



Group Q1 2023 Results Presentation

08 May 2023



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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

- The balance sheet and income statement layouts contained in this news release have been reclassified along management criteria in order to provide an indication on the Group's performance based on more easily understandable aggregate operating and financial data. These layouts have been prepared based on the financial statement layouts indicated in the Bank of Italy's Circular no. 262/2005 and following updates.
- Starting from 1 July 2022 Banco BPM Vita & Banco BPM Assicurazioni, previously held at 19%, have been consolidated 100% line-by-line. As a consequence:
 - with regard to the balance sheet scheme, starting from 30/09/2022, the items relating to the portfolios of financial assets and liabilities held by these insurance companies were introduced. The previous periods remained unchanged;
 - with regard to the P&L scheme, starting in the third quarter of 2022, the new item 'Net income from insurance business' was introduced, which includes all income components (interest, dividends, realised gains/losses, valuation gains/losses) relating to the financial assets and liabilities portfolio of these insurance companies and the items attributable to the revenues and costs characteristic of the insurance business. It should also be noted that the placement commissions paid by these consolidated insurance companies to Banco BPM's distribution network are shown under the item "Net commissions" for commissions received by the distribution network and under the item "Result from insurance business" for those paid by the companies; the contribution of the above items, as well as that of the other income statement items relating to these wholly-owned companies, is included, line-by-line, in the consolidated income statement starting from the third quarter of 2022. On the other hand, the total net contribution of these companies in the preceding quarters of 2022, when the companies were 19% owned, is shown in the item "Income (loss) from investments in associates carried at equity", for the previous relative stake held;
 - finally, it should be noted that, as of January 1, 2023, IFRS 17 "Insurance Contracts," which introduces new valuation criteria and new accounting rules for insurance products, came into effect, replacing IFRS 4. Therefore, the income statement for the first quarter of 2023 and the balance sheet as of 31/03/2023 have been prepared by applying this new accounting standard. In light of this, the liability item in the reclassified balance sheet entitled "Direct insurance premiums and technical reserves" has been renamed to "Direct insurance premiums and insurance liabilities" and includes, as was the case last year, all liabilities of the Group's insurance companies related to policies underwritten by customers. These are, in particular, the liability items "30. Financial liabilities designated at fair value," for unit-linked policies, and "110. Insurance liabilities," for the remaining insurance products measured in accordance with IFRS 17. With regard to the reclassified income statement, the item "Income from insurance business," in addition to including the income components (interest, dividends, realized gains/losses, valuation gains/losses) related to the portfolios of financial assets and liabilities held by the Group's insurance companies, includes the items specifically attributable to the insurance business, determined in accordance with the requirements of IFRS 17, represented by item "160. Income from insurance services" and item "170. Balance of income and expenses of a financial nature related to insurance operations."

In this regard, it should be noted that the quarterly income statements for 2022 contained in this presentation are historical and are therefore not perfectly comparable with those as of March 31, 2023 with regard to the components pertaining to the insurance business, as they were prepared on the basis of different accounting standards. Slide 28, on the other hand, shows the balance sheet as of 31/12/2022 restated by retrospective application of IFRS 17, and slide 40 shows the impact of IFRS17 on the income statement for 2022. For more details, please refer to the methodological notes of the results as of 31/03/2023 press release published on May 8, 2023.
- Under the agreements between Banco BPM and Crédit Agricole Assurances S.A. entered in December 2022 – covering, among others, the disposal of the 65% controlling stake in Banco BPM Assicurazione – as of 31 December 2022 the assets and liabilities of the above insurance company are not shown on a "line-by-line" basis, whereas they are aggregated in the reclassified balance sheet line items "Non-current assets held for sale and discontinued operations" and "Liabilities associated with assets held for sale", in accordance with IFRS 5. Conversely, in the income statement the associate's contribution is shown on a "line-by-line" basis, as the disposal of the company under examination does not fall within the "discontinued operations" criteria provided under IFRS 5.
- Q1 2023 and 2022 Group capital ratios included in this presentation are calculated including the interim profit, subject to ECB authorization, and deducting the amount of the dividend pay-out determined according to the current regulation (see the methodological note number 6 included in the Q1 2023 results press release published on 8 May 2023 for further details).

Agenda



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Executive Summary

1

Excellent quarterly results leading to a higher level of ambition



OUTSTANDING PERFORMANCE BASED ON SOLID FUNDAMENTALS...

Net income at €265M +49.2% Y/Y

Robust starting point for an increased profitability ambition

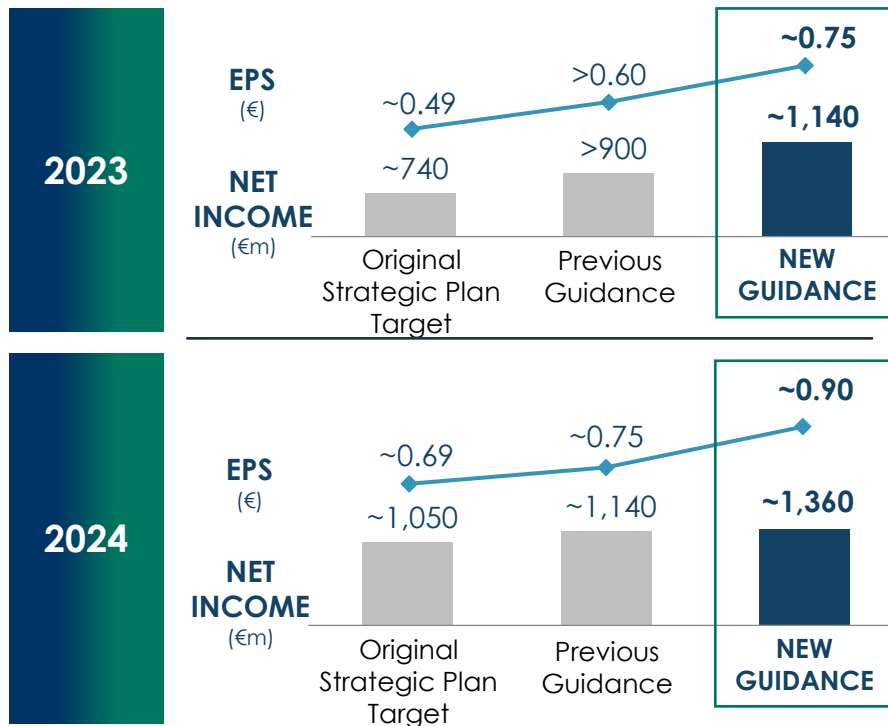
CET1 Ratio Adj. 14.15%¹

Ample and increasing capital buffer, with MDA at 544bps¹

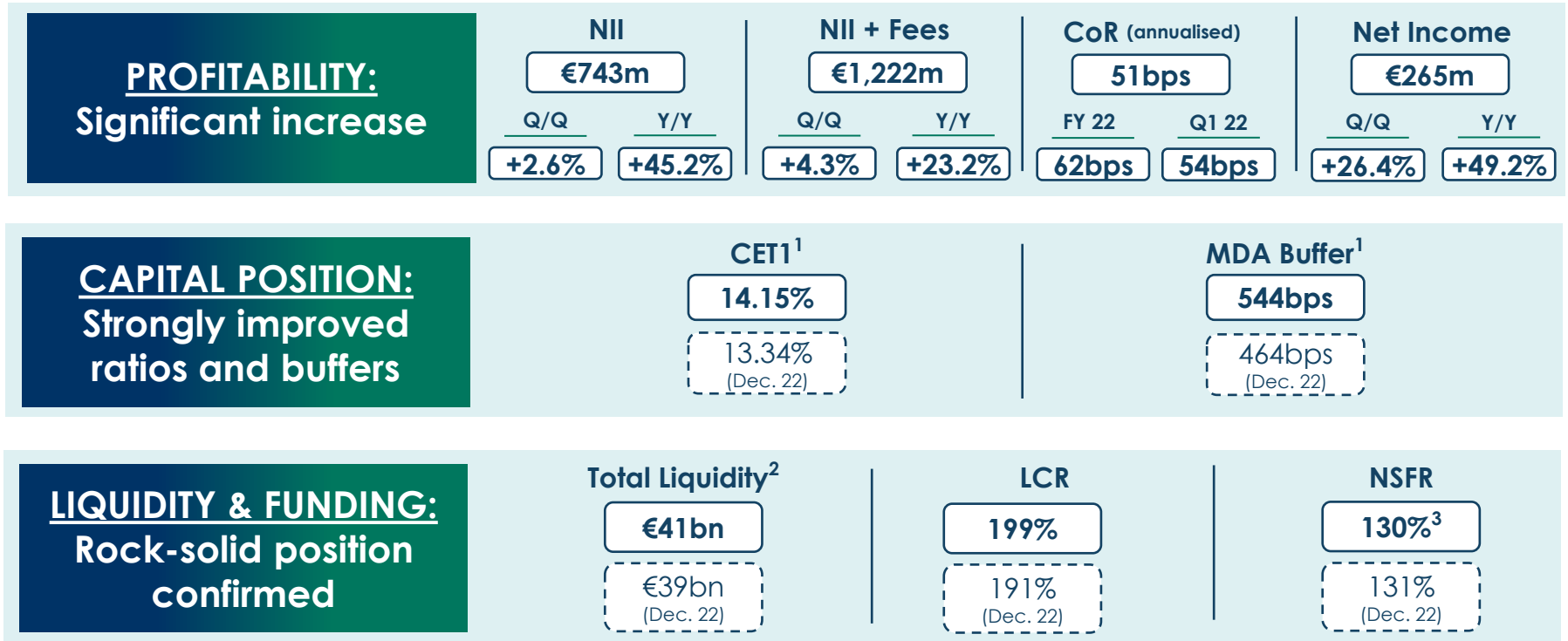
**Bancassurance & Payments:
transformational initiatives under way**

Further enhancing our capital generation & remuneration capacity

... LEADING TO AN INCREASE IN GUIDANCE²



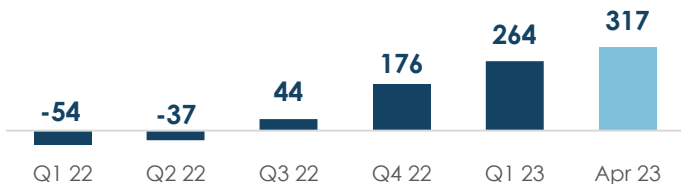
Q1 2023: top level performance across three main drivers



Further improvement in NII guidance driven by low deposit beta in the evolving interest rate scenario

Interest rate environment

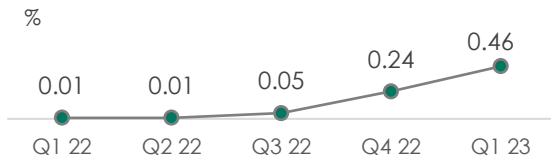
Average 3M Euribor (bps)



Deposit base: quarterly rates¹

Total stock as at 31/03/2023: €101.3bn

Up at €103.9bn as at 30/04/2023



**Revised FY 2023
NII Guidance: >€3bn**
(ex >€2.7bn)

Based on:

- Euribor (average FY 2023E): ~3.3%
- "Observed" deposit beta: ~33%

POTENTIAL IMPACT FROM ALTERNATIVE INTEREST RATE SCENARIOS

12M NII sensitivity (+100bps)

€ m

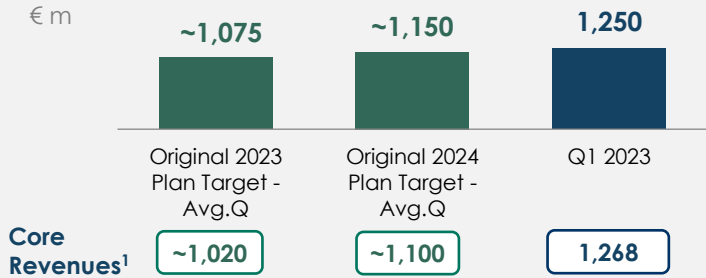
>300

Using observed deposit beta

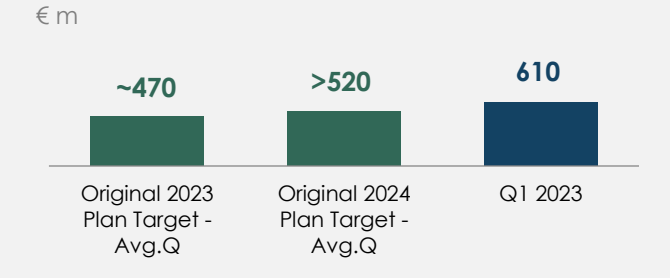
Solid outperformance: already above 2024 Strategic Plan targets

**2024 TARGETS
ALREADY EXCEEDED
ON A QUARTERLY
BASIS,
EVEN BEFORE THE
FULL
BANCASSURANCE
CONTRIBUTION**

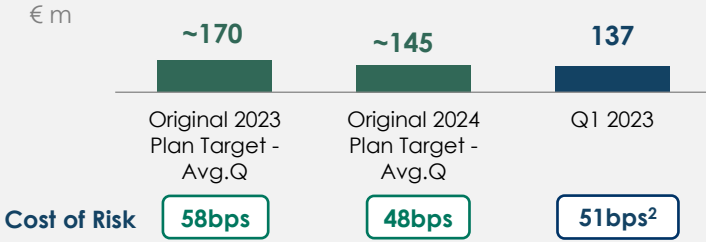
TOTAL REVENUES



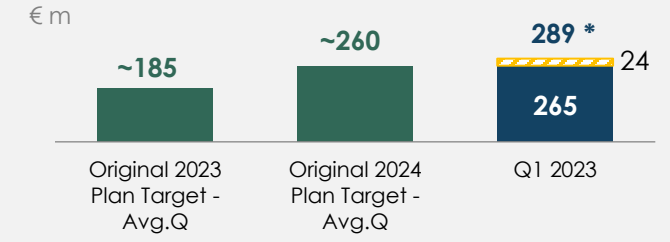
PRE-PROVISION INCOME



LLPs and CoR



NET INCOME



New Strategic Plan to be approved in H2 2023

* Redetermined normalizing the systemic charge impact.

Notes: 1. NII + Net Commissions + Net Results from Associates and Income from Insurance Business. 2. Annualized.

Strong capital position, with CET 1 ratio up at 14.15%

CET1 Ratio: evolution



Capital Ratios

%

	31/12/22 Adjusted	31/03/23 Adjusted
TIER 1	15.6	16.5
Total	18.6	19.3
RWA (€/bn)	60.5	60.0

Capital Buffers

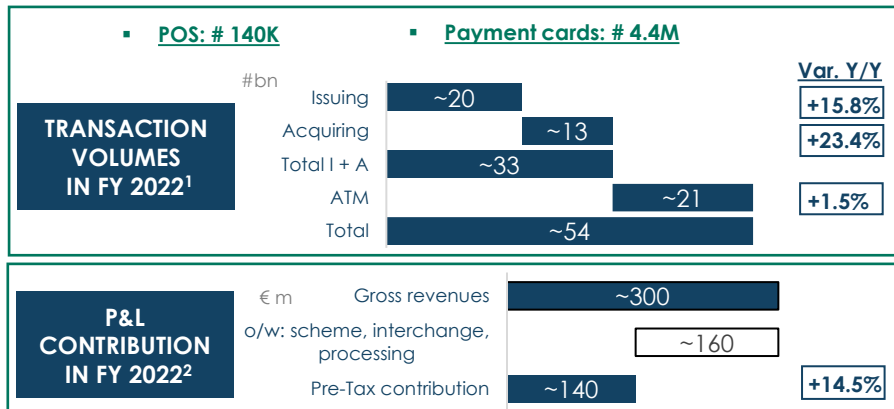
	31/12/22 Adjusted	31/03/23 Adjusted
Buffer vs. Min. CET1Req.	464bps	544bps
MDA Buffer	464bps	544bps

Wide and strengthened MDA buffer, up at **544bps Adjusted**, with fully efficient capital structure

Transformational initiatives to further enhance profitability & capital generation



NEW PROJECT TO STRENGTHEN PAYMENT BUSINESS



OVERALL VALUE POTENTIAL: €2BN OF NPV

- Long-term exclusive distribution agreement
- Preservation of running fee levels
- Cash-in of an upfront component, creating additional room for shareholder remuneration
- Mechanisms enabling to extract further value from future expected growth

NEXT STEP:

Termsheet expected to be signed by end-June 2023

NEW BANCASSURANCE SET-UP AT A GLANCE



Key Highlights

2

Q1 2023 Net Income at €265M, +49.2% Y/Y



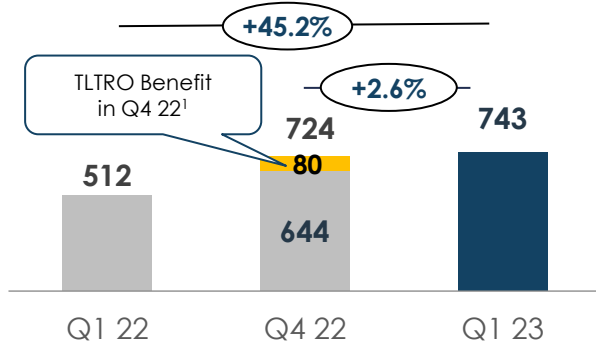
€ m	P&L			Chg. Q/Q	Chg. Y/Y
	Q1 2022	Q4 2022	Q1 2023		
Net interest income	512	724	743	2.6%	45.2%
Net fees and commissions	480	447	479	7.0%	-0.3%
NII + Net fees and commissions	992	1,171	1,222	4.3%	23.2%
Income from associates	50	35	36		
Other revenues	17	20	17		
Net financial result	128	-9	-34		
Income from insurance business		40	10		
Total revenues	1,186	1,257	1,250	-0.5%	5.4%
Operating costs	-625	-651	-640	-1.7%	2.5%
Pre-Provision income	561	606	610	0.8%	8.7%
Loan loss provisions	-151	-185	-137	-25.6%	-9.0%
Profit (loss) on FV measurement of tangible assets	-1	-60	-2		
Other ¹	-10	-28	3		
Profit from Continuing operations (pre-tax)	399	333	474	42.5%	18.8%
Taxes	-138	-93	-147		
Net profit from continuing operations	261	239	327	36.5%	25.4%
Systemic charges and other ²	-83	-29	-61		
Net income	178	210	265	26.4%	49.2%

Q1 2023 NII at €743M: best quarterly performance ever



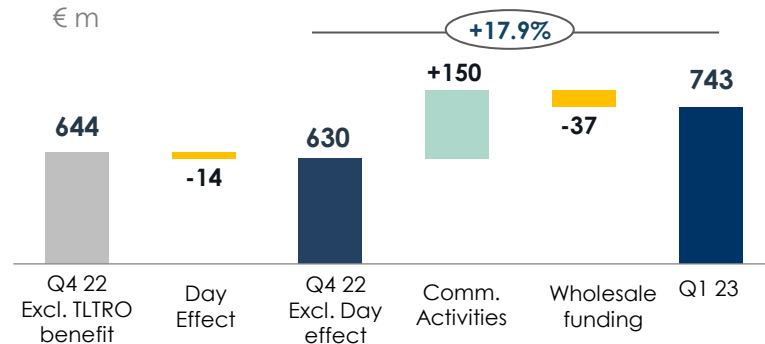
Quarterly trend

€ m



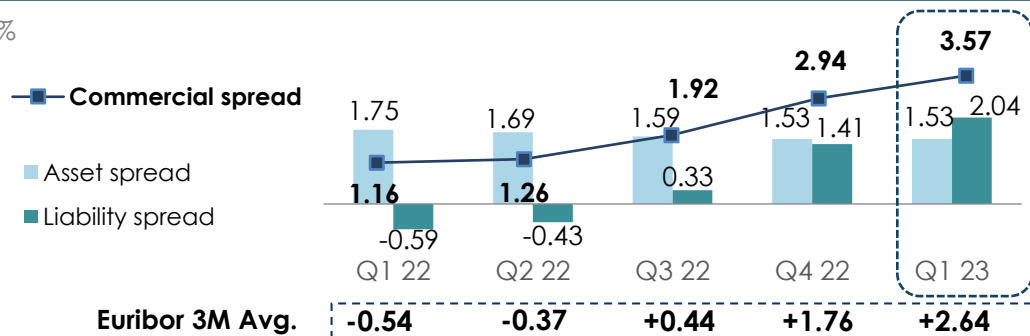
NII Evolution Bridge

€ m



Commercial spread: +63bps Q/Q

%



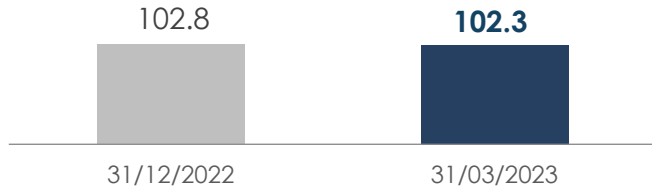
Increase in Commercial spread: at 3.57% vs 2.94% in Q4 22

- **Asset spread stable at 1.53%** thanks to commercial discipline
- **Liability spread up at 2.04%: +63bps Q/Q**, driven by interest rate trend and low impact from cost of deposits

Volumes supported by strong customer base and top-quality franchise

“Core” Net Performing Customer Loans¹

€ bn



Safe profile of new lending to feed positively into asset quality

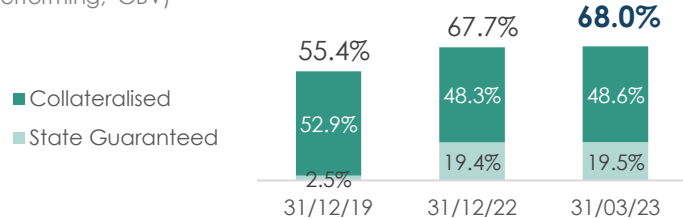
€5.2bn of new lending² in Q1 2023:

- €1.3bn assisted by State guarantees
- 96% concentrated in the best rating classes (Low-Mid category)³
- 71% in the North of the country

Customer loans: increased share of secured exposure, mainly in the SME segment

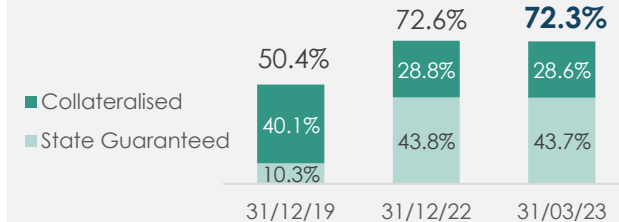
% share of secured positions on total loans (Stock of Performing, GBV)

Total Customer Loans to Households and Non-financial Companies at €91bn



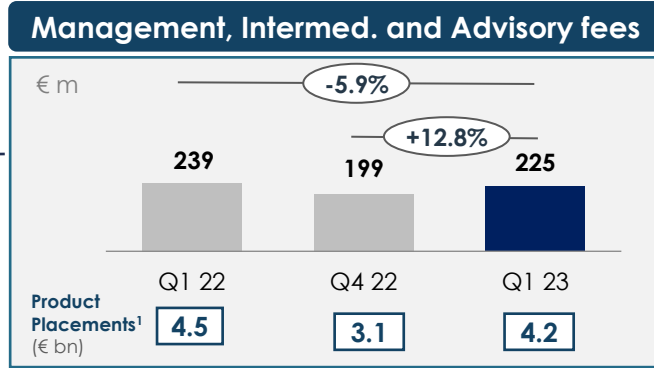
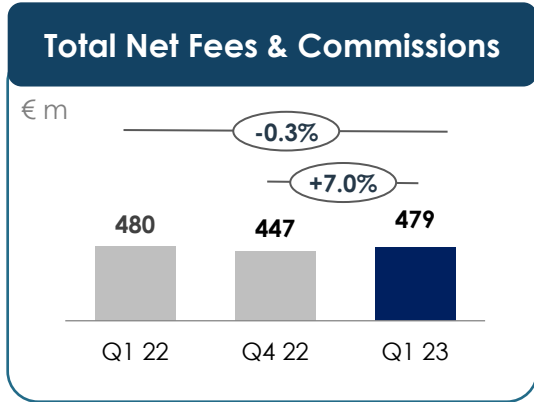
State-guaranteed loans up at 28.3% of NFC portfolio (3.7% in 2019)

o/w: Focus on Customer Loans to SMEs⁴ at €19bn



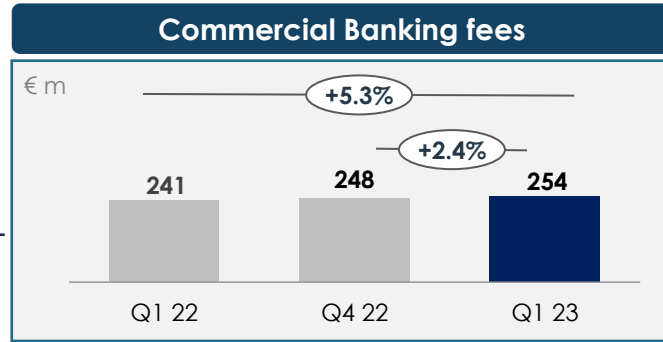
Only 3% of SME portfolio in High-risk rating class (o/w 76% secured)

Net Fees and Commissions at €479M, +7.0% Q/Q



Management, Intermediation and Advisory fees, +€25m Q/Q, mainly thanks to:

- Funds & Sicav (+€15m)
- Contribution from insurance products (+€6m)

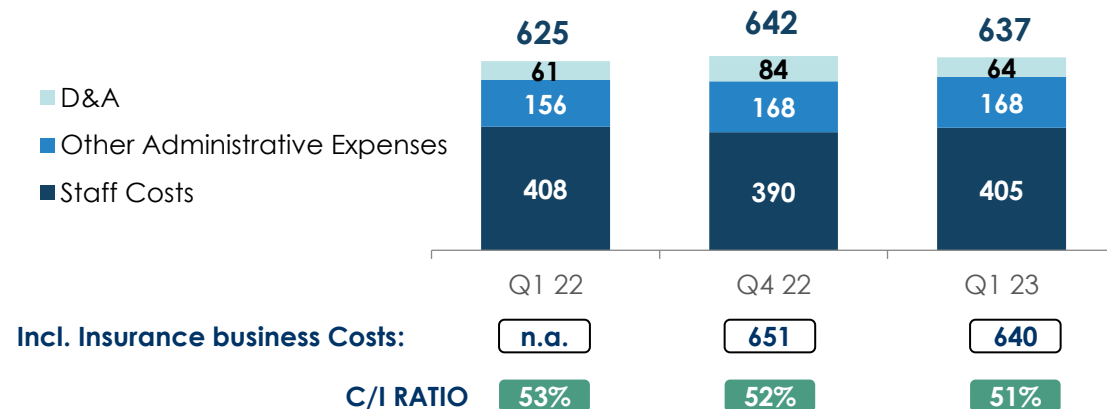


Commercial Banking fees at €254m, +€6m Q/Q, despite an increase in synthetic securitization charges (impact: -€6m), more than compensated by payment services (+€9m) and other components

Cost/Income ratio down at 51%

Banking business costs¹

€ m

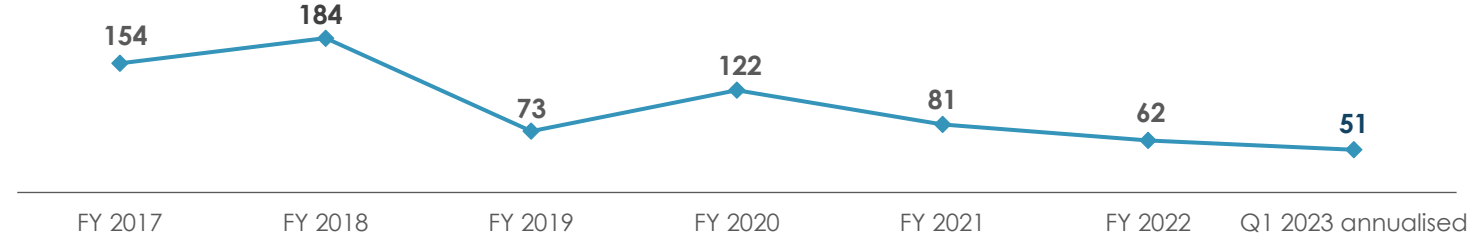


- **Q1 2023 banking business costs at €637m vs €642m in Q4 22 (-0.7%)**
 - **Staff costs substantially stable Q/Q on a like-for-like basis** (excluding €12m net positive one-off in Q4 2022)
 - **D&A -11.0% Q/Q on a like-for-like basis** (excluding €12m negative non-replicable elements in Q4 2022)
- **Insurance business costs** at €2.7m in Q1 2023, o/w: €0.1m Staff costs, €2.4m Other Administrative Expenses and €0.2m D&A

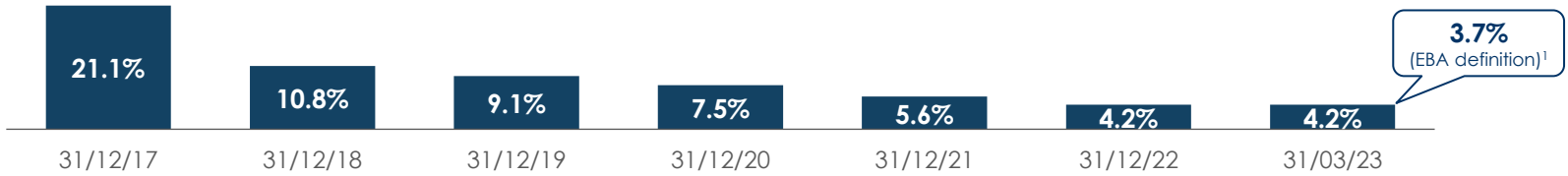
Continuous Cost of Risk reduction backed by significant Asset Quality improvement

Cost of Risk

In bps



Gross NPE ratio



Net NPE ratio

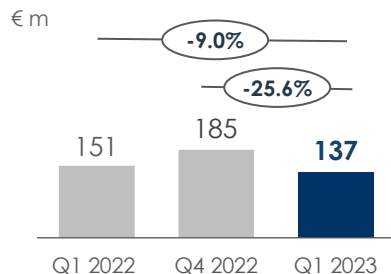


- **Gross and net NPE ratios** at 4.2% and 2.1% respectively, **well below the original Strategic Plan targets for YE 2024** (4.8% gross and ~2.5% net), with gross NPE ratio **down at 3.7% based on EBA definition**
- Additional disposals **targeted over the Plan horizon** increased to **>€0.7bn** (from >€0.5bn)², with CoR already frontloaded
- **Overlays stable** in Q1 2023 at ~€160m

Declining cost of risk, increased NPE coverage and low default rate



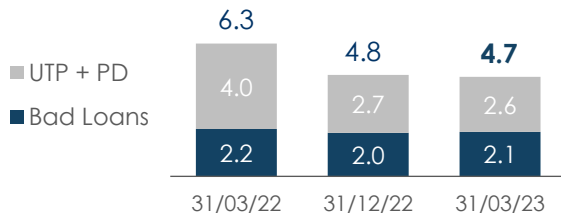
LLPs



Prudent provisioning approach confirmed

Gross NPEs down by €1.6bn Y/Y

€ bn



NET NPEs: 3.1 (31/03/22), 2.4 (31/12/22), 2.3 (31/03/23)

Migration rates under control

Default rate
(from Performing to NPEs)

FY 22
0.94%

Q1 23
annualised

0.88%

Cure rate
(from UTP to Performing)

3.31%

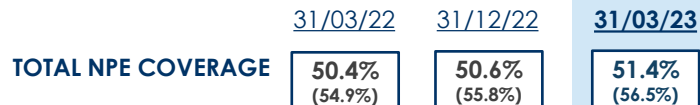
6.10%

Net Default rate
(Net flows to NPEs from performing)

0.80%

0.72%

Strong NPE coverage ratio

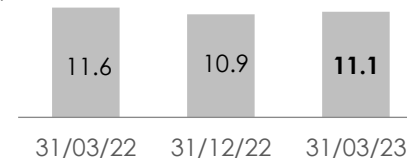


Coverage ratios indicated in brackets include write-offs

% Share of Secured NPE (GBV): 64% (31/03/22), 63% (31/12/22), 64% (31/03/23)

Stage 2 loans: -€0.5bn Y/Y

GBV in € bn



Share of Stage 2 on total perf. loans

10.7%

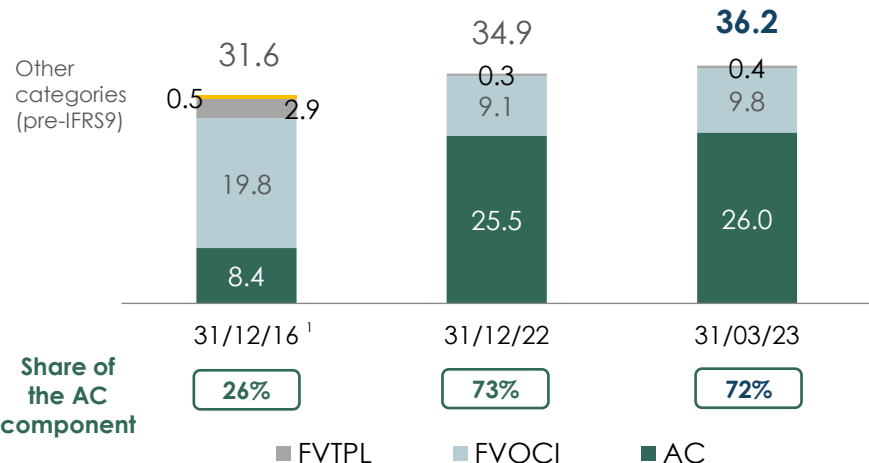
10.1%

10.5%

Optimization and increasing diversification of Debt securities portfolio

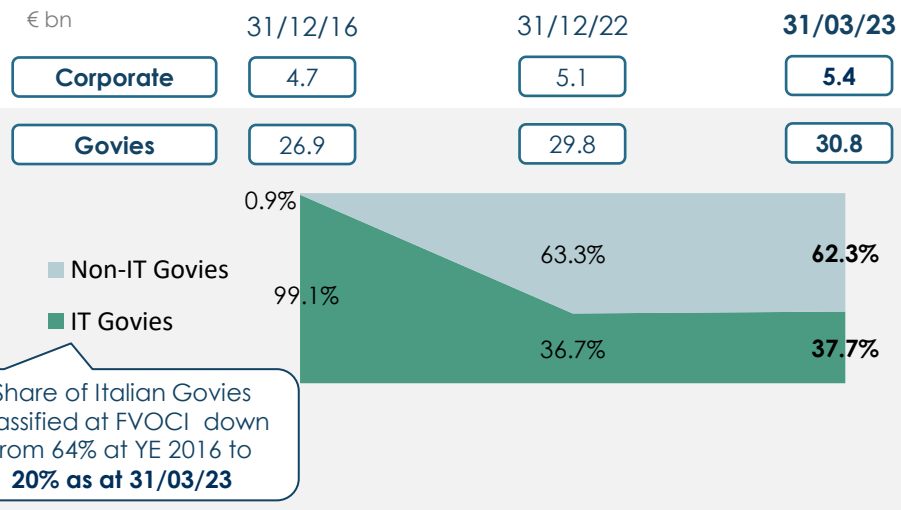
Accounting classification

€ bn



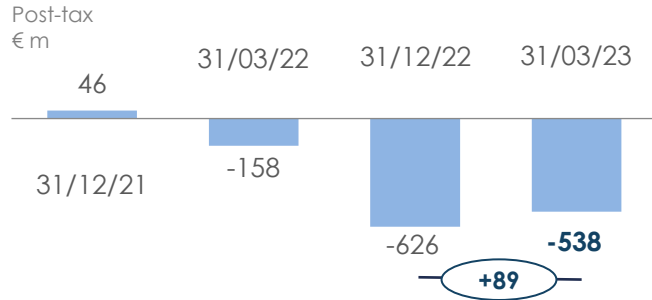
Composition by counterparty

€ bn

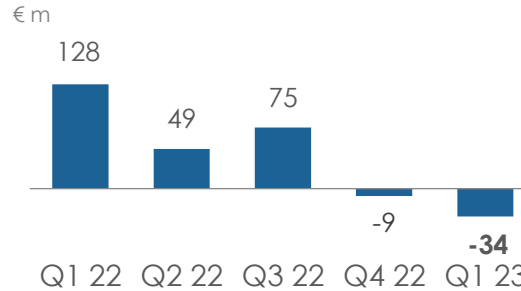


Debt securities portfolio at FVOCI: sound recovery in reserves and negligible capital sensitivity

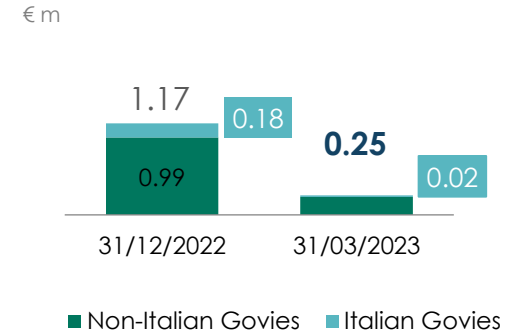
Reserves of debt securities at FVOCI



NFR



MANAGEABLE CAPITAL SENSITIVITY BPV of Total Govies at FVOCI¹

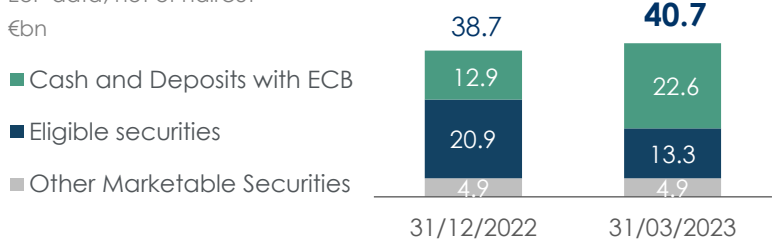


- NFR in Q1 2023 impacted **by option hedging of FVOCI portfolio, more than compensated by a sound recovery in reserves**
- **Very low capital sensitivity** from govies at FVOCI, **with BPV impact from Italian govies close to zero**

Rock-solid liquidity & funding profile: LCR at 199% & NSFR at 130%¹

Total liquidity: Cash + Unencumbered Assets²

EoP data, net of haircut
€bn



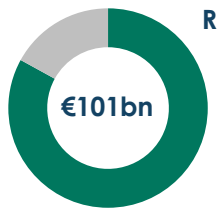
LCR up at 199% (191% YE 2022)

Asset encumbrance and exposure with ECB as at 31/03/23

- Total Encumbered Eligible Assets at €43.6bn³
- TLTRO III nominal exposure down to €26.7bn, after an anticipated reimbursement of €12.5bn in Dec. 2022
- Net ECB funding position at €4.7bn
- LCR level expected >140% after full TLTRO reimbursement, with limited recourse to MLT refinancing operations

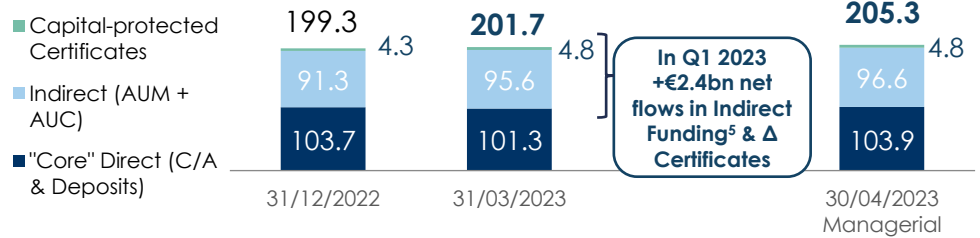
High-value deposit base

Sight deposits as at 31/03/2023



- Retail & SME deposits >80%
- Huge retail base
- Guaranteed deposits at >€58bn⁴
- Average retail deposit size: ~€22K

“Core” Direct + Indirect customer funding and Certificates



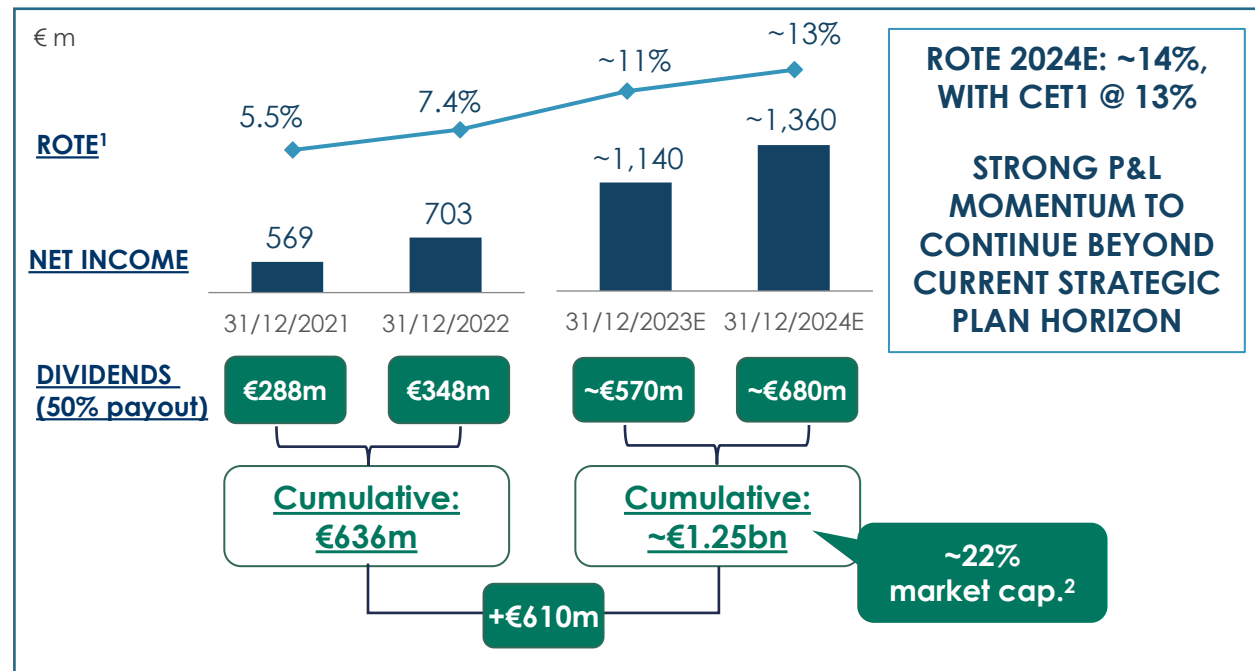
Final Remarks

3

Net income & Shareholder remuneration outlook: confident to double net income performance



2023-2024 NEW GUIDANCE: PROFITABILITY BOOST



CAPITAL MANAGEMENT ACTIONS TO GENERATE ROOM FOR ADDITIONAL SHAREHOLDER REMUNERATION

Q1 2023 Performance Details

4

Quarterly Stated P&L results

Reclassified income statement (€m)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Chg. Q/Q	Chg. Q/22
Net interest income	511.5	527.6	551.3	724.0	743.0	19.0	2.6%
Income (loss) from invest. in associates carried at equity	49.6	41.5	31.6	34.8	36.3	1.5	4.3%
Net interest, dividend and similar income	561.2	569.1	582.9	758.8	779.3	20.5	2.7%
Net fee and commission income	480.1	486.8	473.2	447.3	478.7	31.4	7.0%
Other net operating income	16.7	15.0	20.4	19.5	16.9	-2.6	-13.3%
Net financial result	127.9	48.9	75.1	-9.0	-34.1	-25.2	n.m.
Income from insurance business	-	-	-8.7	40.5	9.6	-30.8	-76.2%
Other operating income	624.7	550.7	560.0	498.3	471.0	-27.2	-5.5%
Total income	1,185.9	1,119.7	1,142.9	1,257.0	1,250.3	-6.7	-0.5%
Personnel expenses	-407.9	-405.3	-400.5	-395.2	-405.4	-10.2	2.6%
Other administrative expenses	-155.6	-162.7	-160.7	-171.5	-170.2	1.3	-0.7%
Amortization and depreciation	-61.2	-64.1	-70.1	-84.7	-64.5	20.3	-23.9%
Operating costs	-624.7	-632.1	-631.3	-651.4	-640.1	11.3	-1.7%
Profit (loss) from operations	561.2	487.7	511.6	605.7	610.3	4.6	0.8%
Net adjustments on loans to customers	-151.1	-152.6	-193.9	-184.7	-137.5	47.2	-25.6%
Profit (loss) on FV measurement of tangible assets	-1.2	-39.6	-7.5	-60.0	-1.9	58.1	-96.8%
Net adjustments on other financial assets	-3.2	-2.3	-3.0	-0.5	0.7	1.2	n.m.
Net provisions for risks and charges	-8.1	-4.6	-16.3	-28.2	2.5	30.7	n.m.
Profit (loss) on the disposal of equity and other invest.	1.5	-0.1	0.3	0.5	0.2	-0.4	-70.1%
Income (loss) before tax from continuing operations	399.1	288.5	291.2	332.7	474.2	141.5	42.5%
Tax on income from continuing operations	-138.4	-92.6	-84.5	-93.4	-147.4	-54.0	57.8%
Income (loss) after tax from continuing operations	260.6	195.9	206.7	239.3	326.8	87.5	36.5%
Systemic charges after tax	-74.6	0.0	-77.3	0.0	-57.3	-57.2	n.m.
Goodwill impairment	0.0	-8.1	0.0	0.0	0.0	0.0	
Income (loss) attributable to minority interests	0.0	0.1	0.0	0.6	0.0	-0.7	n.m.
Purchase Price Allocation after tax	-8.5	-7.2	-20.4	-9.4	-7.4	2.0	-21.5%
Fair value on own liabilities after Taxes	0.2	25.5	-0.3	-20.5	3.3	23.8	n.m.
Net income (loss) for the period	177.8	206.1	108.7	209.9	265.3	55.4	26.4%



P&L: Q1 2023 comparison of stated and adjusted with one-off details



Reclassified income statement (€m)	Q1 23	Q1 23 Adjusted	One-off
Net interest income	743.0	743.0	0.0
Income (loss) from invest. in associates carried at equity	36.3	36.3	0.0
Net interest, dividend and similar income	779.3	779.3	0.0
Net fee and commission income	478.7	478.7	0.0
Other net operating income	16.9	16.9	0.0
Net financial result	-34.1	-34.1	0.0
Income from insurance business	9.6	9.6	0.0
Other operating income	471.0	471.0	0.0
Total income	1,250.3	1,250.3	0.0
Personnel expenses	-405.4	-404.2	-1.2
Other administrative expenses	-170.2	-170.2	0.0
Amortization and depreciation	-64.5	-64.5	0.0
Operating costs	-640.1	-638.9	-1.2
Profit (loss) from operations	610.3	611.5	-1.2
Net adjustments on loans to customers	-137.5	-137.5	0.0
Profit (loss) on FV of tangible assets	-1.9	0.0	-1.9
Net adjustments on other financial assets	0.7	0.7	0.0
Net provisions for risks and charges	2.5	6.8	-4.4
Profit (loss) on the disposal of equity and other invest.	0.2	0.0	0.2
Income (loss) before tax from continuing operations	474.2	481.5	-7.3
Tax on income from continuing operations	-147.4	-149.6	2.1
Income (loss) after tax from continuing operations	326.8	332.0	-5.2
Systemic charges after tax	-57.3	-57.3	0.0
Goodwill impairment	0.0	0.0	0.0
Income (loss) attributable to minority interests	0.0	0.0	0.0
Purchase Price Allocation after tax	-7.4	-7.4	0.0
Fair value on own liabilities after Taxes	3.3	3.3	0.0
Net income (loss) for the period	265.3	270.5	-5.2

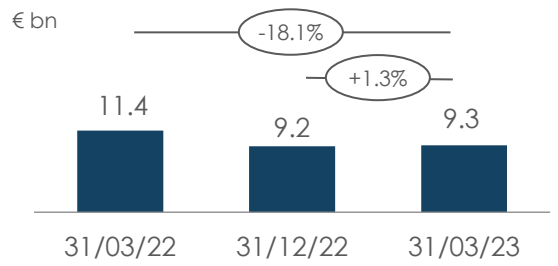
Provisions related to contractual duties

Reclassified Balance Sheet

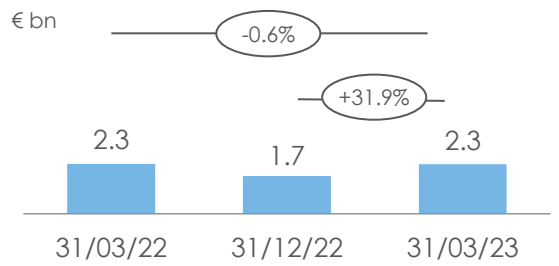
Reclassified assets (€ m)	Restated		Chg. YTD	
	31/12/22	31/03/23	Value	%
Cash and cash equivalents	13,131	23,068	9,937	75.7%
Loans and advances measured at AC	113,633	111,393	-2,239	-2.0%
- Loans and advances to banks	4,178	3,643	-535	-12.8%
- Loans and advances to customers ⁽¹⁾	109,455	107,751	-1,704	-1.6%
Other financial assets	43,094	43,875	781	1.8%
- Assets measured at FV through PL	8,207	7,848	-359	-4.4%
- Assets measured at FV through OCI	9,381	10,048	668	7.1%
- Assets measured at AC	25,506	25,978	472	1.9%
Financial assets pertaining to insurance companies	5,893	6,016	123	2.1%
Equity investments	1,652	1,610	-43	-2.6%
Property and equipment	3,035	2,894	-140	-4.6%
Intangible assets	1,255	1,253	-2	-0.2%
Tax assets	4,585	4,463	-123	-2.7%
Non-current assets held for sale and discont. operations	196	209	13	6.7%
Other assets	3,335	3,931	597	17.9%
Total	189,808	198,712	8,904	4.7%
Reclassified liabilities (€ m)	Restated		Chg. YTD	
	31/12/22	31/03/23	Value	%
Banking Direct Funding	120,639	120,038	-601	-0.5%
- Due from customers	107,679	105,122	-2,557	-2.4%
- Debt securities and financial liabilities designed at FV	12,960	14,916	1,956	15.1%
Insurance Direct Funding & Insurance liabilities	5,743	5,854	111	1.9%
- Financial liabilities measured at FV pertaining to insurance companies	1,459	1,478	19	1.3%
- Liabilities pertaining to insurance companies	4,284	4,376	92	2.2%
Due to banks	32,636	31,300	-1,336	-4.1%
Debts for Leasing	628	514	-114	-18.1%
Other financial liabilities designated at FV	13,598	21,747	8,149	59.9%
Other financial liabilities pertaining to insurance companies	0	3	3	n.m.
Liability provisions	989	962	-27	-2.7%
Tax liabilities	268	312	45	16.6%
Liabilities associated with assets held for sale	26	35	9	33.9%
Other liabilities	2,266	4,587	2,322	102.5%
Minority interests	1	1	0	5.0%
Shareholders' equity	13,016	13,358	342	2.6%
Total	189,808	198,712	8,904	4.7%

Focus on Govies portfolio

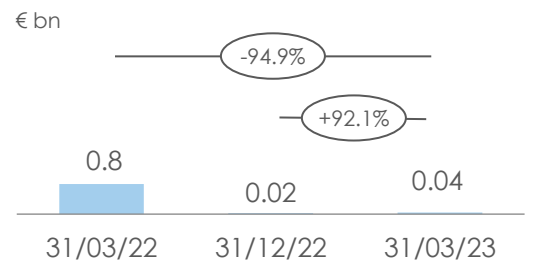
Italian Govies at AC



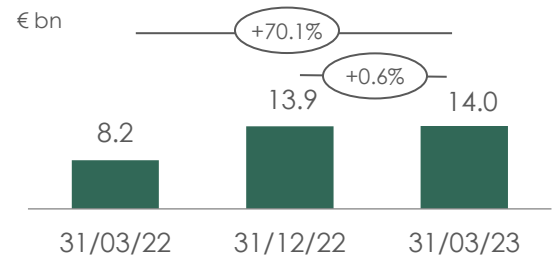
Italian Govies at FVOCI



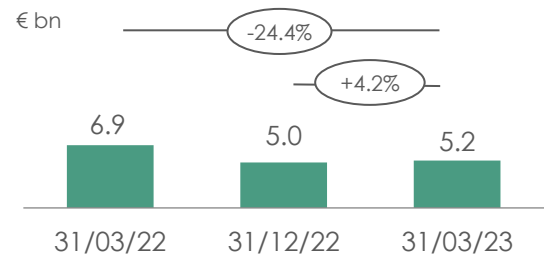
Italian Govies at FVTPL



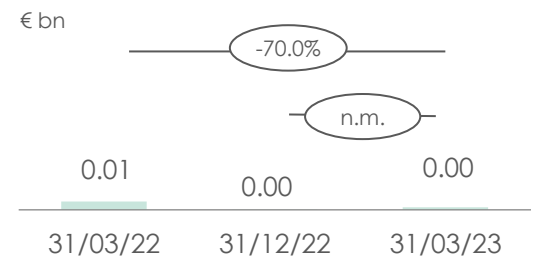
Non-Italian Govies at AC



Non-Italian Govies at FVOCI



Non-Italian Govies at FVTPL

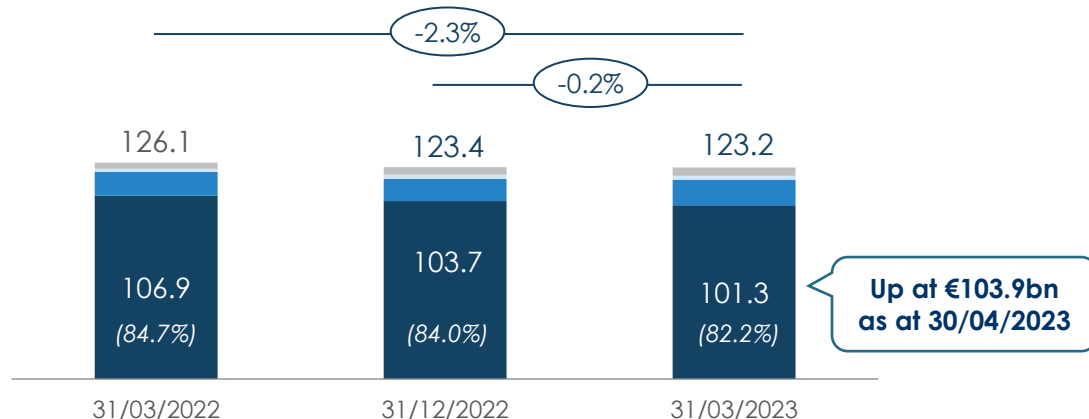


Direct funding from the Banking business¹

Direct funding²

€ bn

- Capital-protected Certificates
 - Other
 - Bonds
 - C/A, Sight & Time deposits
- (% Share on total)

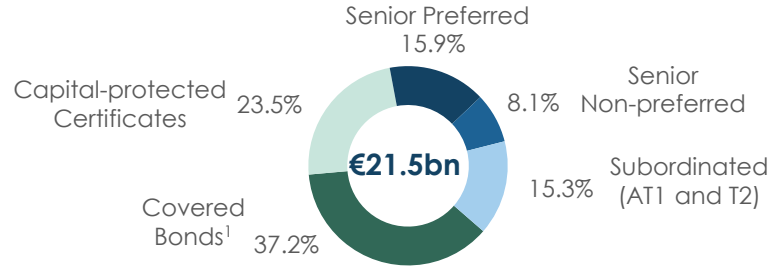


	31/03/22	31/12/22	31/03/23	% chg. Y/Y	% chg. YTD
C/A & Sight deposits	106.0	103.4	101.0	-4.6%	-2.3%
Time deposits	0.9	0.3	0.3	-68.7%	-1.3%
Bonds	13.8	12.9	14.9	8.3%	15.1%
Other	1.9	2.5	2.2	16.9%	-12.6%
Capital-protected Certificates	3.6	4.3	4.8	33.3%	11.9%
Direct Funding (excl. Repos)	126.1	123.4	123.2	-2.3%	-0.2%

Liability profile: Bonds outstanding and issues

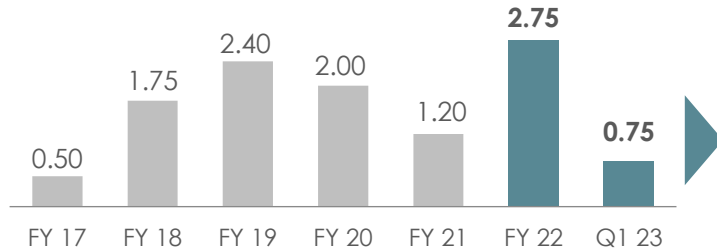
Bonds Outstanding as at 31/03/2023

Nominal amounts



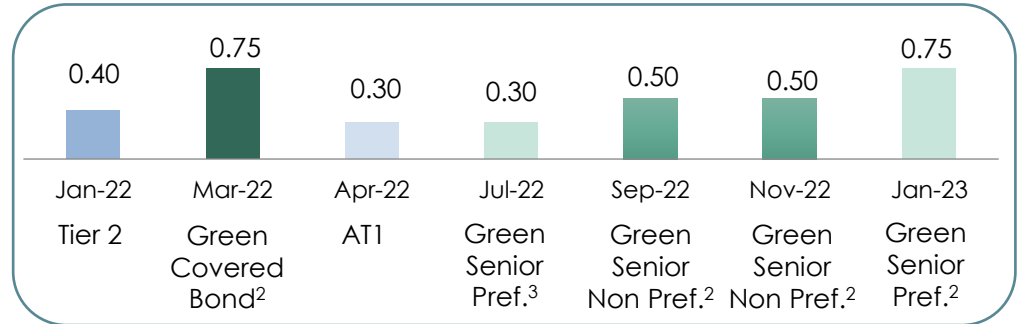
Wholesale bonds issued since 2017

€ bn



€ bn

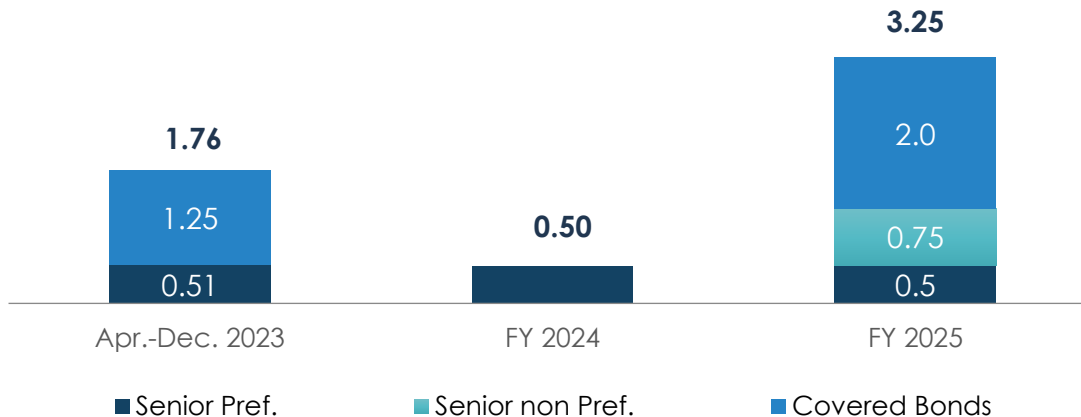
Focus on Wholesale bonds issued in 2022 and Q1 2023



Bond maturities: limited and manageable amounts

Institutional bond maturities

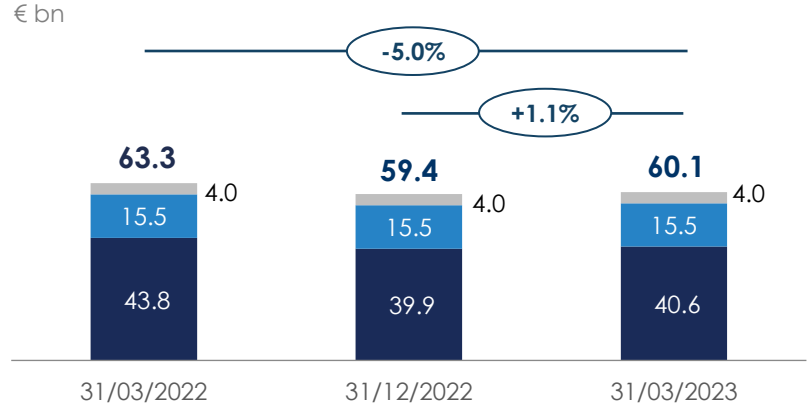
€ bn



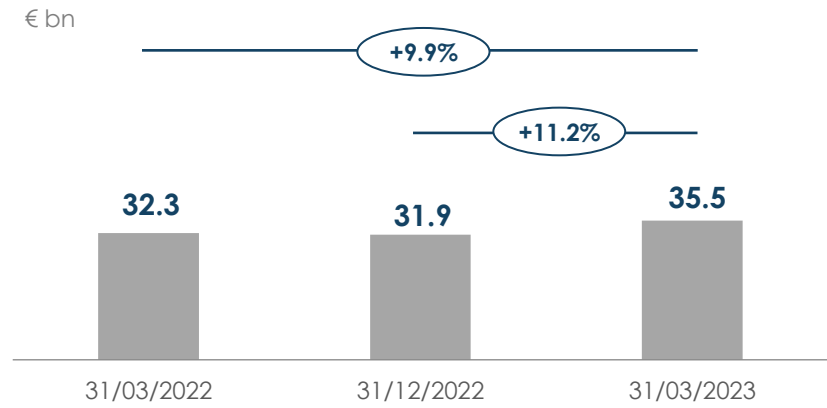
- €0.15bn Covered Bonds reimbursed in Q1 2023
- €3.9bn institutional bonds reimbursed in FY 2022

Indirect customer funding at €95.6bn

Assets under Management (AuM)



Assets under Custody (AuC)¹



■ Funds & Sicav ■ Bancassurance ■ Managed Accounts and Funds of Funds

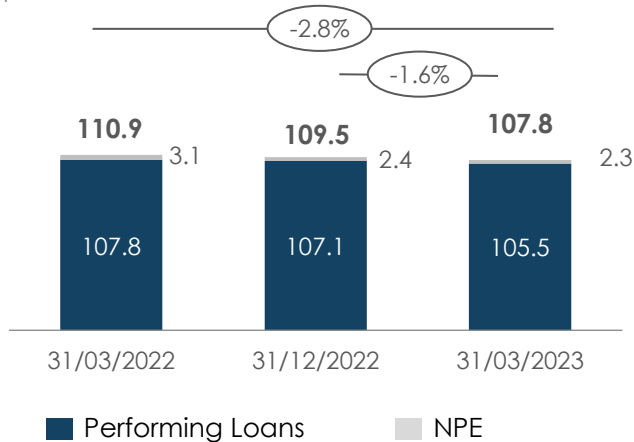
▪ **Total Indirect Customer Funding at €95.6bn, from €91.3bn as at 31/12/2022 and €95.6bn as at 31/03/2022**

Managerial data of the commercial network. AUM from bancassurance as at 31/03/2023 includes €5.7bn also included in Insurance Direct Funding and Insurance liabilities (€5.8bn as at YE 2022).
 Note: 1. AuC data are net of capital-protected certificates, as they have been regrouped under Direct Funding (see slide 30).

Net Customer Loans

Net Customer Loans¹

€ bn



Net Performing Customer Loans	31/03/22	31/12/22	31/03/23	Change	
				In % Y/Y	In % YTD
Core customer loans	101.3	102.8	102.3	1.0%	-0.5%
- Medium/Long-Term loans	78.2	80.4	80.1	2.4%	-0.4%
- Current Accounts	8.9	8.4	8.4	-5.4%	0.9%
- Cards & Personal Loans	1.2	1.0	0.8	-29.3%	-11.5%
- Other loans	13.0	13.0	12.9	-0.8%	-0.7%
GACS Senior Notes	2.1	1.9	1.8	-17.8%	-9.5%
Repos	3.7	1.9	0.9	-74.2%	-49.7%
Leasing	0.7	0.5	0.5	-26.1%	-7.1%
Total Net Performing Loans	107.8	107.1	105.5	-2.1%	-1.5%

Analysis of gross Performing loan portfolio

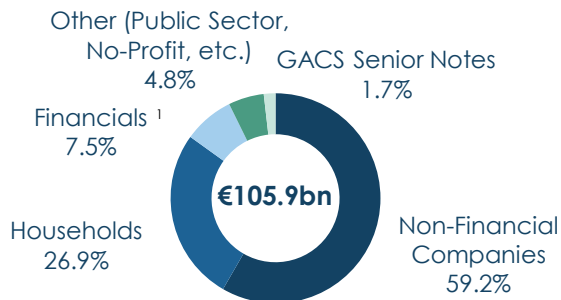


Performing customer loan breakdown as at 31/03/2023

Managerial data,
GBV

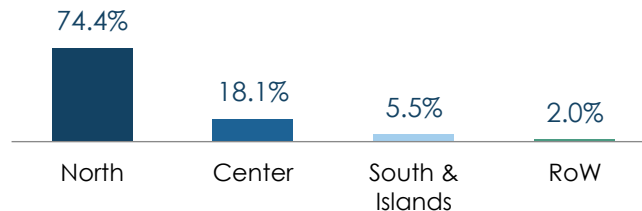
Breakdown by customer segments

(including GACS Senior Notes)



Breakdown by geographic area

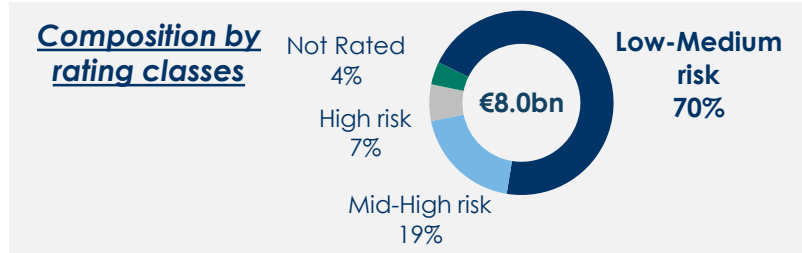
(excluding GACS Senior Notes)



Construction of buildings and RE activities:

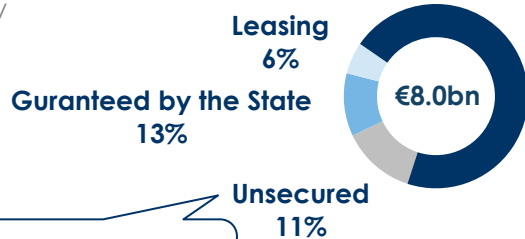
Highly secured exposure, concentrated in low-mid risk rating classes and in the northern part of Italy

€ bn	Performing Exposure (GBV)	In % on total Perf. loans
Construction of buildings ¹	3.2	3%
RE Activities	4.8	5%
TOTAL	8.0	8%



Composition by guarantees

Performing loans
GBV



80% in Low-Mid risk rating classes

Secured by collateral
70%
€5.6bn

o/w: €4.4bn OPERATING ASSETS, with LTV of ~50%
71% North (52% Lombardy, 35% Milan)
23% Center and 7% South & Islands

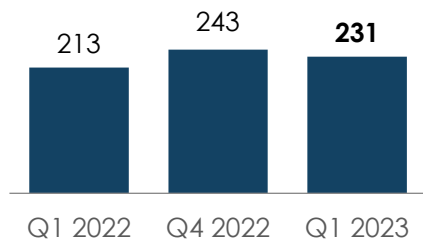
o/w: €1.2bn UNDER DEVELOPMENT:
76% North (63% Lombardy, 47% Milan)
22% Center and 2% South & Islands

NPE migration dynamics



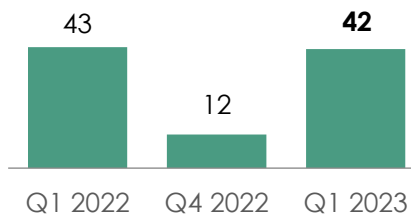
Inflows from Performing to NPEs

€ m



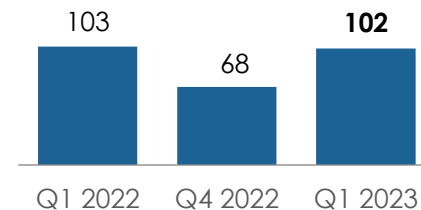
Outflows from NPEs to Perf. Loans

€ m



Flows from UTP to Bad Loans

€ m



Asset Quality details

Loans to Customers at AC¹

Gross exposures €/m and %	31/03/2022	31/12/2022	31/03/2023	Chg. Y/Y		Chg. YTD	
				Value	%	Value	%
Bad Loans	2,226	2,047	2,094	-132	-5.9%	47	2.3%
UTP	3,974	2,639	2,522	-1,451	-36.5%	-117	-4.4%
Past Due	53	82	64	11	21.5%	-18	-21.8%
NPE	6,252	4,769	4,680	-1,572	-25.1%	-88	-1.9%
Performing Loans	108,244	107,520	105,894	-2,350	-2.2%	-1,626	-1.5%
TOTAL CUSTOMER LOANS	114,496	112,289	110,574	-3,922	-3.4%	-1,714	-1.5%

Net exposures €/m and %	31/03/2022	31/12/2022	31/03/2023	Chg. Y/Y		Chg. YTD	
				Value	%	Value	%
Bad Loans	849	721	734	-114	-13.5%	14	1.9%
UTP	2,211	1,575	1,493	-718	-32.5%	-82	-5.2%
Past Due	39	60	48	9	23.5%	-12	-19.9%
NPE	3,099	2,356	2,275	-824	-26.6%	-80	-3.4%
Performing Loans	107,790	107,099	105,475	-2,315	-2.1%	-1,624	-1.5%
TOTAL CUSTOMER LOANS	110,889	109,455	107,751	-3,138	-2.8%	-1,704	-1.6%

Coverage ratios %	31/03/2022	31/12/2022	31/03/2023
Bad Loans	61.9%	64.8%	64.9%
UTP	44.4%	40.3%	40.8%
Past Due	26.3%	26.9%	25.1%
NPE	50.4%	50.6%	51.4%
Performing Loans	0.42%	0.39%	0.40%
TOTAL CUSTOMER LOANS	3.2%	2.5%	2.6%

Details on Insurance business

Banco BPM Vita & Banco BPM Assicurazioni portfolio fully consolidated starting from 1 July 2022¹

P&L contribution of Banco BPM Vita & Assicurazioni

	Q1 23
Fees and other net operating income	0.2
Income from insurance business	9.6
Total income	9.8
Personnel expenses	-0.1
Other administrative expenses	-2.4
Amortization and depreciation	-0.2
Operating costs	-2.7
Profit (loss) from operations	7.2
Tax on income from continuing operations	-1.9
Net income	5.3

IFRS 17 impact on FY 2022 P&L



Reclassified income statement (€m)	IFRS 17 impacts on FY 2022
Net interest income	0.0
Income (loss) from invest. in associates carried at equity	-29.6
Net interest, dividend and similar income	-29.6
Net fee and commission income	0.0
Other net operating income	-0.04
Net financial result	0.0
Income from insurance business	-10.0
Other operating income	-10.1
Total income	-39.7
Personnel expenses	6.5
Other administrative expenses	2.1
Amortization and depreciation	0.4
Operating costs	9.0
Profit (loss) from operations	-30.7
Net adjustments on loans to customers	0.0
Profit (loss) on FV measurement of tangible assets	0.0
Net adjustments on other financial assets	0.0
Net provisions for risks and charges	0.0
Profit (loss) on the disposal of equity and other invest.	0.0
Income (loss) before tax from continuing operations	-30.7
Tax on income from continuing operations	1.9
Income (loss) after tax from continuing operations	-28.8
Systemic charges after tax	0.0
Goodwill impairment	0.0
Income (loss) attributable to minority interests	0.0
Purchase Price Allocation after tax	3.1
Fair value on own liabilities after Taxes	0.0
Net income (loss) for the period	-25.7

Capital position in detail¹

FULLY LOADED CAPITAL POSITION (€/m and %)	31/03/2022	31/12/2022	31/03/2023
CET 1 Capital	8,435	7,700	8,076
T1 Capital	9,528	9,089	9,466
Total Capital	11,969	10,871	11,192
RWA	64,208	59,996	59,514
CET 1 Ratio	13.14%	12.83%	13.57%
AT1	1.70%	2.32%	2.34%
T1 Ratio	14.84%	15.15%	15.91%
Tier 2	3.80%	2.97%	2.90%
Total Capital Ratio	18.64%	18.12%	18.81%

Leverage ratio Fully Loaded as at 31/03/2023: 4.71%

FULLY LOADED RWA COMPOSITION (€/bn)	31/03/2022	31/12/2022	31/03/2023
CREDIT & COUNTERPARTY RISK	54.9	51.0	50.6
<i>of which: Standard</i>	30.0	26.1	26.5
MARKET RISK	2.0	1.4	1.3
OPERATIONAL RISK	7.1	7.4	7.4
CVA	0.2	0.3	0.2
TOTAL	64.2	60.0	59.5

PHASED IN CAPITAL POSITION (€/m and %)	31/03/2022	31/12/2022
CET 1 Capital	9,011	8,618
T1 Capital	10,104	10,008
Total Capital	12,545	11,789
RWA	64,372	60,200
CET 1 Ratio	14.00%	14.32%
AT1	1.70%	2.31%
T1 Ratio	15.70%	16.62%
Tier 2	3.79%	2.96%
Total Capital Ratio	19.49%	19.58%

Starting from 31/03/2023, PHASED IN values and ratios coincide with FULLY LOADED values and ratios

PHASED IN RWA COMPOSITION (€/bn)	31/03/2022	31/12/2022
CREDIT & COUNTERPARTY RISK	55.0	51.2
<i>of which: Standard</i>	30.2	26.3
MARKET RISK	2.0	1.4
OPERATIONAL RISK	7.1	7.4
CVA	0.2	0.3
TOTAL	64.4	60.2

Notes: 1. Data are indicated without application of the Danish Compromise.

- All data include also the profit of the period, subject to ECB authorization, net of the amount of dividend determined by the Board of Directors (based on a dividend payout ratio of 50%).
- Starting from 30 June 2022 and until 31/12/2022, Banco BPM chosen to adopt the temporary treatment of unrealised gains and losses measured at FVOCI, according to art. 468 of the CRR, as amended by Regulation (EU) 2020/873 (so called "CRR Quick-fix"). The above-mentioned temporary treatment was considered only for the calculation of the phase-in capital ratios while it did not applied to the fully-loaded capital ratios.

ESG highlights of Q1 2023

In March 2023 Banco BPM joined the NZBA

- 5 priority sectors already identified:
 - oil & gas
 - power generation
 - cement
 - automotive
 - coal
- Communication of targets within 18 months

€750m Green Senior Pref. bond in Jan. 2023
 Issued under the Green, Social and Sustainability Bonds Framework

SIGNIFICANT ISSUANCE ACTIVITY OF SOCIAL & GREEN BONDS:

- **€3.3bn Social & Green bonds issued in the period 2021-Jan. 2023** (o/w **€3.0bn under the Green Social & Sustainability Bonds Framework**), already above the target for 2021-2024

ESG governance further strenghtened:
Sustainability Committee established at Board level

- **COMPOSITION:** Three non-executive and independent board members (2 women, 1 man)
- **MISSION:** Oversee the Sustainability goals defined by the Bank in coordination with Internal Control & Risk Committee

MSCI ESG RATINGS

MSCI rating upgraded from BBB to A in March 2023

CCC B BB BBB **A** AA AAA

BBPM confirmed in the Bloomberg Gender Equality Index in Jan. 2023 with a score improved to 79.7

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