



PRESS RELEASE

The European Central Bank authorized Gruppo Banco BPM to use advanced internal rating models (AIRB) to measure consolidated capital requirements for credit risk with rollout onto BPM S.p.A.

Milan, 19 February 2018 - Following what reported in the news release published on 7 February, Banco BPM herewith announces that on 16 February 2018 we received the European Central Bank's authorization to adopt our internal risk management systems (AIRB models) to measure the consolidated capital requirements for credit risk, together with their rollout onto BPM S.p.A. The extension of the AIRB model already in use at the Parent Bank has been an opportunity to proceed equally with a model update, also with a view to take account of the recent regulatory orientations foreseen in relation to PD and LGD estimates.

The authorization will come into effect with the next reporting as at 31 March 2018.

The authorization will generate an estimated CET1 increase of around 80 bps and will allow to further strengthen the capital solidity of Banco BPM Group.

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