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Oggetto : RESULTS AS OF 30 JUNE 2023

<i>Testo del comunicato</i>
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Vedi allegato.



## PRESS RELEASE

### RESULTS AS OF 30 JUNE 2023:

NET INCOME AT € 624 MILLION BEST HALF-YEAR EVER (+77.9% Y/Y<sup>1</sup>)

#### 2023 PROFIT TARGET INCREASED:

EPS 2023 ≥€0.80 (EQUIVALENT TO ≥€1.2 BILLION), COMPARED TO  
PREVIOUS EPS GUIDANCE OF ~€0.75, INCREASING FURTHER  
TO ~€0.90 (+12.5%) IN 2024

THE NEW BUSINESS PLAN, TO BE PRESENTED BY THE FOURTH QUARTER OF  
2023, WILL UPDATE THE SHAREHOLDER REMUNERATION TARGETS TO  
REFLECT THE POSITIVE RESULTS ACHIEVED IN TERMS OF PROFITABILITY  
AND ORGANIC CAPITAL CREATION

#### FURTHER IMPROVEMENT IN ASSET QUALITY:

- GROSS NPE RATIO DECLINING STEADILY TO 3.8%<sup>2</sup> (3.3%  
CALCULATED ACCORDING TO EBA<sup>3</sup> METHODOLOGY)
  - NET NPE RATIO DOWN TO 1.9%

COST OF RISK<sup>4</sup> AT 48 B.P. MAINTAINING SOLID COVERAGE LEVELS OF  
IMPAIRED LOANS OF OVER 50%

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<sup>1</sup> For the sake of comparability of the results, it should be noted that the figures for the financial year 2022 have been restated, as a result of the retrospective application of IFRS 17 and IFRS 9 by the insurance subsidiaries and associated companies as of 1 January 2022. For further details, please refer to point 1 of the Explanatory Notes "Adoption of the accounting standard IFRS 17 'Insurance Contracts'" in this press release.

<sup>2</sup> Ratio obtained from the ratio of net impaired exposures to total exposures referring to the balance sheet aggregate of "Loans to customers measured at amortized cost."

<sup>3</sup> Methodology used by the EBA for presenting data as part of the EU Transparency Exercise.

<sup>4</sup> Calculated as the ratio of net loan impairments, annualized for the first half of 2023, to total cash exposures to customers net of impairments.



**FURTHER STRENGTHENING OF CAPITAL RATIOS<sup>5</sup> : CET 1 RATIO<sup>6</sup> AT 14.8%  
AND MDA BUFFER<sup>7</sup> AT 612 B.P.**

**SOLID LIQUIDITY POSITION: LCR AT 179%, NSFR > 130%<sup>8</sup>, CASH AND  
UNENCUMBERED ASSETS AT € 44.5 BN**

- **NET INTEREST INCOME AND FEES AT RECORD LEVELS: € 2,501 MILLION (+24.7%  
OVER H1 2022)**
- **STRONG GROWTH IN OPERATING INCOME<sup>9</sup>: € 1,302 MILLION (+28.2% COMPARED  
TO FIRST HALF 2022)**
  - **FURTHER IMPROVEMENT IN OPERATING EFFICIENCY WITH COST/INCOME<sup>10</sup>  
FURTHER REDUCED TO 49.5% (55.3% IN FIRST HALF 2022)**

**DIRECT FUNDING<sup>11</sup> AT € 124.7 BILLION, UP FROM € 123.5 BILLION AT THE  
END OF 2022**

**INDIRECT FUNDING AT € 99.6 BILLION, UP FROM € 91.3 BILLION AS OF 31  
DECEMBER 2022**

**STRENGTHENING OF THE BUSINESS MODEL**

**AGREEMENT SIGNED FOR THE VALORIZATION OF THE E-MONEY BUSINESS WITH THE  
CREATION OF THE SECOND NATIONAL PLAYER IN THE PAYMENTS SEGMENT WITH**

<sup>5</sup> Figures determined by taking into account the estimated positive effect of the expected future application of the Danish Compromise; the actual CET 1 ratio as of 30 June 2023 is 14.25% and the MDA buffer is 552 b.p. (the above actual figures as of 30 June 2023 are also identified below as "stated" for brevity). More details on how capital ratios are calculated can be found in point 6 of the Notes to this press release.

<sup>6</sup> As of January 1, 2023, all transitional rules that deferred certain impacts on the calculation of capital ratios having expired, these ratios are calculated by fully applying the regulatory rules. Therefore, the distinction, made in past periods, between "phased-in" and "fully phased-in" ratios is no longer relevant.

<sup>7</sup> Difference between the Total capital ratio (ratio of own funds to risk-weighted assets) measured as of 30 June 2023 (including retained earnings net of expected dividend pay-out) and the corresponding level of the minimum regulatory requirement for the year 2023 including the so-called Pillar 2 Requirement (P2R).

<sup>8</sup> Management figure.

<sup>9</sup> This interim result does not include systemic charges, amounting to € -57.6 million, accounting impacts resulting from Purchase Price Allocation (PPA), amounting to € -14.2 million, and impacts resulting from the change in its creditworthiness on certificate issues, amounting to € -2.6 million. These components, net of the related tax effect, are shown in separate items in the reclassified income statement.

<sup>10</sup> Calculated as the ratio of operating expenses to operating income resulting from the reclassified income statement scheme.

<sup>11</sup> Aggregate represented by demand and restricted deposits and current accounts, bonds issued, certificates of deposit and other securities, loans and other payables, capital-protected certificates referring to the Group's banking business. Short-term repurchase agreements and deposits referring to insurance companies are not included.



**SIGNIFICANT REVENUE GROWTH POTENTIAL. TOTAL VALORIZATION HAS BEEN DETERMINED AT € 500 MILLION AT CLOSING EXPECTED AT THE BEGINNING OF 2024 WITH POSSIBILITY OF FURTHER INCREASE TO € 600 MILLION**

### **CONTINUED PROGRESS IN INTEGRATION OF ESG ISSUES:**

- **STANDARD ETHICS CONFIRMS EE (STRONG) RATING OF BANCO BPM AND IMPROVES OUTLOOK TO POSITIVE**
  - **SHARE OF NEW GREEN DISBURSEMENTS AT 55.8%<sup>12</sup>**
- **DISBURSED ~91 THOUSAND HOURS OF ESG TRAINING FOR STAFF IN THE FIRST HALF OF 2023**
- **CONTINUED INCREASE IN NUMBER OF WOMEN IN MANAGERIAL POSITIONS (OVER 27%) AND COMMITMENT TO HIRING YOUNG PEOPLE (OVER 88%)**
  - **PUBLISHED THE GREEN, SOCIAL & SUSTAINABILITY BONDS REPORT 2023**
- **ISSUANCE OF € 1.5 BILLION GREEN BONDS IN THE FIRST HALF OF THE YEAR AFTER HAVING ALREADY EXCEEDED THE PLAN'S GREEN & SOCIAL BOND ISSUANCE TARGET AS OF 2024 AT THE END OF 2022**

*During the first half of the year, in a macroeconomic scenario that is more reassuring on the growth front than the forecasts made in the latter part of 2022, despite elements of uncertainty, the Group's commercial and organizational effort showed positive dynamics in operating results and excellent profitability. In particular, net interest income shows an excellent performance and reaches its highest level ever, amounting to € 1,553 million, with a growth of 49.4% compared to the first half of 2022 and 9.0% compared to the first quarter of 2023.*

*Profit from operations rises to € 1,302 million from € 1,016 million in the corresponding period of the previous year, an increase of 28.2%. Net income for the period stands at € 624 million, with a growth of 77.9% compared to the first half of 2022.*

*Balance sheet ratios confirm the significant results achieved:*

- *"Core" net performing loans (consisting of mortgages, loans, current accounts and personal loans) stood at € 100.9 billion with a volume of new disbursements to households and businesses of € 10.2 billion;*

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<sup>12</sup> New disbursements to corporate clients in green or low-transition-risk sectors and green financing products for corporates as a share of total disbursements to corporates in the first half of 2023

- **direct customer funding amounted to € 124.7 billion, up 1.0% from the end of 2022;**
- **indirect customer funding stood at € 99.6 billion, up by more than € 8 billion compared to 31 December 2022.**

**Regarding impaired loans, the derisking strategy implemented by the Group has allowed to achieve a further contraction in nonperforming exposures, whose incidence on total gross loans has been reduced to 3.8% from 4.8% as of 30 June 2022. The cost of credit, steadily decreasing to 48 b.p. an annualized basis, from 62 b.p. at year-end 2022, represents the lowest level recorded since the birth of the Banco BPM Group, while ensuring significant levels of coverage of impaired loans of over 50%.**

**The capital position<sup>13</sup> remains very solid:**

- **CET1 Ratio at 14.8%;**
- **MDA buffer at 612 b.p.**

### **Main balance sheet aggregates**

- Net loans to customers € 108.2 billion: -2.4% y/y (of which performing loans -1.7% and impaired loans -27.0% compared to 30 June 2022) and -1.2% compared to 31 December 2022 (of which performing loans -1.0% and impaired loans -11.4%);
- Direct customer funding € 124.7 billion<sup>14</sup>: -1.3% y/y and +1.0% compared to end-December 2022; "core" deposits at € 101.3 billion;
- Indirect customer funding<sup>15</sup> € 99.6 billion: up 10.1% in a y/y comparison and 9.1% from 31 Dec. 2022, of which:
  - assets under management € 60.5 billion;
  - assets under administration € 39.2 billion.

### **Main income statement items**

- Net interest income:
  - € 809.9 million in Q2 2023 (€ 743.0 million in Q1 2023; +9.0%)
  - € 1,552.9 million in H1 2023 (€ 1,039.1 million in H1 2022; +49.4%)
- Net fees and commissions:
  - € 469.5 million in Q2 2023 (€ 478.7 million in Q1 2023; -1.9%)

<sup>13</sup> See Note 5.

<sup>14</sup> Direct banking funding include unconditionally capital-protected certificates (€ 5.0 billion as of 30 June 2023 compared to € 4.3 billion at the end of 2022), and exclude short-term repurchase agreements.

<sup>15</sup> Management figure net of unconditionally protected capital certificates included in "direct funding."

- € 948.2 million in H1 2023 (€ 966.8 million in H1 2022; -1.9%)
- Operating expenses:
  - € 634.7 million in Q2 2023 (€ 640.0 million in Q1 2023; -0.8%)
  - € 1,274.7 million in H1 2023 (€ 1,256.7 million in H1 2022; +1.4%)
- Profit from operations<sup>16</sup>:
  - € 692.2 million in Q2 2023 (€ 610.3 million in Q1 2023; +13.4%)
  - € 1,302.5 million in H1 2023 (€ 1,015.9 million in H1 2022; +28.2%)
- Net adjustments on loans to customers:
  - € 121.3 million in Q2 2023 (€ 137.5 million in Q1 2023; -11.8%)
  - € 258.7 million in H1 2023 (€ 303.7 million in H1 2022; -14.8%)
- Profit (loss) before tax from continuing operations<sup>17</sup>:
  - € 541.4 million in Q2 2023 (€ 474.2 million in Q1 2023; +14.2%)
  - € 1,015.6 million in H1 2023 (€ 654.6 million in H1 2022; +55.2%)
- Profit (loss) before tax from continuing operations net of non-recurring items<sup>18</sup>:
  - € 574.8 million in Q2 2023 (€ 481.5 million in Q1 2023; +19.4%)
  - € 1,056.4 million in H1 2023 (€ 811.4 million in H1 2022; +30.2%)
- Net income:
  - € 359.1 million in Q2 2023 (€ 265.3 million in Q1 2023; +35.3%)
  - € 624.4 million in H1 2023 (€ 351.0 million in H1 2022; +77.9%)
- Net income net of non-recurring items<sup>19</sup>:
  - € 381.7 million in Q2 2023 (€ 270.5 million in Q1 2023; +41.1%)
  - € 652.3 million in H1 2023 (€ 464.0 million in H1 2022; +40.6%)

### Capital position<sup>20</sup>:

- "Stated" CET 1 ratio 14.25% (12.84% as of 31 Dec. 2022);
- MDA buffer on TCR "stated" 552 b.p..

### Credit quality

- Stock of net impaired loans of € 2.1 bn: -11.4% compared to year-end 2022 and -27.0% y/y
- Coverage:

<sup>16</sup> See Note 9.

<sup>17</sup> See Note 9.

<sup>18</sup> Result net of non-recurring items detailed in point 5 of the Notes to this press release.

<sup>19</sup> Result net of non-recurring items detailed in point 5 of the Notes to this press release.

<sup>20</sup> More details on how capital ratios are calculated can be found in Item 6 of the Notes to this release.



- Bad loans: 61.9% (61.5% as of 30 June 2022); including write-offs, the coverage is 69.7%;
- Unlikely-to-pay: 42.1% (40.3% as of 30 June 2022);
- Total impaired loans: 50.6% (47.8% as of 30 June 2022); considering also write-offs, the coverage is 55.6%;
- - Texas Ratio<sup>21</sup> further improving to 17.0% from 24.4% as of 30 June 2022.

## Liquidity Profile

- Liquidity at € 44.5 billion (cash + unencumbered assets);
- TLTRO III at € 17.7 billion;
- LCR 179% and NSFR >130%<sup>22</sup>

*Milan, 2 August 2023* - The Board of Directors of Banco BPM met today under the chairmanship of Mr. Massimo Tononi to approve the financial and economic position of Banco BPM Group as of 30 June 2023.

The first half of fiscal year 2023 was characterized by a more reassuring macroeconomic scenario on the growth front compared to forecasts for the latter part of 2022, despite the fact that elements of uncertainty remain, also as a result of ongoing inflationary dynamics and the consequent repercussions on the international economic system.

Against this backdrop, the Group reported a profit before tax from continuing operations of € 1,015.6 million, representing the best half-year result, and a net profit of € 624.4 million. Excluding non-recurring items, net income stood at € 652.3 million.

During the period, the Group continued with the process of integrating the insurance business begun last year with the acquisition of control of the companies Banco BPM Vita and Banco BPM Assicurazioni and with the finalization of an agreement with Crédit Agricole Assurances to launch a commercial partnership in the Non-Life/Protection sector.

In this regard, it should be noted that, on March 7, 2023, the Banco BPM Group obtained recognition by the European Central Bank of its status as a financial conglomerate pursuant to Directive 2002/87/EC, which was the pre-condition for being able to access the benefits of the prudential treatment of equity investment arising from the application of the so-called "Danish Compromise," currently being assessed by the competent Authorities.

On May 29, Banco BPM exercised the purchase option, provided for in the agreements signed in 2021 with Cattolica Assicurazioni, on 65% of the share capital of Vera Vita S.p.A. and Vera Assicurazioni S.p.A., insurance companies, respectively operating in the life and non-life businesses, in which Banco BPM already owns a 35% stake.

<sup>21</sup> Texas Ratio is the ratio that measures the ratio of the net value of impaired loans to the Group's tangible shareholders' equity (net of related tax effects).

<sup>22</sup> Management data.



More specifically, the purchase of the 65% stake in the capital of Vera Vita will be made directly by Banco BPM Vita, while the stake in the capital of Vera Assicurazioni will be purchased directly by Banco BPM and subject to simultaneous resale to Crédit Agricole Assurances.

The completion of the acquisition of control of the Vera Vita and Vera Assicurazioni companies is indicatively expected in the last quarter of 2023, subject to the issuance of the prescribed legal authorizations by the competent Authorities.

It should also be noted that, following the resolution passed on April 18 regarding the project to enhance the value of the e-money business, on July 14 Banco BPM, Gruppo BCC Iccrea and FSI signed a binding agreement for the establishment of a strategic partnership aimed at developing a new Italian and independent reality in the digital payments sector. The agreement provides for the contribution of Banco BPM's e-money activities to the BCC Pay S.p.A. joint venture with recognition of a mixed consideration in cash and in shares issued by the Pay Holding vehicle, which in turn controls the entire capital of BCC Pay S.p.A.. Upon completion of the transaction, Pay Holding will represent the second player in Italy in the payments business and will be owned about 43% by FSI and about 28.6% each by Banco BPM and Iccrea Banca. The Agreement also provides for the signing of a multi-year distribution contract for the Company's services on Banco BPM's network as well.

The overall valuation of the Banco BPM branch has been determined at € 500 million at closing, which may grow to € 600 million with a significant benefit on capital ratios.

Completion of the transaction, subject to approval by the relevant authorities, is expected in the first quarter of 2024.

On the funding front, in January the Group successfully completed a new issue of Green Senior Preferred securities intended for institutional investors in the amount of € 750 million and maturing in four years.

In addition, on 7 June 2023 Banco BPM completed a further Green Senior Non-Preferred issue reserved for institutional investors, with a maturity of five years and the possibility of early redemption in June 2027, in the amount of € 750 million.

Both bonds are part of the Euro Medium-Term Notes Program and are aimed at financing and/or refinancing Eligible Green Loans, as defined in the Bank's Green, Social and Sustainability Bonds Framework.

Finally, it should be noted that at the end of June Banco BPM concluded the first European Covered Bond (Premium) issue in the amount of € 750 million and maturity of 5 years under its Guaranteed Bank Bonds program.

During the period, Banco BPM also concluded a program to purchase no. 2,418,855 treasury shares (equal to 0.16% of the outstanding ordinary shares) and a countervalue of € 10 million to service short- and long-term incentive plans to employees. Following the conclusion of this program, taking into account the allocations made during the first half of the year and the other treasury shares already in the portfolio, Banco BPM directly owns no. 6,979,418 shares, equal to 0.46% of the share capital.

On July 28, the results of the EU-wide stress test conducted by the EBA were released. Banco BPM performed better than in previous years despite a more severe macroeconomic scenario, confirming its ability to generate value in the base scenario and withstand significant shocks in the adverse scenario.



Finally, on the ratings assigned to Banco BPM, it should be noted that, on 30 June 2023, the rating company Moody's Investors Service improved the Outlook of Banco BPM's main ratings from Stable to Positive, also confirming the ratings assigned. The Outlook improvement reflects an upward pressure on Banco BPM's ratings that is based on the assumption that the achievement of the strengthened profitability and stronger capital position will remain sustained in the future.

### **Economic performance of operations in the first half of 2023 compared with the first half of 2022**

**Net interest income** amounted to € 1,552.9 million, up 49.4% compared to the figure for the first half of 2022 (amounting to € 1,039.1 million), mainly attributable to the increase in the commercial spread as a result of rising interest rates and the limited impact on the cost of deposits, which more than offset the loss of benefits related to the remuneration of TLTRO financings.

**Gains (losses) on interests in associates and joint ventures carried at equity** amounted to € 60.6 million, comparing with the figure of € 58.2 million for the corresponding period last year. The main contribution to this item came from consumer credit conveyed by the equity investment held in Agos Ducato, amounting to € 41.6 million, compared with € 53.1 million in the first half of 2022, as well as from the contribution of the associate Anima Holding, amounting to € 12.3 million (€ 23.3 million in the first half of 2022, which, however, also included the economic result achieved by the investee in the last quarter of 2021, amounting to € 11.8 million).

**Net fees and commissions** for the first half amounted to € 948.2 million, down 1.9% from the corresponding period of the previous year. The management, intermediation and advisory services segment shows a 5.8% decrease, mainly attributable to the placement of funds and sicavs, partially offset by a 1.8% growth in commissions related to commercial banking services.

**Other net operating income** amounted to € 33.4 million compared to € 31.7 million in the first half of 2022.

The **net financial result**<sup>23</sup> for the first half of the year was negative and amounted to € -42.5 million and compares with the positive figure of € 176.8 million recorded as of 30 June 2022.

The different contribution is justified by the lower contribution of gains from the sale of securities (€ -79.4 million), the higher cost of funding through certificates resulting from the rise in rates (€ -112.1 million in the first half of 2023 compared to € -21.9 million in the same period last year) by the CVA/DVA<sup>24</sup> impact (€ -33.8 million), and by the different contribution of trading and derivatives operations, partially offset by the impact of the valuation of the Nexi investment (€ +79.5 million) and changes in the fair value of other financial assets (€ +58.5 million).

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<sup>23</sup> The item does not include the accounting effect arising from the change in its own creditworthiness on the fair value measurement of liabilities of its own issuance (certificates), which resulted in the recognition of a negative impact of € -3.8 million in the first half of the year, compared to € +38.3 million recorded as of 30 June 2022. This effect is shown, net of taxes, in a separate item in the reclassified income statement.

<sup>24</sup> CVA expresses the share of the financial assets valued (fair value) that might not be paid to the bank by the counterparty in the event of the latter's default. The DVA expresses the share of the valued financial liabilities (fair value) that might not be paid by the bank to the counterparty in the event of the bank's default.



**Income from insurance business** is € 24.6 million. This item includes the contribution related to the first half of 2023 of the companies Banco BPM Vita and Banco BPM Assicurazioni following the acquisition of control of them as of July 1 last year<sup>25</sup>.

As a result of the dynamics described above, total **operating income** thus amounts to € 2,577.2 million, up from € 2,272.7 million recorded in the corresponding period last year (+13.4%).

**Personnel expenses**, at € 808.3 million, show a 0.6% decrease from € 813.2 million in the first half of 2022. As of 30 June 2023, the total number of employees was 19,983 resources (including 134 pertaining to insurance companies), compared with 20,157 resources on the payroll as of 31 December 2022 (including 143 pertaining to insurance companies)<sup>26</sup>.

**Other administrative expenses**<sup>27</sup>, amounting to € 336.8 million, show an increase of 5.9% compared to the first-half 2022 figure of € 318.2 million, due in part to ongoing inflationary dynamics that have impacted energy consumption in particular. It should also be noted that the figure for the first half of 2023 includes costs, amounting to € 7.1 million, related to insurance companies that were not consolidated in the first half of 2022.

**Net adjustments to property, plant and equipment and intangible assets** total € 129.7 million and compare with the figure of € 125.3 million in the first half of 2022.

As a result, total **operating expenses** amounted to € 1,274.7 million, up 1.4% from € 1,256.7 million in the first half of 2022.

The **cost income ratio** for the quarter was 49.5%, lower than the 55.3% for the first half of 2022.

**Profit from operations** for the first half was € 1,302.5 million, up 28.2% from € 1,015.9 million in the corresponding period of the previous year.

**Net adjustments to loans to customers** in the first half of the year, at € 258.7 million, showed a decrease of 14.8% compared to the figure for 30 June 2022. As of 30 June 2023, the cost of credit, as measured by the ratio of net adjustments to loans to net loans, was 48 b.p. annualized, representing the lowest level recorded since the Banco BPM Group was established. This result was achieved by safeguarding the solid coverage levels achieved in previous periods.

**The result of the fair value measurement of tangible assets** as of 30 June 2023 was € -32.4 million (€ -40.8 million in the first half of 2022).

**Net adjustments to securities and other financial assets** include net capital gains of € +1.2 million (€ -5.5 million as of 30 June 2022).

<sup>25</sup> The result of the insurance business in the first half of 2023 is not comparable with the first half of 2022 (because control of the insurance companies was acquired at the beginning of the third quarter of 2022).

<sup>26</sup> As of 31 December 2020, there were 21,663 resources in the workforce.

<sup>27</sup> The aggregate does not include "systemic charges," represented by the contribution to the Single Resolution Fund, shown, net of the related tax effect, in a separate item in the reclassified income statement.

**Net provisions for risks and charges** in the first half of the year show a recovery of € +3.3 million (€ -12.7 million net allocations as of 30 June 2022), due to the release of allocations on guarantees and commitments of € 14.9 million and the provisions recognized in the period for other risks and charges of € 11.6 million.

As of 30 June 2023, no **gains on equity investments and investments** of a significant amount were recognized. In the first half of 2022 this item amounted to € +1.5 million.

As a result of the described dynamics, the **profit before tax from continuing operations** amounted to € 1,015.6 million compared to € 654.6 million in the first half of 2022 (+55.2%).

**Taxes on income from continuing operations** amounted to € -317.1 million (€ -231.0 million in the first half of 2022).

As a result, **profit after tax from continuing operations** amounted to € 698.5 million and was up 64.9% from the figure of € 423.6 million in the first half of 2022.

**Charges related to the banking system after tax** of € 57.6 million (€ 74.6 million in the first half of 2022) were charged to the income statement for the six-month period, represented by the ordinary contribution paid to the Single Resolution Fund (€ 85.4 million before tax compared to € 110.5 million as of 30 June 2022).

In the first half of the year, the **change in creditworthiness on Certificates issued, net of taxes** generated a negative impact of € -2.6 million (€ -3.8 million before tax effects), compared to the effect recognized in the first half of 2022 of € +25.7 million (€ +38.3 million before tax effects).

As of 30 June 2023, the impact of the **Purchase Price Allocation after tax** amounted to € -14.2 million and compares with the figure for the first half of 2022 of € -15.7 million.

Considering the share of the economic result attributable to minority shareholders, the first half of 2023 closes with a positive **net result for the period** of € 624.4 million (€ 351.0 million in the first half of 2022, +77.9%).

The **result net of non-recurring** items for the first half comes in at € 652.3 million.

### **Economic performance of operations in the second quarter of 2023 compared with the first quarter of 2023**

**Net interest income** amounted to € 809.9 million, up 9.0% compared to the figure for the first quarter of 2023 (amounting to € 743.0 million) mainly due to an increase in the spread on trade receivables.

**Gains (losses) on interests in associates and joint ventures carried at equity** was positive at € 24.3 million, a decrease in contribution from the first quarter figure of € 36.3 million. Within this aggregate, the main contribution is provided by consumer credit conveyed by the equity interest held in Agos Ducato and the result related to Anima Holding.

**Net fees and commissions** in the second quarter amounted to € 469.5 million, down 1.9% compared to the result reported in the first quarter, mainly due to the lower contribution of commissions on commercial banking services (-3.6% compared to the first quarter), especially as a result of the improvement in the conditions granted to customers for keeping current accounts as of April 1, 2023 (€ -13.8 million compared to the first quarter).

The aggregate for management, intermediation and advisory services was stable when compared with the first quarter of 2023.

**Other net operating income** was € 16.5 million compared with the figure of € 16.9 million in the first quarter of 2023.

**Net financial income** for the second quarter was € -8.4 million compared to € -34.1 million in the first quarter. This trend is mainly attributable to the recovery of market prices of financial assets at fair value, despite the higher cost of funding through certificates resulting from the rise in rates (€ -63.5 million in the second quarter compared to € -48.6 million in the first quarter). The second quarter also shows a different impact of the "Credit Value Adjustment" and "Debit Value Adjustment" (CVA/DVA) component related to derivative contracts (€ -3.7 million in the second quarter compared to € -7.0 million recorded as of March 31).

The valuation of the interest held in Nexi generated a negative impact of € 3.5 million in the second quarter compared to the figure of € +4.7 million recorded as of March 31, 2023.

As a result of the dynamics described above, total **operating income** thus amounted to € 1,326.9 million, up 6.1% from the € 1,250.3 million recorded in the first quarter, due to the recovery of the net financial result and the growth in net interest income.

**Personnel expenses** of € 402.9 million show a slight decrease from € 405.4 million in the first quarter.

**Other administrative expenses**<sup>28</sup> fell from € 170.2 million in the first quarter of 2022 to € 166.6 million in the second quarter of 2023 thanks to the careful cost containment policy, despite ongoing inflationary dynamics.

**Net adjustments to property, plant and equipment and intangible assets** totaled € 65.2 million compared to the first quarter figure (€ 64.5 million).

Total **operating expenses** thus amounted to € 634.7 million, down 0.8% from € 640.0 million in the first quarter.

**Profit from operations** for the quarter amounted to € 692.2 million up 13.4% from € 610.3 million in the first quarter.

**Net adjustments on loans to customers** amounted to € 121.3 million, compared to € 137.5 million in the first quarter, safeguarding the solid coverage levels achieved in previous periods.

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<sup>28</sup> Aggregate does not include "systemic charges," represented by contributions to the Resolution Funds, shown, net of related tax effect, in a separate item in the reclassified income statement.

The **result of the fair value measurement of tangible assets** in the second quarter shows capital losses of € 30.5 million following the adjustment of some properties to updated appraisal values; in the first quarter 2023, write-downs of € 1.9 million had been recognized.

As a result of the described dynamics, **profit before tax from continuing operations** shows a profit of € 541.4 million compared to the profit of € 474.2 million recorded in the first quarter.

**Income taxes for the period on continuing operations** amounted to € -169.7 million (€ -147.4 million in the first quarter).

In the second quarter the **change in creditworthiness on Certificates issues, net of taxes** generated a negative impact of € -5.8 million (€ -8.7 million before tax effects), compared to € +3.3 million (€ +4.9 million gross) in the first quarter.

In the second quarter the impact of the **Purchase Price Allocation after tax amounted** to € -6.8 million and compares with the first quarter 2023 figure of € -7.4 million.

Taking the share of the economic result attributable to minority shareholders into account, the second quarter of 2023 ended with a **net profit for the period** of € 359.1 million, compared to the net positive result of € 265.3 million generated in the first quarter.

Adjusted net income for the second quarter was € 381.7 million compared to € 270.5 million in the first quarter of 2023.

### **Evolution of the main balance sheet aggregates**

**Direct bank funding**<sup>29</sup> as of 30 June 2023 amounted to € 124.7 billion, up 1.0% in comparison with 31 December 2022 but down 1.3% from 30 June 2022.

More in detail, there was a € 2.4 billion decrease in the component represented by current accounts and deposits (-2.3%) in the first half of the year. As for bonds issued, the stock as of 30 June amounted to € 16.3 billion, an increase of € 3.4 billion compared to 31 December 2022 due to new issues in the half-year period that exceeded the redemptions of maturing bonds.

Funding secured by the stock of unconditionally capital-protected certificates as of 30 June 2023 stood at € 5.0 billion, up from the figure of € 4.3 billion as of 31 December 2022 and € 3.5 billion as of 30 June 2022.

As of the third quarter of 2022, the aggregate consisting of the financial and insurance liabilities of insurance companies, shown under the item **direct insurance funding**, amounted to € 5.8 billion, essentially stable in comparison with 31 December 2022.

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<sup>29</sup> Aggregate that includes the sum of demand and restricted deposits and current accounts, bonds issued, certificates of deposit and other securities, loans and other payables, capital protected certificates, and excludes short-term repurchase agreements.

**Indirect funding** amounted to € 99.6 billion<sup>30</sup>, up both on an annual basis (+10.1%) and in comparison with 31 December 2022 (+9.1%, representing an increase of € 8.3 billion compared to the end of the year).

The managed assets component amounted to € 60.5 billion, up from the figure of € 59.4 billion as of 31 December 2022 (+1.8%), due to the greater contribution of funds and Sicavs; stable inflows referred to the managed accounts and bancassurance segment.

Assets under administration stood at € 39.2 billion, an increase of € 7.3 billion (+22.7%) compared to the end of 2022.

Year-on-year, assets under management show a growth of 1.0%, while for assets under administration the increase is € 8.5 billion (+27.7%).

**Financial assets in the banking sector** amounted to € 44.1 billion and grew by 2.4% compared to € 43.1 billion as of 31 December 2022; the increase is mainly concentrated in debt securities (+€ 1.2 billion) and, in particular, in securities at amortized cost and securities measured at fair value with an impact on comprehensive income. As of 30 June 2023, the aggregate under review includes debt securities for € 36.1 billion, equity securities and UCITS units for € 3.8 billion, derivatives and other financing for € 4.2 billion. Exposures in debt securities issued by sovereign states amount to € 30.7 billion of which € 11.5 billion are represented by Italian government bonds. Investments in Italian government bonds are classified as financial assets measured at amortized cost in the amount of € 9.1 billion and in the portfolio of financial assets measured at fair value with impact on comprehensive income in the amount of € 2.4 billion.

**Financial assets attributable to insurance companies** include the contribution as of 30 June 2023 of Banco BPM Vita and Banco BPM Assicurazioni companies totaling € 6.0 billion (€ 5.9 billion as of 31 December 2022).

**Net loans to customers**<sup>31</sup> amounted to € 108.2 billion as of 30 June 2023, down € 1.3 billion from the figure as of 31 December 2022. The contraction is attributable to both performing (-1.0%) and nonperforming (-11.4%) exposures. On an annual basis, loans recorded a reduction of € 2.7 billion (-2.4%), resulting from the contraction of performing exposures by € 1.9 billion (-1.7%) and impaired loans by € 0.8 billion (-27.0%). In the first half of the year, the volume of new loans to households and businesses amounted to € 10.2 billion<sup>32</sup>.

**Net impaired exposures** (bad loans, unlikely-to-pay and exposures past due and/or overdrawn) amounted to € 2.1 billion as of 30 June 2023.

An examination of the components of the aggregate shows the following dynamics:

- net bad loans of € 0.7 billion, down 1.3% from 31 December 2022 and 7.5% from 30 June 2022;
- net unlikely-to-pay of € 1.3 billion, down 16.1% from the beginning of the year and 35.1% from 30 June 2022;
- net past-due exposures of € 56 million (€ 60 million as of 31 December 2022 and € 59 million as of 30 June 2022).

<sup>30</sup> Management data, net of capital-protected certificates, which are included under direct customer funding.

<sup>31</sup> The aggregate does not include loans to customers, which, following the application of IFRS 9, must be mandatorily measured at fair value. These receivables, amounting to € 0.5 billion are included under financial assets measured at fair value.

<sup>32</sup> Management data.

The ratio of impaired exposures to total loans before adjustments was 3.8%, down from 4.2% at the beginning of the year and 4.8% as of 30 June 2022.

The coverage ratio for the entire aggregate of impaired loans was 50.6% (50.6% as of 31 December 2022 and 47.8% as of 30 June 2022).

In more detail, as of 30 June 2023, the coverage ratio was as follows:

- bad loans 61.9% (61.5% as of 30 June 2022);
- unlikely-to-pay 42.1% (40.3% as of 30 June 2022);
- past-due exposures 27.6% (29.8% as of 30 June 2022).

The coverage ratio of performing exposures is 0.39%, stable compared to 31 December 2022 (0.41% as of 30 June 2022).

### **Group capital ratios**<sup>33</sup>

Capital ratios as of 30 June 2023 can be defined as "fully phased in" as they do not benefit from any transitional provisions of regulatory rules<sup>34</sup>.

The Common Equity Tier 1 ratio stated is 14.2% compared to 12.84% as of 31 December 2022. The increase is due to both the growth in regulatory capital (due to the inclusion of the half-year result net of dividends scheduled to be distributed and the increase in valuation reserves for financial assets measured at fair value with an impact on comprehensive income) and the decrease recorded by risk-weighted assets (due, among other things, to the lower credit risk resulting from a synthetic securitization transaction).

Including the estimated positive effect of the future application of the Danish Compromise, for which an application has already been filed, the Group's Common Equity Tier 1 ratio as of 30 June 2023 would be 14.84% (from 13.34% as of 31 December 2022).

The stated Tier 1 ratio is 16.6% compared to 15.2% as of 31 Dec. 2022, while the stated Total Capital ratio is 19.5% compared to 18.0% as of 31 December 2022.

The buffer against the Maximum Distributable Amount or MDA buffer, with the application of the Danish Compromise, is 612 b.p. (compared to 643 b.p. as of 31 December 2022). At the stated level, this indicator is 552 b.p.

## **BUSINESS OUTLOOK**

The general picture continues to be conditioned by inflationary dynamics while showing first signs of a slowdown in the non-energy component.

Against this backdrop, the Italian economy, after the strong growth recorded in 2022 and the moderate expansion in the first quarter, has recently been showing the first signs of slowing down,

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<sup>33</sup> For more details on how the capital ratios are calculated, see point 6 of the Explanatory Notes to this press release.

<sup>34</sup> For more details on the transitional arrangements that have expired, see point 6 of the Explanatory Notes to this release.

also discounting the effects of a monetary policy that remains restrictive but sees less likely further tightening interventions between now and the end of the year.

Given this context, exogenous variables again appear to be the main influence on the Group's operating performance in this fiscal year.

Net interest income will continue to benefit from the increase in short-term rates, particularly in the commercial matrix component, thanks mainly to a funding mix that allows repricing effects to be contained.

Commissions, while still discounting a framework of potential volatility affecting in particular those related to investment products, will continue to benefit from the dynamics of those related to typical commercial banking activities.

The trend in operating expenses remains under control, being one of the main areas of focus for managerial action. Moreover, the estimates prudentially discount dynamics related to inflationary pressures, the renewal of the national collective contract for credit workers and the effects of the investment policy to support the evolutionary initiatives envisaged in the Strategic Plan.

The dynamics of default flows, which are stable and below forecasts, show a picture of overall resilience of the national economic environment of which, however, a possible worsening in the latter part of the year cannot be excluded as a result of economic developments. The approach to credit will consequently remain prudent, with solid levels of coverage, confirming the rigorous assessments adopted in recent years on both performing and nonperforming exposures.

For the full year, the Group's net income is expected to improve significantly from last year, with 2023 EPS of 80 cents, further strengthening for 2024, significantly exceeding both the profitability trajectory and overall targets outlined in the Strategic Plan, which will be updated in the fourth quarter of 2023. Shareholder remuneration targets will be updated at that time, which may reflect the positive results achieved in terms of profitability and organic capital creation.

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Mr. Gianpietro Val, in his capacity as Manager in charge of preparing the company's financial reports, declares pursuant to paragraph 2 Article 154 bis of the Consolidated Law on Finance that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

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Banco BPM Group's results as of 30 June 2023 will be presented to the financial community in a conference call set for today, 2 August 2023, at 5:30 p.m. (C.E.T.). Documentation supporting the conference call is available on the website of the authorized storage mechanism ([www.emarketstorage.it](http://www.emarketstorage.it)) and on the Bank's website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it)), where there are also details for connecting to the event.

The Consolidated Half-Year Financial Report as of 30 June 2023 will be made available to the public, within the terms of the law, at the Bank's registered office and at Borsa Italiana, as well as made available on the website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) and on the website of the authorized storage mechanism [www.emarketstorage.it](http://www.emarketstorage.it).



## Explanatory Notes

The comments on the performance of the key balance sheet and P&L items illustrated in this news release refer to the reclassified consolidated balance sheet and income statement attached below and included in the Half-yearly financial report as at 30 June 2023, prepared in compliance with IAS 34 and approved today by the Board of Directors.

Please find below some explanatory notes that are deemed useful to better understand the approach followed in preparing the above-mentioned accounting statements as well as the half-yearly results information contained in this news release.

### 1. Accounting policies and reference accounting standards

#### Accounting policies

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 overall 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 (hereinafter "Circular"), applying the same aggregation and classification criteria presented in the Consolidated Financial Statements as at 31 December 2022, with specific clarifications provided below under paragraph "Adoption of the accounting standard IFRS 17 Insurance contracts".

#### Reference accounting standards

The accounting standards adopted to prepare the abridged consolidated financial accounts as at 30 June 2023 – as regards the classification, recognition, measurement and cancellation of assets and liabilities, as well as the recognition of costs and revenues - are the ones set forth in the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and in the related interpretations by the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission and in force as at 30 June 2023 as provided under Regulation (EC) no. 1606 of 19 July 2002. Said standards are in line with those adopted to prepare the consolidated financial statements as at 31 December 2022, except for the standards on the recognition, measurement and presentation of insurance contracts, following the introduction on 1 January 2023 of the new IFRS 17, as better explained in the paragraph below "Adoption of the accounting standard IFRS 17 Insurance contracts".

Insofar as applicable, the communications from the Supervisory Authorities were taken into account (Bank of Italy, ECB, EBA, Consob and ESMA), together with documents issued by the Italian Accounting Board (Organismo Italiano di Contabilità (OIC), by the Italian Banking Association (ABI) and by the Italian Valuation Board (OIV), providing recommendations on certain key accounting aspects or on the accounting treatment of specific transactions.

The adoption of certain accounting standards necessarily calls for the use of estimates and assumptions that have an impact on the value of assets and liabilities recognized in the balance sheet. The assumptions used to calculate estimates take into account all information available on the date of preparation of the half-yearly financial report as at 30 June 2023, together with the assumed scenarios that are considered reasonable, also based on past experience.

It is not possible to rule out that the presumed scenarios, albeit reasonable, may fail to reflect future scenarios the Group will operate in.

The persistent instability characterizing the domestic and global macroeconomic environment is such that it creates uncertainty in future scenarios, making budget estimates uncertain. Having overcome the Covid-19 health crisis, the recovery of the economy has been affected by the effects of increasingly restrictive monetary and credit conditions for businesses and households as a direct result of rising inflation, hurdles related to geopolitical tensions between Russia and Ukraine as well as increasingly severe and frequent impacts related to climate change.

Therefore, future actual results may differ from the estimates generated for the abridged consolidated half-yearly financial report as at 30 June 2023 and may therefore call for adjustments that cannot be predicted or estimated today with respect to the carrying amount of assets and liabilities recognized in the balance sheet. To this regard, please note that it might be necessary to revise the estimates should the circumstances they have been based on change, as a result of new information or the longer experience accrued.

The consolidated half-yearly financial report as at 30 June 2023, that will be made available in accordance with legal time limits, provides a detailed description of the estimation processes that require the use of significant amount of discretion

when selecting the underlying assumptions and hypotheses. A full cross-reference to the above-mentioned description is suggested, since it is connected also to the financial and operating position as at 30 June 2023, which is the subject of this news release.

As to the calculation of expected losses on performing exposures (on- and off-balance-sheet) as at 30 June 2023, in line with the procedure followed as of the 2021 annual report, the Group applied certain "post model adjustments/management overlays" whenever it was deemed that the existing estimate models could not fully capture some risk factors that were considered significant to take into account possible future deteriorations of the credit risk. These "management overlays" significantly reduce the positive P&L impacts that would have otherwise been reported in H1. Hence, these adjustments contribute to the strengthening of the Group's capability of absorbing any negative macroeconomic fallout, considering also the uncertainty still hovering at the date of preparation of the financial report as at 30 June 2023.

#### Adoption of the accounting standard IFRS 17 "Insurance contracts"

IFRS 17 "Insurance contracts", endorsed with Regulation EU no. 2036/2021 of 19 November 2021, introduces new measurement criteria and new accounting rules for insurance products, replacing IFRS 4, and became mandatorily effective on 1 January 2023.

For insurance companies, the adoption of IFRS 17 marks the most significant change in terms of accounting requirements after the initial adoption of international accounting standards, as it called for a far-reaching revision of the financial statements' presentation criteria for the life and P&C insurance business and of the methodologies to measure the related liabilities. More specifically, the accounting models proposed by the new standard introduce deep changes compared to the previous accounting standards, in particular with regard to i) the concept of insurance revenue, ii) the timing of the recognition of losses from onerous contracts iii) the increased complexity of measurement processes, quantitative requirements, the determination of actuarial and financial assumptions, the disclosure and result analysis requirements iv) the comparison with the data used to measure the regulatory capital.

This being said, the adoption of IFRS 17 for Gruppo Banco BPM had both a direct impact from the measurement of insurance contracts issued by the Group's insurance companies (Banco BPM Vita and Banco BPM Assicurazione), and an indirect impact tied to the investments in insurance associates carried under the equity method (Vera Vita and Vera Assicurazioni). IFRS 17 requires applying IFRS retrospectively by redetermining the balances under comparison. The transition date (First-Time Application) is set on 1 January 2022, which represents the beginning of the period immediately preceding the date of the mandatory initial application of the new standard. As regards specifically the subsidiary insurance companies Banco BPM Vita and Banco BPM Assicurazione, considering that their acquisition took place on 1 July 2022, the adoption of IFRS 17 shall come into effect on that date.

Upon preparing the consolidated half-yearly Financial Report, to be submitted to a limited audit by the auditing firm PricewaterhouseCoopers S.p.A, the impact deriving from the first-time adoption of IFRS 17 has been definitively quantified, as illustrated below.

At the transition date, as explained above, the adoption of IFRS 17 for the Group produced a total positive impact on net equity of € 31.0 million; considering the FY 2022 net income redetermined pursuant to IFRS 17, the impact on net equity as at 31 December 2022 generated a positive amount of € +246.2 million<sup>35</sup>. The positive change in FY 2022 involved in particular the valuation reserves and is mainly due to the new insurance contracts measurement model ("Variable Fee Approach"), applied to insurance contracts with discretionary direct participation features (separate accounts); the negative P&L effect was ascribable to certain insurance contracts of the associate insurance companies that are considered onerous.

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<sup>35</sup> For investments in associate insurance companies the impact refers to the joint application of the accounting standards IFRS 17 and IFRS 9, while for the subsidiary insurance companies the impact refers to IFRS 17 alone, as IFRS 9 was adopted as of the date of acquisition of control; the Group could not postpone its application to 1 January 2023, in conjunction with IFRS 17, as on 31 December 2022 it had not been notified the "financial conglomerate" status yet (the communication was received on 7 March 2023).

<i>(data in million euro)</i>	<b>Subsidiary insurance companies</b>	<b>Associate insurance companies</b>	<b>Total</b>
<b>FTA impact on consolidated net equity (*)</b>	<b>-22,8</b>	<b>53,8</b>	<b>31,0</b>
Impact on 2022 reserves	66,4	166,3	232,7
Impact on 2022 net income	4,0	-21,5	-17,5
<b>Impact on the consolidated net equity as at 31 December 2022</b>	<b>47,6</b>	<b>198,6</b>	<b>246,2</b>

(\*) Impact as at 1 July 2022 for subsidiary insurance companies and as at 1 January 2022 for associate insurance companies.

Overall, the impact on total net equity as at 1 January 2023 is basically in line with the provisional figure of € +246.0 million communicated on 8 May 2023, when presenting the data as at 31 March 2023. The breakdown however shows a different allocation between the valuation reserves, which decreased by € 9.4 million, and the retained earnings reserves, which increased by € 9.6 million (of which € 8.2 million as a result of the lower negative P&L income for FY 2022). These changes are entirely tied to the associate insurance companies and are due to a different representation of the effects related to these insurance contracts between the items to be recognized through profit and loss and those to be recognized through net equity.

Considering that the application of IFRS 17 must be retrospective, last year's balances of the statement of financial position as at 31 December 2022 and of the 2022 income statement were restated so as to provide a like-for-like comparison with FY 2023 balances. For the comparison of results to be as consistent as possible also during interim periods, the quarterly P&L contributions in FY 2022 have been restated, at times resorting to estimates. For a correct comparison, it should be noted that the contributions of Banco BPM Vita and Banco BPM Assicurazioni are recognized in the income statement on a line-by-line basis as of 1 July 2022, when the controlling stake was acquired; the contributions of the first two quarters instead, when the stake held in the companies was 19%, is posted under the line-item "Profit or loss of associates carried at equity".

Finally, it should be noted that the application of IFRS 17 did not change the reclassified balance sheet aggregate amounts posted in the insurance line-items and related reconciliations compared to the items in the balance sheet prepared in accordance with Circular no. 262, which are in line with those of the consolidated financial statements as at 31 December 2022, to which you can refer for more details.

Circular no. 262, updated to take into account the new standard IFRS 17, confirmed the existing balance sheet and P&L items used to represent the specific insurance business, albeit under a different line-item name and with an information content in line with IFRS 17 requirements:

- under assets "80. Insurance activities", instead of "80. Technical reserves of reinsurers";
- under liabilities "110. Insurance liabilities", instead of "110. Technical reserves";
- in the P&L: "160. Insurance service result", instead "160. Net premiums" and "170. Insurance finance income or expense" instead of "170. Balance of other income/expense from insurance activities").

In light of what illustrated above, the reclassified balance sheet liabilities line-item "Direct funding from insurance business and technical reserves" was renamed "Direct funding from insurance business and insurance liabilities" and, as in the prior financial year, it includes all the liabilities of the Group insurance companies tied to the policies taken out by customers. Specifically, it refers to the liabilities line-items "30. Financial liabilities designated at fair value" for unit-linked policies, and "110. Insurance liabilities" for the other insurance products.

As to the reclassified income statement, the line-item "Insurance income", includes the income components (interest, dividends, realized gains/losses/ valuation capital gains/losses) related to the portfolios of financial assets and liabilities held by the Group insurance companies, as well as the items that are specifically tied to the insurance business, namely line-item "160. Insurance service result" and line-item "170. Insurance finance income or expense".

In line with the 2022 financial statements, the distribution fees paid out by the Group insurance companies to the Parent company's Banco BPM distribution network, although under full consolidation, are shown as outstanding balances in the reclassified income statement. Hence, the line-item "Net fees and commissions" includes commission income received by the distribution network, while the line-item "Insurance income" includes the commission expense paid out by the Group insurers. This reporting modality aims to represent the contribution made to the generation of the net income by the various operating segments, in line with IFRS 8.

#### Other information



In addition to the financial report prepared in compliance with IAS/IFRS, this news release also includes some alternative performance measures (APM) that have been selected to provide an easier understanding of the operating and financial performance of Gruppo Banco BPM's management.

Said measures are based on the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415) and transposed in Consob's Communication no. 0092543 of 3 December 2015.

Please note that a description of the adopted basis of calculation is provided for each APM, and the figures used, when not otherwise specified, can be derived from the information published in the reclassified financial statements attached to this news release.

## **2. PPA (Purchase Price Allocation) impacts from the Business Combination of former Gruppo Banca Popolare di Milano and former Gruppo Banca Popolare Italiana**

In compliance with IFRS 3, the income statement of Gruppo Banco BPM includes the P&L reversal effects mainly caused by the allocation of the prices paid for the business combinations between Gruppo Banco Popolare and Gruppo Banca Popolare di Milano completed in FY 2017 and between Gruppo Banco Popolare di Verona e Novara and Gruppo Banca Popolare Italiana, completed in FY 2007. It should be also noted that as of the second half of 2022 also the impact from the combination of Banco BPM Vita and Banco BPM Assicurazioni was accounted for, including the fair value remeasurement of the previous equity interest in accordance with step acquisitions under IFRS 3.

These effects have been recognized, net of the tax effect, under the separate line-item of the reclassified income statement "Purchase Price Allocation, after tax".

More specifically, the H1 2023 consolidated P&L impact from the reversal effect of value adjustments of purchased net assets on net interest income came in at € - 4.8 million (in connection with the evolution of the various valuations of purchased assets) and at € - 16.4 million on other net operating income (due to the depreciation of intangibles recognized under the PPA). Net of the tax effect, the overall impact posted under the reclassified P&L line-item "Purchase Price Allocation, after tax" in H1 2023 added up to € -14.2 million (€ -15.7 million in H1 2022).

## **3. Charges generated by the contribution to the resolution mechanisms**

In the H1 2023 income statement, the line-item "After-tax banking industry charges" was charged with the last annual portion of ex ante contributions paid to the Single Resolution Fund to meet the minimum capital amount required by the BBRD. The charge, net of the tax effect, totaled € 57.6 million (the amount charged to income in H1 2022 came in at € 74.6 million). Gross of the tax effect, the impact added up to € 85.4 million (€ 110.5 million in the same period of the prior year).

## **4. Changes to the consolidation scope**

During the first half of the year, the main changes in the consolidation scope were the exit of the subsidiary Consorzio AT01, under full consolidation, and of the associate Bussentina S.c.r.l, carried at equity, following their cancellation from the competent Companies Registers upon completion of the liquidation procedures.

These transactions did not give rise to any impact on the Group's financial and operating situation as at 30 June 2023.

With reference to the binding agreement signed for the establishment of a strategic partnership aimed at developing a new Italian and independent reality in the digital payments sector, which provides for the contribution to the joint venture BCC Pay S.p.A. of Banco BPM's e-money activities and the equity investment in Tecmarket, it should be noted that for the purposes of preparing the balance sheet as of 30 June 2023, the related assets and liabilities, subject to the contribution, are reclassified in the specific balance sheet items "Non-current assets and groups of assets held for sale" and "Liabilities associated with assets held for sale," in line with IFRS 5.

## **5. Non-recurring items in the income statement of Gruppo Banco BPM**

With Communication no. DEM/6064293 dated 28 July 2006, CONSOB invited companies that issue financial instruments listed on Italian regulated markets to provide a disclosure on the impact of non-recurring events and transactions.

Please note that according to the policy adopted by the Group, the following items are classified as non-recurring:

- gains or losses on the sale of all fixed assets (shareholdings, tangible fixed assets except financial assets included in the "Hold to Collect" (HTC) portfolio (that can be sold according to the materiality and frequency thresholds under IFRS9);

- gains and losses on non-current assets held for sale;
- loan write-downs/write-backs (due to valuations or to actual impairment losses) that were caused by a change in the NPE Strategy approved during the year by the Board of Directors entailing a change in targets and/or in the type of loans under disposal compared to what had been previously planned;
- P&L components with a large carrying amount tied to efficiency gain or reorganization actions, etc. (i.e., redundancy fund charges, voluntary redundancy schemes, merger/integration charges);
- P&L components with a large carrying amount that are not likely to occur frequently (e.g., fines, impairment of tangible assets, goodwill and other intangible assets, impact from regulatory changes, exceptional results);
- P&L impact generated by the fair value measurement of property and other tangible assets (works of art);
- tax effect tied to the above P&L impacts.

Conversely, the following impacts are generally considered recurring:

- P&L impacts from the sale or valuation of all financial assets (other than loans), including those held in the HTC and the financial liabilities portfolios;
- barring exceptional cases, P&L impacts from valuation aspects (loan loss provisions, write-downs on other financial assets or provisions for risks and charges);
- P&L impacts from changes in reference valuation parameters implemented in valuation models adopted on an ongoing basis;
- P&L impacts whose single amount is not material or not measurable, meeting the definition of contingent assets and/or liabilities (e.g., costs and revenues and/or adjustment of costs and revenues accrued in other financial years);
- tax effect tied to the above P&L impacts.

Whenever deemed significant, information on the effect that events or transactions that are non-recurring, or in any case do not occur frequently in the ordinary activities, have on the income statement and/or on the Group's financial position, is provided in the comments on the evolution of the balance sheet and P&L items.

Based on the criteria described above, the following non-recurring items were reported in H1 2023:

- the line-item "personnel expenses" includes the allowance for the charges that are expected to be incurred under the agreements with Trade Unions on the early resignation or retirement of personnel totaling € 8.5 million, net of the release of liabilities reported in prior financial years, mainly against obligations to pay the incentives under the *Short-Term Incentive Plans*, totaling € +9.1 million. The net impact on the line-item under examination totaled € +0.6 million;
- the line-item "gain/loss on the fair value measurement of tangible assets" posts a net write-down of € -32.3 million;
- the line-item "net provisions for risks and charges" includes the allowance of € 8.7 million tied to the estimated charges relative to certain contract obligations;
- the line-item "gain/loss on equity and other investments" includes the negative impact of € -0.2 million from the disposal of tangible assets;
- "Income tax on continuing operations" includes the tax impact of the above non-recurring components, totaling € +12.9million.

Overall, non-recurring items gave rise to a negative impact of € -27.9 million on the net income of the first half of 2023. Excluding the above effects, the (adjusted) net income accruing at the end of H1 would come to € 652.3 million.

In the income statement of the same period last year, the following non-recurring items had been recognized:

- the line-items "net financial result" and net write-downs on customer loans" included the impact from the increase in NPL disposal targets following the change in NPE management strategy approved by the Parent company's Board of Directors, amounting to € 4.7 million and € 112.7 million, respectively;
- the line-item "gain/loss on the fair value measurement of tangible assets" posted a net write-down of € -40.8 million from the fair value measurement of owned property;
- the line-item "gain/loss on equity and other investments" included the positive impact of € +1.5 million from the disposal of tangible assets;
- the line-item "goodwill impairment" reflected the impact of the impairment test which led to the recognition of € 8.1 million of write-downs;
- "Income tax on continuing operations" included the tax impact of the above non-recurring components, totaling € +51.9 million.

As a whole, non-recurring items in H1 2022 posted a negative amount of € -113.0 million. Excluding the above amount, the net (adjusted) result would have been € 464.2 million.

## 6. Capital requirements regulation

Clarifications on the calculation procedure for capital ratios



The capital ratios as at 30 June 2023 reported in this news release have been calculated by including the interim net income accruing at the end of the first half of 2023, net of the expected payout ratio based on the specific applicable regulation<sup>36</sup>. To this regard, please note that we shall apply for the permission to include the above net income in the own funds calculation pursuant to art. 26 paragraph 2 of Regulation (EU) no. 575/2013.

#### Minimum requirements

With communication of 25 November 2022, the Bank of Italy confirmed that the Banco BPM banking group is an 'Other Systemically Important Institution' (O-SII) for FY 2023. The O-SII buffer accounted for 0.25% of regulatory requirements.

With communication of 24 March 2023, the Bank of Italy confirmed the Countercyclical Capital Buffer ratio for the exposures to Italian counterparties at zero percent also for Q2 2023.

On 15 December 2022, the European Central Bank (ECB) notified Banco BPM its SREP decision for FY 2023, raising the Pillar 2 capital requirement (P2R) to 2.57%, basically unchanged compared to the previous year's requirement net of the effect of the release of the deduction calculated under art. 3 of CRR (Regulation EU no. 575/2013), whose positive effects on capital ratios and on the MDA buffer have been reckoned based on the position as of 31 December 2022.

Therefore, considering also the countercyclical capital buffer established by the competent national authorities for exposures towards countries where the Group operates, equal to 0.028%, the minimum requirements Banco BPM must comply with in 2023, until a new communication is issued, are<sup>37</sup>:

- CET 1 ratio: 8.72%;
- Tier 1 ratio: 10.71%;
- Total Capital ratio: 13.35%.

#### Transitional provisions

As of 1 January 2023, transitional provisions no longer apply, therefore the capital ratios can be qualified as "fully-loaded". Indeed, at the beginning of the year the transition period of the provisions introduced by art. 473 bis of Regulation EU no. 575/2013 (CRR), that phased in the impact on own funds produced by the adoption of the new impairment model introduced by IFRS 9, has expired, together with the option under art. 468 of Regulation (EU) no. 575/2013 (CRR) to remove 40% of unrealized gains and losses accrued from 31 December 2019 on debt securities measured at fair value when calculating own funds, with effect on comprehensive income represented by debt instruments related to exposures to central, regional, and local governments under article 115, paragraph 2, of CRR and to other public sector entities under article 116, paragraph 4.

### **7. Sovereign risk exposure represented by debt securities**

The table below provides an illustration of the banking Group's sovereign risk exposure (debt securities included in the financial assets portfolios) as at 30 June 2023, broken down by single Country and by category of the classification accounting portfolio:

<sup>36</sup> Pursuant to art. 5 of decision (EU) 2015/656 of the European Central Bank of 4 February 2015, dividends to be deducted from the half-year profits, for which inclusion in own funds is being asked, amount to 50% of the interim results, as, in the absence of a formal decision passed by the Board of Directors on the allocation of the FY 2023 net income, the rules set forth in art. 5.3 of Decision (EU) 2015/66 of the European Central Bank were applied.

<sup>37</sup> These requirements are calculated as follows:

- The Pillar 1 minimum requirement of 8% (of which 4.5% CET1; 1.5%AT1 and 2% AT2)
- the P2R requirement of 2.57% set by the ECB must be met by 56.25% with CET1 and by 75% with TIER1 capital;
- the Capital Conservation buffer of 2.50% to be fully met with CET1 capital;
- the O-SII buffer of 0.25% to be fully met with CET1 capital;
- the Countercyclical Capital buffer of 0.028% to be fully met with CET1 capital.

<b>30 June 2023</b> <i>(data in million euro)</i>				
<b>Countries/Accounting portfolios</b>	<b>Fin. ass. measured at amortized cost</b>	<b>Fin. ass. measured at fair value through other comprehensive income</b>	<b>Fin. ass. measured at fair value through profit or loss</b>	<b>Total</b>
Italy	9.094	2.396	58	11.548
France	5.065	1.412	0	6.477
USA	2.152	1.538	0	3.690
Spain	3.726	1.098	4	4.828
Germany	2.444	844	22	3.309
Other Countries	582	262	0	844
<b>Total</b>	<b>23.062</b>	<b>7.550</b>	<b>84</b>	<b>30.696</b>

As at 30 June 2023, the banking Group's sovereign debt exposure totaled € 30.7 billion (€ 29.8 billion as at 31 December 2022), of which 75.1% was classified in the portfolio of financial assets measured at amortized cost, 24.6% under financial assets measured at fair value through other comprehensive income, and 0.3% in the portfolio of financial assets measured at fair value through profit or loss, as they were held for trading.

More than 87% of this exposure refers to securities issued by members of the European Union; notably about 38% by Italy.

As regards financial assets measured at fair value through other comprehensive income, as at 30 June 2023 the reserves generated by the fair value measurement of debt securities posted a negative amount equal to € 515.9 million, net of tax effect, of which € -489.7 million refer to government bonds (€ -59.0 million for Italian government bonds and € -430.7 million for other government bonds).

As to financial assets measured at amortized cost, the book value came out at € 23.1 billion, of which € 9.1 billion represented by Italian government bonds. For information purposes only, note that the fair value of the government bonds classified in this accounting category, measured based on the market prices as at 30 June 2023 (level 1 in the fair value classification) totaled € 22.5 billion (€ 9.0 billion being the fair value of the Italian government bonds alone).

The debt securities management still follows the same decisions made in the prior financial years; no business model change calling for a portfolio reclassification took place in the first half of the year.

## 8. Other explanatory notes

The reclassified balance sheet and income statements reflect on a consolidated basis the financial accounts of Banco BPM and its subsidiaries with respect to 30 June 2023, or, when not available, the most recently approved financial reports. Similarly, the equity method-based accounting of associates was carried out based on the accounting information as at 30 June 2023 submitted to Banco BPM, or, if not available, on the most recent financial reports prepared by the associates.

## Attachments

The prior year's balances have been restated to allow a like-for-like comparison with FY 2023 balances. For more details, please refer to the explanatory note no. 1

- Reclassified consolidated statement of financial position as at 30 June 2023 compared with data as at 31 December 2022
- H1 2023 reclassified consolidated income statement compared with data as at H1 2022
- Reclassified consolidated income statement – 2023 and 2022 quarterly evolution
- H1 2023 reclassified consolidated income statement net of non-recurring items
- Reclassified consolidated income statement – FY 2022 impact tied to the application of IFRS 17 to insurance companies

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## BANCO BPM Group

### Reclassified consolidated balance sheet

<b>TOTAL ASSETS</b> <i>(in euro thousand)</i>	<b>30/06/2023</b>	<b>31/12/2022</b> <b>Restated</b>	<b>Chg.</b>	<b>Chg. %</b>
Cash and cash equivalents	21,844,831	13,130,815	8,714,016	66.4%
Financial assets at amortised cost	112,013,762	113,632,853	-1,619,091	-1.4%
- Due from banks	3,855,942	4,177,893	-321,951	-7.7%
- Customer loans	108,157,820	109,454,960	-1,297,140	-1.2%
Other financial assets	44,112,405	43,093,541	1,018,864	2.4%
- Financial assets designated at FV through P&L	8,083,541	8,206,881	-123,340	-1.5%
- Financial assets designated at FV through OCI	10,134,981	9,380,520	754,461	8.0%
- Financial assets at amortised cost	25,893,883	25,506,140	387,743	1.5%
Financial assets pertaining to insurance companies	6,001,755	5,892,769	108,986	1.8%
Equity investments	1,628,356	1,652,549	-24,193	-1.5%
Property and equipment	2,825,314	3,034,689	-209,375	-6.9%
Intangible assets	1,241,819	1,255,124	-13,305	-1.1%
Tax assets	4,324,187	4,585,484	-261,297	-5.7%
Non-current assets held for sale and discontinued operations	485,968	195,792	290,176	148.2%
Other assets	4,011,675	3,334,518	677,157	20.3%
<b>Total Assets</b>	<b>198,490,072</b>	<b>189,808,134</b>	<b>8,681,938</b>	<b>4.6%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> <i>(in euro thousand)</i>	<b>30/06/2023</b>	<b>31/12/2022</b> <b>Restated</b>	<b>Chg.</b>	<b>Chg. %</b>
Banking Direct Funding	121,154,804	120,639,083	515,721	0.4%
- Due from customers	104,801,422	107,679,408	-2,877,986	-2.7%
- Debt securities and financial liabilities designed at FV	16,353,382	12,959,675	3,393,707	26.2%
Insurance Direct Funding & Insurance liabilities	5,818,827	5,742,601	76,226	1.3%
- Financial liabilities measured at FV pertaining to insurance companies	1,476,068	1,459,075	16,993	1.2%
- Liabilities pertaining to insurance companies	4,342,759	4,283,526	59,233	1.4%
Due to banks	22,870,102	32,635,805	-9,765,703	-29.9%
Debts for Leasing	497,147	627,921	-130,774	-20.8%
Other financial liabilities designated at FV	26,794,679	13,597,650	13,197,029	97.1%
Other financial liabilities pertaining to insurance companies	2,045	439	1,606	365.8%
Liability provisions	865,983	988,852	-122,869	-12.4%
Tax liabilities	319,166	267,873	51,293	19%
Liabilities associated with assets held for sale	245,492	25,821	219,671	N.S.
Other liabilities	6,533,860	2,265,592	4,268,268	188%
<b>Total Liabilities</b>	<b>185,102,105</b>	<b>176,791,637</b>	<b>8,310,468</b>	<b>4.7%</b>
Minority interests	383	720	-337	-46.8%
Shareholders' equity	13,387,584	13,015,777	371,807	2.9%
<b>Consolidated Shareholders' Equity</b>	<b>13,387,967</b>	<b>13,016,497</b>	<b>371,470</b>	<b>2.9%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>198,490,072</b>	<b>189,808,134</b>	<b>8,681,938</b>	<b>4.6%</b>

The item "Customer Loans" includes the Senior notes coming from the securitizations of Non-performing Loans

The previous year's figures have been restated to reflect the retrospective application of IFRS 17 to subsidiary and associated insurance companies, and also for the application of IFRS 9 to subsidiary

## BANCO BPM Group

### Reclassified consolidated income statement

<i>(in euro thousand)</i>	H1 2023	H1 2022 Restated	Chg.	Chg. %
Net interest income	1,552,900	1,039,133	513,767	49.4%
Income (loss) from investments in associates carried at equity	60,607	58,168	2,439	4.2%
<b>Net interest, dividend and similar income</b>	<b>1,613,507</b>	<b>1,097,301</b>	<b>516,206</b>	<b>47.0%</b>
Net fee and commission income	948,203	966,863	-18,660	-1.9%
Other net operating income	33,417	31,693	1,724	5.4%
Net financial result	-42,492	176,796	-219,288	
Income from insurance business	24,580	-	24,580	
<b>Other operating income</b>	<b>963,708</b>	<b>1,175,352</b>	<b>-211,644</b>	<b>-18.0%</b>
<b>Total income</b>	<b>2,577,215</b>	<b>2,272,653</b>	<b>304,562</b>	<b>13.4%</b>
Personnel expenses	-808,254	-813,204	4,950	-0.6%
Other administrative expenses	-336,824	-318,203	-18,621	5.9%
Net value adjustments on property and equipment and intangible assets	-129,651	-125,297	-4,354	3.5%
<b>Operating costs</b>	<b>-1,274,729</b>	<b>-1,256,704</b>	<b>-18,025</b>	<b>1.4%</b>
<b>Profit (loss) from operations</b>	<b>1,302,486</b>	<b>1,015,949</b>	<b>286,537</b>	<b>28.2%</b>
Net adjustments on loans to customers	-258,719	-303,681	44,962	-14.8%
Profit (loss) on fair value measurement of tangible assets	-32,375	-40,845	8,470	-20.7%
Net adjustments on other assets	1,169	-5,540	6,709	
Net provisions for risks and charges	3,318	-12,734	16,052	
Profit (loss) on the disposal of equity and other investments	-234	1,466	-1,700	
<b>Income (loss) before tax from continuing operations</b>	<b>1,015,645</b>	<b>654,615</b>	<b>361,030</b>	<b>55.2%</b>
Tax on income from continuing operations	-317,119	-231,019	-86,100	37.3%
<b>INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>698,526</b>	<b>423,596</b>	<b>274,930</b>	<b>64.9%</b>
Systemic charges after tax	-57,629	-74,567	16,938	-22.7%
Realignment of fiscal values to accounting values	-	-	-	
Goodwill & Client Relationship impairment after tax	-	-8,132	8,132	
Impact from the change in Own Credit Risk on certificates issued, after tax	-2,568	25,654	-28,222	
Purchase Price Allocation (PPA) after tax	-14,233	-15,663	1,430	-9.1%
Income (loss) attributable to minority interests	337	109	228	209.2%
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>624,433</b>	<b>350,997</b>	<b>273,436</b>	<b>77.9%</b>

The previous year's figures have been restated to reflect the retrospective application of IFRS 17 to subsidiary and associated insurance companies, and also for the application of IFRS 9 to subsidiary

## BANCO BPM Group

### Reclassified consolidated income statement - Quarterly evolution

<i>(in euro thousand)</i>	Q2 2023	Q1 2023	Q4 2022 Restated	Q3 2022 Restated	Q2 2022 Restated	Q1 2022 Restated
Net interest income	809,926	742,974	723,957	551,319	527,591	511,542
Income (loss) from investments in associates carried at equity	24,295	36,312	38,355	39,460	15,729	42,439
<b>Net interest, dividend and similar income</b>	<b>834,221</b>	<b>779,286</b>	<b>762,312</b>	<b>590,779</b>	<b>543,320</b>	<b>553,981</b>
Net fee and commission income	469,549	478,654	453,728	479,664	486,771	480,092
Other net operating income	16,503	16,914	19,491	20,375	15,028	16,665
Net financial result	-8,356	-34,136	-8,951	75,138	48,863	127,933
Income from insurance business	14,969	9,611	6,636	2,131	-	-
<b>Other operating income</b>	<b>492,665</b>	<b>471,043</b>	<b>470,904</b>	<b>577,308</b>	<b>550,662</b>	<b>624,690</b>
<b>Total income</b>	<b>1,326,886</b>	<b>1,250,329</b>	<b>1,233,216</b>	<b>1,168,087</b>	<b>1,093,982</b>	<b>1,178,671</b>
Personnel expenses	-402,858	-405,396	-391,918	-397,285	-405,342	-407,862
Other administrative expenses	-166,630	-170,194	-170,410	-159,636	-162,650	-155,553
Net value adjustments on property and equipment and intangible assets	-65,191	-64,460	-84,553	-69,886	-64,059	-61,238
<b>Operating costs</b>	<b>-634,679</b>	<b>-640,050</b>	<b>-646,881</b>	<b>-626,807</b>	<b>-632,051</b>	<b>-624,653</b>
<b>Profit (loss) from operations</b>	<b>692,207</b>	<b>610,279</b>	<b>586,335</b>	<b>541,280</b>	<b>461,931</b>	<b>554,018</b>
Net adjustments on loans to customers	-121,264	-137,455	-184,691	-193,909	-152,553	-151,128
Profit (loss) on fair value measurement of tangible assets	-30,469	-1,906	-59,992	-7,510	-39,609	-1,236
Net adjustments on other assets	488	681	-538	-3,028	-2,346	-3,194
Net provisions for risks and charges	868	2,450	-28,220	-16,260	-4,608	-8,126
Profit (loss) on the disposal of equity and other investments	-388	154	515	277	-60	1,526
<b>Income (loss) before tax from continuing operations</b>	<b>541,442</b>	<b>474,203</b>	<b>313,409</b>	<b>320,850</b>	<b>262,755</b>	<b>391,860</b>
Tax on income from continuing operations	-169,683	-147,436	-85,589	-90,424	-92,599	-138,420
<b>INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>371,759</b>	<b>326,767</b>	<b>227,820</b>	<b>230,426</b>	<b>170,156</b>	<b>253,440</b>
Systemic charges after tax	-351	-57,278	-49	-77,271	-	-74,567
Realignment of fiscal values to accounting values	-	-	-	-	-	-
Goodwill & Client Relationship impairment after tax	-	-	-	-	-8,132	-
Impact from the change in Own Credit Risk on certificates issued, after tax	-5,845	3,277	-20,513	-323	25,478	176
Purchase Price Allocation (PPA) after tax	-6,830	-7,403	-10,248	-16,468	-7,173	-8,490
Income (loss) attributable to minority interests	373	-36	628	49	66	43
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>359,106</b>	<b>265,327</b>	<b>197,638</b>	<b>136,413</b>	<b>180,395</b>	<b>170,602</b>

The previous year's figures have been restated to reflect the retrospective application of IFRS 17 to subsidiary and associated insurance companies, and also for the application of IFRS 9 to subsidiary

## BANCO BPM Group

### Reclassified consolidated income statement, excluding non-recurring items

<i>(in euro thousand)</i>	H1 2023	H1 2022 Restated	Chg.	Chg. %
Net interest income	1,552,900	1,039,133	513,767	49.4%
Income (loss) from investments in associates carried at equity	60,607	58,168	2,439	4.2%
<b>Net interest, dividend and similar income</b>	<b>1,613,507</b>	<b>1,097,301</b>	<b>516,206</b>	<b>47.0%</b>
Net fee and commission income	948,203	966,863	-18,660	-1.9%
Other net operating income	33,417	31,693	1,724	5.4%
Net financial result	-42,492	181,497	-223,989	
Income from insurance business	24,580	-	24,580	
<b>Other operating income</b>	<b>963,708</b>	<b>1,180,053</b>	<b>-216,345</b>	<b>-18.3%</b>
<b>Total income</b>	<b>2,577,215</b>	<b>2,277,354</b>	<b>299,861</b>	<b>13.2%</b>
Personnel expenses	-808,859	-813,204	4,345	-0.5%
Other administrative expenses	-336,824	-318,203	-18,621	5.9%
Net value adjustments on property and equipment and intangible assets	-129,651	-125,297	-4,354	3.5%
<b>Operating costs</b>	<b>-1,275,334</b>	<b>-1,256,704</b>	<b>-18,630</b>	<b>1.5%</b>
<b>Profit (loss) from operations</b>	<b>1,301,881</b>	<b>1,020,650</b>	<b>281,231</b>	<b>27.6%</b>
Net adjustments on loans to customers	-258,719	-190,965	-67,754	35.5%
Net adjustments on other assets	1,169	-5,540	6,709	
Net provisions for risks and charges	12,053	-12,734	24,787	
<b>Income (loss) before tax from continuing operations</b>	<b>1,056,384</b>	<b>811,411</b>	<b>244,973</b>	<b>30.2%</b>
Tax on income from continuing operations	-330,003	-282,906	-47,097	16.6%
<b>INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>726,381</b>	<b>528,505</b>	<b>197,876</b>	<b>37.4%</b>
Systemic charges after tax	-57,629	-74,567	16,938	-22.7%
Impact from the change in Own Credit Risk on certificates issued, after tax	-2,568	25,654	-28,222	
Purchase Price Allocation (PPA) after tax	-14,233	-15,663	1,430	-9.1%
Income (loss) attributable to minority interests	337	109	228	209.2%
<b>NET INCOME (LOSS) FOR THE PERIOD (EXCLUDING NON-RECURRING ITEMS)</b>	<b>652,288</b>	<b>464,038</b>	<b>188,250</b>	<b>40.6%</b>
<b>IMPACTS EXCLUDED FROM "ADJUSTED" RESULT</b>	<b>-27,855</b>	<b>-113,041</b>	<b>85,186</b>	<b>-75.4%</b>
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>624,433</b>	<b>350,997</b>	<b>273,436</b>	<b>77.9%</b>

The previous year's figures have been restated to reflect the retrospective application of IFRS 17 to subsidiary and associated insurance companies, and also for the application of IFRS 9 to subsidiary

## BANCO BPM Group

### Reclassified income statement

#### Impacts for the year 2022 related to the application of IFRS 17 to insurance companies

<i>(in euro thousand)</i>	IFRS 17 impacts on FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net interest income					
Income (loss) from investments in associates carried at equity	-21,500	3,552	7,894	-25,743	-7,203
<b>Net interest, dividend and similar income</b>	<b>-21,500</b>	<b>3,552</b>	<b>7,894</b>	<b>-25,743</b>	<b>-7,203</b>
Net fee and commission income	12,933	6,466	6,467		
Other net operating income	-43	-21	-22		
Net financial result		-	-		
Income from insurance business	-22,951	-11,475	-11,476	-	-
<b>Other operating income</b>	<b>-10,061</b>	<b>-5,030</b>	<b>-5,031</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>-31,561</b>	<b>-1,478</b>	<b>2,863</b>	<b>-25,743</b>	<b>-7,203</b>
Personnel expenses	6,494	3,247	3,247		
Other administrative expenses	2,131	1,066	1,065		
Net value adjustments on property and equipment and intangible assets	352	176	176		
<b>Operating costs</b>	<b>8,977</b>	<b>4,489</b>	<b>4,488</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) from operations</b>	<b>-22,584</b>	<b>3,011</b>	<b>7,351</b>	<b>-25,743</b>	<b>-7,203</b>
Net adjustments on loans to customers					
Profit (loss) on fair value measurement of tangible assets					
Net adjustments on other financial assets					
Net provisions for risks and charges					
Profit (loss) on the disposal of equity and other investments					
<b>Income (loss) before tax from continuing operations</b>	<b>-22,584</b>	<b>3,011</b>	<b>7,351</b>	<b>-25,743</b>	<b>-7,203</b>
Tax on income from continuing operations	1,899	950	949		
<b>INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>-20,685</b>	<b>3,961</b>	<b>8,300</b>	<b>-25,743</b>	<b>-7,203</b>
Systemic charges after tax					
Realignment of fiscal values to accounting values					
Goodwill & Client Relationship impairment after tax					
Impact from the change in Own Credit Risk on certificates issued, after tax					
Purchase Price Allocation (PPA) after tax	3,144	1,572	1,572		
Income (loss) attributable to minority interests					
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>-17,541</b>	<b>5,533</b>	<b>9,872</b>	<b>-25,743</b>	<b>-7,203</b>

*This statement shows the total impact for the full year 2022 detailed for each individual item in the Reclassified Income Statement attributable to the restatement in application of IFRS 17.*

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