5	*-10.6*	225.1
Net financial result	46.8				46.8	*0.0*	46.8
Other operating income	**712.7**	**0.0**	**0.0**	**0.0**	**712.7**	**-10.6**	**723.2**
Total income	**1303.2**	**20.3**	**11.6**	**31.9**	**1271.3**	**-10.4**	**1281.7**
Personnel expenses	-431.5				-431.5	*0.0*	-431.5
Other administrative expenses	-196.2				-196.2	*0.0*	-196.2
Amortization and depreciation	-49.5				-49.5	*-2.9*	-46.5
Operating costs	**-677.1**	**0.0**	**0.0**	**0.0**	**-677.1**	**-2.9**	**-674.2**
Profit (loss) from operations	**626.1**	**20.3**	**11.6**	**31.9**	**594.2**	**-13.3**	**607.5**
Net adjustments on loans to customers	-267.4	*-20.3*	-11.6	-31.9	-235.5	*20.3*	-255.8
Net adjustments on other assets	-1.3				-1.3	*0.0*	-1.3
Net provisions for risks and charges	-71.9				-71.9	*0.0*	-71.9
Profit (loss) on the disposal of equity and other investments	-10.3				-10.3	*0.0*	-10.3
Income (loss) before tax from continuing operations	**275.2**	**0.0**	**0.0**	**0.0**	**275.2**	**7.0**	**268.2**
Tax on income from continuing operations	-72.3				-72.3	*-2.4*	-69.9
Systemic charges after tax	-32.1				-32.1	*0.0*	-32.1
Income (loss) after tax from discontinued operations	0.9				0.9	*0.0*	0.9
Income (loss) attributable to minority interests	0.3				0.3	*0.0*	0.3
Net income (loss) for the period excluding Badwill & Impairment of goodwill and client relationship	**171.9**	**0.0**	**0.0**	**0.0**	**171.9**	**4.7**	**167.3**

179.6 post PPA

BANCO BPM

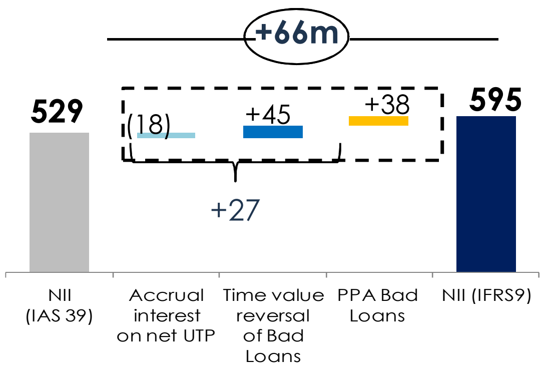
ANNEXES

IFRS9 RECLASSIFICATION OF ITEMS IN 9M 2018

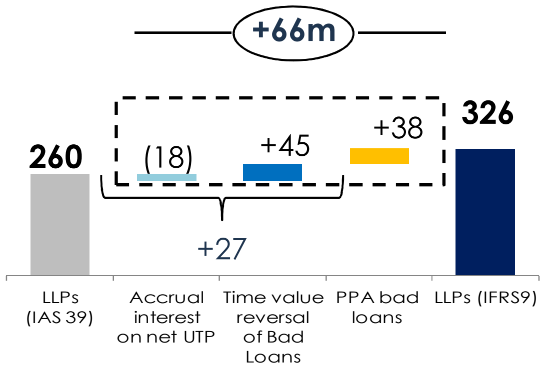
€ m

Q1 18

Impact on NII

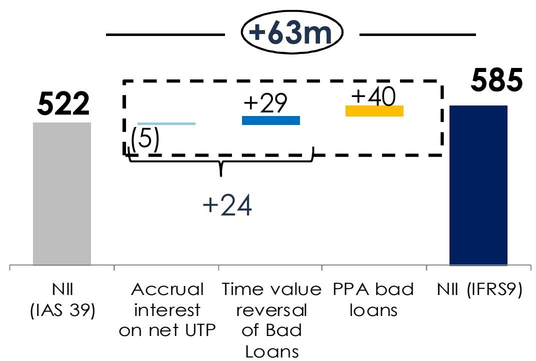


Impact on LLPs

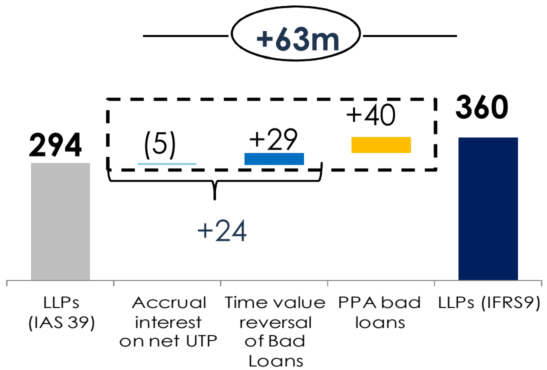


Q2 18

Impact on NII

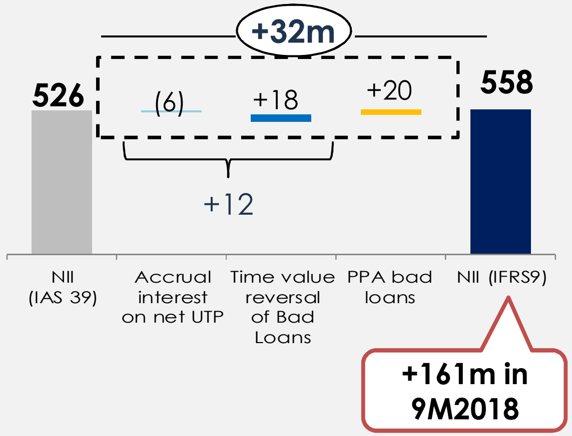


Impact on LLPs

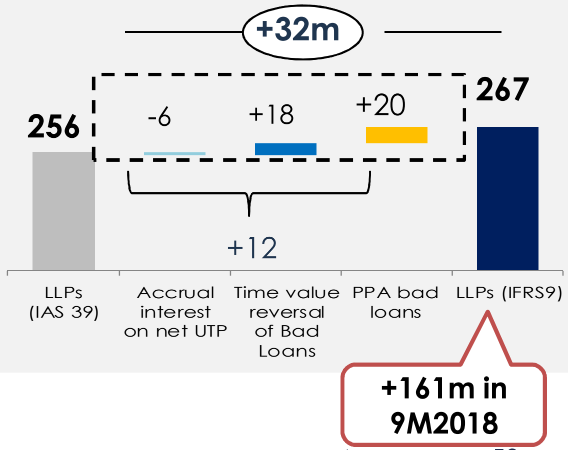


Q3 18

Impact on NII



Impact on LLPs



BANCO BPM

9M 2018 ADJ. RECLASSIFIED P&L & ONE-OFF ITEMS

Adjusted figures indicated in this slide simply exclude one-off items from stated figures, while they include the IFRS9 and PPA effects line-by-line

Reclassified income statement (in euro million)	9M 2018 Stated	9M 2018 Adjusted	*One- off*	Non-recurring items and extraordinary systemic charges
Net interest income	1,737.9	1,737.9	*0.0*	
Income (loss) from investments in associates carried at equity	108.8	108.8	*0.0*	
Net interest, dividend and similar income	**1,846.7**	**1,846.7**	***0.0***	
Net fee and commission income	1,378.9	1,378.9	*0.0*	
Other net operating income	368.7	55.1	*313.6*	*Transfer of insurance reserves to Anima (in Q2 2018) and dosposal of Custodian Bank (in Q3 2018)*
Net financial result	156.3	156.3	*0.0*	
Other operating income	**1,903.9**	**1,590.2**	***313.6***	
Total income	**3,750.5**	**3,436.9**	***313.6***	
Personnel expenses	-1,310.6	-1,310.6	*0.0*	
Other administrative expenses	-610.8	-600.3	*-10.4*	*Integration costs*
Amortization and depreciation	-146.4	-144.9	*-1.5*	*Adjustments on Software writedowns (in Q2 2018)*
Operating costs	**-2,067.8**	**-2,055.9**	***-11.9***	
Profit (loss) from operations	**1,682.7**	**1,381.0**	***301.7***	
Net adjustments on loans to customers	-953.9	-953.9	*0.0*	
Net adjustments on other assets	-0.7	-0.7	*0.0*	
Net provisions for risks and charges	-117.5	-117.5	*0.0*	
Profit (loss) on the disposal of equity and other investments	168.2	0.0	*168.2*	*Disposal of stake in Avipop and Popolare Vita (in Q1 2018), SARI refund and others*
Income (loss) before tax from continuing operations	**778.9**	**308.9**	***470.0***	
Tax on income from continuing operations	-159.6	-76.8	*-82.8*	*Impact linked to fiscal effects on non-recurring items*
Systemic charges after tax	-99.6	-81.2	*-18.4*	*Contribution to Italian resolution fund*
Income (loss) after tax from discontinued operations	0.9	0.0	*0.9*	
Income (loss) attributable to minority interests	3.8	3.7	*0.1*	
Net income (loss) for the period excluding Badwill & Impairment of goodwill and client relationship	**524.5**	**154.6**	***369.9***	

ANNEXES

Q3 2018 ADJ. RECLASSIFIED P&L & ONE-OFF ITEMS

Adjusted figures indicated in this slide simply exclude one-off items from stated figures, while they include the IFRS9 and PPA effects line-by-line

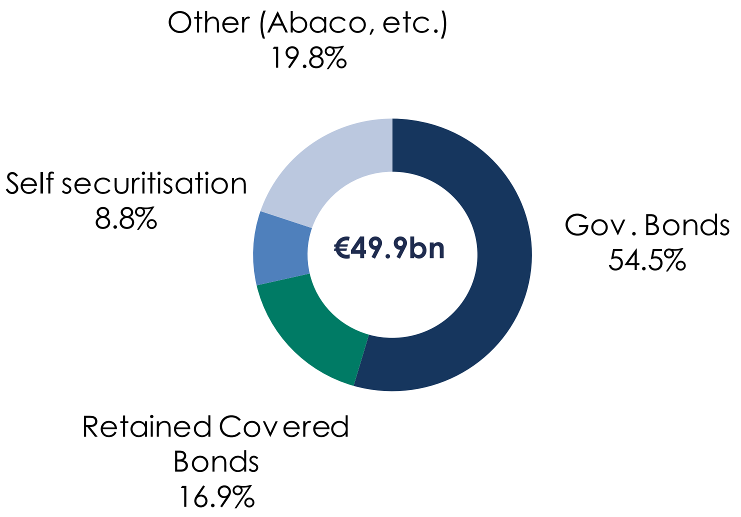
Reclassified income statement (in euro million)	Q3 2018 Stated	Q3 2018 Adjusted	One- off	Non-recurring items and extraordinary systemic charges
Net interest income	557.8	557.8	0.0	
Income (loss) from investments in associates carried at equity	32.8	32.8	0.0	
Net interest, dividend and similar income	**590.6**	**590.6**	**0.0**	
Net fee and commission income	451.4	451.4	0.0	
Other net operating income	214.5	14.5	200.0	*Disposal of Custodian Bank*
Net financial result	46.8	46.8	0.0	
Other operating income	**712.7**	**512.7**	**200.0**	
Total income	**1,303.2**	**1,103.2**	**200.0**	
Personnel expenses	-431.5	-431.5	0.0	
Other administrative expenses	-196.2	-190.9	-5.3	*Integration costs*
Amortization and depreciation	-49.5	-49.7	0.2	*Adjustments on Software writedowns*
Operating costs	**-677.1**	**-672.1**	**-5.1**	
Profit (loss) from operations	**626.1**	**431.2**	**194.9**	
Net adjustments on loans to customers	-267.4	-267.4	0.0	
Net adjustments on other assets	-1.3	-1.3	0.0	
Net provisions for risks and charges	-71.9	-71.9	0.0	
Profit (loss) on the disposal of equity and other investments	-10.3	0.0	-10.3	*SARI refund and others*
Income (loss) before tax from continuing operations	**275.2**	**90.6**	**184.6**	
Tax on income from continuing operations	-72.3	-18.4	-53.9	*Impact linked to fiscal effects on non-recurring items*
Systemic charges after tax	-32.1	-32.1	0.0	
Income (loss) after tax from discontinued operations	0.9	0.0	0.9	
Income (loss) attributable to minority interests	0.3	0.3	0.0	
Net income (loss) for the period excluding Badwill & Impairment of goodwill and client relationship	**171.9**	**40.3**	**131.6**	

BANCO BPM

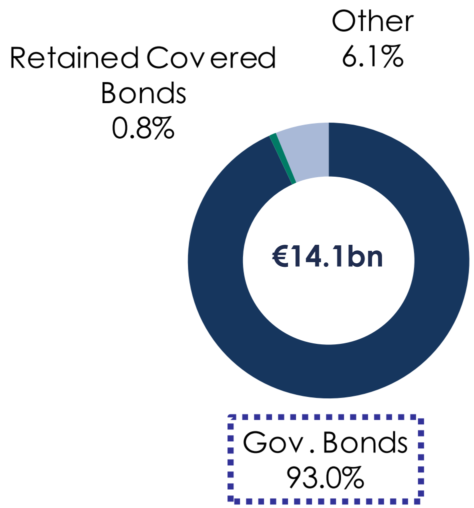
HIGH-QUALITY ELIGIBLE ASSETS

Relevant amount of unencumbered assets, almost entirely composed of Government bonds (93% of the total)

Breakdown of total eligible assets as at 30/09/2018



Breakdown of unencumbered assets as at 30/09/2018



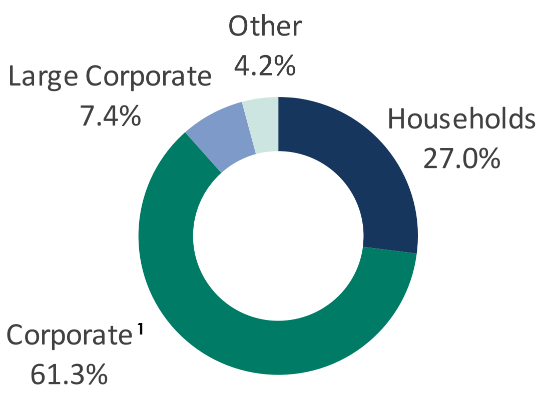
Notes:
Management accounting data, net of haircuts. Inclusive of assets received as collateral. Eligible assets as at 30/09/2018 are net of €xxbn of Government securities lending on the market unsecured and callable within 35days

ANNEXES

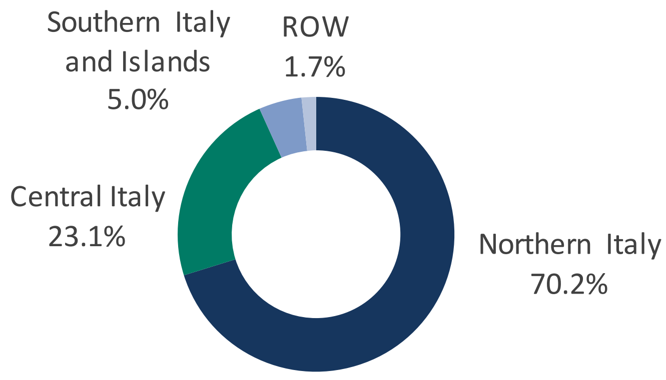
CUSTOMER LOAN ANALYSIS

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

Breakdown of net loans by customer segment at 30/09/2018



Breakdown of net loans by geographical area at 30/09/2018

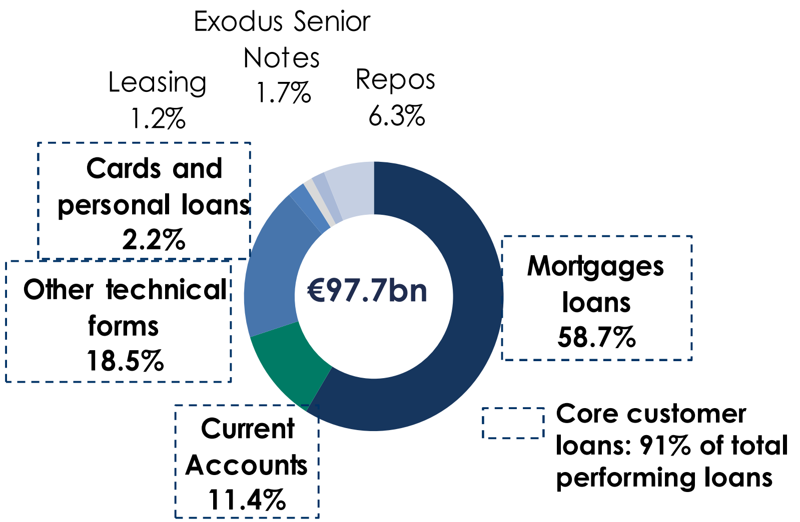


- 27.0% of customer loans in relation to the Household segment.
- Corporates[1], excluding Large Corporates, account for 61.3% of the loan book and the average loan ticket is small, coming in at about €283K.
- 70% of the portfolio is concentrated in the wealthiest areas of the Country.

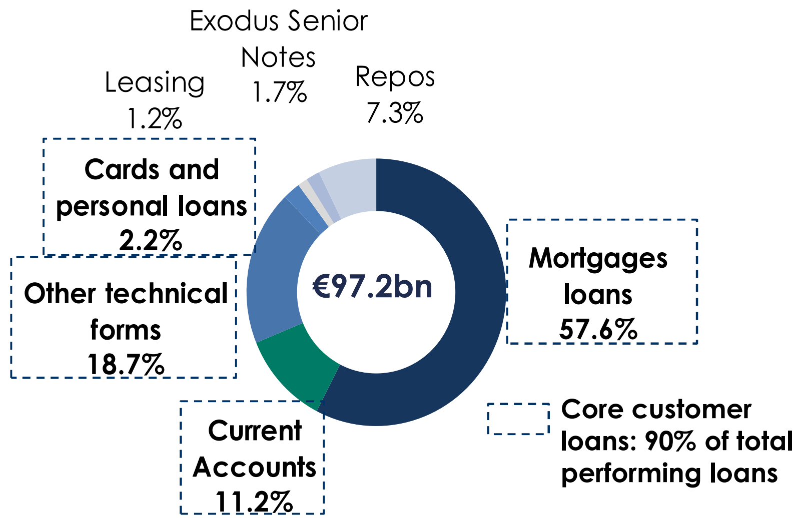
Note:
This analysis of Total Net Customer Loans excludes the Exodus Senior Notes.
1. Non-financial companies (mid-corporate and small business) and financial companies. Includes also €6.1bn of Repos, mainly with Cassa di Compensazione e Garanzia.

FOCUS ON PERFORMING CUSTOMER LOANS

Net Performing Loan breakdown by Product as at 30/09/2018



Net Performing Loan breakdown by Product as at 30/06/2018



- Core performing customer loans at €88.7mld, +1.7% in Q3 2018.

ANNEXES

CREDIT QUALITY DETAILS

€ m

	30/09/2018 (IFRS 9)			
	Gross exposure	Adjustments	Coverage	Net exposure
Bad Loans	10,079	6,553	65.0%	3,526
Unlikely to pay	8,293	2,790	33.6%	5,504
Past Due	113	20	17.7%	93
Non-performing Loans	**18,485**	**9,363**	**50.6%**	**9,123**
Performing Loans	**98,071**	**379**	**0.4%**	**97,692**
Total Customer Loans	**116,557**	**9,742**	**8.4%**	**106,815**

	30/06/2018 (IFRS 9)			
	Gross exposure	Adjustments	Coverage	Net exposure
Bad Loans	10,691	7,078	66.2%	3,613
Unlikely to pay	8,659	2,851	32.9%	5,808
Past Due	89	17	19.0%	72
Non-performing Loans	**19,438**	**9,945**	**51.2%**	**9,493**
Performing Loans	**97,635**	**397**	**0.4%**	**97,238**
Total Customer Loans	**117,073**	**10,343**	**8.8%**	**106,731**

	01/01/2018 (IFRS 9) restated			
	Gross exposure	Adjustments	Coverage	Net exposure
Bad Loans	15,794	10,552	66.8%	5,242
Unlikely to pay	9,223	2,950	32.0%	6,273
Past Due	95	15	15.7%	80
Non-performing Loans	**25,112**	**13,517**	**53.8%**	**11,595**
Performing Loans	**94,889**	**376**	**0.4%**	**94,513**
Total Customer Loans	**120,002**	**13,893**	**11.6%**	**106,108**

	31/12/2017 (IAS 39) - EXCLUDING CUSTOMER DEBT SECURITIES			
	Gross exposure	Adjustments	Coverage	Net exposure
Bad Loans	15,794	9,306	58.9%	6,488
Unlikely to pay	9,546	3,087	32.3%	6,459
Past Due	95	15	15.7%	80
Non-performing Loans	**25,435**	**12,408**	**48.8%**	**13,027**
Performing Loans	**95,018**	**303**	**0.3%**	**94,716**
Total Customer Loans	**120,453**	**12,710**	**10.6%**	**107,743**

Notes:
2018 data refer to Loans and advances to customers measured at Amortized Cost.
Starting from 30/06/2018, Performing loans include also the Exodus Senior Notes.
2017 data restated for the exclusion of Customer Debt Securities.

ANNEXES

CAPITAL POSITION IN DETAIL (STATED)

PHASED IN CAPITAL POSITION (€/m and %)	30/09/2018	30/06/2018	31/03/2018
CET 1 Capital	8,652	8,701	8,917
T1 Capital	8,787	8,835	9,245
Total Capital	10,446	10,611	11,141
RWA	***65,508***	***67,288***	***66,136***
CET 1 Ratio	**13.21%**	**12.93%**	**13.48%**
T1 Ratio	***13.41%***	***13.13%***	***13.98%***
Total Capital Ratio	***15.95%***	***15.77%***	***16.85%***

RWA BREAKDOWN (€/bn)	30/09/2018	30/06/2018	31/03/2018
CREDIT & COUNTERPARTY RISK	57,0	58,7	58,4
of which: Standard	*28,4*	*28,0*	*29,0*
MARKET RISK	2,4	2,6	1,9
OPERATIONAL RISK	5,9	5,8	5,6
CVA	*0,2*	*0,2*	*0,2*
TOTAL	**65,5**	**67,3**	**66,1**

FULLY PHASED CAPITAL POSITION (€/m and %)	30/09/2018	30/06/2018	31/03/2018
CET 1 Capital	7,304	7,213	7,542
T1 Capital	7,309	7,217	7,546
Total Capital	8,963	8,965	9,393
RWA	***65,218***	***66,552***	***65,662***
CET 1 Ratio	**11.20%**	**10.84%**	**11.49%**
T1 Ratio	***11.21%***	***10.84%***	***11.49%***
Total Capital Ratio	***13.74%***	***13.47%***	***14.31%***

RWA BREAKDOWN (€/bn)	30/09/2018	30/06/2018	31/03/2018
CREDIT & COUNTERPARTY	56,7	58,0	58,0
of which: Standard	*28,4*	*28,0*	*29,0*
MARKET RISK	2,4	2,6	1,9
OPERATIONAL RISK	5,9	5,8	5,6
CVA	*0,2*	*0,2*	*0,2*
TOTAL	**65,2**	**66,6**	**65,7**

Note: All ratios include the net income of the period.

CET1 RATIO: BUFFER ANALYSIS

	30/09/2018 Phased-in	30/06/2018 Phased-in	31/12/2017 Phased-in
Minimum requirement	4.500%	4.500%	4.500%
Capital Conservation Buffer	1.875%	1.875%	1.250%
Pillar 2 requirement	2.500%	2.500%	2.400%
O-SII Buffer	0.000%	0.000%	n.a.
2018 SREP	**8.875%**	**8.875%**	**8.150%**
Stated CET 1 Ratio	**13.21%**	**12.93%**	**12.36%**
BUFFER (in bps)	**+434**	**+406**	**+421**

- The Group has strengthened its capital position in Q3, as reflected also in the increasing buffer vs. the 2018 SREP requirements: +434 bps at phase-in level
- Optimisation initiatives are set to feed into a further strengthening of the capital position in relation to any additional derisking while, starting from FY 2019, the capital adequacy is expected to benefit also from a stronger degree of internal capital generation

BANCO BPM

Note: 30/09/2018 ratios include also Q3 net income.

CONTACTS FOR INVESTORS AND FINANCIAL ANALYSTS

INVESTOR RELATIONS

Roberto Peronaglio	**+39-02-7700.2574**
Tom Lucassen	**+39-045-867.5537**
Arne Riscassi	**+39-02-7700.2008**
Silvia Leoni	**+39-045-867.5613**
Andrea Agosti	**+39-02-7700.7848**

Registered Offices: Piazza Meda 4, I-20121 Milan, Italy
Corporate Offices: Piazza Nogara 2, I-37121 Verona, Italy

investor.relations@bancobpm.it
www.bancobpm.it (IR Section)