



Disclosure to the Public by Entities

Pillar III

Data as at 30 September 2017

This English translation of the "Informativa da parte degli enti al pubblico (Terzo Pilastro) del Gruppo Banco BPM - Dati riferiti al 30 Settembre 2017", titled the "Disclosure to the Public by Entities (Pillar 3) - Data as at 30 September 2017" is NOT an official translation. This translation is for informational purposes only, has been prepared solely for the convenience of non-Italian speaking shareholders of Banco BPM S.p.A. (the "Issuer") and any other recipients and is not a substitute for the original Italian document.


The only official version of the Pillar 3 is the Italian version which has been approved by the competent body of the Issuer, and can be found in electronic form on the website of the Issuer.

This English translation has not been approved by the Issuer. Accordingly, any shareholder and any recipients should also refer to the official Italian version and seek appropriate professional advice before investing.

While this English translation is believed to be generally accurate, it is subject to and qualified by, in its entirety, the official Italian-language original version approved by the Issuer, which is the prevailing document for all purposes.

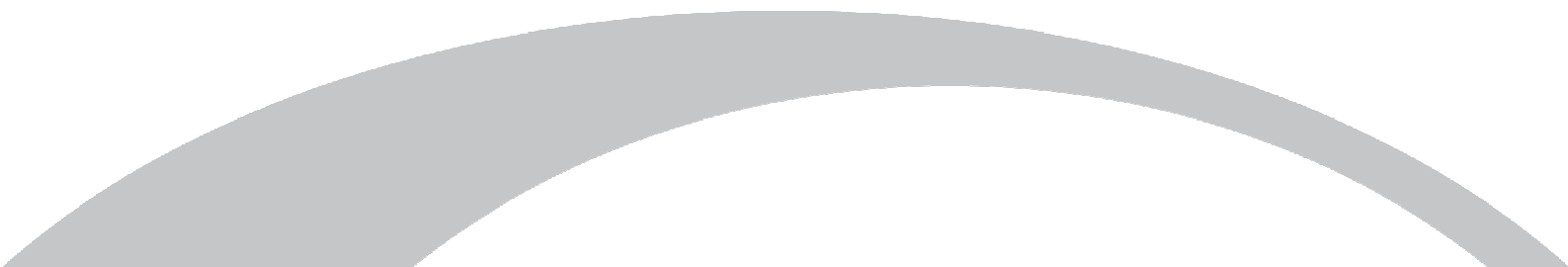
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Introduction

Explanatory notes on the Disclosure to the Public by Entities (Pillar 3)

Supervisory regulations require that banks fulfill specific obligations to publish information regarding their capital adequacy, exposure to risks and the general characteristics of the systems for identifying, measuring and managing these risks, and to supply information on remuneration practices and policies, in order to strengthen the role of the market discipline.

From 1 January 2014, the prudential supervision provisions applicable to banks are contained in Circular no. 285 of 17 December 2013, the issue of which is conditioned by the start date of application of EU regulations (Regulation EU no. 575/2013 (CRR) and the CRD IV Directive 2013/36/EU) containing the reforms of the agreements of the Basel Committee ("Basel 3"). This subject matter, as specifically stated in Part II - Chapter 13 of the above-mentioned Circular, is directly regulated by the CRR (Part Eight and Part Ten, Title I, Chapter 3) and by European Commission regulatory and implementing technical standards.

According to that established by CRR Regulation, banks must publish the information required at least on an annual basis. It is up to the same entities to evaluate, based on the important aspects of their activities, the need to publish some or all of the information required more frequently, in particular the composition of Own Funds and capital requirements.

The new Banco BPM Group, born by the merger between former banking groups Banco Popolare and Banca Popolare di Milano already authorized by Supervisory Authority to use internal methods to calculate capital requirements for credit risk (ex Banco Popolare), market risk (ex Banco Popolare, Banca Aletti and Banca Akros) and operational risk (ex Banco Popolare), believes it is appropriate to continue drawing up interim reports, also in accordance with the EBA's guidelines ("*Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013*").

This document constitutes a fulfillment of the regulatory obligations referred to and is drawn up on a consolidated basis. All the quantitative disclosures about own funds, capital requirements and financial leverage illustrated below pertains to Banco BPM Group (hereinafter "Group") as of 30 September 2017.

In compliance with the aforementioned disclosure and frequency obligations, this document is published on the website www.bancobpm.it in the Investor Relations section. The website also gathers the disclosure documents (Pillar 3) – until 2016 – of the two former banking groups (Banco Popolare and Banca Popolare di Milano) that, since 1st January 2017, have merged into the Banco BPM Group.

All amounts shown in the tables below are stated in thousands of Euro, unless otherwise indicated.

Capital adequacy ratios as at 30 September 2017¹

Own Funds and capital adequacy ratios	30/09/2017
A. Capital reserves and requirements	
Own Funds	
Common Equity Tier 1 capital (CET 1)	8,462,608
Additional Tier 1 capital (AT1)	174,013
Total Tier 1 capital	8,636,621
Tier 2 capital (T 2)	2,012,669
TOTAL OWN FUNDS	10,649,290
Risk-weighted assets	
Credit and counterparty risks	68,566,392
Credit valuation adjustment risk	272,175
Regulatory risk	1,914
Market risk	2,475,031
Operational risk	5,534,091
Other calculation elements	0
RISK-WEIGHTED ASSETS	76,849,603
B. Capital adequacy ratios (%)	
B.1 Common Equity Tier 1 Ratio	11.0%
B.2 Tier 1 Ratio	11.2%
B.3 Total Capital Ratio	13.9%

Own Funds and the capital ratios as at 30 September 2017 have been calculated by applying the provisions of the Bank of Italy in accordance with Basel 3 regulations.

As at 30 September 2017, Own Funds totaled € 10,649 million, against RWAs of € 76,850 million, mostly arising from credit and counterparty risks and, to a lesser extent, operational and market risks.

The Total Capital Ratio stood at 13.9%; the Group Tier 1 Ratio (Tier 1 capital to RWAs) stood at 11.2%. The Common Equity Tier 1 Ratio (Common Equity Tier 1 to RWAs) was equal to 11.0%.

(1) In accordance with the provisions of Art. 26 paragraph 2 of EU Regulation no. 575/2013 dated 26th June 2013 (CRR), the inclusion of intermediate profits into the Common Equity Tier 1 Capital (CET1) is subordinated to a prior authorization of the competent authority (ECB). The granting requires the same profits to be audited by the audit firm. The Group's economic and financial position as at 30 June 2017 has been subject of limited scope audit. The audit firm issued its report on 7 August 2017 and on 10 August 2017, Banco BPM received from the European Central Bank ("ECB") the authorization to include in the CET1 capital the net interim profit as of 30 June 2017. Since the result of Q3 is a net loss, mandatorily the same leads to a reduction of the CET1 capital as at 30 September 2017.

Own Funds

Capital instruments' main features template

The following tables are based on the templates set forth in Implementing Regulation (EU) no. 1423 of 20 December 2013, which lays out the implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) no. 575/2013 of the European Parliament and of the Council.

In particular, Annex II of the Regulation contains a specific template for the disclosure of the main features of capital instruments.

The model requires a description of instruments issued by the institution and eligible for calculation within:

- Common Equity Tier 1 capital;
- Additional Tier 1 capital;
- Tier 2 capital.

Amounts are shown in millions of euro.

Capital instruments' main features template (1)			
1	Issuer	BANCO BPM SPA	Banco BPM S.p.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	IT0005218380	XS0304963373
3	Governing law(s) of the instrument	Italian law	English law
Regulatory treatment			
4	Transitional CRR rules	Common Equity Tier 1 capital	Additional Tier 1 capital
5	Post-transitional CRR rules	Common Equity Tier 1 capital	Not eligible
6	Eligible at solo entity/(sub-)consolidated/solo entity & (sub-)consolidated	Solo entity and consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 instrument pursuant to art. 51 and art. 484 CRR and art. 20 EU Regulation 2014/241
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	7.100	105
9	Nominal amount of instrument	N/A	105
9a	Issue price	N/A	100,00
9b	Redemption price	N/A	100,00
10	Accounting classification	SHAREHOLDERS' EQUITY	Liability - fair value option
11	Original date of issuance	N/A	21/06/2007
12	Perpetual or dated	Perpetual	perpetual
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	NO	YES
15	Optional call date, contingent call dates and redemption amount	N/A	DATE: 21/06/2017 (reset date) Bullet repayment AMOUNT: Redemption at subsequent reset dates and interest payment dates: nominal plus accrued interest and additional amount due pursuant to Condition 9(a) (Taxation - Gross up); Regulatory Event or Tax Event: greater of (i) nominal amount and (ii) Make Whole Amount plus, in any event, accrued interest and any additional amount due pursuant to Condition 9(a) (Taxation - Gross up)
16	Subsequent call dates, if applicable	N/A	Each interest payment date (quarterly) subsequent to 21/06/2017
Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed then floating
18	Coupon rate and any related index	N/A	fixed 6.756% p.a. until June 2017 then 3M Euribar + 188 bps
19	Existence of a dividend stopper	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	partially discretionary Reasons: the issuer does not have distributable profits; if the payment results in a capital deficiency event (failure to meet capital requirement); prohibition imposed by supervisory authorities;
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	partially discretionary
21	Existence of step up or other incentive to redeem	N/A	NO
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument if converts into	N/A	N/A
30	Write-down features	NO	NO
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2
36	Non-compliant transitioned features	NO	YES
37	If yes, specify non-compliant features	N/A	payment not fully discretionary, dividend pusher
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (1)			
1	Issuer	Banco BPM S.p.A.	Banco BPM S.p.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	IT0004596109	XS0372300227
3	Governing law(s) of the instrument	Italian law	English law
Regulatory treatment			
4	Transitional CRR rules	Additional Tier 1 capital	Additional Tier 1 capital
5	Post-transitional CRR rules	Not eligible	Not eligible
6	Eligible at solo entity/(sub-)consolidated/solo entity & (sub-)consolidated	Solo entity and consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 instrument pursuant to art. 51 and art. 484 CRR	Additional Tier 1 instrument pursuant to art. 51 and art. 484 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	25	192
9	Nominal amount of instrument	25	300
9a	Issue price	100,00	98,96
9b	Redemption price	100,00	100,00
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	29/03/2010	25/06/2008
12	Perpetual or dated	perpetual	perpetual
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	YES	YES
15	Optional call date, contingent call dates and redemption amount	DATE: 29/03/2020 Bullet repayment AMOUNT: Redemption at subsequent reset dates and interest payment dates: nominal plus accrued interest and any additional amount Regulatory Event or Tax Event: nominal plus accrued interest and any additional amount	Early repayment clause is provided at the Issuer's initiative from 25 June 2018, subject to authorization by the Supervisory Authority
16	Subsequent call dates, if applicable	Each interest payment date (quarterly) subsequent to 29/03/2020	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed then floating	Fixed then floating
18	Coupon rate and any related index	fixed 9% p.a. until March 2020 then 3M Euribor + 665 bps	fixed del 9% until 06/25/2018; floating (3M Euribor + 6,18%) from 06/25/2018
19	Existence of a dividend stopper	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	partially discretionary Reasons: the issuer does not have distributable profits; if the payment results in a capital deficiency event (failure to meet capital requirement); prohibition imposed by supervisory authorities:	partially discretionary Is provided: - the optional suspension of interest payment if the Bank has no distributable profits and / or has not paid dividends in the last financial year before the interest payment date; - the mandatory suspension of payment of interest in the event of a Capital Deficiency Event (which occurs when the total capital ratio falls below the minimum provided by the Supervisory Authority); - a "loss absorption" clause, according to which, in the case of a Capital Deficiency Event, the repayment of notes is suspended.
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	partially discretionary	partially discretionary
21	Existence of step up or other incentive to redeem	YES	YES
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument if converts into	N/A	N/A
30	Write-down features	NO	NO
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2
36	Non-compliant transitioned features	YES	YES
37	If yes, specify non-compliant features	incentive to redeem, subsequent calls, payment not fully discretionary, dividend pusher	incentive to redeem, subsequent calls, payment not fully discretionary, dividend pusher
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (1)			
1	Issuer	Banco BPM S.p.A.	Banco BPM S.p.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS0555834984	XS0632503412
3	Governing law(s) of the instrument	Entire instrument English law; Subordination clauses: Italian law	Entire instrument English law; Subordination clauses: Italian law
Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital
6	Eligible at solo entity/(sub-)consolidated/solo entity & (sub-)consolidated	Solo entity and consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR	Tier 2 instrument pursuant to art. 63 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	437	232
9	Nominal amount of instrument	710	318
9a	Issue price	99,27	99,26
9b	Redemption price	100,00	100,00
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	05/11/2010	31/05/2011
12	Perpetual or dated	dated	dated
13	Original maturity date	05/11/2020	31/05/2021
14	Issuer call subject to prior supervisory approval	NO	NO
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	6% fixed on a yearly basis	6.375% fixed on a yearly basis
19	Existence of a dividend stopper	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	NO	NO
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument if converts into	N/A	N/A
30	Write-down features	NO	NO
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior
36	Non-compliant transitioned features	NO	NO
37	If yes, specify non-compliant features	N/A	N/A
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (1)			
1	Issuer	Banco BPM S.p.A.	Banco BPM S.p.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	IT0005120313	IT0004966823
3	Governing law(s) of the instrument	Italian law	Italian law
Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	not eligible
5	Post-transitional CRR rules	Tier 2 capital	not eligible
6	Eligible at solo entity/(sub-)consolidated/solo entity & (sub-)consolidated	Solo entity and consolidated	N/A
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR	not eligible pursuant to art. 65 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	483	-
9	Nominal amount of instrument	500	800
9a	Issue price	100,00	100,00
9b	Redemption price	100,00	100,00
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	30/07/2015	18/11/2013
12	Perpetual or dated	dated	dated
13	Original maturity date	30/07/2022	18/11/2020
14	Issuer call subject to prior supervisory approval	NO	NO
15	Optional call date, contingent call dates and redemption amount	Early redemption option linked to regulatory events	N/A
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	3M Euribor + 4.375%	5.5% fixed on a yearly basis
19	Existence of a dividend stopper	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	NO	NO
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument if converts into	N/A	N/A
30	Write-down features	NO	NO
31	If write-down, write-down trigger(s)	NO	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior
36	Non-compliant transitioned features	NO	NO
37	If yes, specify non-compliant features	N/A	N/A
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (1)			
1	Issuer	Banco BPM S.p.A.	Banco BPM S.p.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	IT0004347107	IT0004396492
3	Governing law(s) of the instrument	Italian law	Italian law
Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	not eligible
6	Eligible at solo entity/(sub-)consolidated/solo entity & (sub-)consolidated	Solo entity and consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR	Tier 2 instrument pursuant to art. 63 and art. 484 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	27	94
9	Nominal amount of instrument	253	502
9a	Issue price	100,00	100,00
9b	Redemption price	100,00	100,00
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	18/04/2008	25/10/2008
12	Perpetual or dated	dated	dated
13	Original maturity date	18/04/2018	25/10/2018
14	Issuer call subject to prior supervisory approval	NO	YES
15	Optional call date, contingent call dates and redemption amount	N/A	As at 20 October 2013, the only due date for early repayment, the Issuer did not make use of this option
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed	Floating
18	Coupon rate and any related index	4.5% on a yearly basis	3M Euribor 365 + spread 0,60% until at 20/10/2013; 3M Euribor + spread 1,50% after this date
19	Existence of a dividend stopper	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory. Subordinated bonds constitute "subordinated liabilities of 2nd level" of BPM, so classified according to the law of vigilance at the time of issue. Therefore, in case of liquidation of the Bank, bondholders will only be reimbursed after all the other creditors of the Bank have been satisfied not equally subordinate, except for those with a degree of subordination equal to or more accentuated than that of Subordinated bonds.	Mandatory. Subordinated bonds constitute "subordinated liabilities of 2nd level" of BPM, so classified according to the law applicable at the time of issue. Therefore, in the event of liquidation of the Bank, the bondholders will be reimbursed only after all other creditors of the Bank are equally subordinated, with the exception of those with a degree of subordination equal to or more accentuated than the subordinated bonds.
21	Existence of step up or other incentive to redeem	YES	NO
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument if converts into	N/A	N/A
30	Write-down features	NO	NO
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior
36	Non-compliant transitioned features	NO	YES
37	If yes, specify non-compliant features	N/A	Incentive to redeem, payment not fully discretionary
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (1)			
1	Issuer	Banco BPM S.p.A.	Banco BPM S.p.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS0597182665	IT0004370992
3	Governing law(s) of the instrument	Italian law	Italian law
Regulatory treatment			
4	Transitional CRR rules	Tier 2 capital	not eligible
5	Post-transitional CRR rules	Tier 2 capital	not eligible
6	Eligible at solo entity/(sub-)consolidated/solo entity & (sub-)consolidated	Solo entity and consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR	Tier 2 instrument pursuant to art. 63 and art. 484 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	305	-
9	Nominal amount of instrument	475	18
9a	Issue price	99,60	100,00
9b	Redemption price	100,00	100,00
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	01/03/2011	18/06/2008
12	Perpetual or dated	dated	dated
13	Original maturity date	01/03/2021	18/06/2018
14	Issuer call subject to prior supervisory approval	NO	NO
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	Fixed	Floating
18	Coupon rate and any related index	7,125% on a yearly basis	EONIA + spread 0,75%
19	Existence of a dividend stopper	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory. Subordinated bonds constitute "subordinated liabilities of 2nd level" of BPM, so classified in accordance with the vigilance at the time of issue. Therefore, in the event of liquidation of the Bank, the bondholders will be reimbursed only after all other creditors of the Bank are equally subordinated, with the exception of those with a degree of subordination equal to or more accentuated than the subordinated bonds.	Mandatory. Subordinated bonds constitute "subordinated liabilities of 2nd level" of BPM, so classified according to the law of vigilance at the time of issue. Therefore, in case of liquidation of the Bank, bondholders will only be reimbursed after all the other creditors of the Bank have been satisfied not equally subordinate, except for those with a degree of subordination equal to or more accentuated than that of Subordinated bonds.
21	Existence of step up or other incentive to redeem	NO	NO
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument if converts into	N/A	N/A
30	Write-down features	NO	NO
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior
36	Non-compliant transitioned features	NO	YES
37	If yes, specify non-compliant features	Payment not fully discretionary	Payment not fully discretionary
(1) Insert 'N/A' if the question is not applicable			

Capital instruments' main features template (1)		
1	Issuer	Banco BPM S.p.A.
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	XS1686880599
3	Governing law(s) of the instrument	English law, except for subordination and Loss Absorption Requirements that are regulated by Italian law.
Regulatory treatment		
4	Transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo entity/(sub-)consolidated/solo entity & (sub-)consolidated	Solo entity and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 instrument pursuant to art. 63 CRR
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	500
9	Nominal amount of instrument	500
9a	Issue price	100.00
9b	Redemption price	100.00
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	21/09/2017
12	Perpetual or dated	dated
13	Original maturity date	21/09/2027
14	Issuer call subject to prior supervisory approval	YES
15	Optional call date, contingent call dates and redemption amount	In one solution to the deadline except for regulatory events. The only option for the issuer to repay - totally but not partially - the loan on 21/09/2022 with the authorization of the competent authority
16	Subsequent call dates, if applicable	N/A
Coupons/dividends		
17	Fixed or floating dividend/coupon	Fixed with the parameter revision after 5 years
18	Coupon rate and any related index	4,375% until 21/09/2022 then 5 years eur mid swap rate + 4,179%
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory. Subordinated bonds constitute "subordinated liabilities of 2nd level" of BANCO BPM, so classified according to the law of vigilance at the time of issue. Therefore, in case of liquidation of the Bank, bondholders will only be reimbursed after all the other creditors of the Bank have been satisfied not equally subordinate, except for those with a degree of subordination equal to or more accentuated than that of Subordinated bonds.
21	Existence of step up or other incentive to redeem	NO
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
(1) Insert 'N/A' if the question is not applicable		

Breakdown of Own Funds

The tables for Own Funds (Supervisory Capital) and risk assets are shown below, calculated according to the regulations cited in the introduction.

The breakdown of Own Funds as at 30 September 2017 is also illustrated, using the transitional own funds disclosure template, in accordance with Annex VI of the (EU) Implementing Regulation no. 1423 dated 20 December 2013.

BREAKDOWN OF OWN FUNDS		30/09/2017
A.	Common Equity Tier 1 capital (CET1) before application of prudential filters	12,396,698
	of which CET1 instruments subject to transitional arrangements	0
B.	CET1 prudential filters (+/-)	-14,998
C.	CET1 before elements to be deducted (A +/- B) and the impact of transitional arrangements	12,381,700
D.	Elements to be deducted from CET1	-4,498,702
E.	Transitional arrangement - Impact on CET1 (+/-), including minority interest subject to transitional arrangements	579,610
F.	Common Equity Tier 1 capital (CET1) (C - D +/- E)	8,462,608
G.	Additional Tier 1 capital (AT1) before elements to be deducted and the impact of transitional arrangements	327,709
	of which AT1 instruments subject to transitional arrangements	322,015
H.	Elements to be deducted from AT1	0
I.	Transitional arrangement - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 by virtue of transitional arrangements	-153,696
L.	Total Additional Tier 1 capital (AT 1) (G - H +/- I)	174,013
M.	Tier 2 capital (T2) before elements to be deducted and the impact of transitional arrangements	2,249,428
	of which T2 instruments subject to transitional arrangements	93,994
N.	Elements to be deducted from T2	-109,797
O.	Transitional arrangement - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 by virtue of transitional arrangements	-126,962
P.	Total Tier 2 capital (T2) (M - N +/- O)	2,012,669
Q.	Total own funds (F + L + P)	10,649,290

Disclosure regarding the prudential filters of the "Financial assets available for sale" portfolio

The option to neutralize unrealised profits and losses for the securities issued by the central government authorities of countries belonging to the European Union was eliminated from 1 October 2016, due to the entry into force of (EU) Regulation no. 445 of 14 March 2016, which introduced new rules for the exercise of these options and of the discretionary powers envisaged by right of the Union, including those relating to articles 467 and 468 of the CRR.

More specifically, art. 14 of the cited Regulation no. 445 envisages that:

- unrealised losses pursuant to art. 467, par. 1, of the CRR, 60% must be included in common equity tier 1 in 2016, and 80% in 2017, "including therein losses relating to exposures towards central government authorities in the category of Financial assets available for sale". In any event, national legislation in place before the entry into force of Regulation no. 445 is applicable if it envisages higher percentages than those illustrated above.

Vice versa, art. 15 of the same Regulation establishes that:

- 40% of the unrealised profits, pursuant to art. 468, par. 3, of the CRR, must be included in common equity tier 1 in 2016, and 20% in 2017, "including therein profits relating to exposures towards central government authorities in the category of Financial assets available for sale". In any event, national legislation in place before the entry into force of Regulation no. 445 is applicable if said legislation envisages higher applicable percentages than those illustrated above.

In a note dated 23 January 2017², the Bank of Italy clarified that, following the entry into force of the ECB regulation, from October 2016, significant banks must include in or deduct from CET1 respectively, the unrealised profits or losses resulting from exposures towards central government authorities in the AFS portfolio in accordance with the following percentages: 60% for 2016; 80% for 2017.

The residual amounts following the application of these percentages (i.e. 40% for 2016; 20% for 2017) must not be included in the calculation of own funds, as they continue to be classified as sterilized. In implementation of the transition regime envisaged by the CRR, the national regime in force as of 31 December 2013 is applied.

As of 30 September 2017, the valuation reserve of the securities issued by Central Government authorities of countries belonging to the European Union, after tax, was around a positive € 15 million; in the absence of "sterilization", the residual amount (20% corresponding to around € 3 million) would have led to an increase of the same amount of CET1.

(2) Clarification on the prudential treatment of unrealised profits and losses resulting from exposures towards central government authorities in the category of "Financial assets available for sale".

Information on the nature and amounts of specific elements regarding own funds during the transitional period

As set forth in Art. 5 of (EU) Implementing Regulation no. 1423 of 20 December 2013, during the transitional period between 31 March 2014 and 31 December 2017, the disclosure requirements on additional elements regarding own funds in accordance with the provisions of Art. 492, paragraph 3 of (EU) Regulation no. 575/2013 are satisfied by publishing the transitional template provided below.

Common Equity Tier 1 capital: instruments and reserves		AMOUNT AT DISCLOSURE DATE
1	Capital instruments and the related share premium accounts	7,100,000
	of which: Cooperative shares issued by popular banks	7,100,000
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2,141,214
5	Minority interests (amount allowed in consolidated CET1)	25,835
5a	Independently reviewed interim income net of any foreseeable charge or dividend	3,128,912
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	12,395,961
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-14,998
8	Intangible assets (net of related tax liability) (negative amount)	-2,060,027
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38 (3) are met) (negative amount)	-725,767
12	Negative amounts resulting from the calculation of expected loss amounts	-7,311
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-1,527,123
22	Amount exceeding the 15% threshold (negative amount)	-178,474
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-125,747
25	of which: deferred tax assets arising from temporary differences	-52,727
26	Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre CRR treatment	637,604
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	-54,228
	of which: ... filter for unrealised gain 1 (DEBT SECURITIES)	-9,961
	of which: ... filter for unrealised gain 2 (EQUITY SECURITIES)	-44,267
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-3,029
	of which: ... filter for unrealised gain on EU government securities ...	-3,029
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-3,933,353
29	Common Equity Tier 1 (CET1) capital	8,462,608

Additional Tier 1 (AT1) capital: instruments		
33	Amount of qualifying items referred to in article 484 (4) and the related share premium accounts subject to phase out from AT1	322,015
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	5,694
36	Additional Tier 1 (AT1) capital before regulatory adjustments	327,709
Additional Tier 1 (AT1) capital: regulatory adjustments		
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (i.e., CRR residual amounts)	-1,139
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-152,557
	Of which shortfall of provisions to expected losses.	-731
	Of which direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-151,826
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-153,696
44	Additional Tier 1 (AT1) capital	174,013
45	Tier 1 capital (T1 = CET1 + AT1)	8,636,621
Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	2,041,803
47	Amount of qualifying items referred to in article 484 (5) and the related share premium accounts subject to phase out from T2	93,994
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	7,592
50	Credit risk adjustments	106,039
51	Tier 2 (T2) capital before regulatory adjustments	2,249,428
Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-32,705
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-51,497
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-152,557
	Of which shortfall of provisions to expected losses.	-731
	Of which direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-151,826
57	Total regulatory adjustments to Tier 2 (T2) capital	-236,759
58	Tier 2 (T2) capital	2,012,669
59	Total capital (TC = T1 + T2)	10,649,290
60	Total risk weighted assets	76,849,603

Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	11.0%
62	Tier 1 (as a percentage of risk exposure amount)	11.2%
63	Total capital (as a percentage of risk exposure amount)	13.9%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	960,620
65	of which: capital conservation buffer requirement	960,620
66	of which: countercyclical buffer requirement	0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	11.0%
Capital ratios and buffers		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	211,850
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	967,722
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in 38 (3) are met)	402,064
Applicable caps on the inclusion of provisions in Tier 2		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	426,930
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	17,673,108
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
82	Current cap on AT1 instruments subject to phase out arrangements	417,521
84	Current cap on T2 instruments subject to phase out arrangements	566,527

Please note that in applying provisions relating to Own Funds, the Group complies with Supervisory Authority decisions concerning the transitional arrangement. In particular, Bank of Italy Circular no. 285 (Section II) specifies the percentages (e.g., 20% - 100%) to be applied to the individual items that are relevant for the Own Funds calculation, for each year of the transitional period and in line with the intervals established by the CRR.

Reconciliation between the Book Capital and Own Funds

		30/09/2017
	Consolidated shareholders' equity	12,416,970
	Adjustments for companies not belonging to the Banking Group	-210
	Book shareholders' equity (Banking Group)	12,416,760
	Minority interests	26,572
	Reversal of treasury shares	0
	Valuation reserves	-9,562
	Eligible instruments (Grandfathering)	0
	Prudential filter sale of property	-37,072
A.	Common Equity Tier 1 capital (CET1) before application of prudential filters	12,396,698
	of which CET1 instruments subject to transitional arrangements	0
B.	CET1 prudential filters (+/-)	-14,998
C.	CET1 before elements to be deducted (A +/- B) and the impact of transitional arrangements	12,381,700
D.	Elements to be deducted from CET1	-4,498,702
E.	Transitional arrangement - Impact on CET1 (+/-), including minority interest subject to transitional arrangements	579,610
F.	Common Equity Tier 1 capital (CET1) (C - D +/- E)	8,462,608
G.	Additional Tier 1 capital (AT1) before elements to be deducted and the impact of transitional arrangements	327,709
	of which AT1 instruments subject to transitional arrangements	322,015
H.	Elements to be deducted from AT1	0
I.	Transitional arrangement - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 by virtue of transitional arrangements	-153,696
L.	Total Additional Tier 1 capital (AT 1) (G - H +/- I)	174,013
M.	Tier 2 capital (T2) before elements to be deducted and the impact of transitional arrangements	2,249,428
	of which T2 instruments subject to transitional arrangements	93,994
N.	Elements to be deducted from T2	-109,797
O.	Transitional arrangement - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 by virtue of transitional arrangements	-126,962
P.	Total Tier 2 capital (T2) (M - N +/- O)	2,012,669
Q.	Total own funds (F + L + P)	10,649,290

Reconciliation of the Financial Statement and Regulatory Balance Sheet with elements of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, with an indication of the filters and deductions applied to Own Funds and the impacts of the Transitional Arrangement

ASSET ITEMS	Accounting figures		Relevant amount for purposes of own funds	Ref. "Transitional own funds disclosure template" table
	Statutory scope	Prudential scope		
Financial assets and Investments in associates and companies subject to joint control	-27,583,026	-27,600,643	-1,716,149	8 18 19 23 54 55
020. Financial assets held for trading	-6,383,505	-6,291,968		
040. Financial assets available for sale	-19,815,971	-19,815,971		
100. Investments in associates and companies subject to joint control	-1,383,550	-1,492,704		
130. Intangible assets	-2,382,970	-2,378,721	-2,378,721	8
140. Tax assets	-4,649,490	-4,642,571	-778,748	8 10 25
Grand total			-4,873,618	

LIABILITY ITEMS	Accounting figures		Relevant amount for purposes of own funds	Ref. "Transitional own funds disclosure template" table
	Statutory scope	Prudential scope		
Securities outstanding and Financial liabilities	21,969,270	21,501,027	1,983,503	46 47 52
030. Securities outstanding	17,608,956	17,140,713		
050. Financial liabilities designated at fair value through profit and loss	4,360,314	4,360,314		
080. Tax liabilities	759,899	744,228	330,730	8
140. Valuation reserves	245,471	245,256	235,694	3
170. Reserves	1,942,632	1,942,592	1,942,592	3
190. Capital	7,100,000	7,100,000	7,100,000	1
200. Treasury shares	0	0	0	16
210. Minority interests (+/-)	51,740	49,459	39,858	5 34 48
220. Profit (Loss) for the period	3,128,867	3,128,912	3,128,912	5a
Grand total			14,761,289	

OTHER ELEMENTS FOR THE RECONCILIATION OF OWN FUNDS	46,658	3 7 12 46 50
Negative amounts resulting from the calculation of expected loss amounts	-7,311	12
Credit risk adjustments	106,039	50
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	14
Additional value adjustments (negative amount)	-14,998	7
Prudential filters generated by sale of property	-37,072	3
Adjustment of positions in own Tier 2 capital instruments	0	46
TRANSITIONAL ARRANGEMENT - IMPACT ON CET1 (+/-)	579,610	5 26 26a 26b
Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out - Minority interests (amount allowed in consolidated CET1)	-737	5
Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment	637,604	26
Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	-54,228	26a
Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-3,029	26b
TRANSITIONAL ARRANGEMENT - IMPACT ON AT1 (+/-)	168,319	33 41 41a
Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out - Minority interests (amount allowed in consolidated AT1)	-1,139	41
Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-152,557	41a
Amount of qualifying items referred to in article 484 (4) and the related share premium accounts subject to phase out from AT1	322,015	33
Adjustments on AT1 instruments	0	33
TRANSITIONAL ARRANGEMENT - IMPACT ON T2 (+/-)	-32,968	46 47 56a
Unrealised gain (Positive AFS reserves)	27,114	46
Regulatory adjustments applied to tier 2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out - Minority interests (amount allowed in consolidated T2)	-1,519	46
Amount of qualifying items referred to in article 484 (5) and the related share premium accounts subject to phase out from T2	93,994	47
Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-152,557	56a
TOTAL OWN FUNDS AS AT 30 SEPTEMBER 2017	10,649,290	

Analysis of changes in Own Funds in the first nine months of 2017

<i>(in thousands of euro)</i>	30/09/2017
Common Equity Tier 1 capital (CET1)	
Opening balance	9,184,878
CET1 instruments	498,298
Increase in valuation reserves eligible financial assets available for sale	102,210
Net income for the period	3,128,912
Change in other reserves (including merger effects)	(2,723,953)
Change in minority interest included in CET1	(8,871)
Prudential filters	16,473
Change in filter effects of own creditworthiness	4,549
Change in regulatory value adjustments (prudent valuation)	11,924
Deductions	(1,237,041)
Increase in goodwill and intangible fixed assets (net of tax liabilities), including merger effects	(355,301)
Increase in significant investments in CET1 instruments (including put options of bancassurance reorganization)	(671,531)
Increase in deferred tax assets	(204,360)
Surplus of expected losses compared to value adjustments	(5,849)
Closing balance	8,462,608
Additional Tier 1 (AT1) capital	
Opening balance	161,551
AT1 instruments	(16,006)
Decrease in eligible AT1 instruments (prepayment effects)	(15,840)
Change in minority interests included in AT1	(166)
Deductions	28,468
Decrease in elements to be deducted from AT1	28,468
Closing balance	174,013
Tier 2 (T2) capital	
Opening balance	1,809,984
T2 instruments	169,912
Increase in eligible T2 instruments	169,912
Deductions	32,773
Reduction in elements to be deducted from T2	32,773
Closing balance	2,012,669
Total Own Funds	10,649,290

It should be noted that the initial comparison balance represents the pro-forma value that comes from the aggregation of the two Groups.

In the current transitional phase-in period, the size of own funds and their aggregates (CET1, AT1 and T2) are influenced by the evolution of calculated percentages for certain elements of

the mentioned aggregates provided by Circular 285 of Bank of Italy. Since 1st October 2016, ECB Regulation (EU) 2016/445 has been in force, which has revised some of the national discretion included in the foregoing legislation.

Common Equity Tier 1 (CET1) capital shows a decrease of 722 million in the first nine months of 2017, mainly due to the deviation of the result of the period, equal to € 3,128.9 million, from which the effects of the merger are deducted.

Referencing negative elements, it should be noted the increase in taxable assets deductible for € 204 million and the increase in goodwill and intangible assets, net of tax liabilities, for € 355 million.

The increase in significant investments in CET1 instruments, amounting to € 671 million, reflects the synthetic capital holdings in insurance companies (see Reg. EU 2015/923).

The surplus of value adjustments compared to expected losses, calculated in the context of A-IRB credit risk, almost zeroed the CET1 deduction for "shortfall", which is negative for about € 6 million.

Additional Tier 1 (AT1) capital increased by € 12 million.

The computable instruments increased in the first quarter for the conferring of "preference shares" of the former BPM Group, but subsequently reduced in the second quarter for early repayment of an instrument, subject to grandfathering regime, which reached its first maturity date.

The elements to be deducted have been reduced more than proportionally applying the "phase in" decreasing percentage for the current year.

In Tier 2 (T2) capital there was an increase in the computable instruments of about € 170 million, as a result of the issue of a new security for € 500 million counterbalanced by the gradual normative amortization that affected the subordinated bonds of the two former Groups, aggregated after the merger, to which were added two extinctions for reached maturity of the securities.

The direct ownerships of own instruments remained unchanged.

The items to be deducted are positively affected by the lower exposure in Tier 2 instruments issued by third parties, which were also aggregated after the merger.

The higher value adjustments on credit risk A-IRB, already mentioned for CET1, resulted in a surplus compared to expected losses in Tier 2 within the regulatory limits, resulting in a positive change of € 16 million.

Financial Leverage

Definition and regulatory framework

The Second Part, chapter 12, of Circular no. 285 of 17th December 2013 "Regulations for the supervision of banks" requires Banks to calculate the leverage ratio as established in Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26th June 2013, on prudential requirements for credit institutions and investment firms.

This indicator must be measured and monitored over time in order to:

- limit the accumulation of financial leverage and therefore attenuate the brusque deleveraging processes that took place during the crisis;
- limit possible measurement errors associated with the current system for calculating weighted assets.

In fact, the definition of excessive financial leverage risk set forth in the Circular referred to above reads:

"this is the risk that a particularly high level of debt with respect to own funds could make the bank vulnerable, requiring it to take corrective measures in its business plan, including selling assets at a loss, which could require recognizing value adjustments on other assets as well."

The leverage ratio is calculated as the intermediary's capital (numerator) divided by the amount of the bank's overall exposure (denominator), and is expressed as a percentage.

$$\text{Leverage Ratio} = \frac{\text{Tier 1 capital}}{\text{Amount of overall exposure}}$$

Risk Function is responsible for monitoring the actual leverage ratio compared to the proposed minimum threshold of 3%. It should be noted that this indicator is included among the "Strategic indicators" in the Risk Appetite Framework of the Group, hence it's subject to a continuous control and verification of compliance with the defined thresholds (Trigger, Tolerance, Capacity and Target – which is the identified level set in the Industrial Plan).

The Group currently calculates the leverage ratio based on procedures set forth in Bank of Italy Circular no. 286 of 17th December 2013, part I, section 16, which, starting from the reporting dated 30th September 2016, transposes the following regulatory changes:

1) Commission Delegated Regulation (EU) 2015/62 dated 10th October 2014, which amends the Article 429 of Regulation (EU) No 575/2013 with regards the elements for the calculation of the leverage ratio;

2) Commission Implementing Regulation (EU) 2016/428 dated 23rd March 2016, which amends Implementing Regulation (EU) No 680/2014, updates revising the technical rules regarding the reporting of the Leverage Ratio.

Details of the individual elements included in the leverage ratio calculation as at 30 September 2017 are provided below. At this date, under the transitional arrangements, the leverage ratio stood at 5.0%.

The quantitative disclosure as follow is presented with specific templates in accordance with the provisions of (EU) Implementing Regulation no.200 dated 15 February 2016.

LRSum Table: Summary reconciliation of accounting assets and leverage ratio exposures

Reference date		30/09/2017
Entity name		Banco BPM
Level of application		consolidated
Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		
		Applicable amount
1	Total assets as per published financial statements	165,879,895
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	81,863
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	0
4	Adjustment for derivative financial instruments	0
5	Adjustment for securities financing transactions (SFT)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	0
UE-6a	(Adjustment for exempted intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	0
UE-6B	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	0
7	Other adjustments	8,123,910
8	Leverage ratio total exposure measure	174,085,668

LRCom table: Leverage ratio common disclosure

Data di riferimento		30/09/2017
Template LRCom: Leverage ratio common disclosure		
		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	156,571,704
2	(Asset amounts deducted in determining Tier 1 capital)	-4,072,051
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	152,499,653
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	654,652
5	Add-on amount for PFE associated with all derivatives transactions (mark-to-market method)	730,158
UE-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-219,341
8	(Exempted CCP leg of client-cleared SFT exposure)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	Total derivatives exposures (sum of lines 4 to 10)	1,165,469
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	6,107,146
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	1,388,217
UE-14a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429ter(4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
UE-15a	(Exempted CCP leg of client-cleared SFT exposure)	0
16	Total SFT exposures (sum of lines 12 to 15a)	7,495,363

Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	12,925,183
18	(Adjustments for conversion to credit equivalent amounts)	
19	Other off-balance sheet exposures (sum of lines 17 and 18)	12,925,183
(Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet))		
UE-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
UE-19b	Exempted exposures in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on and off balance sheet)	0
Capital and total exposure measure		
20	Tier 1 capital	8,636,621
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	174,085,668
Leverage ratio		
22	Leverage ratio	4.96%
Choice on transitional arrangements and amount of derecognised fiduciary items		
UE-23	Choice on transitional arrangements for the definition of the capital measure	"transitional arrangements"
UE-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	

LRSpl table: Split-up of on-balance sheet exposures

Reference Date		30/09/2017
Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		
		CRR leverage ratio exposures
UE-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	155,928,211
UE-2	- Trading book exposures	5,607,173
UE-3	- Banking book exposures, of which:	150,321,038
UE-4	- Covered Bonds	109,670
UE-5	- Exposures treated as sovereigns	33,201,521
UE-6	- Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,961,312
UE-7	- Institutions	10,769,254
UE-8	- Secured by mortgages of immovable properties	32,750,743
UE-9	- Retail exposures	14,650,746
UE-10	- Corporate	35,750,277
UE-11	- Exposures in default status	14,033,476
UE-12	- Other exposures (e.g. equity, securitisations, and other non-credit obligations assets)	7,094,038

Comment on the exposures considered in the calculation

It should be noted that the exposure data used in the calculation of the leverage ratio at 30 September 2017, for the new Banco BPM Group, were compared with the pro-forma figures referring to 31 December 2016 after the aggregation.

In the first nine months of 2017, the operations of the new Group did not lead to significant changes in exposures computed for the leverage ratio.

SFT exposures decreased by approximately 6%, mainly due to contracts with Qualified Central Counterparts and / or foreign bank counterparties.

Financial derivative exposures decreased by around 9%, mainly represented by contracts settled under netting agreements and "I.R.S." and "Basis Swap" contracts.

Off-balance sheet items with 20% FCC declined by 44% and are mainly represented by margins available on credit lines for advances / discounts on trade effects.

Off-balance sheet items with 100% FCC declined by 53% and are mainly represented by surety commitments, Repo commitments to be regulated or active loans to be distributed to banking counterparties and other commitments.

As already observed at the end of the previous year, there are no credit derivative contracts with hedging sale in the first three quarters of the year.

Other activities present little significance.

Regarding the change in Tier 1 Capital, as well as for the related deducted activities, please refer to the explanations in the previous section "Own Funds".

Capital Requirements

Disclosure with respect to Pillar 1 capital adequacy pursuant to Article 92 of the CRR Regulation

On the basis of current prudential supervisory provisions ("Regulations for the supervision of banks" - Bank of Italy Circular no. 285 of 17 December 2013), the minimum Total Capital Ratio is set at 10.5% (including the capital conservation buffer, which will be set to 2.5% from 2019). It should be noted that Bank of Italy, on 4 October 2016, with the 18th update of Circular No. 285, has reduced the capital conservation buffer to 1.25% for 2017 and to 1.875% for 2018.

In the first quarter of 2017, Banco BPM received from the European Central Bank the notification on the SREP Decision, containing the outcomes of the *annual Supervisory Review and Evaluation Process* (SREP). Taking into account the analysis and the assessments carried out in 2016 by the Supervisory Authority on the two merging banks, the ECB has determined the following specific capital requirements:

Banco BPM's Capital Requirements in terms of Common Equity Tier 1 (CET1) ratio	
Pillar 1 Regulatory minimum	4,50 %
Pillar 2 Requirement	2,40 %
Total SREP Capital Requirement (TSCR)	6,90 %
Capital Conservation Buffer (CCB)	1,25 %
Overall Capital Requirement (OCR)	8,15 %

The minimum capital requirement is equal to the sum of the capital requirements established for credit, counterparty, market and operational risks. These requirements in turn arise from the sum of the individual requirements of the companies within the Group's scope of prudential consolidation, after removal of effects of intra-group relations on credit, operational and counterparty risks.

The Supervisory Authority has agreed to the use of internal models employed by the former Banco Popolare, Banca Aletti and Banca Akros to calculate the capital requirements of the new entity on their pre-existing validation perimeters.

In particular, the Group is currently authorised to use its own internal models to calculate regulatory capital absorption with reference to the following Pillar 1 risks:

- credit risk (starting with the measurement at 30 June 2012) → the scope concerns the advanced internal rating based approaches (PD, for both monitoring and acceptance and LGD) relating to loans to enterprises and retail of ex Banco Popolare;
- market risk (starting with the measurement at 30 June 2012) → the scope is the generic and specific risk of equity instruments, the generic risk of debt securities and the risk relating to UCITS units for the trading portfolio of Banca Aletti and ex Banco Popolare;

- market risk (starting with the measurement at 30 June 2007) the scope is the generic and specific risk of equity instruments, the generic risk of debt securities, position risk on certificates in UCITS participation and the foreign exchange risk for all the assets/liabilities on Banca Akros' balance sheet;
- operational risk (starting from the measurement at 30 June 2014) → adoption of the AMA (Advanced Measurement Approach) for the companies ex Banco Popolare, Banca Aletti, SGS BP and BP Property Management. Starting from the measurement at 30 June 2016, extension of AMA to the roll-out perimeter: leasing department (ex Banca Italease) of the former Banco Popolare and Aletti Gestielle SGR.

The capital requirements and the capital ratios of the Banco BPM Group as at 30 September 2017 are presented as follows.

Capital requirements and the capital ratios of Banco BPM Group

Information	30/09/2017	
	Weighted amounts	Requirements
B. Supervisory Capital Requirements		
B.1 Credit and counterparty risk	68,566,392	5,485,311
1. Standardised approach	50,888,939	4,071,115
2. Internal models - Basic	-	-
3. Internal models - Advanced	17,677,453	1,414,196
B.2 Credit valuation adjustment risk	272,175	21,774
B.3 Regulatory risk	1,914	153
B.4 Market risk	2,475,031	198,003
1. Standardised approach	437,233	34,979
2. Internal models	2,037,798	163,024
3. Concentration risk	-	-
B.5 Operational risk	5,534,091	442,727
1. Basic Indicator Approach	179,483	14,359
2. Standardised Approach	2,645,917	211,673
3. Advanced Approach	2,708,691	216,695
B.6 Other calculation elements	0	0
B.7 Total prudential requirements	76,849,603	6,147,968
C. Capital adequacy ratios (%)		
C.1 Common Equity Tier 1 Ratio		11.0%
C.2 Tier 1 Ratio		11.2%
C.3 Total Capital Ratio		13.9%

Qualitative disclosure on countercyclical capital buffer

The imposition of additional capital buffers with respect to the regulatory minimum aims to provide the banks with high quality assets to be used in times of market tension to prevent banking system malfunctions and to avoid interruptions in the lending process as well as to cope with the risks deriving from the systemic or global relevance of some banks. In this context, the countercyclical capital buffer aims to protect the banking sector in periods of excessive credit growth; its imposition allows to accumulate, during the credit cycle overheating, common equity tier 1 capital which will then be used to absorb the losses in the descending phase of the cycle (from Circular 285 - Part One - Italy's transposition of the CRD IV Section III – Countercyclical capital buffer).

Entities are required to hold a countercyclical capital buffer equal to their total risk exposure multiplied by the bank's specific countercyclical coefficient. Bank of Italy, as well as the other competent authorities designated by individual Member States, has the obligation to determine quarterly the countercyclical coefficient for our country and to monitor the congruity of the coefficients applied by other countries, both Community and non-EU. Directive 2013/36/EU specifies that the specific countercyclical coefficient of the entity is equal to the weighted average of the countercyclical coefficients applied in the countries where its relevant credit exposures are located.

It should be noted that Bank of Italy set the countercyclical coefficient, to be applied to exposures held towards Italian counterparties, to 0% for the first, second and third quarters of 2017.

The detailed information in the following tables is published in accordance with Commission Delegated Regulation (EU) 2015/1555 dated 28 May 2015.

Amount of institution-specific countercyclical capital buffer

Row	Column
	010
010 Total risk exposure amount	76,849,603
020 Institution specific countercyclical capital buffer rate	0%
030 Institution specific countercyclical capital buffer requirement	-

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Row			General credit exposures		Trading book exposure		Securitisation exposure	
			Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value IRB
			10	20	30	40	50	60
Breakdown by country								
010	Country	41 ISLAND	0	0	0	0	0	0
		48 NORWAY	710	0	0	0	0	0
		68 SWEDEN	533	0	0	0	0	0
		103 HONG KONG	1	0	0	0	0	0
		275 CECH REPUBLIC	0	0	0	0	0	0
		OTHER COUNTRIES WITH RATE OF ZERO	50,875,782	74,490,732	404,672	13,717	65,985	7,242
020		50,877,026	74,490,732	404,672	13,717	65,985	7,242	

Row			Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
			Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
			70	80	90	100	110	120
Breakdown by country								
010	Country	41 ISLAND	0	0	0	0	0.000	1.000
		48 NORWAY	32	0	0	32	0.001	1.500
		68 SWEDEN	24	0	0	24	0.001	2.000
		103 HONG KONG	0	0	0	0	0.000	1.250
		275 CECH REPUBLIC	0	0	0	0	0.000	0.500
		OTHER COUNTRIES WITH RATE OF ZERO	4,604,273	6,675	4,529	4,615,477	99.998	
020		4,604,329	6,675	4,529	4,615,533	100.000		

Capital requirement for Credit and Counterparty Risk (Standard Approach)

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT
	30/09/2017
Exposures to or guaranteed by central administrations and central banks	300,157
Exposures to or guaranteed by regional administrations or local authorities	6,875
Exposures to or guaranteed by non-profit entities and public sector entities	-
Exposures to or guaranteed by public sector organisations	47,322
Exposures to or guaranteed by multilateral development banks	-
Exposures to or guaranteed by international organisations	-
Exposures to or guaranteed by intermediaries subject to supervision	491,816
Exposures to or guaranteed by enterprises	1,554,477
Retail exposures	326,531
Exposures guaranteed by property	285,945
Exposures in default status	541,802
High risk exposures	1,815
Exposures in the form of covered bank bonds	2,172
Short-term exposures to enterprises or supervised intermediaries	-
Exposures to undertakings for collective investment in transferable securities (UCITS)	88,708
Equity exposures	161,317
Other exposures	257,157
Securitisations: Total Exposure	4,182
Pre-funded contributions to the Guarantee Fund: Total Exposure	839
TOTAL CREDIT AND COUNTERPARTY RISK (SA)	4,071,115

Capital requirement for Credit and Counterparty Risk (IRB Approach)

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT
	30/09/2017
Exposures to or guaranteed by enterprises	
Specialised loans	0
SME	517,355
Other companies	408,858
Retail exposures	
Exposures guaranteed by residential property: SME	48,553
Exposures guaranteed by residential property: individuals	180,239
Revolving exposures to qualified retail	13,946
Other retail exposures: SME	196,991
Other retail exposures: individuals	47,906
Securitisations exposures	
Securitisations - Approach based on internal ratings - Total exposure	348
TOTAL CREDIT AND COUNTERPARTY RISK (IRB)	1,414,196

Capital requirement for Counterparty Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT
	30/09/2017
Counterparty Risk	75,959

The requirement is already included in the capital requirement for credit and counterparty risk, as set out in the previous tables.

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT
	30/09/2017
Risk for credit value adjustment - CVA	21,774

The requirement is determined through standard approach and applied to OTC derivatives exposures traded with financial counterparties, excluding intragroup exposures and Central Counterparties.

Capital requirement for Market Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT
	30/09/2017
Market risks (Position, exchange rate and commodity)	
- Standardised approach	34,979
Position risk on debt instruments	30,113
Position risk on equity instruments	-
Foreign exchange risk	4,860
Commodity risk	6
- Internal models	163,024
Internal models: total	163,024
TOTAL MARKET RISKS	198,003

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT
	30/09/2017
Regulatory risk	153
Positions included in supervisory trading book	153
Positions included in banking book	0

Capital requirement for Operational Risk

REGULATORY PORTFOLIO	CAPITAL REQUIREMENT
	30/09/2017
Basic Indicator Approach	14,359
Standardised Approach	211,673
Advanced Approaches	216,695
TOTAL OPERATIONAL RISK	442,727

Disclosure with respect to Pillar 2 capital adequacy pursuant to Article 73 of CRD IV Directive

The process of assessing capital adequacy supports and supplements the consistency check conducted under Pillar 1, which requires the verification of the adequacy of Own Funds in terms of the minimum prudential requirements for credit risk (including counterparty risk), market risk and operational risk.

Significant risks (credit, counterparty, market, interest rate, operational and other measured risks) are measured using statistic and quantitative methods generally relating to the VaR technique.

Banco BPM Group has opted for a level of probability (or "confidence interval") of 99.90%, in line with the confidence level of minimum capital requirements established by supervisory regulations, in order to make the reconciliation with estimates resulting from the application of regulatory approaches easier.

The risks are estimated with reference to a one-year horizon, with the exception of market risks, for which a ten-day holding period is used for market risk on the trading book (the default risk component is estimated with a 3-months holding period). For market risk on the banking book, a ten-day holding period is used for the equity component (CFV) and a 1-month/3-month holding period is used for the AFS and HTM portfolios (the default risk component is estimated with a 3-months holding period on AFS portfolio and 6-months holding period on HTM portfolio). For equity risk, the holding period is 6 months.

The capital adequacy assessment conducted in ICAAP scope and included in Group's RAF involves, besides the quantification of all the relevant risks, the definition of the total capital used to cover the same corporate risks. The Group's Risk Appetite Framework includes indicators that enable the Group's capital adequacy to be monitored and valued with triggering, tolerance and capacity thresholds. Examples of "Strategic" indicators include the "Reserve Capital" indicator in the Pillar II scope.

In addition, in the same scope of Pillar II capital adequacy, the Group has decided to adopt a definition of its Available Financial Resources (AFR) broader than Own Funds, considering also some components that have the immediate availability feature, despite the current legislation does not allow full computability or imposes the deduction from Own Funds.

This amount must not be limited merely to covering total risk capital, but must also be able to:

- expand room for growth, in addition to that defined in the strategic plan, ensuring potential flexible operational margins;
- manage business continuity, should cumulative losses recorded over the twelve months exceed those estimated according to the assumed confidence level;
- handle situations where market developments could be substantially worse than forecast and incorporated in the risk estimate models;

- maintain an additional capital buffer, for the purpose of maintaining/improving the level of capitalization with a view to improving rating agency opinions;
- pursue the target ratio objectives established by the Top Management.

Internal capital adequacy of Pillar 2 is also assessed (ordinary and stressed conditions), in order to identify any imbalance between the evolution of risk which may be prudently forecast based on the objectives defined during strategic and budget planning, and the internal generation of capital through self-financing and the specific management of this process.

To guarantee this continuous monitoring, Banco BPM Group has adopted an advanced system for risk integration and quantification of available capital resources, with advanced functions of management, control, reporting and simulation of capital adequacy conditions.

To estimate the total capital at risk, Banco BPM Group uses a *building block* approach, which is the plain and prudent sum of the economic capitals referring to each individual type of risk subject to quantitative measurement. Nevertheless the Group adopts also an internal integration approach which takes into account the dependencies between the relevant risks and, therefore, allows to consider the benefits of diversification.

The valuation of economic capital or total internal capital (total risk) also includes the outcome of stress tests. Specifically, the joint impact on various risk factors of macroeconomic scenarios, characterised by stress conditions, are considered.

The Risk Function measures and as a result assesses internal capital adequacy on a monthly basis and sends specific reporting in this regard to the Governance Bodies.

This monitoring makes it possible to verify compliance with the thresholds defined within the Group Risk Appetite Framework.

Declaration of the Manager responsible for preparing the Company's financial reports

The undersigned, Gianpietro Val, in his capacity as Manager responsible for preparing the financial reports of Banco BPM S.p.A, hereby declares, in compliance with the provisions of article 154-bis, paragraph 2 of Italian Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this document is consistent with the documental results, the corporate books and the accounting records.

Milan, 9 November 2017

Manager responsible for preparing the
Company's financial reports

Gianpietro Val

(signed)