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Testo del comunicato

Banco BPM Group widely exceeds all the assigned prudential requirements and, in this regard, the guidance of a fully phased CET 1 ratio higher than 13%, already communicated to the market in conjunction with the results as of the third quarter, is confirmed

PRESS RELEASE

BANCO BPM FAR EXCEEDS THE CAPITAL REQUIREMENTS SET BY THE ECB FOR 2023

Milan, 15 December 2022 - Banco BPM announces that it has received from the European Central Bank ("ECB") the Prudential Decision ("SREP decision"), containing the outcomes of the annual Supervisory Review and Evaluation Process ("SREP"). Taking into account the analyses and assessments made by the Supervisory Authority, the ECB has determined a Common Equity Tier 1 ratio requirement to be met on a consolidated basis of 8.70% for 2023. This requirement is composed of the following elements:

- Pillar 1 minimum requirement of 4.5%;
- Pillar 2 capital requirement (P2R) equal, in its CET1 component, to 1.446%[1] . This level includes 18 bps attributable to the effects of the release of the deduction from CET1 that had been computed as from 31/12/2021[2]; net of these elements, the P2R is thus unchanged from the one assigned for 2022, notwithstanding the deterioration in the geopolitical and economic situation seen in the meantime;
- capital conservation reserve equal to 2.50%;
- O-SII buffer[3] equal to 0.25% of total risk-weighted exposures;
- countercyclical capital buffer equal to 0.003%.

In addition, as a result of this decision, the additional requirements that Banco BPM must meet are as follows:

- 10.68% in terms of Tier 1 ratio;
- 13.32% in terms of Total capital ratio.

Banco BPM Group widely exceeds all the assigned prudential requirements and, in this regard, the guidance of a fully phased CET 1 ratio higher than 13%, already communicated to the market in conjunction with the results as of the third quarter, is confirmed; in particular, as of September 30, 2022, the capital ratios[4], on a fully phased basis and with the application of the Danish Compromise[5], were as follows:

- 12.39% Common Equity Tier 1 ratio (13.83% under the transitional criteria in force for 2022);
- 14.64% Tier 1 ratio (16.07% under the transitional criteria in force for 2022);
- 17.54% Total Capital ratio (18.97% under the transitional criteria in forece for 2022).

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[1] The Pillar 2 capital requirement communicated by the ECB to Banco BPM totals 2.57% (unchanged from the previous year, net of the effects of the release of the deduction referred to in Note 2), to be held for at least 56.25% in the form of CET1 capital and for at least 75% in the form of Tier 1 capital.

[2] Deduction computed according to Article 3 of CRR (Regulation (EU) No. 575/2013), as reported in the Pillar III document as of 31/12/2021. The positive effects on capital ratios of the release of the deduction, which also entails an improvement in the MDA buffer, will be recorded starting with the balance sheet as of 31/12/2022.

[3] The Bank of Italy, in a notice dated November 22, 2022, identified the Banco BPM banking group as a so-called Other Systemically Important Institution (O-SII).

[4] All capital ratios reported as of 30 September 2022 were calculated by including the result formed at the end of the first nine months of 2022 and deducting the amount of the dividend payout expected for the year. At the stated level, the phased-in CET 1 Ratio and the fully phased-in CET 1 Ratio stood at 13.50% and 12.05%, respectively. For more details on the values and calculation method of capital ratios, please refer to the results press release as of 30/09/2022.

[5] On July 28, 2022, Banco BPM filed an application under Article 49 (1) of Regulation (EU) No. 575/2013 (CRR), aimed at the recognition of the financial conglomerate, a prerequisite for obtaining the authorization not to deduct from CET 1 Capital the book value of the investment held in Banco BPM Vita. Under this assumption, the equity investment not deducted from own funds will be considered a credit risk exposure to be weighted in accordance with the CRR.

Fine Comunicato n.1928-98	Numero di Pagine: 3