



# Q1 2020 Group Results Presentation

7 May 2020

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

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

# METHODOLOGICAL NOTES

- Before 31/03/2020, the impact of the PPA (Purchase Price Allocation) of the business combinations of the former Banca Popolare di Milano Group and of the former Banca Popolare Italiana and Banca Italease Groups, was split and registered under the following items: "Net interest income", "Other net operating income" and "Tax on income from continuing operations". Starting from Q1 2020, the aggregated impact net of tax of this PPA has been regrouped and reclassified in one new single P&L Item: "PPA after tax"; the previous quarters of 2019 have been reclassified accordingly.
- Due to the change of the valuation criteria applied to the Group's properties and artworks, starting from 31/12/2019, a new item called «Profit & Loss on Fair Value measurement of tangible assets» has been introduced in the reclassified P&L scheme as at 31/12/2019. In this item, also the depreciations of properties previously accounted in the item "Amortisation & Depreciation" within the "Operating Costs" have been reclassified, restating accordingly all the previous quarters of 2019 for coherence. Furthermore, considering that the new accounting principle does not foresee for the amortisation of investment properties, the amortisation on such assets in the first three quarters of 2019 has been cancelled; as a consequence, the Item "Amortization and Depreciation" as well as the net result of the first three quarters of 2019 have been re-determined.
- It is also reminded that, on 16 April 2019, Banco BPM accepted the binding offer submitted by Illimity Bank S.p.A. and regarding the sale of a portfolio of Leasing Bad Loans. More in detail, the disposal concerns a portfolio for a nominal value of about €650 million at the cut-off date of 30th June 2018, mainly composed of receivables deriving from the active and passive legal relationships related to leasing contracts classified as bad loans, together with the related agreements, legal relationships, immovable or movable assets and the underlying contracts. The closure of the operation is subject to precedent conditions that are customary for transactions of this kind, including the notarial certification for the transferability of the assets, and shall be executed in various phases, with the conclusion expected by mid-2020. Starting from Q2 2019, the loans subject to this transaction (€607m GBV and €156m NBV as at 30/06/2019) have been reclassified as discontinued operations according to the IFRS5 standard. As at 31/03/2020, the residual amount of these loans stood at €312m GBV and at €93m NBV.
- Please note that, on 4 April 2020, the Annual Shareholders' Meeting of Banco BPM didn't discuss and vote on item 2 of the agenda (Resolutions on the allocation and distribution of profits); this is in order to acknowledge the guidelines provided by the ECB on 27 March 2020, with which, in order to strengthen the capital resources of relevant banks subject to its monitoring, and in order to be able to make use of the more extensive resources in support of households and businesses in the current situation brought about by the ongoing Covid-19 health emergency, it requested the banks, inter alia, not to proceed with the payment of dividends (still not approved) and not to assume any irrevocable commitment for their payment for the years 2019 and 2020 at least until 1 October 2020. The capital ratios included in this presentation are calculated coherently with this decision, i.e. including the entire net income as at 31/12/2019. Furthermore, the ratios as at 31/03/2020 are here reported including also the net income of the Q1 2020.

# Agenda

<b>1. Banco BPM's reaction to Covid-19 emergency</b>	<b>4</b>
2. Key Q1 2020 Performance Highlights	14
3. Performance Details:	34
- Profitability	35
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- Customer Loans and Focus on Credit Quality	42
- Capital Position	45

# COVID-19 EMERGENCY: KEY FOCUS AREAS

## CUSTOMERS

The adoption of **new, digital-based models of customer interaction** has allowed the Group to stay close to its customer base, providing services with **safety** in the current phase of emergency

## EMPLOYEES

**New patterns of agile work** have allowed the Group to test **business continuity**, while at the same time ensuring **highest safety** to all its employees, who have effectively demonstrated a strong degree of **resilience** and **capacity of adaptation**

## SERVICES

**Strengthened use of the digital banking channel**, also through the proposition of **new instruments and solutions**, in line with the general current situation and future market requirements



**ACCELERATION OF DIGITAL AND OMNICHANNEL BANKING, WITH NEW WAYS OF WORKING AND DOING BUSINESS:  
AN ADVANTAGE FOR THE 'NEW NORMAL' ENVIRONMENT**

# COVID-19 EMERGENCY: STRATEGIC APPROACH ADOPTED (1/2)

## Highlights on Step 1: «Crisis Committee»

### Step 1: «Crisis Committee»

- Organisational, technical, commercial and IT solutions for the continuity of regular banking activities put in place immediately, **leveraging on Smart-Working and Digital & Omnichannel Transformation project (DOT), together with individual protection and prevention measures**

#### STAFF

- Head office: physical presence ~**20%**
- Commercial network: physical presence ~**70%** (vs. <40% in the peak of the lockdown)
- Ca. **7,500** HC in Smart/Remote-Working

#### BRANCHES

- Ca. **840** branches regularly open, with personnel on weekly shift duty
- Ca. **370** branches open 2 days per week
- Ca. **520** smaller-sized outlets closed

GRADUAL RE-OPENING UNDER WAY IN MAY

#### CUSTOMERS

- Focus on the development of customer relationships on a digital basis, empowering the omnichannel approach

#### Households

Online Trans.<sup>1</sup> / Total Transactions

2019

Mar/Apr 20

27%

56%

+36<sup>3</sup>

#### Small Business & SMEs

Online Trans.<sup>1</sup> / Total Transactions

63%

79%

+40<sup>3</sup>

#### WEBANK

# Digital Sales<sup>2</sup> (indexed)

100

159

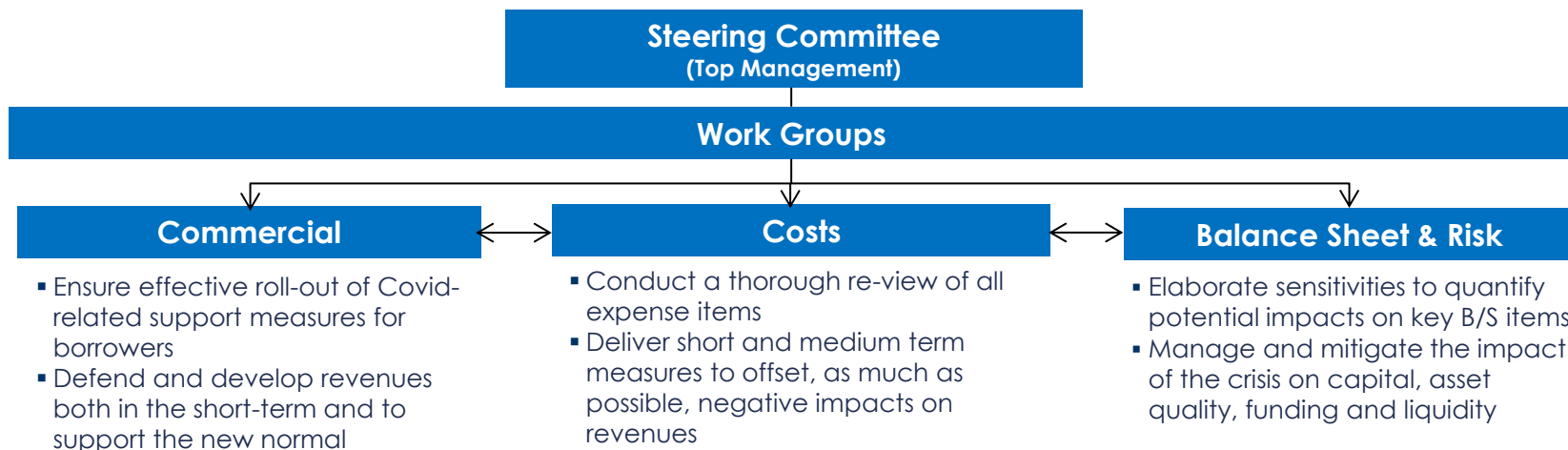
+59%

# COVID-19 EMERGENCY: STRATEGIC APPROACH ADOPTED (2/2)

## Highlights on Step 2: «Project Reaction»

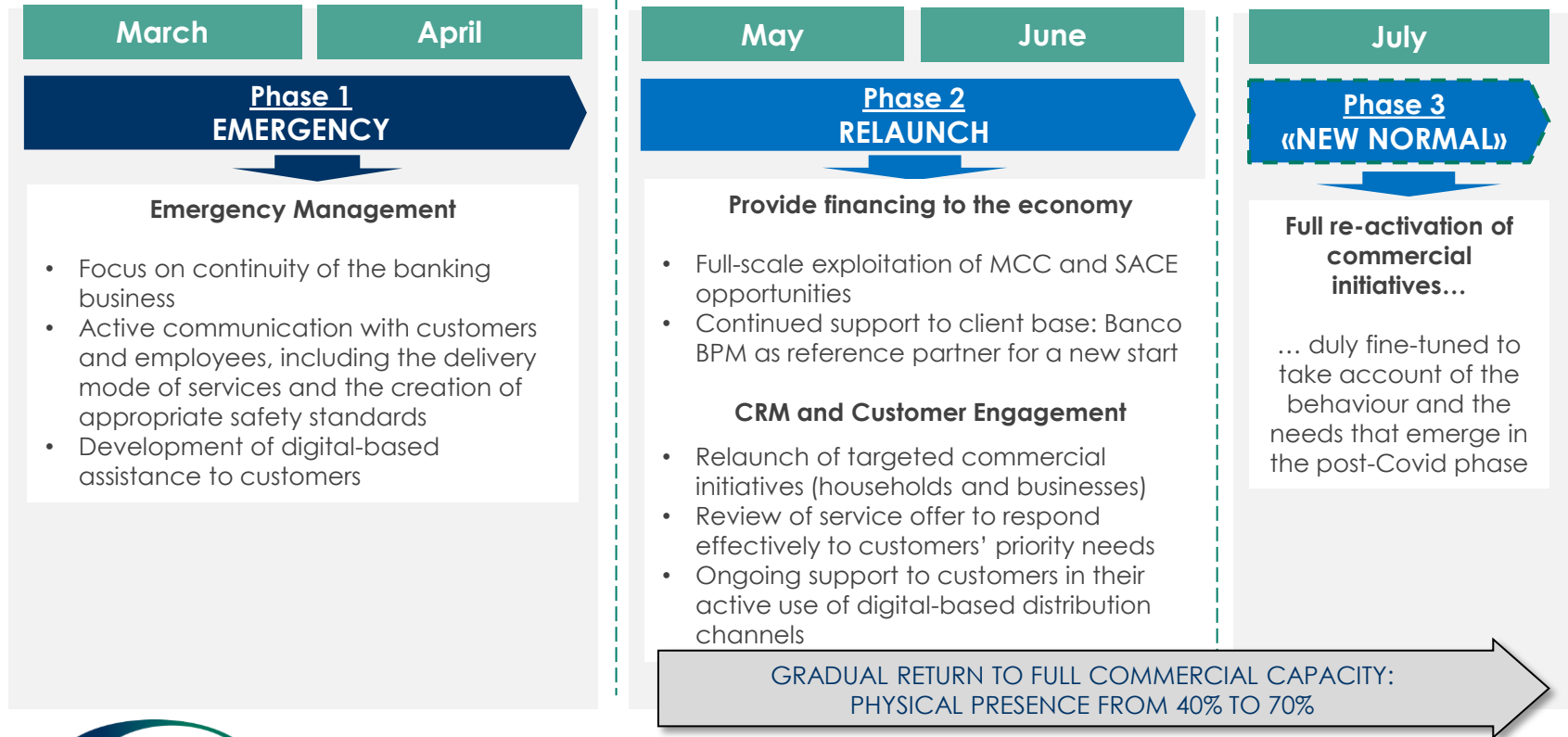
### Step 2: «Project Reaction»

- Three dedicated working groups established in March, **coordinated by a Steering Committee chaired by the CEO**
- **Flexible and project-based set-up** adopted, aimed at ensuring a well coordinated approach in daily **managerial decisions**



# BUSINESS DEVELOPMENT OUTLOOK

Banco BPM is ready to tackle the phase of Relaunch and to pave the way for the “New Normal”





# MATERIAL AND CONCRETE SUPPORT TO ITALIAN ECONOMY

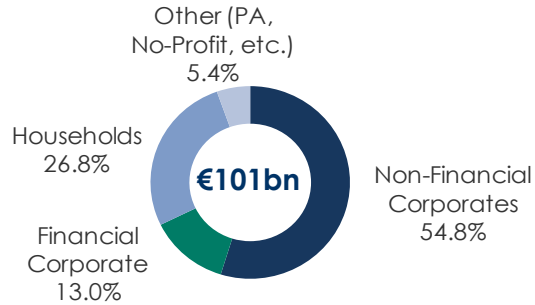
## Measures activated by the Government and by Banco BPM

MEASURE	TARGETS	REQUESTS RECEIVED	
		Number	Amount
<b>MORATORIA</b> (Cure Italy Decree and other)	<b>ENTERPRISES &amp; HOUSEHOLDS</b>	~70,000 received	~€1.8bn of suspended instalments
		REQUESTS RECEIVED	
		Number	Potential Amount
<b>BANCO BPM PLAFOND LIQUIDITY EMERGENCY</b> (up to €5bn, o/w €3bn to Corporates, €1bn to Self-Employed, €1bn to Retailers)	<b>ENTERPRISES (incl. Self-Employed)</b>	~4,000	~€1.2bn
<b>LIQUIDITY DECREE</b> (art. 1 & art. 13)			
• <b>STATE-BACKED NEW LOANS UP TO €25K</b> (100% guaranteed)	<b>ENTERPRISES (incl. Self-Employed)</b>	>35,000	~€0.8bn
• <b>OTHER STATE-BACKED NEW LOANS</b>	<b>ENTERPRISES</b>	<b>EXPECTED PIPELINE</b>	
- SACE		~120	~€1.6bn
- SME Fund		~6,000	~€1.5bn
- SMEs		~400	~€0.8bn
- Corporates			

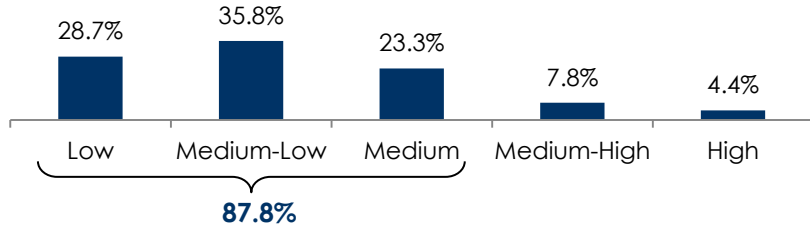
- The very vast majority of the moratoria files are “Ex lege”
- **Dedicated commercial efforts** activated to provide adequate level of financing to our customers, leveraging on public support measures
- Strong focus on clients classified in intermediate risk categories

# PERFORMING CUSTOMER LOAN BOOK ANALYSIS AS AT 31/03/20

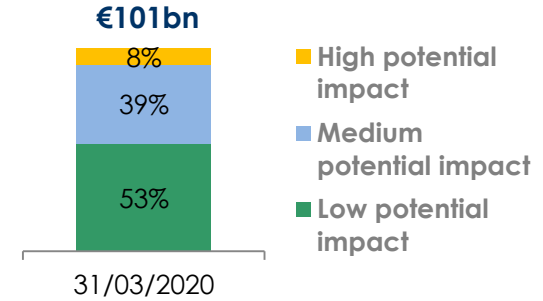
## Customer loans (GBV) breakdown<sup>1</sup>



## Performing portfolio: EAD by risk categories<sup>2</sup>



## Customer loans breakdown by sectors: focus on sensitivity to Covid<sup>3</sup>



### LIMITED EXPOSURE TO SECTORS EXPECTED TO BE MOST SENSITIVE TO COVID-19 CRISIS<sup>4</sup> AND OVERALL STRONG QUALITY

**1% of total performing loans related to riskier segments of the most sensitive sectors:**

- High risk: 0.3% of total customer loans
- Mid-high risk: 0.7% of total customer loans

Internal management data. Note: **1.** GBV of on balance-sheet performing exposures, excluding the GACS Senior Notes. Financial Corporate include ca. €5bn of REPOs with CC&G. **2.** Includes all performing customer loans subject to the internal rating process (AIRB). Based on 11 rating classes for rated performing loans. **3.** Elaborations including Cerved estimates on turnover trend in 2020 factoring the Covid-19 crisis. **4.** Sectors for which Cerved expects the higher decrease in turnover for 2020 due to the Covid-19 crisis: Transport & storage services, Accommodation, Restaurants & Travel, Textile fibers & Leather, Automotive trade and Means of transport.

# FURTHER SUPPORT TO LOCAL COMMUNITIES

- **Donations** for >€3.5m (o/w: >€1m directly from Chairman, CEO, Board/Audit Members and top management) for hospitals and no profit into the fight against Covid-19
- **Fund raising** involving colleagues, together with Banco Alimentare and Caritas, in favor of people weakened by the economic emergency
- **Crowdfunding** project involving third-party stakeholders of the territory, supporting several local social projects

## DONATIONS



COMUNICATO STAMPA

GRUPPO BANCO BPM PER IL CONTRASTO ALL'EMERGENZA COVID-19

Donazioni superiori a 2,5 milioni di euro destinati a progetti in: Lombardia, Piemonte, Veneto, Emilia Romagna, Toscana, Lazio

Inoltre, Presidente, AD, membri del board, del collegio sindacale e management contribuiscono per un ammontare complessivo superiore a 1 milione di euro a favore di attività sociali

Avviata anche una campagna di raccolta fondi da parte del personale del Gruppo

Parte una piattaforma di crowdfunding per finanziare 12 progetti che rispondano alle esigenze immediate dei territori



## EMPLOYEE FUND RAISING

**#SOStegnostraordinario**

**AL VIA LA RACCOLTA FONDI**  
In collaborazione con **Banco Alimentare** e **Caritas Italiana**

**PARTECIPA ANCHE TU!**  
Guarda il video e scopri come fare

Milano, Roma, Genova, Padova, Vercelli, Foggia, Modena, Reggio Emilia, Catania, Palermo

OMAR, ALICE, LUCA, IGOR, ALESSANDRO, DANIELA, ANDREA

## CROWDFUNDING

**LEGNANO**  
Fondazione di Ospitalità per Rifugiati, Legnano e Migranti  
INSIEME PER I PIU' PICCOLI CONTRO IL COVID-19

**LUCCA**  
Comitato Diocesano di Caritas  
"INSIEME", INSIEME CONTRO IL COVID-19

**VERONA**  
Comitato Diocesano di Caritas di Verona  
CON LA FORZA DI UNO STESSO CUORE

**LODI**  
Ass. Emmaus Onlus - Caritas Diocesano di Lodi  
COSTRUIAMO LIBERTÀ DA OGGI SU

**STRESA**  
Associazione delle Chiese Riforme  
Comitato di Caritas (CIC)

**ROMA**  
Università degli Studi Roma Tre  
PER FORNIRE COLLEZIONE

**REGGIO EMILIA**  
Associazione di PARMAI Assistenza Croce Verde  
SALVADIANI UN LAVORO INCONTRO NECESSO

**MILANO**  
Alleanza Sociale Cooperative - ACSI Milano  
COOPERATIVA CACINA BIBERICA, SODICI DI RICORDO

**BANCO BPM**  
la banca delle Comunità

**CROSS GREEN**  
CROSS GREEN  
CROSS GREEN  
CROSS GREEN

**ROMA TRE**

**QR CODE**

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# CONSIDERATIONS ON THE STRATEGIC PLAN

- The assumptions on which the Plan's key targets are based do not take into account the consequences of the Covid-19-related lockdown, which was introduced shortly after the Plan's approval. It follows that key targets will have to be updated on the basis of new assumptions
  - Banco BPM will, therefore, review its Strategic Plan once there is better visibility and clarity on the evolution of the future scenarios

- While revenues are set to be impacted by the Covid-19 emergency, the Bank is ready and determined to adapt its strategic approach, leveraging on its flexibility in operating costs:
  - Closure of a higher number of branches
  - Postponement of part of the envisaged investments and review of projects
  - General review of cost containment actions (personnel and administrative expenses)

- As expected, asset quality has improved further in Q1 2020, with underlying physiological cost of risk (53bps) better than forecasts
- Nonetheless, in the light of the current environment<sup>1</sup>, Banco BPM has decided to increase its provisions on performing loans, as a move to anticipate the impact of the worsening scenario, which will be reassessed once a clearer picture on the economic environment is available

# COVID-19 SCENARIOS: CONSERVATIVE ASSESSMENT WITH FULL RECOGNITION OF ACCOUNTING AND REGULATORY GUIDELINES

## ACCOUNTING AND REGULATORY CONTEXT

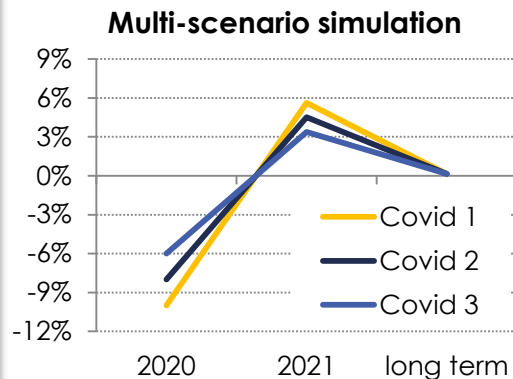
- IASB recommends to apply scenarios over the **expected life of financial instruments**, considering the **impact of Government support measures**. Use of **post-model adjustments and overlays** is admitted<sup>1</sup>
- ECB expects that **“banks give a greater weight to long-term macroeconomic forecasts [...] when estimating long-term expected credit losses for the purpose of IFRS 9 provisioning policies”**<sup>2</sup>
- ECB statement has been explicitly backed by ESMA<sup>3</sup>, which highlighted that **in these scenarios the mitigating impact of public support measures has to be taken into account**

## KEY STEPS

### MAIN ELEMENTS

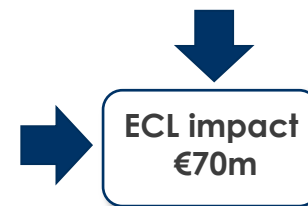
## 1. GDP SIMULATION

- Run satellite models fed with multiple scenarios



## 2. EFFECT OF PUBLIC SUPPORT MEASURES

- Assess the mitigating impact of public guarantees and moratoria on PDs & LGDs



Notes: 1. IFRS - Document to support the consistent application of requirements in IFRS Standards 27 March 2020 2. FAQs on ECB supervisory measures in reaction to the Coronavirus 3. ESMA Public statement of 25 March 2020 (ESMA32-63-9519)

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# SOLID Q1 2020 PERFORMANCE

(1/2)

In line with the pre-Covid 19 management expectations

		Q1 2020	Q4 2019	Q1 2019
PROFITABILITY	<u>PRE-TAX PROFIT</u>	€310m	€121m	€252m
	<u>NET INCOME</u>	€152m	€96m	€155m
CUSTOMER VOLUMES	<u>CORE PERF. LOANS</u>	31/03/20 €94.0bn	DELTA Y/Y +4.2%	
	<u>C.A. &amp; DEPOSITS</u>	€90.2bn	+8.2%	
		Commercial Network (April vs. March) <sup>1</sup> : Loans +1.1% Core Funding +2.0%		
RISK PROFILE	<u>NET NPE RATIO</u>	31/03/20 5.0%	31/12/19 5.2%	31/03/19 6.2%
	<u>GROSS NPE RATIO</u>	8.8%	9.1%	10.4%
	<u>TEXAS RATIO<sup>2</sup></u>	50.1%	52.3%	71.3%

Notes: 1. Internal Management Data of the Commercial Network; Refer to Gross performing Customer Loans and to Core Direct Funding excluding bonds and REPOs.  
 2. Net NPEs over Tangible Net Equity (Shareholders' Net Equity - Intangible assets).

# SOLID Q1 2020 PERFORMANCE

(2/2)

In line with the pre-Covid 19 management expectations

<b>LIQUIDITY &amp; FUNDING</b>	LCR	NSFR	TOT. LIQUID SECURITIES
	148%	>100%	€30.5bn
<b>CAPITAL AND BUFFERS</b>	<u>PHASED-IN</u>	CET 1	MDA BUFFERS (with CRD V rules)
		14.4%	+490bps
	<u>FULLY LOADED</u>	12.9%	+307bps
<b>REGULATORY RELIEF MEASURES</b>	<ul style="list-style-type: none"><li>▪ <u>MDA Buffers</u> exclude benefit from temporary relief measures (e.g. waiver of the 250bps CCB)</li><li>▪ <u>Expected one-year shift forward</u> of a material part of the regulatory headwinds estimated in the Strategic Plan</li></ul>		



# Q1 2020 QUARTERLY P&L RESULTS

	Q1 2019	Q4 2019	Q1 2020	Chg. q/q	Chg. y/y
€ m	Restated	Restated			
NII	499.2	474.0	474.1	0.0%	-5.0%
FEES & COMMISSIONS	434.5	462.2	440.6	-4.7%	1.4%
NET FINANCIAL RESULT	72.3	207.4	206.8	-0.3%	n.m.
<b>TOTAL INCOME</b>	<b>1,067.0</b>	<b>1,193.5</b>	<b>1,160.5</b>	<b>-2.8%</b>	<b>8.8%</b>
STAFF COSTS	-425.9	-437.1	-419.0	-4.1%	-1.6%
OTHER ADMIN .COSTS	-167.0	-149.8	-154.6	3.2%	-7.4%
D&A	-63.3	-69.3	-61.4	-11.4%	-3.1%
<b>OPERATING COSTS</b>	<b>-656.2</b>	<b>-656.1</b>	<b>-635.0</b>	<b>-3.2%</b>	<b>-3.2%</b>
<b>PROFIT FROM OPERATIONS</b>	<b>410.8</b>	<b>537.4</b>	<b>525.5</b>	<b>-2.2%</b>	<b>27.9%</b>
LLPs	-152.0	-220.5	-213.2	-3.3%	40.3%
OTHER <sup>1</sup>	-6.9	-195.7	-2.7	n.m.	n.m.
<b>PRE-TAX PROFIT</b>	<b>252.0</b>	<b>121.2</b>	<b>309.6</b>	<b>n.m.</b>	<b>22.9%</b>
TAX	-53.7	-26.6	-93.8	n.m.	74.7%
SYSTEMIC CHARGES (net of taxes)	-41.6	-4.5	-57.5	n.m.	38.2%
<b>NET INCOME BEFORE PPA</b>	<b>157.9</b>	<b>99.4</b>	<b>158.2</b>	<b>59.1%</b>	<b>0.2%</b>
PPA AFTER TAX	-2.5	-3.7	-6.6	79.9%	n.m.
<b>NET INCOME</b>	<b>155.4</b>	<b>95.8</b>	<b>151.6</b>	<b>58.3%</b>	<b>-2.4%</b>

## Q1 2020 COMMENTS

### Q1 2020 NFR includes valuation effect:

- on own liabilities of € 206m, or €171m (~€115m post tax) after having reabsorbed the level at YE 2019
- on assets of -€31m

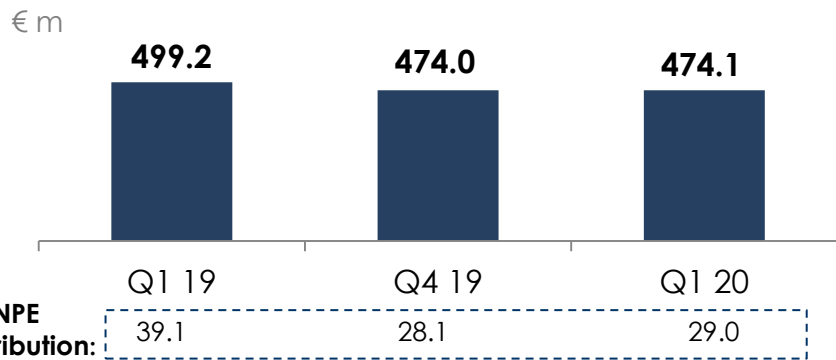
**Physiological CoR at 53bps** and up at 79bps when including the decision to increase the generic provisions on performing loans of +€70m (~€47m post tax), anticipating the impact of the macroeconomic crisis (Covid-19)

Higher **Systemic Charges** for €16m (post tax) y/y

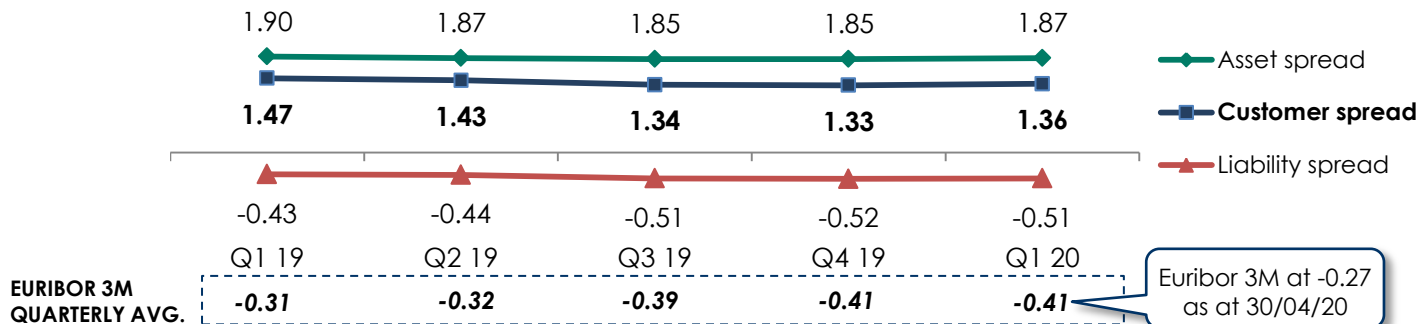
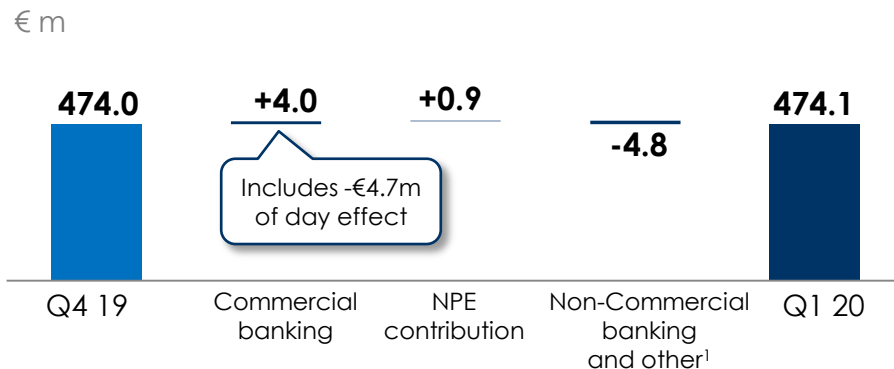
P&L restated with PPA reclassified at bottom line. Notes: 1. Other includes: Profit (loss) on FV measurement of tang. assets, Net adj. on other financial assets, Net provisions for risks & charges, Profit (loss) on the disposal of equity and other investments.

# NET INTEREST INCOME: HIGHLIGHTS

## Net Interest Income



## NII: Evolution Breakdown



Notes: 1. Non-commercial banking includes: financial activities, Hedging, interest on Bonds (Retail and Institutional), other elements and one-offs.

# VOLUMES AT A GLANCE

Solid commercial performance. Indirect Funding negatively impacted by market turmoil

€ bn	31/03/2019	31/12/2019	31/03/2020	% chg.Y/Y	% chg. Q/Q
<b>Net Performing Customer Loans</b>	<b>99.9</b>	<b>100.3</b>	<b>102.6</b>	<b>2.7%</b>	<b>2.3%</b>
o/w: <b>Core Performing Customer Loans<sup>1</sup></b>	<b>90.2</b>	<b>91.1</b>	<b>94.0</b>	<b>4.2%</b>	<b>3.1%</b>
- Medium/Long - Term Loans	60.6	62.5	64.4	6.2%	3.0%
- Current Accounts	10.7	10.5	10.4	-2.1%	-0.6%
- Other Loans	18.9	18.1	19.2	1.4%	5.9%
<b>Direct Funding<sup>2</sup></b>	<b>103.1</b>	<b>108.9</b>	<b>111.5</b>	<b>8.2%</b>	<b>2.4%</b>
<b>C/A &amp; Deposits (Sight + Time)</b>	<b>83.4</b>	<b>87.8</b>	<b>90.2</b>	<b>8.2%</b>	<b>2.7%</b>
<b>Bonds</b>	<b>14.0</b>	<b>16.1</b>	<b>16.6</b>	<b>18.8%</b>	<b>3.2%</b>
<b>Certificates</b>	<b>3.7</b>	<b>3.2</b>	<b>3.0</b>	<b>-17.6%</b>	<b>-6.8%</b>
<b>Other</b>	<b>2.1</b>	<b>1.8</b>	<b>1.7</b>	<b>-17.9%</b>	<b>-5.6%</b>
<b>Indirect Funding<sup>3</sup></b>	<b>89.8</b>	<b>89.7</b>	<b>82.2</b>	<b>-8.4%</b>	<b>-8.4%</b>
o/w: <b>AUM</b>	<b>57.0</b>	<b>58.3</b>	<b>54.1</b>	<b>-5.1%</b>	<b>-7.3%</b>
- Funds & Sicav	37.4	39.0	35.0	-6.5%	-10.5%
- Bancassurance	14.9	15.4	15.3	2.8%	-0.5%
- Managed Accounts & Funds of Funds	4.7	3.9	3.8	-19.1%	-1.9%

Resilient trend confirmed also in April with performing loans of the Commercial Network: +1.1% vs. March<sup>3</sup>

Strong support from core funding base confirmed also in April, with Core Direct Funding of the Commercial Network: +2.0% vs. March<sup>3</sup>

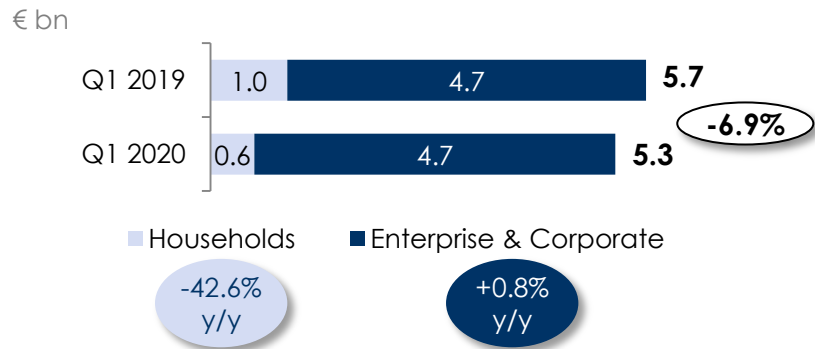
Indirect Funding decrease in Q1 purely due to market effect: -€8.1bn for the total, o/w -€4.0bn for AUM  
AUM +2.2% end-April vs. March

Notes: **1.** Exclude GACS senior notes, REPOs and Leasing. **2.** Restated excluding REPOs and including Capital-Protected Certificates. **3.** Restated excluding Capital-Protected Certificates from AUC. **3.** Internal Management Data of the Commercial Network. Refer to gross performing customer loans and to Core Direct Funding excluding bonds and REPOs.

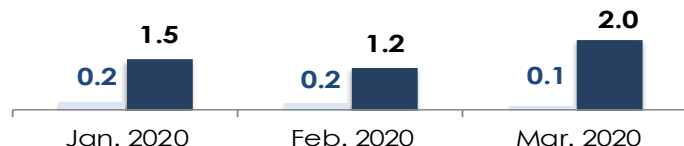
# SOUND LENDING PERFORMANCE OF THE NETWORK

## €5.3bn New Loans in Q1 2020

(Management data of the commercial network<sup>1</sup>)

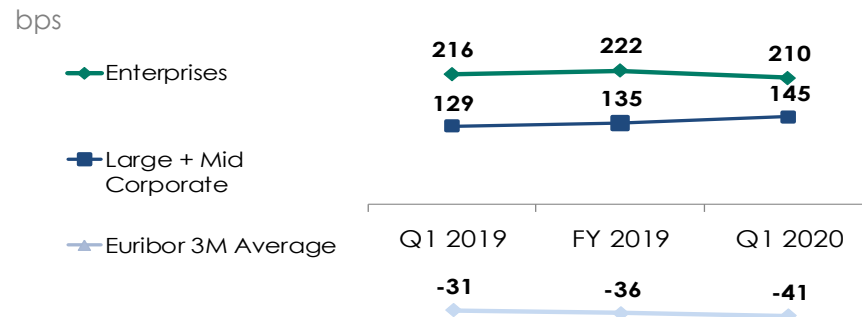


### Monthly trend of New Lending in Q1 2020



## All-In Rates of the New M/L-Term Lending to Main Corporate Segments<sup>2</sup>

(Management data of the commercial network)



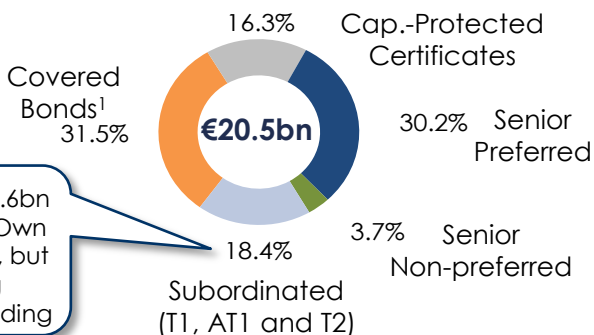
- Satisfactory performance in new M/L-Term lending to Enterprises and Corporate contributes to customer loan growth in Q1

Notes: **1.** Include M/L-term Mortgages (Secured and Unsecured), Personal Loans, Pool, ST/MLT Structured Finance. Exclude Agos and Profamily volumes sold by the network, but not consolidated by the Group. **2.** All-in rates include commission income related to insurance policies, interest rate hedges and loan granting fees. Does not include volumes related to Structured Finance.

# STRONG AND WELL DIVERSIFIED BOND FUNDING

## Bond funding as at 31/03/2020

Nominal amounts



Covered Bonds<sup>1</sup>  
31.5%

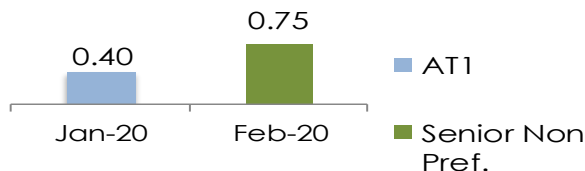
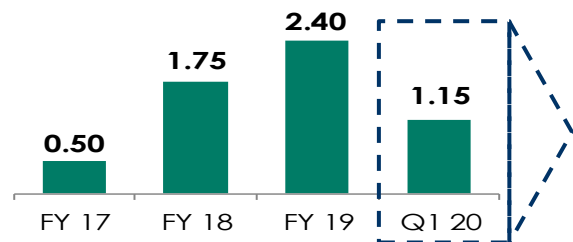
€3.8bn, o/w: ~€1.6bn not included in Own Funds Phased-in, but representing MREL-eligible funding

- Total bonds outstanding at €20.5bn
- Very manageable amount of wholesale bond maturities in 2020 (€2.4bn), considering €1.15bn already issued in Q1 2020 and the strong liquidity position (with unencumbered eligible assets at €22.6bn, highly exceeding total bonds outstanding)
- New Senior Non Preferred successfully issued in Q1 2020, for a total of €750m, with a spread of 193bps

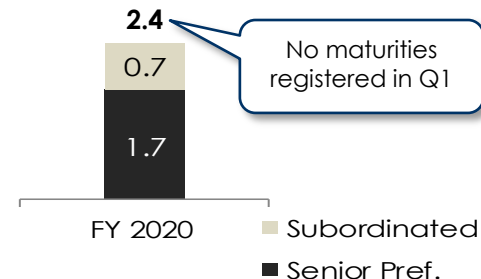
## Q1 2020: €1.15bn already issued, 47% of wholesale bond maturities of the year

€ bn

### Wholesale bond issues



### Wholesale bond maturities



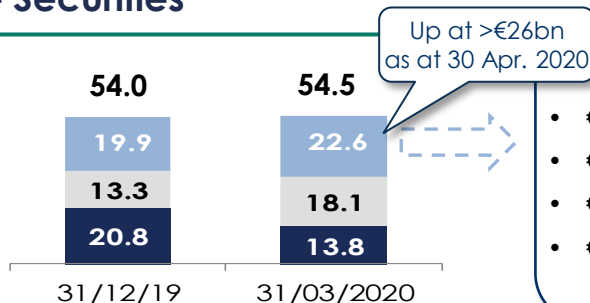
Notes: 1. Include also Repos with underlying retained Covered Bonds. 2. Managerial data based on nominal amounts.

# STRONG LIQUIDITY POSITION: LCR 148% & NSFR >100%<sup>1</sup>

## Eligible Securities<sup>2</sup>

€ bn

- Unencumb. Eligible securities
- Encumbered with Repos & other
- Encumbered with ECB



### TOTAL LIQUID SECURITIES AT €30.5BN, o/w:

- €22.6bn Unencumbered Eligible Securities
- €3.4bn of Excess ECB deposits (€5.4bn average in 2020)
- €1.9bn HQLA lent<sup>3</sup>
- €2.6bn Marketable securities (non-eligible)

## ECB exposure breakdown as at 31/03/2020

TLTRO III  
3,5



TLTRO II  
10,3

Down by €7bn in Q1 2020:

- €5bn of TLTRO II and €4bn of MRO reimbursed
- €2bn of TLTRO III drawn

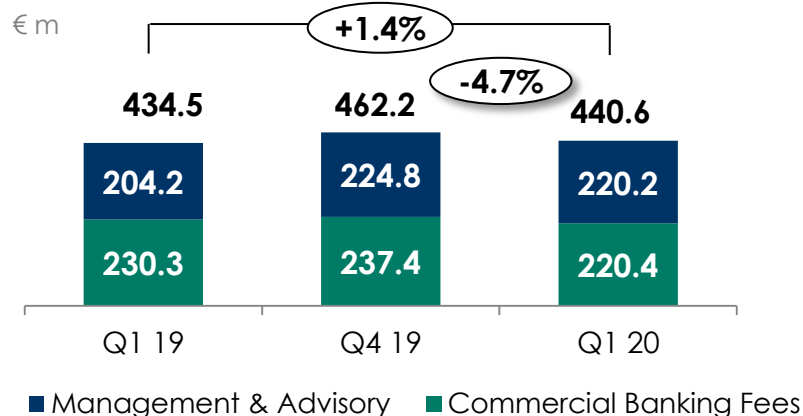
- Sizeable funding contribute also from long-term bilateral refinancing operations at **€3.4bn** euro (net of haircuts), with an average maturity of 2 years
- **Still large potential room for TLTRO III, with maximum take-up of €35.7bn (+€21.9bn vs. current combined TLTRO exposure)**

Internal management data, net of haircuts. ECB exposure net of the accrued interest

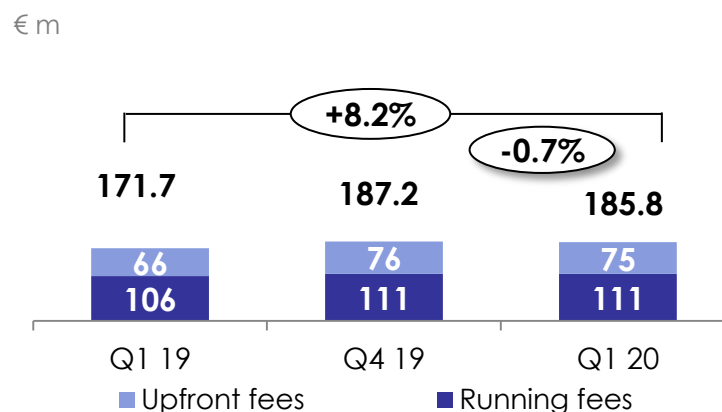
Notes: 1. LCR and NSFR of Q1 2020. 2. Includes assets received as collateral. 3. Refers to securities lending (uncollateralized high quality liquid assets).

# Q1 2020: NET FEES AND COMMISSIONS

## Net Fees and Commissions



## Focus on Investment Product Fees<sup>1</sup>

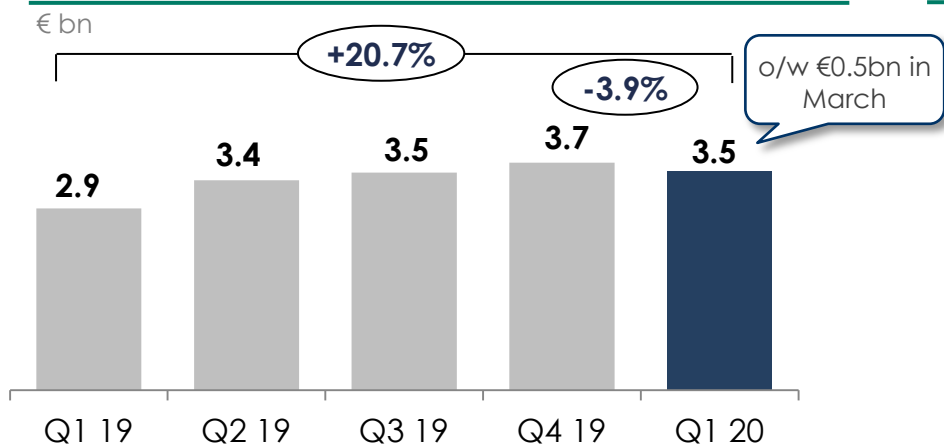


- Net fees and commission at €440.6m dropped by 4.7% Q/Q, due to:
  - the decrease in commercial banking fees (-7.2% Q/Q), mainly due to a particularly strong commission contribution from pools and structured financing registered in Q4 19 (ca. -€11m q/q) and to lower volumes and pricing of other loans (ca. -€3m q/q).
  - lower investment product placement (advisory and management fees: -2.0% Q/Q)
  - lockdown measures on Covid-19 adopted in March 2020
- Net fees and commission increased by 1.4% Y/Y, mainly thanks to the stronger activity on investment product placements (advisory and management fees)

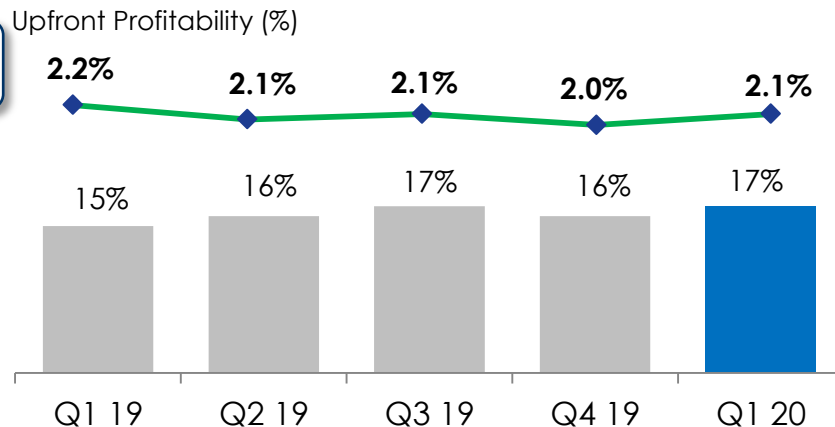
Notes: 1. Internal management data of the Commercial Network regarding the breakdown of running and upfront fees on investment products.

# GROWTH IN INVESTMENT PRODUCT PLACEMENTS

## Investment product placements volumes<sup>1</sup>



## Share of investment product Upfront fees on Total Net Fees & Commissions



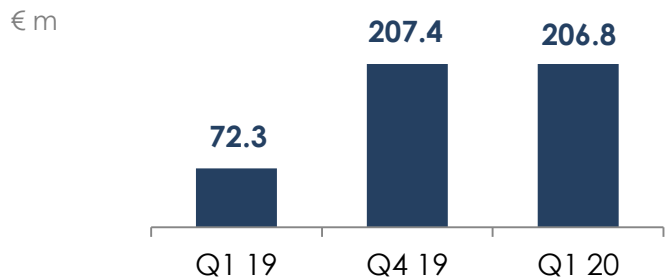
- In Q1 2020, investment product placements stand at €3.5bn (vs. €3.7bn in Q4 2019 and €2.9bn in Q1 2019), notwithstanding a slowdown in March volumes, following the Covid-19 lockdown measures
- Q1 2020 sees a confirmed resilience in the contribution from the upfront component of investment products, which represents about 17% of total Net fees and commissions.

Notes: 1. Management data of the Commercial Network related only to the placements of investment products which generate upfront fees.



# FINANCIAL PORTFOLIO: NET FINANCIAL RESULT AND RESERVES/UNREALISED GAINS

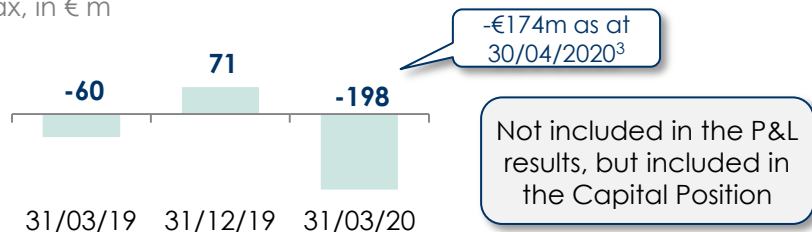
## Net Financial Result



- **NFR at €206.8m in Q1** (against €207.4m in Q4 19, which included material gains of asset disposals)<sup>1</sup> includes valuation effects on:
  - own liabilities of € 206m, or €171m (~€115m post tax) after having reabsorbed the level at YE 2019
  - assets of -€31m

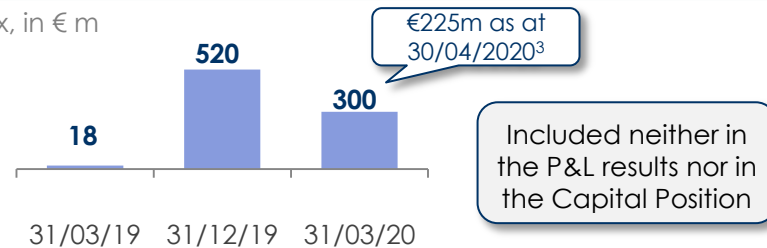
## Reserves of Debt Securities at FVOCI

Pre-tax, in € m



## Unrealised gains on Debt Securities at AC<sup>2</sup>

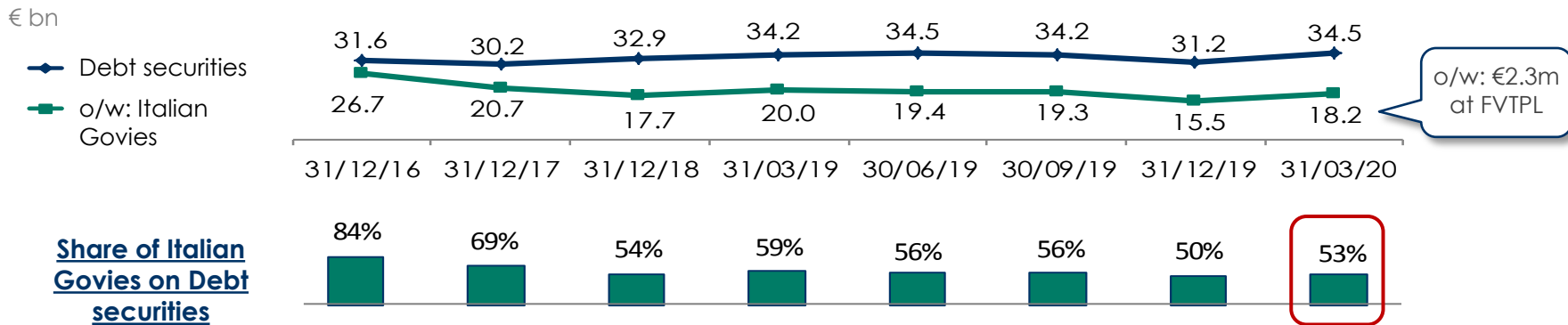
Pre-tax, in € m



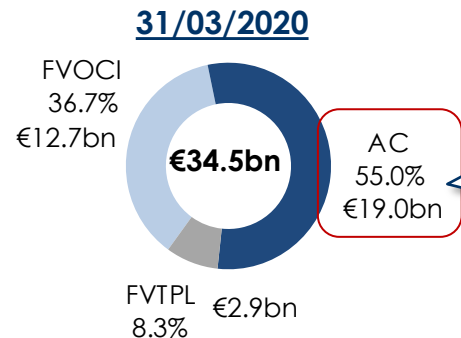
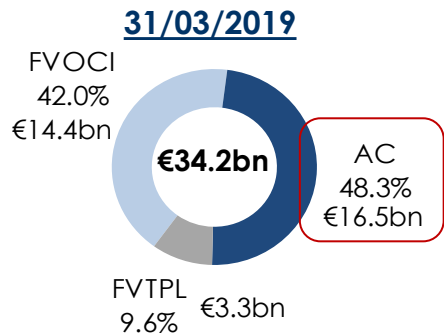
Notes: **1.** NFR in Q4 19 included gains from the disposal of debt securities (€124.4m), together with those from debt and equity instruments coming from the disposal of Sorgenia (€44.6m) **2.** Debt Securities accounted at Amortised Costs are subject to a specific policy which sets dedicated limits to the amount of disposals allowed throughout the year. **3.** Internal management estimates.

# WELL DIVERSIFIED DEBT SECURITIES PORTFOLIO

## Evolution & Composition of Debt Securities



### Classification of Debt Securities



Increase of debt securities classified at AC (HTC) y/y in order to reduce volatility at P&L and Capital level

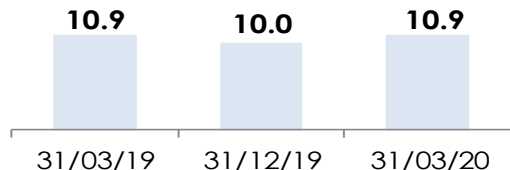
# FOCUS ON GOVIES PORTFOLIO

67% maturing by next year

## Italian Govies at AC

€ bn

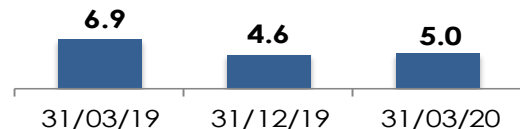
+8.6% in Q1



## Italian Govies at FVOCI

€ bn

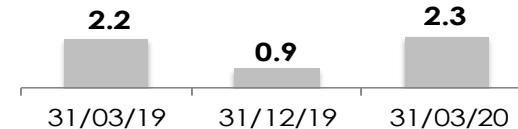
+8.9% in Q1



## Italian Govies at FVTPL

€ bn

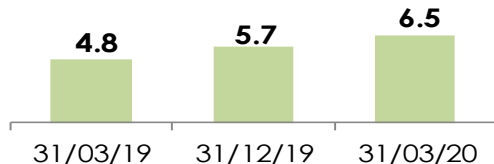
+155.0% in Q1



## Non-IT Govies at AC

€ bn

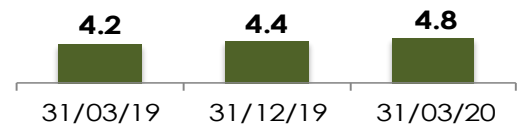
+14.0% in Q1



## Non-IT Govies at FVOCI

€ bn

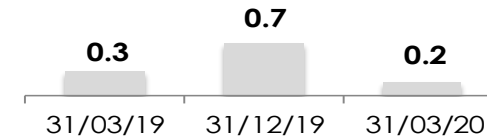
+7.2% in Q1



## Non-IT Govies at FVTPL

€ bn

-76.6% in Q1

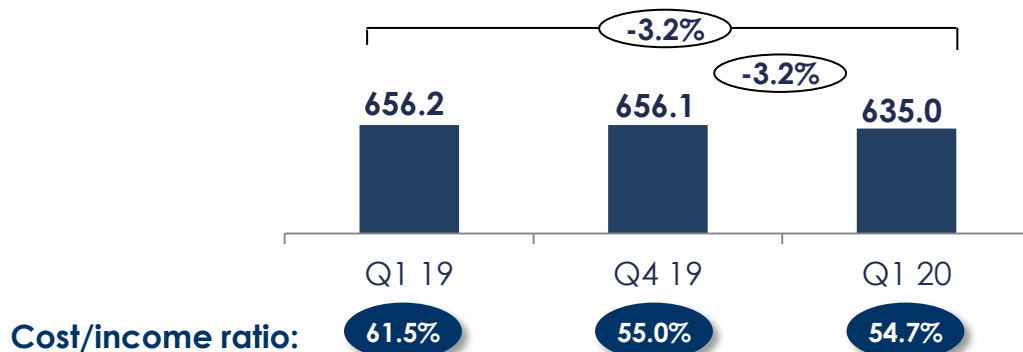


Duration of total Govies at AC:  
3.4 years, with 3.9 years for IT<sup>1</sup>

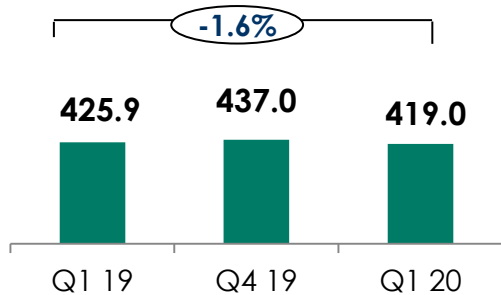
Duration of total Govies at FVOCI:  
3.3 years, with 2.3 years for IT<sup>1</sup>

# OPERATING COSTS: QUARTERLY COMPARISON

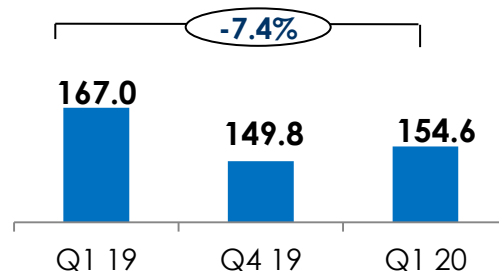
## Total Operating Costs



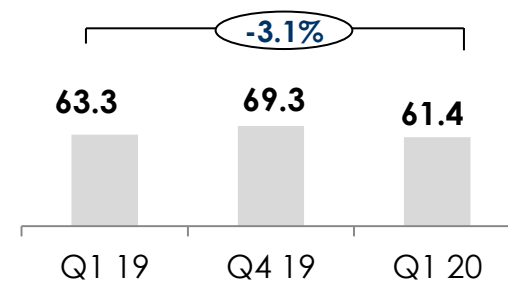
## o/w: Staff costs



## o/w: Other admin. costs



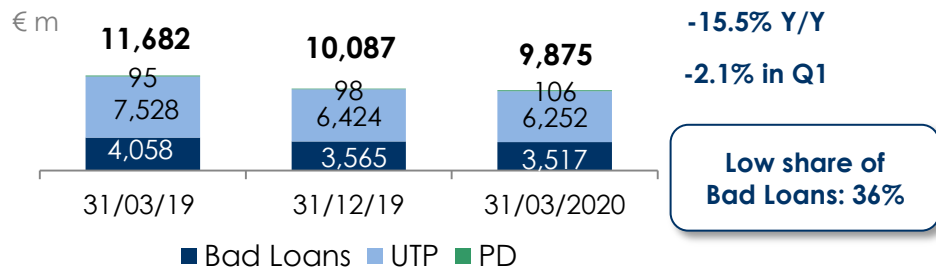
## o/w: D&A



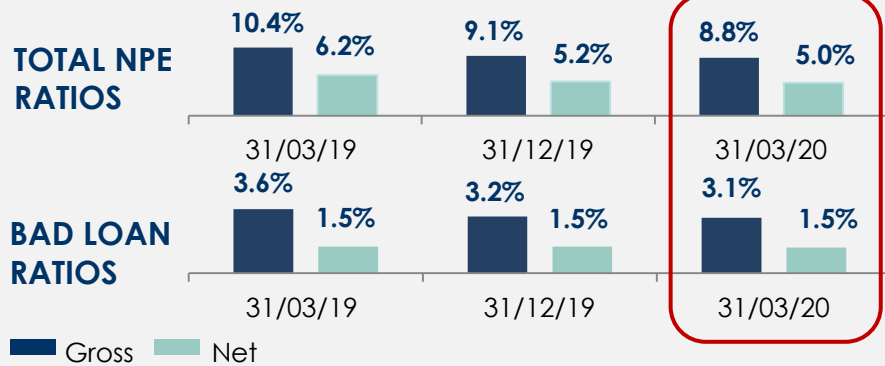
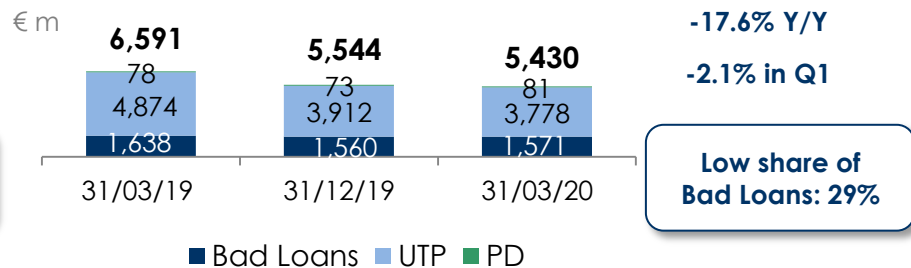
# STRONG IMPROVEMENT ACROSS ASSET QUALITY METRICS

Reduction in NPE stock and ratios, with strong coverage confirmed

## NPE Stock (GBV)



## NPE Stock (NBV)



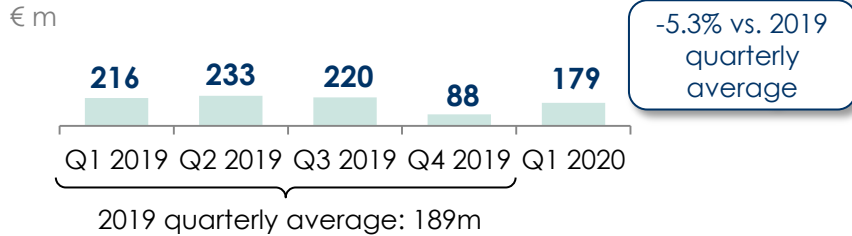
	31/12/19	31/03/20
BAD LOAN COVERAGE	56.2%	55.3%
UTP COVERAGE	39.1%	39.6%
PD COVERAGE	25.9%	23.7%
<b>TOTAL NPE COVERAGE</b>	<b>45.0%</b>	<b>45.0%</b>
<b>% of Secured NPE on Total NPE (GBV)</b>	<b>61%</b>	<b>60%</b>

62.5% incl. write-offs

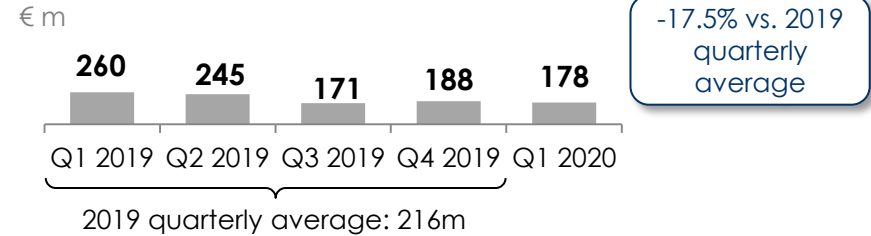
48.5% incl. write-offs

# NPE FLOWS AND COST OF RISK: HEALTHY PATH CONFIRMED

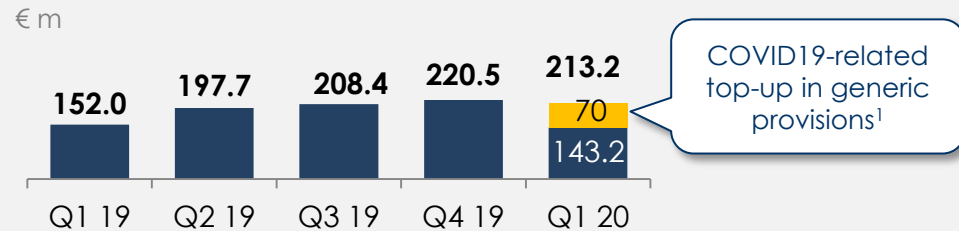
## Net Flows to NPEs



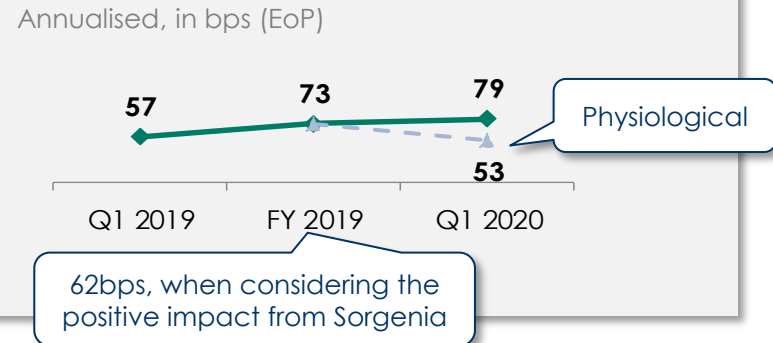
## Flows from UTP to Bad Loans



## LLPs



## Cost of Risk<sup>2</sup>

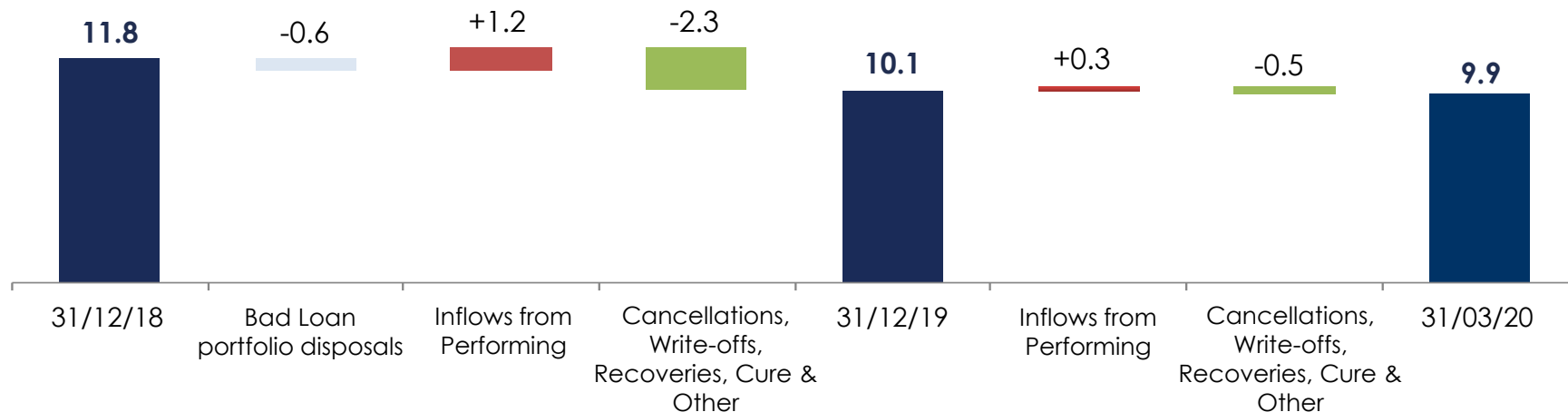


Note: 1. Anticipation of the impact of the macroeconomic crisis (Covid-19). 2. CoR calculated including also loans classified at IFRS 5, for coherence with related LLPs.

# IMPROVING TREND IN ASSET QUALITY DRIVEN BY WORKOUT

NPE, gross book value: -€1.7bn in 2019 and further -€0.2bn in Q1 2020

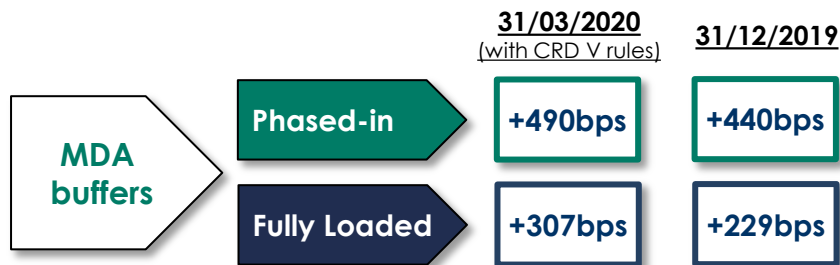
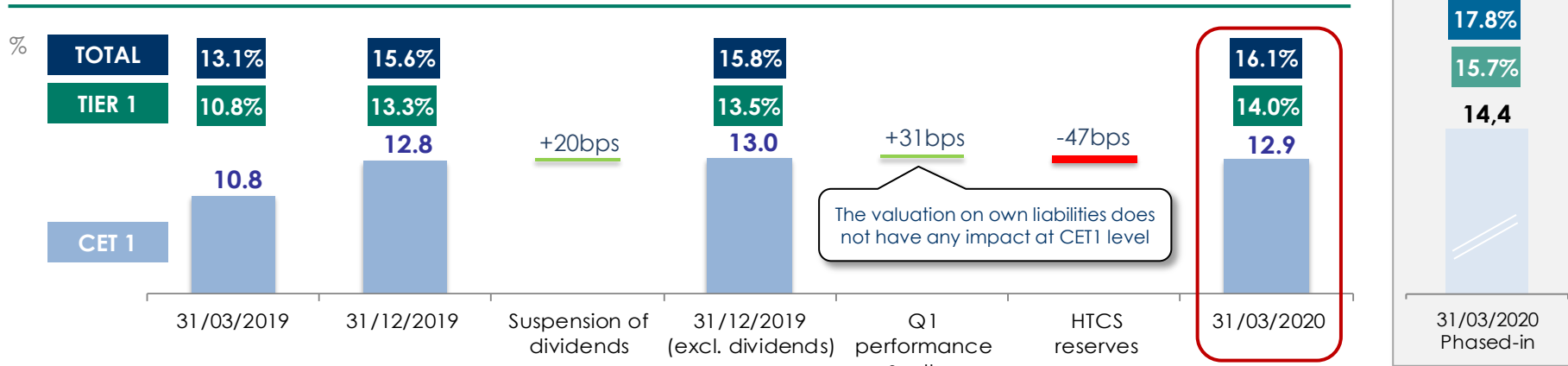
€ bn



# STRONG CAPITAL RATIOS & BUFFERS

Well positioned to face the tough scenario

## Fully Loaded Capital Ratios: evolution



- CET 1 ratios: FL up at 12.9%, with Phase-In at 14.4%
- Optimised capital structure with strong MDA buffers, calculated with the application of the CRD V rules and without considering any benefit from temporary Covid-related relief measures (waiver of the 250bps CCB)
- Expected one-year shift forward of a material part of the regulatory headwinds estimated in the Strategic Plan



# FINAL REMARKS

## **Covid-19 emergency: Banco BPM's reaction and outlook:**

- A flexible, project-based set-up was adopted, aimed at governing revenue, cost and balance sheet implications of the crisis (Reaction Project)
- The emergency has accelerated the use of digital and omnichannel-based banking: an advantage for the 'New Normal' environment
- Starting from May 2020, a gradual relaunch of targeted CRM and Customer Engagement initiatives is in the pipeline, with a view to respond effectively in the evolving situation and to return to full commercial capacity (physical presence from 40% to 70%)
- Banco BPM will review its Strategic Plan in the light of the new environment, once there is better visibility and clarity on the future outlook

## **Q1 2020 performance:**

- Net income at €152m, with revenues up y/y (+8.8%) and with costs down (-3.2% both y/y and q/q), generated in spite of a top-up of €70m in generic loan loss provisions, aimed at anticipating the impact of the worsening scenario
- Further improvement in asset quality, with net NPE ratio down at 5.0%
- Robust position in terms of capital (CET 1 ratio: 14.4% Phased-in and 12.9% Fully Loaded), as well as funding and liquidity
- Optimized capital structure, with strong MDA Buffers: 490bps Phased-In and 307bps Fully Loaded

# Agenda

1.	Banco BPM's reaction to Covid-19 emergency	4
2.	Key Q1 2020 Performance Highlights	14
<b>3.</b>	<b>Performance Details:</b>	<b>34</b>
-	Profitability	35
-	Balance Sheet	37
-	Funding and Liquidity	38
-	Customer Loans and Focus on Credit Quality	42
-	Capital Position	45

# RECLASSIFIED P&L: QUARTERLY EVOLUTION

Reclassified income statement (in euro million)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Chg. Y/Y	Chg. Y/Y %	Chg. Q/Q	Chg. Q/Q %
	Restated	Restated	Restated	Restated					
Net interest income	499.2	512.1	495.8	474.0	474.1	-25.1	-5.0%	0.2	0.0%
Income (loss) from investments in associates carried at equity	36.8	32.6	28.0	33.9	22.3	-14.5	-39.4%	-11.7	-34.4%
<b>Net interest, dividend and similar income</b>	<b>535.9</b>	<b>544.7</b>	<b>523.8</b>	<b>507.9</b>	<b>496.4</b>	<b>-39.6</b>	<b>-7.4%</b>	<b>-11.5</b>	<b>-2.3%</b>
Net fee and commission income	434.5	453.7	444.1	462.2	440.6	6.0	1.4%	-21.6	-4.7%
Other net operating income	24.2	17.9	17.8	16.1	16.7	-7.4	-30.8%	0.6	3.8%
Net financial result	72.3	10.7	41.7	207.4	206.8	134.5	185.8%	-0.6	-0.3%
<b>Other operating income</b>	<b>531.0</b>	<b>482.3</b>	<b>503.5</b>	<b>685.7</b>	<b>664.1</b>	<b>133.1</b>	<b>25.1%</b>	<b>-21.6</b>	<b>-3.1%</b>
<b>Total income</b>	<b>1,067.0</b>	<b>1,027.0</b>	<b>1,027.3</b>	<b>1,193.5</b>	<b>1,160.5</b>	<b>93.5</b>	<b>8.8%</b>	<b>-33.1</b>	<b>-2.8%</b>
Personnel expenses	-425.9	-418.0	-415.6	-437.1	-419.0	6.8	-1.6%	18.0	-4.1%
Other administrative expenses	-167.0	-163.1	-158.6	-149.8	-154.6	12.4	-7.4%	-4.8	3.2%
Amortization and depreciation	-63.3	-67.7	-68.6	-69.3	-61.4	2.0	-3.1%	7.9	-11.4%
<b>Operating costs</b>	<b>-656.2</b>	<b>-648.9</b>	<b>-642.8</b>	<b>-656.1</b>	<b>-635.0</b>	<b>21.2</b>	<b>-3.2%</b>	<b>21.1</b>	<b>-3.2%</b>
<b>Profit (loss) from operations</b>	<b>410.8</b>	<b>378.2</b>	<b>384.4</b>	<b>537.4</b>	<b>525.5</b>	<b>114.7</b>	<b>27.9%</b>	<b>-11.9</b>	<b>-2.2%</b>
Net adjustments on loans to customers	-152.0	-197.7	-208.4	-220.5	-213.2	-61.3	40.3%	7.3	-3.3%
Profit (loss) on FV measurement of tangible assets	-7.5	-19.3	-0.7	-131.0	-0.3	7.2	-95.7%	130.7	-99.8%
Net adjustments on other financial assets	-4.0	4.0	4.1	1.6	-4.7	-0.7	17.2%	-6.3	n.m.
Net provisions for risks and charges	4.4	-10.1	-2.7	-62.6	2.2	-2.2	-50.4%	64.8	n.m.
Profit (loss) on the disposal of equity and other investments	0.2	336.6	0.0	-3.6	0.1	-0.1	-45.5%	3.7	n.m.
<b>Income (loss) before tax from continuing operations</b>	<b>252.0</b>	<b>491.7</b>	<b>176.7</b>	<b>121.2</b>	<b>309.6</b>	<b>57.6</b>	<b>22.9%</b>	<b>188.3</b>	<b>155.3%</b>
Tax on income from continuing operations	-53.7	-27.4	-44.9	-26.6	-93.8	-40.1	74.7%	-67.3	253.2%
Systemic charges after tax	-41.6	-15.2	-31.5	-4.5	-57.5	-15.9	38.2%	-53.0	1179.5%
Income (loss) attributable to minority interests	1.2	3.2	1.8	9.2	0.0	-1.3	-102.3%	-9.3	-100.3%
<b>Net income (loss) gross of PPA</b>	<b>157.9</b>	<b>452.3</b>	<b>102.1</b>	<b>99.4</b>	<b>158.2</b>	<b>0.3</b>	<b>0.2%</b>	<b>58.8</b>	<b>59.1%</b>
Purchase Price Allocation after tax	-2.5	-4.7	-3.8	-3.7	-6.6	-4.1	166.7%	-2.9	79.9%
<b>Net income (loss) for the period</b>	<b>155.4</b>	<b>447.6</b>	<b>98.2</b>	<b>95.8</b>	<b>151.6</b>	<b>-3.8</b>	<b>-2.4%</b>	<b>55.9</b>	<b>58.3%</b>

The first three quarters of 2019 are restated due to the change in the accounting standard for the valuation of the Group's property and works of art. All the 2019 quarters have also been restated for the reclassification of the aggregated impact net of tax of the PPA in one new single Item: "PPA after tax".

# COMPREHENSIVE PROFITABILITY IMPACTED BY MARKET TURMOIL

€ m

	Q1 2019	Q4 2019	Q1 2020
<b>A. P&amp;L NET INCOME</b>	155.4	95.8	151.6
<b>B. OTHER NET INCOME DIRECTLY ACCOUNTED TO EQUITY</b>	110.5	243.5	-289.7
<i>o/w Tangible assets at Fair Value</i>	0.0	249.7	0.0
<i>o/w Reserves of Debt Securities at FVOCI (net of tax)</i>	91.5	-103.0	-180.1
<i>o/w Reserves of Equity Securities at FVOCI (net of tax)</i>	19.5	105.8	-114.9
<b>A.+B. COMPREHENSIVE NET INCOME OF THE GROUP</b>	<b>265.9</b>	<b>339.3</b>	<b>-138.1</b>

Mainly due to Anima, offset at Regulatory Capital level by the reduction in the value of the participation to be deducted

# RECLASSIFIED BALANCE SHEET AS AT 31/03/2020

Reclassified assets (€ m)	31/03/2019	31/12/2019	31/03/2020	Chg. y/y		Chg. in Q1	
				Value	%	Value	%
Cash and cash equivalents	804	913	755	-48	-6.0%	-157	-17.2%
Loans and advances measured at AC	111,592	115,890	116,021	4,429	4.0%	131	0.1%
- Loans and advances to banks	5,123	10,044	8,004	2,881	56.2%	-2,041	-20.3%
- Loans and advances to customers (*)	106,470	105,845	108,018	1,548	1.5%	2,172	2.1%
Other financial assets	38,957	37,069	39,485	528	1.4%	2,416	6.5%
- Assets measured at FV through PL	7,551	7,285	7,301	-250	-3.3%	16	0.2%
- Assets measured at FV through OCI	14,882	12,527	13,206	-1,676	-11.3%	679	5.4%
- Assets measured at AC	16,524	17,257	18,978	2,454	14.9%	1,721	10.0%
Equity investments	1,358	1,386	1,329	-28	-2.1%	-57	-4.1%
Property and equipment	3,598	3,624	3,585	-13	-0.4%	-40	-1.1%
Intangible assets	1,275	1,269	1,270	-6	-0.4%	0	0.0%
Tax assets	4,944	4,620	4,698	-247	-5.0%	78	1.7%
Non-current assets held for sale and discont. operations	281	131	139	-142	-50.6%	8	5.8%
Other assets	3,031	2,136	2,057	-973	-32.1%	-79	-3.7%
<b>Total</b>	<b>165,839</b>	<b>167,038</b>	<b>169,339</b>	<b>3,499</b>	<b>2.1%</b>	<b>2,300</b>	<b>1.4%</b>
Reclassified liabilities (€ m)	31/03/2019	31/12/2019	31/03/2020	Value	%	Value	%
Due to banks	31,400	28,516	21,873	-9,526	-30.3%	-6,642	-23.3%
Direct Funding	109,320	109,506	111,660	2,340	2.1%	2,153	2.0%
- Due from customers	95,232	93,375	95,018	-214	-0.2%	1,643	1.8%
- Debt securities and financial liabilities desig. at FV	14,087	16,131	16,641	2,554	18.1%	510	3.2%
Debts for Leasing	810	733	707	-103	-12.7%	-25	-3.5%
Other financial liabilities designated at FV	7,806	10,919	16,900	9,094	116.5%	5,981	54.8%
Liability provisions	1,600	1,487	1,417	-182	-11.4%	-69	-4.7%
Tax liabilities	512	619	669	157	30.8%	50	8.0%
Liabilities associated with assets held for sale	4	5	5	0	11.3%	0	-4.1%
Other liabilities	3,825	3,366	3,965	140	3.7%	599	17.8%
Minority interests	44	26	26	-18	-41.1%	0	0.1%
Shareholders' equity	10,519	11,861	12,116	1,597	15.2%	255	2.1%
<b>Total</b>	<b>165,839</b>	<b>167,038</b>	<b>169,339</b>	<b>3,499</b>	<b>2.1%</b>	<b>2,300</b>	<b>1.4%</b>

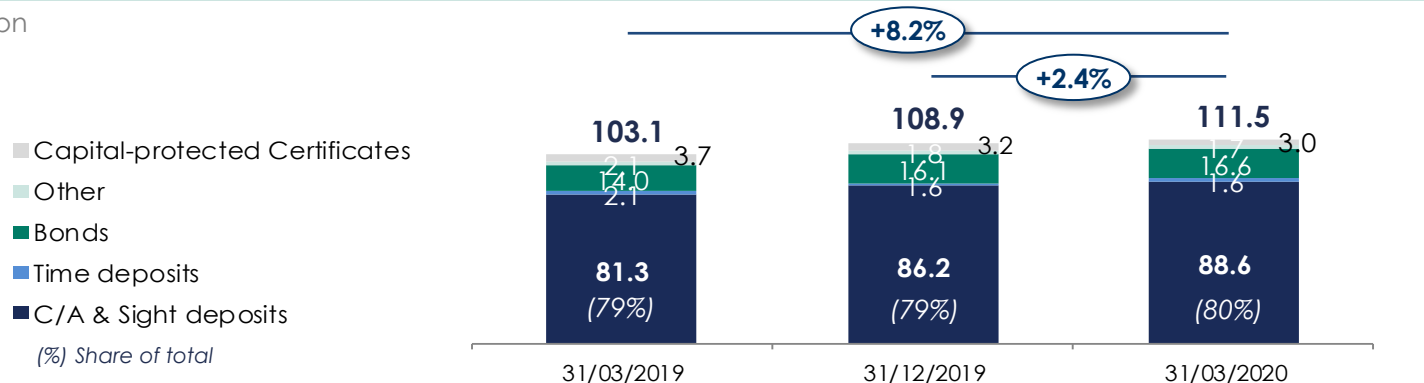
Note: \* "Customer loans" include the Senior Notes of the two GACS transactions (Exodus and ACE).

# DIRECT FUNDING

Solid funding position confirmed, with healthy growth in deposits and bonds

## Direct customer funding<sup>1</sup> (without Repos)

€ bn



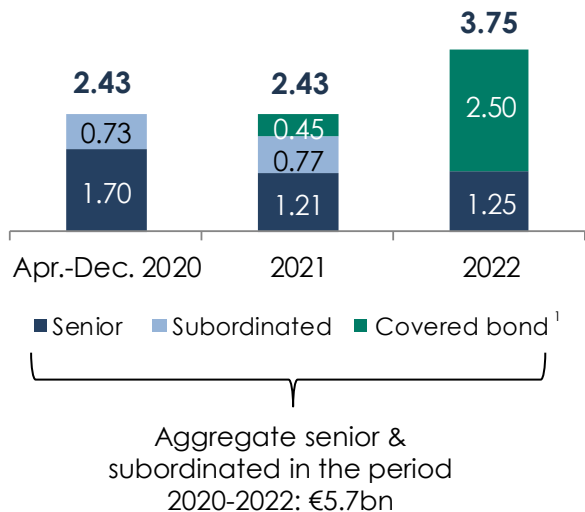
CHANGE	31/03/19	31/12/19	31/03/20	In % Y/Y	In % q/q
C/A & Sight deposits	81.3	86.2	88.6	9.0%	2.9%
Time deposits	2.1	1.6	1.6	-25.4%	-4.2%
Bonds	14.0	16.1	16.6	18.8%	3.2%
Other	2.1	1.8	1.7	-17.9%	-5.6%
Capital-protected Certificates	3.7	3.2	3.0	-17.6%	-6.8%
<b>Direct Funding (excl. Repos)</b>	<b>103.1</b>	<b>108.9</b>	<b>111.5</b>	<b>8.2%</b>	<b>2.4%</b>

Note: 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 (€3.2bn at March 2020, €3.9bn at December 2019 and €9.9bn at March 2019), mainly transactions with Cassa di Compensazione e Garanzia.

# BOND MATURITIES: LIMITED AND MANAGEABLE AMOUNTS

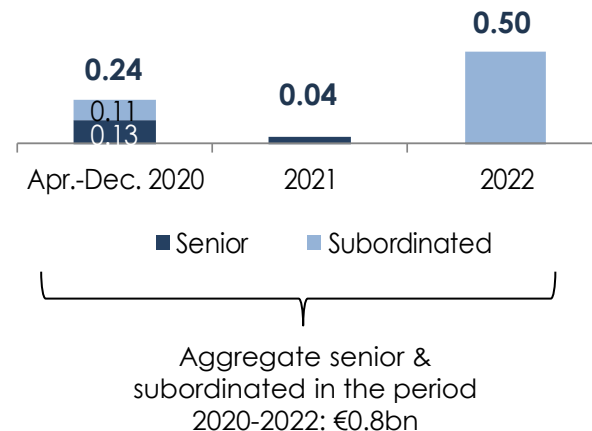
## Institutional bond maturities

€ bn



## Retail bond maturities

€ bn

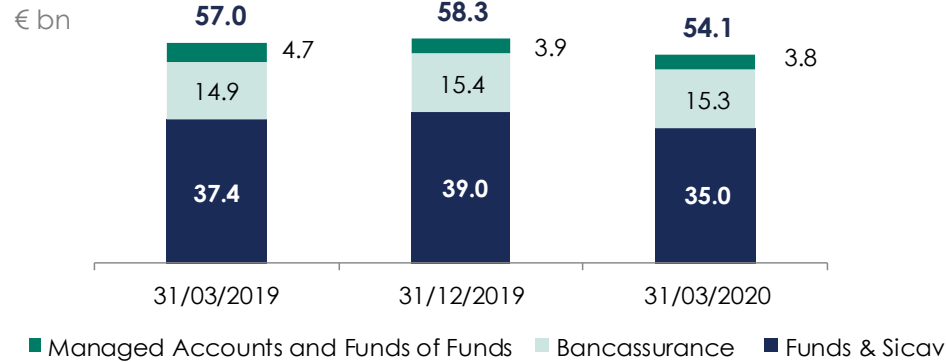


Managerial data based on nominal amounts.

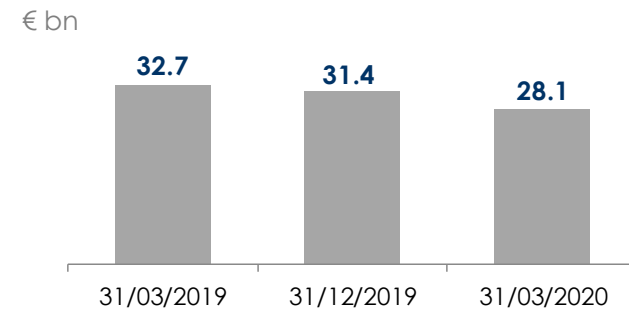
Note: 1. Include also the maturities of Repos with underlying retained Covered Bonds: €0.45bn in 2021 and €0.50bn in 2022

# INDIRECT CUSTOMER FUNDING AT €82.2BN

## Assets under Management



## Assets under Custody<sup>1</sup>



- Total Indirect Customer Funding at €82.2bn: -8.4% both YTD and Y/Y. The YTD drop is substantially due to price effect

Management data of the commercial network. AUC historic data restated for managerial adjustments.

Note: 1. AuC data are net of capital-protected certificates, as they have been regrouped under Direct Funding (see slide 38).



# SECURITIES PORTFOLIO

€ bn

	31/03/19	31/12/19	31/03/20	Chg. y/y	Chg. in Q1
Debt securities	34.2	31.2	34.5	1.0%	10.5%
- o/w Total Govies	29.3	26.4	29.6	1.0%	12.1%
<b>- o/w: Italian Govies</b>	<b>20.0</b>	<b>15.5</b>	<b>18.2</b>	<b>-9.2%</b>	<b>17.0%</b>
<b>IT Govies in % on Debt Securities</b>	<b>58.5%</b>	<b>49.7%</b>	<b>52.6%</b>		
Equity securities, Open-end funds & Private equity	2.5	2.5	1.7	-33.0%	-33.3%
<b>TOTAL SECURITIES</b>	<b>36.7</b>	<b>33.8</b>	<b>36.2</b>	<b>-1.3%</b>	<b>7.2%</b>

€ bn

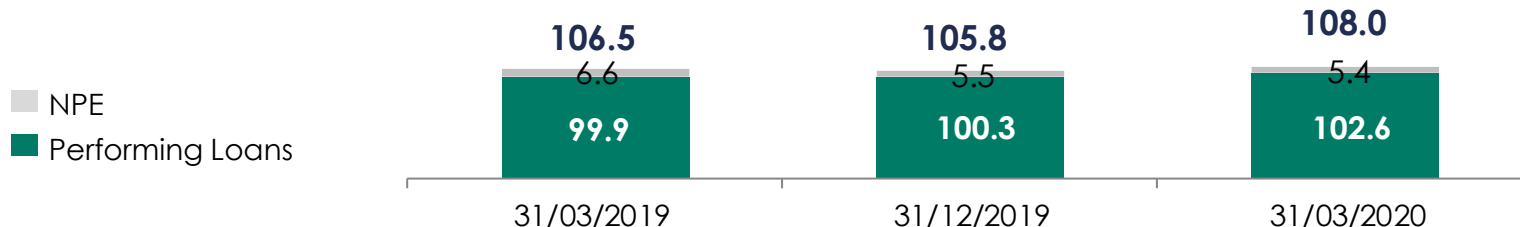
	31/03/19	31/12/19	31/03/20	Chg. y/y	Chg. in Q1
<b>Govies at FVOCI</b>	<b>11.1</b>	<b>9.1</b>	<b>9.8</b>	<b>-11.3%</b>	<b>8.0%</b>
- Italian	6.9	4.6	5.0	-27.0%	8.9%
- Non Italian	4.2	4.4	4.8	14.6%	7.2%
<b>Govies at AC</b>	<b>15.7</b>	<b>15.7</b>	<b>17.4</b>	<b>10.4%</b>	<b>10.5%</b>
- Italian	10.9	10.0	10.9	-0.4%	8.6%
- Non Italian	4.8	5.7	6.5	34.8%	14.0%
<b>Govies at FVTPL</b>	<b>2.5</b>	<b>1.6</b>	<b>2.4</b>	<b>-4.2%</b>	<b>49.5%</b>
- Italian	2.2	0.9	2.3	2.8%	155.0%
- Non Italian	0.3	0.7	0.2	-49.5%	-76.6%

# NET CUSTOMER LOANS

Satisfactory increase in Performing Loans, with new loans granted at €5.3bn in Q1 2020<sup>1</sup>

## Net Customer Loans<sup>2</sup>

€ bn



PERFORMING LOANS	31/03/19	31/12/19	31/03/20	CHANGE	
				In % y/y	In % q/q
<b>Core customer loans</b>	<b>90.2</b>	<b>91.1</b>	<b>94.0</b>	<b>4.2%</b>	<b>3.1%</b>
- Medium/Long-Term loans	60.6	62.5	64.4	6.2%	3.0%
- Current Accounts	10.7	10.5	10.4	-2.1%	-0.6%
- Other loans	17.0	16.1	17.3	2.0%	7.5%
- Cards & Personal Loans	1.9	2.0	1.8	-3.7%	-7.7%
<b>Leasing</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>-11.0%</b>	<b>-3.5%</b>
<b>Repos</b>	<b>5.8</b>	<b>5.7</b>	<b>5.3</b>	<b>-9.2%</b>	<b>-8.2%</b>
<b>GACS Senior Notes</b>	<b>2.9</b>	<b>2.5</b>	<b>2.4</b>	<b>-15.0%</b>	<b>-2.5%</b>
<b>Total Performing Loans</b>	<b>99.9</b>	<b>100.3</b>	<b>102.6</b>	<b>2.7%</b>	<b>2.3%</b>

Notes: 1. Management data. See slide 20 for details. 2. Loans and advances to customers at Amortized Cost, including also the GACS senior notes (Exodus since June 2018 and, moreover, ACE since March 2019).

# ASSET QUALITY DETAILS

GROSS EXPOSURES €/m and %	31/03/2019	31/12/2019	31/03/2020	Chg. y/y		Chg. in Q1	
				Value	%	Value	%
Bad Loans	4,058	3,565	3,517	-541	-13.3%	-47	-1.3%
UTP	7,528	6,424	6,252	-1,277	-17.0%	-172	-2.7%
Past Due	95	98	106	11	11.4%	8	7.8%
<b>NPE</b>	<b>11,682</b>	<b>10,087</b>	<b>9,875</b>	<b>-1,807</b>	<b>-15.5%</b>	<b>-212</b>	<b>-2.1%</b>
<b>Performing Loans</b>	<b>100,254</b>	<b>100,631</b>	<b>102,962</b>	<b>2,708</b>	<b>2.7%</b>	<b>2,331</b>	<b>2.3%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>111,936</b>	<b>110,718</b>	<b>112,837</b>	<b>901</b>	<b>0.8%</b>	<b>2,119</b>	<b>1.9%</b>

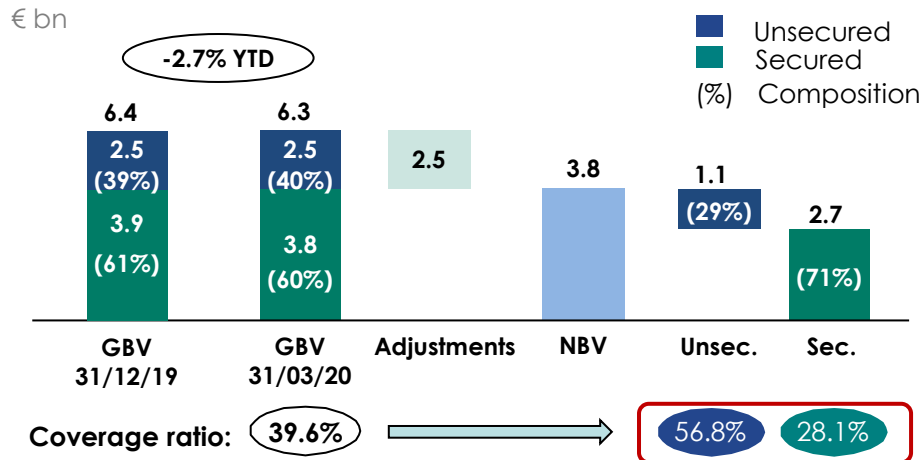
NET EXPOSURES €/m and %	31/03/2019	31/12/2019	31/03/2020	Chg. y/y		Chg. in Q1	
				Value	%	Value	%
Bad Loans	1,638	1,560	1,571	-68	-4.1%	11	0.7%
UTP	4,874	3,912	3,778	-1,096	-22.5%	-134	-3.4%
Past Due	78	73	81	3	3.8%	8	11.0%
<b>NPE</b>	<b>6,591</b>	<b>5,544</b>	<b>5,430</b>	<b>-1,161</b>	<b>-17.6%</b>	<b>-115</b>	<b>-2.1%</b>
<b>Performing Loans</b>	<b>99,879</b>	<b>100,301</b>	<b>102,588</b>	<b>2,709</b>	<b>2.7%</b>	<b>2,287</b>	<b>2.3%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>106,470</b>	<b>105,845</b>	<b>108,018</b>	<b>1,548</b>	<b>1.5%</b>	<b>2,172</b>	<b>2.1%</b>

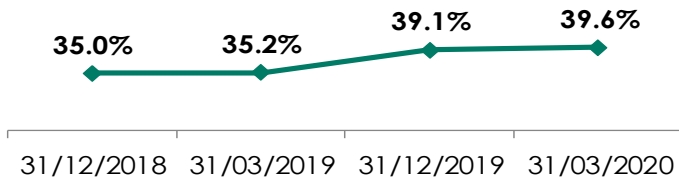
COVERAGE %	31/03/2019	31/12/2019	31/03/2020	Data refer to Loans and advances to customers measured at Amortized Cost, including also the GACS Senior Notes.			
				Bad Loans	59.6%	56.2%	55.3%
UTP	35.3%	39.1%	39.6%				
Past Due	18.1%	25.9%	23.7%				
<b>NPE</b>	<b>43.6%</b>	<b>45.0%</b>	<b>45.0%</b>				
<b>Performing Loans</b>	<b>0.37%</b>	<b>0.33%</b>	<b>0.36%</b>				
<b>TOTAL CUSTOMER LOANS</b>	<b>4.9%</b>	<b>4.4%</b>	<b>4.3%</b>				

# UTP LOANS: HIGH SHARE OF RESTRUCTURED AND SECURED POSITIONS

## UTP analysis



## UTP Coverage: +4.6 p.p. since YE 2018



## Breakdown of Net UTPs

€ bn

	31/12/19	31/3/20	% Chg.
<b>Restructured</b>	<b>1.7</b>	<b>1.7</b>	<b>0.0%</b>
- Secured	0.9	0.9	0.0%
- Unsecured	0.8	0.8	0.0%
<b>Other UTP</b>	<b>2.2</b>	<b>2.1</b>	<b>-4.5%</b>
- Secured	1.9	1.8	-5.3%
- Unsecured	0.3	0.3	0.0%
<b>Total</b>	<b>3.9</b>	<b>3.8</b>	<b>-2.6%</b>

*o/w:*

- North	72.6%	73.0%
- Centre	20.9%	20.6%
- South, Islands & not resident	6.5%	6.5%

- Solid level of coverage for unsecured UTP: 56.8%
- Net unsecured UTP other than Restructured loans are limited to €0.3bn
- >90% of Net UTPs are located in the northern & central parts of Italy

# CAPITAL POSITION IN DETAIL

PHASED IN CAPITAL POSITION (€/m and %)	31/03/19	31/12/19	31/12/19 post suspension of dividends	31/03/20
CET 1 Capital	8,144	9,586	9,723	9,449
T1 Capital	8,278	10,017	10,155	10,253
Total Capital	9,729	11,542	11,681	11,636
<b>RWA</b>	<b>64,218</b>	<b>65,841</b>	<b>65,872</b>	<b>65,435</b>
<b>CET 1 Ratio</b>	<b>12.68%</b>	<b>14.56%</b>	<b>14.76%</b>	<b>14.44%</b>
<b>AT1</b>	<b>0.21%</b>	<b>0.66%</b>	<b>0.65%</b>	<b>1.23%</b>
<b>T1 Ratio</b>	<b>12.89%</b>	<b>15.21%</b>	<b>15.42%</b>	<b>15.67%</b>
<b>Tier 2</b>	<b>2.26%</b>	<b>2.32%</b>	<b>2.32%</b>	<b>2.11%</b>
<b>Total Capital Ratio</b>	<b>15.15%</b>	<b>17.53%</b>	<b>17.73%</b>	<b>17.78%</b>

RWA COMPOSITION (€/bn)	31/03/19	31/12/19	31/12/19 post suspension of dividends	31/03/20
CREDIT & COUNTERPARTY RISK	55.4	57.7	57.8	56.9
<i>of which: Standard</i>	29.6	29.9	30.0	29.1
MARKET RISK	2.6	1.9	1.9	2.3
OPERATIONAL RISK	6.0	6.0	6.0	6.0
CVA	0.2	0.2	0.2	0.2
<b>TOTAL</b>	<b>64.2</b>	<b>65.8</b>	<b>65.9</b>	<b>65.4</b>

FULLY PHASED CAPITAL POSITION (€/m and %)	31/03/19	31/12/19	31/12/19 post suspension of dividends	31/03/20
CET 1 Capital	6,892	8,453	8,600	8,423
T1 Capital	6,896	8,754	8,902	9,122
Total Capital	8,347	10,280	10,427	10,506
<b>RWA</b>	<b>63,942</b>	<b>65,856</b>	<b>65,912</b>	<b>65,353</b>
<b>CET 1 Ratio</b>	<b>10.78%</b>	<b>12.84%</b>	<b>13.05%</b>	<b>12.89%</b>
<b>AT1</b>	<b>0.01%</b>	<b>0.46%</b>	<b>0.46%</b>	<b>1.07%</b>
<b>T1 Ratio</b>	<b>10.78%</b>	<b>13.29%</b>	<b>13.51%</b>	<b>13.96%</b>
<b>Tier 2</b>	<b>2.27%</b>	<b>2.32%</b>	<b>2.31%</b>	<b>2.12%</b>
<b>Total Capital Ratio</b>	<b>13.05%</b>	<b>15.61%</b>	<b>15.82%</b>	<b>16.08%</b>

RWA COMPOSITION (€/bn)	31/03/19	31/12/19	31/12/19 post suspension of dividends	31/03/20
CREDIT & COUNTERPARTY RISK	55.1	57.7	57.8	56.9
<i>of which: Standard</i>	29.3	30.0	30.0	29.0
MARKET RISK	2.6	1.9	1.9	2.3
OPERATIONAL RISK	6.0	6.0	6.0	6.0
CVA	0.2	0.2	0.2	0.2
<b>TOTAL</b>	<b>63.9</b>	<b>65.8</b>	<b>65.9</b>	<b>65.4</b>

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