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Testo del comunicato

Vedi allegato

BANCO BPM

PRESS RELEASE

RESULTS AS OF 31 DECEMBER 2023[1]

- **NET INCOME AT € 1,264 MILLION (+85% Y/Y)**
- **TOTAL DISTRIBUTION € 848 MILLION (+~€ 100 MILLION VS. GUIDANCE)**
- **DIVIDEND PER SHARE OF € 56 CENTS (+143% VS 2023)**

FULLY IN LINE WITH THE VALUE CREATION TARGETS OF THE STRATEGIC PLAN 2023-2026

- **OVERALL PROFIT TARGET OF € 6 BILLION AND SHAREHOLDER REMUNERATION OF € 4 BILLION CONFIRMED**
- **TOTAL DISTRIBUTION IN CALENDAR YEAR 2024 OF ~€ 1.4 BILLION (+~€ 100 MILLION VS GUIDANCE): ~19% OF CAPITALIZATION**
- **PAYOUT AT 67% OVER THE PLAN HORIZON (VS 50% IN 2022)**

SIGNIFICANT GROWTH IN OPERATING PERFORMANCE:

- **NET INTEREST INCOME AT € 3,289 MILLION (+42% Y/Y)**
- **OPERATING INCOME UP AT € 5,341 MILLION (+14% Y/Y)**
- **OPERATING PROFIT[2] UP AT € 2,770 MILLION (+29% Y/Y)**
- **COST/INCOME DOWN AT 48% (54% AS OF 31 DECEMBER 2022) IN SPITE OF THE INCLUSION IN Q4 OF COSTS FOR THE RENEWAL OF THE COLLECTIVE LABOUR CONTRACT**
- **ROTE AT 12.4% (7% AS OF 2022)**

[1] In order to ensure a more immediate and homogeneous comparison with the previous year's figures, the impacts deriving from the extraordinary reorganisation of the bancassurance business structure finalized in December 2023 are shown in a separate item in the reclassified income statement called "Bancassurance impacts after tax." In addition, figures for fiscal year 2022 have been restated due to the retrospective application of IFRS 17 and IFRS 9 by insurance subsidiaries and affiliates as of January 1, 2022. Further details can be found in Explanatory Note No. 1. It should also be noted that the definitions of the indicators and key balance sheet and income statement amounts commented on in this press release are explained in Explanatory Note No. 1 "Basis of preparation and accounting policies - Other information."
[2] This interim result does not include systemic charges, amounting to € -187.5 million, accounting impacts resulting from Purchase Price Allocation (PPA), amounting to € -42.2 million, and impacts resulting from the change in its creditworthiness on certificate issues, amounting to € -5.2 million. These components, net of related tax effects, are shown in separate items in the reclassified income statement.

CONTINUED IMPROVEMENT IN ASSET QUALITY:

- **GROSS NPE RATIO DOWN AT 3.5% (4.2% AT YEAR-END 2022)**
- **NET NPE RATIO DOWN AT 1.8%**
- **COST OF RISK IMPROVING FURTHER TO 53 BPS (62 BPS IN 2022), WHICH INCLUDES ESTIMATED TOP-UP LOAN LOSS PROVISIONS RELATED TO € 700 MILLION OF FUTURE DISPOSALS TO BE COMPLETED BY 2026**
- **GROSS IMPAIRED LOANS DOWN AT € 3.8 BN (€ 4.8 BN IN 2022) THANKS TO THE CONSOLIDATED DERISKING STRATEGY AND WELL ON TRACK FOR THE 2026 PLAN TARGET AT < € 3.5 BN**

SOLID CAPITAL POSITION CONFIRMED[3] :

- **CET 1 RATIO[4] AT 14.2%**
- **MDA BUFFER[5] AT 542 BPS**

LIQUIDITY POSITION: LCR AT 187%, NSFR AT 129%[6], CASH AND UNENCUMBERED ASSETS AT € 41.9 BILLION (AFTER THE REIMBURSEMENT OF TLTRO FOR € 23.5 BILLION IN 2022/23)

DIRECT CUSTOMER FUNDS AT € 124.8 BILLION, UP FROM € 123.4 BILLION AS OF 31 DECEMBER 2022

INDIRECT CUSTOMER FUNDS AT € 106.2 BILLION, UP FROM € 91.3 BILLION AS OF 31 DECEMBER 2022

BANCO BPM AUTHORIZED BY BCE TO APPLY THE SO-CALLED "DANISH COMPROMISE"[7]

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[3] For more details on how capital ratios are calculated, see point 6 of the Notes to this press release.

[4] 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.

[5] Difference between the total capital ratio (ratio of own funds to risk-weighted assets) measured as of December 31, 2023 and the corresponding level of the minimum regulatory requirement for the year 2023 including the so-called Pillar 2 Requirement (P2R).

[6] Management data.

[7] On the basis of the authorization received, according to the regulatory provision, Banco BPM no longer deducts from CET 1 Capital the book value of the investment held in Banco BPM Vita; instead, this is considered a risk-weighted credit risk exposure in accordance with the CRR Regulation, starting from the supervisory reports referring to December 31, 2023.

SINCE NOVEMBER 2023, ALL OF BANCO BPM'S RATINGS ARE PLACED IN THE "INVESTMENT GRADE" AREA:

- **THE STRONG IMPROVEMENT IN THE GROUP'S STANDING LED TO THE ASSIGNMENT OF NEW RATINGS BY S&P (OF WHICH LONG-TERM ISSUER CREDIT RATING "BBB-" WITH POSITIVE OUTLOOK) AND THE UPGRADE OF KEY RATINGS BY MOODY'S (OF WHICH THE SENIOR LONG-TERM RATING BY TWO NOTCHES TO BAA2)**
- **ALL RATING AGENCIES RECOGNIZE THE PROGRESSIVE IMPROVEMENT OF THE GROUP'S FINANCIAL PROFILE, ESPECIALLY IN TERMS OF CREDIT QUALITY, CAPITAL POSITION AND PROFITABILITY, IN ADDITION TO THE STRONG BUSINESS MODEL AND SOLID FUNDING AND LIQUIDITY POSITION**

CONTINUED GROWTH IN DIGITAL BANKING WITH FOCUS ON COMMERCIAL CONTRIBUTION:

- **OMNICHANNEL SALES AT 39% OF TOTAL RETAIL**
- **17% GROWTH IN FULLY REMOTE SALES**
- **33 MILLION TRANSACTIONAL OPERATIONS VIA APP VS. 23 MILLION ACROSS THE ENTIRE BRANCH NETWORK**
- **MORE THAN 1.3 MILLION CUSTOMERS HAVE ADOPTED DIGITAL IDENTITY**
- **CONSTANT INNOVATION IN PRODUCTS AND SERVICES AND IN DISTRIBUTION MODELS**

CONTINUED PROGRESS IN SUSTAINABILITY INTEGRATION:

- **NEW GREEN, SOCIAL AND SUSTAINABILITY BONDS FRAMEWORK PUBLISHED IN NOVEMBER, ALIGNED WITH TAXONOMY**
- **REALIZED IN 2023 TWO GREEN BOND ISSUES AND ONE SOCIAL BOND FOR A TOTAL OF € 2 BILLION, PLUS AN ADDITIONAL GREEN BOND ISSUE FOR 750 MILLION IN JANUARY 2024**
- **ESG BONDS REPRESENT MORE THAN 29% OF TOTAL CORPORATE BONDS IN THE PORTFOLIO AT YEAR-END 2023 (24.2% AT YEAR-END 2022)**

ENVIRONMENT:

- **JOINING THE NET-ZERO BANKING ALLIANCE IN MARCH 2023 AND IDENTIFYING PRIORITY SECTORS**
- **CARBON NEUTRALITY ON NET ISSUES SCOPE 1&2[8] ALREADY ACHIEVED IN 2023**
- **100% USE OF ELECTRICITY FROM RENEWABLE SOURCES CONFIRMED AGAIN IN 2023**

[8] Also due to carbon credits netting activity.

SOCIAL:

- **SHARE OF WOMEN IN MANAGERIAL POSITIONS FURTHER INCREASED TO 30% AT YEAR-END 2023 VS. 26% AT THE END OF 2022**
- **96.5% OF HIRES SINCE THE BEGINNING OF 2021 INVOLVED YOUNG PEOPLE BETWEEN 20 AND 30 YEARS OF AGE**
- **DISBURSED IN 2023 € 5.8 MILLION FOR ENVIRONMENTAL AND SOCIAL PROJECTS AND ~9,400 HOURS DEDICATED TO THE COMMUNITY (CORPORATE VOLUNTEERING, ESG AND FINANCIAL EDUCATION)**

GOVERNANCE:

- **ENDOCOUNCIL SUSTAINABILITY COMMITTEE ESTABLISHED LAST APRIL**
- **GUIDELINES ON RESPECT FOR AND PROTECTION OF HUMAN RIGHTS PUBLISHED**
- **LAUNCH OF NEW ESG ACTION PLAN BASED ON 4 SITES: RISKS, CREDIT, FINANCE & WM, DISCLOSURE - COMMUNITY & INCLUSION**
- **DELIVERED MORE THAN 160 THOUSAND HOURS OF TRAINING ON ESG ISSUES TO GROUP EMPLOYEES**
- **PRESENTED THE NEW STRATEGIC PLAN 2023-2026, WITH FULL INTEGRATION OF SUSTAINABILITY AMBITIONS AND ESG TARGETS**

ESG RISK RATING ASSIGNED BY SUSTAINALYTICS IN OCTOBER 2023 PLACES BANCO BPM AMONG THE BEST ITALIAN BANKS: 15.7 (LOW-RISK) (FROM THE PREVIOUS MID-RISK LEVEL OF 22.4). STANDARD ETHICS RATING ALSO IMPROVED FROM EE TO EE+

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Giuseppe Castagna, CEO of Banco BPM, said:

We are indeed very pleased with the brilliant results achieved: the net income of around 1.3 billion and the proposed dividend above guidance, amounting to € 56 cents per share, clearly summarize the capacity to generate value that we have steadily achieved and which, by virtue of the Strategic Plan approved last December, we will continue to develop with increasing incisiveness.

The current pace of value creation allows us to combine the solidity of the capital position and a dividend more than doubled compared to 2022 with the steady improvement in asset quality, evidenced by the cost of risk decreasing to 53 p.b. compared to 62 p.b. in the previous year. This result was achieved not only thanks to selective lending policies, but also to the derisking strategy that led to a further reduction of impaired loans to total gross loans.

The commitment and ability of our people, supported by the technological innovation we have pursued over time and the work done in all ESG areas, continue to be the most important strength of our Group, enabling us to enhance the value of traditional banking. The operational results achieved and the effectiveness of commercial actions in favor of our customers, households and businesses, highlight the strengthening of the role that Banco BPM has carved out for itself in the national credit landscape.

With the new Strategic Plan, we have embarked on a path that, in our ambitions, will lead us on the one hand to set a profit and loss account structure that supports the systematic creation of value for all Stakeholders, and on the other hand to consolidate our position as a third banking pole. All this, through a distinctive business model capable of enhancing our qualities as a territorial bank of reference for the most advanced economic areas of the country and especially for the small and medium-sized enterprises that are its backbone.

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The 2023 fiscal year was characterized by a macroeconomic scenario that was still uncertain also due to the recent tensions related to the conflict in the Middle East; however, in this context, the Group's commercial and organizational effort allowed it to record a positive dynamic of operating results and excellent profitability. In particular, net interest income shows an excellent performance, coming in at € 3,289 million, up 42% from 31 December 2022.

Operating profit rises to € 2,770 million from € 2,144 million in the previous year, an increase of 29%. Net income for the year stands at € 1,264 million with a growth of 85% compared to 31 December 2022.

Balance sheet figures confirm the significant results achieved:

- ***direct customer funds amount to € 124.8 billion up 1.1% compared to the end of 2022;***
- ***indirect customer funds reach € 106.2 billion, up € 14.8 billion compared to December 31, 2022;***
- ***"core" net performing loans (consisting of mortgages, loans, current accounts and personal loans) amount to € 96.9 billion with a volume of new disbursements of € 19.4 billion.***

With regards to the strategy of managing impaired loans, the Group has further accelerated the derisking process, envisaging total disposals for about € 700 million over the Plan horizon, net of the transactions already carried out during the year, which will make it possible to achieve a further reduction in the stock of impaired loans. As of 31 December 2023, the ratio of impaired loans to total gross loans has been reduced to 3.5% from 4.2% as of 31 December 2022. The cost of credit is down to 53 bps from 62 bps at year-end 2022, while ensuring significant levels of coverage of impaired loans and including the estimated higher impairments on loans subject to disposal by 2026.

Regarding the capital position, it should be noted that the European Central Bank, on 3 November, notified the Banco BPM Group – already recognized as a financial conglomerate under Directive 2002/87/EC – of its authorization to apply the so-called "Danish Compromise," which allows, pursuant to Article 49 (1) of Regulation (EU) no. 575/2013 (CRR)[9], to access the benefits related to the prudential treatment of equity investment in insurance companies for the purpose of calculating consolidated capital ratios, effective from the supervisory reports referring to 31 December 2023.

As a result, the capital position is as follows:

- ***CET 1 Ratio at 14.2%;***
- ***MDA buffer at 542 bps***

Key balance sheet items

- Direct customer funds € 124.8 billion: +1.1% compared to end-December 2022; "core" deposits at € 98.8 billion;
- Indirect customer funds € 106.2 billion: up 16.2% from 31 Dec. 2022, of which:
  - assets under management € 62.0 billion (up 4.4% from 31 Dec. 2022);
  - assets under administration € 44.2 billion (up 38.4% from 31 Dec. 2022);
- Net loans to customers € 105.4 billion: -3.7% compared to 31 Dec. 2022 (of which performing loans -3.3% and impaired loans -21.0%).

Key income statement items

- Net interest income:
  - € 867.7 million in Q4 2023 (stable compared to Q3 2023)
  - € 3,289.2 million as of 31 Dec. 2023 (€ 2,314.4 million in 2022; +42.1%)
- Net fee and commission income:
  - € 451.8 million in Q4 2023 (€ 460.0 million in Q3 2023; -1.8%)
  - € 1,860.0 million as of 31 Dec. 2023 (€ 1,887.3 million in 2022; -1.4%)
- Operating expenses:
  - € 661.1 million in Q4 2023 (€ 635.3 million in Q3 2023; +4.1%) which includes the cost related to the renewal of the CCNL
  - € 2,571.2 million as of 31 Dec. 2023 (€ 2,530.4 million in 2022; +1.6%. Without considering the contribution of insurance companies[10], the change is reduced to +1.3%)
- Operating profit:
  - € 735.7 million in Q4 2023 (€ 732.1 million in Q3 2023; +0.5%)
  - € 2,770.3 million as of 31 Dec. 2023 (€ 2,143.6 million in 2022; +29.2%)
- Net adjustments on loans to customers:

[9] See Note 7.
[10] Equal to € 13.5 million as of 31 December 2023 and € 6.3 million as of 31 December 2022, referring only to the second half of the year.

- € 175.0 million in Q4 2023 (€ 124.8 million in Q3 2023)
- € 558.6 million net adjustments as of 31 Dec. 2023 (€ 682.3 million net adjustments in 2022; -18.1%)

- Profit before tax from continuing operations:
  - € 447.8 million in Q4 2023 (€ 577.6 million in Q3 2023)
  - € 2,041.0 million as of 31 Dec. 2023 (€ 1,288.9 million in 2022; +58.4%)

- Adjusted Profit before tax from continuing operations:
  - € 602.3 million in Q4 2023 (€ 612.5 million in Q3 2023)
  - € 2,271.2 million as of 31 Dec. 2023 (€ 1,534.4 million in 2022; +48.0%)

- Net income:
  - € 321.1 million in Q4 2023 (€ 319.0 million in Q3 2023)
  - € 1,264.4 million as of 31 Dec. 2023 (€ 685.0 million in 2022; +84.6%)

- Adjusted net income:
  - € 437.4 million in Q4 2023 (€ 342.8 in Q3 2023; +27.6%)
  - € 1,432.4 million as of 31 Dec. 2023 (€ 868.8 million in 2022; +64.9%)

Capital position[11]:

- CET 1 ratio 14.2% (12.8% as of 31 Dec. 2022);
- MDA buffer on TCR 542 bps

Credit quality[12]

- Stock of net impaired loans of € 1.9 bn: -21.0% compared to end 2022
- Coverage:
  - Bad loans: 60.9%; including write-offs, the coverage is 68.8%;
  - Unlikely-to-pay: 43.2% (40.3% as of 31 Dec. 2022);
  - Total impaired loans: 50.4% (50.6% as of 31 Dec. 2022); considering also write-offs, the coverage is 55.2%;
- Texas Ratio further improving to 14.4%, from 19.8% as of 31 Dec. 2022.

Liquidity profile

- Liquidity at € 41.9 billion (cash + unencumbered assets);
- TLTRO III at € 15.7 billion;
- LCR 187% and NSFR 129%[13].

[11] For more details on how capital ratios are calculated, see point 6 of the Notes to this press release.
[12] Figures calculated assuming only customer exposures measured at amortized cost and excluding loans held for sale.
[13] Management data.

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Milan, 8 February 2024 - The Board of Directors of Banco BPM met today under the chairmanship of Dr. Massimo Tononi to approve the Banco BPM Group's full-year and consolidated results as of 31 December 2023.

The year 2023 was characterized by a macroeconomic scenario that was still uncertain also due to the recent tensions related to the conflict in the Middle East; however, in this context the Group recorded record levels of profitability, with a pre-tax profit from continuing operations of € 2,041.0 million and a net profit of € 1,264.4 million.

At its meeting on 11 December, the Board of Directors of Banco BPM approved the Group's Strategic Plan 2023-26.

The new Strategic Plan reflects the outcome of a path of growth and innovation that Banco BPM has undertaken in recent years and that has strengthened its profitability, consolidated its capital position, improved its overall risk profile, transformed its commercial operations through a wider adoption of digital channels, enhanced its business model, and finalized a growing integration of sustainability. As extensively explained in the press release of December 12, to which reference is made for more details, the achievement of the plan targets will allow for a significant increase in shareholder remuneration, leveraging financial and industrial levers that will further boost overall profitability growth while keeping the solid capital position unchanged.

During the year, the Group continued with the process of integrating the insurance business started in 2022 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 particular, on 14 December, the Banco BPM Group completed the internalization of the Life business through the acquisition from Generali Italia of 65% of the share capital of Vera Vita S.p.A. and Vera Financial Dac[14]; on the same date, Banco BPM also acquired from Generali Italia 65% of the share capital of Vera Assicurazioni S.p.A., which was simultaneously sold to Crédit Agricole Assurances together with the 65% stake previously held in Banco BPM Assicurazioni.

The acquisition from Generali Italia follows the exercise, on 29 May, of the option provided for in the agreements signed in 2021 with Cattolica Assicurazioni for the purchase of the shares representing 65% of the share capital of Vera Vita and Vera Assicurazioni, insurance companies in which Banco BPM already owned a 35% stake.

That said, taking into account further intercompany transfer transactions finalized on 15 December 2023, Banco BPM, through its subsidiary Banco BPM Vita, holds 100% of the capital of Vera Vita[15] and, as part of the partnership with Crédit Agricole Assurances, 35% of Vera Assicurazioni[16] and Banco BPM Assicurazioni, respectively.

It should also be recalled that, in March 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 deriving from the application of the so-called "Danish Compromise," the authorization for which was received last November 3rd, effective from the supervisory reports referring to 31 December 2023.

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 14 July Banco BPM, Gruppo BCC Iccrea and FSI signed a binding agreement for the establishment of a strategic partnership aimed at the development of 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.

[14] which simultaneously changed its company name to BBPM Life Dac.
[15] Vera Vita in turn holds 100% of the share capital of BBPM Life Dac.
[16] Vera Assicurazioni in turn holds 100% of Vera Protezione S.p.A.

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, which has received approval from the European Central Bank, is expected by 2024.

As far as derisking activities are concerned, the targets set by the Strategic Plan approved at the end of 2023 establish a further increase in the targets for the disposal of impaired loans, envisaging total disposals of about € 700 million over the Plan horizon, net of the transactions already carried out during the year, with a clear future benefit on the stock of gross impaired loans and on credit quality indicators. The estimate of the resulting higher loan impairments has already been charged to the income statement for fiscal year 2023.

On the front of funding and capital operations, the Group concluded several issues during 2023: in January €750 million of Green Senior Preferred with a four-year maturity, in June €750 million of five-year Green Senior Non-Preferred with the possibility of early repayment in June 2027, and in November €500 million of Social Senior Preferred securities with a four-year maturity. These transactions were complemented in January 2024 by an additional issue of Green Senior Preferred securities with a maturity of six years in the amount of € 750 million: this is the Group's eighth ESG issue placed so far, with total funding of around € 5 billion.

The described transactions, reserved for institutional investors, are part of the Euro Medium-Term Notes Program and are aimed at financing and/or refinancing Eligible Green Loans and Eligible Social Loans, as defined in the Bank's Green, Social and Sustainability Bonds Framework.

In this regard, it should be noted that on 7 November, Banco BPM published the new Green, Social & Sustainability Bonds Framework, following the previous inaugural Framework published in July 2021. The Framework was updated according to the latest market standards, including the EU Green Taxonomy[17].

The objective of the update, consistent with Banco BPM's commitment and strategy to address climate change and deliver a positive social outcome in its business conduct, was to align with market best practices, cover a broader range of assets[18], and include an alignment with the European taxonomy for certain eligible assets[19].

Banco BPM also concluded during 2023 two European Covered Bond (Premium) issues under its Guaranteed Bank Bonds program: the first in June for an amount of € 750 million and maturity of 5 years and the second in September for an amount of € 750 million and maturity of 3 years. In addition to the described operations, in January 2024 a new Covered Bond (Premium) issue was placed for institutional investors in the amount of € 750 million and maturity 6 years under the € 10 billion Covered Bonds program (BPM Covered Bond 2).

Finally, with the aim of optimizing the equity structure, in November Banco BPM issued a perpetual Additional Tier 1 instrument in the amount of € 300 million, reserved for institutional investors. The securities, issued at par, can be called by the issuer starting from the fifth year after issue; the semiannual coupon, fixed and not cumulative, was set at 9.5% and its payment is totally discretionary and subject to certain limitations.

In addition, it should be noted that in conjunction with the November AT1 issue, the Bank made a public repurchase offer related to the Additional Tier 1 security XS1984319316 for a maximum nominal amount of €300 million. At the end of the offer period, Banco BPM fully accepted the offers received, repurchasing € 223.3 million of the security (approximately 74.45%).

During the year, Banco BPM also concluded a program for the purchase of 2,418,855 treasury shares (equal to 0.16% of the outstanding ordinary shares) for a countervalue of € 10 million to service short- and long-term incentive plans to employees. Following the conclusion of this

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[17] The standards taken into consideration are as follows: ICMA's Green Bond Principles (June 2021 with June 2022 appendix), ICMA's Social Bond Principles (June 2023), ICMA's Sustainability Bond Guidelines (June 2021), and EU's Green Taxonomy.

[18] New categories of eligible loans were added, such as Green Guarantee Loans, Manufacture of Organic Commodity Chemicals, and Sustainable Agriculture Loans among the green categories and Sustainability-Related Loans and Residential Mortgages among the social activities.

[19] The alignment of the European taxonomy covers real estate activities, renewable energy, and the manufacture of basic organic chemicals

program, taking into account the allocations that took place during the year and the other treasury shares already in the portfolio, as of 31 December 2023 Banco BPM directly held 6,958,684 shares, equal to 0.46% of the share capital.

On 28 July, 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 to withstand significant shocks in the adverse scenario.

In addition, on 8 December 2023, the European Central Bank (ECB) notified Banco BPM of the prudential decision (SREP decision) containing the outcomes of the annual prudential review and assessment process. As a result of this decision, the minimum requirements Banco BPM is required to meet for the 2024 financial year are as follows:

- CET 1 ratio: 9.07%;
- Tier 1 ratio: 11.00%;
- Total Capital ratio: 13.56%[20].

Finally, it should be noted that Banco BPM far exceeds the regulatory Minimum Requirement for own funds and Eligible Liabilities (MREL)[21], with a buffer of 888 bps on the 2023 regulatory requirement (691 bps on the 2024 regulatory requirement).

As far as the ratings assigned to Banco BPM are concerned, it is noted that on 21 November 2023, the rating agency Moody's Investors Service upgraded the following BBPM ratings, placing them in the investment grade area:

- Baseline Credit Assessment (BCA): baa3 (from ba2, +2 notch);
- Long-term senior unsecured debt rating: baa2 (from ba1, +2 notch);
- Long-term deposit rating: baa1 (from baa2, +1 notch).

Finally, it should be noted that on 7 November 2023, the rating agency S&P Global Ratings assigned Banco BPM a Long-term Issuer Credit Rating at the BBB- level, with a positive Outlook, and a Short-term Issuer Credit rating at the A-3 level. The new investment grade ratings by S&P Global Ratings, together with the upgrade into the investment grade category of the ratings assigned by Moody's, add to those already placed in investment grade of Fitch Ratings and DBRS Morningstar, confirming the progressive improvement of the Group's financial profile, especially in terms of credit quality, capitalization and profitability, as well as the recognition of the Group's strong business position and solid funding and liquidity position.

Digital and Omnichannel Banking

Based on the product, service and channel innovations and enabling factors developed mainly under the .DOT Digital and Omnichannel Transformation Program, Banco BPM's benchmark performance indicators also steadily increased during FY 2023.

In particular, significant growth was noted in the commercial contribution of digital/omnichannel banking with:

- the increase of an additional 4 percentage points over 2022 (and 28 p.p. compared to the start of the program in 2019) in the share of so-called "omnichannel"[22] sales in total retail sales;
- an additional 7 p.p. increase over 2022 (and 13 p.p. compared to the program's start in 2019) in the share of so-called "fully remote"[23] sales in total retail sales.

In terms of transactional operations, remote-based operations reached 85% of the total (74% in 2019), supported by a significant increase in mobile/APP operations (from 29 million in 2022 to 33

[20] For more details on how the ratios are calculated and the minimum capital requirements, see Section 6 of the Explanatory Notes to this release.
[21] Calculated on Risk Weighted Assets at the end of December 2023 and inclusive of Combined Buffer Requirement.
[22] Omnichannel sales: sales perfected in branch but with a significant contribution of digital channels in the proposition/commercial process (e.g., online quote) and remote sales (perfected in self or remote).
[23] Fully Remote Sales: sales perfected remotely/in remotely (Self + Remote Offer Network + Remote Offer Digital Branch + Webank).

million operations in 2023), reaching a share of 22% of the total compared to a weight of 15% for the entire Branch Network.

In this regard, it is worth noting that digital identity adherence (enabling paperless processes and also remote business operations) reached over 1.3 million individual customers at the end of 2023.

Finally, relevant during 2023 were project developments related to products/services, with a progressive extension of remote sales capabilities, and to the set-up of the so-called Digital Branch, with its activation on activities not only of commercial stimulation/proposal but also of direct sales with digital/remote processes.

ESG

The process of integrating ESG aspects into the Group's strategy and activities continued. In the environmental sphere, of particular note is the Bank's adherence to the Net-Zero Banking Alliance (NZBA) - the United Nations initiative that commits lending institutions to aligning their credit and investment portfolios with the achievement of the net-zero emissions target by 2050 - and the identification of 5 priority sectors (oil & gas, power generation, cement, automotive, coal) for target communication 18 months after adherence.

The use of 100% electricity from renewable sources is also confirmed in 2023. Scope 1 and 2 market-based emissions have also been offset so as to achieve carbon neutrality at the end of 2023.

In the social sphere, the results highlight the Group's virtuous path in the enhancement of female talent and generational turnover: women in managerial positions increased from 26% at the end of 2022 to 30% at the end of 2023 (+40% over the three-year period), and 96.5% of new hires since the beginning of 2021 have been young people between the ages of 20 and 30. Support for the community continued through social sponsorship and charitable initiatives (with a contribution of €5.8 million in 2023, of which about €3.4 million was earmarked for Foundations), through corporate volunteering and awareness sharing on economic/financial and ESG issues (more than 9,400 social hours in 2023), and through dedicated funding for the Third Sector (€350 million in 2022 - 2023).

Further steps were also taken at the governance level with the establishment of the Sustainability endoconsulting committee (chaired by board member Luigia Tauro) and the publication of the Guidelines on Respect for and Protection of Human Rights. Finally, the new ESG Action Plan was launched based on four work sites: Risk, Credit, Finance&Wealth Management, Community Disclosure & Inclusion.

During 2023 Banco BPM successfully completed three Green&Social bond issues (two green and one social), totaling 2 billion euros, the last of which under the new Framework published in November and aligned with the Taxonomy[24]. Considering the portfolio of owned corporate bonds, it is reported that more than 29% of the bonds have ESG characteristics (24.2% at the end of 2022).

The progress made has led to improvements in ratings by specialized rating agencies and third parties: in October 2023, the company Sustainalytics assigned Banco BPM an ESG Risk Rating of 15.7 - low-risk (from the previous 22.4 mid-risk), thus placing the Bank among the most virtuous Italian intermediaries. In addition, in November 2023 Standard Ethics improved Banco BPM's rating from EE to EE+ following the adoption of new sustainability governance tools and the high level of integration of ESG issues into processes and strategy.

Economic performance of operations in fiscal year 2023 compared to fiscal year 2022.

Net interest income amounted to € 3,289.2 million, up 42.1% from the 2022 figure (amounting to € 2,314.4 million), mainly attributable to the increase in the commercial spread as a result of rising interest rates.

The result of equity-accounted investments amounted to €144.1 million, and compared with the figure of € 136.0 million last year.

[24] European taxonomy alignment covers real estate, renewable energy, and basic organic chemical production.

The main contribution to this item was provided by the consumer credit conveyed by the equity investment held in Agos Ducato, amounting to € 76.6 million, compared to € 104.8 million in 2022, as well as by the contribution of the associate Anima Holding, amounting to € 29.5 million (€ 35.2 million as of 31 December 2022, which, however, also included the economic result achieved by the investee in the last quarter of 2021, amounting to € 11.8 million).

Net fee and commission income for fiscal year 2023 amounted to € 1,860.0 million, down 1.4% from the previous year. The management, brokerage and advisory services segment shows a decline of 3.2%, mainly attributable to the placement of funds and sicavs, partially offset by growth in fees related to the placement of certificates and custody services. The commercial banking services segment shows growth of 0.1% thanks to the contribution of collection and payment services, despite higher charges related to synthetic securitization transactions (€ -37.2 million) and the revision of the conditions applied to customers for keeping current accounts and liquidity management (with a negative impact of approximately € -45[25] million compared to 2022).

Other net operating income was € 81.3 million compared to € 71.6 million in FY 2022.

The **net financial result**[26] for 2023 is negative and amounted to € -79.0 million, comparing with the positive figure of € 243.0 million recorded as of 31 December 2022.
The different contribution is justified by the lower contribution of gains from the sale of securities (€ -29.0 million), the higher cost of funding through certificates resulting from the rise in rates (€ -262.8 million in 2023 compared to € -70.1 million last year), the CVA/DVA[27] impact (€ -51, 0 million) and by the different contribution of trading and derivatives operations, which were affected by the negative effects of managerial hedges[28], the impact of which must be considered in conjunction with the change in fair value reserves for securities with an impact on comprehensive income.
These dynamics were partially offset by the better result from the valuation of the stake held in Nexi (€ +4.9 million as of 31 December 2023 compared to € -84.0 million as of 31 December 2022) and by changes in the fair value of other financial assets (€ +83.6 million compared to 31 December 2022).

Income from insurance business was € 45.9 million. This item includes the contribution of the companies Banco BPM Vita and Banco BPM Assicurazioni. It should be noted that the contribution to this item relating to Vera Vita, control of which was acquired close to the end of the fiscal year, will be recognized as of fiscal year 2024[29].
As a result of the dynamics described above, **total operating income** thus amounted to € 5,341.4 million, up from € 4,674.0 million recorded last fiscal year (+14.3%).

Personnel expenses, at € 1,672.0 million, show an increase compared to the figure of € 1,602.4 million last year; the increase is mainly attributable to higher charges resulting from the renewal of the National Collective Labor Agreement. As of 31 December 2023, the total number of employees was 19,761 resources (of which 146 pertaining to insurance companies), compared to 20,157 resources on the payroll as of 31 December 2022 (of which 143 pertaining to insurance companies)[30].

[25] Management figure.
[26] The item does not include the accounting effect arising from the change in its creditworthiness on the fair value measurement of liabilities of its own issuance (certificates), which resulted in the recognition during the year of a negative impact of € -5.2 million, compared to € +7.2 million recorded as of December 31, 2022. This effect is shown, net of taxes, in a separate item in the reclassified income statement.
[27] CVA (Credit Value Adjustment) expresses the portion of the financial assets valued at fair value that might not be paid to the bank by the counterparty in the event of the latter's default. The DVA (Debt Value Adjustment) expresses the portion of the financial liabilities valued at fair value that might not be paid by the bank to the counterparty in the event of the bank's default.
[28] Hedge transactions that do not have the characteristics required by the relevant accounting standard to be treated according to hedge accounting rules.
[29] The result of the insurance business as of 31 December 2023 is not comparable with the figure as of December 31, 2022 because control of the insurance companies Banco BPM Vita and Banco BPM Assicurazioni was acquired at the beginning of the third quarter of 2022.
[30] As of December 31, 2020, there were 21,663 resources in the workforce.

Other administrative expenses[31], amounting to € 652.4 million, show an increase of 0.6% over 2022. It should also be noted that the figure as of 31 December 2023 includes the costs, amounting to € 11.7 million, related to the insurance companies Banco BPM Vita and Banco BPM Assicurazioni consolidated as of the third quarter of 2022 (€ 4.3 million is the contribution of the insurance companies for the year 2022 to the item under review). Without considering the contribution of insurance companies, the aggregate under review is down by 0.5%, thanks to the careful cost control policy despite the ongoing inflationary dynamics.

Net adjustments to property, plant and equipment and intangible assets totaled € 246.8 million and compares with the figure of € 279.7 million as of 31 December 2022. The decrease in the item is attributable for €16.9 million to nonrecurring items arising from the recalculation of depreciation on assets acquired under operating leases/rentals.

Total **operating expenses** thus amounted to €2,571.2 million, an increase of 1.6% from €2,530.4 million in the previous year. Without considering the contribution of insurance companies mentioned above[32], the change is limited to +1.3%.

The **cost/income ratio** for the year was 48.1%, lower than the 54.1% as of 31 December 2022, despite the inclusion of the afore-mentioned costs for the renewal of the CCNL.

Operating income for the year 2023 was € 2,770.3 million, up 29.2% from € 2,143.6 million in the previous year.

Net adjustments on loans to customers for the year, at € 558.6 million, show a decrease of 18.1% compared to the figure as of 31 December 2022.
As of 31 December 2023, the cost of credit, measured by the ratio of net loan adjustments to net loans, was 53 bps, down from 62 bps at the end of 2022. This result was achieved by safeguarding the solid coverage levels achieved in previous periods and including the estimated higher adjustments on loans subject to disposal by 2026.

The result of fair value valuation of property, plant and equipment as of 31 December 2023 was € -146.8 million (€ -108.3 million in FY 2022), following the adjustment of property values based on updated appraisals.

Net adjustments to securities and other financial assets as of 31 December 2023 amounted to € -2.0 million (€ -9.1 million in FY 2022).

Net provisions for risks and charges for the year amounted to € -22.2 million (€ -57.2 million as of 31 December 2022), due to releases of provisions on guarantees and commitments amounting to € 10.4 million and provisions recognized during the year for other risks and charges amounting to € -32.6 million.

Gains/losses on participations and investments as of 31 December 2023 amounted to € 0.3 million (€ +2.3 million in the previous year). It should be noted that the capital gain realized by the Group following the sale of 65% of the capital of Banco BPM Assicurazioni and Vera Assicurazioni to Crédit Agricole Assurance is shown, together with the additional impacts resulting from the reorganization of the structure of the bancassurance segment, in an ad hoc item of the reclassified income statement called "bancassurance impacts after tax."

As a result of the described dynamics, **profit before tax from continuing operations** amounted to € 2,041.0 million compared to € 1,288.9 million in 2022 (+58.4%).

Taxes on income from current operations amounted to € -604.8 million (€ -407.0 million as of 31 December 2022).

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[31] The aggregate does not include "systemic charges," represented by contributions to the Single Resolution Fund and the Interbank Deposit Protection Fund, shown, net of the related tax effect, in a separate item in the reclassified income statement.

[32] Equal to € 13.5 million as of December 31, 2023 and € 6.3 million as of December 31, 2022 (referring to the second half of the year only).

As a result, **income after tax from continuing operations** amounted to € 1,436.3 million, an increase of 62.9% compared to the figure of € 881.8 million in fiscal 2022.

Charges related to the banking system after tax of € 126.6 million (€ 151.9 million in 2022) were charged to the income statement for the year, referring to contributions due to the Single Resolution Fund (€ 85.4 million before tax compared to € 110.5 million as of 31 December 2022) and the Interbank Deposit Protection Fund (€ 102.2 million before tax compared to € 114.6 million in the previous year).

The item impact of realignment of tax values to book values includes the effect, amounting to € +8.8 million, resulting from the expiration at the end of 2023 of the so-called recapture period provided for in the regulations on the realignment of tax values to book values of real estate, a realignment carried out in previous years.

The new item in the reclassified income statement called **bancassurance impacts after taxes** includes the effects, totaling € -22.2 million[33], attributable to the transactions finalized in December for the reorganization of the bancassurance structure.

During the year, the **change in creditworthiness on Certificates issues after taxes** generated a negative impact of € -3.5 million (€ -5.2 million before tax effects), compared with the effect recognized as of 31 December 2022 of € +4.8 million (€ +7.2 million before tax effects).

As of 31 December 2023, the impact of the **Purchase Price Allocation after taxes** amounted to € -28.3 million and compares with the 2022 figure of € -42.4 million. It should be noted that this impact refers to the reversal effects of business combination transactions completed in previous years.

Considering the share of the economic result attributable to minority shareholders, FY 2023 closes with a positive **net result** of € 1,264.4 million (€ 685.0 million in FY 2022, +84.6%).

Economic performance of operations in the fourth quarter of 2023 compared with the third quarter of 2023.

Net interest income amounted to € 867.7 million, broadly in line with the figure for the third quarter of 2023 (amounting to € 868.7 million).

The **result of equity-accounted investments** was positive at € 49.3 million, compared to the third quarter contribution of € 34.1 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 the interests held in Vera Vita and Anima Holding.

Net fee and commission income in the fourth quarter amounted to € 451.8 million, down 1.8% from the result reported in the third quarter. The management, brokerage and advisory services segment shows a 1.1% decrease compared to the third quarter 2023 while the commercial banking services aggregate is down -2.4% compared to the third quarter.

Other net operating income amounted to € 28.7 million compared to the figure of € 19.1 million in Q3 2023.

Net financial result for the fourth quarter was € -13.8 million compared to € -22.8 million in the third quarter. This change is mainly attributable to the higher contribution of trading activities and the trend in market prices of financial assets measured at fair value.

The fourth-quarter 2023 contribution of the Banco BPM Vita and Banco BPM Assicurazioni insurance companies, recorded in the **item income from insurance business**, amounted to € +13.1 million compared with € +8.2 million in the third quarter. It should be noted that the

[33] For further details please refer to the explanatory note No. 1 paragraph "Reorganization of the bancassurance activities and relative accounting impacts."

contribution to this item related to Vera Vita, control of which was acquired close to the end of the fiscal year, will be recognized as of fiscal year 2024.

By virtue of the dynamics described above, total **operating income** in the fourth quarter thus amounted to € 1,396.9 million, showing an increase of 2.2% compared to € 1,367.3 million recorded in the third quarter.

Personnel expenses, at € 461.5 million, show an increase of € 59.4 million compared to € 402.1 million in the third quarter; the increase is mainly attributable to the higher charges resulting from the renewal of the National Collective Labor Agreement, which was signed at the end of the year with economic effects taking effect from July 2023.

Other administrative expenses[34] decreased from € 165.1 million in the third quarter of 2023 to € 150.5 million in the fourth quarter of 2023 thanks to the careful cost containment policy, despite the ongoing inflationary dynamics.

Net adjustments to property, plant and equipment and intangible assets totaled € 49.1 million compared to the third quarter figure (€ 68.1 million). The decrease in the item is attributable for €16.9 million to nonrecurring items arising from the recalculation of depreciation on assets under operating leases.

Total **operating expenses** thus amounted to €661.1 million, up 4.1% from €635.3 million in the third quarter.

Operating income for the quarter amounted to € 735.7 million compared to € 732.1 million in the third quarter.

Net adjustments on loans to customers amounted to € 175.0 million, compared to € 124.8 million in the third quarter.

The **result of fair value valuation of property, plant and equipment** in the fourth quarter shows capital losses of € 102.7 million following the adjustment of property values based on updated appraisals; € 11.8 million in write-downs had been recognized in the third quarter 2023.

Net adjustments to securities and other financial assets in the fourth quarter amounted to € -2.1 million compared to € -1.0 million in the third quarter.

Net provisions for risks and charges in the fourth quarter amounted to € 8.3 million. Net provisions of € 17.2 million had been recognized in the third quarter, which included an allocation of € 10.7 million related to estimated charges for certain contractual commitments.

In the fourth quarter, as in the previous quarter, no significant **gains/losses on equity investments and investments** were recognized.

As a result of the described dynamics, **profit before tax from continuing operations** shows a profit of € 447.8 million compared to the profit of € 577.6 million recorded in the third quarter. This trend can be explained by higher personnel expenses following the aforementioned renewal of the National Collective Labor Agreement and the write-downs of some properties.

Taxes on income from continuing operations amounted to € -104.7 million (€ -183.0 million in the third quarter).

As a result**, income after tax from continuing operations** for the fourth quarter of 2023 was € 343.1 million, down 13.0% from the figure of € 394.6 million in the third quarter of 2023.

[34] The aggregate does not include "systemic charges," represented by contributions to the Resolution Funds and the Interbank Deposit Protection Fund, shown, net of the related tax effect, in a separate item in the reclassified income statement.

The item **impact of realignment of tax values to book** values includes the effect, amounting to € +8.8 million, resulting from the effects provided for in the regulations on the realignment of tax values of certain properties whose book value had been revalued in previous years.

The new item in the reclassified income statement called **bancassurance impacts after taxes** includes the effects, totaling € -22.2 million[35], attributable to the transactions finalized in December for the reorganization of the bancassurance activities.

In the fourth quarter the **change in creditworthiness on Certificates issues after taxes** generated a negative impact of € -2.1 million (€ -3.1 million before tax effects), compared with the positive impact recorded in the third quarter of € +1.2 million (€ +1.7 million gross).

In the fourth quarter, the impact of the **Purchase Price Allocation after taxes** amounted to € -6.8 million and compares with the third quarter 2023 figure of € -7.3million. It should be noted that this impact refers to the reversal effects of business combination transactions completed in previous years.

Considering the share of the economic result attributable to minority shareholders, the fourth quarter of 2023 closes with a **net result** of € 321.1 million, compared to the positive net result of € 319.0 million achieved in the third quarter.

Evolution of the main balance sheet items

Direct funding from banking business as of 31 December 2023 amounted to € 124.8 billion, up 1.1% when compared with 31 December 2022.
In more detail, the year saw a € 4.9 billion contraction in the component represented by current accounts and deposits (-4.7%), while the comparison with the previous quarter shows a contraction limited to 1.6%. In terms of bonds issued, the stock as of 31 December 2023 was € 18.9 billion, an increase of € 6.0 billion (+46.0%) compared to 31 December 2022 due to new issues during the year that exceeded redemptions of maturing bonds.
Funding secured by the stock of unconditionally capital-protected certificates as of 31 December 2023 stood at € 5.3 billion, up 23.5% from the 31 December 2022 figure of € 4.3 billion.

Direct insurance funding and insurance liabilities, which includes the aggregate consisting of financial and insurance liabilities of insurance companies, amounted to € 15.0 billion and includes the contribution of Banco BPM Vita and Vera Vita. As of 31 December 2022, this item was € 5.7 billion, referring only to the contribution of Banco BPM Vita.

Indirect funding amounted to € 106.2 billion, up 16.2% when compared with 31 December 2022. The managed assets component amounts to € 62.0 billion, up from the figure of € 59.4 billion as of 31 December 2022 (+4.4%). The growth is mainly concentrated in the funds and Sicavs segment, which shows an increase of more than € 2 billion; deposits referring to asset management and bancassurance also increased.
Assets under administration stand at € 44.2 billion, an increase of € 12.2 billion (+38.4%) compared to the end of 2022.

Financial assets in the banking segment amount to € 43.7 billion and are up 1.4% from € 43.1 billion as of December 31, 2022; the increase is mainly concentrated in debt securities (+€ 1.6 billion) and in particular in the segment of securities measured at fair value with an impact on comprehensive income. As of 31 December 2023, the aggregate under review includes debt securities for € 36.5 billion, equity securities and UCITS units for € 3.8 billion, derivatives and other financing for € 3.4 billion. Exposures in debt securities issued by sovereign states amount to € 30.4 billion of which € 11.0 billion are represented by Italian government bonds. Investments in Italian government bonds are classified under financial assets measured at amortized cost in the amount of € 8.7 billion, under the portfolio of financial assets measured at fair value with impact

[35] For further details, see Explanatory Note No. 1 paragraph "Reorganization of the bancassurance activities and relative accounting impacts."

on comprehensive income in the amount of € 2.1 billion, and under financial assets measured at fair value with impact on the income statement in the amount of € 0.1 billion.

Financial assets pertaining to insurance companies include the contribution as of 31 December 2023 of the insurance companies Banco BPM Vita and Vera Vita for a total of € 15.3 billion (€ 5.9 billion as of 31 December 2022, referring only to Banco BPM Vita).

Net loans to customers[36] amounted to € 105.4 billion as of 31 December 2023, down € 4.0 billion from the 31 December 2022 figure. The contraction is attributable to both performing (-3.3%) and nonperforming (-21.0%) exposures. In the year, the volume of new disbursements amounted to € 14.9 billion[37]. The quality of the core loan portfolio was confirmed, characterized by a high share of secured positions (58%[38]), concentrated mainly in northern Italy (75.3%[39]).

Net impaired exposures (bad loans, unlikely-to-pay and exposures past due and/or overdrawn) amounted to € 1.9 billion as of 31 December 2023.

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

- net bad loans of € 0.6 billion, down 13.1% from 31 December 2022;
- net unlikely-to-pay of € 1.2 billion, down 25.8% from the beginning of the year;
- net past due exposures of € 67 million (€ 60 million as of 31 December).

Impaired exposures as a percentage of total loans before adjustments were 3.5%, down from 4.2% at the beginning of the year. Also net of value adjustments, a declining incidence is observed, from 2.2% as of 31 December 2022 to 1.8% at the end of 2023.

The coverage ratio of the entire aggregate of impaired loans stands at 50.4% (50.6% as of 31 December 2022).

In more detail, as of 31 December 2023, the coverage ratio is as follows:

- bad loans 60.9%;
- unlikely-to-pay 43.2%;
- past-due exposures 28.2%.

The coverage ratio of performing exposures is 0.4%, up from 0.39% as of 31 December 2022.

Group capital ratios[40]

Capital ratios as of 31 December 2023 can be called "fully phased-in" as they do not benefit from any transitional provisions of regulatory rules[41].

The Common Equity Tier 1 ratio was 14.2% compared to 12.8% as of 31 December 2022. The increase is due to the growth in regulatory capital (essentially as a result of the increase in valuation reserves for financial assets measured at fair value with an impact on comprehensive income and other valuation reserves, as well as the effect of the application of the so-called "Danish Compromise" authorized by the European Central Bank on 3 November 2023, which allowed the value of the equity investment in Banco BPM Vita not to be deducted from regulatory capital), only partially offset by the increase recorded by risk-weighted assets (linked in part to the effect of the "Danish Compromise" on the weighting of equity investments not deducted from regulatory capital and in part to the anticipation of the effects associated with the new internal models on credit risk).

[36] 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 in financial assets measured at fair value.
[37] Management data.
[38] Management data.
[39] Management figure.
[40] For more details on how capital ratios are calculated, please see Item 6 of the Explanatory Notes of this release.
[41] For more details on the transitional arrangements that have expired, please see Item 6 of the Explanatory Notes to this press release.

The Tier 1 ratio is 16.3% compared to 15.2% as of 31 December 2022, while the Total Capital ratio is 19.0% compared to 18.0% as of 31 December 2022.

The buffer against the Maximum Distributable Amount or MDA buffer is 542 bps (compared to 413 bps as of 31 Dec. 2022, recalculated on a like-for-like basis).

BUSINESS OUTLOOK

After the positive start in January, witnessed by the resilience of employment and encouraged by still moderately expansionary fiscal measures, the Italian economy could register also in 2024 a dynamic comparable to the 0.7% growth reported in 2023, although negative effects resulting, in particular, from the uncertain geopolitical framework especially in Ukraine and in the Middle East cannot be ruled out. The path of the return of inflation to the ECB's medium-to-long-term target of 2% may continue if the weakness in energy commodity prices persists, offsetting potential upward pressures on the wage front. Against this backdrop, it can be expected that the expansionary cycle of monetary policy could start from the second half of the year.

Competitive pressure on direct customer funds created by high yields on government issues will tend to ease as the expected steepening of the curve manifests itself; on this front, however, the contribution of forms of term deposits will remain important, which will make it possible to contain outflows on the segments most attracted by higher yields. At the overall level, net interest income is still expected to show a positive trend benefiting from a higher average level of rates over the 12 months as a whole than in the previous year.

Fees, after the volatility of 2023, will resume a growth path supported by investment products, thanks to the expected positive trend in placements, as well as the recovery in lending after a year of weak demand from households and businesses. A decisive boost will also come from product factories, which will make it possible to sustain the contribution coming from the monetics and non-life business and to benefit from the full potential of life revenues following the integration of Vera Vita finalized in December 2023.

The trend in operating expenses will be affected by the pressures of inflation and the recent renewal of the national contract, an effect, the latter, that will be gradually reabsorbed thanks to the hypothesized implementation of the redundancy plan as of the second half of the year; on the expenses front, management will benefit from specific rationalization programs, also by leveraging progressive technological support within production and back-office processes. With regards to provisions, substantial stability is expected as a result of the offsetting effect between the aggravations resulting from hypothesized increases in the default rate – although in turn mitigated by the inversion of the monetary cycle – and the disappearance of adjustments aimed at supporting the further program of reducing nonperforming assets. The Group’s lending policies will still remain prudent, with careful selection of industrial sectors and customers; similarly, coverage levels will remain stable at precautionary levels, confirming the rigorous assessments adopted in recent years on both performing and non-performing exposures.

For the full year, the upward trend in the Group's net income is confirmed, with an EPS 2024 of around €0.90 net of non-recurring components (>€1.1 considering one-off components that can be assumed at present), in line with the profitability trajectories outlined in the Strategic Plan presented last 12 December. In light of the trends described above and the ability to generate stable increases in profitability and organic capital creation, all the profitability and shareholder remuneration targets announced in the last Plan are confirmed.

PROPOSED PROFIT DISTRIBUTION

At today's meeting, the Board of Directors resolved to propose to the next Shareholders' Meeting the payment of a cash dividend per share of € 0.56, gross of withholding taxes, for a total amount of € 848.5 million[42]; however, no payment will be made to any treasury shares that the Bank may hold on the record date.

[42] Result of the product of 56 cents for the number of shares issued 1,515,182,126.

This distribution, if approved by the Shareholders' Meeting, will take place on 24 April 2024 (payment date) with ex-dividend date on 22 April 2024 (ex-date) and record date on 23 April 2024. The allotment will be subject to the ordinary tax regime provided for dividend payments.

In addition, as provided for in Article 5 of the Articles of Association, the Board of Directors has resolved to propose to the next Shareholders' Meeting the allocation of a portion of €4 million of the net income for purposes of assistance, charity and public interest.

It is also recalled that in the proposed allocation of net income for the year, following the resolution of the Board of Directors of Banco BPM on November 8th, an amount of € 378.3 million, corresponding to 2.5 times the amount of the extraordinary tax calculated on the increase in net interest income, introduced by Decree Law no. 104 of 10 August 2023 "Urgent provisions for the protection of users, on economic and financial activities and strategic investments," converted with amendments by Law No. 136 of 9 October 2023. The allocation of this amount to a reserve is an option provided by the rule in lieu of the payment of the tax itself.

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Dr. 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 31 December 2023 will be presented to the financial community in a conference call set for today, 8 February 2024, at 6 p.m. (C.E.T.). Documentation supporting the conference call is available on the website of the authorized storage mechanism (www.emarketstorage.it) and on the Bank's website (www.gruppo.bancobpm.it), where there are also details for connecting to the event.

The draft annual financial statements and the consolidated financial statements as of 31 December 2023, together with the reports of the independent auditors and the Board of Statutory Auditors will be made available to the public, within the terms of the law, at the registered office and at Borsa Italiana, as well as made available on the website www.gruppo.bancobpm.it and on the website of the authorized storage mechanism www.emarketstorage.com.

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Explanatory Notes

The comments on the performance of the key balance sheet and P&L items illustrated in this press release refer to the reclassified consolidated financial and income statements attached below, that have been 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 at 31 December 2023, as well as the evolution of FY results contained in this press 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 of the Consolidated Financial Statements as at 31 December 2022, with the clarifications illustrated in the following paragraphs "Adoption of the accounting standard IFRS 17 Insurance contracts" and "Reorganization of the Bancassurance business and related accounting impact".

Reference accounting standards

The accounting standards adopted to prepare the consolidated financial statements as at 31 December 2023 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 31 December 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 of the new IFRS 17 on 1 January 2023, 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 financial report as at 31 December 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.
To this regard, please note that the Group's operational reference macroeconomic scenario is still dominated by persistent elements of uncertainty. Although FY 2023 has been characterized by a more reassuring macroeconomic scenario in terms of growth when compared to the outlook at the end of 2022, the economic recovery is still affected by the impact of tight monetary and lending conditions for businesses and households, as a direct result of the rising inflation, the hurdles tied to the geopolitical tensions between Russia and Ukraine and to the recent conflict in the Middle East, as well as the growing severity and frequency of climate change related impacts.
These uncertainties affect the budget estimates and require that we rely more heavily on judgmental elements when selecting the hypotheses and assumptions underlying a given estimate.
Therefore, future actual results may differ from the estimates generated to prepare the consolidated financial statements as at 31 December 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 yearly consolidated financial report as at 31 December 2023, to be published within the time limits established by law, provides a detailed description of the estimation processes that require the use of a 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 situation as at 31 December 2023, which is the subject of this news release.

One-off levy calculated on the increase in net interest income under art. 26 of LD no. 104 of 10 August 2023

Art. 26 of LD no. 104 of 10 August 2023, transposed with amendments into Law no. 136 of 9 October 2023, introduced a one-off bank levy for 2023 in the national tax system.
This windfall levy is calculated for each individual bank of the Group by applying a 40% tax rate on the amount of the FY 2023 net interest income[43] that exceeds the NII reported in FY 2021 by at least 10%. In any case the one-off tax amount is capped at 0.26% of the total amount of risk exposure on a standalone basis ("RWA – Risk Weighted Asset") reported at year-end 2022.
Based on the above provisions, the one-off levy at Group level came in at roughly € 152 million, of which € 151 million pertaining to the Parent company.
The afore-mentioned levy must be paid by June 30, 2024, unless the option to not pay it is exercised by allocating an amount not less than 2.5 times the amount of the tax (€ 381 million, of which € 378 million refers to the Parent Company) to a non-distributable capital reserve identified for this purpose when allocating a portion of the profit for the 2023 fiscal year. Should the reserve thus established subsequently be used for the distribution of profits, there is an obligation to pay the full amount of the tax due will have to be paid in full, plus the interest accrued in accordance with the relevant legal provisions. The reserve can be used to cover losses and is eligible for classification as CET1, in keeping with Regulation EU no. 575/2013.
From an accounting point of view, in light of the specific characteristics of this levy and in particular its calculation method, the provisions under IFIC 21 interpretation "Levies" and IAS 37 "Provisions, contingent liabilities and contingent assets" are deemed applicable. Notably, based on IFRIC 21, the liability tied to the payment of a levy arises upon occurrence of an "obligating event", i.e., when the activity that triggers the payment of the levy takes place. The definition of liability under IAS 37 requires that the settlement of the obligation be expected to result in an outflow of resources embodying economic benefits.
As resolved today by the Board of Directors of Banco BPM as well as by the Boards of Directors of the controlled banks, the proposal on the allocation of the 2023 net income to be submitted to the approval of the Shareholders at the GAM shall comprise the setting aside in the future of the above-mentioned non-distributable reserve; hence, upon preparing the 2023 consolidated financial statements there was no obligation to pay the levy, therefore, according to the above mentioned IFRIC 21, the "obligating event" that would have triggered the mandatory recognition of the corresponding liability and the related charge has not occurred.

Adoption of the accounting standard IFRS 17 "Insurance contracts"

IFRS 17 "Insurance contracts", endorsed with Regulation EU no. 2036/2021 of 19 November 2021, became mandatorily effective on 1 January 2023. This accounting standard introduces new measurement criteria and new accounting rules for insurance products, replacing IFRS 4.
The adoption of IFRS 17 for Gruppo Banco BPM had both a direct impact from the measurement of insurance contracts issued by the insurance companies Banco BPM Vita and Banco BPM Assicurazione, and an indirect impact tied to the

[43] Line-item 30 of the income statement prepared in compliance with the layouts provided for under Circular no. 262 of the Bank of Italy.

investments in insurance associates carried under the equity method Vera Vita and Vera Assicurazioni and their subsidiaries Vera Financial (now BBPM Life) and Vera Protezione, considered associate companies (significant interest) at the transition date.
Considering that this standard requires that it is applied retrospectively, at the transition date (1 January 2022) the total positive impact on net equity came in at € 31.0 million; considering the FY 2022 net income and reserves redetermined pursuant to IFRS 17, the impact on the consolidated net equity as at 31 December 2022 generated a positive amount of € 246.2 million, of which € 47.6 million refers to insurance subsidiaries and € 198.6 million to insurance associates as at 1 January 2023, as detailed in the table below:

Summary of impacts tied to the adoption of IFRS 17 *(data in million euro)*	**Subsidiary insurance companies as at 1 January 2023**	**Associate insurance companies as at 1 January 2023 (*)**	**Total**
FTA impact on consolidated net equity (*)	**-22,8**	**53,8**	**31,0**
Impact on 2022 reserves	66,4	166,3	232,7
Impact on 2022 net income	4,0	-21,5	-17,5
Impact on the consolidated net equity as at 31 December 2022	**47,6**	**198,6**	**246,2**

(*) Namely, the companies Vera Vita, Vera Assicurazioni (and their subsidiaries) classified as associates (significant interest) at the date of transition of IFRS 17 (1 January 2023).

As already explained, the retrospective adoption of IFRS 17 called for the restatement of FY2022 balances of the statement of financial position and income statement, that are now comparable with those of FY 2023. In order to make a comparison possible also during interim periods, the quarterly P&L contributions in FY 2022 have been restated, at times resorting to estimates.

Moreover for a correct comparison of the quarterly evolution versus the prior financial year, 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 from equity method investments".

Finally, the adoption of IFRS 17 has not changed the reclassified financial statement aggregate amounts tied to insurance line-items and related reconciliations compared to the items in the financial statements prepared in compliance with Circular no. 262, and they are in line with those shown in the consolidated financial statements as at 31 December 2022.
Circular no. 262, updated to account for the new standard IFRS 17, confirmed the existing balance sheet and income statement line-items specifically tied to the insurance business, albeit using a different wording and with an information content in line with IFRS 17 requirements:

- for assets "80. Insurance income", instead of "80. Reinsurers' technical reserves";
- for liabilities "110. Insurance expense", instead of "110. Technical reserves";
- for the income statement: "160. Insurance service results", instead of "160. Net premiums written" and "170. Insurance net finance income or expense" instead of "170. Other net insurance income/expense".

In view of what described above, the wording of the liabilities line-item of the reclassified balance sheet "Direct insurance premiums and technical reserves" was changed into "Direct insurance premiums and insurance liabilities" and as in the prior financial year it comprises all the liabilities of the Group's insurance companies tied to the policies taken out by customers. More specifically, they refer to the liabilities line-items "30. Financial liabilities measured at fair value", for unit linked policies, and "110. Insurance liabilities, for the remaining insurance products.
For the reclassified income statement, the line-item "Insurance service results", in addition to the income components (interest, dividends, realized profit/loss, valuation gains/losses) tied to portfolios of financial assets and liabilities held by the Group's insurance companies, also includes line-items specifically tied to the insurance business, represented by line-item "160. Insurance service results" and line-item "170. Insurance net finance income or expense".
In line with the 2022 annual report, the distribution commissions paid out by the insurance companies to the bank distribution network of the Parent company Banco BPM, although fully consolidated, are shown as outstanding balances in the reclassified income statement. Hence, the line-item "Net fees and commissions" include commission income received by the distribution network, while the line-item "Insurance income" includes the commission expense paid out by the insurers. This reporting modality aims at representing the contribution made by the various operating segments to the generation of the net income, in line with IFRS 8.

For a more thorough examination of the new accounting standard IFRS 17 and the related impacts for the Group, please refer to the annual consolidated financial statements as at 31 December 2023, to be made available within the time limits established by law.

Reorganization of the bancassurance activities and related accounting impact

As part of the strategy to strengthen the insurance business model, during the fourth quarter of 2023, after the required authorizations under the law were obtained, the Group finalized (i) the Life insurance business insourcing project, through the acquisition of control on Vera Vita and Vera Financial (now BPM Life), that had been launched in July 2022 with the acquisition of exclusive control on Banco BPM Vita, and (ii) the partnership agreement with Crédit Agricole Assurances S.A. (CAA) regarding the distribution of P&C and Protection products, through the sale of 65% of Banco BPM Assicurazioni and Vera Assicurazioni.
The overall P&L impact linked to the reorganization is shown under the ad-hoc line-item "Bancassurance impact, after tax", gross of tax effect, so as to simplify the representation and guarantee a more straightforward and like-to-like comparison with comparable results. More specifically, the overall impact posted under this line-item came to a negative amount of € -22.2 million, as better illustrated below taking each single transaction along the reorganization. Note that the FY P&L contribution of the equity interests held in the insurance companies involved in the transactions is shown, as usually, under the reclassified P&L line-item "Profit or loss from equity method investments" or line by line, for shareholdings in associates and for those in subsidiaries, respectively.

Purchase of 65% of Vera Vita and BBPM Life and ensuing acquisition of control

The acquisition of control of Vera Vita (and indirectly of its subsidiary BBPM Life Dac), of which the Group already held a 35% stake, took place on 14 December 2023 through the purchase of a 65% stake in the insurance company from Generali Italia, following the exercise of the call option by Gruppo Banco BPM on 29 May 2023.

At the date of the transaction, the fair value of the option was positive by € 32.1 million, as the exercise price attributed to the purchase of the companies in question was lower than the fair value of the equity interest covered by the option.

Given the impossibility of drawing up a balance sheet as of December 14, 2023, and also taking into account that in the short period of time up to the end of the fiscal year no events occurred that would significantly change the companies' financial and economic situation with respect to the date of acquisition, for accounting purposes, the acquisition date was conventionally assumed to coincide with December 31, 2023.
Therefore, the balance sheet of first consolidation is represented by the balances of the two companies as of the closing date, which are included, line by line, in the Group's consolidated financial statements as of December 31, 2023. On the other hand, the contribution to the income statement of the companies under consideration is limited for fiscal year 2023 to the 35 percent share held up to the date of the accounting combination and shown in the reclassified income statement line item "Income from equity-accounted investees."

More specifically, from an accounting standpoint, the transaction qualifies as a step acquisition, as the Group already held a 35% stake in the share capital of Vera Vita (and indirectly of BBPM Life).
In accordance with IFRS 3, for the previously held equity interest (35%), the transition from the equity method to the full consolidation method is deemed as a P&L event, to be recognized as if the previously held stake were sold at fair value and then immediately repurchased at the same value. The ensuing P&L impact, corresponding to the difference between the fair value and the previous carrying amount – including the effect from writing-off the negative valuation reserves – came in at € -104,5 million.

Under IFRS 3, the difference between the purchase price – equal to the sum of the fair value of the transferred consideration and the fair value of the previously held stake – and the fair value of the acquired identifiable net assets value, inclusive of contingent liabilities, must be calculated at the date of acquisition. Note that the PPA process, that up to now has been conducted with the support of independent experts, did not give rise to any residual difference to be recognized as badwill/goodwill. This is a provisional allocation, as provided for under IFRS 3, as in the short time since the acquisition date, not all the necessary information may have been available[44]. In keeping with this standard, the final calculation of the difference, and in general the preparation of the definitive financial statement layouts, shall be completed by 31 December 2024, and restatements will be made should the fair value measurement of the acquired net assets differ from the initial provisional estimates.

In light of what illustrated above – and taking into account the effect from the cancellation of the pre-existing credit relations with the acquired companies, adding up to a total negative amount of € 7.2 million (net of tax effect) – the P&L impact tied to the acquisition of Vera Vita (and BBPM Life) comes at a negative amount of € -79.7 million.

Sale of 65% di Banco BPM Assicurazioni and resulting loss of control

On 14 December 2023, a 65% stake held in Banco BPM Assicurazioni was sold to Crédit Agricole Assurances S.A. (CAA); the resulting loss of control called for the reclassification at fair value of the residual held stake equal to 35% under equity method investments (line-item "Equity investments").
The P&L impact of the sale, and the impact resulting from the fair value measurement of the residual held stake as a result of the loss of control, added up to a positive amount of € 30.3 million (€ 30.0 million net of tax effect).
Finally, considering that up until 14 December 2023 the shareholding in Banco BPM Assicurazioni was qualified as a controlling stake, the related P&L contribution is recognized, line by line, in the full-year 2023 consolidated income statement.

Transactions regarding a 65% stake in the share capital of Vera Assicurazioni and Vera Protezione

The transaction for the purchase of a 65% stake in Vera Assicurazioni (which owns 100% of Vera Protezione) from Generali Italia and the concomitant sale to CAA of a 65% stake on 14 December 2023, led to the recognition of a positive P&L impact of € 11.7 million (€ 14.9 million al net of tax effect).
On 31 December 2023, the 35% stake held in Vera Assicurazioni (and indirectly in Vera Protezione) was included in equity method investments (line-item "Equity investments"), in line with the classification at the beginning of the year. The related P&L contribution tied to the held 35% stake, was recognized under the reclassified P&L line-item "Profit or loss from equity method investments", as throughout the entire FY 2023 the shareholding qualified as a significant interest in an associate company.

Lastly, the agreements finalized with Generali Italia on December 14, 2023 led to the release of a provision for risks and charges amounting to € 12.5 million set aside in previous years for the commitments contained in the partnership agreements in force at the time.

[44] Under IFRS 3, par. 45, the measurement period during which the necessary information must be acquired to carry out the fair value measurement of the acquired net assets – so as to complete the combination allocation process - ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

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.

More specifically, the alternative performance measures:
- are based exclusively on historic data and are not indicative of future performance;
- are not calculated according to IFRS standards and do not undergo accounting audits;
- are calculated based on the reclassified accounting statements attached to this news release, unless otherwise specified, and must be read in combination with the Group financial information illustrated in this new release;
- as not all companies calculate APMs along the same methodology, the measures used by Banco BPM might not be consistent with similar parameters used by other companies;
- are calculated in a consistent and homogeneous way for the periods to which the information covered by this news release refer.

Below is a list of the main APMs included in this news release, together with the calculation methodology:
- **core operating income**: includes net interest income, profit or loss from equity method investments, net fees and commissions and insurance income;
- **direct funds**: include customer funds represented by sight and term deposits and current accounts, issued bonds, certificates of deposit and other securities, other payables and certificates with capital protection tied to the Group's banking activity. Short term repo transactions and funds related to insurance companies are excluded;
- **core direct funds**: customer funds represented exclusively by deposits and current accounts;
- **direct insurance funds and insurance liabilities**: include funds classified under insurance liabilities and financial liabilities connected to insurance companies;
- **indirect funds**: management data which includes funds from assets under management and administration, net of funds underlying the certificates with protected capital, included in direct funding;
- **core net performing loans**: aggregate amount made up by mortgages, other credit facilities, credit cards and personal loans;
- **gross NPE ratio**: ratio of gross non-performing loans to total gross loans tied to the balance sheet aggregate amount represented by "Customer loans measured at amortized cost";
- **net NPE ratio**: ratio of net non-performing loans to total net loans tied to the balance sheet aggregate amount represented by "Customer loans measured at amortized cost";
- **Cost of credit** or **cost of risk**: calculated as the ratio of net write-downs on customer loans to total customer cash exposures measured at amortized cost, net of write-downs;
- **NPL coverage ratio**: calculated as the ratio of total net write-downs on non-performing loans to gross non-performing loans;
- **bad loans coverage ratio**: calculated as the ratio of net write-downs on bad loans to gross bad loans;
- **unlikely to pay loans coverage ratio**: calculated as the ratio of net write-downs on unlikely to pay loans to gross unlikely to pay loans;
- **past due loans coverage ratio**: calculated as the ratio of net write-downs on past due loans to gross past due loans;
- **bad loans coverage ratio including write-offs**: calculated as the ratio of net write-downs on bad loans to gross bad loans (including write-offs recognized in both line-items);
- **performing loans coverage ratio**: calculated as the ratio of net write-downs on performing loans to gross performing loans;
- **Texas ratio**: calculated as the ratio of non-performing loans to the Group's tangible common equity (net of tax effect);
- **Tangible net equity**: calculated as the Group's total assets minus intangible assets (net of related deferred tax effect);
- **cost/income ratio**: calculated as the ratio of operating cost to operating income as shown in the Reclassified income statement;
- **ROTE**: calculated as the ratio of the FY net income to shareholder's equity, net of net income for the year, AT1 equity instruments and other intangible assets, net of the related tax effect;
- **payout ratio**: calculated as the ratio of proposed total dividend amount distribution to net income;
- **adjusted net profit**: income net of non-recurring items described in section 5 below.

2. PPA (*Purchase Price Allocation*) impacts from business combinations carried out in previous financial years

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 the Groups Banco Popolare di Verona e Novara and Banca Popolare Italiana, carried out in 2007, and between Gruppo Banco Popolare and Gruppo Banca Popolare di Milano, finalized in financial year 2017. Moreover, as of the second half of 2022 also the impact from the combination of Banco BPM Vita was accounted for.

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 impact on the FY 2023 consolidated P&L caused by the reversal effect of value adjustments of purchased net assets on net interest income came in at € - 9.2 million (in connection with the evolution of the various valuations of purchased assets) and at € - 33.0 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 FY 2023 added up to € -28.3 million (€ -42.4 million in FY 2022).

As to the PPA impacts from the acquisition of control over Vera Vita, recognized under the new reclassified P&L line-item "Bancassurance impact, after tax", please refer to the above section 1.

3. Charges generated by the contribution to the resolution mechanisms

The last annual portion of the ex-ante contributions paid to the Single Resolution Fund to meet the minimum capital amount required by the BBRD, and the amount of the contribution due for FY 2023 to the Interbank Deposit Protection Fund, totaling € 187.5 million were charged to the FY 2023 income statement the line-item "After-tax banking industry charges". Net of the related tax effect, they came to € 126,6 million. In the prior financial year, the total after-tax charge added up to € 151,9 million (€ 225.0 million gross).

4. Changes in the consolidation scope

The main changes in the consolidation scope during the financial year are linked to the reorganization of the bancassurance business as a result of the agreements entered on 14 December, which led to the full consolidation of the subsidiaries Vera Vita S.p.A. and BBPM Life Dac, as of the accounting reporting date of 31 December 2023, while Banco BPM Assicurazioni S.p.A. , which was previously fully consolidated, was accounted for under the equity method, and Vera Vita S.p.A. was no longer accounted for under the equity method, as described in greater detail in section 1 above.

Banco BPM Invest SGR S.p.A., set up in July, and fully owned by the Parent company, was included within the scope of fully consolidated companies.
Finally, the subsidiary Consorzio AT01, under full consolidation, and the associate Bussentina S.c.r.l, carried at equity, are no longer in the consolidation scope, 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 31 December 2023.

As to the binding agreement for the creation of a strategic partnership aimed at developing a new Italian independent entity in the digital payments space, under which Banco BPM's e-money business and the stake in Tecmarket are to be transferred to the joint venture BCC Pay S.p.A., note that for the preparation of the financial report as at 31 December 2023, the related assets and liabilities under disposal were reclassified in the specific balance sheet items "Non-current assets held for sale and discontinued operations" and "Liabilities associated with discontinued operations", in accordance 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.
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 impact on the Group's net income and/or on the financial position caused by events or transactions that are non-recurring or that do not occur frequently during the usual course of business is provided in the comments on the evolution of balance sheet and income statement items.

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

- the line-item "personnel expenses" includes the allocation tied to expected charges as a result of the agreements entered with Trade Union for personnel early retirement totaling € 10.2 million, net of the release of liabilities recognized in prior financial years for €20.8 million. The net impact on this line-item came in at € +10.6 million;
- the line-item "net amortization and depreciation of tangible and intangible assets" includes the € 16.9 million non-recurring impact from the recalculation of amortization of assets acquired under operating lease/rental contracts;
- the line-item "net write-downs on customer loans" includes the impacts from the increase in NPL disposal targets as following the change in NPE management strategy, amounting to € -91.7 million;
- the line-item "gain/loss on the fair value measurement of tangible assets" posts a net write-down of € -146.8 million;
- the line-item "provisions for risks and charges" includes the allocation of € 19.4 million tied to the estimated charges relative to outstanding agreement obligations;
- the line-item "gain/loss on equity and other investments" includes the positive impact of € +0.3 million from the disposal of tangible assets;
- "income tax on continuing operations" includes the tax impact of the above non-recurring components, totaling € +75.7 million;
- in the item "impact of realignment of tax values to book values" is recognized the effect, amounting to € +8.8 million, resulting from the expiration of the so-called recapture period provided for in the legislation on the realignment of tax values to book values of real estate, realignment operated in previous years
- the line-item "Bancassurance impact, after tax" shows the € -22.2 million effect generated by the extraordinary transactions finalized in December as part of the reorganization of the bancassurance activities.

Overall, non-recurring items gave rise to a negative impact of € -168.0 million on the net income of FY 2023.
Excluding the above effects, the (adjusted) net income would stand at € 1,432.4 million.

In last year's income statement, 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. More specifically, the impact on the line-item "net financial result" referred to nonperforming exposures mandatorily measured at fair value;
- the line-item "personnel expenses" included the expenses tied to the extraordinary contribution paid to employees during the year and to the positive impact from the release of excess allocations carried out in prior years to the redundancy fund. The overall effect came to € +11.9 million;
- "net amortization and depreciation of tangible and intangible assets" included a € 7.1 million impairment of software applications;
- the line-item "gain/loss on the fair value measurement of tangible assets" posted a net write-down of € -108.3 million, from the fair value measurement of owned property;
- "provisions for risks and charges" included the cost estimate for the rationalization of the branch network as well as the allowance relative to outstanding agreement obligations, adding up to € 26.8 million;
- the line-item "gain/loss on equity and other investments" included the positive impact of € +2.3 million from the disposal of tangible assets;
- "income tax on continuing operations" included the tax impact of the above non-recurring components, totaling € +80.6 million;
- the line-item "goodwill impairment" reflected the impact of the impairment test which led to the recognition of € 8.1 million of write-downs;
- the line-item "Purchase Price Allocation (PPA), after tax" included the impact from the fair value remeasurement of the equity interest previously held in Banco BPM Vita of € 10.7 million.

Overall, non-recurring items gave rise to a negative impact of € -183.7 million on the net income of FY 2022.
Excluding the above effects, the (adjusted) net income would stand at € 868.8 million.

6. Capital requirements regulation

Clarifications on the calculation procedure for capital ratios

The capital ratios as at 31 December 2023 reported in this news release have been calculated by including the net income accruing in financial year 2023, net of proposed dividends and the other profit allocations.

Minimum requirements

With communication of 25 November 2022, the Bank of Italy had confirmed that the Banco BPM banking group was an 'Other Systemically Important Institution' (O-SII) for FY 2023. The O-SII buffer accounted for 0.25% of regulatory requirements. On 21 November 2023, the Bank of Italy, while confirming also for FY 2024 that the Banco BPM banking group is an 'Other Systemically Important Institution' (O-SII), raised the O-SII buffer to 0.50% of regulatory requirements, in view of the new ECB methodology for capital adequacy assessment.

With communication of 22 September 2023, the Bank of Italy confirmed the Countercyclical Capital Buffer ratio for the exposures to Italian counterparties at zero percent also for Q4 2023.

On 8 December 2023, the European Central Bank (ECB) notified Banco BPM its SREP decision for FY 2024, bringing the Pillar 2 capital requirement (P2R) to 2.52%, marking an improvement compared to the previous year's requirement at 2.57%.

Therefore, considering also the countercyclical capital buffer established by the competent national authorities for exposures towards countries where the Group operates, equal to 0.04%, the minimum requirements Banco BPM must comply with in 2024, until a new communication is issued, are [45]:

- CET 1 ratio: 9.07%;
- Tier 1 ratio: 11.00%;
- Total Capital ratio: 13.56%.

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 31 December 2023, broken down by single Country and by category of the classification accounting portfolio:

31 December 2023 *(data in million euro)* **Countries/Accounting portfolios**	**Fin. ass. measured at amortized cost**	**Fin. ass. measured at fair value through other comprehensive income**	**Fin. ass. measured at fair value through profit or loss**	**Total**
Italy	8.737	2.105	126	10.968
France	4.578	1.571	29	6.178
USA	2.112	1.634	-	3.746
Spain	3.629	1.436	6	5.071
Germany	2.711	934	-	3.645
Other Countries	587	216	-	803
Total	**22.354**	**7.896**	**161**	**30.411**

As at 31 December 2023, the banking Group's sovereign debt exposure totaled € 30.4 billion (€ 29.8 billion as at 31 December 2022), of which 73.5% was classified in the portfolio of financial assets measured at amortized cost, 26.0% under financial assets measured at fair value through other comprehensive income, and 0.5% in the portfolio of financial assets measured at fair value through profit or loss, as they were held for trading.
About 87% of this exposure refers to securities issued by members of the European Union; notably about 36% by Italy.
As regards financial assets measured at fair value through other comprehensive income, as at 31 December 2023 the reserves generated by the fair value measurement of debt securities posted a negative amount equal to € 488.2 million, net of tax effect, of which € -476.9 million refer to government bonds (€ -57.5 million for Italian government bonds and € -419.4 million for other government bonds).
As to financial assets measured at amortized cost, the book value came out at € 22.4 billion, of which € 8.7 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 31 December 2023 (level 1 in the fair value classification) totaled € 22.1 billion (€ 8.7 billion being the fair value of the Italian government bonds alone).
The debt securities management is still consistent with the decisions made in the prior financial years; no business model change calling for a portfolio reclassification took place during the financial 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 31 December 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 31 December 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 explanatory note no. 1.

[45] These requirements are calculated as follows:

- The Pillar I minimum requirement of 8% (of which 4.5% CET1; 1.5% AT1 and 2% Tier2)
- the P2R requirement of 2.52% set by the ECB must be met with 1.53% of CET 1 capital (made up of calendar provisioning shortfall by 0,27% and of the residual 2.25% by 56.25%), with 0.42% of AT 1 and 0.56% of Tier 2 capital%;
- the Capital Conservation buffer of 2.50% to be fully met with CET1 capital;
- the O-SII buffer of 0.50% to be fully met with CET1 capital;
- the Countercyclical Capital buffer of 0.04% to be fully met with CET1 capital.

- Reclassified consolidated statement of financial position as at 31 December 2023 compared with data as at 31 December 2022
- FY 2023 reclassified consolidated income statement compared with FY 2022 data
- Reclassified consolidated income statement – 2023 and 2022 quarterly evolution
- 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

TOTAL ASSETS *(in euro thousand)*	**31/12/2023**	**31/12/2022 Restated**	**Chg.**	**Chg. %**
Cash and cash equivalents	18,297,496	13,130,815	5,166,681	39.3%
Financial assets at amortised cost	109,568,359	113,632,853	-4,064,494	-3.6%
- Due from banks	4,141,630	4,177,893	-36,263	-0.9%
- Customer loans	105,426,729	109,454,960	-4,028,231	-3.7%
Other financial assets	43,706,381	43,093,541	612,840	1.4%
- Financial assets designated at FV through P&L	7,391,989	8,206,881	-814,892	-9.9%
- Financial assets designated at FV through OCI	10,692,718	9,380,520	1,312,198	14.0%
- Financial assets at amortised cost	25,621,674	25,506,140	115,534	0.5%
Financial assets pertaining to insurance companies	15,345,008	5,892,769	9,452,239	160.4%
Equity investments	1,454,249	1,652,549	-198,300	-12.0%
Property and equipment	2,857,953	3,034,689	-176,736	-5.8%
Intangible assets	1,257,425	1,255,124	2,301	0.2%
Tax assets	4,201,154	4,585,484	-384,330	-8.4%
Non-current assets held for sale and discontinued operations	468,685	195,792	272,893	139.4%
Other assets	4,975,263	3,334,518	1,640,745	49.2%
Total Assets	**202,131,973**	**189,808,134**	**12,323,839**	**6.5%**

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY *(in euro thousand)*	**31/12/2023**	**31/12/2022 Restated**	**Chg.**	**Chg. %**
Banking Direct Funding	120,770,064	120,639,083	130,981	0.1%
- Due from customers	101,861,964	107,679,408	-5,817,444	-5.4%
- Debt securities and financial liabilities designed at FV	18,908,100	12,959,675	5,948,425	45.9%
Insurance Direct Funding & Insurance liabilities	15,039,762	5,742,601	9,297,161	161.9%
- Financial liabilities measured at FV pertaining to insurance c	2,800,121	1,459,075	1,341,046	91.9%
- Liabilities pertaining to insurance companies	12,239,641	4,283,526	7,956,115	185.7%
Due to banks	21,690,773	32,635,805	-10,945,032	-33.5%
Debts for Leasing	670,773	627,921	42,852	6.8%
Other financial liabilities designated at FV	25,697,583	13,597,650	12,099,933	89.0%
Other financial liabilities pertaining to insurance companies	72,561	439	72,122	n.m.
Liability provisions	894,841	988,852	-94,011	-9.5%
Tax liabilities	453,929	267,873	186,056	69%
Liabilities associated with assets held for sale	212,011	25,821	186,190	n.m.
Other liabilities	2,591,516	2,265,592	325,924	14%
Total Liabilities	**188,093,813**	**176,791,637**	**11,302,176**	**6.4%**
Minority interests	68	720	-652	-90.6%
Shareholders' equity	14,038,092	13,015,777	1,022,315	7.9%
Consolidated Shareholders' Equity	**14,038,160**	**13,016,497**	**1,021,663**	**7.8%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**202,131,973**	**189,808,134**	**12,323,839**	**6.5%**

The item "Customer Loans" includes the Senior notes coming from the securitizations of Non-performing Loans for an amount of € 1.4bn

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

BANCO BPM Group

Reclassified consolidated income statement

(in euro thousand)	31/12/2023	31/12/2022 Restated	Chg.	Chg. %
Net interest income	3,289,228	2,314,409	974,819	42.1%
Income (loss) from investments in associates carried at equity	144,097	135,983	8,114	6.0%
Net interest, dividend and similar income	**3,433,325**	**2,450,392**	**982,933**	**40.1%**
Net fee and commission income	1,860,019	1,887,322	-27,303	-1.4%
Other net operating income	81,276	71,554	9,722	13.6%
Net financial result	-79,029	242,983	-322,012	n.m.
Income from insurance business	45,851	21,702	24,149	111.3%
Other operating income	**1,908,117**	**2,223,561**	**-315,444**	**-14.2%**
Total income	**5,341,442**	**4,673,953**	**667,489**	**14.3%**
Personnel expenses	-1,671,952	-1,602,406	-69,546	4.3%
Other administrative expenses	-652,393	-648,249	-4,144	0.6%
Net value adjustments on property and equipment and intangible assets	-246,818	-279,736	32,918	-11.8%
Operating costs	**-2,571,163**	**-2,530,391**	**-40,772**	**1.6%**
Profit (loss) from operations	**2,770,279**	**2,143,562**	**626,717**	**29.2%**
Net adjustments on loans to customers	-558,594	-682,281	123,687	-18.1%
Profit (loss) on fair value measurement of tangible assets	-146,847	-108,347	-38,500	35.5%
Net adjustments on other assets	-1,986	-9,106	7,120	-78.2%
Net provisions for risks and charges	-22,189	-57,214	35,025	-61.2%
Profit (loss) on the disposal of equity and other investments	342	2,258	-1,916	-84.9%
Income (loss) before tax from continuing operations	**2,041,005**	**1,288,872**	**752,133**	**58.4%**
Tax on income from continuing operations	-604,751	-407,031	-197,720	48.6%
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**1,436,254**	**881,841**	**554,413**	**62.9%**
Systemic charges after tax	-126,577	-151,887	25,310	-16.7%
Realignment of fiscal values to accounting values	8,802	-	8,802	n.m.
Bancassurance impact after tax	-22,245			n.m.
Goodwill & Client Relationship impairment	-	-8,132	8,132	n.m.
Impact from the change in Own Credit Risk on certificates issued, after tax	-3,463	4,818	-8,281	n.m.
Purchase Price Allocation (PPA) after tax	-28,340	-42,379	14,039	-33.1%
Income (loss) attributable to minority interests	22	786	-764	-97.2%
NET INCOME (LOSS) FOR THE PERIOD	**1,264,453**	**685,047**	**579,406**	**84.6%**

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

BANCO BPM Group

Reclassified consolidated income statement - Quarterly evolution

(in euro thousand)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022 Restated	Q3 2022 Restated	Q2 2022 Restated	Q1 2022 Restated
Net interest income	867,655	868,673	809,926	742,974	723,957	551,319	527,591	511,542
Income (loss) from investments in associates carried at equity	49,350	34,140	24,295	36,312	38,355	39,460	15,729	42,439
Net interest, dividend and similar income	**917,005**	**902,813**	**834,221**	**779,286**	**762,312**	**590,779**	**543,320**	**553,981**
Net fee and commission income	451,810	460,006	469,549	478,654	447,262	473,197	486,771	480,092
Other net operating income	28,713	19,146	16,503	16,914	19,485	20,376	15,028	16,665
Net financial result	-13,760	-22,777	-8,356	-34,136	-8,951	75,138	48,863	127,933
Income from insurance business	13,113	8,158	14,969	9,611	13,104	8,598	-	-
Other operating income	**479,876**	**464,533**	**492,665**	**471,043**	**470,900**	**577,309**	**550,662**	**624,690**
Total income	**1,396,881**	**1,367,346**	**1,326,886**	**1,250,329**	**1,233,212**	**1,168,088**	**1,093,982**	**1,178,671**
Personnel expenses	-461,548	-402,150	-402,858	-405,396	-391,917	-397,285	-405,342	-407,862
Other administrative expenses	-150,516	-165,053	-166,630	-170,194	-170,411	-159,635	-162,650	-155,553
Net value adjustments on property and equipment and intangible assets	-49,083	-68,084	-65,191	-64,460	-84,553	-69,886	-64,059	-61,238
Operating costs	**-661,147**	**-635,287**	**-634,679**	**-640,050**	**-646,881**	**-626,806**	**-632,051**	**-624,653**
Profit (loss) from operations	**735,734**	**732,059**	**692,207**	**610,279**	**586,331**	**541,282**	**461,931**	**554,018**
Net adjustments on loans to customers	-175,043	-124,832	-121,264	-137,455	-184,691	-193,909	-152,553	-151,128
Profit (loss) on fair value measurement of tangible assets	-102,698	-11,774	-30,469	-1,906	-59,992	-7,510	-39,609	-1,236
Net adjustments on other assets	-2,114	-1,041	488	681	-538	-3,028	-2,346	-3,194
Net provisions for risks and charges	-8,343	-17,164	868	2,450	-28,220	-16,260	-4,608	-8,126
Profit (loss) on the disposal of equity and other investments	267	309	-388	154	515	277	-60	1,526
Income (loss) before tax from continuing operations	**447,803**	**577,557**	**541,442**	**474,203**	**313,405**	**320,852**	**262,755**	**391,860**
Tax on income from continuing operations	-104,676	-182,956	-169,683	-147,436	-85,588	-90,424	-92,599	-138,420
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**343,127**	**394,601**	**371,759**	**326,767**	**227,817**	**230,428**	**170,156**	**253,440**
Systemic charges after tax	698	-69,646	-351	-57,278	-49	-77,271	-	-74,567
Realignment of fiscal values to accounting values	8,802	-	-	-	-	-	-	-
Bancassurance impact after tax	-22,245							
Goodwill & Client Relationship impairment	-	-	-	-	-	-	-8,132	-
Impact from the change in Own Credit Risk on certificates issued, after tax	-2,063	1,168	-5,845	3,277	-20,513	-323	25,478	176
Purchase Price Allocation (PPA) after tax	-6,847	-7,260	-6,830	-7,403	-10,248	-16,468	-7,173	-8,490
Income (loss) attributable to minority interests	-412	97	373	-36	628	49	66	43
NET INCOME (LOSS) FOR THE PERIOD	**321,060**	**318,960**	**359,106**	**265,327**	**197,635**	**136,415**	**180,395**	**170,602**

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

BANCO BPM Group

Reclassified income statement

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

(in euro thousand)	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
Net interest, dividend and similar income	**-21,500**	**3,552**	**7,894**	**-25,743**	**-7,203**
Net fee and commission income		-	-		
Other net operating income	-48	-26	-22		
Net financial result		-	-		
Income from insurance business	-10,016	-5,007	-5,009	-	-
Other operating income	**-10,064**	**-5,033**	**-5,031**	**-**	**-**
Total income	**-31,564**	**-1,481**	**2,863**	**-25,743**	**-7,203**
Personnel expenses	6,495	3,248	3,247		
Other administrative expenses	2,131	1,065	1,066		
Net value adjustments on property and equipment and intangible assets	352	176	176		
Operating costs	**8,978**	**4,489**	**4,489**	**-**	**-**
Profit (loss) from operations	**-22,586**	**3,008**	**7,352**	**-25,743**	**-7,203**
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					
Income (loss) before tax from continuing operations	**-22,586**	**3,008**	**7,352**	**-25,743**	**-7,203**
Tax on income from continuing operations	1,900	950	950		
INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**-20,686**	**3,958**	**8,302**	**-25,743**	**-7,203**
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					
NET INCOME (LOSS) FOR THE PERIOD	**-17,542**	**5,530**	**9,874**	**-25,743**	**-7,203**

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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