



FY 2020 Group Results Presentation

9 February 2021



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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, 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.
- Before 30/09/2020, the impact from the change in own credit risk on certificates classified as financial liabilities measured at fair value through profit or loss was accounted under the item "Net Financial Results" of the Reclassified P&L scheme. Starting from 30/09/2020, this impact net of tax has been reclassified in one new single P&L item: "FV on Own Liabilities net of Tax"; the previous quarters of 2019 and 2020 have been reclassified accordingly.
- Moreover, starting from 31/12/2020, an exposure in separate P&L items after tax is also provided for those non-recurring, particularly significant results deriving from extraordinary decisions (restructuring charges for the use of the redundancy fund, redundancy incentives, branch closure rather than benefits resulting from the decision to realign the fiscal values to the higher accounting values). The previous quarters of 2019 and 2020 have been reclassified accordingly.
- It follows that, all the above mentioned items, together with those already shown in previous years after the net result of current activities ("Charges relating to the banking system after taxes" and "Impairment on goodwill") are placed after the aggregate of the "Net income from current operations", with the aim of allowing a more immediate understanding of the results of current operations. In light of the new classification criteria, the economic data relating to the previous periods under comparison have been restated on a consistent basis.
- 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. Starting from Q2 2019, the loans subject to this transaction (€607m GBV and €156m NBV as at 30/06/2019) have been reclassified as non-current asset held for sale according to the IFRS5 standard. As at 31/12/2020, the residual amount of these loans stood at €18 m GBV and at €8 m NBV.
- In the area of companies consolidated with the equity method, the second quarter of 2020 has seen the entry of Anima Holding S.p.A., in which Banco BPM holds a stake of 19.385%. In the light of the changes brought about in the governance of the company, this stake, which is considered of strategic nature and which is destined to be held on a stable basis, is deemed to represent a situation of significant influence on the side of Banco BPM.
- 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. It is also noted that on 27 July 2020, the ECB announced the extension of the aforementioned dividend ban from 01/10/2020 to 31/12/2020. As a consequence, the capital ratios as at 31/12/2019 included in this presentation are calculated coherently with this decision, i.e. including the entire net income as at 31/12/2019. Later, on 15 December 2020, the ECB recommended that banks exercise extreme prudence on dividends and share buy-backs. To this end, the ECB asked all banks to consider not distributing any cash dividends or conducting share buy-backs, or to limit such distributions, until 30 September 2021. In particular, the ECB expects dividends and share buy-backs to remain below 15% of the cumulated profit for 2019-20 and not higher than 20 basis points of the Common Equity Tier 1 (CET1) ratio, whichever is lower. In line with the ECB recommendation, the BOD of Banco BPM held on 9 February 2021 resolved to propose the distribution of a dividend at the next Shareholders' Meeting. As a consequence, the capital ratios as at 31/12/2020 shown in this presentation are calculated including the net income for the year 2020 and also deducting the amount of the proposed dividend (differently, the ratios of the previous quarters of 2020 include the entire net income of the quarters, without assuming any dividend payment).

Agenda

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STRONG PERFORMANCE IN A VERY CHALLENGING ENVIRONMENT

**SAFE ASSET QUALITY
THROUGH EFFECTIVE
CREDIT MANAGEMENT INITIATIVES**

**BACK TO PRE-COVID COMMERCIAL
STRENGTH, LEVERAGING ALSO
ON DIGITAL BANKING**

**FLEXIBLE BUSINESS MODEL
ALLOWING EFFECTIVE COST MGMT.
(OPERATING COSTS: -€174M Y/Y)**

**SOLID REBOUND IN H2 2020, WITH PRE-PROVISION INCOME +43.5% H/H,
notwithstanding the persistent Covid-driven economic turmoil**

□ Conservative provisioning policy:

- €1.3bn disposals in 2020 (portfolio & single name)
- NPE coverage increase: + 500bps y/y, up at 50.0%
- Upfronting cost of future de-risking

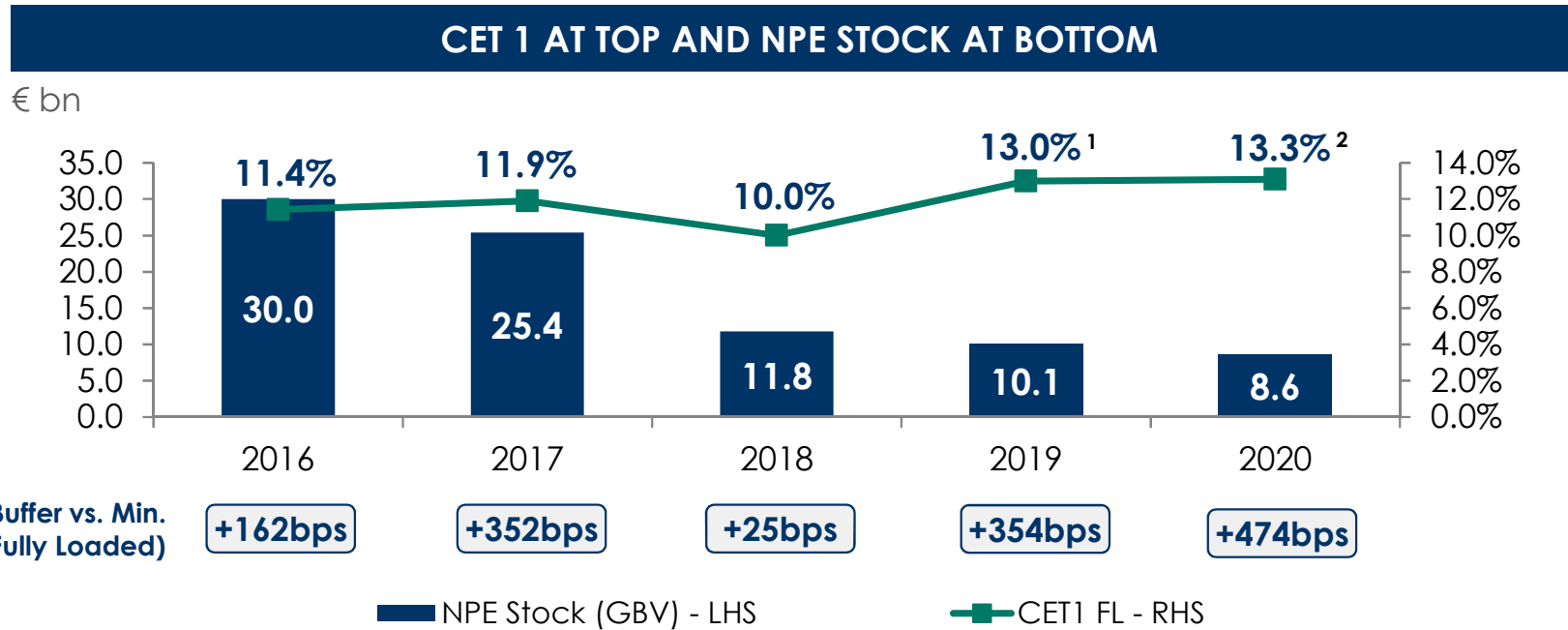
□ Frontloading of restructuring costs (€259m pre-tax) to support efficiency improvement and generational change:

- New early retirement scheme: 1,500 exits
- Branch closures by mid-2021: 300 outlets

**BACK TO DIVIDEND
€ 6 CENTS PER SHARE**

**ON TRACK FOR
A POSITIVE OUTLOOK**

STRONG TRACK RECORD IN DERISKING AND CAPITAL GENERATION



- **MASSIVE REDUCTION IN NON-PERFORMING ESPOSURES:** -€21.4BN
- **SIGNIFICANT CAPITAL STRENGTHENING:** +190BPS OF CET 1 FL

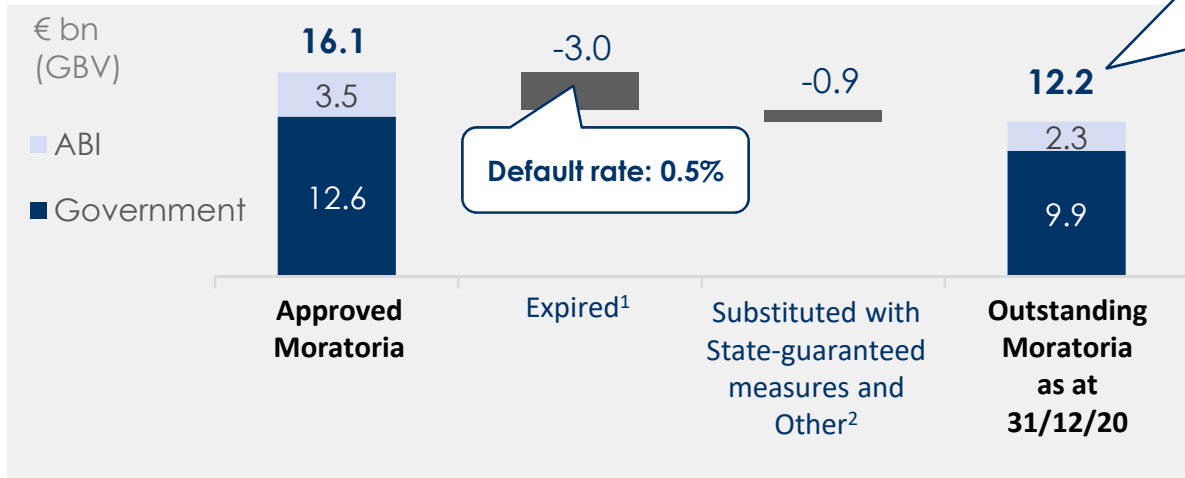
Notes: **1.** CET 1 as at 31/12/2019 post suspension of 2019 dividend. **2.** CET 1 as at 31/12/2020, including the impact of the proposed dividend payment for FY 2020 (-14bps).

STRENGTHENED CREDIT PROFILE AND CONSERVATIVE PROVISIONING

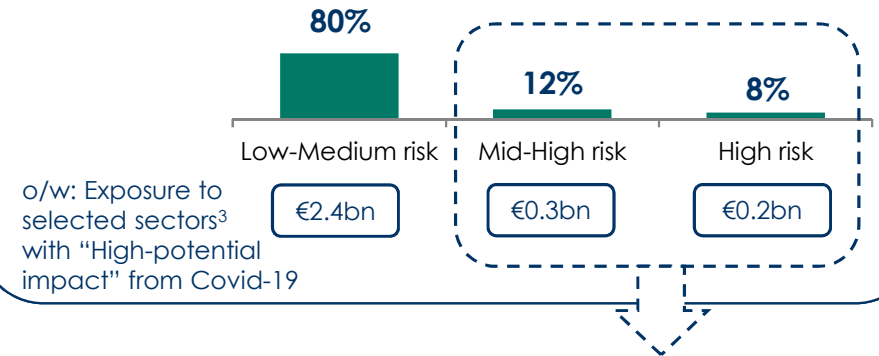
INITIATIVE FOCUS	RESULTS ACHIEVED IN 2020	
<p>Credit management initiatives and provisioning policy aimed at enhancing credit quality in a scenario still affected by the pandemic crisis</p> <ol style="list-style-type: none"> LIQUIDITY SUPPORT & RENEGOTIATIONS NPE MANAGEMENT MORATORIA MEASURES 	<p>SUSTAIN THE ECONOMY</p>	<p>New lending at €27.6bn, including €10.2bn assisted by State guarantees</p> <p>€3.7bn new loans assisted by State guarantees in pipeline (already approved)</p>
	<p>UPHOLD PORTFOLIO QUALITY</p>	<p>Gross NPEs at €8.6bn (-€1.5bn, -15% Y/Y)</p> <p>Migration dynamics under control: 1.0% default rate</p> <p>Approved Moratoria: low Market share: 5% (vs. 7.3% market share on core customer loans)</p> <p>Expired Moratoria (€3bn), with marginal default rate: 0.5%</p> <p>Remaining Moratoria: Early engagement campaigns activated immediately to preserve asset quality</p>
	<p>REINFORCE COVERAGE</p>	<p>Prudent provisioning policy: NPE coverage at 50.0% (+500bps Y/Y); UTP coverage at 43.7% (+460bps Y/Y, even after Django disposal)</p> <ul style="list-style-type: none"> Tough macro scenario fully considered Enabling additional de-risking starting from 2021
	<p>CONTAIN CAPITAL ABSORPTION</p>	<p>86% of loans assisted by State guarantees are at zero risk weighting</p>

PROACTIVE MORATORIA MANAGEMENT

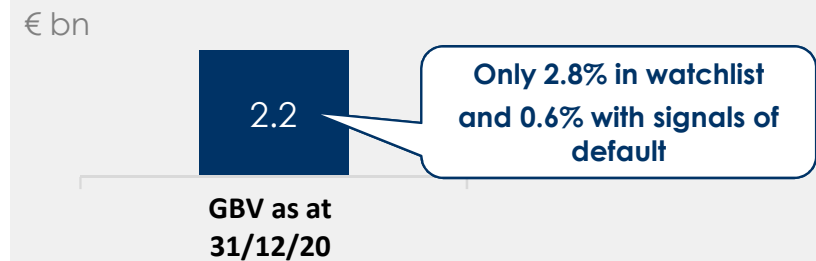
TOTAL MORATORIA LOANS -24%, WITH MARGINAL DEFAULT RATE OF EXPIRED POSITIONS



Composition of loans under Moratoria by rating classes



Early engagement campaigns activated on priority portfolios under Moratoria selected from Mid-High and High risk customers



APPROVED MORATORIA

Low Market share⁴: 5%
vs. 7.3% market share on core customer loans⁵

OUTSTANDING MORATORIA

12% of Performing loans as at 31/12/20



Notes: **1.** Expired amount includes moratoria with resumed repayments and those fully reimbursed and cancelled. **2.** Includes non-perfected moratoria. **3.** Transport & Storage services; Accommodation, Restaurants & Travel Agencies; Textile fibers & Leather; Automotive trade; Means of Transport; Construction. **4.** Market share on total Moratoria approved by the system, source ABI/Bankit data as at end-2020. **5.** Market share data as at 30/09/2020.

FY 2020 PERFORMANCE: KEY MESSAGES (1/2)

Significant achievements in an adverse environment still impacted by Covid-19

**SOLID FINANCIAL POSITION
AND
CONTINUED IMPROVEMENT
IN THE RISK PROFILE**

Strong coverage
increase even
after disposals
(Django & Titan)

Asset quality improvement	Solid liquidity and funding	Sound capital position and buffers								
Gross NPE ratio <table border="1"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>9.1%</td> <td>7.5%</td> </tr> </table>	2019	2020	9.1%	7.5%	LCR ratio 191%	CET1 ratio FL <table border="1"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>13.0%</td> <td>13.3%</td> </tr> </table>	2019	2020	13.0%	13.3%
2019	2020									
9.1%	7.5%									
2019	2020									
13.0%	13.3%									
Net NPE ratio <table border="1"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>5.2%</td> <td>3.9%</td> </tr> </table>	2019	2020	5.2%	3.9%	NSFR ratio >100%	MDA buffer FL <table border="1"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>+250bps</td> <td>+388bps</td> </tr> </table>	2019	2020	+250bps	+388bps
2019	2020									
5.2%	3.9%									
2019	2020									
+250bps	+388bps									
UTP coverage <table border="1"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>39.1%</td> <td>43.7%</td> </tr> </table>	2019	2020	39.1%	43.7%	Unencumb. Eligible Sec. €20bn	DPS proposal € 6 cents per share				
2019	2020									
39.1%	43.7%									
Bad Loan coverage <table border="1"> <tr> <td>2019</td> <td>2020</td> </tr> <tr> <td>56.2%</td> <td>59.1%</td> </tr> <tr> <td>(62.5%)</td> <td>(65.2%)</td> </tr> </table>	2019	2020	56.2%	59.1%	(62.5%)	(65.2%)	Unrealised gains on Debt Sec. at AC: €875m Reserves of Debt Sec. at FVOCI: €198m	Dividend Yield 2.8%¹		
2019	2020									
56.2%	59.1%									
(62.5%)	(65.2%)									

**FURTHER IMPROVEMENT
IN KEY AQ INDICATORS**

**STRONG
LIQUIDITY POSITION**

**BACK TO
DIVIDEND**

+449bps incl.
AT1 issue in
Jan. 2021



Note: 1. Calculated on the share price of €2.155 as at 08/02/2021 and equal to 3.2% when calculated over the average closing price of 2021 YTD.

FY 2020 PERFORMANCE: KEY MESSAGES

(2/2)

Significant achievements in an adverse environment still impacted by Covid-19

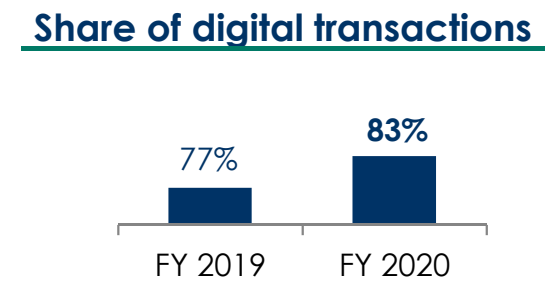
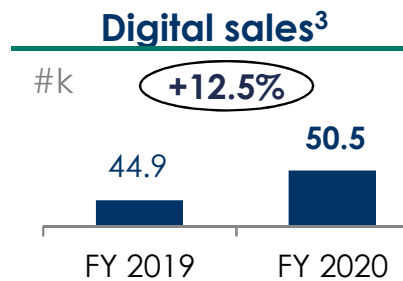
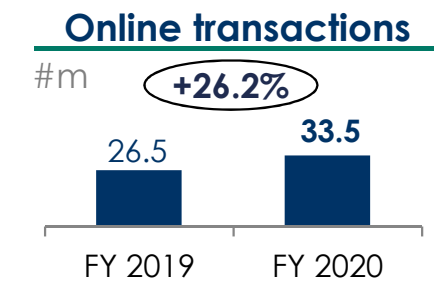
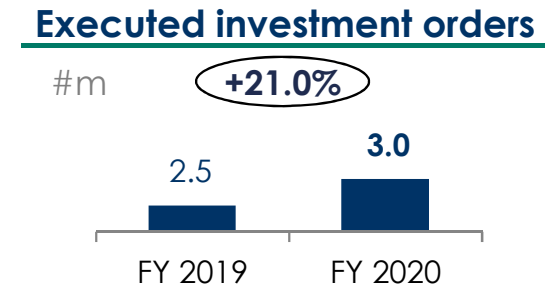
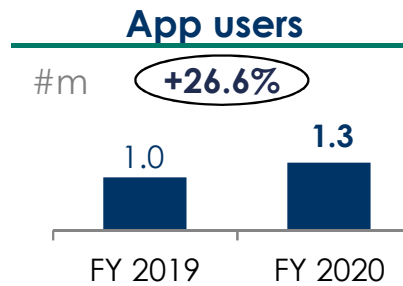
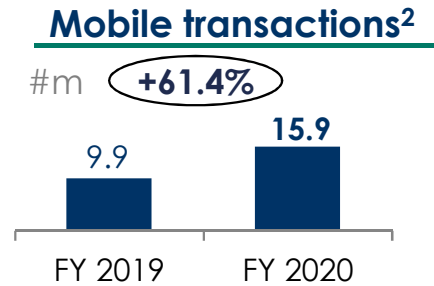
**STRONG REBOUND IN
OPERATING & COMMERCIAL
PERFORMANCE
WITH ONGOING FOCUS
ON EFFICIENCY**

Operating performance	Commercial performance	Cost savings
Net Interest Income +7.9% H/H	"Core" Net Perf. Loans +8.0% Y/Y	Savings achieved in 2020 -€174m Y/Y
Net Commissions +3.7% H/H	New lending +29.2% Y/Y	Further future cost efficiency actions:
Operating Costs -5.4% H/H	C.A. & Deposits +13.9% Y/Y	<u>Agreement with Trade Unions for 2021-23¹</u> <i>(already provisioned in 2020)</i>
Pre-Provision Income +43.5% H/H	AUM +2.2% Y/Y	▪ Staff Exits: -1,500
		<u>Network rationalization by mid-2021</u> <i>(already provisioned in 2020)</i>
		▪ Branches: -300
STRONG REACTION AFTER THE COVID-19 BREAKOUT	GROWTH IN VOLUMES & SUPPORT FOR FUTURE AUM	IMPROVED EFFICIENCY IN OPERATIONAL MODEL

Note: 1. The agreement also foresees 750 new hires.

ACCELERATION IN DIGITAL BANKING STRONGLY SUPPORTS COMMERCIAL ACTIVITY¹

**DIGITAL BANKING:
KEY DRIVER FOR
COMMERCIAL
PERFORMANCE**



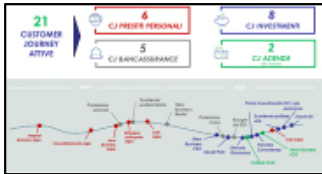
**PRIORITY FOCUS ON
“REMOTE SERVICE MODEL”
ACCELERATED BY
MARKET CONTEXT**

- Strong impulse to digital business development, in particular in the area of Investments
- Digital tools enabling full end-to-end new consultancy approach

Notes: 1. Data refer to Households. 2. Transactions on mobile and tablet devices. 3. Webank internet platform.

DIGITAL TRANSFORMATION SPEED-UP

OMNICHANNEL MARKETING INTELLIGENCE



- Set up of over 20 omnichannel data-driven Customer Journeys on main commercial areas, leveraging on Advanced Analytics capabilities
- About 10 million remote/digital customer interactions supporting RM's commercial activities, driving over 20% contribution on total retail sales¹

FULL DIGITAL 'ECOBONUS' SOLUTIONS



- Leveraging on *Teamsystem* partnership, with a full Digital platform serving SME and individual customer business opportunities deriving from Superbonus/Ecobonus initiatives
- Almost 3,000 operations already in the pipeline after few weeks

REMOTE ADVISORY LAUNCH



- Specific capabilities and tools implemented to launch new remote advisory offering
- All *Personal* Relationship Managers and Wealth Management Advisors already enabled

NEW "MOBILE-FIRST" PLATFORMS



- Complete renewal of Group's banking APPs developed with customer centric and «mobile-first» approach
- Immediate impact on customer usage (+24%² since new APP launch) and *top class* Customer Ratings on all main Digital Stores

4,6 4,5 4,9

PAPERLESS



- Launch of *digital identity* enabling 'paperless' relationship with BBPM
- First digital identity application deployed on new individual customer onboarding

ESG: MAIN ACHIEVEMENTS IN 2020

PROGRESS IN THE FULL INTEGRATION OF ESG GUIDELINES, VALUES AND METRICS INTO THE GROUP'S BUSINESS MODEL

ESG Strategy & Governance	<ul style="list-style-type: none"> ▪ ESG Committee, headed by CEO, to coordinate and control ESG activities ▪ Board oversight allocated to the Risk and Control Committee ▪ Executive remuneration linked to ESG achievements 	
2020 Achievements	Environment	<ul style="list-style-type: none"> ▪ Activities to obtain ISO Occupational Health and Safety, Energy and Environmental certifications concluded successfully ▪ 100% usage of renewable energy, with a strong reduction in CO₂ emissions (-32K tons of CO₂ equivalents)
	Clients	<ul style="list-style-type: none"> ▪ Credit plafond of €5bn for companies investing in sustainability ▪ Launch of Superbonus 110% product for Households (almost 3,000 files in process) ▪ AuM in ESG investments at €17.5bn, mainly thanks to the inclusion of ESG criteria in the fund investment policies
	People	<ul style="list-style-type: none"> ▪ Project "RESPECT" focused on strengthening an inclusive corporate culture ▪ "GENDER PROGRAM" aimed at valorizing talent
	Community	<ul style="list-style-type: none"> ▪ Support to local communities (Health care & schools) through social projects related to the Covid emergence, for a total of more than €6m

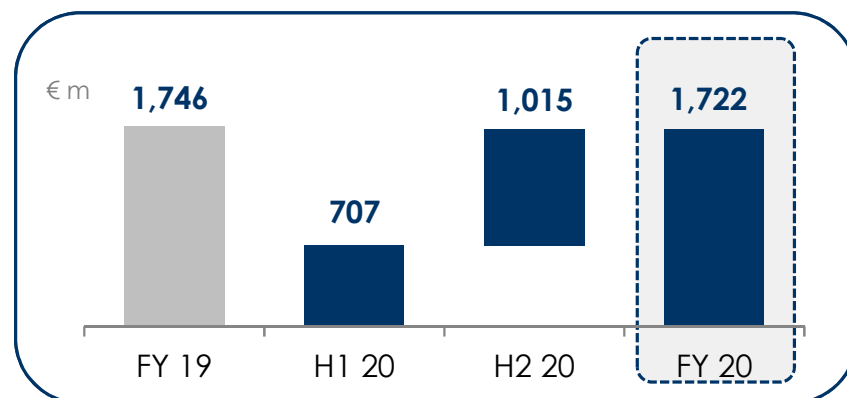
These developments have translated into a general improvement in the bank's ESG ratings and a Positive Outlook on the 'EE-' rating from Standard Ethics

KEY P&L HIGHLIGHTS: RESILIENT PERFORMANCE

€ m	H1 2020	H2 2020	H/H	FY 2020
NET INTEREST INCOME	954	1,029	+7.9%	1,983
FEES & COMMISSION	817	847	+3.7%	1,664
NFR	83	235		319
OTHER REVENUES	102	85		187
TOT. REVENUES	1,956	2,196	+12.3%	4,152
OPERATING COSTS	-1,249	-1,181	-5.4%	-2,430
PRE-PROVISION INCOME	707	1,015	+43.5%	1,722
LOAN LOSS PROVISIONS	-476	-861		-1,337
ORDINARY TAXES	-45	10		-34
RESTRUCTURING COSTS		-187		-187
SYSTEMIC CHARGES AND OTHER ¹	-81	-62		-143
NET INCOME	105	-84		21
ADJ. NET INCOME²	128	202		330

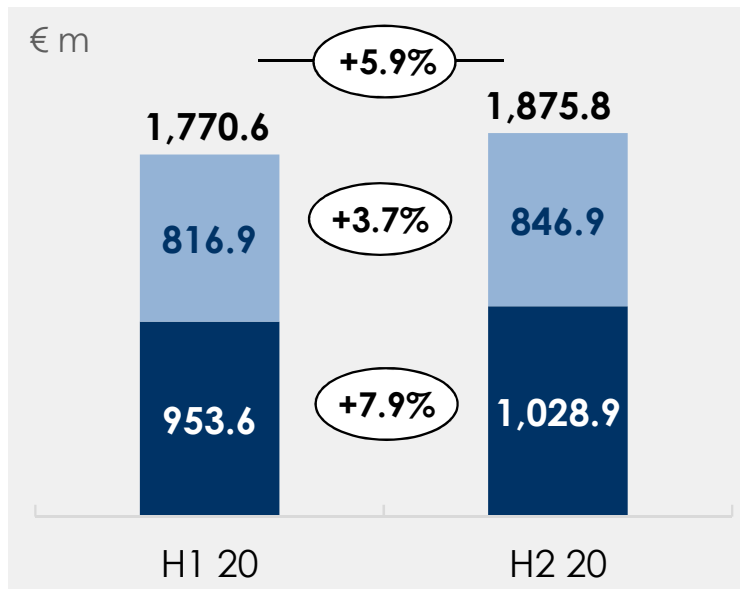
- RESILIENT PPI (-1.4% Y/Y), MAINLY THANKS TO OPERATING COST REDUCTION (-6.7% Y/Y), HAS ALLOWED TO SUSTAIN:
 - New impulse to NPE disposals
 - €1.3bn delivered in 2020 (portfolio & single name)
 - Future de-risking enabled by strengthened coverage
 - Frontloading of restructuring costs (€187m post-tax and €259m pre-tax) to support future cost efficiency actions

Pre-Provision Income evolution



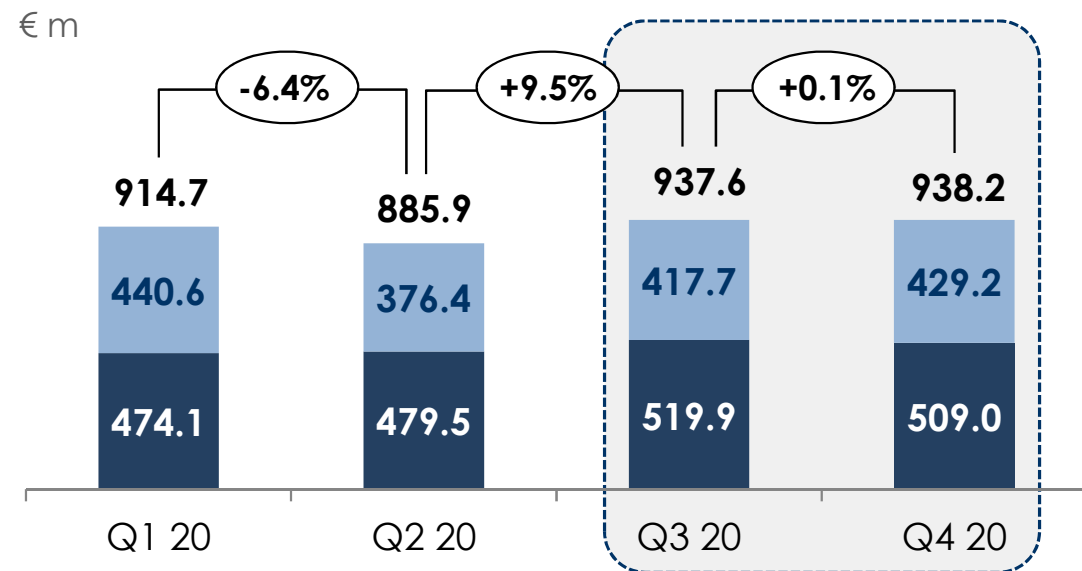
CORE REVENUE GROWTH IN H2 2020

STRONG REBOUND IN H2 2020...



■ NII ■ Net Commissions

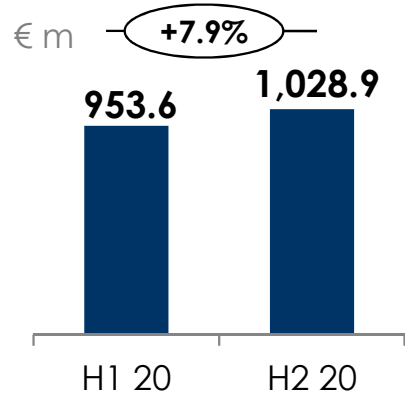
...WITH NO MATERIAL EFFECT FROM COVID-19 SECOND WAVE



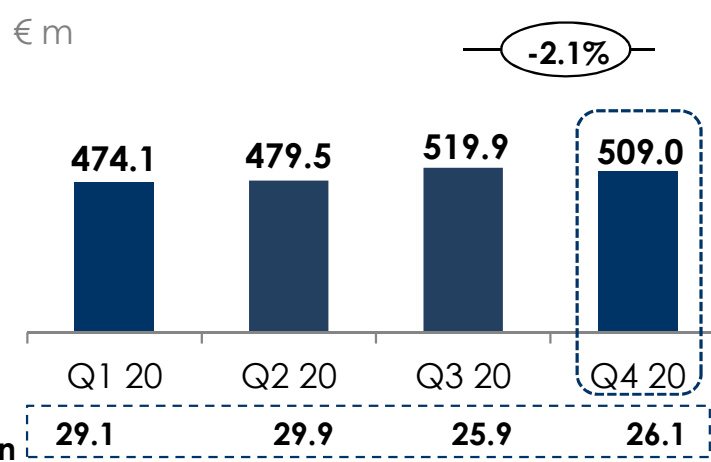
■ NII ■ Net Commissions

NET INTEREST INCOME: REBOUND IN H2 2020

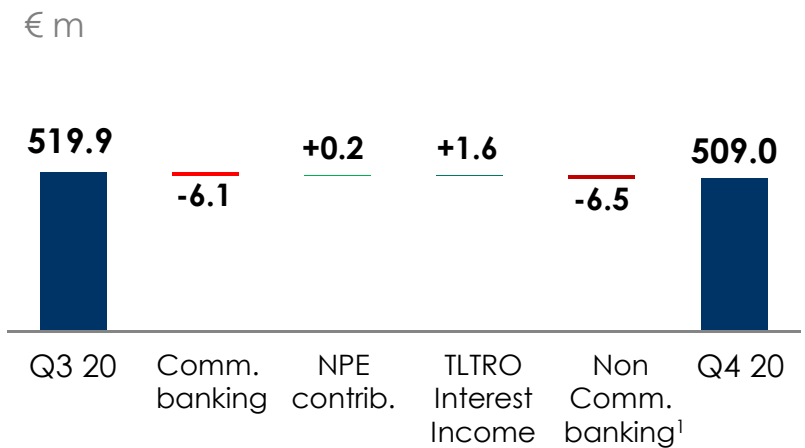
Half-yearly trend



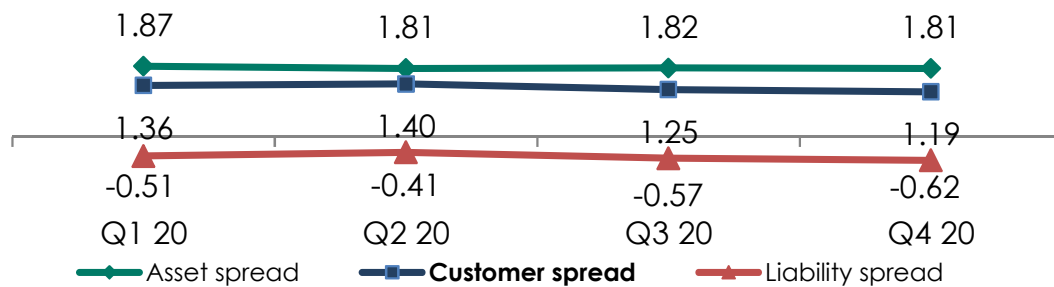
Quarterly trend



NII Evolution Bridge



Commercial spreads

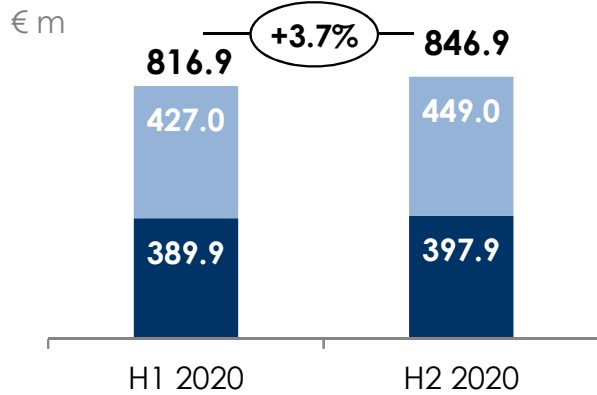


Notes: 1. Includes: ALM, financial activities, Hedging, interest on Bonds (Retail and Institutional) and other elements.

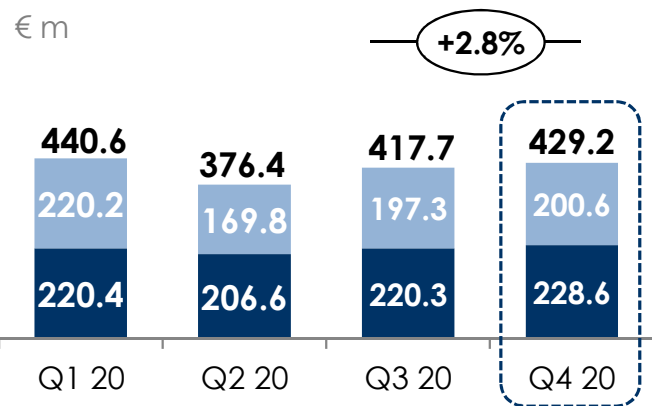
- Resilient asset spread performance, while the decreasing Euribor mainly impacted the liability spread
- Volume growth mostly concentrated in Corporate Segment, in particular in MLT lending
- New lending focused on customers with lower-risk profile and/or backed also by State guarantees to preserve the overall quality of the loan portfolio

NET FEES: STRONG REACTION TO COVID IN H2

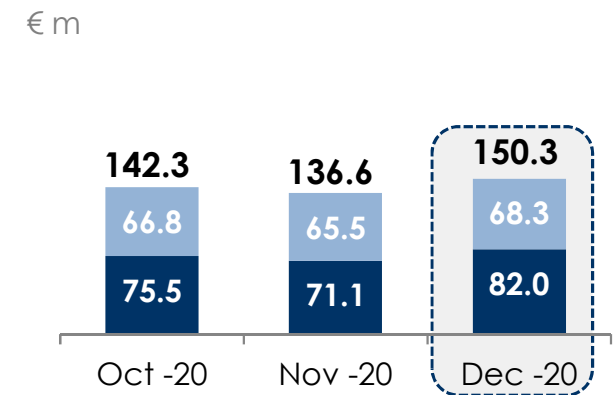
Half-yearly trend



Quarterly trend



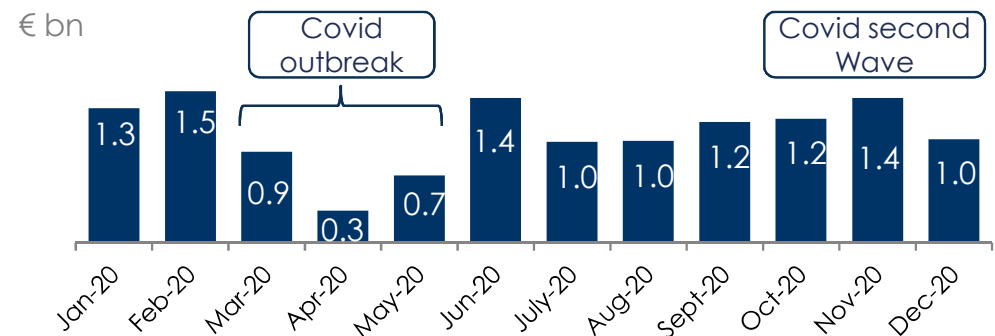
Q4 monthly trend



■ Commercial Banking Fees ■ Management & Advisory

- Net fees and commissions at 429.2m in Q4 (+2.8% q/q), with healthy progress in both Commercial Banking (+3.8% Q/Q) and Management & Advisory fees (+1.7% Q/Q)
- Sound recovery in investment product placements in Q4 (+13.7% q/q), with a further improvement from January 2021

Investment product placements: monthly trend¹

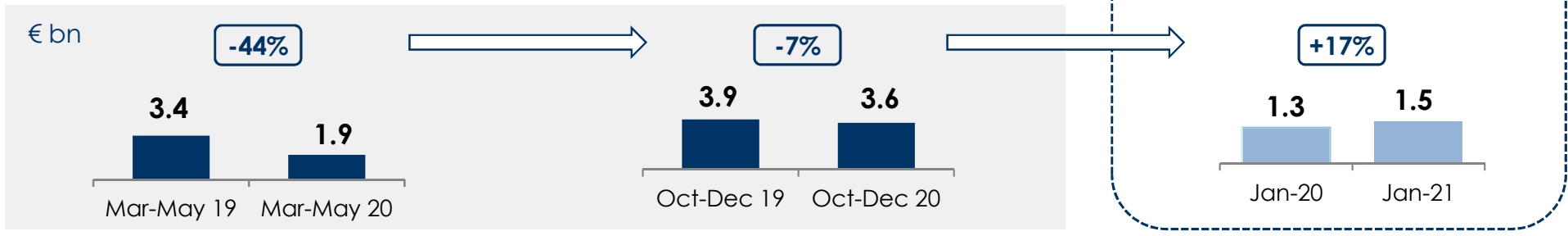


COMMERCIAL ACTIVITIES BACK ON TRACK

Stronger response to Covid-19 second wave

€ bn	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
INV. PRODUCT PLACEMENTS¹	3.7	2.4	3.2	3.6	13.0
NEW LENDING²	5.5	6.9	7.9	7.3	27.6
<i><u>o/w: Covid-19 Measures guaranteed by the State</u></i>		1.9	5.2	3.1	10.2

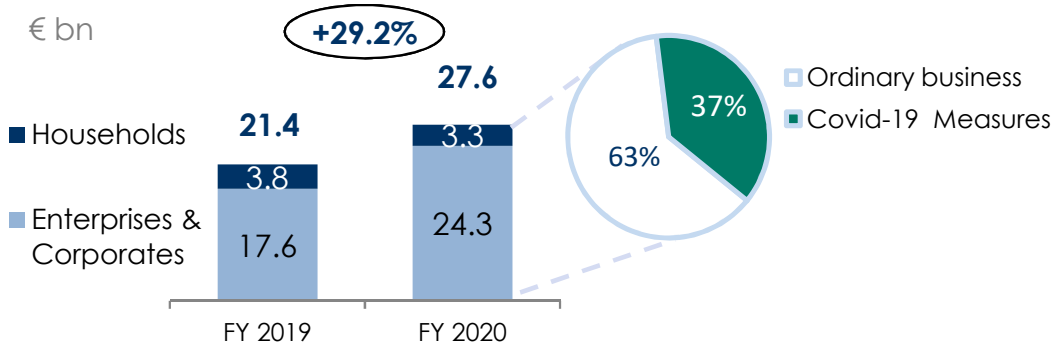
INVESTMENT PRODUCT PLACEMENTS SECOND WAVE VS. FIRST WAVE: BETTER COMMERCIAL RESPONSE



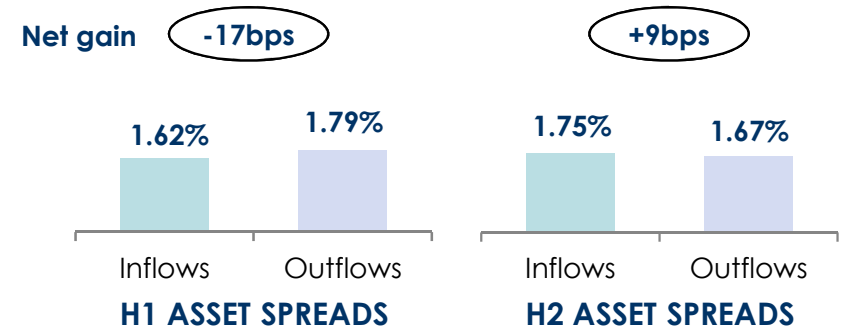
Management data. Notes: **1.** Include Funds & Sicav, Bancassurance, Certificates and Managed Accounts & Funds of Funds. **2.** Include M/L-term Mortgages (Secured and Unsecured), Personal Loans, Pool and Structured Finance.

NEW LENDING: FOSTERED BY STATE-GUARANTEED MEASURES...

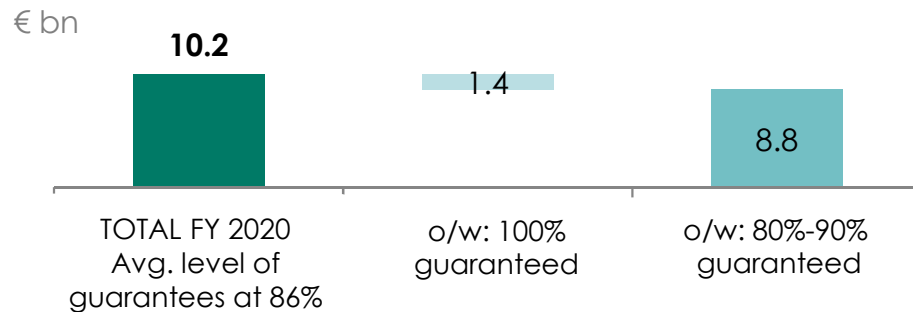
€27.6BN NEW LOANS IN FY 2020¹, O/W €10.2BN COVID-19 MEASURES GUARANTEED BY THE STATE



HIGHER ASSET SPREADS ON INFLOWS VS OUTFLOWS IN H2 VS. H1



State-guaranteed new lending composition

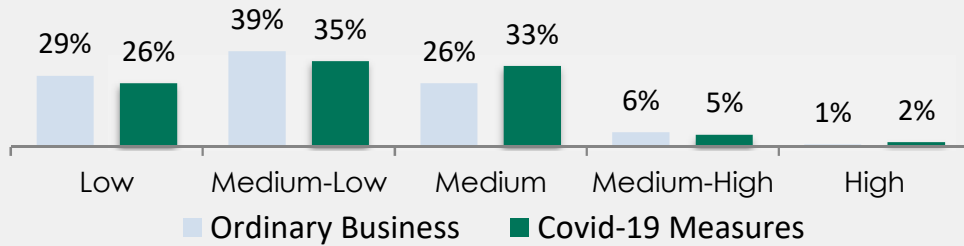


- New lending to Enterprises and Corporates +38.5% Y/Y
- High share of lending assisted by guarantees (**~37% of total new lending in 2020**)

...ENHANCING PORTFOLIO QUALITY

PRUDENT & SAFE LENDING POLICY

FY 2020 new lending by risk categories



WIDE ROOM TO FURTHER INCREASE STATE-GUARANTEED LOANS

o/w: €1bn already provided in Jan. 2021

€3.7bn

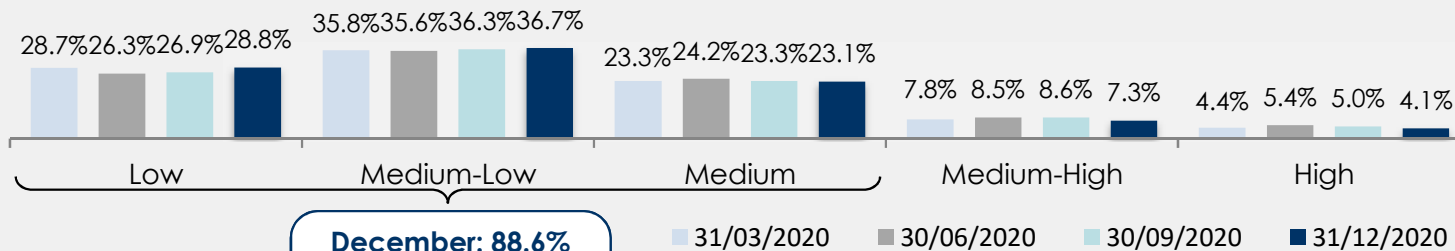
up to €5bn

In progress
(already approved as at 31/12/20)

Preliminary estimates
for potential 2021
pipeline

IMPROVED RISK DISTRIBUTION OF PERFORMING LOANS

Performing portfolio: EAD by risk categories¹

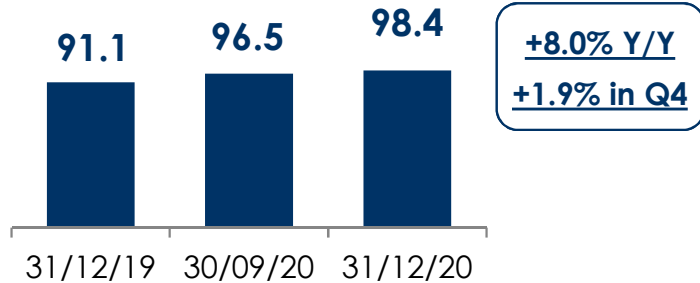


December: 88.6%
September: 86.5%
June: 86.1%
March: 87.8%

GROWTH IN VOLUMES: EFFECTIVE SUPPORT TO CUSTOMERS AND TO THE ECONOMY

CORE NET PERFORMING LOANS

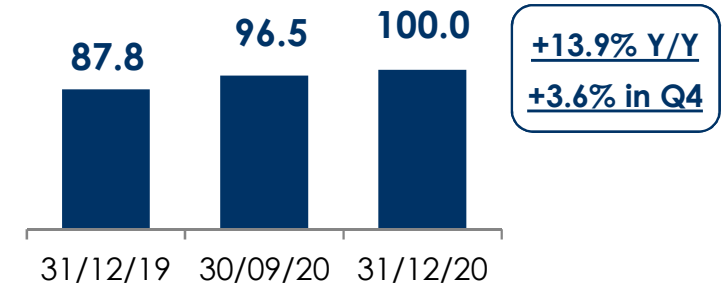
€ bn



Jan. 2021
 ■ Loan growth confirmed (+0.6%)
 ■ Stable Deposits

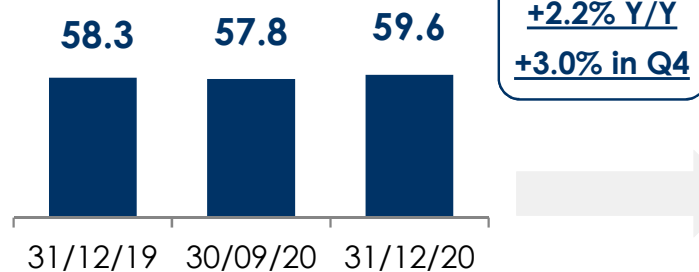
C.A. & DEPOSITS

€ bn

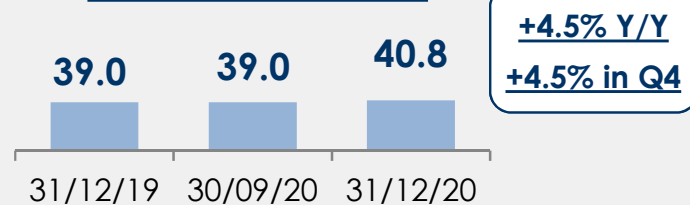


ASSETS UNDER MANAGEMENT

€ bn

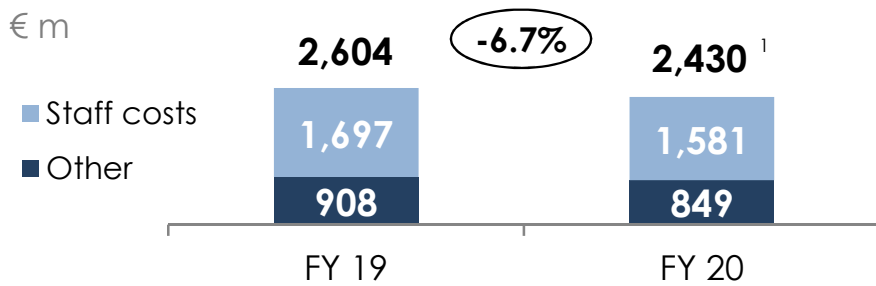


o/w: Funds & Sicav

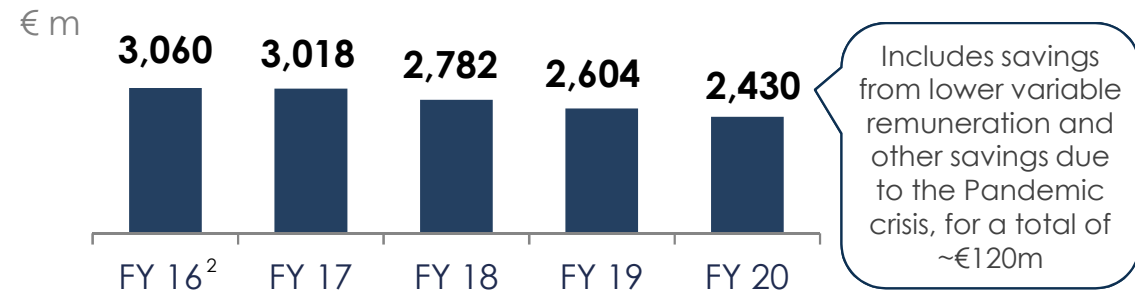


OPERATING COSTS: -€630M SINCE THE MERGER

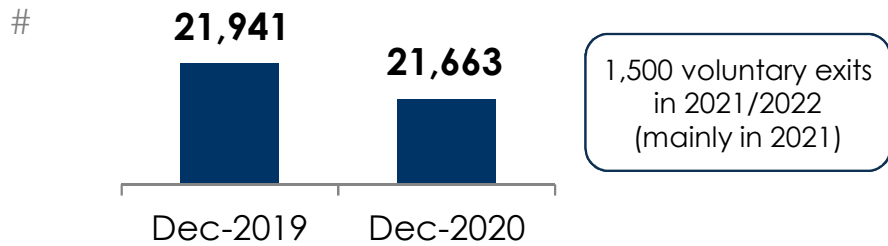
OPERATING COSTS DOWN 6.7% Y/Y



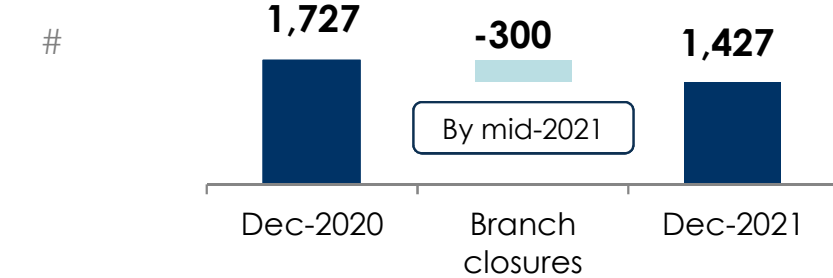
BEST COST RESULT EVER ACHIEVED 2016-2020



HEADCOUNT REDUCTION



RETAIL NETWORK STREAMLINING

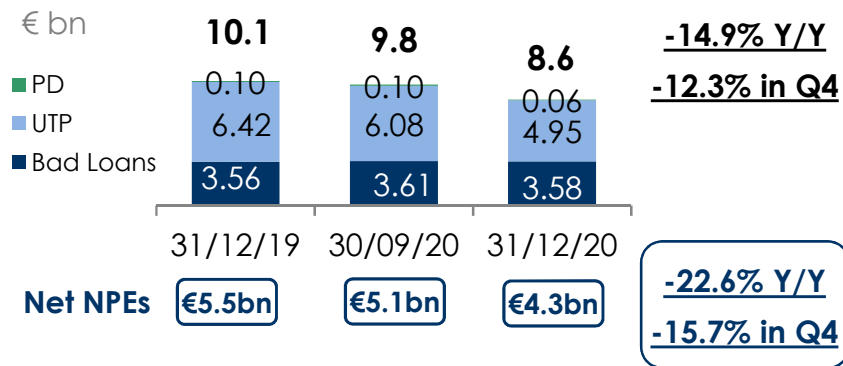


▪ Savings from cost efficiency actions launched in 2020 are expected to kick in starting from June 2021

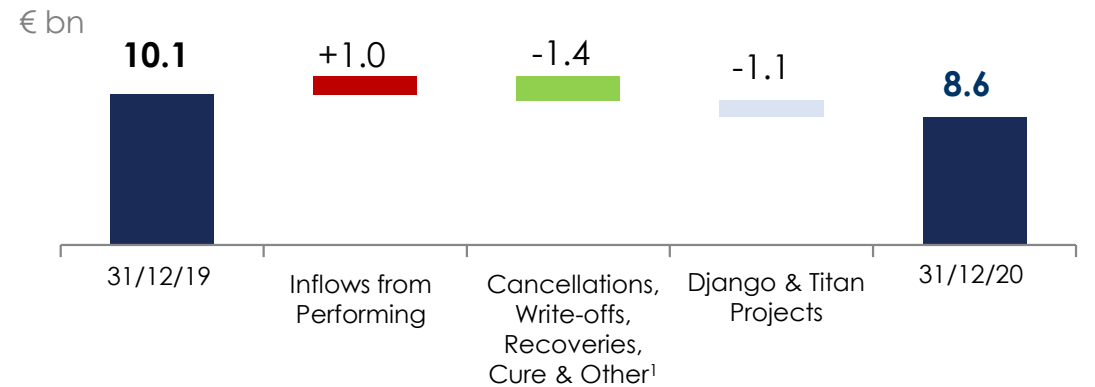
Notes: 1. Excludes 'Restructuring Costs', which are accounted for under a separate line item, for €187m post-tax (corresponding to €259m pre-tax). 2. FY 2016 data are adjusted (net of non-recurrent items, mainly merger restructuring costs) and represent the aggregate of the former Banco Popolare and the former BPM (excl. PPA).

NPE: STOCK REDUCTION WITH REINFORCED COVERAGE

NPE Stock (GBV)



NPE Stock evolution in 2020 (GBV)



MIGRATION RATES

	31/12/19	30/09/20 (annualised)	31/12/20
DEFAULT RATE (from Performing to NPEs)	1.2%	1.0%	1.0%
NPE DANGER RATE (from UTP to Bad Loans)	11.1%	7.7%	7.5%
CURE RATE (from UTP to Perf. Loans)	5.1%	3.5%	3.3%

COVERAGE

	31/12/19	30/09/20	31/12/20
BAD LOANS	56.2%	57.6%	59.1%
UTP	39.1%	42.7%	43.7%
PAST DUE	25.9%	21.8%	26.4%
TOTAL NPE	45.0%	48.0%	50.0%

65.2% incl. write-offs

Strong increase in coverage in Q4, after disposals (Django & Titan)

53.4% incl. write-offs

% of Secured NPE (GBV)

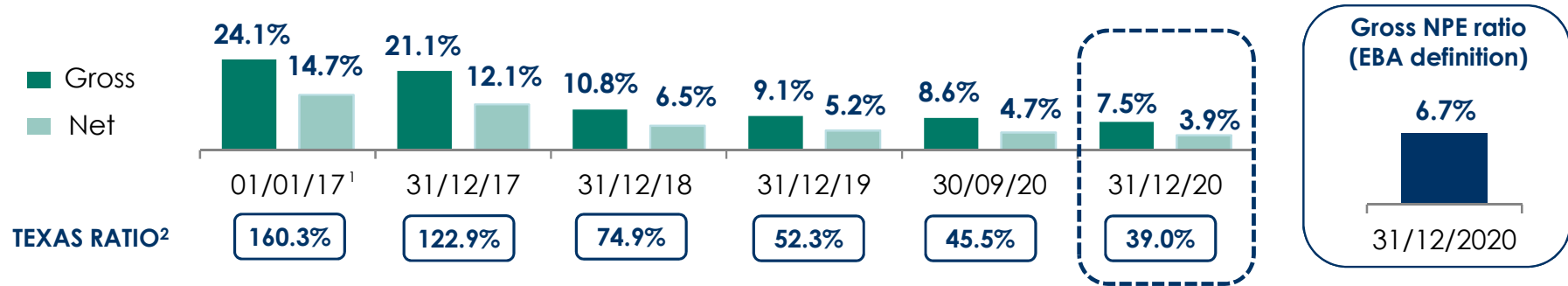
61%

61%

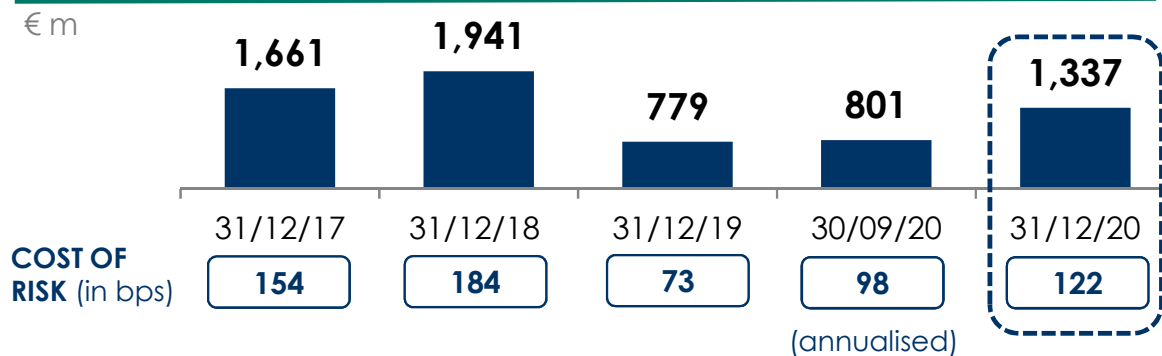
60%

NPE RATIOS AND COST OF RISK TREND

MATERIAL AND ONGOING IMPROVEMENT IN NPE RATIOS SINCE THE MERGER



LLPs & Cost of Risk yearly evolution



2020 COST OF RISK: DRIVERS³

CORE DRIVERS⁴

~70bps

NON CORE DRIVERS:

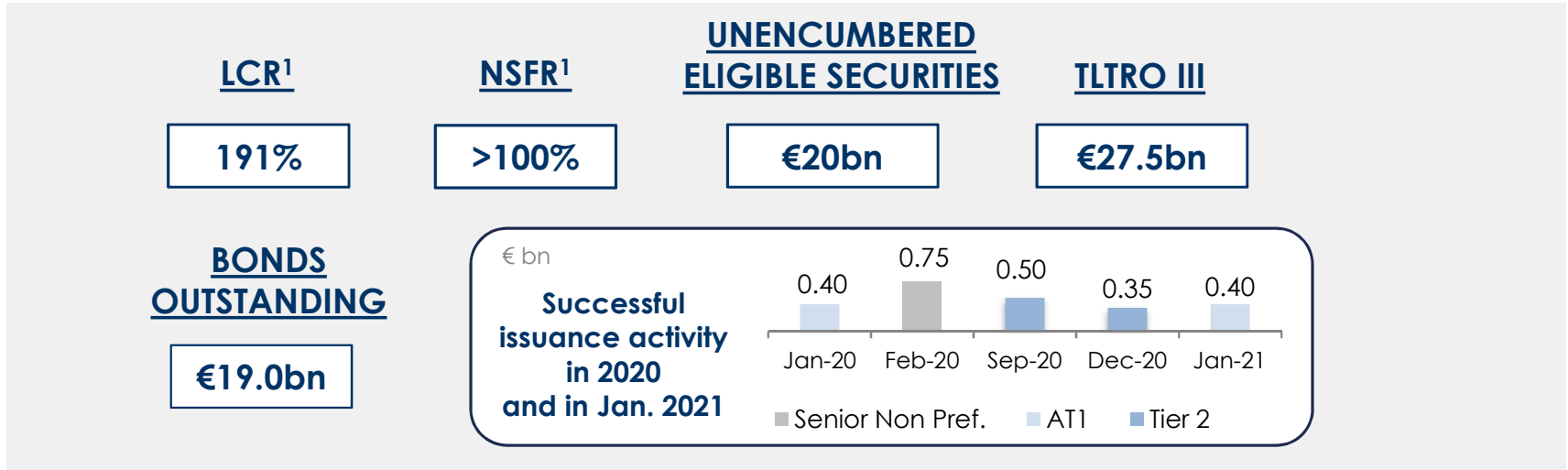
- Django & Titan disposal impact⁵
- Strengthening of NPE coverage after Q4 disposals
- IFRS 9 impact:
 - ECL update on Performing loans
 - Frontloaded provisions for possible future de-risking

~50bps

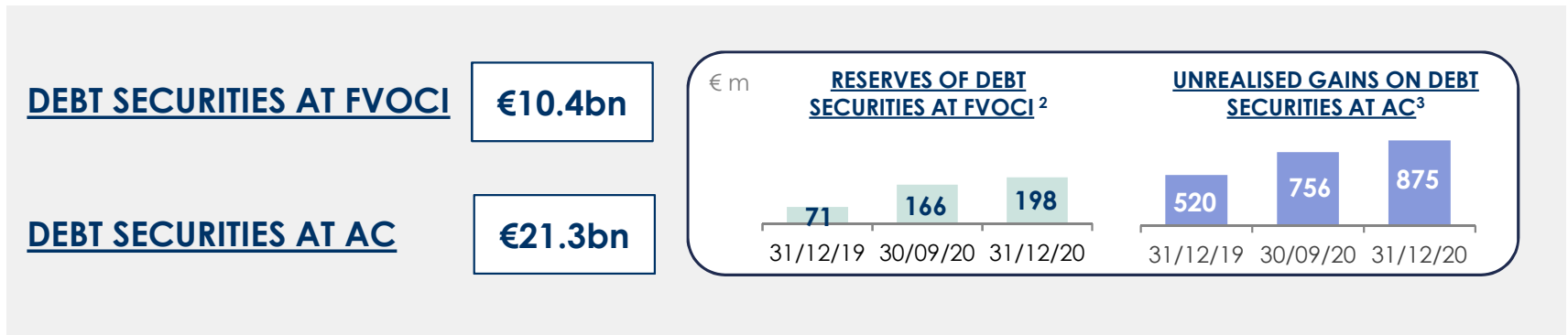
Notes: 1. Restated for managerial purposes (inclusion of a portion of write-offs, in coherence with the restatement done as at end-2017). 2. Net NPEs over Tangible Net Equity (Shareholders' Net Equity - Intangible assets). 3. Analysis based on Management data. 4. Include €12m for new DoD FTA. 5. Considered as "non-recurring" for the purpose of the calculation of Adjusted Net Income, see slide 33.

SOLID BALANCE SHEET POSITION

LIQUIDITY & FUNDING

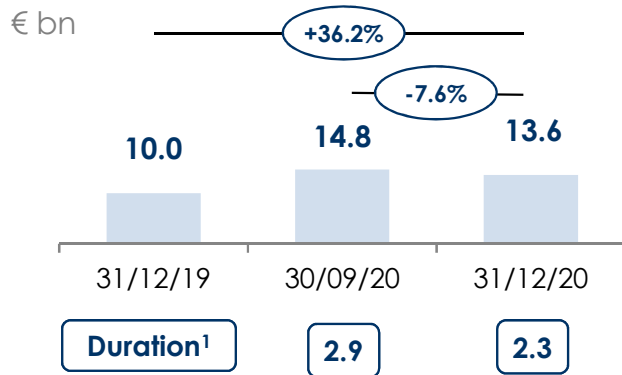


DEBT SECURITIES

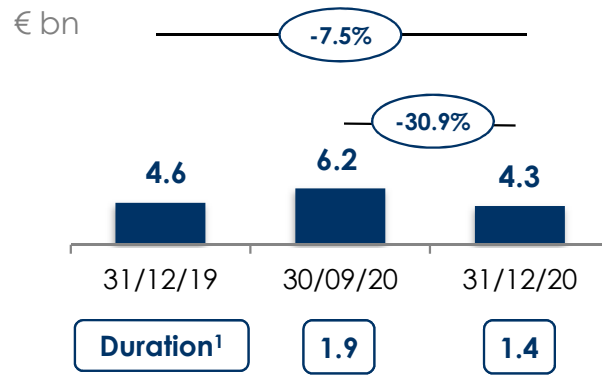


FOCUS ON GOVIES PORTFOLIO

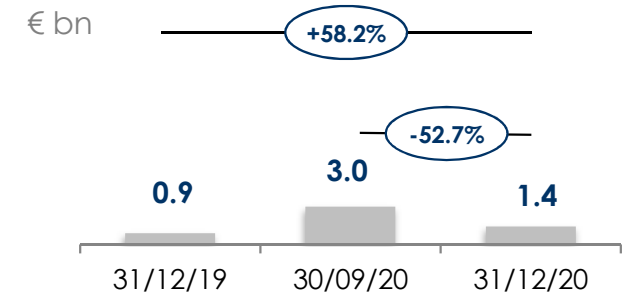
Italian Govies at AC



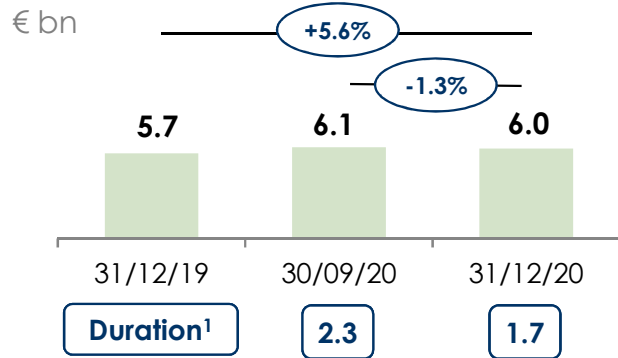
Italian Govies at FVOCI



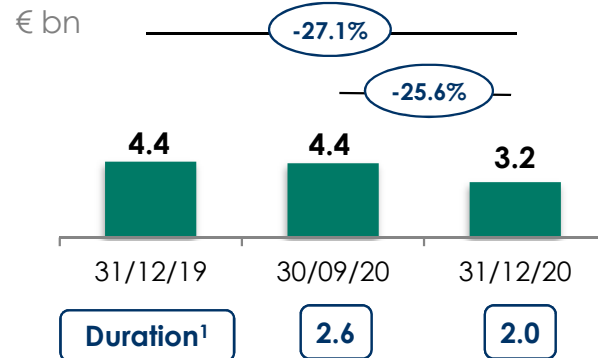
Italian Govies at FVTPL



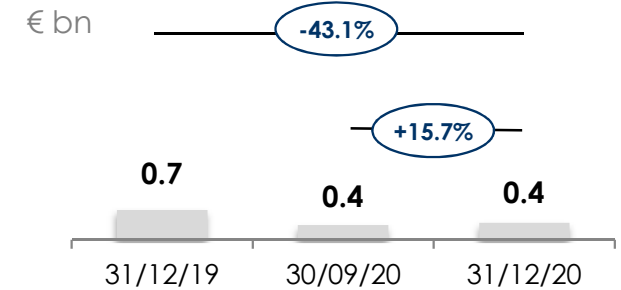
Non-IT Govies at AC



Non-IT Govies at FVOCI

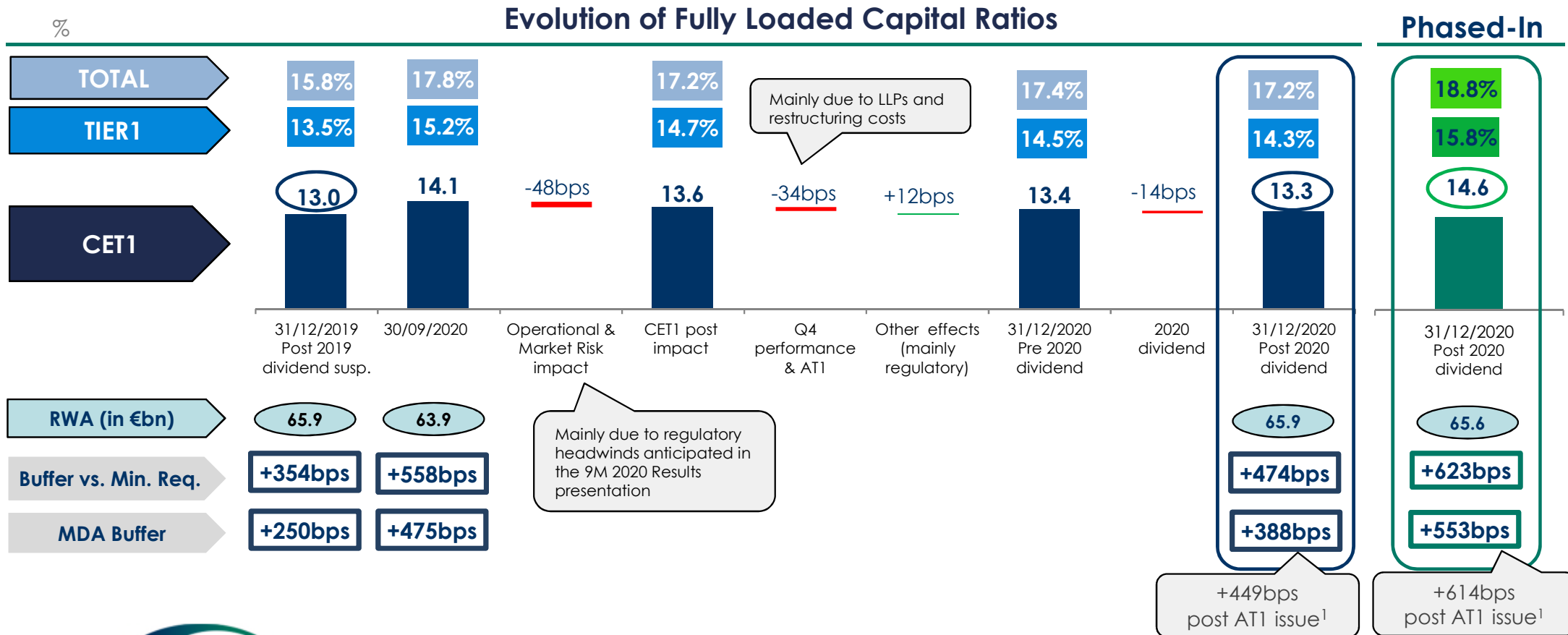


Non-IT Govies at FVTPL



CAPITAL ADEQUACY: SOLID POSITION AND BUFFERS

Ratios well above minimum requirements



STRONG PERFORMANCE IN A VERY CHALLENGING ENVIRONMENT

**SIGNIFICANT
ACHIEVEMENTS
IN A DIFFICULT
ENVIRONMENT
STILL IMPACTED
BY COVID-19**

SIGNIFICANT REBOUND IN OPERATING PERFORMANCE...

Growth in «Core» revenues (+5.9% H/H)
Reduction in costs (-5.4% H/H)
Significant increase in Pre-Provision income (+43.5% H/H)

...ALLOWING A FURTHER IMPROVEMENT IN ASSET QUALITY METRICS AND...

Gross NPE ratio down to 7.5%, with NPE coverage strengthened to 50.0%
Safeguard the quality of the loan portfolio, also with a relevant share of State guarantees

... FURTHER ACTIONS ON COST EFFICIENCY...

Early retirement Plan: 1,500 exits
Retail network rationalisation: -300 branches by mid-2021

Costs booked in
Q4 2020

...WHILE PRESERVING A SOUND CAPITAL POSITION & BUFFERS

CET1 ratio FL at 13.3%, with MDA buffer FL at +388bps (+449bps incl. Jan. 21 AT 1 issue)

**BACK TO DIVIDEND PROPOSAL: € 6 CENTS PER SHARE
ON TRACK FOR A POSITIVE OUTLOOK**

2021 OUTLOOK

Solid performance achieved in 2020, highly confident for 2021

Revenues

- NII increase thanks to the positive contribution from the TLTRO III, together with lending growth, mainly supported by State-guaranteed loans
- Commission growth to be driven by commercial banking and asset management business, thanks also to the high liquidity in current accounts, as confirmed by positive first signals in 2021 (investment product placements in January at record level)
- Total Income expected to be higher than 2020

Operating Costs

- Operating costs are expected to increase: the elimination of 2020 one-off savings related to the pandemic crisis (e.g. lower variable remuneration) and the effect of significant «digital» investments shall be partially compensated by the efficiency benefits arising from the cost actions launched in 2020

Cost of Risk

- Core cost of risk¹ expected in line with 2020 level, thanks to the effective credit management and the prudent provisioning achieved in 2020
- The current uncertain macroeconomic environment may entail additional Non-core provisions¹ which, however, are expected to be well below the level registered in 2020

Capital

- Minimum strategic targets are confirmed: MDA buffer of +250bps and CET 1 ratio FL >12%

Agenda

1. Key Achievement Highlights	4
2. FY 2020 Performance Details:	30
- Profitability	31
- Balance Sheet	37
- Funding and Liquidity	38
- Customer Loans and Focus on Credit Quality	44
- Capital Position	51

FY 2020 QUARTERLY P&L RESULTS

Reclassified income statement (€m)	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Net interest income	474.0	495.8	512.1	499.2	474.1	479.5	519.9	509.0
Income (loss) from invest. in associates carried at equity	33.9	28.0	32.6	36.8	22.3	48.0	36.8	23.7
Net interest, dividend and similar income	507.9	523.8	544.7	535.9	496.4	527.5	556.7	532.7
Net fee and commission income	462.2	444.1	453.7	434.5	440.6	376.4	417.7	429.2
Other net operating income	16.1	17.8	17.9	24.2	16.7	14.9	11.7	12.7
Net financial result	223.0	61.4	0.7	81.7	0.8	82.7	157.3	77.8
Other operating income	701.3	523.2	472.3	540.4	458.1	473.9	586.7	519.8
Total income	1,209.2	1,047.0	1,017.1	1,076.4	954.4	1,001.5	1,143.3	1,052.5
Personnel expenses	-437.1	-415.6	-418.0	-425.9	-419.0	-398.0	-357.0	-407.2
Other administrative expenses	-149.8	-158.6	-163.1	-167.0	-154.6	-154.1	-159.8	-125.3
Amortization and depreciation	-69.3	-68.6	-67.7	-63.3	-61.4	-61.7	-64.8	-67.2
Operating costs	-656.1	-642.8	-648.9	-656.2	-635.0	-613.8	-581.5	-599.8
Profit (loss) from operations	553.1	404.1	368.2	420.2	319.5	387.7	561.8	452.8
Net adjustments on loans to customers	-220.5	-208.4	-197.7	-152.0	-213.2	-263.0	-324.3	-536.2
Profit (loss) on FV measurement of tangible assets	-131.0	-0.7	-19.3	-7.5	-0.3	-5.1	-0.3	-31.0
Net adjustments on other financial assets	1.6	4.1	4.0	-4.0	-4.7	-3.7	0.1	7.2
Net provisions for risks and charges	-62.6	-2.7	-10.1	4.4	2.2	-9.8	0.9	-35.6
Profit (loss) on the disposal of equity and other invest.	-3.6	0.0	336.6	0.2	0.1	0.1	1.3	-0.4
Income (loss) before tax from continuing operations	136.9	196.4	481.7	261.3	103.5	106.2	239.5	-143.1
Tax on income from continuing operations	-31.7	-51.5	-24.1	-56.8	-25.7	-13.3	-22.5	47.9
Restructuring costs	0.0	0.0	0.0	0.0				-187.0
Systemic charges after tax	-4.5	-31.5	-15.2	-41.6	-57.5	-18.2	-53.0	-10.2
Realignment of fiscal values to accounting values	0.0	0.0	0.0	0.0				128.3
Goodwill impairment	0.0	0.0	0.0	0.0				-25.1
Income (loss) attributable to minority interests	9.2	1.8	3.2	1.2	0.0	1.5	2.5	0.2
Net income (loss) gross of PPA and net of valuat. effect on own liabil.	109.9	115.3	445.6	164.2	20.3	76.3	166.5	-189.0
Purchase Price Allocation after tax	-3.7	-3.8	-4.7	-2.5	-6.6	-12.0	-11.4	-11.5
Fair value on own liabilities after Taxes	-10.5	-13.2	6.7	-6.3	137.9	-110.7	2.2	-41.1
Net income (loss) for the period	95.8	98.2	447.6	155.4	151.6	-46.4	157.3	-241.7

P&L: ANNUAL COMPARISON STATED AND ADJUSTED

Reclassified income statement (€m)	FY 2019	FY 2020	Chg. Y/Y	Chg. Y/Y %	FY 2019 adjusted	FY 2020 adjusted	Chg. Y/Y	Chg. Y/Y %
Net interest income	1,981.1	1,982.6	1.5	0.1%	1,976.4	1,982.6	6.2	0.3%
Income (loss) from investments in associates carried at equity	131.3	130.8	-0.5	-0.3%	131.3	130.8	-0.5	-0.3%
Net interest, dividend and similar income	2,112.3	2,113.4	1.0	0.0%	2,107.6	2,113.4	5.7	0.3%
Net fee and commission income	1,794.4	1,663.8	-130.6	-7.3%	1,794.4	1,663.8	-130.6	-7.3%
Other net operating income	76.0	56.0	-20.0	-26.3%	76.0	56.0	-20.0	-26.3%
Net financial result	366.8	318.6	-48.2	-13.1%	366.8	318.6	-48.2	-13.1%
Other operating income	2,237.3	2,038.5	-198.8	-8.9%	2,237.3	2,038.5	-198.8	-8.9%
Total income	4,349.6	4,151.8	-197.8	-4.5%	4,344.9	4,151.8	-193.1	-4.4%
Personnel expenses	-1,696.5	-1,581.1	115.4	-6.8%	-1,696.5	-1,612.8	83.8	-4.9%
Other administrative expenses	-638.6	-593.8	44.8	-7.0%	-638.6	-593.8	44.8	-7.0%
Amortization and depreciation	-268.9	-255.1	13.8	-5.1%	-264.5	-252.9	11.6	-4.4%
Operating costs	-2,604.0	-2,430.1	174.0	-6.7%	-2,599.6	-2,459.5	140.1	-5.4%
Profit (loss) from operations	1,745.6	1,721.8	-23.8	-1.4%	1,745.3	1,692.4	-53.0	-3.0%
Net adjustments on loans to customers	-778.5	-1,336.8	-558.3	71.7%	-778.5	-1,085.4	-306.8	39.4%
Profit (loss) on FV measurement of tangible assets	-158.5	-36.7	121.8	-76.8%		0.0	0.0	
Net adjustments on other financial assets	5.8	-1.0	-6.8	n.m	5.8	-1.0	-6.8	n.m
Net provisions for risks and charges	-71.0	-42.3	28.7	-40.5%	6.5	-16.3	-22.8	n.m
Profit (loss) on the disposal of equity and other investments	333.2	1.2	-332.0	-99.6%		0.0	0.0	
Income (loss) before tax from continuing operations	1,076.4	306.1	-770.3	-71.6%	979.0	589.7	-389.4	-39.8%
Tax on income from continuing operations	-164.2	-13.5	150.6	-91.8%	-221.2	-90.5	130.7	-59.1%
Restructuring costs		-187.0				0.0		
Systemic charges after tax	-92.9	-138.9	-46.0	49.6%	-77.6	-119.5	-41.8	53.9%
Realignment of fiscal values to accounting values		128.3				0.0		
Goodwill impairment		-25.1				0.0		
Income (loss) attributable to minority interests	15.6	4.2	-11.3	-72.7%	6.3	4.0	-2.3	-37.0%
Net income (loss) gross of PPA and net of valuat. effect on own liabil.	834.9	74.1	-760.8	-91.1%	686.5	383.7	-302.8	-44.1%
Purchase Price Allocation after tax	-14.7	-41.5	-26.8	n.m.	-14.7	-41.5	-26.8	n.m.
Fair value on own liabilities after Taxes	-23.3	-11.7	11.5	-49.6%	-23.3	-11.7	11.5	-49.6%
Net income (loss) for the period	797.0	20.9	-776.1	-97.4%	648.6	330.5	-318.1	-49.0%

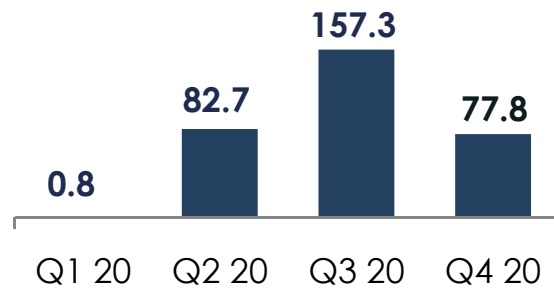
ADJUSTED P&L: DETAILS ON NON-RECURRING ITEMS

Reclassified income statement (€m)	FY 2020	FY 2020 adjusted	One-off	Non-recurring items and extraordinary systemic charges
Net interest income	1,982.6	1,982.6	0.0	
Income (loss) from investments in associates carried at equity	130.8	130.8	0.0	
Net interest, dividend and similar income	2,113.4	2,113.4	0.0	
Net fee and commission income	1,663.8	1,663.8	0.0	
Other net operating income	56.0	56.0	0.0	
Net financial result	318.6	318.6	0.0	
Other operating income	2,038.5	2,038.5	0.0	
Total income	4,151.8	4,151.8	0.0	
Personnel expenses	-1,581.1	-1,612.8	31.6	Covid- related savings
Other administrative expenses	-593.8	-593.8	0.0	
Amortization and depreciation	-255.1	-252.9	-2.2	Impairment on tangible asset
Operating costs	-2,430.1	-2,459.5	29.4	
Profit (loss) from operations	1,721.8	1,692.4	29.4	
Net adjustments on loans to customers	-1,336.8	-1,085.4	-251.4	NPE disposals closed in December
Profit (loss) on FV measurement of tangible assets	-36.7	0.0	-36.7	Fair value assesments on properties
Net adjustments on other financial assets	-1.0	-1.0	0.0	
Net provisions for risks and charges	-42.3	-16.3	-26.0	Estimated non recurring costs related to contractual duties
Profit (loss) on the disposal of equity and other investments	1.2	0.0	1.2	
Income (loss) before tax from continuing operations	306.1	589.7	-283.6	
Tax on income from continuing operations	-13.5	-90.5	77.0	Fiscal impacts on extraordinary items
Restructuring costs	-187.0		-187.0	Restructuring costs
Systemic charges after tax	-138.9	-119.5	-19.4	Additional contribution to Italian resolution fund
Realignment of fiscal values to accounting values	128.3	0.0	128.3	Related to realignment of fiscal values to accounting values
Goodwill impairment	-25.1	0.0	-25.1	Goodwill impairment
Income (loss) attributable to minority interests	4.2	4.0	0.3	
Net income (loss) gross of PPA and net of valuat. effect on own liabil.	74.1	383.7	-309.6	
Purchase Price Allocation after tax	-41.5	-41.5	0.0	
Fair value on own liabilities after Taxes	-11.7	-11.7	0.0	
Net income (loss) for the period	20.9	330.5	-309.6	

FINANCIAL PORTFOLIO: NET FINANCIAL RESULT AND RESERVES/UNREALISED GAINS

Net Financial Result (excl. FV on Own Liabilities¹)

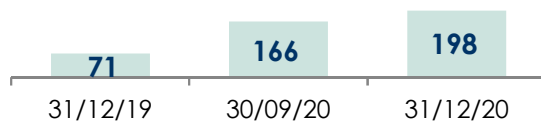
€ m



- **NFR at €77.8m in Q4** vs €157.3m in Q3 which was impacted by the positive valuation effect on the SIA stake (+€147m)

Reserves of Debt Securities at FVOCI

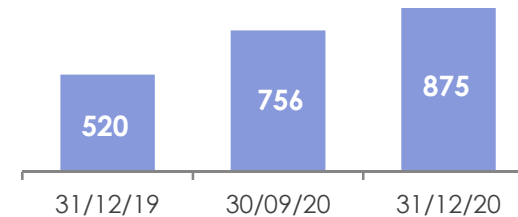
Pre-tax, in € m



Not included in the P&L results, but included in the Capital Position

Unrealised gains on Debt Securities at AC²

Pre-tax, in € m

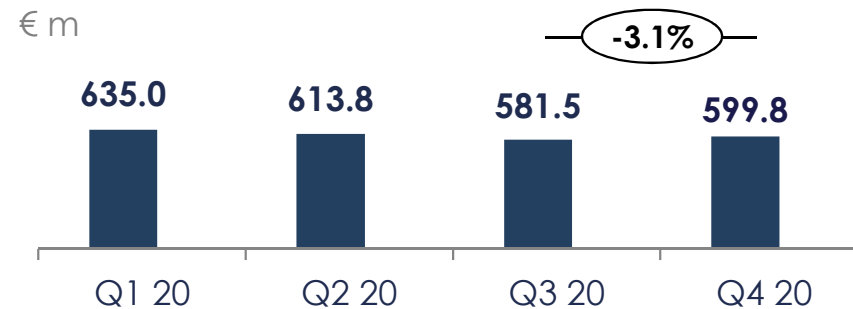


Included neither in the P&L results, nor in the Capital Position

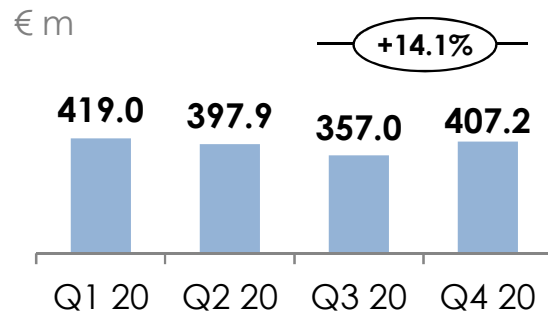
Notes: **1.** Impact from the change in FV on Own Liabilities (before tax) at +€206.0m in Q1 2020, -€165.4m in Q2 2020 and +€3.3m in Q3 2020. These amounts have been reclassified into a separate item after tax. **2.** Debt Securities accounted at Amortised Costs are subject to a specific policy which sets dedicated limits to the amount of disposals allowed throughout the year.

OPERATING COSTS: QUARTERLY COMPARISON

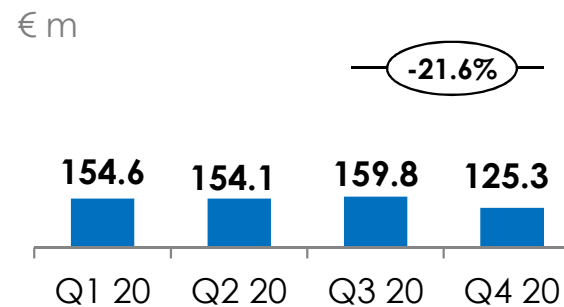
Total Operating Costs



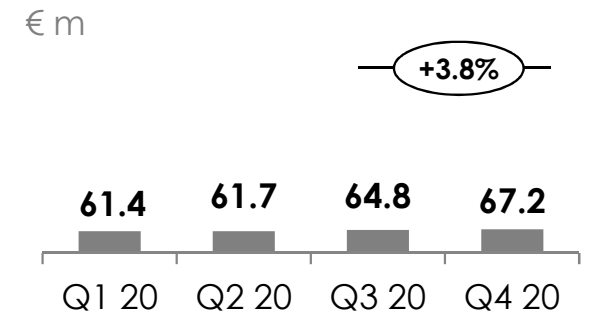
o/w: Staff costs



o/w: Other admin. costs



o/w: D&A



COMPREHENSIVE PROFITABILITY

€ m

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2019	FY 2020
P&L NET INCOME	151.6	-46.4	157.3	-241.7	797.0	20.9
OTHER NET INCOME DIRECTLY ACCOUNTED TO EQUITY	-289.7	151.1	76.7	24.3	526.7	-37.6
o/w Reserves of Debt Securities at FVOCI (net of tax)	-180.1	154.3	89.5	21.2	178.8	85.0
o/w Reserves of Equity Securities at FVOCI (net of tax)	-114.9	-5.4	-17.2	11.4	119.8	-126.1
COMPREHENSIVE NET INCOME OF THE GROUP	-138.1	104.7	234.0	-217.3	1,323.7	-16.7

RECLASSIFIED BALANCE SHEET AS AT 31/12/2020

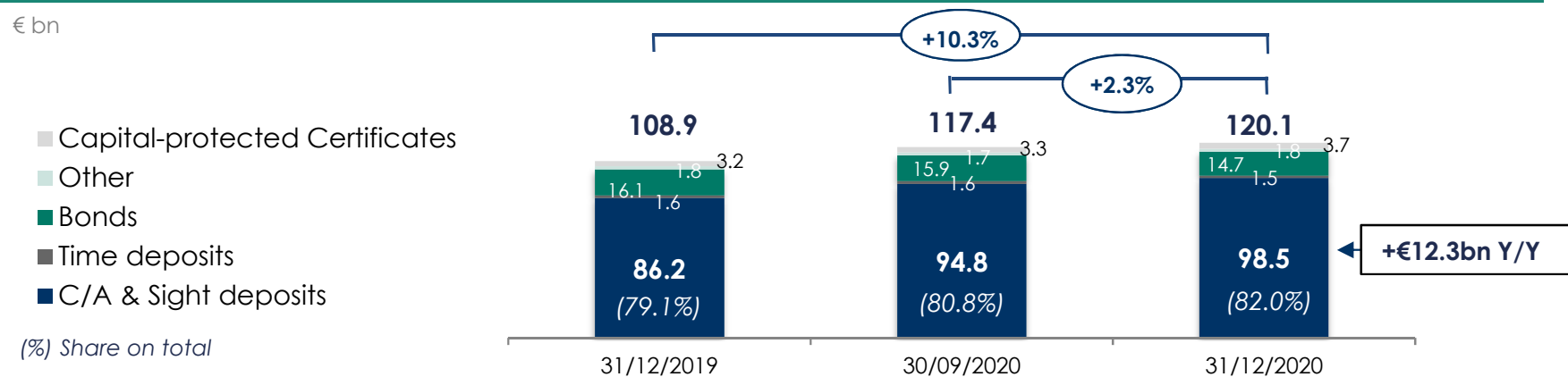
Reclassified assets (€ m)	31/12/19	30/09/20	31/12/20	Chg. y/y		Chg. in Q4	
				Value	%	Value	%
Cash and cash equivalents	913	806	8.858	7.945	N.M.	8.052	N.M.
Loans and advances measured at AC	115.890	125.680	120.456	4.566	3,9%	-5.224	-4,2%
- Loans and advances to banks	10.044	16.962	11.121	1.076	10,7%	-5.841	-34,4%
- Loans and advances to customers (*)	105.845	108.718	109.335	3.490	3,3%	617	0,6%
Other financial assets	37.069	46.954	41.176	4.107	11,1%	-5.779	-12,3%
- Assets measured at FV through PL	7.285	10.548	9.119	1.833	25,2%	-1.430	-13,6%
- Assets measured at FV through OCI	12.527	13.853	10.711	-1.816	-14,5%	-3.142	-22,7%
- Assets measured at AC	17.257	22.553	21.346	4.089	23,7%	-1.207	-5,4%
Equity investments	1.386	1.638	1.665	279	20,1%	26	1,6%
Property and equipment	3.624	3.497	3.552	-72	-2,0%	55	1,6%
Intangible assets	1.269	1.248	1.219	-51	-4,0%	-30	-2,4%
Tax assets	4.620	4.618	4.704	85	1,8%	86	1,9%
Non-current assets held for sale and discont. operations	131	111	73	-58	-44,4%	-38	-34,3%
Other assets	2.136	2.101	1.983	-153	-7,2%	-118	-5,6%
Total	167.038	186.654	183.685	16.647	10,0%	-2.969	-1,6%
Reclassified liabilities (€ m)	31/12/19	30/09/20	31/12/20	Value	%	Value	%
Due to banks	28.516	31.888	33.938	5.422	19,0%	2.050	6,4%
Direct Funding	109.506	115.417	116.937	7.430	6,8%	1.520	1,3%
- Due from customers	93.375	99.424	102.162	8.787	9,4%	2.739	2,8%
- Debt securities and financial liabilities desig. at FV	16.131	15.993	14.774	-1.357	-8,4%	-1.219	-7,6%
Debts for Leasing	733	672	760	28	3,8%	88	13,1%
Other financial liabilities designated at FV	10.919	19.588	14.015	3.096	28,4%	-5.573	-28,4%
Liability provisions	1.487	1.187	1.415	-71	-4,8%	229	19,3%
Tax liabilities	619	638	465	-155	-25,0%	-173	-27,1%
Liabilities associated with assets held for sale	5	3	0	-5	-100,0%	-3	-100,0%
Other liabilities	3.366	4.804	3.928	562	16,7%	-876	-18,2%
Minority interests	26	22	2	-24	-92,7%	-20	-91,4%
Shareholders' equity	11.861	12.436	12.225	364	3,1%	-211	-1,7%
Total	167.038	186.654	183.685	16.647	10,0%	-2.969	-1,6%

DIRECT FUNDING

Solid position confirmed in Core funding

Direct customer funding¹ (*without* Repos)

€ bn



(%) Share on total

CHANGE	31/12/19	30/09/20	31/12/20	In % Y/Y	In % Q/Q
C/A & Sight deposits	86.2	94.8	98.5	14.3%	3.9%
Time deposits	1.6	1.6	1.5	-9.4%	-9.4%
Bonds	16.1	15.9	14.7	-8.4%	-7.8%
Other	1.8	1.7	1.8	-1.7%	4.3%
Capital-protected Certificates	3.2	3.3	3.7	14.2%	11.7%
Direct Funding (excl. Repos)	108.9	117.4	120.1	10.3%	2.3%

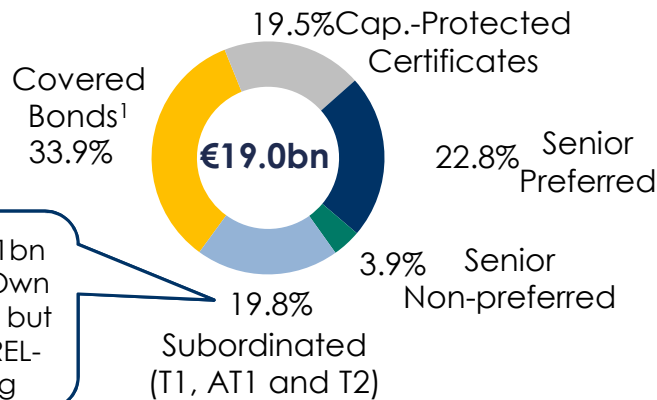
Note:

1. Direct funding restated according to a management accounting logic: it includes capital-protected certificates, recognized essentially under 'Held-for-trading liabilities', while it does not include Repos (€0.50bn on 31/12/2020 vs. €3.87bn on 31/12/2019 and €1.31bn on 30/09/2020), mainly transactions with Cassa di Compensazione e Garanzia.

BONDS OUTSTANDING: WELL DIVERSIFIED PORTFOLIO

Bonds Outstanding as at 31/12/2020

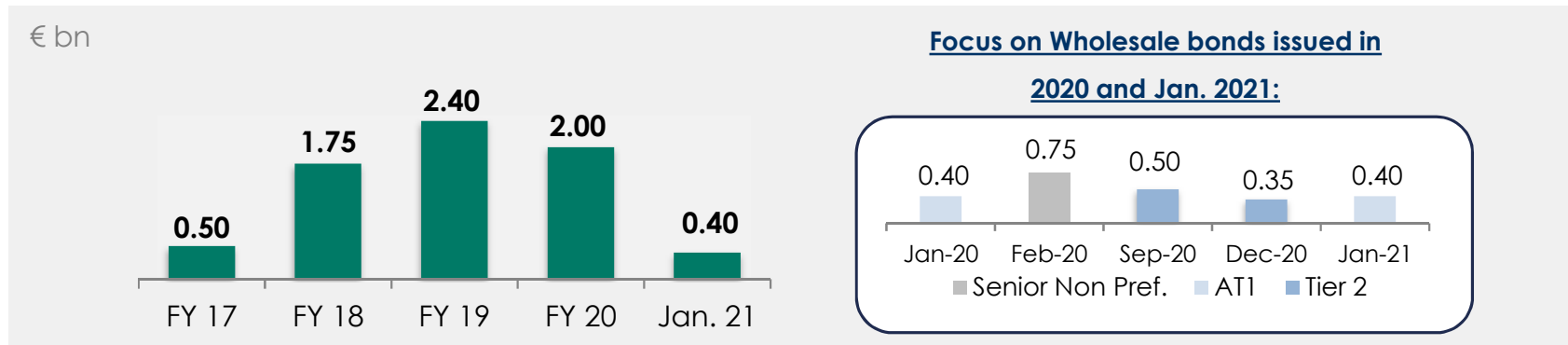
Nominal amounts



€3.8bn, o/w: €1.1bn not included in Own Funds Phased-in, but representing MREL-eligible funding

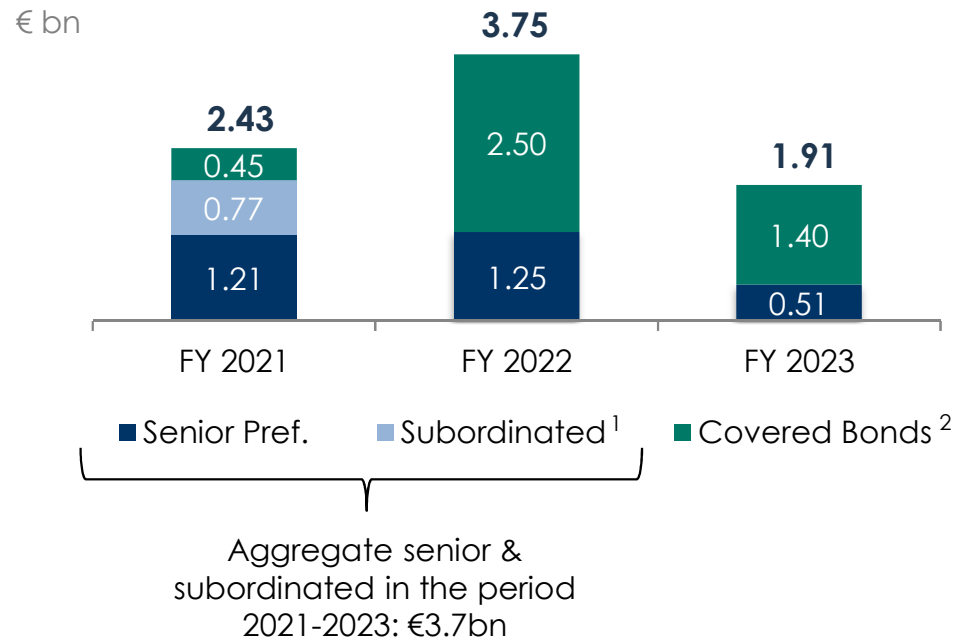
- Total bonds outstanding at €19.0bn
- **Successful issuance activity in 2020:** AT1 in Jan. (€400m), Senior Non-Preferred in Feb. (€750m) and T2 in Sep. and Dec. (€500m and €350m)
- **Proactive issuance activity confirmed at the beginning of 2021: €0.4bn AT1**
- Very manageable amount of wholesale bond maturities in FY 2021 (€2.4bn) and FY 2022 (€3.7bn) considering the strong liquidity position (with unencumbered eligible assets at ~€20bn, exceeding total bonds outstanding)

Wholesale bond issued since 2017

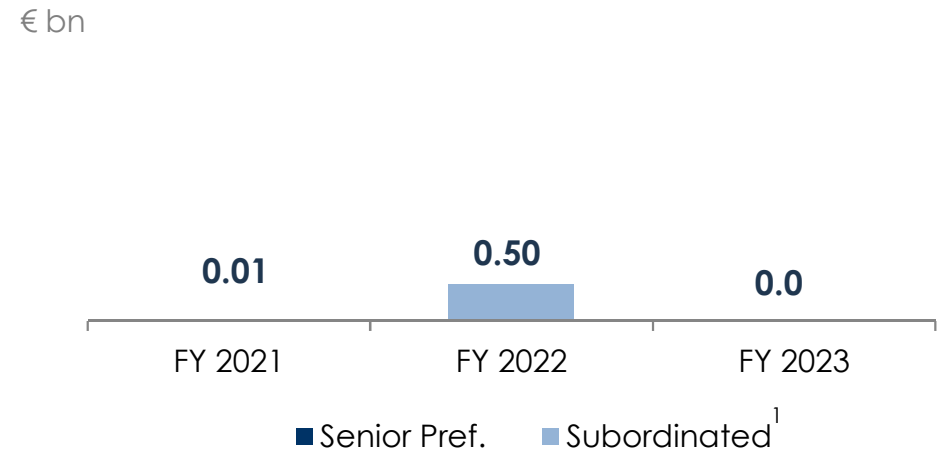


BOND MATURITIES: LIMITED AND MANAGEABLE AMOUNTS

Institutional bond maturities



Retail bond maturities



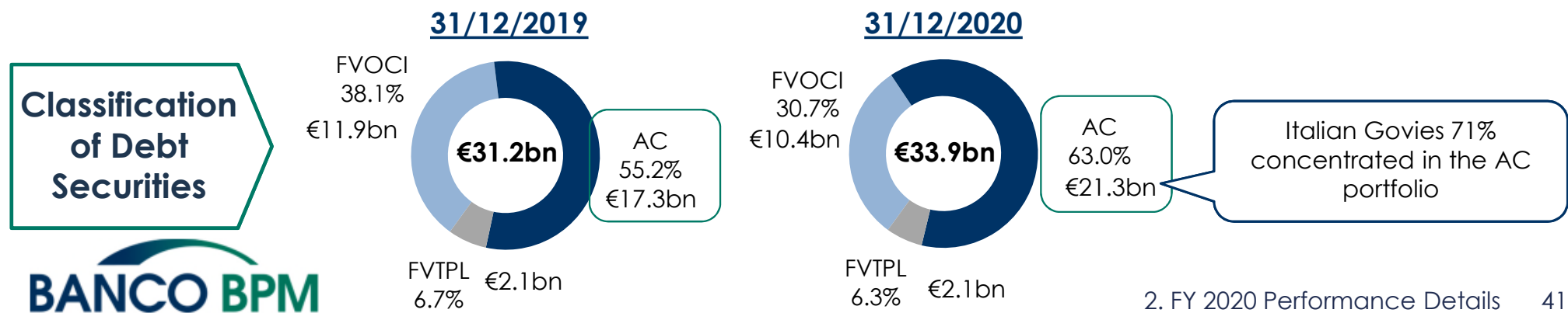
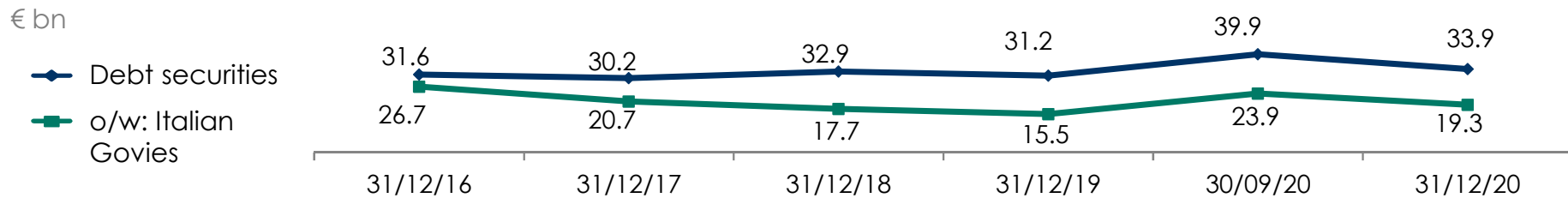
Managerial data based on nominal amounts, including calls.

Notes: 1. With negligible impact on T2 Capital. 2. Include also the maturities of Repos with underlying retained Covered Bonds: €0.45bn in 2021 and €0.50bn in 2022.

SECURITIES: INCREASED WEIGHT OF THE AC PORTFOLIO

€ bn	31/12/19	30/09/20	31/12/20	Chg. y/y	Chg. in Q4
Debt securities	31.2	39.9	33.9	8.4%	-15.1%
Equity securities, Open-end funds & Private equity	2.5	1.9	2.4	-5.7%	27.8%
TOTAL SECURITIES	33.8	41.8	36.3	7.3%	-13.2%

Focus on Debt Securities: Evolution & Composition



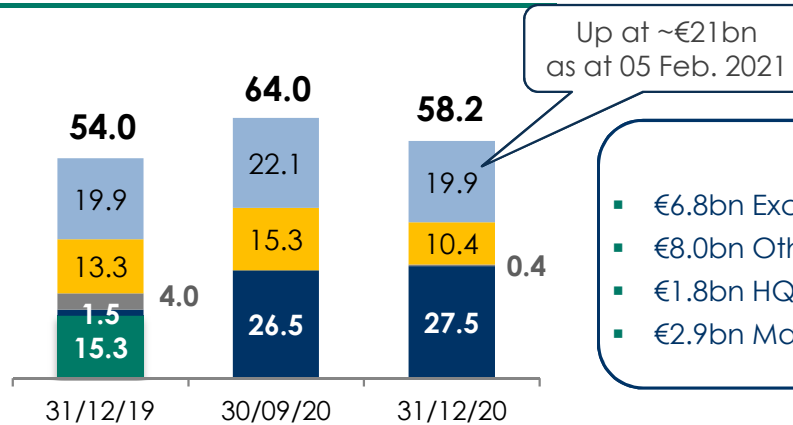
SOLID LIQUIDITY POSITION: LCR AT 191% & NSFR >100%¹

Eligible Assets²

€ bn

- Unencumbered
- Encumbered with Repos & other
- Other encumbered with ECB
- TLTRO III
- TLTRO II

TLTRO II completely reimbursed between March and June 2020



ADDITIONAL UNENCUMBERED LIQUID ASSETS

- €6.8bn Excess ECB deposits (€6.3bn avg. in Q4)
- €8.0bn Other depo facilities (overnight) with ECB (€3.9bn avg. in Q4)
- €1.8bn HQLA lent³
- €2.9bn Marketable securities (unencumb. non-eligible)

TLTRO III drawings:

- €1.5bn in December 2019
- €2.0bn in March 2020
- €22.0bn in June 2020
- €1.0bn in September 2020
- €1.0bn in December 2020

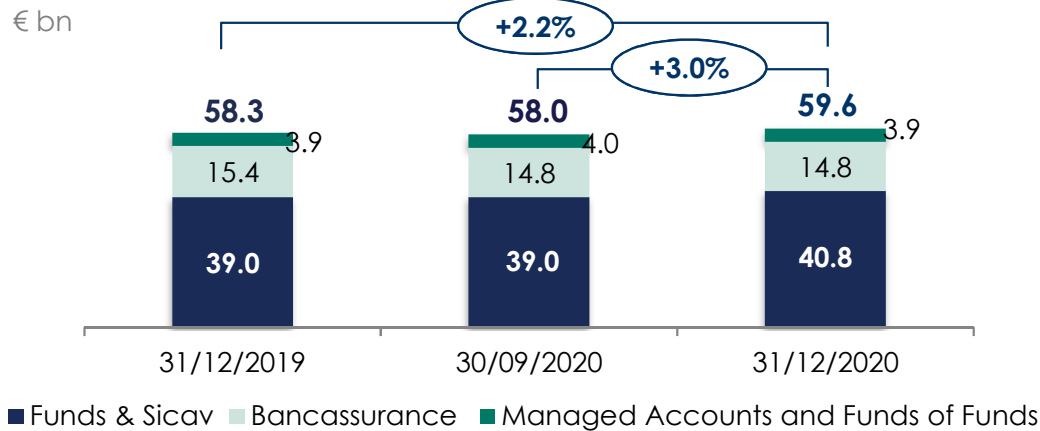
- Sizeable funding contribution also from long-term bilateral refinancing operations at **€3.1bn** euro (net of haircuts), with an average maturity of 1.3 years
- **Still large potential room for TLTRO III, with maximum take-up of €39.2bn (+€11.7bn vs. current exposure)**

Internal management data, net of haircuts.

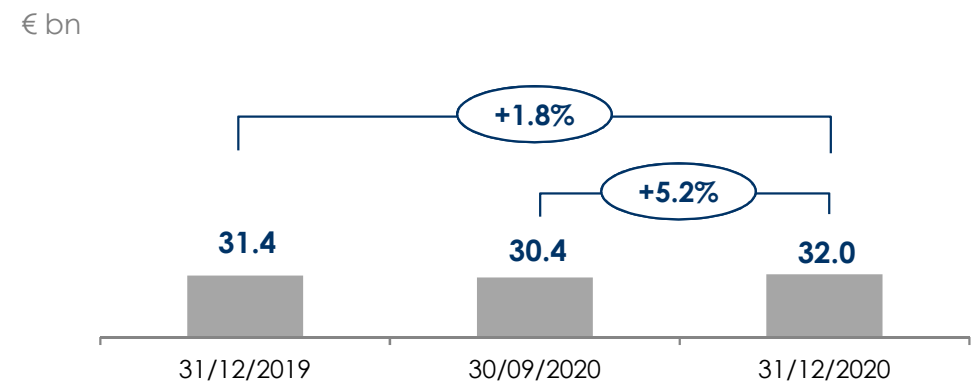
Notes: **1.** Monthly LCR (Dec. 2020) and Quarterly NSFR (Q4 2020). **2.** Includes assets received as collateral. **3.** Refers to securities lending (uncollateralized high quality liquid assets).

INDIRECT CUSTOMER FUNDING AT €91.6BN

Assets under Management (AUM)



Assets under Custody (AUC)¹



- Total Indirect Customer Funding at €91.6bn +2.0% Y/Y (+3.8% Q/Q)
- AUM increase to €59.6bn: +2.2% Y/Y, thanks to the excellent performance of Funds and Sicav, with an increase in volumes of €1.3bn
- AUC up at €32.0bn (+1.8% Y/Y), mainly thanks to the volume effect (+€0.4bn)

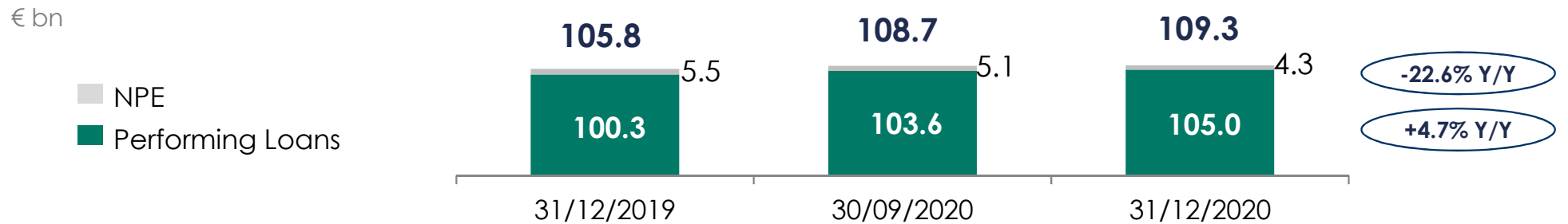
Management data of the commercial network. AUC historic data restated for managerial adjustments.

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

NET CUSTOMER LOANS

Satisfactory increase in Performing Loans, with new loans granted at €27.6bn in 2020¹

Net Customer Loans²



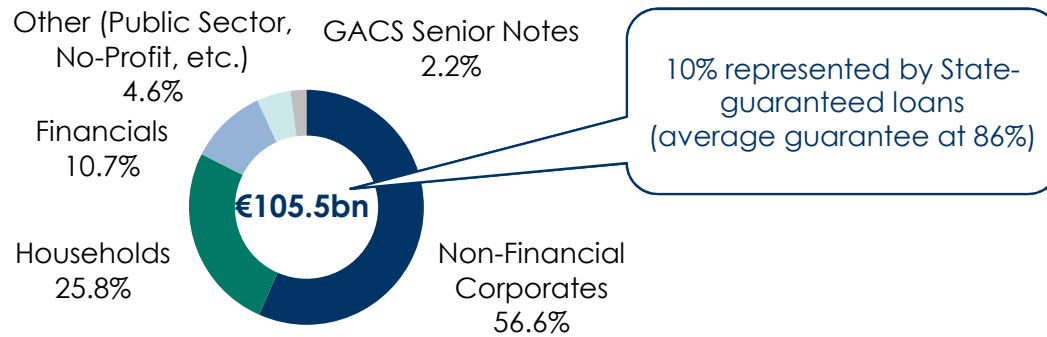
NET PERFORMING LOANS	31/12/19	30/09/20	31/12/20	CHANGE	
				In % y/y	In % q/q
Core customer loans	91.1	96.5	98.4	8.0%	1.9%
- Medium/Long-Term loans	62.5	71.3	74.0	18.4%	3.7%
- Current Accounts	10.5	8.5	8.0	-23.7%	-6.1%
- Other loans	16.1	14.8	14.5	-10.2%	-2.3%
- Cards & Personal Loans	2.0	1.9	1.9	-5.7%	0.9%
Leasing	1.0	0.9	0.9	-9.2%	-3.0%
Repos	5.7	3.9	3.5	-39.2%	-11.0%
GACS Senior Notes	2.5	2.3	2.3	-7.4%	1.8%
Total Net Performing Loans	100.3	103.6	105.0	4.7%	1.4%

Net Performing loans in Stage 2 at €6.9bn as at 31/12/20, (€6.6bn as at 30/09/20 and €5.7bn as at 31/12/19), **with a coverage at 4.3%** (3.8% as at 30/09/20 and 3.5% as at 31/12/19)

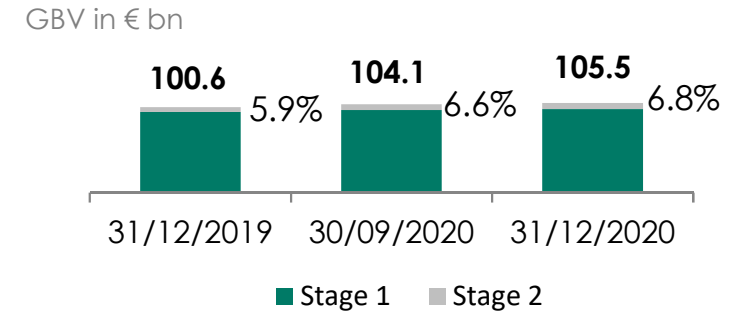
Notes: 1. Management data. See slide19 for details. 2. Loans and advances to customers at Amortized Cost, including also the GACS senior notes.

ANALYSIS OF PERFORMING LOAN PORTFOLIO

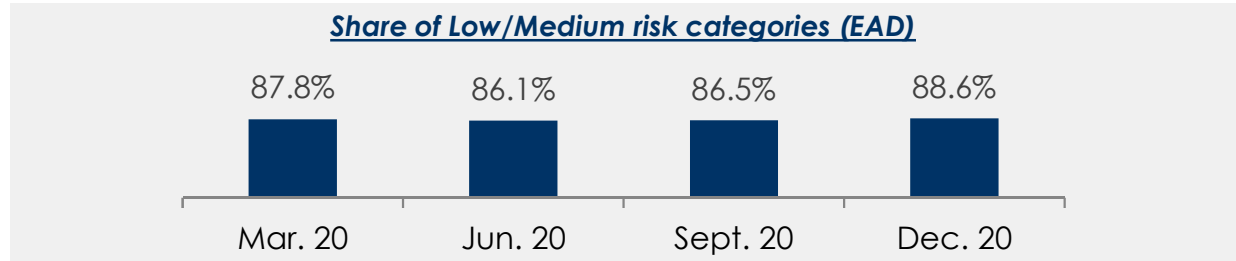
Customer loan (GBV) breakdown as at 31/12/2020¹



Staging evolution: Performing Loans in 2020

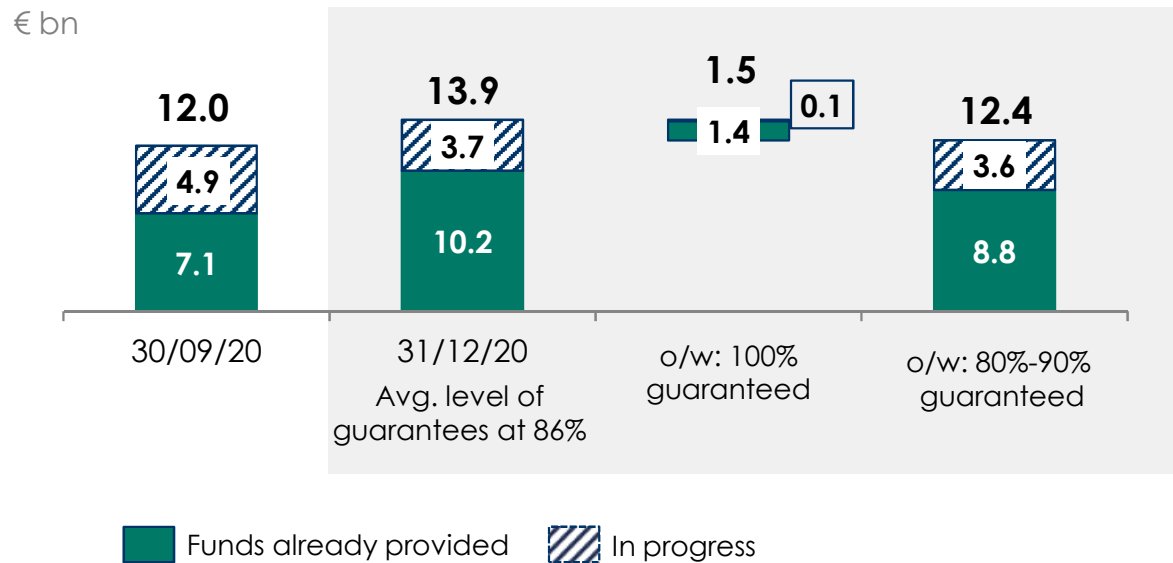


Performing portfolio: EAD by risk categories²



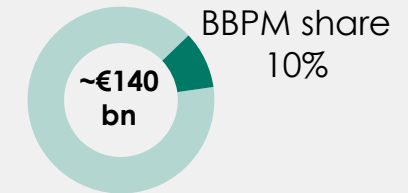
COVID-19: KEY MEASURES AT A GLANCE

Lending measures assisted by public guarantees at €13.9bn as at 31/12/20



High customer propensity for new State-guaranteed lending

Lending measures assisted by public guarantees: System data¹



BBPM market share on core customer loans: 7.3%²

Notes: 1. ABI/Bankit data as at end-2020. 2. Market share as at 30/09/2020.

ASSET QUALITY DETAILS – LOANS TO CUSTOMERS AT AC

GROSS EXPOSURES €/m and %	31/12/2019	30/09/2020	31/12/2020	Chg. y/y		Chg. in Q4	
				Value	%	Value	%
Bad Loans	3.565	3.615	3.578	14	0,4%	-36	-1,0%
UTP	6.424	6.076	4.946	-1.478	-23,0%	-1.130	-18,6%
Past Due	98	100	62	-36	-37,0%	-38	-38,1%
NPE	10.087	9.791	8.586	-1.500	-14,9%	-1.205	-12,3%
Performing Loans	100.631	104.064	105.508	4.877	4,8%	1.445	1,4%
TOTAL CUSTOMER LOANS	110.718	113.855	114.095	3.377	3,0%	240	0,2%

NET EXPOSURES €/m and %	31/12/2019	30/09/2020	31/12/2020	Chg. y/y		Chg. in Q4	
				Value	%	Value	%
Bad Loans	1.560	1.532	1.462	-97	-6,2%	-70	-4,5%
UTP	3.912	3.480	2.785	-1.127	-28,8%	-695	-20,0%
Past Due	73	78	46	-27	-37,5%	-33	-41,8%
NPE	5.544	5.091	4.293	-1.252	-22,6%	-798	-15,7%
Performing Loans	100.301	103.627	105.042	4.741	4,7%	1.415	1,4%
TOTAL CUSTOMER LOANS	105.845	108.718	109.335	3.490	3,3%	617	0,6%

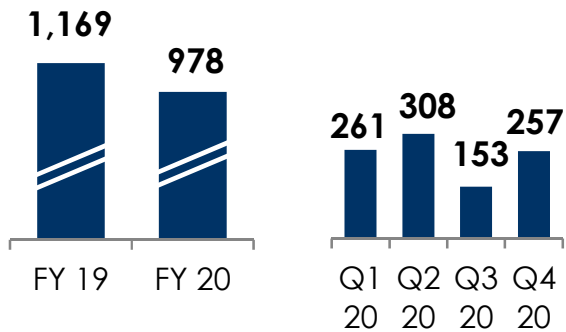
COVERAGE %	31/12/2019	30/09/2020	31/12/2020
UTP	39,1%	42,7%	43,7%
Past Due	25,9%	21,8%	26,4%
NPE	45,0%	48,0%	50,0%
Performing Loans	0,33%	0,42%	0,44%
TOTAL CUSTOMER LOANS	4,4%	4,5%	4,2%

Data refer to Loans to customers measured at Amortized Cost, including also the GACS Senior Notes.

NPE FLOWS

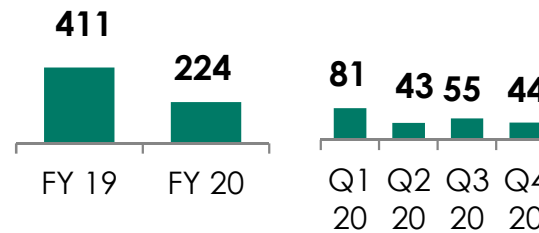
Inflows from Performing to NPEs

€ m



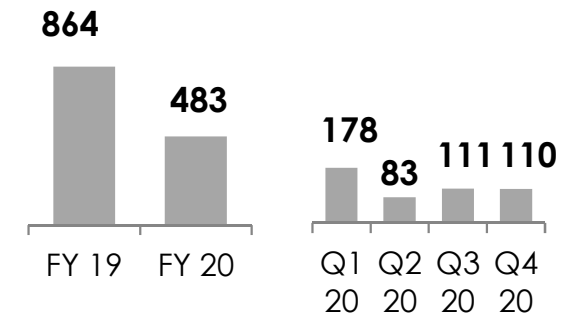
Outflows from NPEs to Perf. Loans

€ m



Flows from UTP to Bad Loans

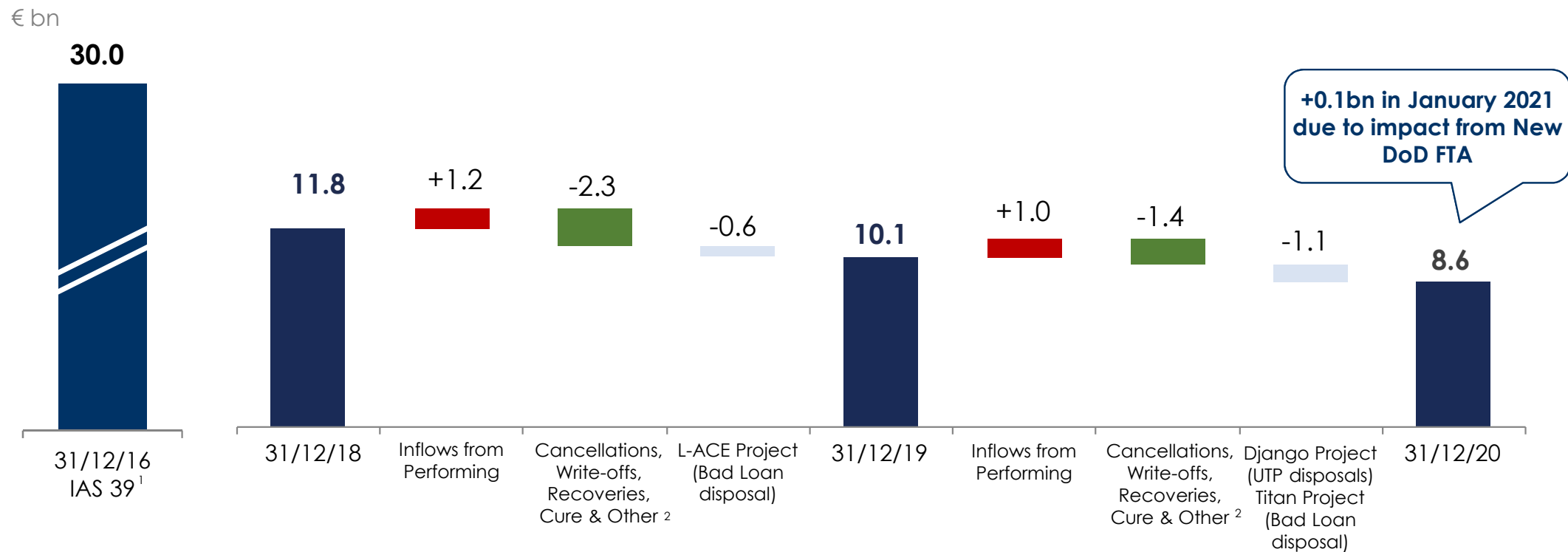
€ m



- 2020 shows an improvement in inflows to NPEs as well as in flows from UTP to Bad Loans vs. 2019
- The challenging macroeconomic scenario has impacted mainly the outflows to performing loans

IMPROVING TREND IN ASSET QUALITY

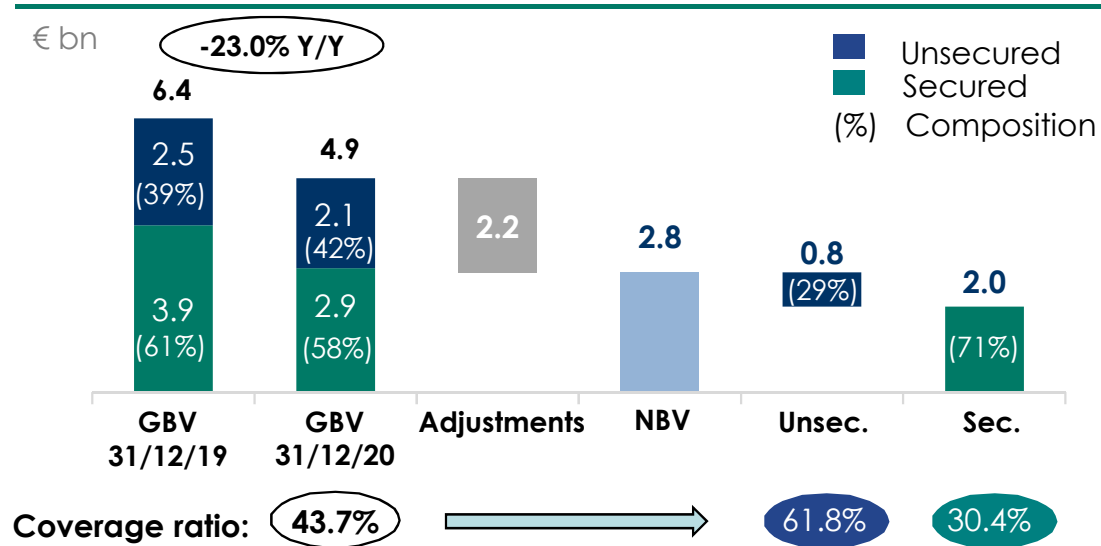
Gross NPEs: -€21.4bn vs. YE 2016, o/w: -€1.7bn in 2019 and -€1.5bn in 2020



Notes: **1.** Includes a restatement for managerial purposes (inclusion of a portion of write-offs, in coherence with the restatement done in 2017). **2.** Includes also single name disposals, part of the ordinary workout activity.

UTP LOANS: HIGH SHARE OF RESTRUCTURED & SECURED POSITIONS

UTP analysis



Breakdown of Net UTPs

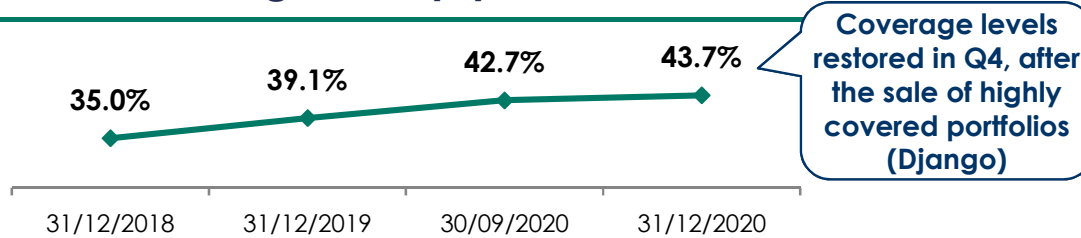
€ bn

	31/12/19	31/12/20	% Chg.
Forborne	2,4	1,8	-26,5%
- Secured	1,3	1,3	5,6%
- Unsecured	1,2	0,5	-57,3%
Other UTP	1,5	1,0	-32,5%
- Secured	1,3	0,7	-48,1%
- Unsecured	0,2	0,3	39,3%
Total	3,9	2,8	-28,8%

o/w:

	31/12/19	31/12/20
- North	72,6%	74,7%
- Centre	20,9%	18,0%
- South, Islands & not resident	6,5%	7,3%

UTP Coverage: +8.7p.p. since YE 2018



- Solid level of coverage for unsecured UTP: 61.8%
- Net unsecured UTP other than Forborne loans are limited to €0.3bn
- 93% of Net UTPs are located in the northern & central parts of Italy

CAPITAL POSITION IN DETAIL

PHASED IN CAPITAL POSITION (€/m and %)	31/12/19	30/06/20	30/09/20	31/12/20
CET 1 Capital	9,723	9,585	9,785	9,597
T1 Capital	10,155	10,388	10,589	10,397
Total Capital	11,680	11,676	12,253	12,304
RWA	65,872	65,090	63,381	65,606
CET 1 Ratio	14.76%	14.73%	15.44%	14.63%
AT1	0.65%	1.23%	1.27%	1.22%
T1 Ratio	15.42%	15.96%	16.71%	15.85%
Tier 2	2.32%	1.98%	2.63%	2.91%
Total Capital Ratio	17.73%	17.94%	19.33%	18.75%

Leverage ratio Phased-In as at 31/12/2020: 5.66%

FULLY PHASED CAPITAL POSITION (€/m and %)	31/12/19	30/06/20	30/09/20	31/12/20
CET 1 Capital	8,600	8,692	9,006	8,736
T1 Capital	8,902	9,390	9,704	9,431
Total Capital	10,427	10,679	11,369	11,338
RWA	65,911	65,317	63,869	65,868
CET 1 Ratio	13.05%	13.31%	14.10%	13.26%
AT1	0.46%	1.07%	1.09%	1.06%
T1 Ratio	13.51%	14.38%	15.19%	14.32%
Tier 2	2.31%	1.97%	2.61%	2.89%
Total Capital Ratio	15.82%	16.35%	17.80%	17.21%

Leverage ratio Fully Loaded as at 31/12/2020: 5.16%

RWA COMPOSITION (€/bn)	31/12/19	30/06/20	30/09/20	31/12/20
CREDIT & COUNTERPARTY RISK	57.7	56.9	55.0	54.9
<i>of which: Standard</i>	29.4	29.1	29.0	30.6
MARKET RISK	1.9	2.0	2.2	3.5
OPERATIONAL RISK	6.0	6.0	6.0	7.0
CVA	0.2	0.2	0.2	0.2
TOTAL	65.9	65.1	63.4	65.6

RWA COMPOSITION (€/bn)	31/12/19	30/06/20	30/09/20	31/12/20
CREDIT & COUNTERPARTY RISK	57.7	57.1	55.5	55.2
<i>of which: Standard</i>	29.4	29.3	29.5	30.9
MARKET RISK	1.9	2.0	2.2	3.5
OPERATIONAL RISK	6.0	6.0	6.0	7.0
CVA	0.2	0.2	0.2	0.2
TOTAL	65.9	65.3	63.9	65.9

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