



Strategic Plan 2021-2024

Delivering value in a new growth-oriented environment

5 November 2021



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Out of the Crisis:

A new promising scenario

Scenario: multiple sources largely converging on strong GDP growth with upward Euribor movement mainly in 2024

- **A (relatively) more predictable environment:** domestic and extra-EU economic activity showing clear signs of stabilization in 2021
- **Italy's annual GDP trend:** turning positive in Q3 2021
- **Strong progress in Covid-19 pandemic containment:** Italy's vaccination campaign steadily proceeding towards the Government's ambitious targets



- Post Covid-19 fiscal recovery boost in EZ and US, with a global trade rebound
- Transportation & commodity costs hike; supply bottlenecks
- Accelerated climate change rulings
- Agreements on MNCs tax regime



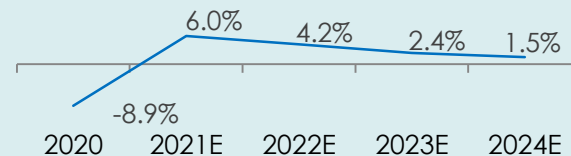
- Fiscal expansionary NGEU Plan (passed by single EZ partners)
- ECB action plan implementation
- EU Climate Action setting new and more ambitious targets, on the back of the new taxonomy



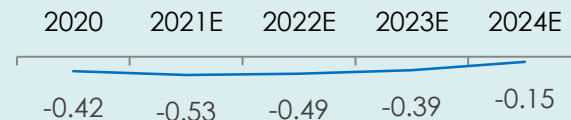
- Recovery in 2021 (+~6% GDP)
- PNRR¹ implementation coupled with Structural Reform agenda
- Investment boost in public and private sectors

Comprehensive assumptions factoring in recently emerged trends

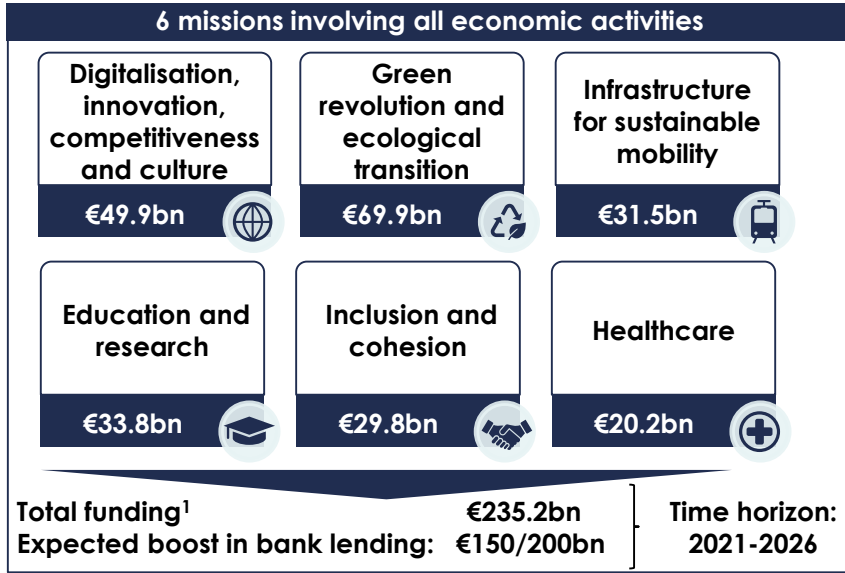
Italy's Real GDP trend (y/y % change)



Euribor 3m - bps



PNRR: the "once-in-a-lifetime" occasion for Italy to re-establish enduring and sustainable growth within the wider "Next Generation EU" initiative



Cumulative GDP impact²

2021E	2022E	2023E	2024E	2025E	2026E
0.5%	1.2%	1.9%	2.4%	3.1%	3.6%

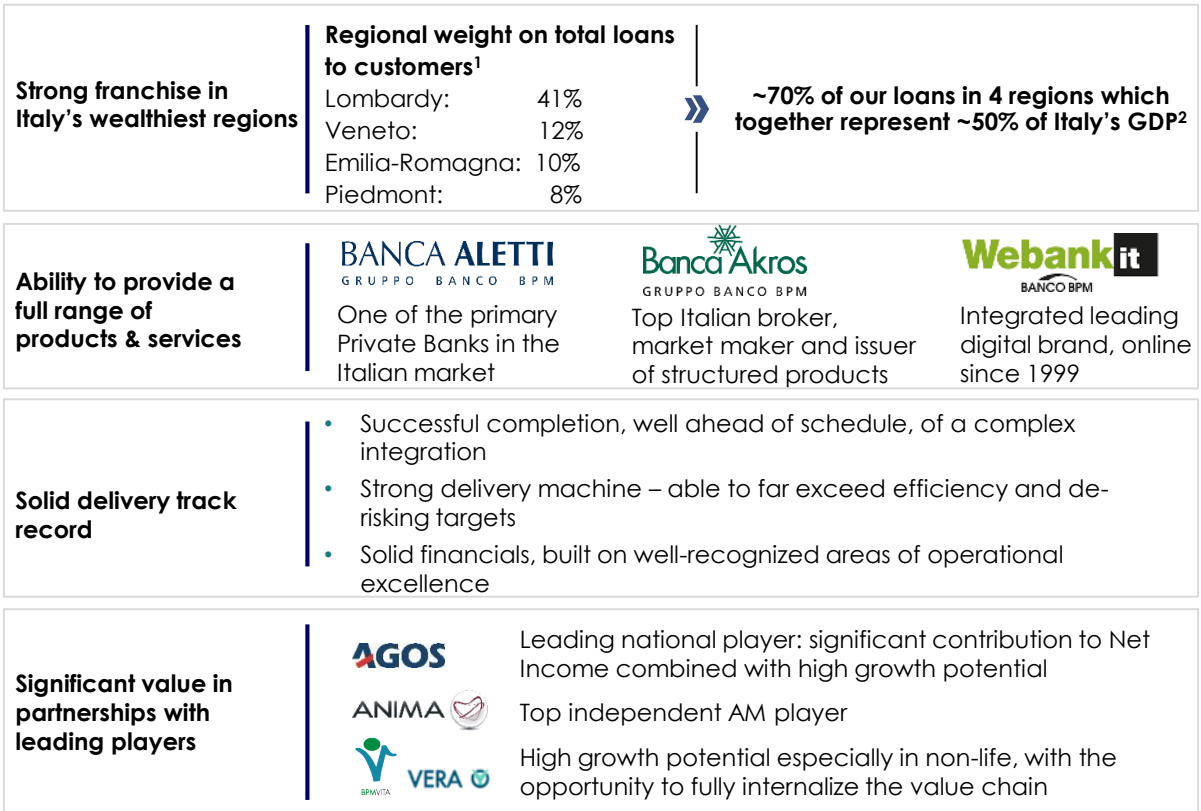
- A program aimed at transforming the whole Italian economy, fully endorsed by the EU
- Huge indirect impact on private investments – and thus on bank lending
- A life-time opportunity for our country and, therefore, for a group like Banco BPM, with its strong presence in Italy's most dynamic geographic areas and industries

1. Total funding = PNRR €191.5bn + React UE €13.0bn + Complementary fund €36.6bn
 2. Source: MEF-DT elaboration on QUEST results, PNRR, Estimated GDP impact of PNRR components (percentage deviation from baseline)

Banco BPM's performance track record

Well-established areas of strength, proven
ability to deliver

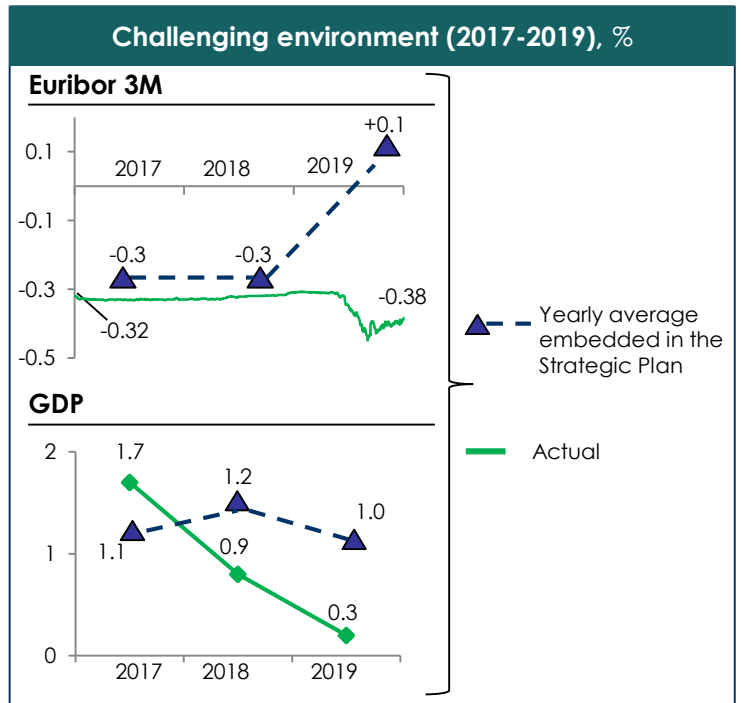
BANCO BPM: Well-established areas of strength with clear potential



1. On performing Loans - reference date: 30/06/2021
 2. Source: BBPM elaboration on Istat Dataset "Prodotto interno lordo lato produzione" Edition Dec. 2020

2016/2019 (“Merger”) Plan: mission accomplished, with strong outperformance in Asset Quality, Cost Efficiency and Capital targets

	Main items	2015	2019 ² Target	2019 Actual
Asset quality	Gross NPE stock	€31.5bn ¹	€23.2bn	€10.1bn
	Gross NPE ratio	24.8% ¹	17.5%	9.1%
	Net NPE ratio	15.7%	11.1%	5.2%
Cost efficiency	Branches (#)	2,417	2,082	1,717
	Staff (#)	25,073	22,560	21,950
	Operating costs	€3,086m	€2,909m	€2,604m
Profitability	Total revenues	€5,117m	€5,209m	€4,293m
	Net income	€594m	€1,100m	€797m
Capital position	CET1 ratio FL	12.3%	12.9%	13.0%
	Texas ratio	162%	114%	52%



Solid profitability despite the challenging environment³

1. Nominal values including write-offs
 2. Strategic plan 2016-2019
 3. Delta vs original assumptions: Euribor (+0.10% Target vs -0.38% actual); GDP growth (+1.0% target vs 0.3% actual); Change in perimeter: disposal of Gestielle and others; Reduced NII contribution from NPE

Banco BPM reacted promptly to the Covid-19 crisis: acceleration towards a more flexible and digital-oriented Business Model

Business Model adapted to the new challenging scenario immediately after the outbreak of Covid-19

Service model

- New **digital-based customer interaction**, with strengthened use of **remote banking channels** and **new tools and solutions** (Advanced Customer Analytics, Big Data, Digital Identity, etc.)

Operating structure & employees

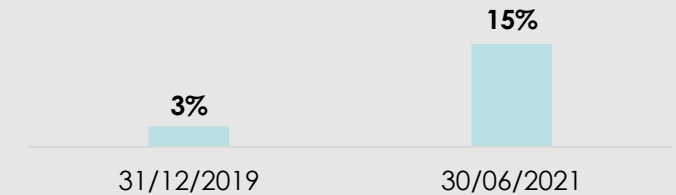
- **Proven flexibility in cost management:** ability to reduce Operating Costs by **>€170m** in 2020 vs. previous year
- Stronger focus on **new patterns of agile work** to preserve the **safety of customers and colleagues, while ensuring business continuity and commercial effectiveness**

Customers

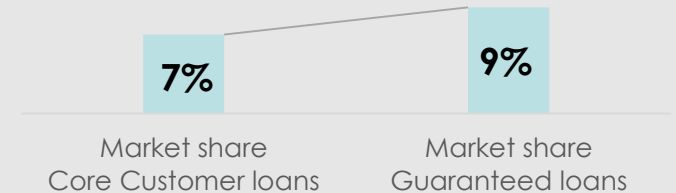
- Dedicated commercial efforts immediately activated to **provide our customers with adequate levels of financing, leveraging on public support measures**

State-guaranteed loans¹

Share on Gross Customer Loans (Total stock)



BBPM market share: Covid State-guaranteed loans vs. Core Customer Loans as at 30/06/2021²



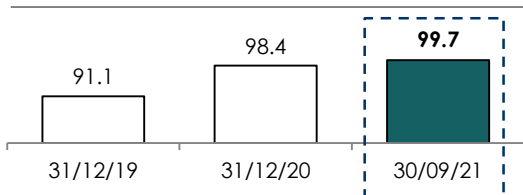
Support to the Italian economy, with positive impact on BBPM's overall asset quality

Back on track faster than expected: strong volume and profitability growth achieved in 9M 2021, with further derisking and solid capital.

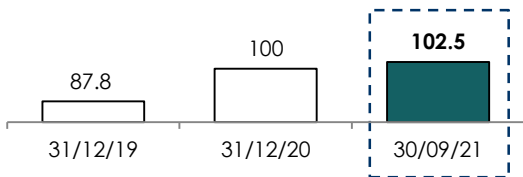


Volumes

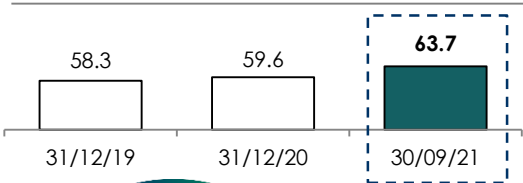
“Core“ Net perf. Customer Loans, €bn



C/A & Deposits, €bn

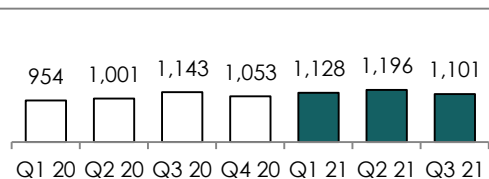


Assets under Management, €bn

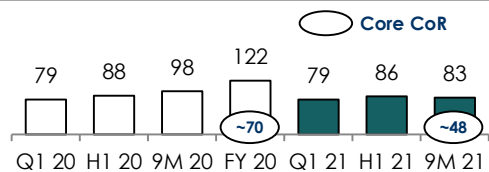


Profitability

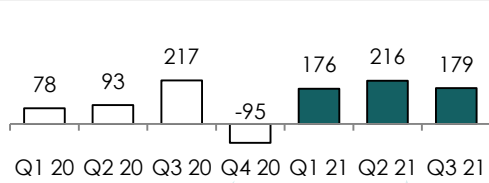
Total Revenues, €m



Cost of Risk, Progressive annualised data – bps



Net Profit from Continuing Operations, €m



+€128m Adj.

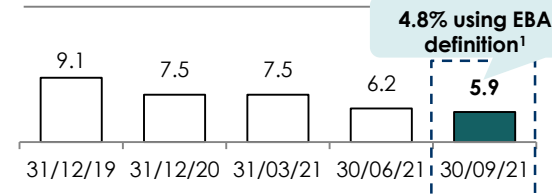
+€227m Adj.

+€246m Adj.

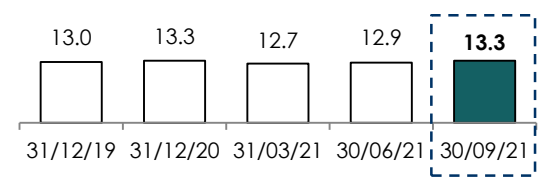
+€251m Adj.

Asset quality & solvency ratios

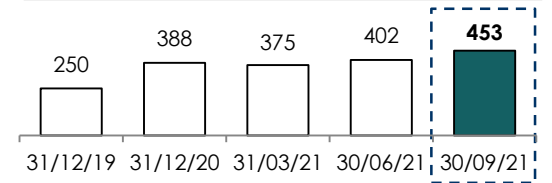
Gross NPE Ratio, %



CET1 Ratio FL, %



MDA Buffer FL, bps

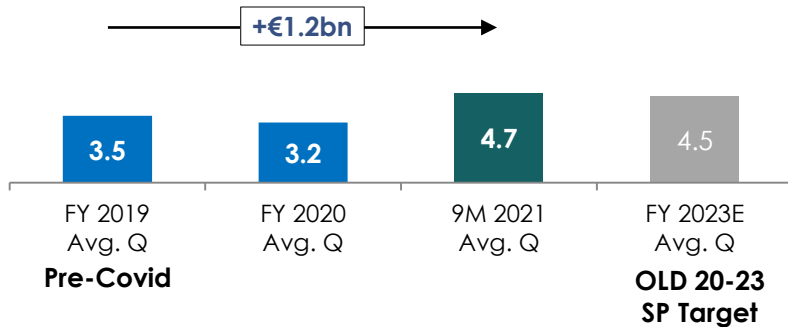


1. As per the EU Transparency Exercise

Solid commercial track record and reliability: ready for new credits and ambitious strategic targets

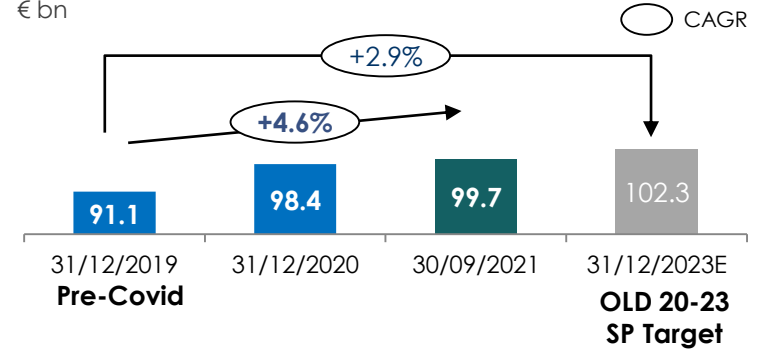
Investment product placements¹

€ bn



"Core" net customer loans

€ bn



Strong evidence of commercial activity being already ahead of the 2023 targets included in the "old" strategic plan, notwithstanding a worse-than-expected macro scenario:

- Wealth Management: strong pace of investment product placements; 2021 progressively emerging as the best year since the merger
- Core Customer Loans: significant growth since 2019 – faster than previous plan expectations – seizing the opportunity of publicly guaranteed loans



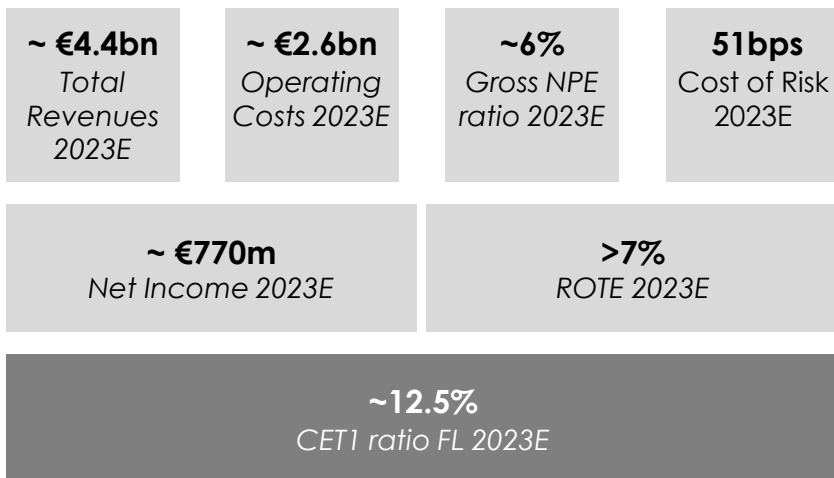
2021-24 STRATEGIC PLAN

Financials & KPIs

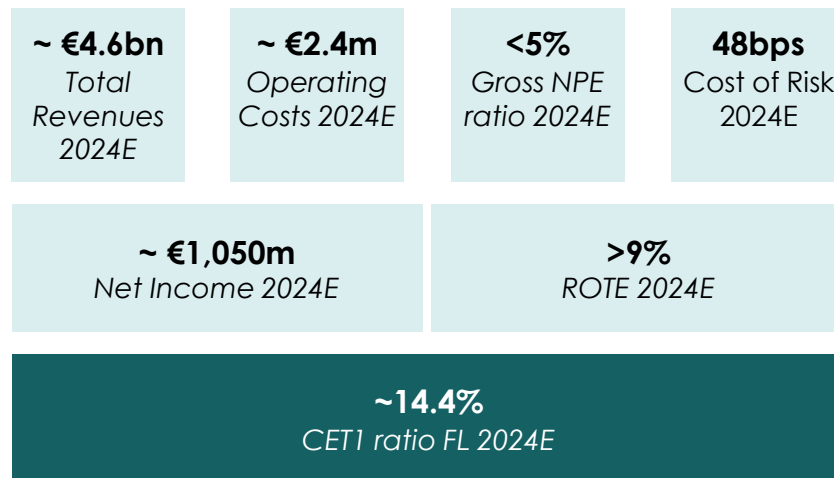
STRATEGIC PLAN 2021-2024

New 2021-2024 Strategic Plan targets vs. old 2020-2023 Strategic Plan

Targets of the Old SP 2020-2023 (March 2020)¹

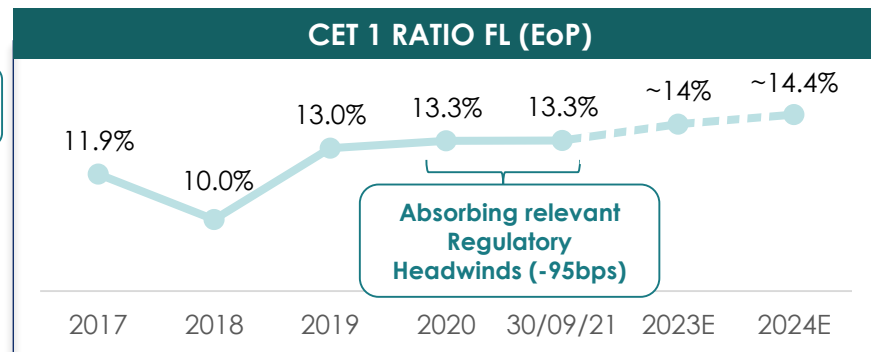
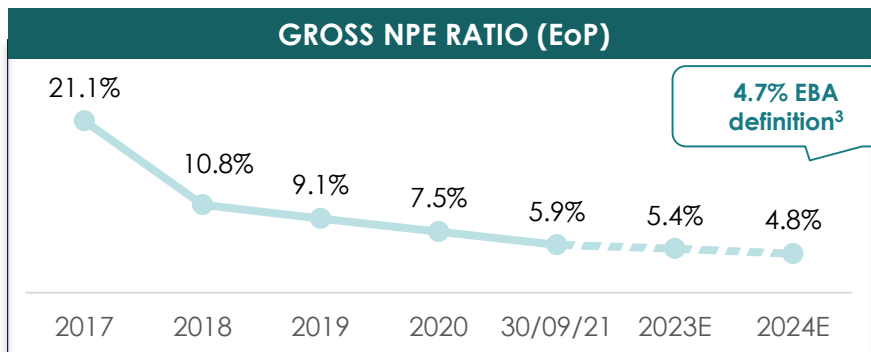
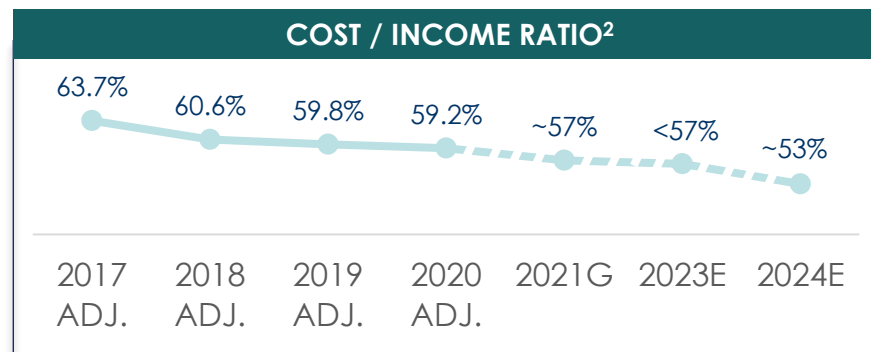
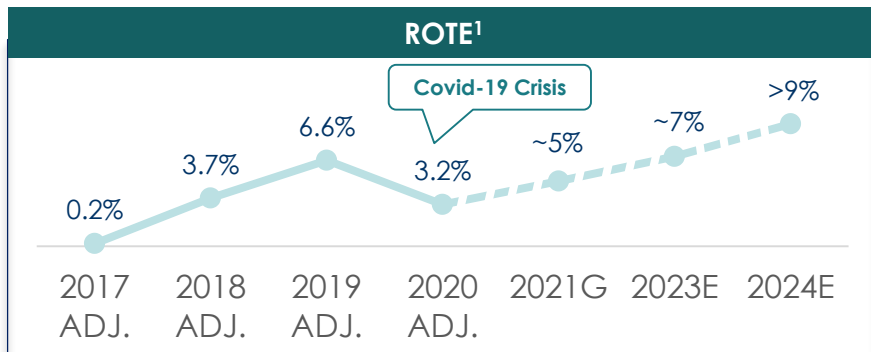


Targets of the New SP 2021-2024 (November 2021)



STRATEGIC PLAN 2021-2024

A solid track record, fostering a strong future performance



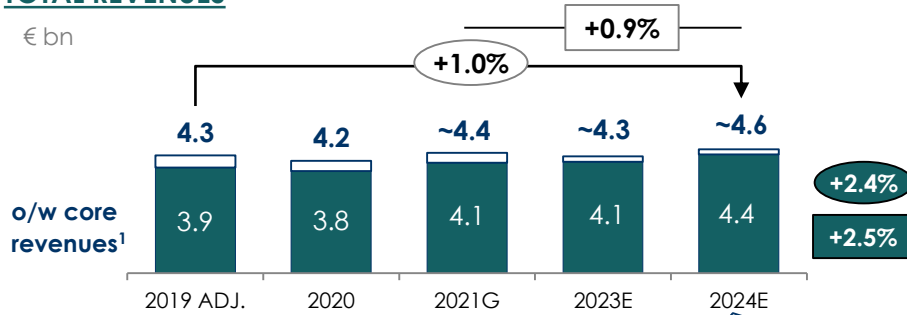
Key targets of the Strategic Plan 2021-2024

Profitability highlights

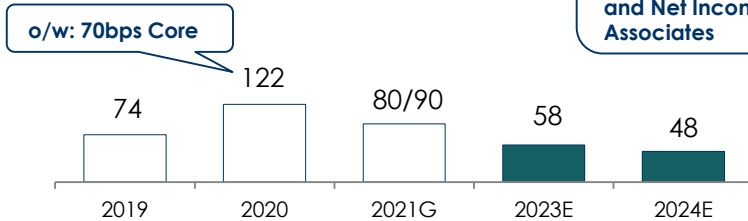
○ CAGR 2019-2024 □ CAGR 2021-2024

TOTAL REVENUES

€ bn

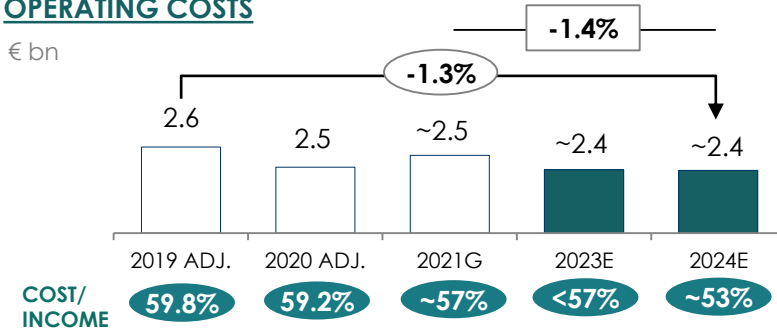


COR (in bps)



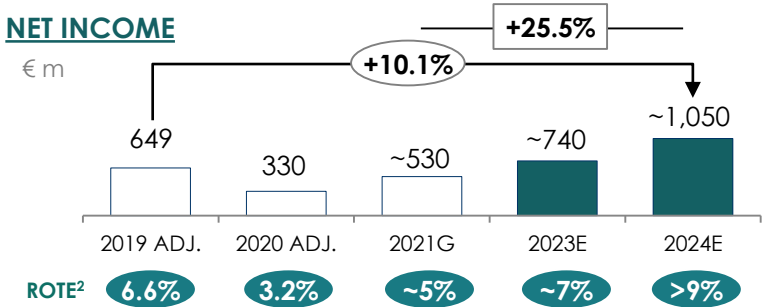
OPERATING COSTS

€ bn



NET INCOME

€ m

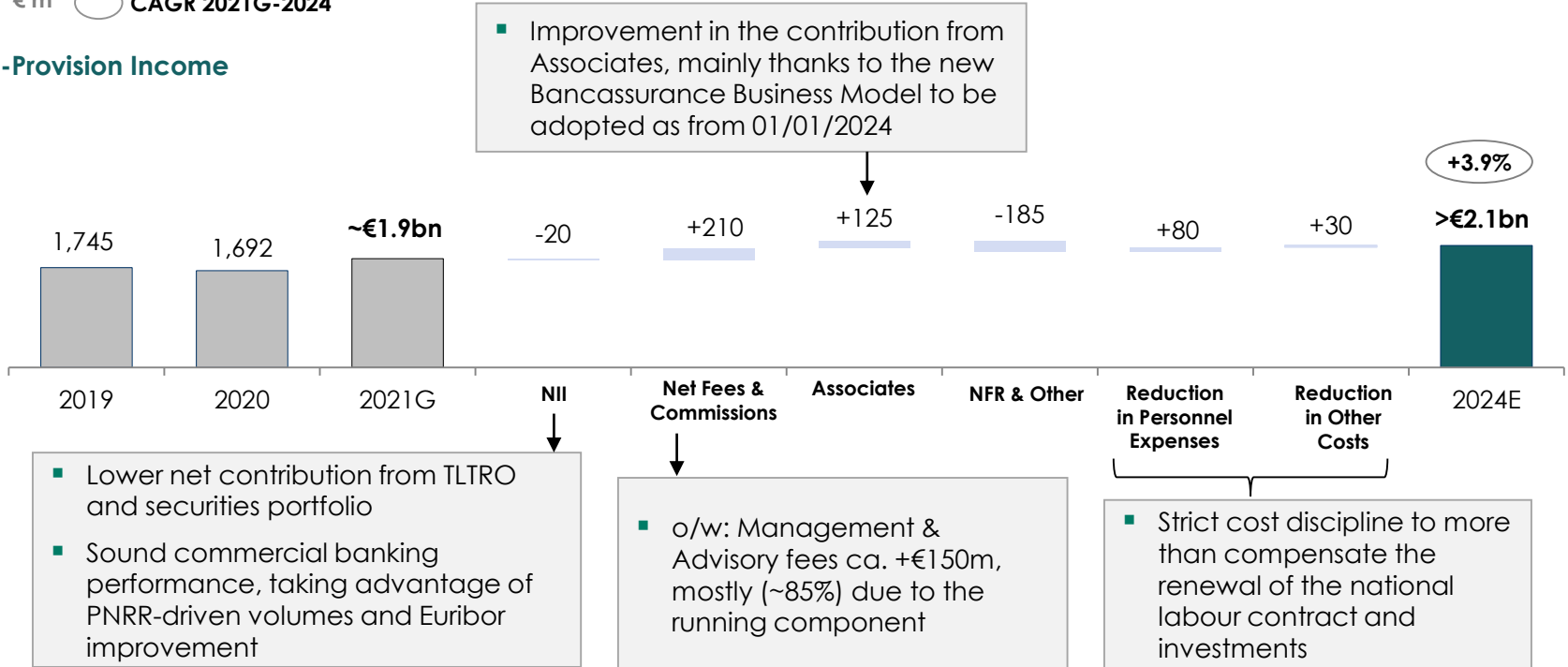


Key targets of the Strategic Plan 2021-2024

Pre-Provision Income evolution

€ m ○ CAGR 2021G-2024

Pre-Provision Income

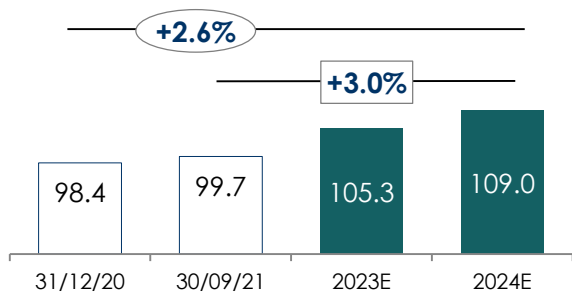


Customer volumes

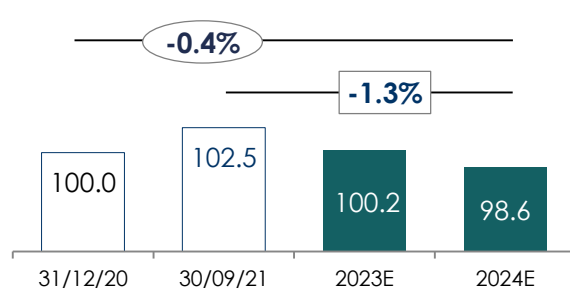
PNRR-enabled lending growth coupled with significant increase in AUM

€ bn ○ CAGR 2020-2024 □ CAGR 9M 2021-2024

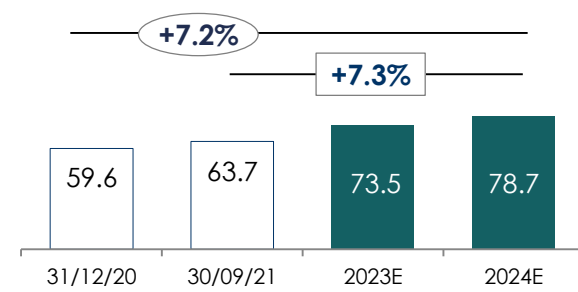
«CORE» NET PERF. CUSTOMER LOANS



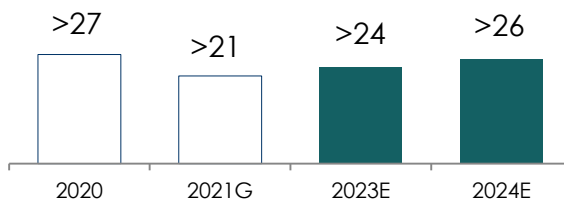
C/A & CUSTOMER DEPOSITS



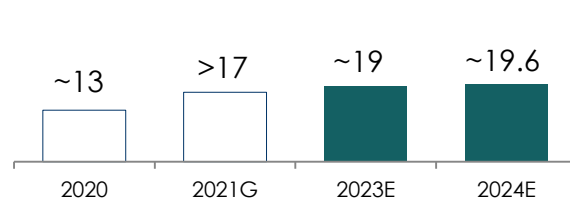
ASSETS UNDER MANAGEMENT



New Lending¹



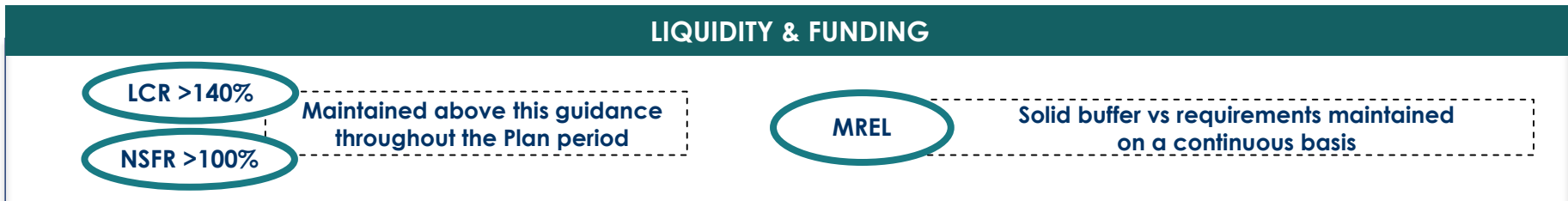
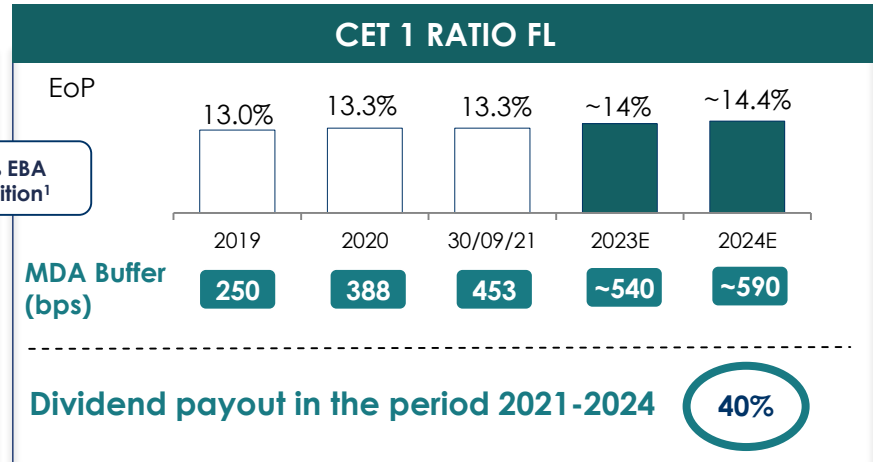
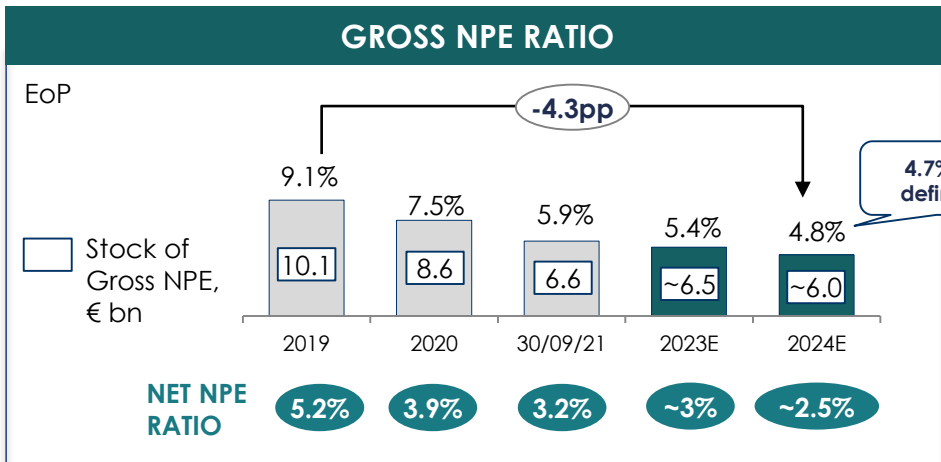
Investment product placements²



**Cumulative net AuM Flows
in the period 2021-2024:
+€14.5bn
o/w: €2.4bn already registered
in 9M 2021**

Key targets of the Strategic Plan 2021-2024

Asset quality, Capital position, Liquidity & Funding

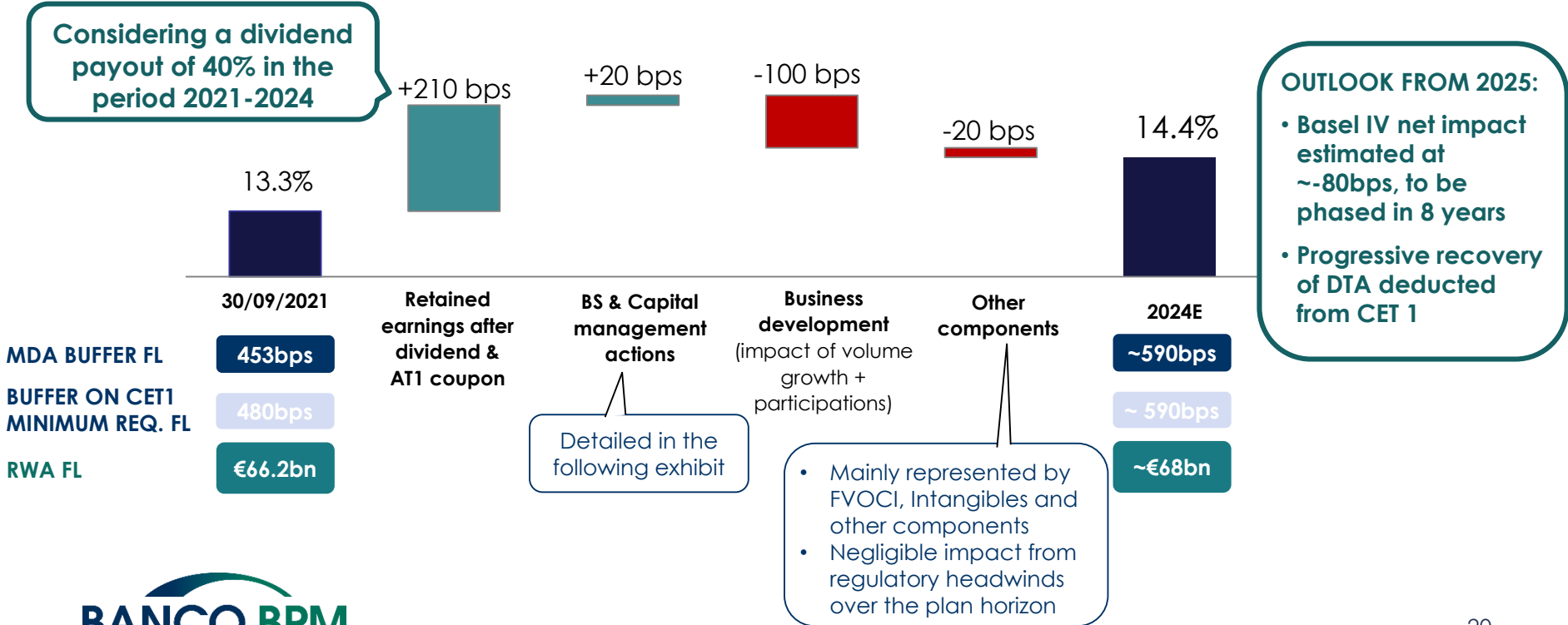


CET1 ratio and MDA buffer

Solid capital position and wide buffers further improved

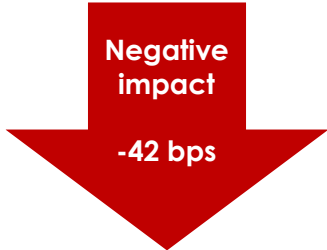
CET1 ratio Fully Loaded (%)

Considering a dividend payout of 40% in the period 2021-2024



Capital Management actions: creating additional CET1 capital equivalent to +20 bps on a net basis over the plan horizon

IMPACTS ON CET 1 RATIO	DETAILS
------------------------	---------



Consumer Finance:
expiration of Agos put option
-26 bps

Bancassurance
-16 bps

- Expires in mid-2023 - conservatively assumed as not renewed
 - Any restructuring agreement (e.g., put extension, IPO, etc.) might have positive impact on capital
-
- Base case, assuming 100% internalization and application of Danish Compromise, as in all similar Eurozone cases

Before Basel IV tailwinds



Profamily run-off
+10 bps

Real Estate Optimization
+15 bps

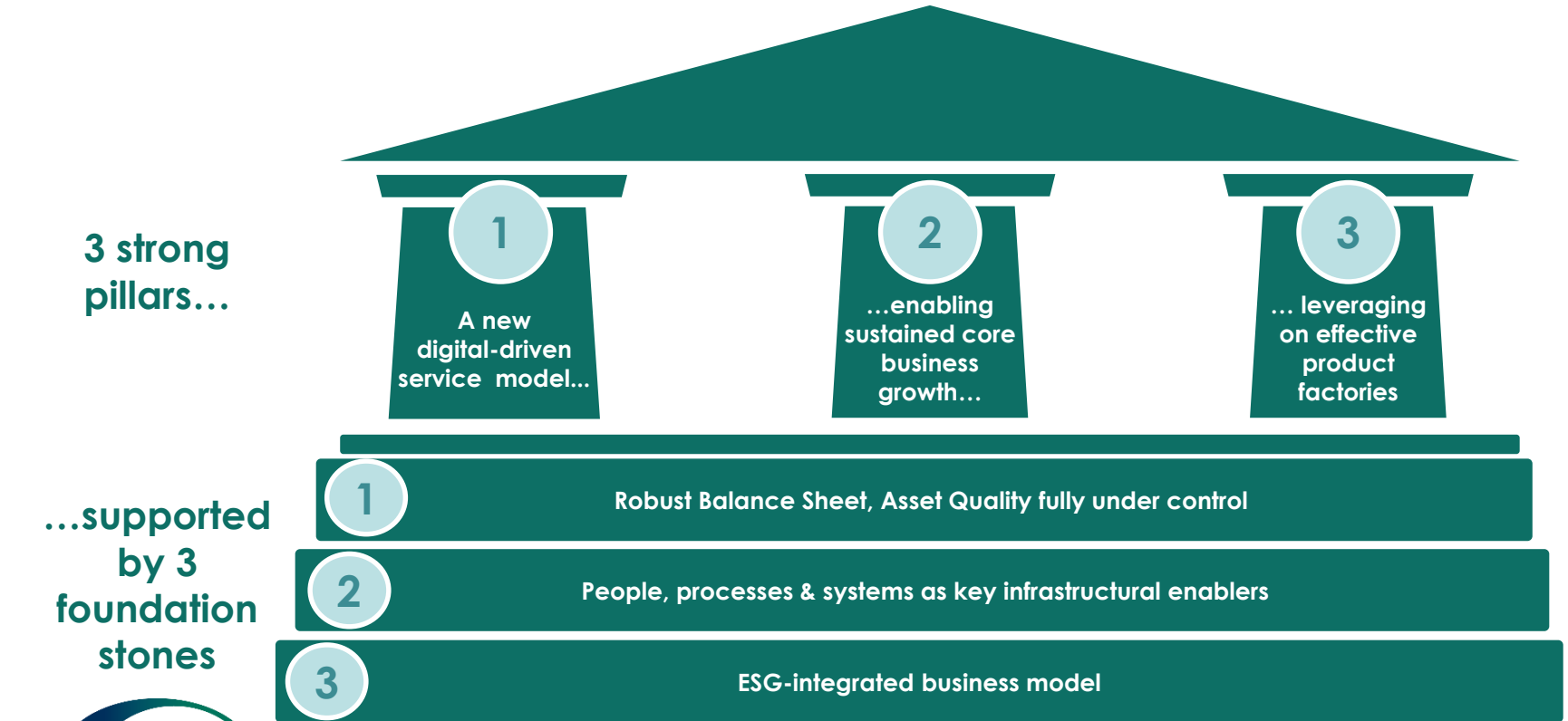
Balance Sheet Management
+36 bps

- Progressive run-off of historical consumer finance portfolio (~€0.5bn RWA) coming from former BPM subsidiary
 - Disposal over the plan horizon (~€0.7bn RWA)
 - Focus mainly on properties held as investments
-
- Synthetic securitizations: cumulative impact of ~ +30 bps
 - Other managerial actions (e.g.: cancellation of unused credit lines): ~ +6 bps

2021-24 STRATEGIC PLAN

Based on 3 rock-solid Pillars, enabled by a comprehensive set of infrastructural measures

A comprehensive program embracing the whole business model





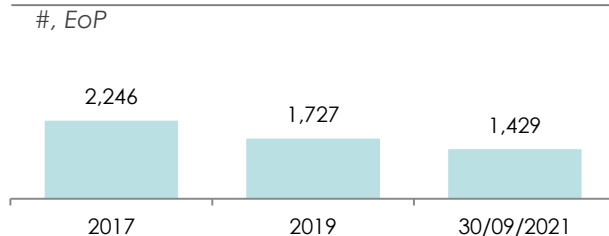
Main digital-enabled achievements

Significant reshaping and optimization of the physical distribution network

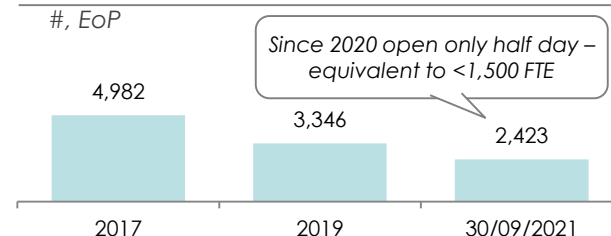
Remote Banking increasingly representing the key channel for customer interactions

Key focus areas

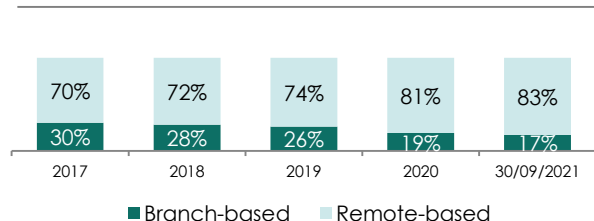
Branches



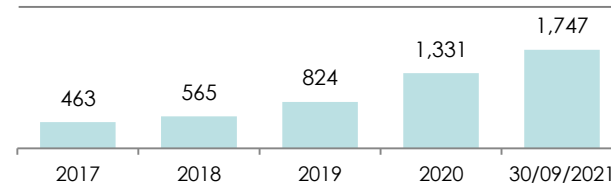
Cash desks



% Branch and Remote-based transactions



APP-based transactions Monthly average (/000)





Digital-driven service model

Designed to address full potential opportunities



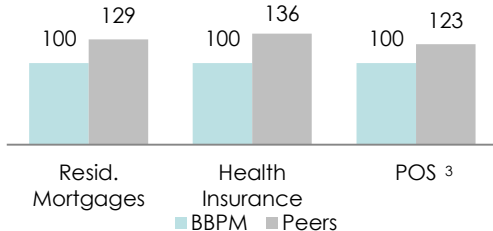
Still significant potential of value creation ...

Important opportunity to improve the share of customers purchasing on a recurring basis

~25% of retail customers purchasing a product on a 12-month basis ¹

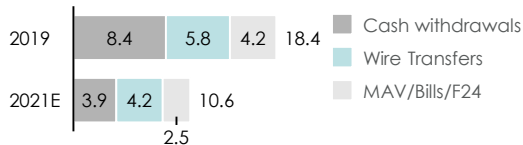
Room to increase the commercial effectiveness on specific products

Product diffusion among customer base (indexed²)



Significant branch-based transaction volumes can still be 'digitalised'

Branch-based transactions (#/m)



... addressed with a Digital-driven service model based on three main levers:

A Digital & Mobile-centric daily customer interactions

- Continuous investments on Digital Platforms, with focus on **Mobile** and **SMEs**
- Optimization of **Customer Service** Assistance
- Empowerment of **Digital adoption** initiatives

B Empowered network specialization & commercial focus

- New "**Digital Branch**" set-up based on the attribution of skilled resources dedicated to **remote selling** activities
- **Branch network** focused on **commercial activities**
- Specific actions on **high-potential segments** (e.g. new **SME Business Centers**)

C Advanced tools for effective omnichannel sales processes

- **Customer Engagement** switching to a full analytical and **omnichannel approach**
- Adoption of new **Advanced Analytics** and **Digital marketing** capabilities/ tools
- Accelerated **Catalogue Remotization** for Products and Services

1. Data refer to 2020

2. Source: Banco BPM elaborations on market research data – reference date 31/12/2020

3. Only companies with annual revenues below €10m

4. Annualized data based on 9M 2021 results

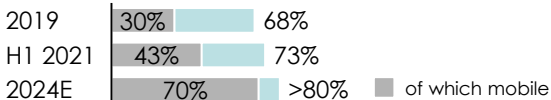


Digital-driven service model – Matching the digital shift of customer attitudes and activities and pursuing paperless experience



A Digital & Mobile-centric daily customer interactions

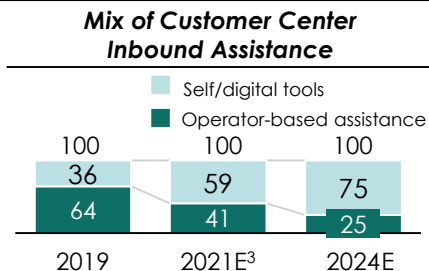
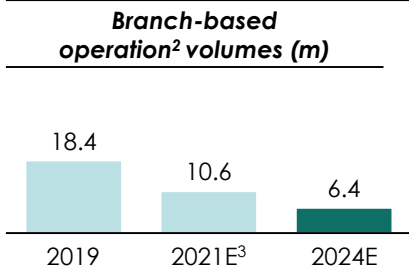
Clients enrolled in digital



% of Remote-based transactions



Volume reduction in physical operations



Best-in-class Banking APP customer reviews¹

4,7/5 on iOs Store

4,7/5 on Google Store

Main Actions

Digital Adoption

- Empowered **adoption initiatives** to further drive the enrollment and usage of digital services
- Special focus on “Digital Identity”** (target adoption **2024 by > 90%** of customers) enabling progressive **paperless experience**

Continuous investments in Digital Platforms with focus on “Mobile” and SMEs

- Constant** enrichment and **innovation** of the customer **Mobile APP to maintain** today's **excellent** level of digital **customer experience** over time
- Development of dedicated new **SME digital services** (business financial management, SME mobile APP) and extended ERP integration in partnership with **TeamSystem**
- “Voice Of Customer”** dedicated **AI tools/ platforms** to support digital services design

Optimization of Customer Assistance

- Improved services design** and adoption of **self/smart assistance tools** driving **strong reduction in operator-based share** of **inbound assistance** activities



1. As reported on 21 October 2021
 2. Includes Cash Withdrawals, Wire Transfers and MAV/F24/bills
 3. Annualized data based on 9M 2021 results



Digital-driven service model

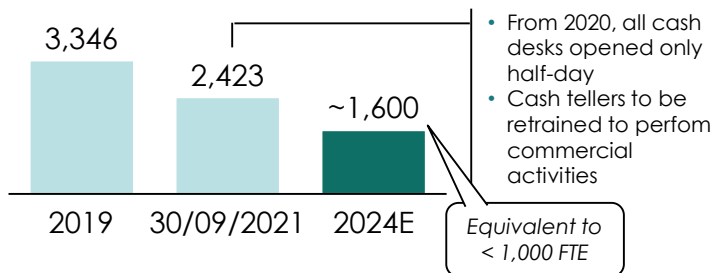
Increasing the commercial focus of the distribution network



B Empowered commercial focus and network optimization

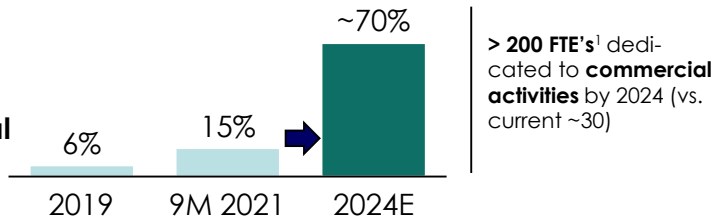
Optimization of in-branch cash desks

In-branch cash desks



Evolution of Customer Centers into Digital Branch

% commercial contacts / Total



Main Actions

Further branch network focus on commercial activities and on high potential segments

- **Digital shifting of processes and operations** enabling **increased commercial time availability** of within the branch network

Customer Center evolution into Digital Branch

- **"Industrialized" retail commercial approach** on specific segments/products
- **From lead generation to Direct/Remote Sales:** proactive commercial support, fully integrated with marketing automation and Customer Journeys



Digital-driven service model

Omnichannel and Analytics contributing to revenue growth

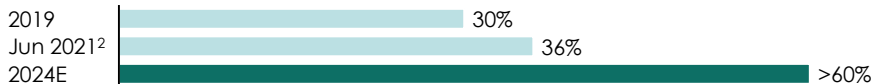


C Advanced tools for effective omnichannel sales processes

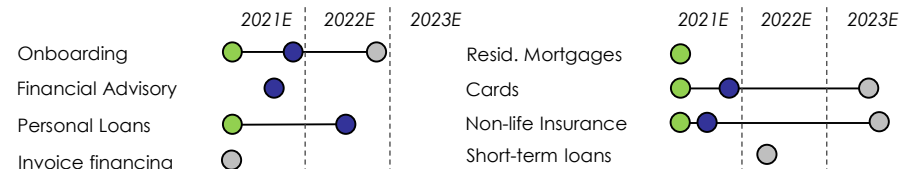
Development of Omnichannel Customer Journeys



% of Customers actively interacting with commercial offers on digital channels



Availability of retail product categories on remote channels



Availability of retail product categories on remote channels (i.e. at least one product available in each category)

- BBPM network individual customers
- Webbank customers
- BBPM network SME customers

Main Actions

Omnichannel Customer Journey Approach

Profound **requalification** from more **traditional** commercial **campaigns** to a new **“Omnichannel Customer Journey Approach”**, based on **Advanced Analytics** and covering main customer needs/offer categories

Empowerment of Digital marketing capabilities

Adoption of **new marketing automation architecture and tools** to support Customer Analytics and integrated **digital marketing** activities

Remotization of Products and Services Catalogue

Completion of the remotization roadmap for the main retail **products and services**, including remote advisory and sales journeys, based on customer needs



1. Reference date 30/9/2021

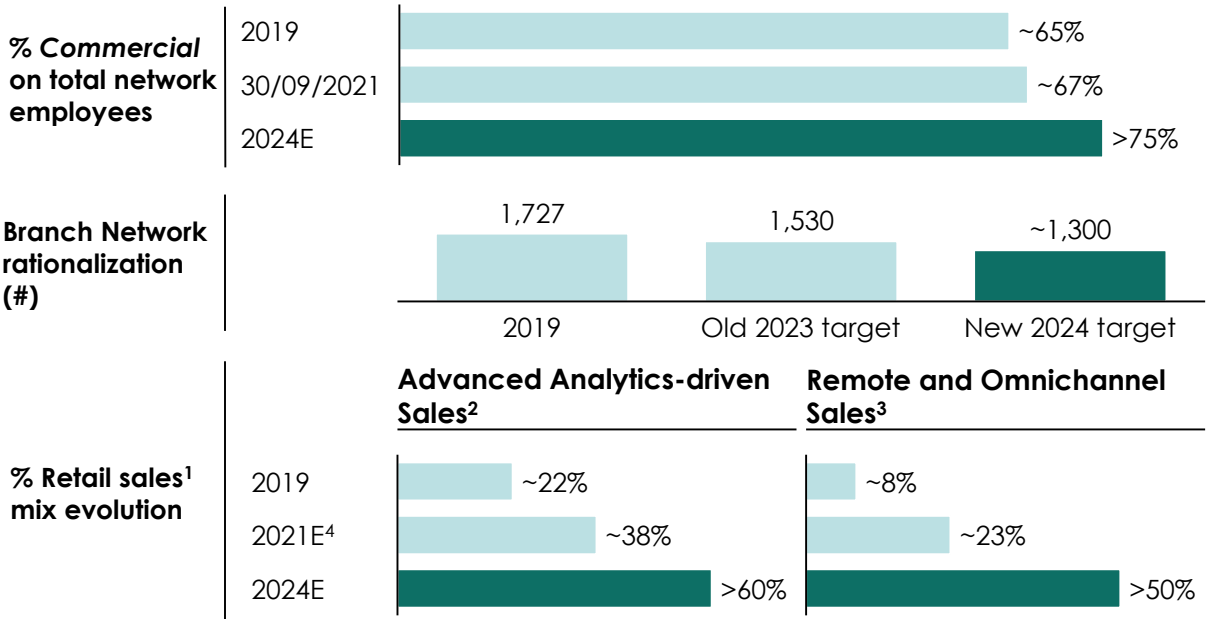
2. Data refer to the period between 1st July 2020 and 30th June 2021



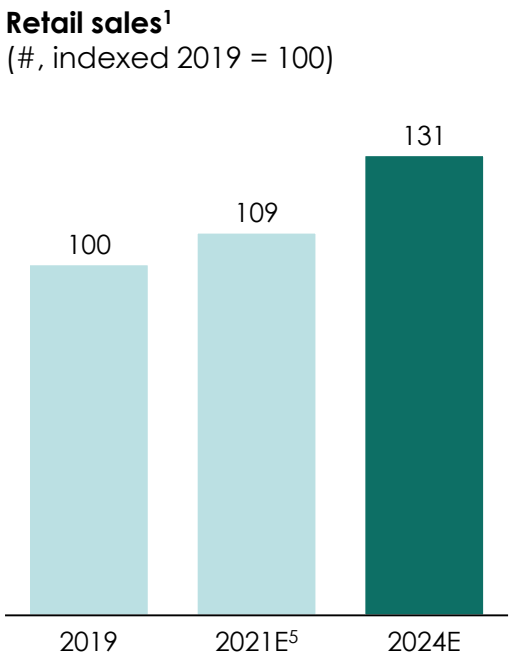
Digital-driven service model – Enabling a significant expansion of the revenue base and increased commercial focus of the network



A more efficient and effective service model ...

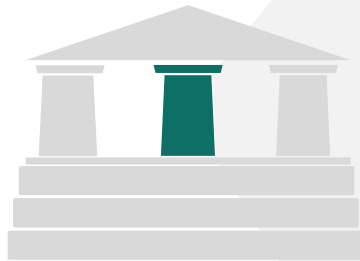


... generating further growth



1. "# Sales transactions" on main retail product categories, excluding typical 'Onboarding' products (cards and current accounts)
 2. Advanced analytics-driven Sales: Advanced Analytics insights made available to RM's or used to generate remote/omnichannel offers
 3. Remote Sales: Self or Remotely-assisted full digital Sales; Omnichannel Sales: significantly digital channels-contributed branch sales (e.g. online price quotation and product selection/request)
 4. Data refer to the period between 1st July 2020 and 30th June 2021
 5. Annualized data based on H1 2021 results

Digital transformation enabling commercial growth throughout 4 main segments/business areas



Family Banking

Further development of our solid household client base through an innovative digital approach



SMEs

Specialization in the service model and adoption of new distribution formats to facilitate expansion into under-penetrated areas and to improve cross-selling



Wealth Management

A constantly evolving omnichannel approach based on state-of-the-art products and financial advisory tools

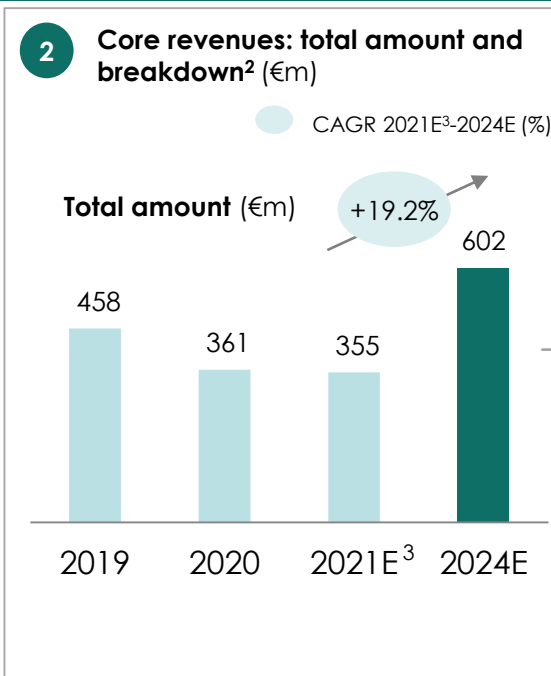
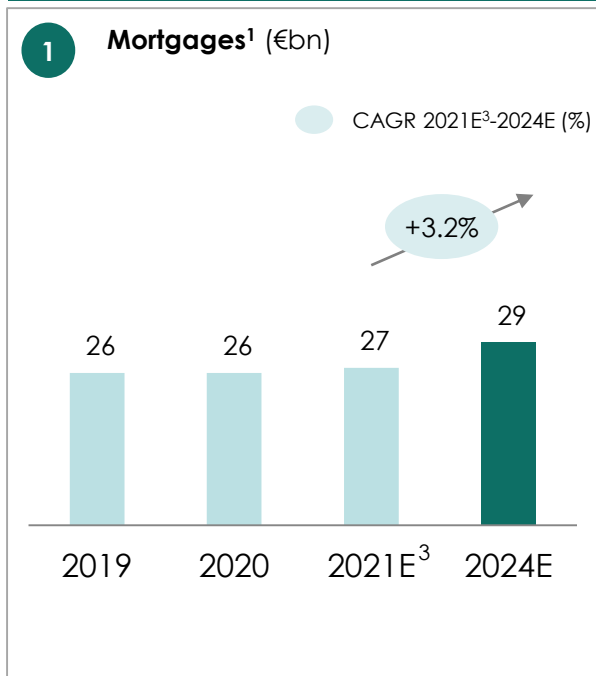


Corporate & Investment Banking

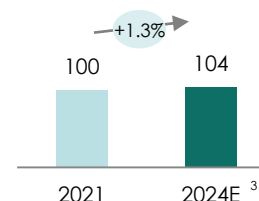
Further strengthening our role as a key player leveraging on increased strategic focus and Group synergies



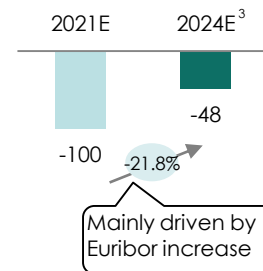
Target trajectory 2019-2024



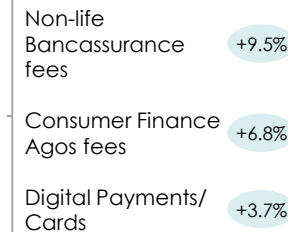
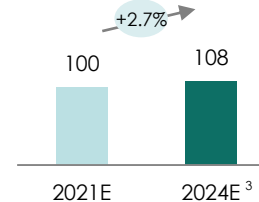
Margin on Loans⁴
(2021E = base 100)



Margin on Deposits⁴
(2021E = base 100)



Net fees & commissions
(2021E = base 100)



1. Loans of Family Banking, excluding NPE

2. Core revenues of Family Banking, excluding NPE and AuM/AuC (management data; interest calculated using internal transfer rate)

3. Annualized data based on 9M 2021 results

4. Margins on loans and deposits include both volume and spread effects



Strategic ambition

Further development of our solid household client base through an innovative digital approach

Action Drivers

Fully implemented Omnichannel Approach

Leverage on high-standing product factories

Focus on ESG and specific customer segment opportunities

- ✓ **Omnichannel-based approach**
 - Customer-centric focus on financial needs
 - Relationship Managers involved to provide advice and develop business opportunities
- ✓ **Proactive commercial contribution from Digital branch**
- ✓ **Marketing automation** supporting productivity/ commercial penetration realignment on selected areas (e.g. consumer finance)
- ✓ **Full exploitation of the collaboration with product factories:** Agos and Bancassurance
- ✓ **Customer value management** approach leveraging on **behavioral clustering** and focusing on **specific opportunities** (e.g. Government guarantees on mortgage loans for younger borrowers, third age, etc.)
- ✓ **Webbanking refocalization** on **Millennials** and **digital customer acquisition**, in full synergy with the branch network
- ✓ High impact of **ESG** driven by **PNRR-related** development of **green mortgage loans** as well as **energy requalification** of **household Real Estate assets** (Superbonus 110%)

Selected KPIs

Target 2024

Household Mortgages (new volumes)

€4.6bn

vs. €3.8bn in 2019

vs. ~€4.3bn in 2021E¹

Consumer Finance (new volumes)²

€1.1bn

vs. €974m in 2019

vs. ~€900m in 2021E¹

1. Annualized data based on 9M 2021 results

2. Booked by AGOS – Banco BPM perceives origination commissions based on new production



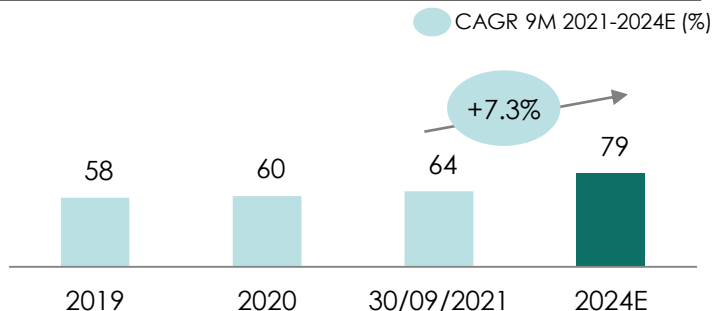
Wealth Management

Exploit deposit base to increase AuM, with positive impact on revenues



Target trajectory 2019-2024 (BBPM + Aleffi)

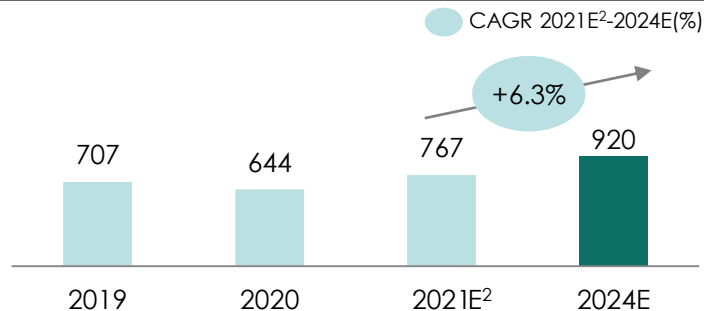
1 AuM (€bn)



% AuM/
Total AuM
+ AuC



2 Net WM commissions (€m)



Running fees to account for ~85% of the total growth in Net WM commissions

- 9M 2021: AuM Growth of ~€4bn, of which ~€2.4bn net inflows and ~€1.6bn market effect
- 2022-24: increasing net inflows up to €4.4bn in 2024, with market effect prudently maintained below €1bn per year



Wealth Management

Strategic ambition, action drivers and commercial KPIs



Strategic ambition

A constantly evolving omnichannel approach based on state-of-the-art products and financial advisory tools

Action Drivers

Continuous evolution of new integrated commercial tools

CRM Analytics

Key tool for customer analysis and cluster profiling

Customer Journeys

Commercial activity developed along structured "plots"

WEB Cooperation and Advisory

Full satisfaction of customer needs through a comprehensive service model

Investment Center in BANCA ALETTI orchestrating asset allocation and providing market insights

Strong focus on value-added solutions

Bancassurance

- ✓ **Product factories** to be exploited at full scale
- ✓ Completion of **product/service range solutions** with **ESG focus**

Asset Management

- ✓ Expand the range of **investment solutions & increase ESG focus**
- ✓ Strengthened quality of revenues through **increased running fees**
- ✓ **Full synergies with Anima**

Selected KPIs

Target 2024

AUM Net Inflows¹

€4.4bn

vs. €658m in 2019

vs. ~€2.4bn in 9M 2021

Total placements¹

€19.6bn

vs. €11.2bn in 2019

vs. >€17bn in 2021E²



Wealth Management

Important contribution from BANCA ALETTI



Highlights on current status (forecast 2021)

Private Banking

€17.4 bn volumes
Direct & Indirect funding

- Additional €14.8bn from other BBPM customers/activities¹

Dedicated HNWI Bank

- **270** Private Bankers/ Financial Advisors
- Aletti Fiduciaria and Aletti Suisse

Investment Center

~70 Financial Specialists dedicated to **Banco BPM retail network**

Strategic focus areas

New Service Model

- New customer segmentation (*Institutional/UHNWI/Corporate*)
- New ESG-focused WM approach, with a dedicated service model
- Reinforced network and central organization

Empowered Value Proposition

- New family office services
- Expansion in private insurance and protection solutions
- Private Bankers recruiting plan
- New alternative and private market product offerings
- Empowered Academy

Synergic growth strategy

- Dedicated SME and corporate synergies program
- Cross-fertilization with investment banking & fiduciary services and Institutional clients
- **Webankit** BANCO BPM dedicated digital solutions

Selected KPIs

Target 2024

Indirect funding
(dedicated HNWIs')

€18.3bn

vs. **€14.6bn**
in 2019

vs. **~€15.4bn**
in 2021E²

o/w AuM
(dedicated HNWIs')

€14.3bn

vs. **€10.5bn**
in 2019

vs. **~€11.3bn**
in 2021E²

Fee income

€123m

vs. **€87m**
in 2019

vs. **~€100m**
in 2021E²



1. Includes: €7,4bn indirect funding managed deposits for Custodian Bank activities, € 6,7bn of Banco BPM customers managed by Banca Aletti (the so-called "Accreditati") and € 0.7bn of Institutional customers

2. Annualized data based on 9M 2021 results



New public measures generating significant business development prospects in Corporate & SME Banking



Super & Ecobonus: already contributing to P&L with a long-term perspective

- As of 30/9/2021: volumes ~€650m, total NII associated ~€58m, progressively booked in P&L according to maturity of underlying assets¹, net commissions ~€5m²
- Total volumes expected by end-2023: ~€3.5bn, leading to a cumulative NII contribution of ~€315m (to be booked progressively over time according to maturity of underlying assets¹)

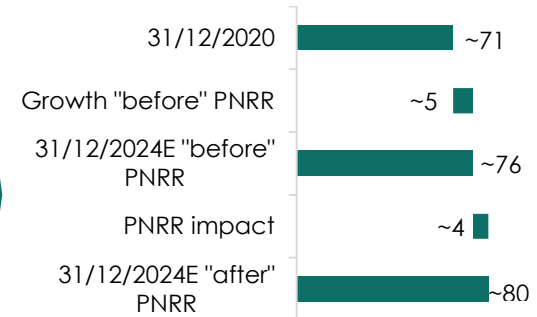
PNRR: a game changer for the Italian market, a unique opportunity for BBPM

Ambition: become a **distinctive player** supporting our clients to explore and exploit the **full potential arising from the PNRR** throughout the **whole value chain** by playing **2 pivotal roles**

Reference Lending Partner: Financing/co-financing high-value added **projects**, either **directly** and/or through the purchase of **tax credits**

Advisor of Choice: Offering **specialized consultancy services** enabling our customers to **seize the main opportunities** arising from PNRR

Impact on lending growth (Focus: B2B Loans, €bn)

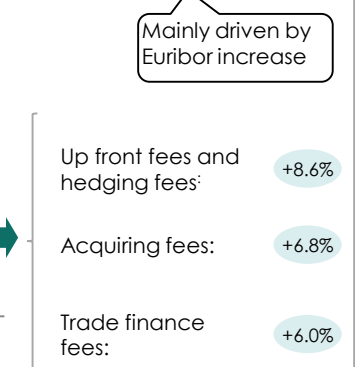
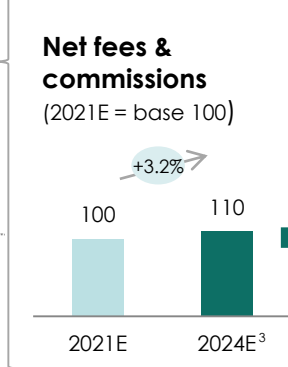
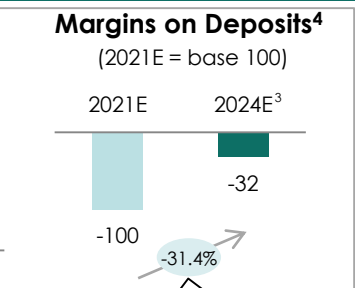
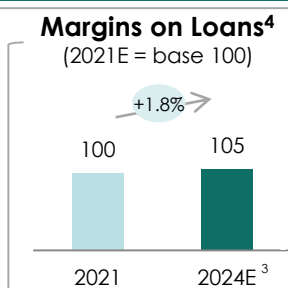
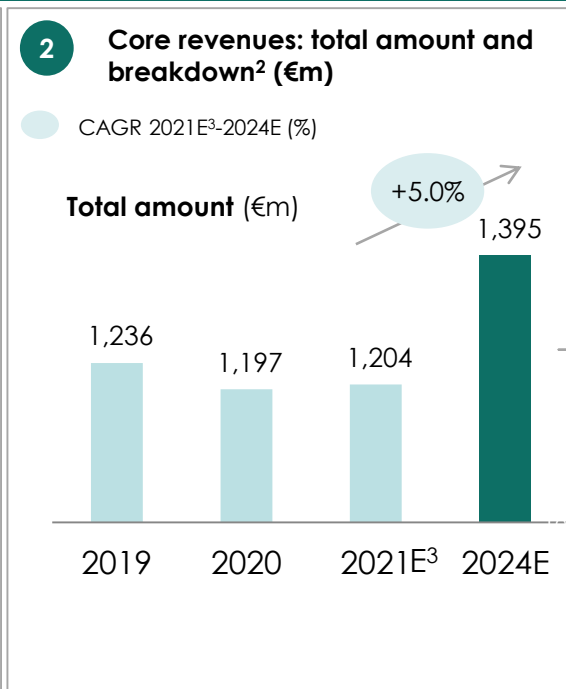
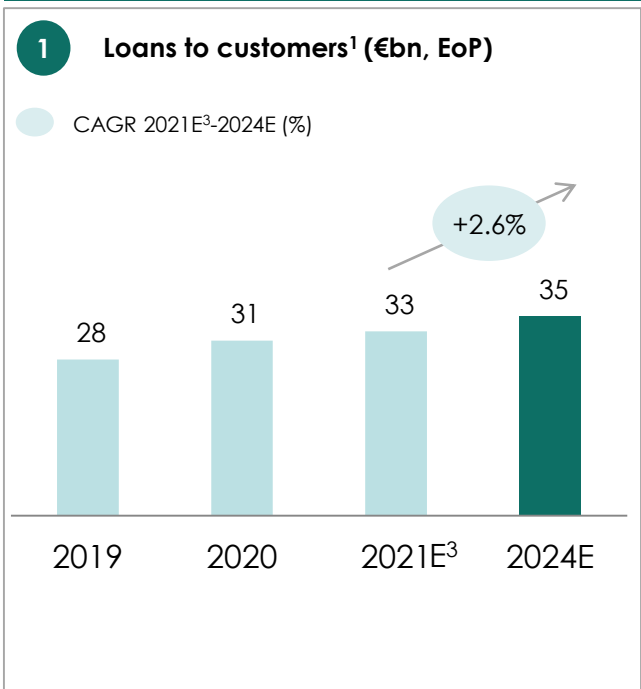


PNRR full impact potential ~€8bn, conservatively reduced to ~€4bn in our estimates

- CAGR "before" PNRR: 1.8%
- CAGR "after" PNRR: 3.1%



Target trajectory 2019-2024



1. Loans of SMEs, excluding NPE

2. Core revenues of SMEs, excluding Wealth management, NPE (management data; interest calculated using internal transfer rate)

3. Annualized data based on 9M 2021 results

4. Margins on loans and deposits include both volume and spread effect

Action Drivers

Selected KPIs

Strategic ambition

Specialization in the service model and adoption of new distribution formats to facilitate expansion into under-penetrated areas and to improve cross-selling

Differentiated customer management according to company size and needs

Dedicated initiatives to pursue attractive opportunities



Transactional services



Advisory & financing services

Relationship Manager



Integrated omnichannel offer



Composite **Coverage Teams** with **dedicated Specialists** supporting the local **Relationship Managers** in the most strategic service lines

- **PNRR-related financing and services**
- **Agrifood**
- **State-incentivized finance**
- **Ecobonus/Superbonus**

Target 2024

New Customer Loans

€10.5bn

vs.
€7.5bn in 2019

vs.
~€8.6bn in 2021E¹

Net fees and commissions: strategic components²

€338m

vs.
€249m in 2019

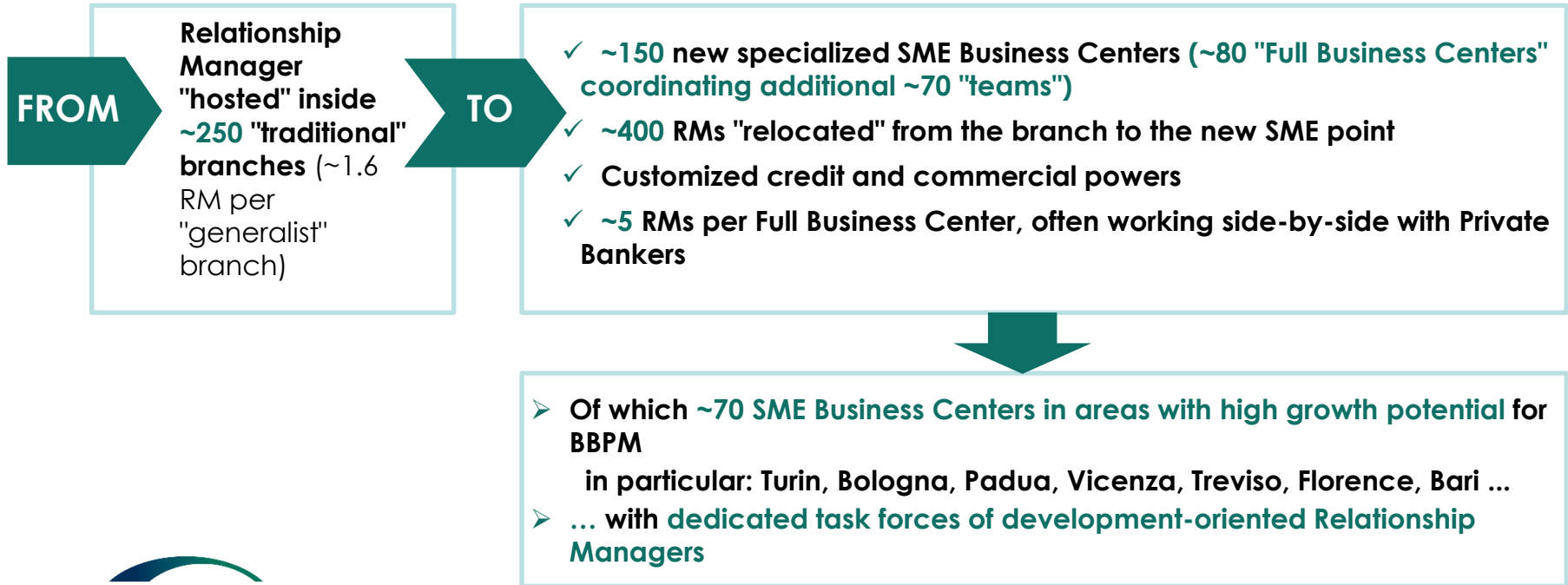
vs.
~€271m in 2021E¹

1. Annualized data based on 9M 2021 results

2. High-value added business: acquiring, trade receivables, non life insurance, consumer finance, structured finance, hedging, trade finance and other selected non-traditional services



New Management Model for SME clients (€5-75m turnover): serving ~45k SMEs, with loans of ~€20bn



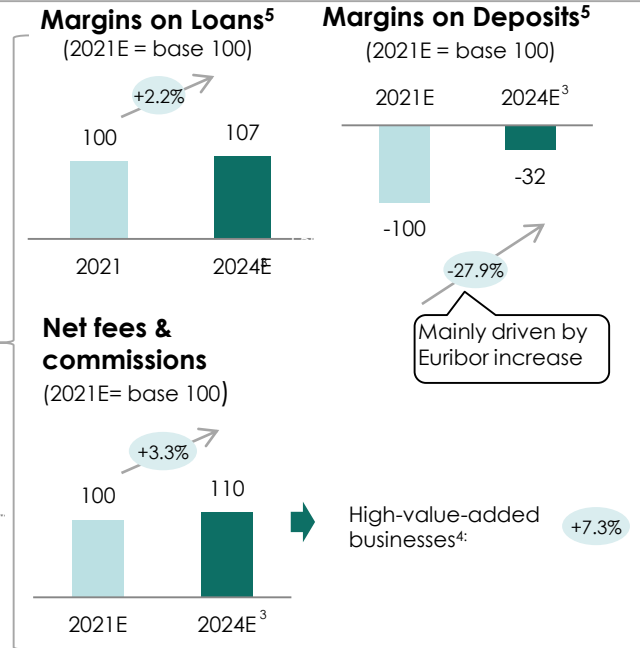
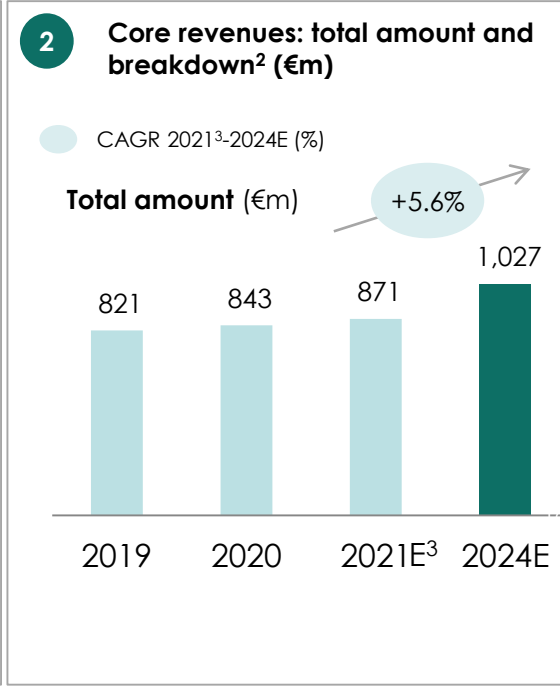
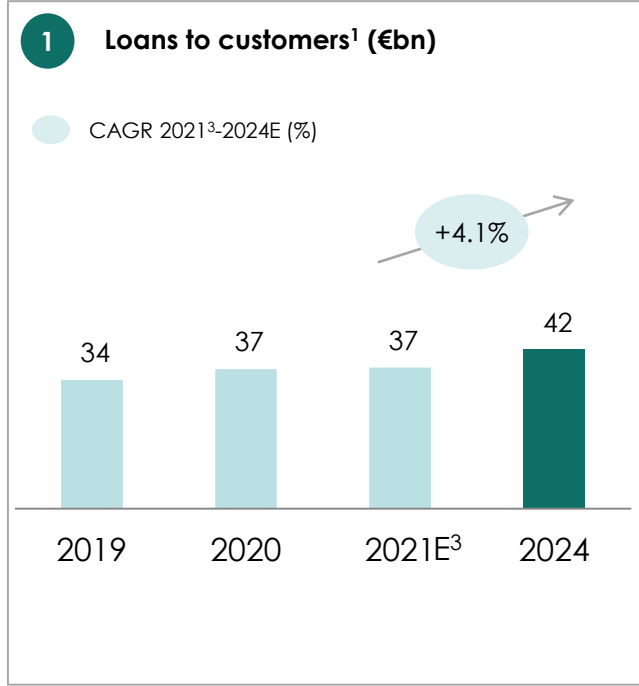


Corporate & Investment Banking

Building on a strong market position to deliver further volume and revenue growth



Target trajectory 2019-2024 (Corporate + Institutional + Akros)



1. Corporate and Institutional, excluding NPE
 2. Corporate, Institutional and Banca Akros, excluding NPE (management data; interest calculated using internal transfer rate)
 3. Annualized data based on 9M 2021 results
 4. High-value-added business: Corporate (trade finance, hedging, structured finance and pro-soluto) + Banca Akros
 5. Margins on loans and deposits include both volume and spread effect



Action Drivers

Selected KPIs

Strategic ambition

Strengthening our role as a key player leveraging on increased strategic focus and Group synergies

Growth in high-value-added businesses

- Reinforce our Leadership position in the **Structured Finance business**, thanks to hiring new selected skills in structuring and strengthening syndication capabilities;
- Bolster our **Trade and Structured Export Financing** business

Seize the PNRR opportunity

- **Enhance liquidity** and support the working capital needs of Corporate clients (Supply Chain Finance and Tax Credits)
- **Finance PPP projects** and advise PA in funding key infrastructure projects
- **Focus on Specific Sectors/ Industries** relevant within PNRR

Exploit Group Synergies

- **Tailor-made approach** and client centricity as the way to exploit the full capabilities of **Banca Akros and Banca Aletti**
- Facilitate clients' **access to capital markets** and to **international M&A** opportunities (through partnership with **Oaklins**)

Core Business Optimizations

- **Optimization of the risk-return profile:** focus on capital efficiency & EVA contribution
- **Increase in effectiveness** through support/analysis tools, i.e. risk-adjusted pricing, forward looking evaluation of customer performance

Target 2024

New Customer Loans

€11bn

vs. €10.1bn in 2019

vs. ~€9.1bn in 2021E¹

Fees generated in high-value-added businesses²

€213m

vs. €157m in 2019

vs. ~€172m in 2021E¹

SoW³

12.0%

vs. 10.6% 31/12/2019

vs. 11.2% 30/09/2021



1. Annualized data based on 9M 2021 results

2. High-value-added businesses: Corporate (trade finance, hedging, structured finance and pro-soluto) and Banca Akros

3. SoW of Corporate segment – target referred to end of period



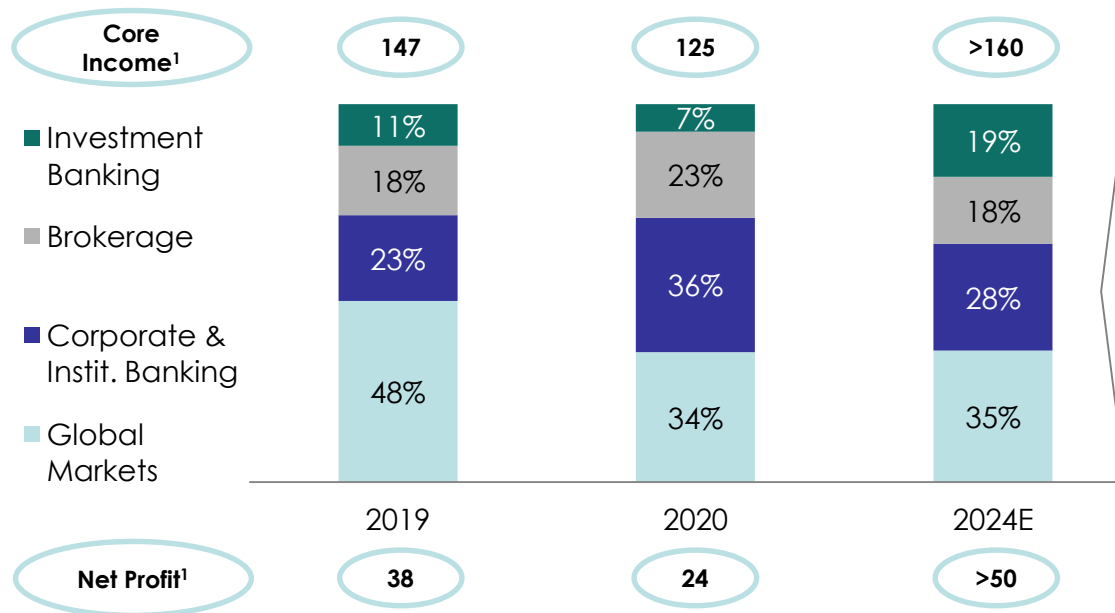
Corporate & Investment Banking

Investment Banking: further reinforcement of Banca Akros



4 business lines providing specialized support to the Group's customer base and generating "stand-alone" revenues

Core Income Breakdown and Net Profit



Main action drivers

- **Investment Banking:** support and develop Group client base leveraging on the **international M&A network Oaklins** – active in ~50 countries – with **further M&A specialisation** in new industry segments and **facilitate Group clients' access to capital markets**
- **Brokerage:** capitalize current **leadership position** in **placing capabilities** and **brokerage activities/equity research**, with further development of **on-line customers** and **foreign investors**
- **Corporate & Institutional Banking:** promote **innovation in products** (e.g. **Direct Listing of Certificates** and **Structured insurance policies**) and **services** (e.g. Hedging of **selected commodities**), with focus on **digitalization** and **ESG-based products**
- **Global Markets:** enhance **trading/market making activities**, **financial engineering** and **hedging services**

STRATEGIC GROWTH ENGINES

Our high-value product factories



Bancassurance

VERA  Assicurazioni

VERA  Vita



High growth potential, with opportunity to internalize the whole value chain

Asset Management

ANIMA 

Top independent AuM player

Consumer Credit

Agos

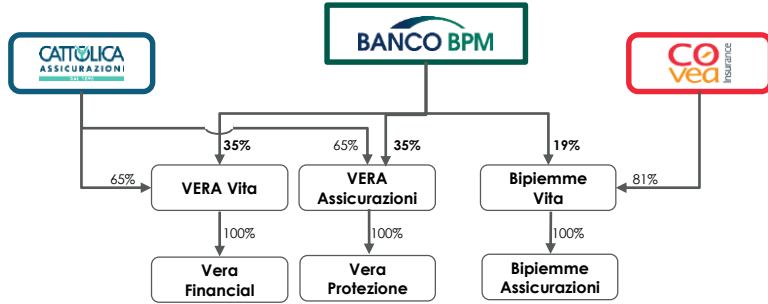
Leading national player: significant and reliable contribution to Net Income, combined with high growth potential



BANCASSURANCE: partnerships restructured in 2021, enabling future Business Model evolution – full internalization by end-2023



Bancassurance participations: current set-up and recent developments



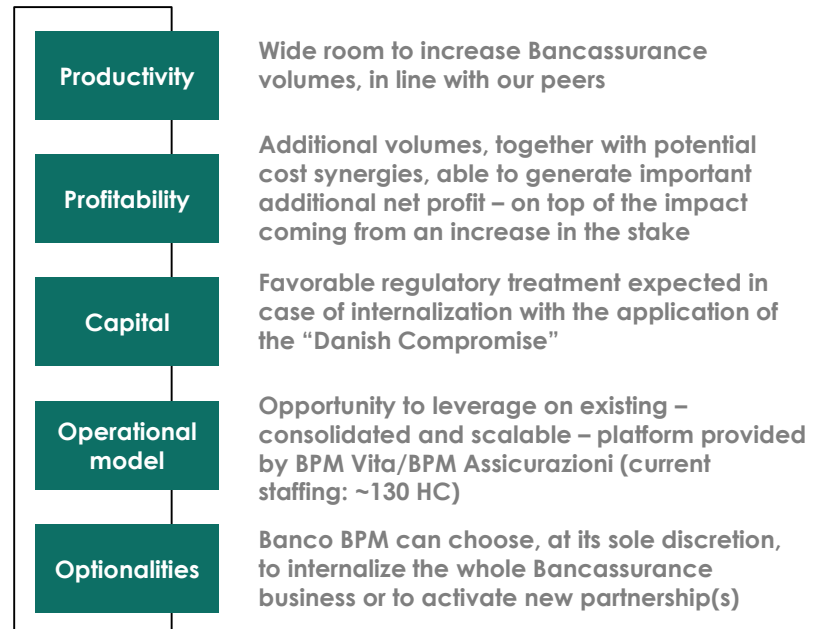
April 2021

- Agreement with **Cattolica** granting Banco BPM a call option to acquire 65% of the **Vera** JVs
- Call can be exercised starting from **mid-2023**

July 2021

- Agreement with **Covea** granting Banco BPM a call option to acquire 100% of **BPM Vita**
- Call can be exercised starting from **September 2021** until **end-2023**

Potential evolution: key elements to take into account



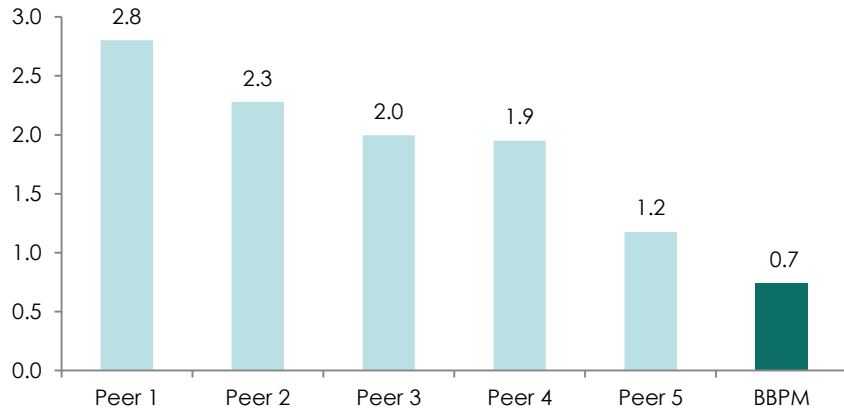


LIFE

Opportunity from Productivity gap

Productivity Gap

Life GWP / # of branches, H1 2021 (€m)

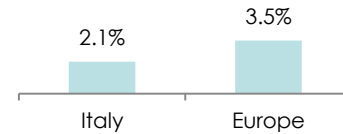


NON-LIFE

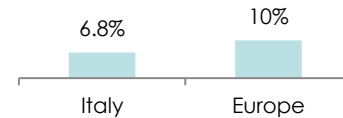
Opportunity from Market Maturity and Productivity Gap

Market Maturity¹

GWP/GDP, 2020

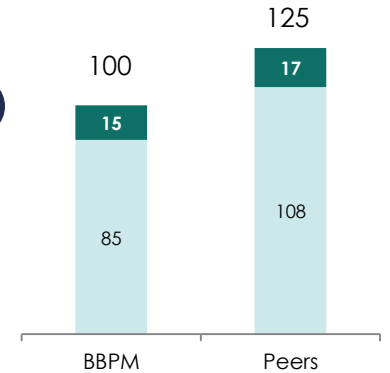


Bancassurance penetration, 2020



Productivity Gap²

- Credit Protection
- Stand Alone (including Motor)



1. "Europe" includes UK, Germany, France and Spain

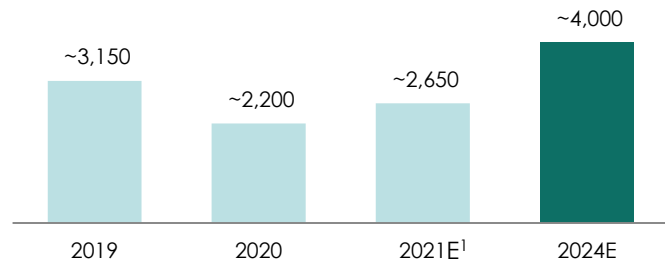
2. Number of Sales transactions / Individual Customers, including automatic renewals where applicable (indexed, 2019 = 100)

Source: Economist Intelligence Unit, Ania, ABI, ICEA, Finaccord report, EMF Group, Analyst Presentations and other market researches



LIFE

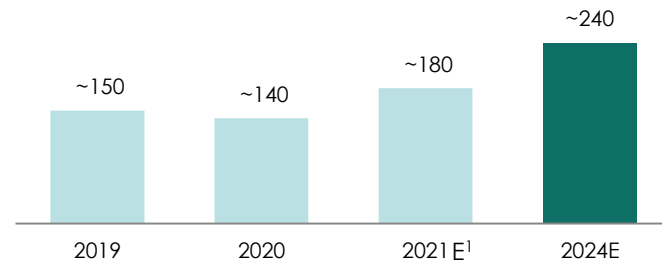
GWP (€m)



Highly sustainable volumes considering the total sales capacity of BBPM's network (total placements of investment products: (€14.2bn in 9M 2021; €19.6bn in 2024E)

NON-LIFE

GWP (€m)



Wide opportunity for BBPM to increase its productivity in the Non-Life insurance business (BBPM 2020 Non-Life Insurance product diffusion on individual customer base is below 15%; home insurance < 10%; health insurance < 3%) while exploiting expected market growth



ANIMA

Independent asset manager, at the crossroads of potential market consolidation options



THE LEADING INDEPENDENT ASSET MANAGER...

AuM

INTESA SANPAOLO

€521.7bn¹

GENERALI

€514.7bn

Amundi
ASSET MANAGEMENT

€208.5bn

ANIMA

€200bn²

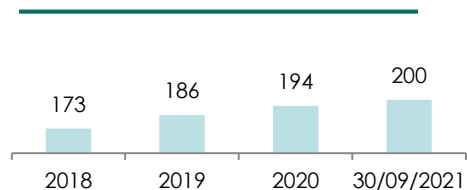
mediolanum BANCA

€59.2bn

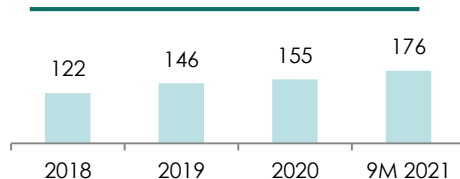
Data Dec. 2020, source: Assogestioni (April 2021)

...WITH SOLID FINANCIALS...

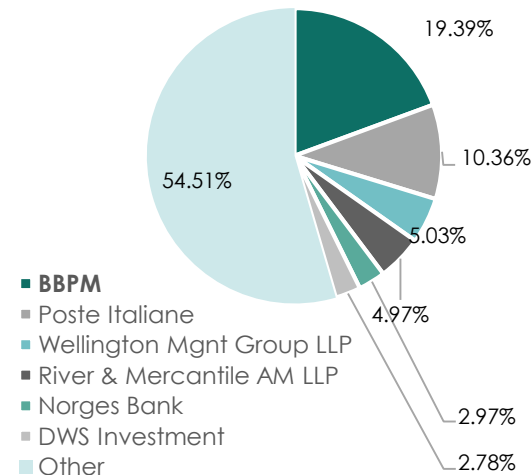
AuM (€bn)



Net Income (€m)



...WHERE BBPM IS THE KEY SHAREHOLDER



Source: FY 2020 Financial Statements

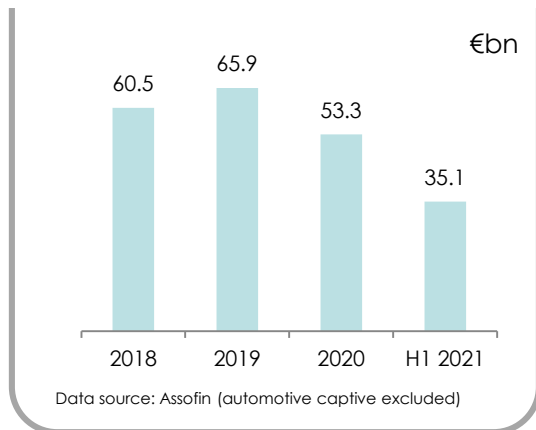
- Strong volume growth potential generated by Banco BPM's ambition in WM
- Further indirect benefits from Banco BPM's expansion in Bancassurance, leveraging on consolidated relationships with BPM Vita and with Vera Vita/Vera Assicurazioni



1. Aggregate AuM of Eurizon, Fideuram and Pramerica
 2. As at 30/09/2021

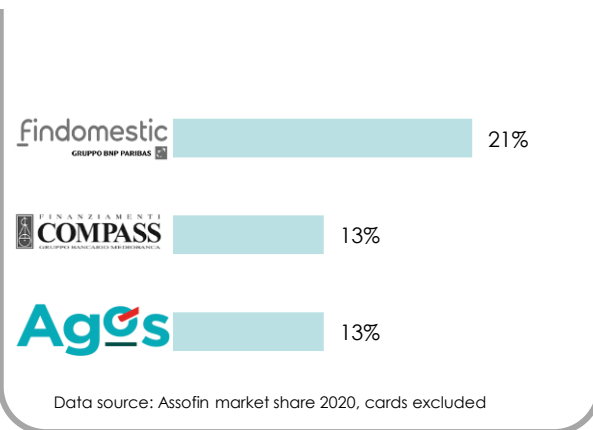
DOMESTIC CONSUMER CREDIT MARKET

Evolution of the overall size



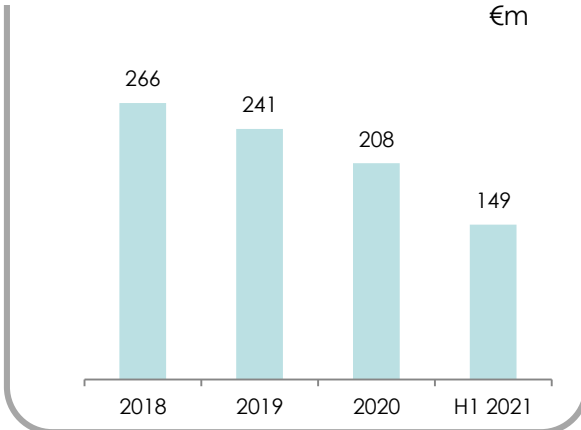
A STRONG POSITION

Market share



WITH SOLID ECONOMICS

Net income (normalised)



Opportunity to increase commercial effectiveness through alignment of internal productivity

Consumer Finance sales / # of RM's¹ at branch level – Average per quartile, €/000





STRATEGIC GROWTH ENGINES: SUMMARY

Material growth in contribution enabled by increased commercial and organizational focus



Dedicated focus

Complete omni-channel offer

Integrated tools

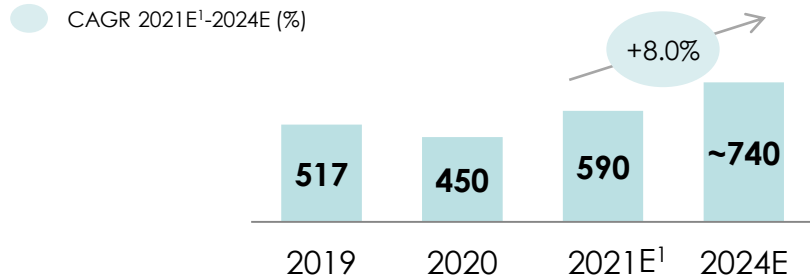
- **Organizational** and **Commercial focus** on **Non-Life Insurance** and **Consumer Finance** (dedicated Specialists)
- Leverage on **Financial Specialists** to support growth in Wealth Management
- Roll-out **complete range** of **omnichannel-based product solutions**
- Increased specialized coverage through **remote tools**
- Explore **specific new digital offerings** (e.g. instant lending, instant savings...)
- Introduce a new integrated and analytics-based **life-cycle wealth management platform** (savings, borrowings, investments, retirement, non-life risks, ...)

SIGNIFICANT INCREASE IN CONTRIBUTION

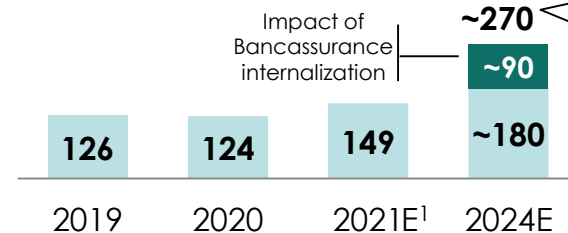


"Bancassurance"

Contribution to fee income (€m)



Contribution to income from associates² (€m)



Total contribution from Bancassurance 2024E: ~€125m



1. Annualized data based on 9M 2021 results
 2. Income from associates net of tax as equity profits are not relevant for tax purposes

BALANCE SHEET: Further strengthening in Asset Quality and strong risk control in Financial Investments and Funding Strategies



Credit & Asset quality:

Achieve and maintain the status of "low NPE Bank"

- Credible NPE strategy based on our strong derisking track record
- New monitoring & management systems set to improve our asset quality in the coming years

Financial Asset & Liability Management:

Confirm and further improve Banco BPM's solid profile

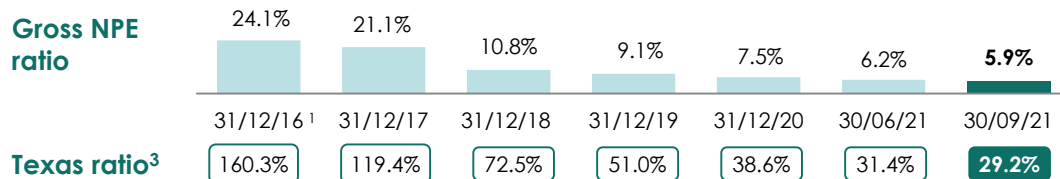
- Strong Liquidity & Funding position, no reliance on ECB's extraordinary funding measures
- Active management of Bond Portfolio investments, with continuing trend aimed at reducing the share of Italian Govies



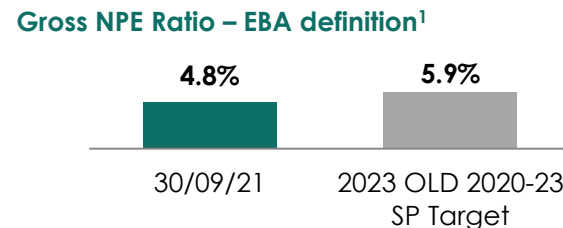
Credit & Asset Quality – Towards the status of "Low NPE Bank"



Material and ongoing asset quality improvement since the merger...



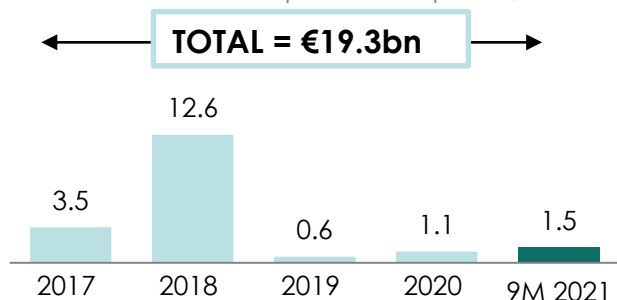
...ahead of old Strategic plan targets



Derisking drivers

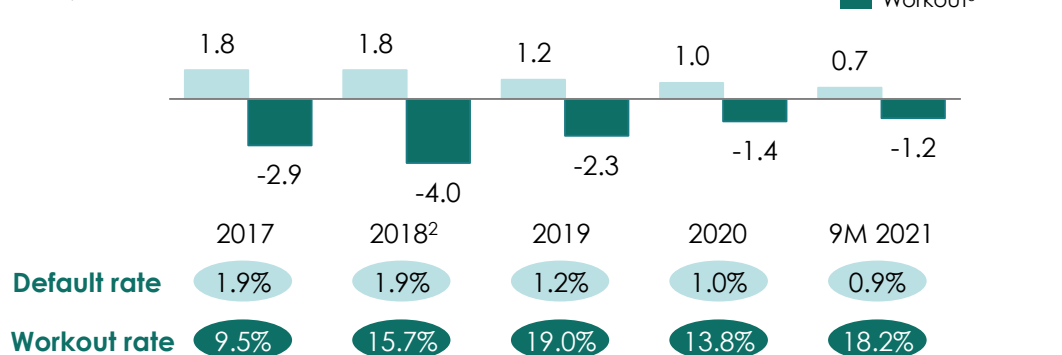
Successful NPE disposal strategy

Nominal Value of NPE portfolio disposals, €bn



Decreasing Default Rate and effective workout performance

GBV, €bn



1. As per the EU Transparency Exercise
 2. Exclude -€0.3bn due to IFRS 9 reclassification
 3. Gross NPE reductions excl. ptf. disposals

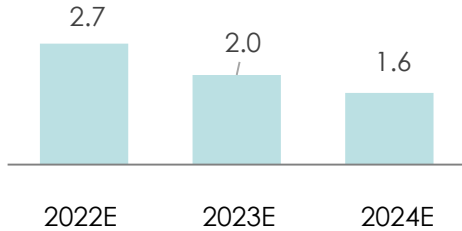


Credit & Asset Quality – Asset quality evolution elaborated starting from available estimates at national level, taking into account BBPM footprint + strong managerial actions



Estimates at national level

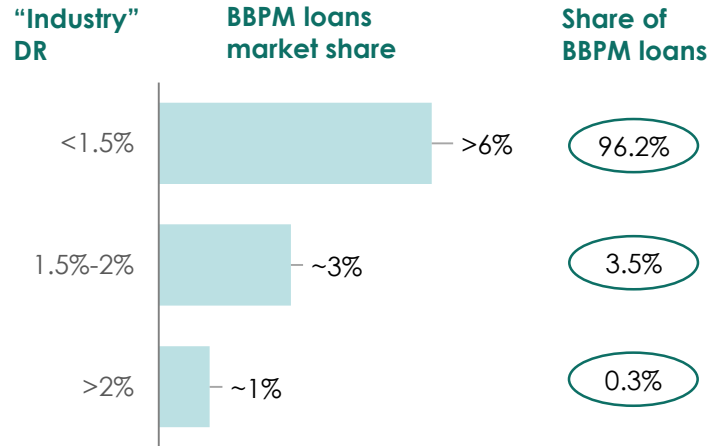
Default rate, %



"Inertial" evolution for Banco BPM

Banco BPM's footprint allows to assume a "better-than-national-average" inertial asset quality evolution

Analysis at district ("provincia") level: "Italian Banking Industry" Default Rate (DR) vs Banco BPM's loans market share. Reference date: Dec. 2020



Initiatives 2020-24

4 strategic initiatives aimed at achieving further asset quality improvements vs. "inertial" evolution

- Credit risk data warehouse
- Credit policy strengthening
- Monitoring & EW system evolution
- New approach to NPE management



1. Reference date: 2020 for default rate; 31/12/2020 for BBPM market share and share of BBPM loans
Source: Prometeia; Bank of Italy statistics



Credit & Asset Quality – New monitoring & management systems to improve our asset quality in the coming years



Advanced credit risk data warehouse

- Integrated managerial and risk data
- Strengthen granularity enabling full data analytics –based visibility throughout the organization supporting decision making

Strengthening of credit policies

- Higher policy specialization by sectors (e.g. Agrifood and Real Estate) and inclusion of a dedicated Financial Sustainability module in line with EBA LOM guidelines
- Clearer focus on risk-reward perspective and support of ESG initiatives (focus on CO2 reduction and energy savings)
- Strengthened integration with budgeting and MBOs

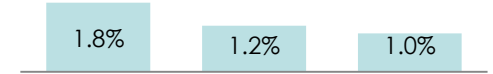
Monitoring & Early Warning system evolution

- New EW development, leveraging on daily bank account data and machine learning techniques
- Improved risk control through workflow-driven strategies
- Performance-based risk prevention, operational KPI setting and monitoring

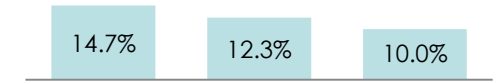
New approach to NPE management

- Full activation of the JV with Gardant allowing workout improvement in bad loans
- Definition of more standardized UTP management approaches, defining quicker and more effective workout solutions
- Activation of a more proactive and intense use DPOs and single name disposals

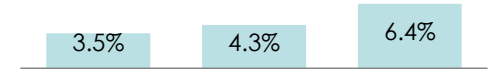
Default rate, %



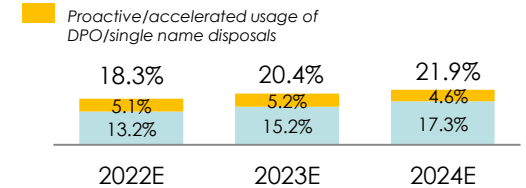
Danger rate, %



Cure rate, %



NPE Workout rate¹, %



2022 estimates include conservative assumptions on exit trajectory from Covid-19 pandemic



New de-risking initiative: €650m additional disposals – already fully provisioned in 9M 2021

1. Includes Cure Rate

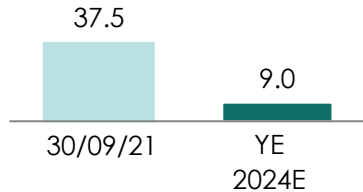


Balance Sheet – Liquidity & Funding strategy and Securities portfolio management

Liquidity & Funding

Reduction of reliance on ECB funding

Outstanding, € bn



- **Progressive full reimbursement of TLTRO:** leveraging on excess liquidity
- **Usage of “ordinary ” ECB funding:** ECB funding outstanding at end 2024 expected at €9bn (wholly represented by L-TRO)
- **Reduction of ECB assets** from around €28bn to around €3bn

Net Bond issuances (incl. LT repos) 2021E-2024E¹

- **+€2.4bn** unsecured bonds (Senior and Subordinated)
- **+€11.8bn** secured bonds (covered bonds, ABS & LT repos)

Securities portfolio

Balanced share of Italian Govies

Further **reduction of Italian Govies** in a strategy oriented to preserve stable duration and sensitivities (down to <50% of total Govies at YE 2024E, vs. 59% as of 30/9/2021)

Key Funding & Liquidity Targets

LCR well >140% throughout the Plan

NSFR comfortably >100% throughout the Plan

Solid buffer preserved vs **MREL** requirements on a continuous basis

INFRASTRUCTURAL ENABLERS: OVERVIEW



People Strategy:

Planning for the future

- A people-oriented approach aimed at attracting and retaining talents
- Skills and competence building, coupled with strong cost discipline



IT & processes:

New digital-enabled backbone to support the Group transformation

- Streamlined processes fully leveraging on digitalization
- €650+ m IT investments to support the architectural model, omnichannel, IT operating model and cybersecurity

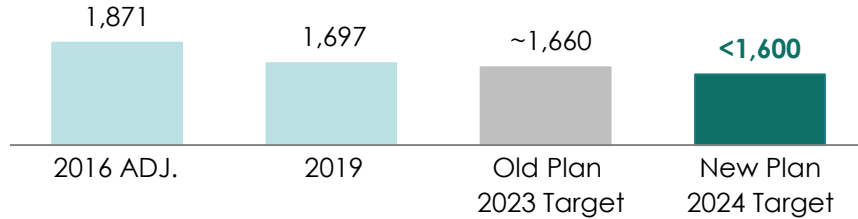


People strategy – enhanced voluntary retirement scheme coupled with network rationalization actions to keep costs fully under control



Voluntary retirement scheme

HR costs evolution, €m

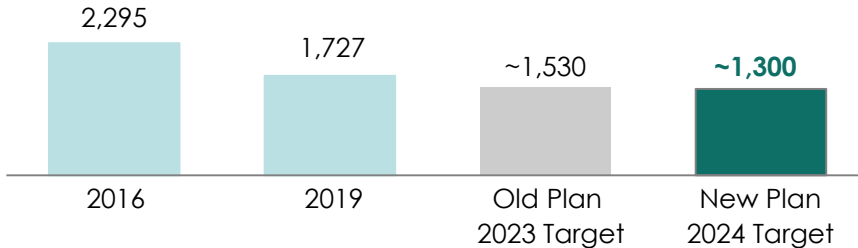


- A voluntary retirement scheme involving ~1,600 HC in 2021-23 → +~500 vs. Old Plan Target
- Use of benefits from the solidarity fund, favoring generational turnover and youth employment, **with ~800 new hires between 2021 and 2023**

o/w: ~1,000 already retired in June 2021

Retail branches

Retail branches evolution, # EoP



- Increased ambition vs Old Plan target: > 200 further closures



People Strategy: planning for the future – A people-oriented approach aimed to attract and retain talents

A comprehensive and well-articulated people strategy...

- Common **sense of purpose**: act in the interest of our **stakeholder community**
- Attractive **value proposition**: safe and stable work environment, well balanced lifestyle, meritocratic reward system
- Strong attention to **work-life balance**

... preparing the ground for the leaders of tomorrow...

- Flexible and inclusive **leadership style**: build trust, respect and collaboration
- **Generational turnover** enabled by potentiated **new hiring plan**
- **Talent growth** supported by tailor-made **personal development programs**
- **Young talents** attraction and retention: partnership with university, tailor-made development program and a new dedicated Unit in HR department

... strongly focused on the development of human capital...

- **Competence building**: customized training plans to master global emerging trends (e.g, digitalization, green footprint, big data & analytics) combined with strong attention to soft skills
- Strong focus on **e-learning** and **mobile learning**
- Accelerated **learning on the job** through **rotation programs**, personalized **coaching** & **mentoring**

... within a clear ESG framework

- Identification of **high-potential within the gender program**
- Commitment to **ambitious diversity targets** in **managerial roles**
- **ESG-dedicated** education and training classes and a new dedicated unit in HR department to develop diversity & inclusion

Illustrative KPIs – target for 2024

- **“Smart” working days**: 500,000 in 2024 (+500% vs 2019)
- **Wellbeing at work initiatives (W@W)**: 5,000 attendances in dedicated training days in 2024 (+120% vs 2021)

- **Individual development plan involving ~40% of population**, with focus on:
 - ✓ Manager
 - ✓ Young People
 - ✓ Talents
 - ✓ Commercial Network
- **Upskilling and Reskilling programs involving ~15% of population**, with focus on:
 - ✓ IT personnel, with actions concerning big data & analytics
 - ✓ Corporate Control Functions personnel, consistent with the evolution of regulatory system
 - ✓ 100 hirings of young talents graduated in digital-related disciplines

- **Women involved in individual development plan**: >2.500
- **Volunteer initiatives (VolontariAmo)**: 5,000 hours for corporate community services in 2024 (+95% vs 2021)



People Strategy: planning for the future – Skill and competence building coupled with strong cost discipline



Learning effort – targets 2024



12,711

Virtual Classroom

of sessions

+16.5%



694

Digital

of Video/podcast

+24.6%



1,822

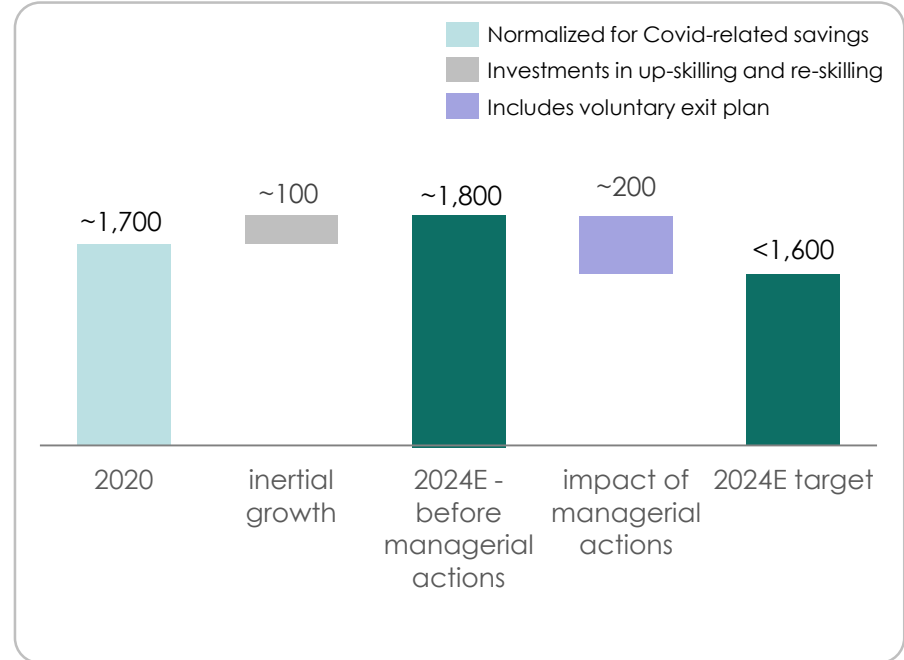
E-learning

Learning object

+19.2%

Overall growth vs. 2020

Evolution of HR costs





Technology enabling the Strategic Plan



Key initiatives 2021-2024

Data & Analytics

Using data to empower decisions

- Evolve the Data architecture and adopt Advanced Analytics
- Develop data-driven Customer Journeys

Emerging technologies

Adopt technologies with transformational potential for our business

- Boost IT transformation with new technology (es. Cloud native application, Machine learning, Microservices, API)
- Open innovation to exploit new "external" opportunities

Digital transformation

Delivering outstanding customer experiences

- Consolidate the 'Mobile first' approach in the adoption of the omnichannel model
- Partnerships with fintech companies, innovation centers and universities for the use of Open Banking solutions

Operational excellence

Continuous Improvement and slimming down complexity

- Create a stable operating environment leveraging on IT assets lifecycle process
- DevSecOps lifecycle based on continuous development

Selected KPIs



Total IT investments...

€650m+

cumulative '21E-'24E

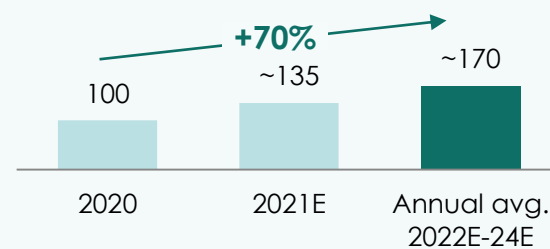


... o/w digital-related

~€250m

cumulative '21E-'24E

Evolution of IT investments, €m





Strengthen cybersecurity posture – Resilience and IT risk management



Key initiatives 2021-2024

IT risk evaluation

Manage security risks effectively

- Deliver forward-looking visibility on IT risks to empower technology and business development
- Continuous improvement of confidentiality, availability and integrity of customer data in line with regulatory requirements (GDPR, Privacy)

Security by design

Build a future-ready cyber-resilient business

- Stay ahead with security research and innovation to unlock technology adoption (e.g. Cloud, Online Services, Third Parties, ...)
- Take advantage of DevSecOps to embed security in IT developing lifecycle

Defence-in-depth

Reduce exposure to threats and contain attacks

- Layering security defence to improve detection, prevention and recovery from cyber attacks
- Zero trust approach to keep pace with the evolution of threat landscapes

Resilience

A pathway from business continuity to organizational resilience

- Adapt the continuity plan to absorb shocks in a complex and rapidly changing environment
- Enhance recovery solutions to face emerging challenges (e.g. security threats, climate changes, etc.)

Selected KPIs



Total IT investments...

€650m+

cumulative '21E-'24E

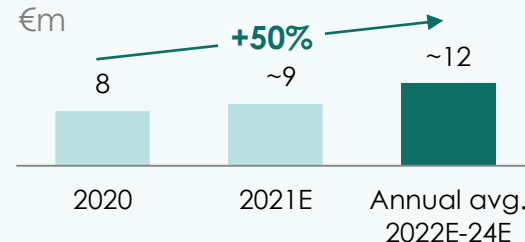


... o/w security-related

~€45m

cumulative '21E-'24E

Evolution of security investments, €m





ESG INTEGRATION

The five Milestones of our ESG strategy





ESG Integration

Governance and accountability: important goals already achieved



SET UP OF THE ESG GOVERNANCE BODIES AND ESG FUNCTION



Responsible for **ESG strategy and disclosure**
 1 Board member designated as ESG reference point for the ICRSC

Supervises **sustainability and social responsibility factors and reporting**

Coordinates **Group activities and ESG targets**

Dedicated corporate ESG function

ESG ACTION PLAN LAUNCHED TO FULLY INTEGRATE ESG INTO OUR OPERATING MODEL

7 WORKSTREAMS:



ESG TARGETS INTEGRATED IN SHORT-TERM & LONG-TERM INCENTIVE PLANS FOR CEO & MANAGEMENT

GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK PUBLISHED

(first social bond issued in 2021)

IMPROVED ESG RATINGS¹:

- **Standard Ethics to EE** (from EE-)
- **ISS Governance Quality Score to 1** (from 7)
- **Sustainalytics to 25.8** (from 27.7)

INCLUDED IN THE FTSE MIB ESG INDEX



ESG Integration

MILESTONE 1 – Business



ACTION DRIVERS

- Strengthening of our **ESG commercial offering with dedicated workforce specialized in ESG products and services**
- Expansion of the range of **ESG AuM products, aimed at channelling our customers' savings towards sustainable initiatives**
- Advising **Corporate and SME clients** to face **ESG challenges with training and workshops**
- Enhancing our **ESG proprietary investments**
- Increasing the issuance of **green and social bonds**

KEY TARGETS

CUMULATIVE TARGET 2021-2024

SHARE OF NEW LENDING TO GREEN/LOW TRANSITION RISK SECTORS	> 65%
BBPM GREEN RESIDENTIAL MORTGAGES (NEW LENDING) ¹	€4bn
PURCHASE OF REAL ESTATE TAX CREDIT ²	€3bn
AKROS AS LEAD MANAGER OR BOOKRUNNER OF ESG BONDS	€12.5bn
	2020 TARGET 2024
CORPORATE BOND PROPRIETARY PORTFOLIO: SHARE OF ESG BONDS	8% > 30%
	CUMULATIVE TARGET 2021-2024
ISSUANCE OF GREEN & SOCIAL BONDS	€2.5bn

In addition dedicated “ESG financial” training planned for SMEs – over 1,500 hours



ESG Integration

MILESTONE 2 – Risk & Credit



ACTION DRIVERS

- **ESG factors** fully integrated into **BBPM's credit policies across all sectors**, with tangible results already expected in 2022:
 - **Exclusion** or **strictly selective approach** for **sectors with high environmental risk – representing only 2% of our loans**¹
 - **Driving change: active support to the climate transition of our customers** by **dedicated forecasting tools** to evaluate and stimulate the adequacy of ESG business plans
- **Risk Management Framework** integrated with **Climate factors**:
 - **Full inclusion of Climate factors** into **RAF**², **ICAAP** and **stress testing** starting from 2022
 - **Climate-related and environmental risk factors** fully embedded in **BBPM's Internal Rating System** by 2023

KEY TARGETS

OVER THE PLAN HORIZON

STOP NEW LENDING TO SECTORS STRONGLY AFFECTED BY CLIMATE TRANSITION:

RUN-OFF

- Mining and quarrying of hard coal
- Manufacture of coke oven products
- Coal-based energy production

NEW LENDING TO FOSSIL FUELS-RELATED SECTORS LINKED TO TRANSITION PROJECTS

> 80%

SIGNING OF:

- **NET-ZERO BANKING ALLIANCE**
- **TCFD**³
- **SCIENCE BASED TARGETS INITIATIVE**⁴

1. Reference date: 30 September 2021

2. Risk Appetite Framework

3. Task Force on Climate-related Financial Disclosures

4. Greenhouse gases emissions reduction targets in line with the Paris Climate Agreement



ESG Integration

MILESTONE 3 - People Strategy



ACTION DRIVERS

- **ESG accountability: management incentive schemes** to include a selected number of KPIs connected to the different responsibility/unit/role, extended to a wider group of managers
- **Diversity & Inclusion:**
 - **Talent enhancement** and **increase in the share of women in managerial** positions
 - In-depth evaluation of the current status of D&I, including **Gender Pay Gap**, in order to define an **effective action plan**
 - Reinforce programs for the **reintroduction of personnel on maternity leave**
- **Attraction** and **retention of young talents:** partnerships with universities, tailor made development programs
- Identification of ESG ambassadors in all corporate functions, **accountable** for the **integration of ESG topics** in our **policies** by 2024

KEY TARGETS

	TARGET 2024
SHARE OF WOMEN IN MANAGERIAL POSITIONS	> 30%
SHARE OF NEW HIRINGS BETWEEN 20-30 YEARS ¹	> 90%
SMART WORKING DAYS	500,000
ESG AMBASSADORS	> 100

OVER THE PLAN HORIZON

- 400,000 TRAINING HOURS FOR EMPLOYEES ON ESG THEMES
- ONGOING SUPPORT TO OUR EMPLOYEES THROUGH OUR SOLID INCLUSIVE WELFARE SYSTEM



ESG Integration

MILESTONE 4 - Environment



ACTION DRIVERS

- **New guidance** for a **responsible use** of **energy** in our buildings and **new policy** for the **corporate fleet**
- **Reduction of net emissions:**
 - **Energy efficiency** and **Real Estate rationalization**
 - **Process digitalization**
 - **Compensation projects**
- **Smart working** to reduce employee-related **Scope 3** emissions
- Material reduction of **paper waste** enabled by **customer digital identity (adoption > 90% by 2024)**
- **Maintenance** and **renewal** of **existing Certifications**¹

KEY TARGETS

TOTAL² DIRECT & INDIRECT ENERGY CONSUMPTION (Scope 1 & 2 Gigajoule)

2019

732K

TARGET 2024

588K

-20%

To improve to -30% by 2030

USE OF ELECTRIC ENERGY FROM CERTIFIED RENEWABLE SOURCES MAINTAINED AT 100%

TOTAL NET³ DIRECT & INDIRECT EMISSIONS (Scope 1 & 2 Tons Co2 equivalent)

17.5 K

CARBON NEUTRALITY OVER THE PLAN HORIZON

INDIRECT EMISSIONS FROM COMMUTERS (Scope 3 Tons Co2 equivalent)

16.6 K

13.1 K

-21%

CDP RATING

B

A



ESG Integration

MILESTONE 5 - Community



ACTION DRIVERS

- Subscription of **UN Global Compact**
- Supporting initiatives aimed at **community resilience and wellbeing: Art and Culture, Charity, Research and Health, Education, Inclusive Sports projects.**
- Sustaining local **social initiatives**, in particular improving **school equipment** and rewarding talented **students**
- Confirming BBPM as a strong financial partner for the **Third Sector**¹
- Investing in **educational activities** thereby **fostering our ESG culture**: financial education, ESG awareness, gender equality in STEM, campaigns engaging partners, suppliers and clients
- **Involvement of our employees in corporate community services**

KEY TARGETS

OVER THE PLAN HORIZON

GRANTS FOR SUPPORT TO SOCIAL AND ENVIRONMENTAL PROJECTS

~ €10m



AIRC² INSTITUTIONAL PARTNER

5,000
researchers &
660 projects

SOCIAL INITIATIVES FOR LOCAL COMMUNITIES, SCHOOLS AND STUDENTS

> 300 initiatives

NEW LENDING TO THIRD SECTOR

> €700m

CORPORATE COMMUNITY SERVICES, ESG AWARENESS AND FINANCIAL EDUCATION

> 10,000 hours

2021-24 STRATEGIC PLAN

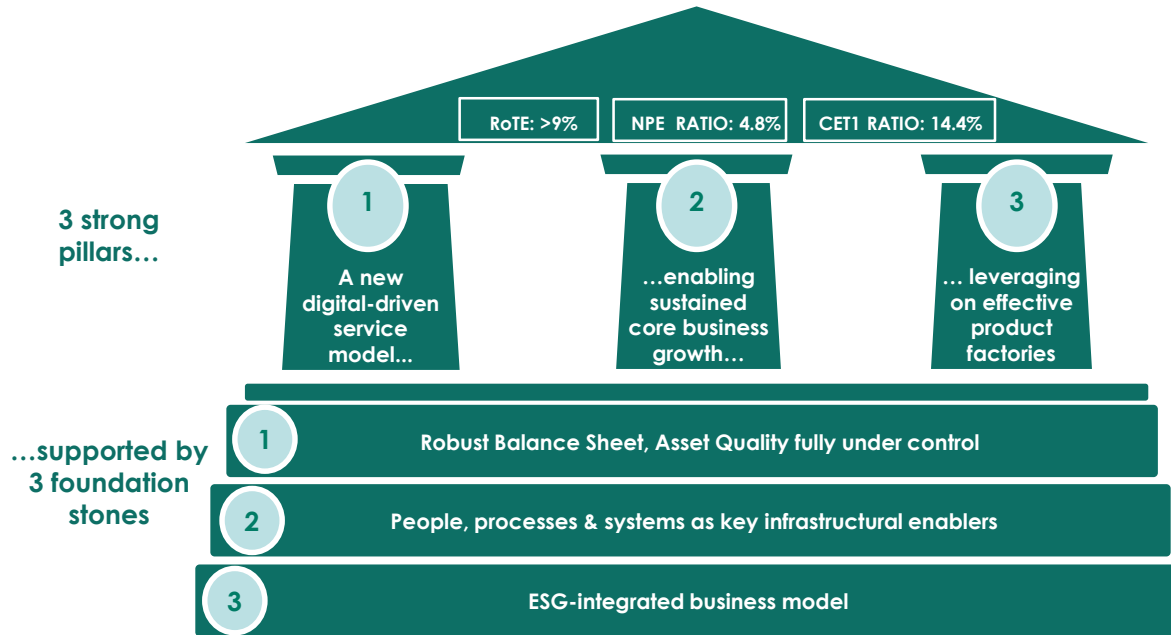
Concluding remarks

Key targets of the Strategic Plan 2021-2024

	€bn	2020	2021G	2023E	2024E	CAGR '20-'24	
Profit & Loss	Total revenues	4.15	~4.4	~4.3	~4.6	+2.4%	
	o/w NII + Net Commissions	3.65		~3.9	~4.1	+3.0%	
	o/w Associates	0.13		~0.18	~0.28	+21.4%	
	Operating costs	(2.46) Adj.	~(2.5)	~(2.4)	~(2.4)	-1.1% ¹	
	Pre-Provision Income	1.69	~1.9	~1.9	>2.1	+6.0%	
	Loan loss provisions	(1.09) Adj.		~(0.68)	~(0.58)	-14.6%	
	Net income	0.33 Adj.	~0.53	~0.74	~1.05	+33.4%	
Key ratios	Cost / Income ratio	59.2% Adj.	~57%	<57%	~53%	~(6) pp	} Delta'20-'24
	Cost of Risk (bps)	122 Stated	80/90	58	48	(74)	
	RoTE ²	3.2% Adj.	~5%	~7%	>9%	+ >6 pp	
Balance sheet & Capital			30/09/21				
	Net customer loans	109.3	108.7	~116.1	~121.1	+2.6%	
	Direct funding ³	120.1	121.4	~127.5	~132.0	+2.4%	
	Indirect funding ⁴	91.6	96.6	~106.8	~111.4	+5.0%	
Key ratios	CET1 ratio FL	13.3%	13.3%	~14%	~14.4%		
	Gross NPE ratio	7.5%	5.9%	5.4%	4.8%		} Gross NPE ratio EBA definition ⁵ 2024E: 4.7%
	Net NPE ratio	3.9%	3.2%	~3%	~2.5%		

1. CAGR calculated based on 2020 costs normalized for lower variable remunerations and other covid-related savings for a total of ca. 90m vs. Adjusted data 2. Calculated as Net Profit from P&L (year x) / Tangible Shareholder Equity 31.12.XX (excluding Net Profit of the period and ATI instruments). 3. Excluding REPOs and including Cap. Protected Certificates. 4. Excluding Cap. Protected Certificates from AUC. 5. Calculated as per the EBA EU Transparency Exercise.

Concluding remarks



- ✓ **A successful restructuring story**
- ✓ **Ready to start a new journey: a strengthened business model, allowing increasing effectiveness**
- ✓ **Ambitious targets**
 - **Based on prudent estimates of key performance drivers**
 - **Fully credible, taking our delivery track record into account**