

# Banco BPM 2023-26: A Solid Success Story

*Strongly committed team,  
ready to deliver Superior Shareholder Value*

*Sustainable Banking,  
proudly supporting the Italian Economy*

*12 December 2023*

  
**BANCO BPM**



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# Banco BPM 2023-26: a Solid Success Story

## AGENDA

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# STRATEGIC PLAN AT A GLANCE

Accelerated profitability & sustainable value creation

~€6bn

Cumulative Net  
Income 2023-26

€4bn

Total Shareholder  
remuneration 2023-26

>€1.5bn

Net Income  
2026

~13.5%

RoTE  
2026

~14%

CET1  
2026

## The seven pillars of our Acceleration Program

**1** Broaden  
**leadership in  
SMEs & Corporate,**  
supporting green  
transition

**2** Reinforce  
**Wealth  
Management  
& Life Insurance**

**3** Capture  
value from **P&C  
Insurance and  
Payments' deals**

**4** Benefit  
from further  
**omnichannel  
reinforcement**

**5** Enhance  
**tech innovation,  
lean banking,  
cybersecurity**

**6** Further  
consolidate a  
**"future-proof"  
balance sheet**

**7** Empower  
**People and  
Communities,** in  
line with our Social-  
oriented DNA

← SUSTAINABILITY FULLY INTEGRATED THROUGHOUT THE PLAN →

# Distinctive Strengths & Performance Track Record

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# A plan based on solid foundations

## HIGH VALUE FRANCHISE & EFFECTIVE BUSINESS MODEL

### Optimal geographic footprint

12.8%

Market share by branches in Lombardy<sup>1</sup>

78.1%

Customer loans in Northern Italy & Tuscany

### Financial conglomerate with highly specialized product factories

Life Insurance

NEW CONSOLIDATED LIFE INSURANCE GROUP  
with Vera to be fully acquired by Dec. 2023<sup>2</sup>

AGOS

P&C Insurance<sup>2</sup>

PayCo<sup>3</sup>

KEY JVs WITH TOP MARKET PLAYERS

ANIMA  
CHI RISPARMIA AMA



BBPM AS MAIN SHAREHOLDER OF TOP INDEPENDENT ITALIAN PLAYER IN AM

## PROVEN PROFITABILITY TRACK RECORD & BALANCE SHEET SOLIDITY

### Solid and sustainable pace of growth

>2x  
Net Income 2023G  
vs 2021

CET 1 Sept-23 14.3%  
+90bps vs. YE 21

### Previous Plan targets over-achieved 1 year in advance

EPS FY 2024  
Prev. Plan target  
~0.69€



EPS FY 2023  
Guidance  
>0.80€

## WELL-POSITIONED TO EXTRACT FURTHER PROFITABILITY

# Optimal geographic presence: at the core of the Italian economy

## STRONG FRANCHISE

**Clients: 3.8 million**

**# Retail Branches: 1,358**

7% National Market Share  
by branches<sup>2</sup>

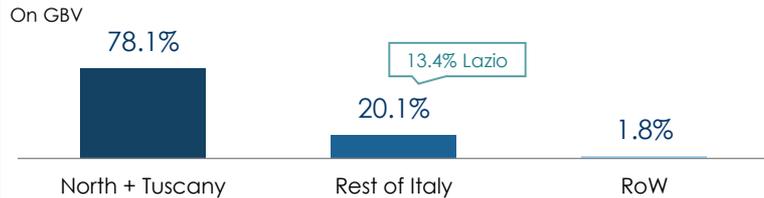
### Leadership in Italy's richest regions

Market share by branches<sup>1</sup>

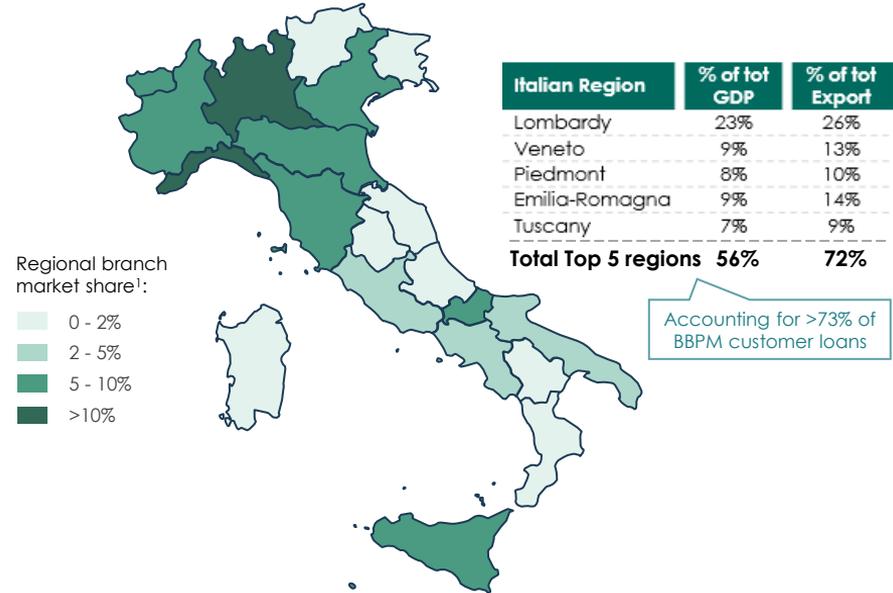
Lombardy	Veneto	Piedmont
12.8%	7.9%	9.7%

**(9.3% in the North)**

### Performing Customer Loans: Breakdown by geographic area



## BBPM TERRITORIAL FOOTPRINT



Sources: Infostat, Bank of Italy; IHS; ISTAT

# Specialized banks & product factories: strategic growth engines

<b>SPECIALIZED BANKS</b> Ability to provide a full range of banking products & services	<b>INVESTMENT BANKING</b> 	Full ownership	#1 in fixed income, top Italian broker, market maker and issuer of structured products
	<b>PRIVATE BANKING &amp; WEALTH MANAGEMENT SOLUTIONS</b> 		One of the primary private banks in the Italian market

<b>KEY PRODUCT FACTORIES</b> Relevant stakes in specialized finance businesses	<b>ASSET MANAGEMENT</b> 	22%	BBPM as main shareholder	Top independent AM player	
	<b>CONSUMER CREDIT</b> 	39%	JV with:	Leading national player	
	<b>LIFE INSURANCE<sup>1</sup></b> (Recently re-insourced)		Full ownership	Life: Single insurance Group	
	<b>P&amp;C INSURANCE<sup>1</sup></b>		35%	JV with:	P&C: Partnership with top European Bancassurer
	<b>PAYMENTS BUSINESS<sup>2</sup></b>		28.6%	JV with:	2 <sup>nd</sup> largest player in Italy

From 14.3% in 2017

Stake

Significant further value to be extracted

<b>HIGHER REVENUE CONTRIBUTION THANKS TO STRENGTHENED OWNERSHIP STRATEGY FOR KEY BUSINESSES</b>	<ol style="list-style-type: none"> <li>1. Develop top-level product offering for our clients</li> <li>2. Direct involvement in governance and management of the product factories ("significant influence")</li> <li>3. Two revenue streams for Banco BPM: distribution fees and income from companies' results</li> </ol>
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# A successful 7-year journey increasing profitability and solidity

## 2017 – 2019 TRANSFORMATIONAL RESTRUCTURING

- FORMER BANKS' IT, ORGANISATIONAL AND COMMERCIAL INTEGRATION
- NETWORK AND PRODUCT FACTORIES / JVs' SIMPLIFICATION & SPECIALISATION
- MASSIVE DERISKING

## 2020 – 2021 BUSINESS MODEL AND CAPITAL PROFILE CONSOLIDATION

- DIGITAL & MULTICHANNEL COMMERCIAL MODEL
- IMPROVEMENT IN RISK / CAPITAL POSITION
- STRENGTHENED PROFITABILITY

## 2022 – 2023 PROFITABILITY AND VALUE CREATION

- STRATEGIC AMBITIONS' ENHANCEMENT
- STEADY INCREASE IN PROFITABILITY
- GOVERNANCE & RISK MANAGEMENT REINFORCEMENT
- RESHAPING OF BANCASSURANCE AND PAYMENTS BUSINESS MODEL
- INVESTMENT GRADE-RATED BY S&P, MOODY'S, FITCH AND DBRS

### COST EFFICIENCY & DERISKING

#### Retail Branches (#)

~950 reduction vs. YE 2016  
from ~2,300 to ~1,350

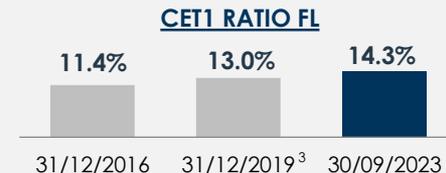
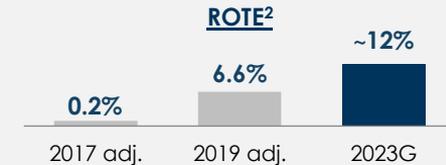
#### Headcount (#)

~5,000 reduction vs. YE 2016  
from ~24,700 to <20,000

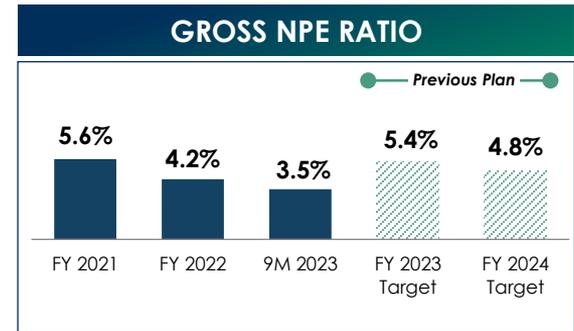
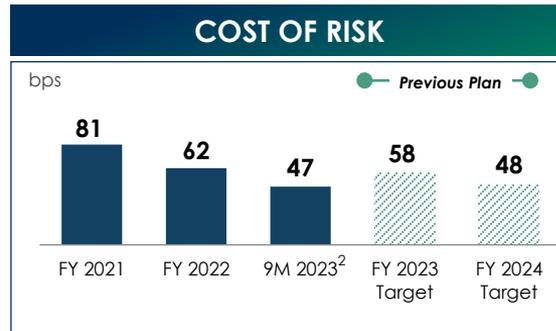
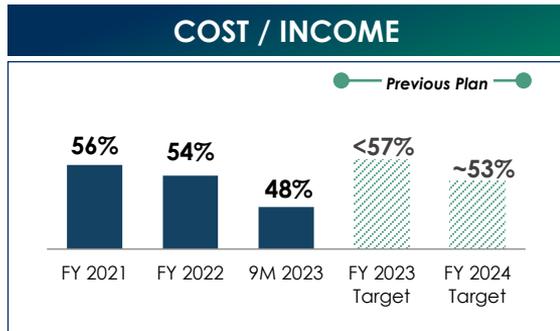
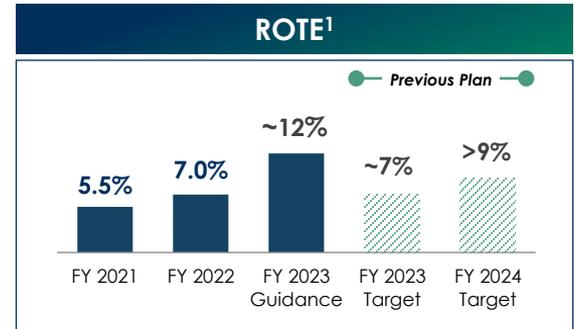
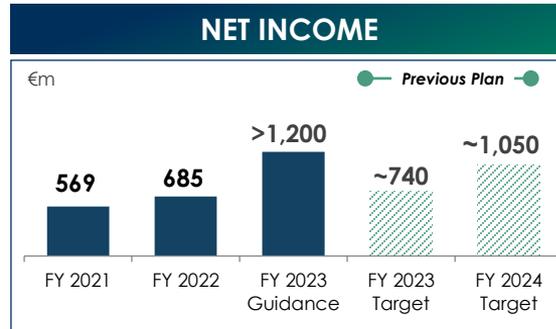
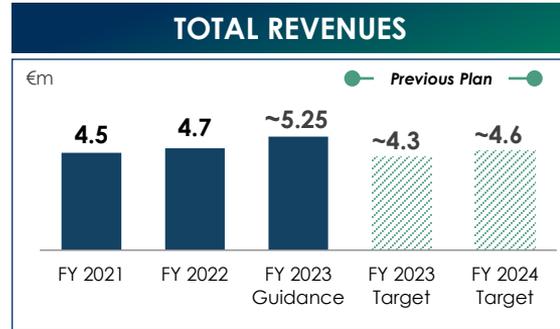
	2017 Adj. <sup>1</sup>	2019 Adj.	9M 23
C/I	64%	60%	48%



### PROFITABILITY & CAPITAL POSITION



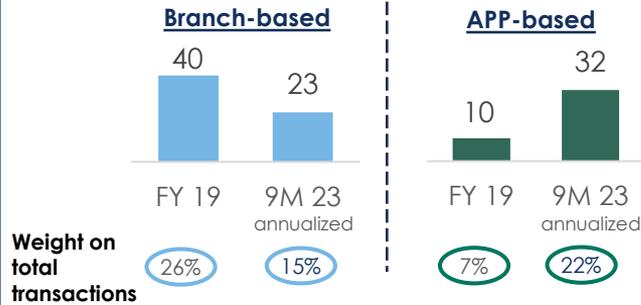
# Previous Plan targets for 2024 over-achieved 1 year in advance



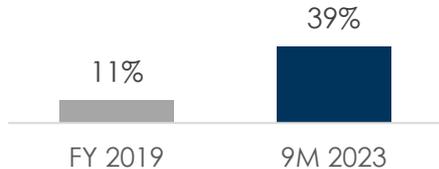
# Successfully continuing our path of Digital & Sustainability integration

## DIGITAL BANKING

### # BRANCH AND APP-BASED TRANSACTIONS (M)



### % OMNICHANNEL SALES<sup>1</sup>



## SUSTAINABILITY



### BUSINESS

**NZBA** joined in Q1 23 → 5 priority sectors identified<sup>2</sup>

**59%** Green & Low Transition risk new loans to Corp. & SMEs<sup>3</sup> in 9M 23

**~€500m** New loans to Non-profit Sector in 2021-9M 23

**€4.25bn** Green & Social bonds issued in 2021-2023<sup>4</sup>: BBPM #1 Green bond issuer among Italian banks in 2022

**NEW Green Social & Sustainability Bonds Framework aligned with Taxonomy published in 2023**

**27%** Share of ESG corporate bonds in the proprietary ptf. as at 30/09/23

### OWN ENVIRONMENTAL IMPACT

**-54%** Net Scope 1 & 2 emissions Market-based in 2022 vs. 2021

### PEOPLE & COMMUNITIES

**+33%** Women in managerial positions since 2020

**€13.7m** Donations & contributions for «E» & «S» projects in 2021-9M 23

### GOVERNANCE

- Sustainability Committee at Board level established in April 2023
- ESG KPI in ST & LT management remuneration policy
- ESG integrated in Lending Policies and in key Risk Management processes

### RECOGNITION OF OUR EFFORTS:

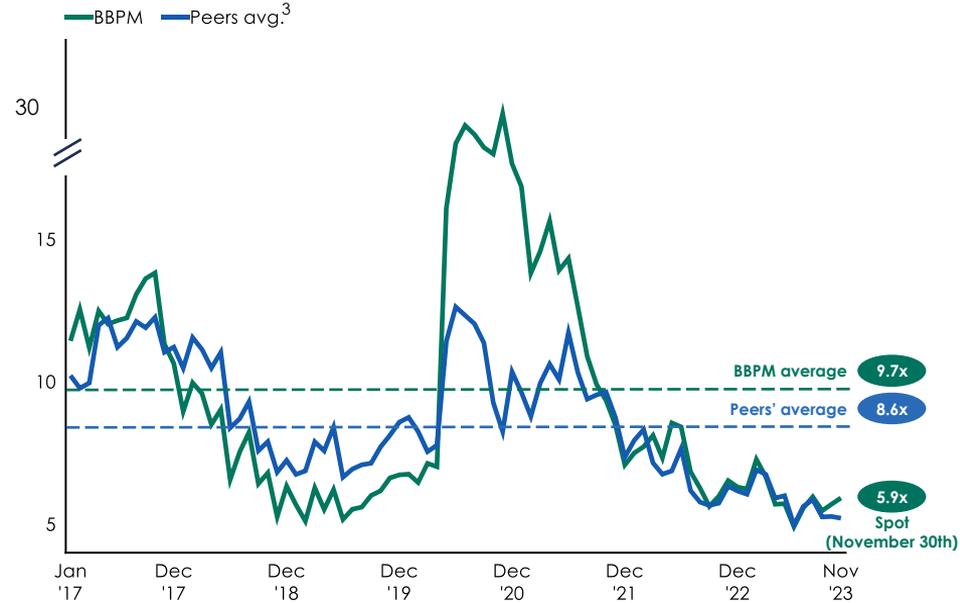
**ESG rating improvement**, with Sustainalytics score from 22.4 (Mid-Risk) to **15.7 (Low-Risk)** → among the **top-rated Italian banks**

# Best share price performance since merger, yet still room for growth.

## TOP 30 EU BANKS – SHARE PRICE PERFORMANCE JAN 2017 / NOV 2023<sup>1</sup>



## P/E<sup>2</sup>: SIGNIFICANT GAP VS. LONG-TERM AVERAGE

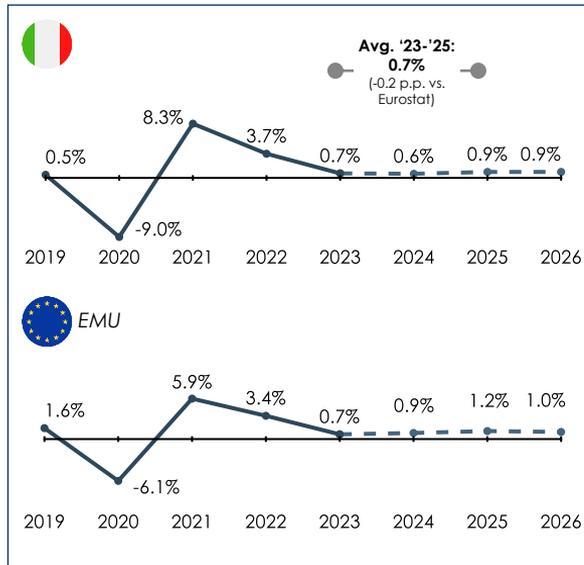


# 2023-26 Strategic Plan Financials

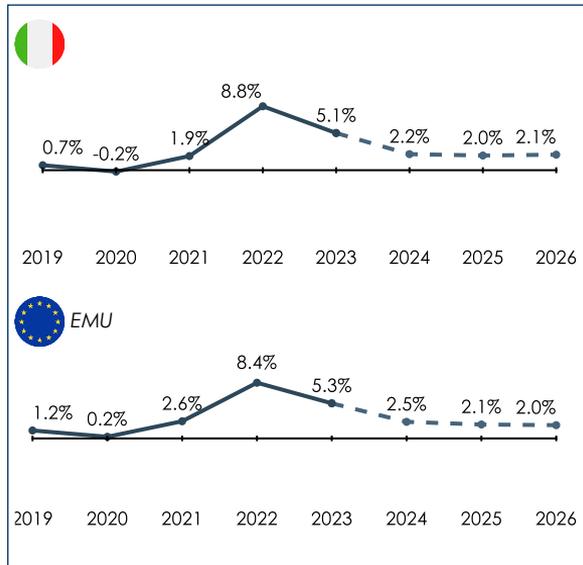
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# Main underlying macro-economic assumptions

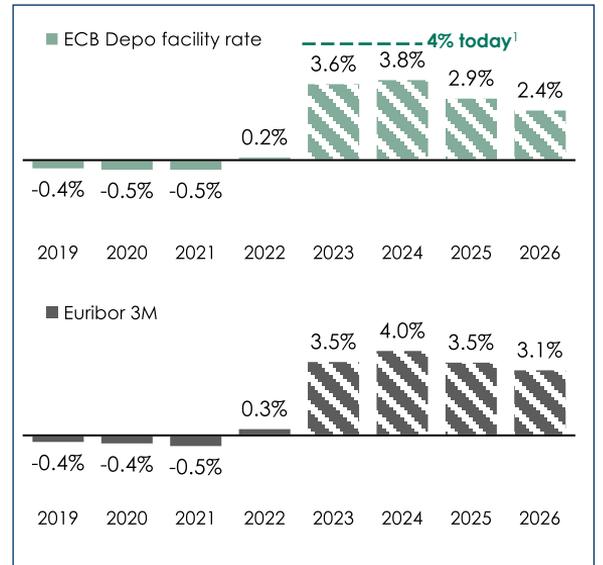
## GDP REAL GROWTH (YOY %)



## CONSUMER PRICE INDEX (YOY %)



## SHORT-TERM RATES (YEARLY AVERAGE)

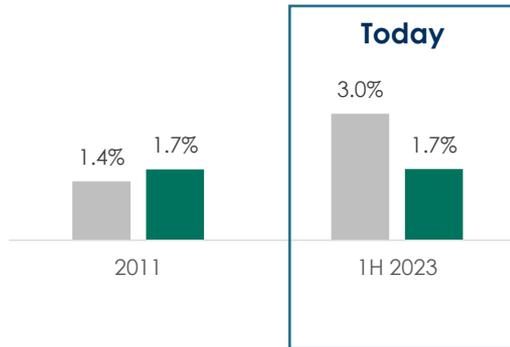


# Key opportunities from current market conditions

## CURRENT NII LEVEL ACHIEVED ALSO IN LOWER INTEREST RATE CONTEXT

Top Italian Banks by assets<sup>1</sup>

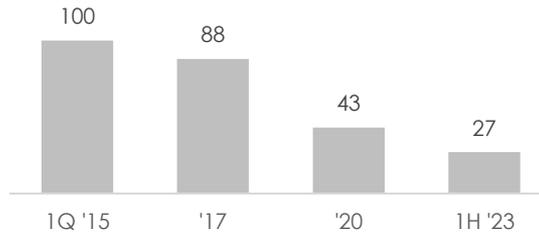
■ Average Euribor 3M ■ NII / Avg. Total assets



## ENHANCED CREDIT STANDARDS PREVENTING MAJOR DETERIORATION

- Today's **point of departure** is **stronger than ever**:

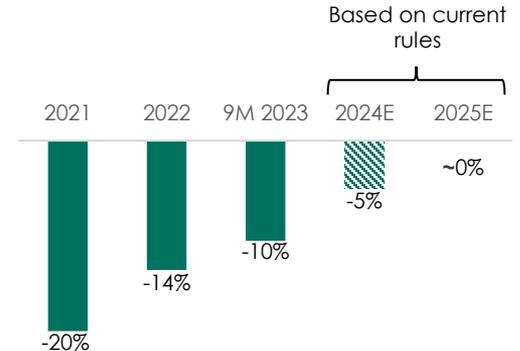
Italy<sup>2</sup> – Probability of default (weighted average) - Corporate & SMEs  
Indexed numbers (1Q 2015= 100)



- In recent years, Italian banks adopted **new credit management standards** guided by a strict **regulatory framework** and a rigorous **supervisory approach**

## SYSTEMIC CHARGES PHASING-OUT

Top Italian Banks by assets<sup>3</sup> - Impact of systemic charges on Net Income



# Raised P&L ambitions leading to top-level shareholder remuneration...

## Previous Plan: 2024 Targets

~€4.6bn Total Revenues	~53% Cost Income	48bps Cost of Risk
4.8% Gross NPE ratio	~€1.05bn Net Income	>9% ROTE <sup>1</sup>
~13.6% <sup>2</sup> CET1 ratio		



## New Plan: 2026 Targets

~€5.4bn Total Revenues	<50% Cost Income	~45bps Cost of Risk
~3.0% Gross NPE ratio	>€1.5bn Net Income	~13.5% ROTE <sup>1</sup>
~14% CET1 ratio		



**€4BN  
SHAREHOLDER  
REMUNERATION  
IN 2023-26**

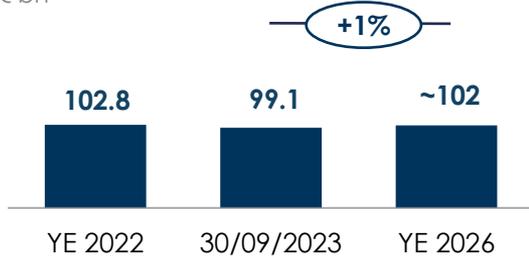
**Best in class:  
>50% of current  
Market Cap<sup>3</sup>**

# Volumes: back to loan growth, acceleration on indirect funding

○ CAGR 9M 2023-26

## CORE NET PERF. CUSTOMER LOANS

€ bn



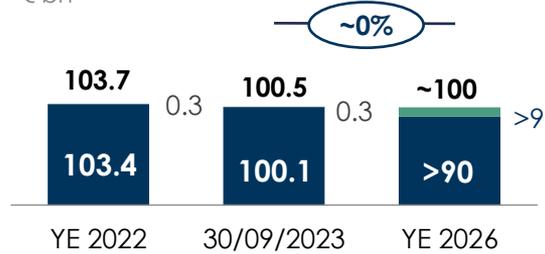
€ bn

### New Lending<sup>1</sup>



## C/A & CUSTOMER DEPOSITS

€ bn



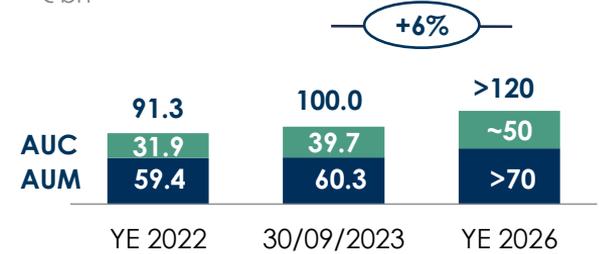
■ C/A & Sight Deposits

■ Time Deposits

Leverage on time deposits to stabilize overall level of retail funding

## INDIRECT FUNDING

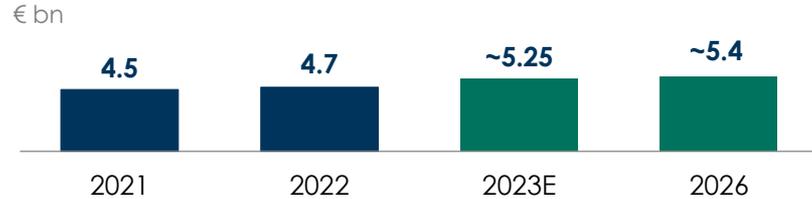
€ bn



€7.5bn Cumulative AuM Net Inflows in 2024-26, mainly driven by Life products

# P&L: targets to build further on our current growth trajectory

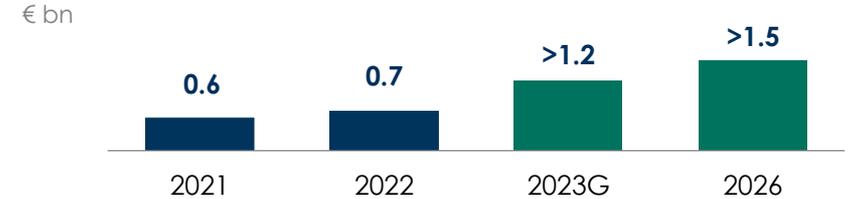
## TOTAL REVENUES



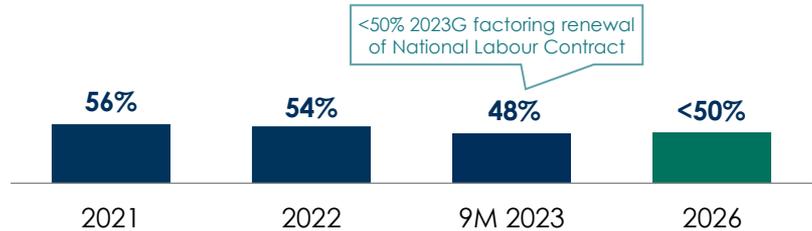
### O/w Key Product Factories



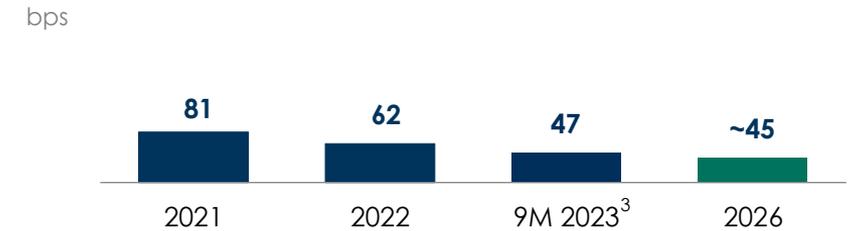
## NET INCOME



## COST / INCOME



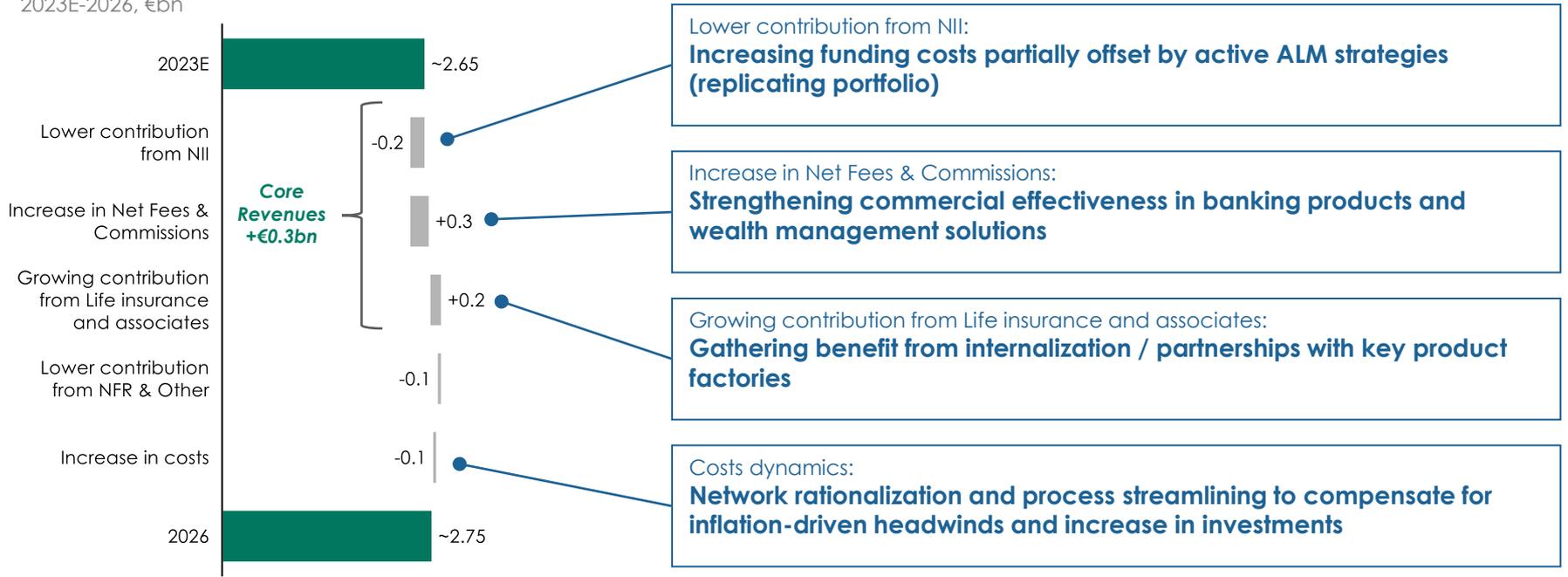
## COST OF RISK



# NII and Cost headwinds over-compensated by Fees and Associates

## PRE-PROVISION INCOME

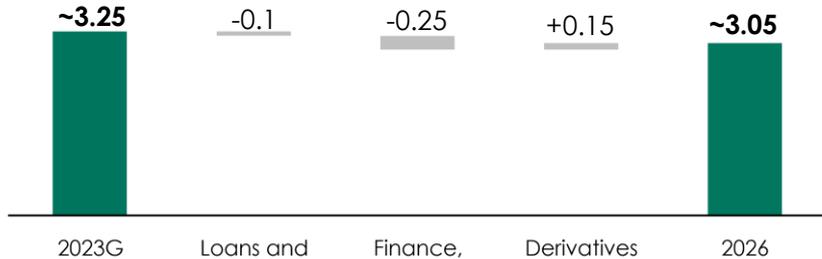
2023E-2026, €bn



# NII and Net Commissions: main evolution drivers

## COMPENSATING NII REDUCTION...

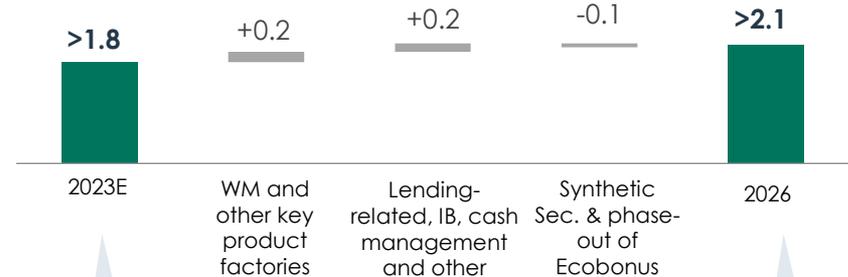
2023G-2026, €bn



- **-€0.3bn** from **customer deposits** (effect of time deposits), partially offset by **higher rates on new loans vs. back book**
- **-€0.4bn** from increase in **institutional funding**, after re-investment benefit
- **Securities portfolio optimization** leading to **+€0.2bn**
- **Benefit from increased size of replicating portfolio** (~ +€0.2bn), partially compensated by **other derivatives and contributors to NII**

## ... WITH HIGHER NET COMMISSIONS

2023E-2026, €bn



Of which net commissions from key product factories:

~€0.65bn  
2023G

~€0.85bn  
2026

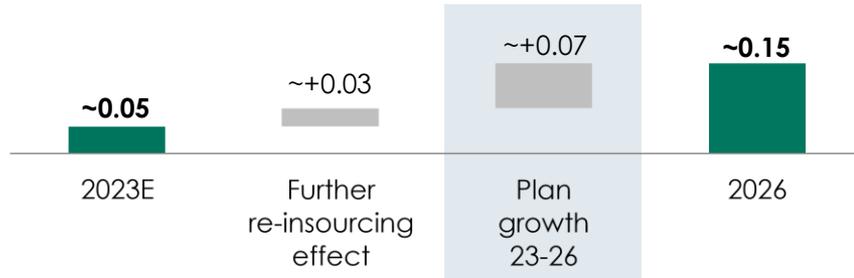
ANIMA + Agos + Bancass. Life + Bancass. P&C + PayCo

# Income from Life Insurance and Associates: main drivers

## INCOME FROM CONSOLIDATED (LIFE) INSURANCE

Bancass. Life

Contribution to Revenues  
2023E-2026, €bn



- More volumes for **higher share of Life** products **on AuM**
- Improved margins thanks to **value chain internalization**
- *Note: 2023 results of Life product factories affected by spike in interest rates; normalization / decrease of interest rates to impact positively in 2024-26 via higher CSM amortization*

## INCOME FROM ASSOCIATES

Contribution to Revenues  
2023E-2026, €bn



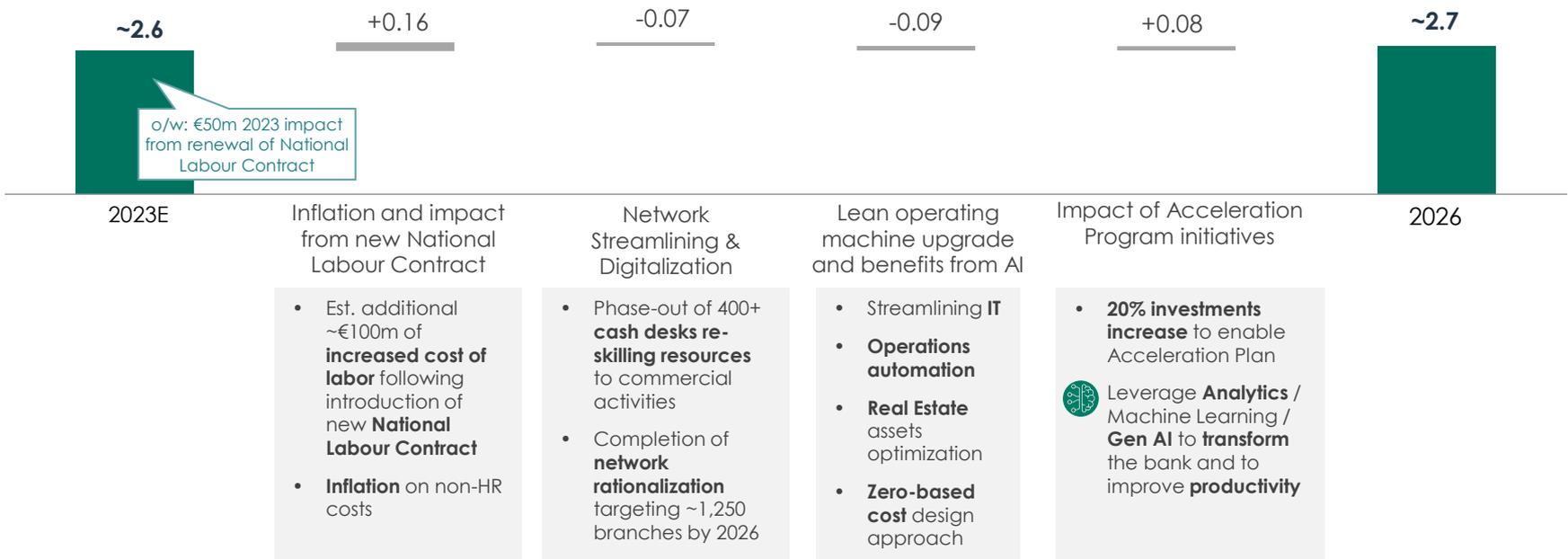
- **Largely (>90%) from key product factories:**

ANIMA + Agos + Bancass. P&C + PayCo

# Costs: further efficiencies to offset inflation and increase in investments

## COST EVOLUTION DETAILS

2023E-2026, €bn



o/w: €50m 2023 impact from renewal of National Labour Contract

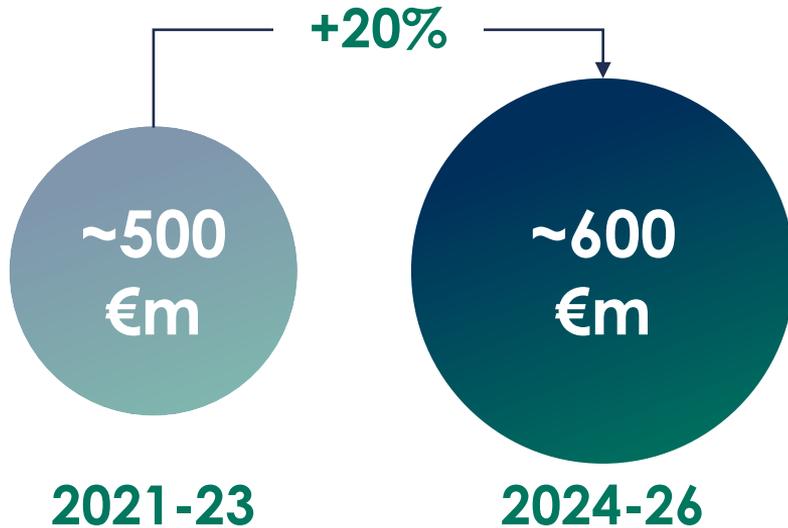
- Inflation and impact from new National Labour Contract**
  - Est. additional ~€100m of **increased cost of labor** following introduction of new **National Labour Contract**
  - Inflation** on non-HR costs
- Network Streamlining & Digitalization**
  - Phase-out of 400+ **cash desks re-skilling resources** to commercial activities
  - Completion of **network rationalization** targeting ~1,250 branches by 2026
- Lean operating machine upgrade and benefits from AI**
  - Streamlining **IT**
  - Operations automation**
  - Real Estate** assets optimization
  - Zero-based cost** design approach
- Impact of Acceleration Program initiatives**
  - 20% investments increase** to enable Acceleration Plan
  - Leverage **Analytics / Machine Learning / Gen AI** to **transform** the bank and to improve **productivity**

Including a new headcount reduction plan specifically for 2024-26 (~1,600 exits, ~800 new young hires)

# IT investment boost led by tech upgrade and digital innovation

## IT INVESTMENTS

Cum. 2024-26 vs. Cum. 2021-23, €m



## KEY INVESTMENT AREAS

-  **Digital tools** for RMs (e.g., WM advisory platform)
-  **Omnichannel solutions** for customer management
-  **Advanced Analytics** into **credit processes**
-  **AI/ Gen AI solutions**
-  **Technology modernization** and **cybersecurity**
-  **Operations automation**
-  **Regulatory compliance**



Supporting ESG strategy

# Distinctive track record in Asset Quality & Cost of Risk

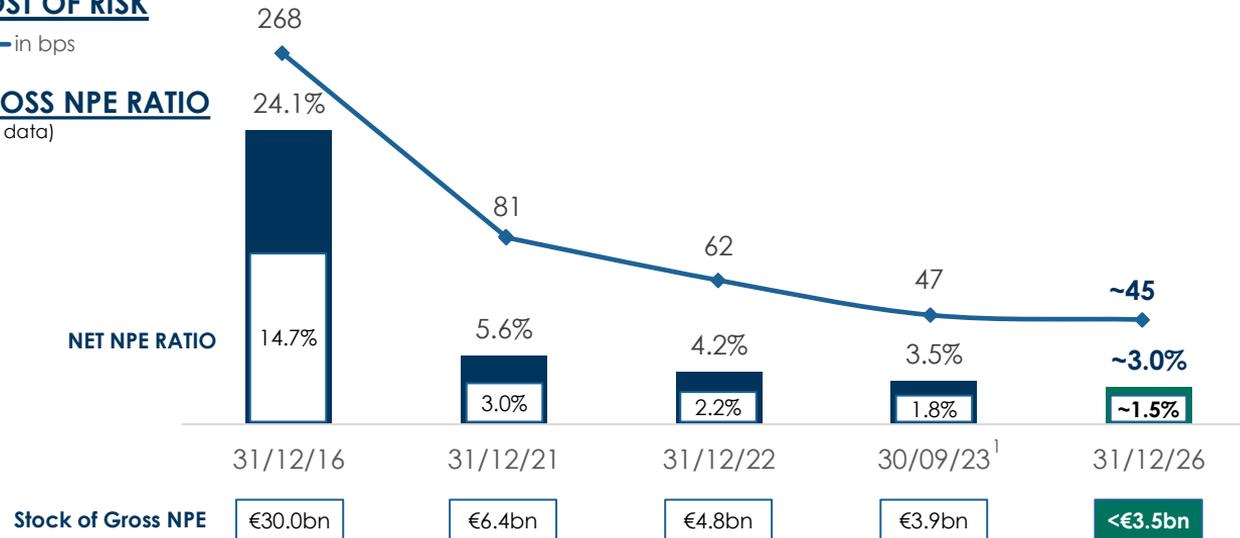
## IMPROVEMENT OF CREDIT RISK PROFILE CONFIRMED

### COST OF RISK

— in bps

### GROSS NPE RATIO

(EoP data)



### HISTORICAL PERFORMANCE DRIVERS:

- Enhanced loan portfolio quality
- Proactive **credit management**
- **Material de-risking** performed

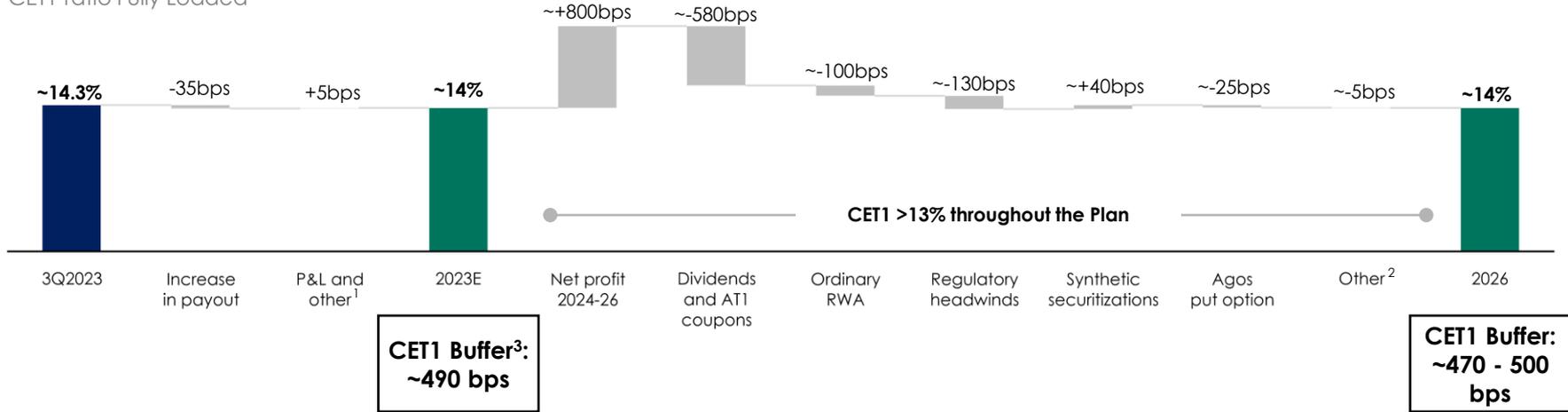
### 2023-26 PERFORMANCE DRIVERS:

- **Reinforcement of credit granting** & default prevention
- **Improved recovery performance** and extra workout capacity
- High share of **State guarantees in current book**

# Capital position not affected by increased shareholder remuneration

## CET1 RATIO EXPECTED EVOLUTION

CET1 ratio Fully Loaded



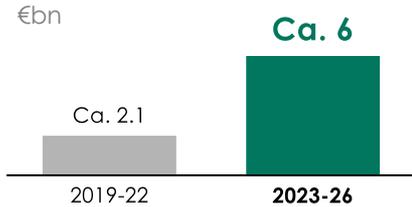
## LIQUIDITY AND FUNDING RATIOS

LCR and NSFR to be maintained well above the minimum requirements over the Strategic Plan horizon

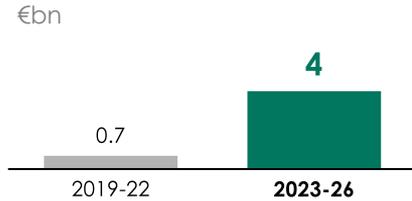
Solid buffer vs. MREL requirements to be preserved on a continuous basis

# Strong P&L enabling to boost shareholder remuneration

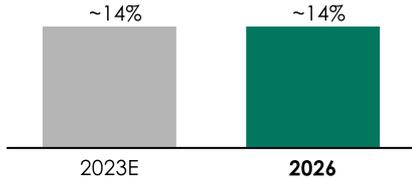
**3X  
NET INCOME**



**5X  
SHAREHOLDER  
REMUNERATION**



**STRONG CAPITAL  
POSITION  
PRESERVED**



## SIZEABLE 2023-26 REMUNERATION

- **>50%** current market cap<sup>1</sup>
- **~40%** TBV (9M 2023)

## OUTLOOK

- **Interim dividend** to be introduced in 2024
- From 2024 onwards, **form of remuneration (dividends / buyback)** to be re-assessed periodically
- **Further increase** in shareholder remuneration using **excess capital** to be considered **according to the full achievement of the plan targets**

## DIVIDENDS IN 2024

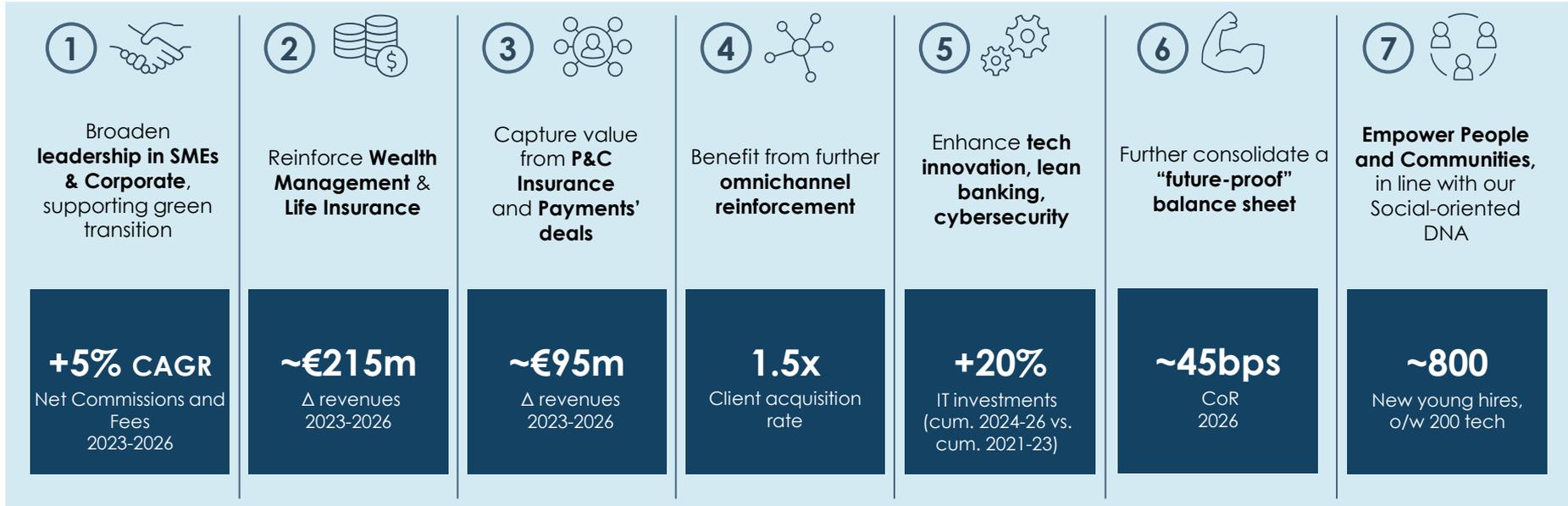
**~€1.3bn**  
o/w ~€0.75bn dividends on 2023 results

**~17%**  
of market cap<sup>1</sup>

# Performance Acceleration Program

---

# The seven pillars of our Performance Acceleration Plan



**SUSTAINABILITY FULLY INTEGRATED THROUGHOUT THE PLAN**

# Further developing the integration of our Sustainability strategy

## SUSTAINABILITY AMBITIONS EMBEDDED IN THE PLAN



**E**

- Supporting our clients in their transition path through advisory and commercial offering, paving the way for a **Net Zero Strategy**
- Strengthening the **management & monitoring of Climate & Environmental Risk**
- Keep on **reducing our own environmental impact**

>€10bn

Green & Low Transition risk  
new lending

(avg. P.Y. 2024-26)<sup>1</sup>

**CARBON  
NEUTRAL BY 2024**

For Net Scope 1&2  
emissions<sup>2</sup>



**S**

- Further enhancing our **People strategy, Generational change** and **Women empowerment**
- Strengthening our **leadership position as third sector lender**
- Confirming as a **top Community bank** with strong **impact on our local communities** (school and education-driven)

+20%

Women in  
managerial  
positions YE 2026  
vs. YE 2023

~€200m

New loans to  
third sector  
(2026)

~€5m

Donations &  
contributions for “E”  
and “S” projects

(avg. P.Y. 2024-26)



**G**

- **Short-term and Long-term incentive plans** for managers & employees confirmed **aligned with ESG targets**
- Supporting our **Digital transformation** with a strong **Privacy & Cybersecurity management**
- **Further enhancement** of **ESG risk measurement** framework, in coherence with the evolution of **external regulation** and **risks materiality**

~15%

Share of hirings of  
Cybersecurity specialists  
on total hirings of Digital &  
IT professionals (2024-26)

#200K

ESG training hours to  
employees in 2026

# SME & Corporate: a strong platform for further growth

Broaden leadership in SMEs & Corporate

Reinforce Wealth Management & Life Insurance

Capture value from P&C Insurance and Payments' deals

Benefit from further omnichannel reinforcement

Enhance tech innovation, lean banking, Cybersec

Further consolidate a "future-proof" balance sheet

Empower People and Communities

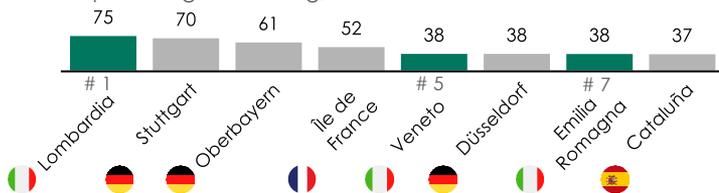
## WELL-ESTABLISHED IN CORE REGIONS OF ITALIAN ECONOMY

Top regions for Corporates and SMEs by market share<sup>1</sup>



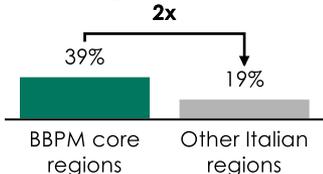
Gross value added – industrial production<sup>2</sup>

European Regions ranking, €bn

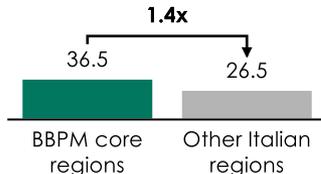


3 of BBPM core regions among the top 8 in Europe for industrial value added

Export of goods and services as % of GDP<sup>3</sup>

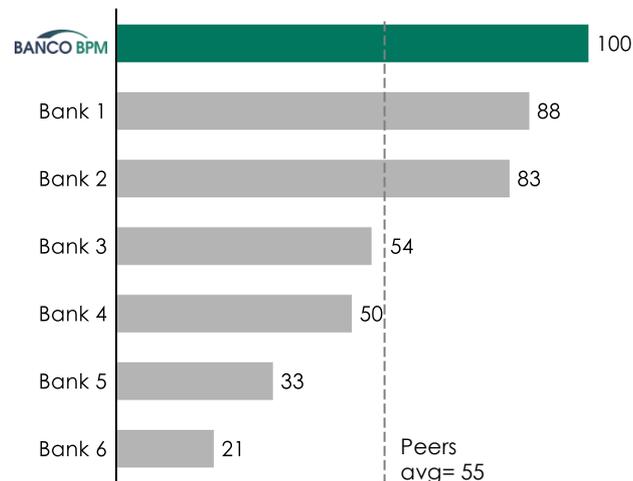


GDP per capita<sup>3</sup> €k



## PREFERRED PARTNER OF SMEs

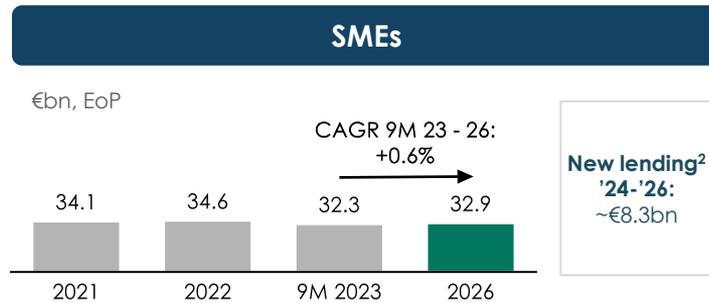
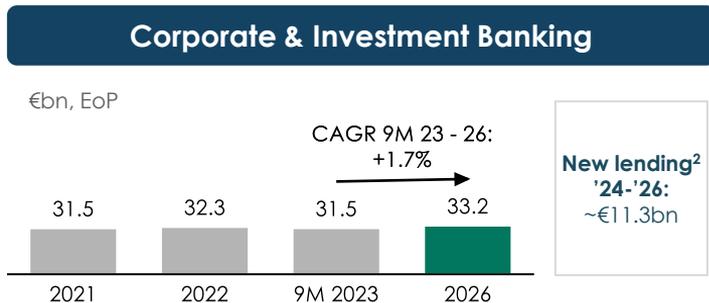
Net Promoter Score (Customer Satisfaction Index)<sup>4</sup>  
2022 – BBPM = base 100



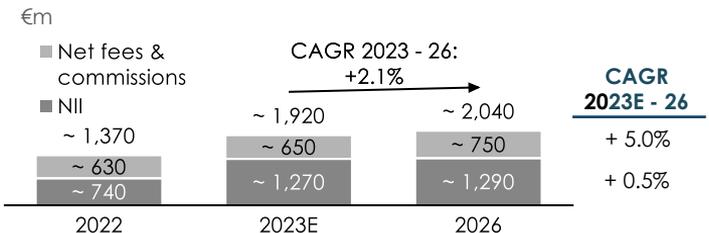
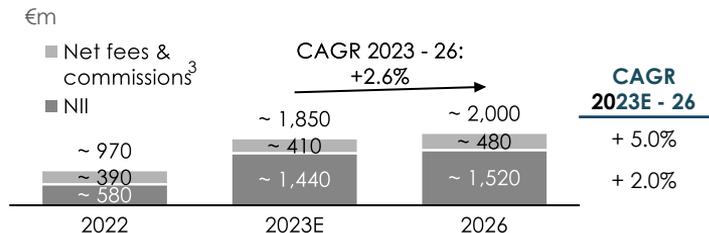
Notes: 1. Market share calculated on outstanding loans to SMEs and Corporates. 2. 2020 data. Southern Ireland not included due to a fiscal regime not comparable. 3. 2021 data. 4. Customer loyalty survey conducted by external research provider for BBPM on 22 Provinces where BBPM is located. Data refers to the top 7 banks in Italy by total assets (2022).

# Solid growth by 2026 to be mostly driven by Fees & Commissions

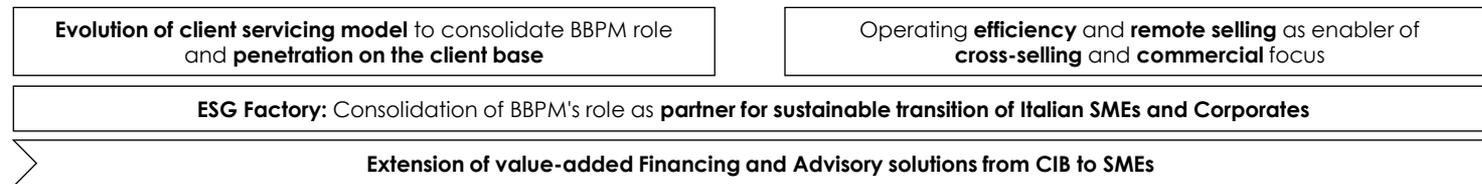
## Loans to customers<sup>1</sup>



## Core revenues



## Strategic priorities



# Corporate & Investment Banking: a tailor-made service model

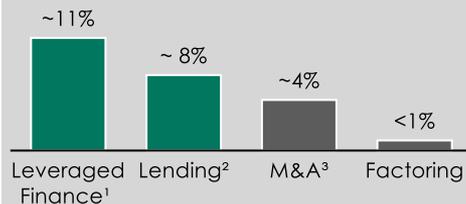
## A ROBUST MODEL WITH GROWTH POTENTIAL

BBPM distinctive identity in the mid-corporate market...



...with still room for growth in specific clients and business areas

Market Share (internal estimate)




## THREE MAIN PRIORITIES OF ACTION

### ADVANCED CUSTOMER SERVICE MODEL

- **Relationship Managers** focused on **Key Clients** and portfolios optimization
- Dedicated effort on **clients with additional potential** through evolution of segmentation
- **Advanced industry coverage:** Infrastructure (PNRR), PowerGen, Private Equity,...

### OFFER SCALE UP

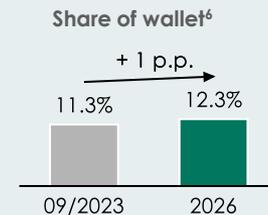
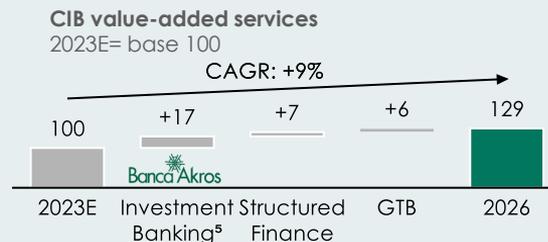
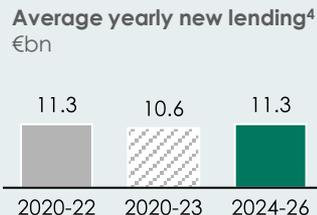
- **Banca Akros full potential:** origination synergies on BBPM's client base, expansion of investment products offering and sales business unit set-up
- **Supply Chain Finance:** specialists, products, digital platform, growth via M&A of specific target (including fintech)

### BROADEN LEADERSHIP

- **Originate to Share** as enabler of growth in Structure Finance Business
- **Global Transaction Banking digitalization** with Artificial Intelligence-driven solutions for economies of scale

← Specific focus also on **growth in Large Corporate value-added business** (i.e. capital markets / bond issuances) leveraging BBPM investment grade rating as enabler →

### Key targets



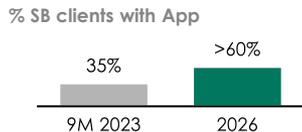
Notes: 1. Market share calculated on deal value, based on disclosed data (2022). 2. Market shares relative to Corporate and SMEs. 3. Market share calculated on deal value, based on disclosed data of transactions between €10m and €250m (11M 2023). 4. M/L-term loans (Sec. and Unsec.), incl. revolving. 5. Include growth on net commissions and net financial result. 6. Data refers to corporate clients, share of wallet calculated on drawn credit lines. Sources: Assifact; Mergermarket; Bank of Italy.

# SMEs: differentiated approach based on Digital and 360° Advisory

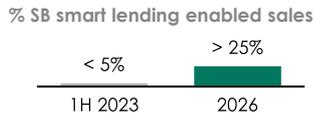
## STRATEGIC PRIORITIES

**Small and micro business<sup>1</sup>:** digitalization and simplification as growth enablers

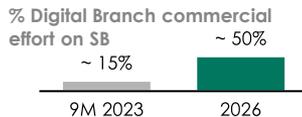
- New digital solutions:** new App and Remote Banking enabling a best-in-class experience in transactional services and omnichannel sales



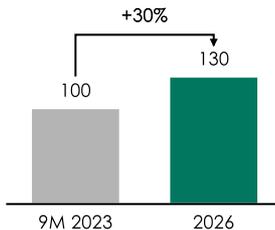
- Smart and digital lending:** automated decision and remotized journeys on selected credit products by year-end 2024



- SME remote sales development:** dedicated workforce in Digital Branch with full suite of products remotely available



**% RMs' effort on commercial activities<sup>2</sup> 9M 2023= base 100**

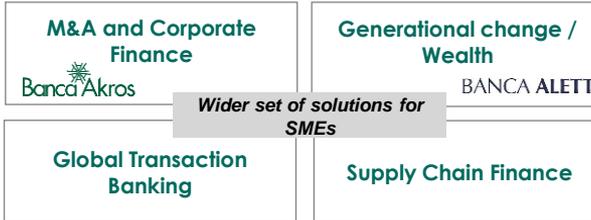


**EXAMPLES OF AI/GENERATIVE AI USE CASES**

- Smart Lending based on advanced credit scoring
- Co-piloting Digital Branch customer support

**SMEs BBPM** 360° advisory with complete value proposition

- Expansion of today's coverage of 70 **SME business centers** with targeted openings in high-potential areas
- Further exploit synergies** with product factories, CIB, Akros and Aletti
- Agribusiness dedicated solutions:** specialized offering and proximity



## AMBITION 2023-2026

**+€100m**  
Growth in net fees and commissions  
+5% CAGR 2023-26 vs +3% growth 2022 - 23

~50% P&C Insurance  
Payments services  
Trade Finance  
Fees from AuM

~50% Lending related-fees, current accounts, others

# ESG Factory for corporates and SMEs: supporting sustainable transition



## Corporate and Enterprises journey for sustainable transition

### 1 ESG training: increase skills and awareness on sustainability

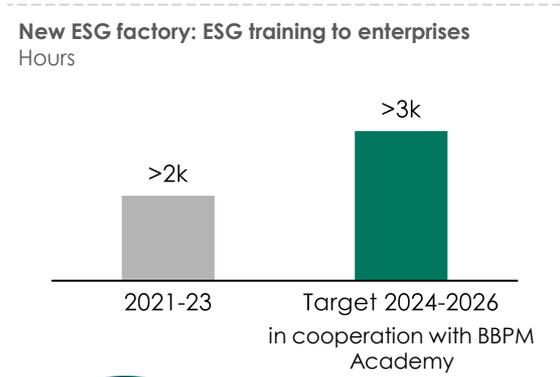
### 2 ESG advisory: identification of needs and solutions

### 3 ESG offering: support for operating model sustainable transformation

- 2024-26 BBPM initiatives**
- **ESG training to enterprises: workshops and educational initiatives** for both clients and prospects
  - Increase the number of **ESG-skilled RMs**
  - Provide clients with **support for ESG self-assessment**

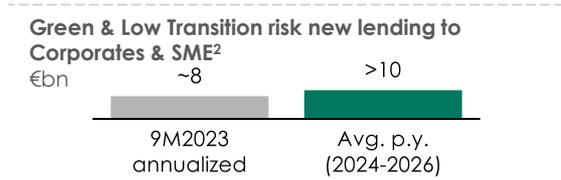
- Full rollout of an **ESG diagnostic tool** for ESG integration into **credit policies, accompanying customers in their green transition**
- Gap analysis and **ESG advisory**
- **Partnerships with an ecosystem of ESG solutions providers**

- **Sustainable finance:** full suite of sustainable products including taxonomy-aligned solution aimed to finance specific initiatives
- **Physical risk assessment and offering of protection solutions**



**By 2026 all credit approvals** of Corporate and Enterprises in high emission sectors<sup>1</sup> and Large corporate clients **completed with a ESG diagnostic tool**

vs. ~50% @9M2023



**NZBA target setting**

On priority sectors<sup>3</sup> **By 3Q24**

All other sectors **By 2026**

**SBTi commitment**

**By 1Q24**



# Wealth Mgmt: building on recent progress to further exploit our potential

Broaden leadership in SMEs & Corporate

**Reinforce Wealth Management & Life Insurance**

Capture value from P&C Insurance and Payments' deals

Benefit from further omnichannel reinforcement

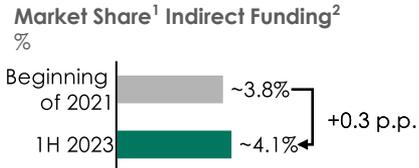
Enhance tech innovation, lean banking, Cybersec

Further consolidate a "future-proof" balance sheet

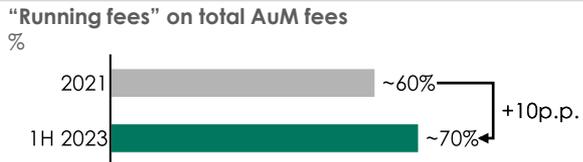
Empower People and Communities

## POSITIVE EARLY RESULTS FROM THE TRANSFORMATION ACTIVATED ON WEALTH MANAGEMENT

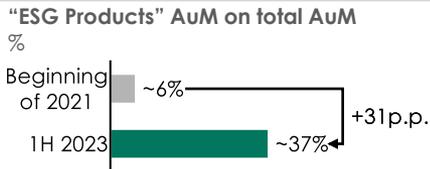
Growing market share on indirect funding



Fees mix now more resilient to downturns



Growing share of ESG products



Notes: 1. BBPM actual data compared to Bank of Italy reports on Italian Banking System. 2. Excluding Cap. Protected Certificates from AUC. 3. "Core" direct funding + indirect funding.

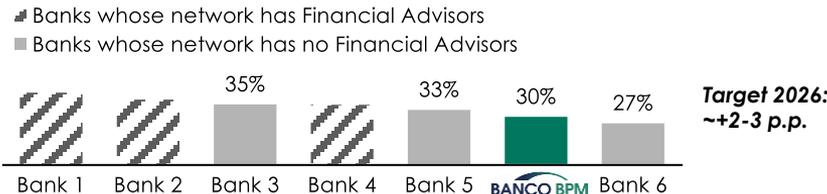
Sources: Bank of Italy; Peers Annual Reports.

## STILL SIZEABLE RESIDUAL POTENTIAL

Market Share<sup>1</sup> – 1H 2023  
%



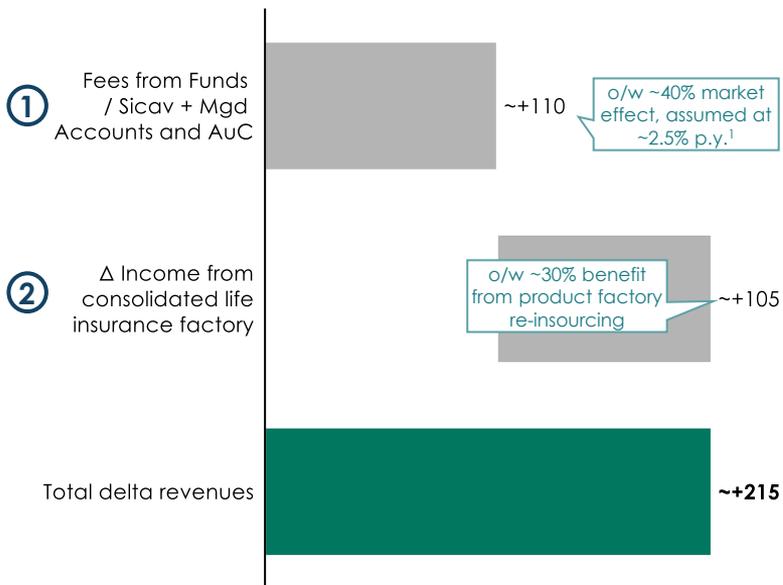
Share of AuM on total customer funding (excl. Certificates)<sup>3</sup> – 1H 2023  
%



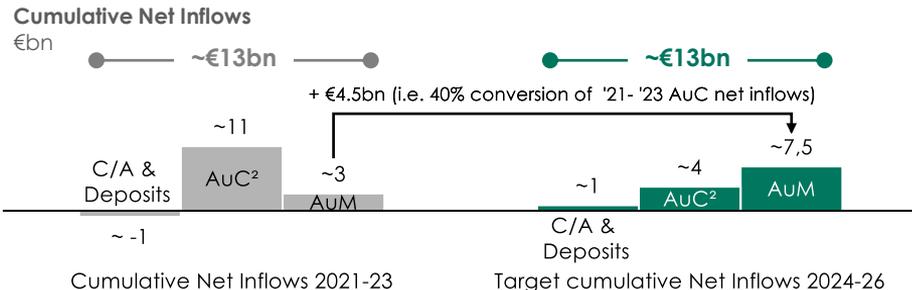
# AuM growth and life insurance factory support ~€215m revenue up

## TARGET ~ +€215M OF REVENUES: HOW TO REACH IT

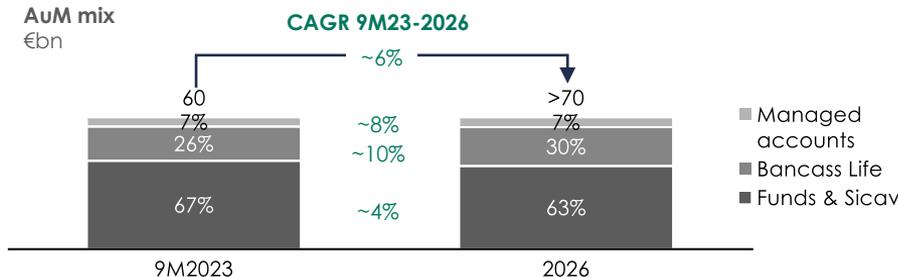
Delta revenues 23-26 from Wealth Management and Life Bancassurance  
€m



### ① Supported by decrease in interest rates, focus is to convert into AuM ~40% of AuC gathered since '21



### ② Increased commercial focus on Bancassurance Life products now fully insured



# Affluent: four key priorities to enable AuM growth

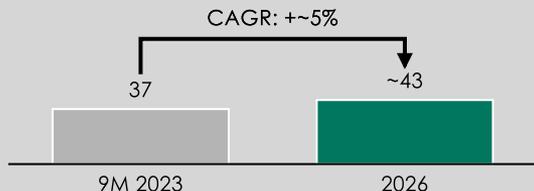
## AFFLUENT SEGMENT KEY FIGURES

Affluent share of AuM on Total BBPM Group

>60% of total

### Target

Affluent segment AuM  
€bn



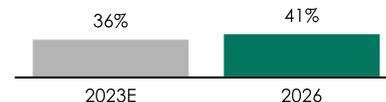
## KEY INITIATIVES

- Differentiated proposition for Upper & Lower Affluent, also providing a **dedicated RM to >180k clients** (~+40% clients with dedicated RM)
- Better reach outside branches thanks to enablement of **off-premise sales** and **completed remote offer**
- **Group-wide unique WM platform**
  - fungible across channels (remote and off-premise),
  - modular (basic & advanced)
-  **AI-powered** (Robo4Advisory, CRM-integrated, ...), increasing RM productivity
-  Strengthening of **ESG advisory** and enhancement of the **ESG products range** (also by exploiting Life-Bancass in-house product factories)

## PRIORITIES AND OBJECTIVES

### IMPROVED PENETRATION TO LOWER END OF CLIENTS

Share of AuM on total customer funding – Clients with TCF <€200k (%)



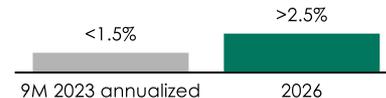
### INCREASED REACH TO CLIENTS IN WORKING AGE

Share of AuM on total customer funding – Under 65 clients (%)



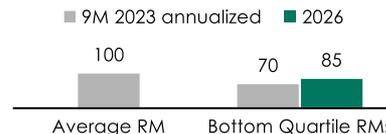
### BETTER ACQUISITION RATE

Acquisition rate (%)



### CONSISTENCY OF RMs' COMMERCIAL PERFORMANCE

WM fees on total customer deposits - Bottom quartile RMs vs. average RM (base 100)





# Private: three key priorities to enable Banca Aletti further growth

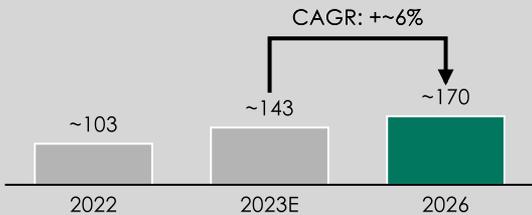
## PRIVATE SEGMENT KEY FIGURES

Private share of AuM of Total BBPM Group

~20% of total

### Target

Banca Aletti Revenues  
€m



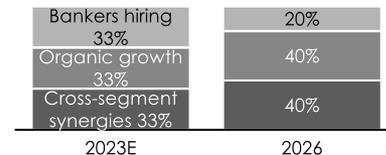
## BANCA ALETTI KEY INITIATIVES

- Group Cross segment synergies**  
 empowerment and extension (SMEs, Corporate, Institutional)
- Wealth Management Advisory Platform** (same as per Affluent – as previously illustrated)
- New ESG WM solutions enhancement, penetration and internalization** (BA3 Sicav, Managed accounts, Paid advisory, Insurance solutions, Digital solutions)
- Dedicated model and proposition for Entrepreneurial families & HNWI**, jointly with **CIB Group, Aletti Fiduciaria and Aletti Suisse** (dedicated illiquid services and solutions in Switzerland and Luxembourg)

## PRIORITIES AND OBJECTIVES

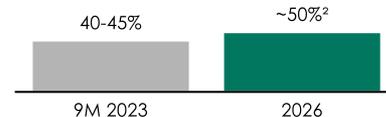
### POLARIZATION OF GROWTH ON INTERNAL ACTIONS

Net inflows by source (%)



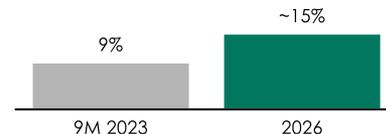
### SHARE OF BUSINESS FROM UPPER-END CLIENTS<sup>1</sup>

Share of TCF from upper-end clients on total TCF



### PENETRATION OF PAID ADVISORY ON AUC

Share of AuC with paid advisory on total AuC (%)



# ~+€95m revenues from deals in P&C Insurance and Payments

Broaden leadership in SMEs & Corporate

Reinforce Wealth Management & Life Insurance

**Capture value from P&C Insurance and Payments' deals**

Benefit from further omnichannel reinforcement

Enhance tech innovation, lean banking, Cybersec

Further consolidate a "future-proof" balance sheet

Empower People and Communities

## Payments deal announced on 2023 July 14<sup>th</sup>

- Banco BPM, Gruppo BCC Iccrea and FSI have underwritten a binding agreement for the creation of a **strategic partnership**
- The agreement provides for the **assignment into the joint venture of Banco BPM's payments activities**, for a mixed consideration based on **cash and shares** (28,6% of JV): **tot €500m** immediate + **additional max amount of +€100m**
- The Bank will be able to **preserve the current commission margins**, while **fully benefiting from their growth**, as well as from the **contribution of the profits expected from the JV** and its potential **accretion in the value of its equity investment**

Closing by 1Q 2024

## P&C deal announced on 2022 Dec 22<sup>nd</sup>

- CAA's acquisition of **the 65% stake in Banco BPM Assicurazioni S.p.A.** and, subject to the repurchase by Banco BPM of the stake currently held by Cattolica Assicurazioni, **of 65% in Vera Assicurazioni**
- Launch of a **20-year commercial partnership in the Non-Life/Protection sector** which will have as its objective the **distribution of insurance products to be placed by both the Banco BPM Network and part of Agos Network**

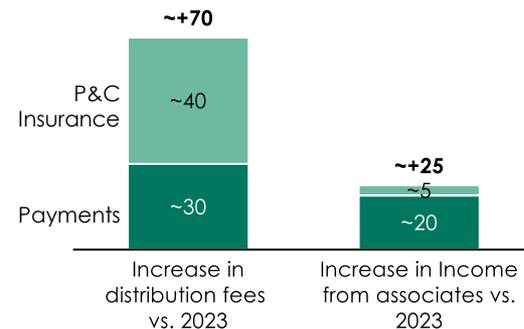
Closing by 2023

## P&C AND PAYMENTS GROWTH 2023-26

- Additional value** from last 12 months' deals comes from both an **increase in fees as well as profit as shareholders**

~€95m of value for the Acceleration Plan

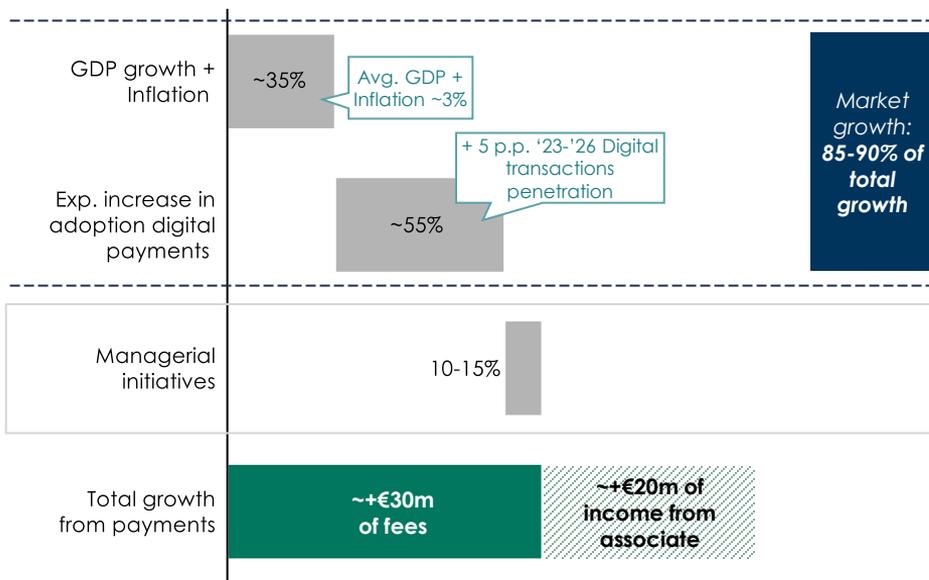
Δ 2023-26 (€m)



# Expected growth in Payments mainly driven by market dynamics

## EXPECTED PAYMENTS FEES GROWTH BY DRIVER

Delta fees 2023-26 from Payments



## INITIATIVES DETAILS

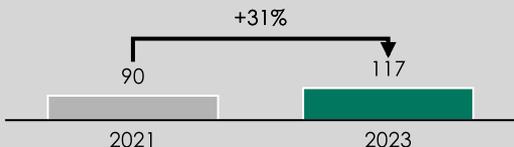
Product penetration initiatives	Cross-sell / Up-sell initiatives
<ul style="list-style-type: none"> <li>• <b>Marketing</b> and <b>Commercial</b> jointly dedicated <b>investments</b></li> <li>• <b>Additional salesforce</b> to develop <b>LAKA/ Corp.</b> clients</li> <li>• <b>Personalized offers</b> on high potential customer clusters</li> <li>• <b>Leverage</b> on relaunched BBPM's <b>customer base growth</b> ambition</li> </ul>	<ul style="list-style-type: none"> <li>• Up-sell: Focus on <b>Smart POS, premium cards</b> for <b>business segment</b> and <b>digital/mobile payments</b></li> <li>• Cross-sell: Focus on <b>pushing VAS</b> enabled by the new platform (i.e., <b>Soft Pos</b>; other specific <b>SME, small and micro businesses</b> services)</li> </ul>

Full deployment within 1 year from closing

# P&C proposition to leverage on best-in class partnership with CAA

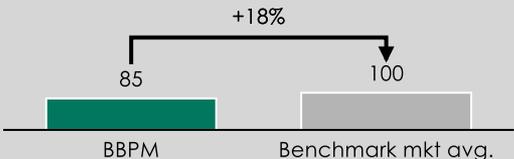
## 1. Commercial focus is delivering early results

Daily Average premiums for Standalone Policies – Retail (€k)



## 2. Still sizable potential to grasp

Product penetration Individuals – P&C Insurance (Benchmark Base 100, EoY2022)



## 3. Sustained market growth expected

Growth P&C Italy CAGR '23-26' (%)

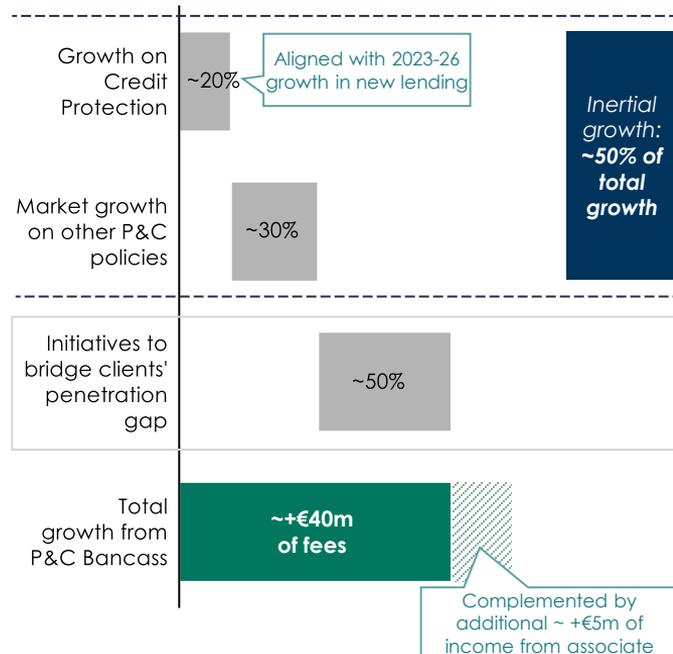
**+4.3%**

CAGR Bancass vs. other channels '16-22<sup>2</sup>

**>3x**

## EXPECTED GROWTH OF P&C FEES BY DRIVER

Delta fees 2023-26 from Bancassurance P&C



## INITIATIVES DETAILS

TOOLS	<ul style="list-style-type: none"> <li>New specific <b>'check-up'</b> tools to map <b>customer needs</b> and <b>insurance gap</b> to stimulate adoption</li> <li>Full integration of the <b>insurance offer and commercial routines</b> into <b>new Wealth Management platform</b></li> </ul>
NETWORK	<ul style="list-style-type: none"> <li>Exploitation of the newly set-up <b>dedicated Bancassurance Protection commercial organizational unit:</b> <ul style="list-style-type: none"> <li><b>+130 FTEs</b> (of which +120 FTEs dislocated across the regions)</li> <li>Continuous <b>specialized training program</b></li> </ul> </li> </ul>
PRODUCTS	<ul style="list-style-type: none"> <li><b>Leveraging on CAA international capabilities</b> to build a <b>new state-of-the-art products and services catalogue</b></li> </ul>

# Fostering clients' proximity with empowered omnichannel approach

Broaden leadership in SMEs & Corporate

Reinforce Wealth Management & Life Insurance

Capture value from P&C Insurance and Payments' deals

**Benefit from further omnichannel reinforcement**

Enhance tech innovation, lean banking, Cybersec

Further consolidate a "future-proof" balance sheet

Empower People and Communities

## KEY RESULTS ACHIEVED

	2019	9M 2023
Clients with App / total clients <sup>1</sup> (%)	30%	<b>57%</b>
Mobile APP trx <sup>2</sup> (%)	7%	<b>22%</b>
Physical Branch trx <sup>2</sup> (%)	26%	<b>15%</b>
Omnichannel sales / total sales <sup>1</sup> (%)	11%	<b>39%</b>
o/w fully Remote <sup>3</sup>	4%	<b>17%</b>
Commercial contacts of Digital Branch <sup>1</sup> (%)	6%	<b>55%</b>
# branches	~1,727	<b>~1,358</b>
#cash desks	~3,350	<b>~1,900</b>
# self + smart assistance / total inbound interactions <sup>1</sup> (%)	36%	<b>75%</b>

## KEY FOCUS IN THE LAST YEARS

### CLIENT DIGITALIZATION

- Focus on '**digital identity**' as key enabler for paperless processes
- Continuous enrichment of **Mobile App** for **Individuals** and **SME** clients

### SALES DIGITALIZATION

- **Remotization of key retail product journeys and services**
- Customer **engagement** with an **omnichannel approach**

### NETWORK STRUCTURE TRANSFORMATION

- Steady **reduction of branches and cash desks** in line with increased customer digitization
- Customer Center transformed into **Digital Branch<sup>4</sup>**, with inbound optimization via **self/smart assistance**

## PRIORITIES BY 2026

1 Digital client activation program

2 Omnichannel advisory transformation

3 Network transformation 2.0

4 Acquisition program and Webank scale-up

5 Digitalization for SMEs (already covered in the first pillar section)

New

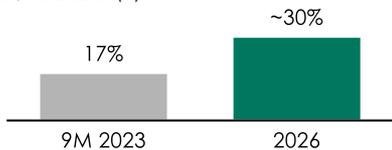
# Leading edge ambition on current omnichannel initiatives

~€70m expected cost saving

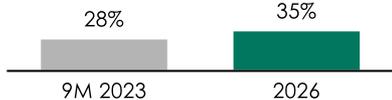
## 1 Digital client activation program

- Extension of **self / digital product offering**
- **Digital Sales & Marketing boost program**
- Completion of **Marketing Automation platform** (es. real-time engagement of clients)

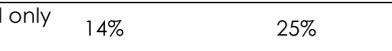
Fully remote<sup>1</sup> sales / total sales<sup>2</sup> (%)



Clients with at least 1 purchase in last 12 months (%)



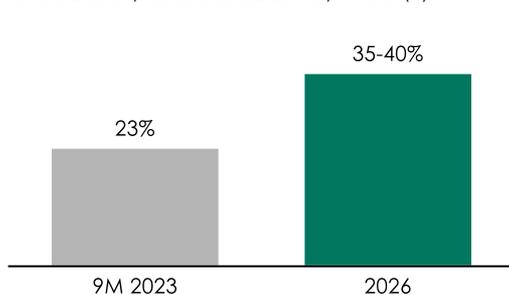
O/w digital only customers<sup>3</sup>



## 2 Omnichannel advisory transformation

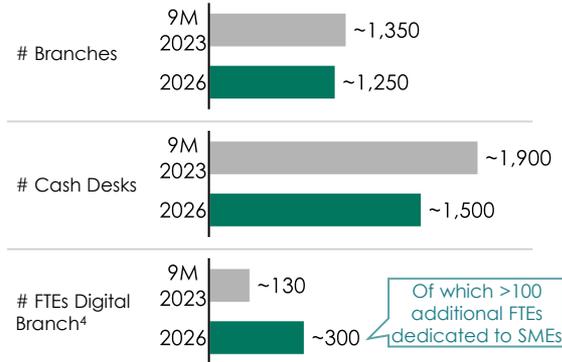
- **Extension of omnichannel advisory solutions** (i.e. Digital-Off-premise; *In-app*-videocollaboration)
- Integration of **WM advisory platform** into Advanced **CRM/ Marketing automation** tools
- Upgrades to **retail RMs front end**

Remote and off-premise financial advisory services (%)



## 3 Network transformation 2.0

- **Further** reduction of branches and cash desks (opened only half day), also thanks to **~500** new **state-of-the-art** advanced **ATM machines**
- **In-branch digitalization program** (digitalization of network workforce and CX in-branch)
- **Further growth/commercial impact of Digit. Branch**

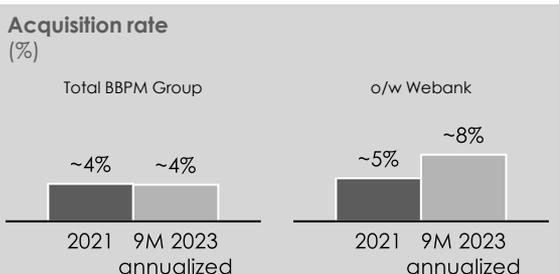


### EXAMPLES OF AI/GENERATIVE AI USE CASES

- **Personalization and funnel optimization** of digital marketing contents
- **Co-piloting** of financial advisory
- Digital Branch **in/outbound flow optimizer**

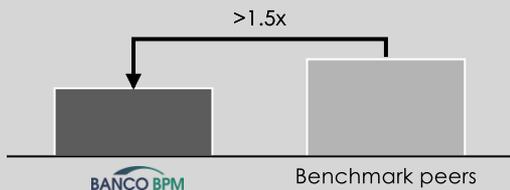
# Acceleration of customer acquisition to sustain deposit volumes

## ROOM TO IMPROVE ACQUISITION RATE (ALSO LEVERAGING WEBANK)



**NOTE: Limited / no initiatives rewarding bank account openings in the last 3Y**

Acquisition rate of Individuals - Avg. 2021-23<sup>1</sup> (%)



④

## MAIN PRIORITIES TO REVAMP ACQUISITION RATE AND DEFEND CURRENT LEVEL OF DEPOSITS

### RETAIL ACQUISITION PROGRAM

- Improvement to **retail onboarding process**
- **Promo initiatives on direct funding** / launch of acquisition engine
- **Cross-selling offers** with **dynamic pricing solutions**
- **Branch refocusing** initiatives and **digital marketing support**



#### AI/GENERATIVE AI USE CASE

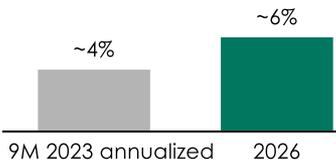
Digital advertising & commercial promo optimization

### UPSCALE WEBANK

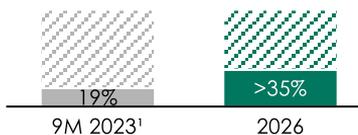
(~+30% of Webank customers)

- Revamp of **Brand Awareness / digital advertising**
- Selective **deposit remuneration offers**
- Introduction of remote **financial advisory with Digital Branch**
- **Offer extension** (e.g. Agos products, Protection, ...)

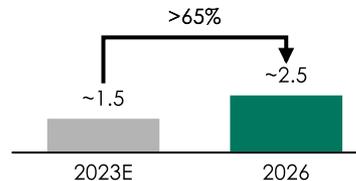
BBPM Group acquisition rate (%)



Retail clients acquired online / total acquired retail clients (%)



Deposits from clients acquired in calendar year (€bn)



AI/GEN AI  
Customer Life-Time Value models

Integrated by a **New Customer Value Management approach** to improve retention through personalized caring initiatives

# IT platform: a new journey based on four key priorities

Broaden leadership in SMEs & Corporate

Reinforce Wealth Management & Life Insurance

Capture value from P&C Insurance and Payments' deals

Benefit from further omnichannel reinforcement

Enhance tech innovation, lean banking, Cybersec

Further consolidate a "future-proof" balance sheet

Empower People and Communities

**Merging into one**  
2017 - 2019

**New digital-enabled backbone**  
2020 - 2023

**Scale-up adoption & accelerate**  
2024 - onwards

**Merging of different IT systems / operations** into a single one in 2017 (first year of the merger), further **integration of specialized banks** (Aletti, Akros, ...) & **branches optimization**

Adoption of a **fully digital front-end**, development of a **new back-end framework**, **data center consolidation** (from 5 to 2)



**Adoption of cloud, leveraging on our new "agile" architecture**



**Reinforce our commitment on cybersecurity**



**Strengthening of key competences**



**Adoption of AI & Generative AI**

**Achieve digital excellence leveraging on faster, more innovative, efficient & secure IT**

# Higher IT investments with an improved “mix” towards transformation...

Investing more and better while becoming faster, more efficient, secure & resilient



Achieve digital excellence leveraging on faster, more innovative, efficient & secure IT



**Embrace cloud and adopt new agile architecture** to access best-of-breed technologies & speed up innovation

**>60%** web banking transactions processed on cloud



**Internalize key competencies** to improve our delivery model

**200+ professionals** with key technical skills<sup>1</sup>; of which ~15% for cybersecurity



**Strengthen our defenses & improve our operative resilience**

**+20% investments on cyber in 24-26** vs. 21-23 plan



**SHIFT FROM “RUN” TO “CHANGE”**

~5 p.p.

Share of overall IT cash out<sup>2</sup> re-directed from “running the bank” to “changing the bank” (24-26 vs. 21-23)

**INCREASE SPEND ON BUSINESS-LED INITIATIVES<sup>3</sup>**

~5 p.p.

Share of overall IT investments re-directed to “business-led” initiatives<sup>3</sup> (24-26 vs. 21-23)

# AI @ Scale to transform our way of doing business

Pushing innovation throughout the Group leveraging on **Advanced Analytics, Machine Learning & Generative AI** with a **Group value-driven strategy**



Generate **value** from AI on the entire value chain ...



**Higher commercial productivity**  
(revenues)

e.g., AI data-driven advisory, marketing customization, flow optimizer for Digital Branch...



**Improved efficiency**  
(costs)

e.g., streamlined operations, leaner internal helpdesk, ...



**Better governance & risk posture**

e.g., faster & better credit decisions, improved compliance. ...



**~30 new use cases** released by 2026 of which **~30% adopting generative AI**

...thanks to a **clear strategy / framework**

**Value-driven prioritization** of use cases

**Hub & Spoke service model** enabled by **AI Centre of Excellence**

**State-of-the-art AI environment** with advanced built-in features: new data lake, cloud-native, privacy by design, dedicated data governance ...

**~25% of additional investments** focused on AI

# Operations efficiency, cost control, lean banking, greener footprint

## KEY INITIATIVES

## BENEFITS

<p><b>ICT</b></p>	<ul style="list-style-type: none"> <li>• <b>Vendor &amp; contract optimization</b></li> <li>• <b>Technical improvements</b> e.g., consumption reductions, outdated hardware decommission, ...</li> </ul>	<p><b>15%</b> Cash out savings vs. ICT 2023 baseline</p>
<p><b>Operations</b></p>	<ul style="list-style-type: none"> <li>• <b>Back-office automation</b> with Robotic Process Automation (RPA), AI &amp; Generative AI</li> <li>• <b>Simplification / revision of internal processes and internal procedures</b> to enable the operating transformation</li> </ul>	<p><b>20%</b> Ops productivity increase</p>
<p><b>Real Estate</b></p>	<ul style="list-style-type: none"> <li>• <b>Reduction of non-instrumental assets and working spaces optimization</b></li> <li>• <b>~20% reduction</b> in 2026 vs. 2022 <b>in power consumptions</b> (Scope 1 &amp; 2)</li> </ul>	<p><b>50%</b> <small>Generating €230M RWA optimization</small> Non-instrumental Real Estate assets disposal</p>
<p><b>Other G&amp;A<sup>1</sup></b></p>	<ul style="list-style-type: none"> <li>• <b>Zero-based cost budgeting and demand management</b> applied also on “run” expenditures</li> <li>• <b>Cost-optimization initiatives</b> on selected cost items (e.g., switch to video surveillance, reducing internal printing, optimizing info-providers, ...)</li> <li>• <b>Organizational de-layering</b></li> </ul>	<p><b>5%</b> Other G&amp;A<sup>1</sup> reduction vs. '23 baseline</p>



**~€90m**  
cross-category gross savings identified (2026 vs. 2023)



**Carbon neutral**  
for Net Scope 1 & 2 emissions by 2024

*Already 100% of electric energy from renewable sources maintained throughout the Plan*

# Distinctive track-record and future-ready “credit-machine”

Broaden leadership in SMEs & Corporate

Reinforce Wealth Management & Life Insurance

Capture value from P&C Insurance and Payments' deals

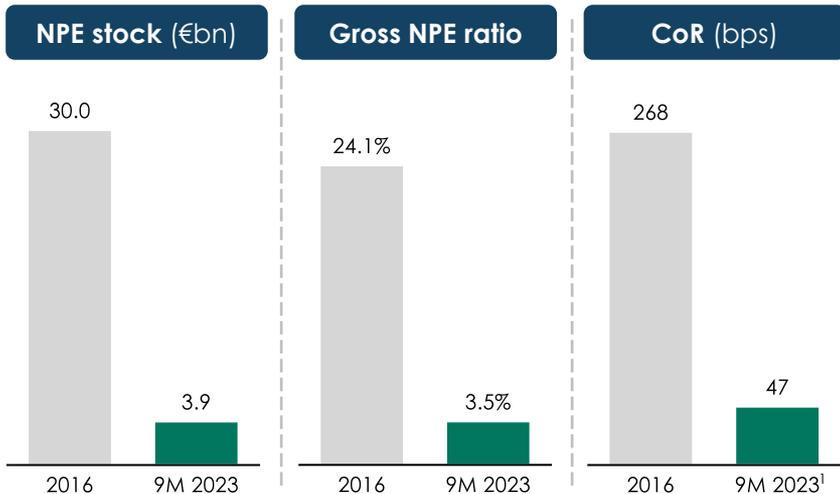
Benefit from further omnichannel reinforcement

Enhance tech innovation, lean banking, Cybersec

**Further consolidate a “future-proof” balance sheet**

Empower People and Communities

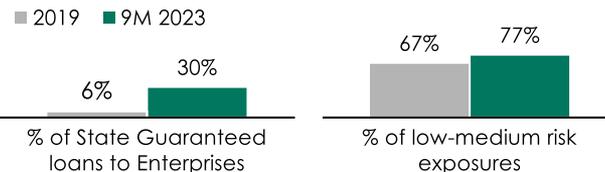
## 2016-2023: BBPM DE-RISKING TRACK RECORD



## TODAY'S STARTING POINT: STRONGER AND MORE SOLID

Portfolio quality strongly improved

Credit Machine with extra-capacity and more advanced than ever



Indexed numbers (2019 = 100)



- **Credit policies:** RWA-driven and specialized by sector
- **Early Warning System:** machine learning and daily bank account data to improve monitoring and prevention
- **Gardant Joint Venture** and optimized servicers' portfolio to improve recovery performance
- **Credit risk data warehouse:** managerial and risk data integration to support decision-making

# Increasing effort and performance on pre-default and prevention

## END-TO-END STRENGTHENING IN CREDIT LIFECYCLE MANAGEMENT

### Reinforcement of credit granting, default prevention

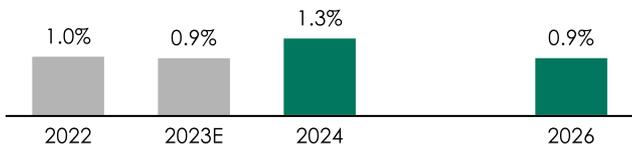
### Improved recovery performance and extra workout capacity

- **Smart and digital lending:** lower risk and more capacity
  - **Small ticket:** AI-ML powered automated lending process
    - **Complex decisions:** enriched data-set and more time to support credit experts
- **Pre-default:** dedicated team adopting more specialized strategies
- **Exit strategies** from higher risk exposures supported by credit policies framework and dedicated internal KPI
- **Credit policies to address Net Zero strategy**

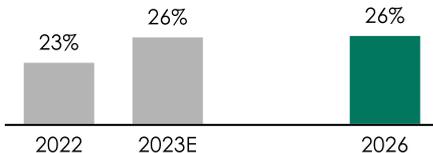
- Step up in the **proactive management strategy of workouts on single names**
- **Automation and digitalization** of disposal processes on small ticket / clusters of NPE

- **Credit operating platform enhancement** to optimize the adoption of State guarantees
- **Digital credit workflow** evolution

Default rate

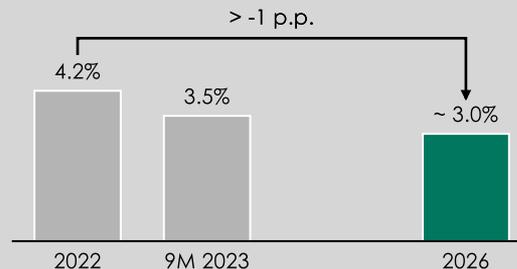


Workout activity<sup>1</sup>



## AMBITIONS

Gross NPE ratio



CoR bps



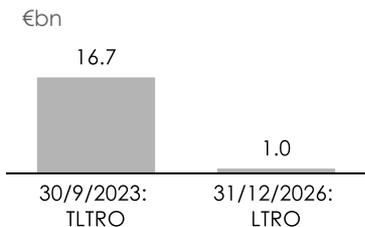
# Optimization of funding strategy and securities portfolio

## STARTING POINT AND STRATEGIC PRIORITIES

**Funding management in the new scenario**

### ECB funding

- Continuation of **TLTRO reimbursement** – in line with current maturities

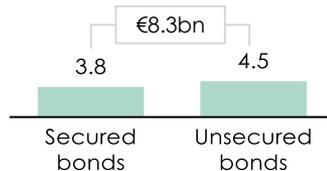


### Investment Grade issuer status

- Higher **cost effectiveness** in bond issuance activities



### Net Bond issuance<sup>1</sup> 2024 – 26

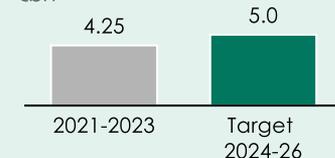


## ESG FOCUS

- Leadership** among Italian Banks as issuer of **Green, Social & Sustainable Bonds** (1<sup>st</sup> green issuer in 2022, 2<sup>nd</sup> in 2023)

- GS&S Bonds Framework** aligned with EU-taxonomy (Nov. 2023)<sup>2</sup>

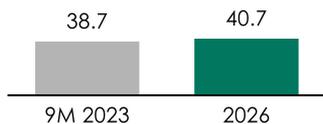
### GS&S Bond issuance<sup>3</sup> €bn



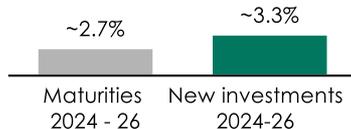
**Securities portfolio optimization**

- Moderate increase in share of **Government bonds aimed at preserving NII**, while confirming the target of exposures to Italian Govies

### Nominal Banking Book<sup>4</sup> €bn



### Average Yield at due date vs purchase (Maturities and New Investments) – Banking Book



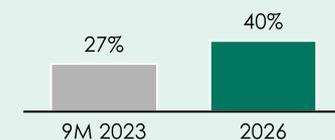
### Exposure to Italian Govies on total Govies



Previous Strategic Plan target confirmed

- New **Sustainable Investment Policy** to be published in 2024

### % of non-Govies ESG bonds



# A comprehensive plan to empower our People

Broaden leadership in SMEs & Corporate

Reinforce Wealth Management & Life Insurance

Capture value from P&C Insurance and Payments' deals

Benefit from further omnichannel reinforcement

Enhance tech innovation, lean banking, Cybersec

Further consolidate a "future-proof" balance sheet

**Empower People and Communities**

## Academy

- Creation of a **new training Academy structure to uphold a new standard in skills development**

## Sustainability, Accessibility & Inclusion

- **Disability** management
- Diffusion of a **diversity and inclusion culture**
- Certifications on **gender equality** (UNIPDR 125)
- **Accessibility** («GuardiamOltre») project)



## Generational change

- **Exit plans** for around 1,600 people
- Around **800 new young hires, of which ~200 IT-tech specialists** (e.g., data scientists, cloud and cybersecurity specialists, ...)

## Talent mgmt and people development

- **Personalized paths** for new hires
- **Reskilling initiatives** with a specific focus on ~500 front desk operators (ref. reduction of branches/cash desks)
- Evolution of **remuneration systems** with a retention logic
- **Short-term and Long-term incentive plans** for managers & employees confirmed **aligned with ESG targets**

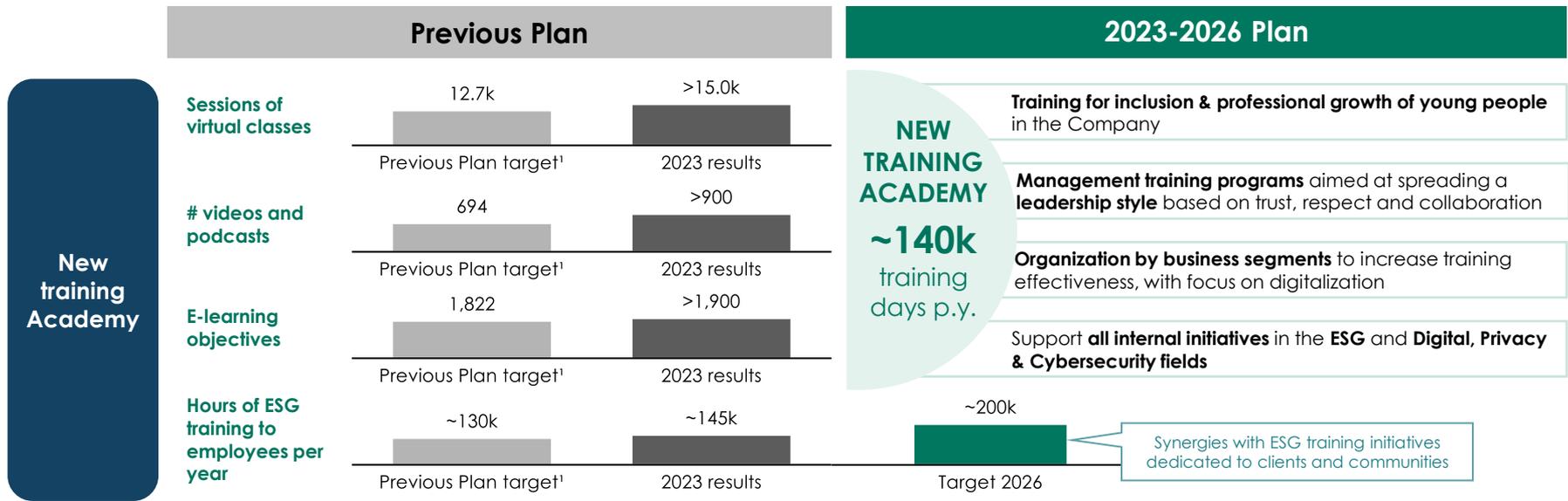
## Flexible and goal-oriented work

- **Smart Working evolution** as lever to **work-life balance improvement and talent attraction** (e.g., tech)

## Communication tools

- Evolution of **internal communication toolkit** also **leveraging on AI-driven solutions** (e.g., ChatBot)

# Academy to enhance skills, commitment for better work-life balance



## Improving work-life balance

- HQ**
  - ~5,400 Smart Working contracts activated (87% of total HQ employees)
  - ~ 30% of working time in smart working mode in 2023
- NETWORK**
  - Introduction of Smart Learning, with the possibility of benefiting from training in "smart" mode
  - ~10% of available smart learning days used since June 2023 (date of introduction of Smart Learning)
- ~ 40% of working time in smart working mode
- ~20% of digital working for Relationship Managers with remote offering >30% of their own portfolio

Further reduction in Scope 3 emissions from commuters

~10K T.Co2Eq. in 2026 (-40% vs. 2019)

# Promoting generational turnover and talent management

## 2023-2026 Plan



### Generational change

- Around **800 new young hires**



### Personalized paths for young hires with high potential

- 12 months of **training and activities in Wealth Management sector**
- 12 months of **training and activities in the SME sector**
- Start of **first managerial roles**



### Professional retraining program

- **30% role changes** year over year



### Young talents

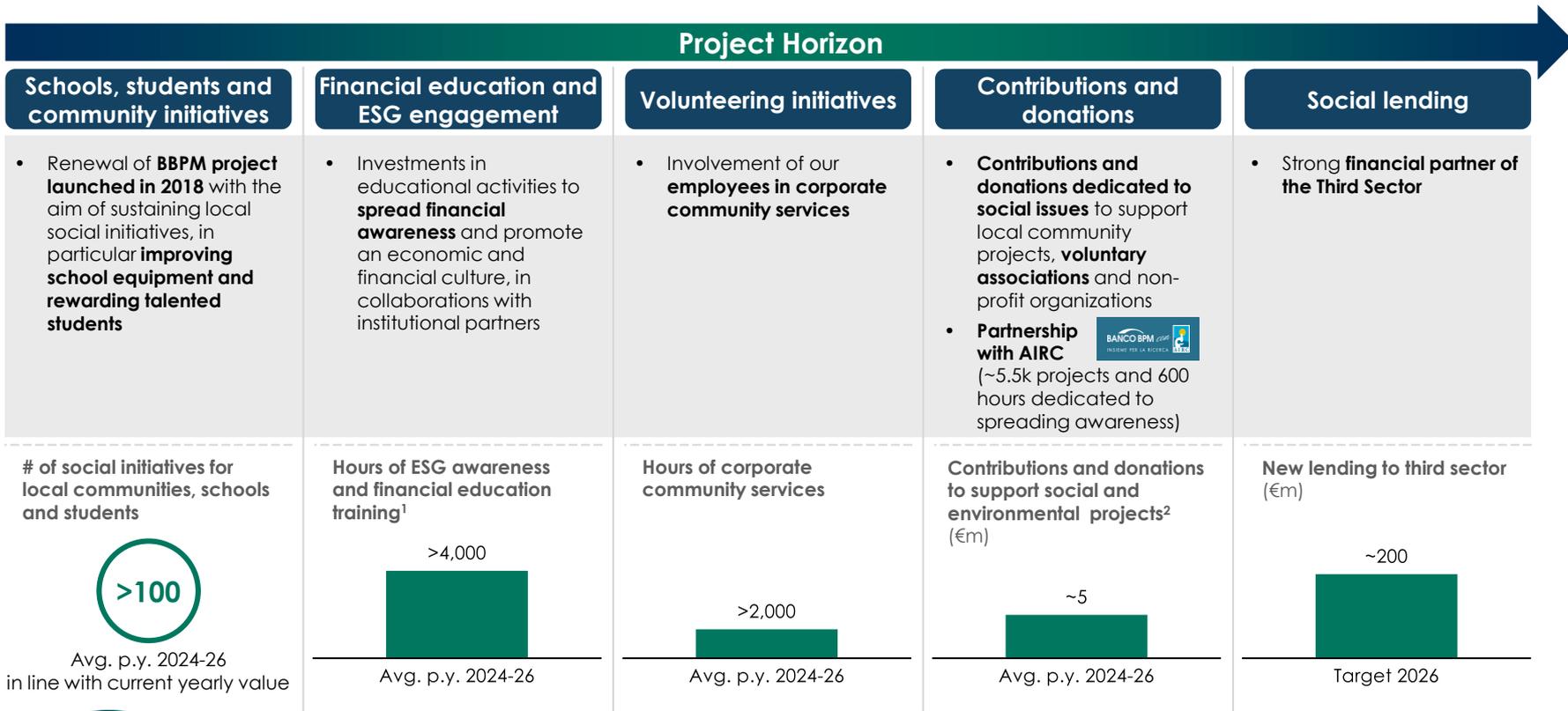
- Targeted **growth paths** for **~900 young talents identified in the Group<sup>1</sup>**



### Women talent empowerment

- **+20% women** in managerial positions by 2026 vs. 2023

# Keeping up our commitment to support Communities



# Closing Remarks

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# Cumulatively ~€6bn of Net Income and €4bn of remuneration

«Core» Revenues <sup>1</sup>	2022	2023G	2026
Total Revenues (€bn)	4.7	~5.25	~5.4
<i>o/w Nil (€bn)</i>	2.3	~3.25	~3.05
<i>o/w "Core" Non-interest income (€bn)</i>	2.0	~2.0	~2.4
Non-interest income on Revenues	~44%	<40%	~45%
Operating costs (€bn)	~2.5	~2.6	~2.7
Cost/income	54%	<50%	<50%
Net Income (€bn)	0.7	>1.2	>1.5
ROTE <sup>2</sup>	7.0%	~12%	~13.5%
CET 1 RATIO	12.8%	~14%	~14%
		<b>30/09/23</b>	
CoR (bps) <sup>5</sup>	62	47	~45
GROSS NPE RATIO	4.2%	3.5%	~3.0%
NET NPE RATIO	2.2%	1.8%	~1.5%

**EPS GUIDANCE**  
 >0.8€ FY 2023  
 ~0.9€ FY 2024<sup>3</sup>  
**CONFIRMED**

## • €4bn total shareholder remuneration 2023–26

- >50% of market cap<sup>4</sup>
- ~€1.3bn remuneration in 2024
- Introduction of interim dividend

# Appendix

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# Key financial targets of the Strategic Plan 2023-26

	€bn	2022	2023G	2026
Profit & Loss	Total revenues	4.7	~5.25	~5.4
	o/w NII	2.3	~3.25	~3.05
	o/w "Core" Non-interest income <sup>1</sup>	2.0	~2.0	~2.4
	Operating costs	-2.5	~2.6	~2.7
	Pre-Provision Income	2.1	~2.65	~2.75
	Net income	0.7	>1.2	>1.5
Key ratios	Cost / Income ratio	54%	<50%	<50%
	RoTE <sup>2</sup>	7.0%	~12%	~13.5%
	CET 1	12.8%	~14%	~14%
Balance sheet & Asset Quality			30/09/23	
	Net customer loans	109.5	108.0	~111
	Direct funding from Banking business <sup>3</sup>	123.4	124.5	>133
	Indirect funding <sup>4</sup>	91.3	100.0	>120
	Cor (in bps)	62	47	~45
	Gross NPE ratio	4.2%	3.5%	~3.0%
	Net NPE ratio	2.2%	1.8%	~1.5%

2022 data are restated for the application of IFRS 17 to subsidiary and associated insurance companies.

Notes: 1. Includes: Net fees, Income from insurance business and income from associates. 2. Calculated as Net Profit from P&L (year x)/ Tangible Shareholder Equity 31.12.XX (excluding Net Profit of the period and AT1 instruments). 3. Excluding REPOs and including Cap. Protected Certificates.

4. Excluding Cap. Protected Certificates from AUC.

# Detailed ESG Highlights of the Strategic Plan 2023-26

BUSINESS	
Green & Low Transition risk new lending to Corporate & Enterprises <sup>1</sup>	>€10bn Avg. p.y. 2024-26 <sup>1</sup>
Social Lending (new lending to Third Sector)	~€200m 2026
Issue of Green, Social & Sustainable Bonds	€5bn (2024-26)
Share of ESG bonds in the ESG Corporate bond proprietary pff.	40% at YE26

- **ESG Factory:** becoming a reference partner for Corporate & Enterprise clients in their sustainable transition
- **Targets NZBA** by Q3 '24 for priority sectors identified and by 2026 for all other sectors, with SBTi to be signed by Q1 '24
- **Enhancement of Climate & Environmental Risk Management and run-off** for sectors strongly affected by climate transition confirmed<sup>2</sup>
- **WM & Life Bancassurance:** Strengthening of ESG advisory and enhancement of the ESG products range

OWN ENVIRONMENTAL IMPACT	
Scope 1 & 2 consumptions (Gigajoule)	<480K in 2026 (-20% vs. 2022)
Net emissions Scope 1 & 2 Market-based	Carbon Neutral by 2024
Scope 3 emissions from commuters (T.Co2Eq.)	~10K in 2026 (-40% vs. 2019)

To improve to ~440K in 2030

Already 100% of electric energy from renewable sources maintained throughout the Plan

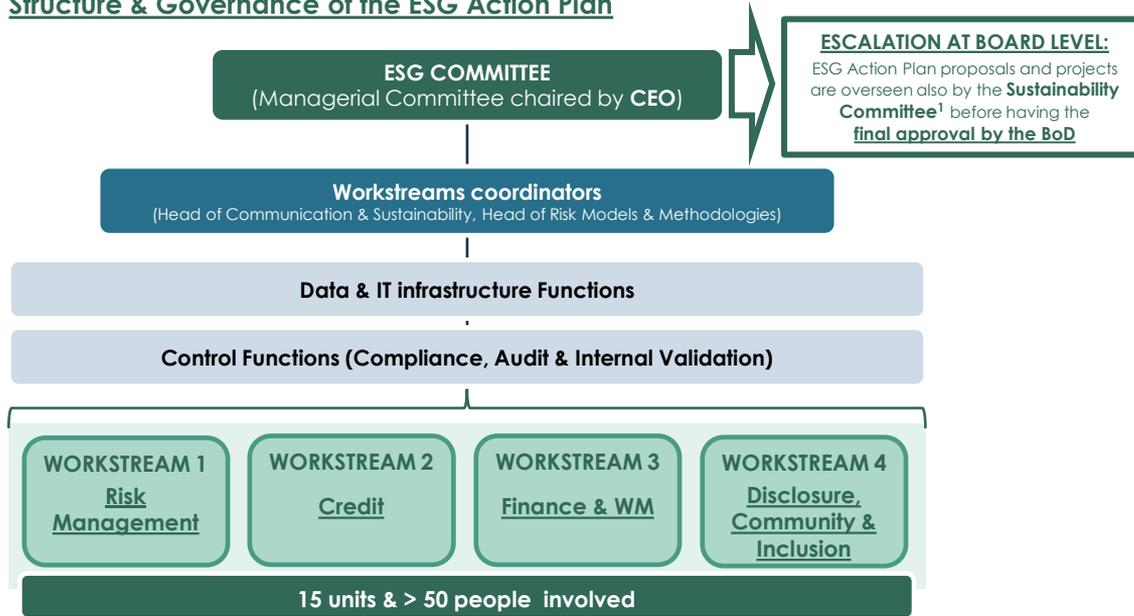
PEOPLE & COMMUNITY	
Women in managerial positions	+20% at YE26 vs. YE23
New young hires	#800 (2024-26)
ESG training hours for employees	#200K in 2026
Contributions to support Social & Environmental projects	~€5m Avg. p.y. 2024-26

- **Remuneration:** short-term and Long-term incentive plans for managers & employees confirmed aligned with ESG targets

# ESG Action Plan: further strengthening our Sustainability Governance

## ESG ACTION PLAN

### Structure & Governance of the ESG Action Plan



### Details:

- Launched in Q3 2023, to be fully developed in the Plan period
- ESG workgroups:
  - Rationalized in **4 interlinked areas**
  - Supported by **Data, IT and Control Functions**
  - Directly overseen by **ESG Committee & CEO**

### KEY INITIATIVES:

- Further consolidation of **internal climate risk measurement, scenario analysis, stress testing** and **risk reporting**, including its public **disclosure**
- Enhancement of **social and governance risks coverage**
- Development of credit policies to address **Net Zero strategy**
- Develop the **ESG strategy** at **Finance** and **WM level**
- Reinforcement of ESG organizational controls, processes and policies in line with the new **Corporate Sustainability Reporting Directive (CSRD)**
- Strengthening **ESG** and **financial awareness**

# Contacts for Investors and Financial Analysts

Roberto Peronaglio		+39 02 9477.2090
Tom Lucassen		+39 045 867.5537
Arne Riscassi		+39 02 9477.2091
Silvia Leoni		+39 045 867.5613
Carmine Padulese		+39 02 9477.2092

## Banco BPM

Registered Offices: Piazza Meda 4, I-20121 Milano, Italy

Corporate Offices: Piazza Nogara 2, I-37121 Verona, Italy

[investor.relations@bancobpm.it](mailto:investor.relations@bancobpm.it)

[www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) (IR section)