



**REPORT**  
**OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.**  
**ON POINT 7 OF THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING**

(Drawn up pursuant to Article 125 *ter* of Italian Legislative Decree No. 58 dated 24 February 1998, as subsequently amended and supplemented, and pursuant to Article 84 *ter* of the Regulation adopted by means of Consob Resolution No. 11971 dated 14 May 1999, as subsequently amended and supplemented)

**Ordinary and Extraordinary Shareholders' Meeting held on 4 April 2020**



**Report of the Board of Directors of Banco BPM S.P.A. on point 7) of the agenda of the Ordinary Shareholders' Meeting called for 4 April 2020, in sole session, with regard to: "Appointment of the members of the Board of Directors for the years 2020-2021-2022, inclusive of the Chairman and Deputy Chairman"**

## **1. Introduction**

Dear Shareholders,

The Board of Directors of Banco BPM S.p.A. (hereinafter, "**Banco BPM**" or the "**Bank**") has called you to the Shareholders' Meeting to be held on **4 April 2020 at 9.00 a.m. at MiCo – Milano Congressi**, Gate 4, Via B. Colleoni, Milan, in sole calling, in order to discuss and resolve, amongst other aspects, with regard to: "Appointment of the members of the Board of Directors for the years 2020-2021-2022, inclusive of the Chairman and Deputy Chairman".

This report is drawn up pursuant to Article 125 *ter* of Italian Legislative Decree No. 58 dated 24 February 1998, as subsequently amended and supplemented (the "**TUF**"), and Article 84 *ter* of the Regulation adopted by means of Consob Resolution No. 11971 dated 14 May 1999, as subsequently amended and supplemented (the "**Issuers' Regulations**").

## **2. Appointment of the Board of Directors**

On the occasion of this Shareholders' Meeting, called for the approval of the Financial Statements for the year ended as at 31 December 2019, the mandate will expire with regard to the Board of Directors elected by the Shareholders' Meetings of the former Banco Popolare Società Cooperativa ("**BP**") and the former Banca Popolare di Milano S.c.a r.l. ("**BPM**") within the sphere of the merger between BP and BPM (the "**Merger**"), which led to the establishment of Banco BPM as from 1 January 2017.

In this connection, we hereby remind you that, in accordance with the matters laid down by Article 20.1 of the Company Bylaws, the Ordinary Shareholders' Meeting is required to appoint 15 (fifteen) Directors, who do not necessarily need to be shareholders, including a Chairman and a Deputy Chairman. The appointed Directors will remain in office for three accounting periods and will fall from office as of the date of the Shareholders' Meeting called for the approval of the Financial Statements relating to the last year of their office (or rather the Financial Statements for the year ended as at 31 December 2022).

The directors can be re-elected on expiry of their mandate.

We draw your attention to the requirement that, in compliance with Article 147 *ter*, paragraph 1 *ter* of the Consolidated Finance Law (TUF), as amended by paragraph 302 of Italian Law No. 160 dated 27 December 2019, the least represented gender is reserved - for six consecutive mandates - a quote at least equal to two fifths of the elected directors, corresponding, as things stand, to at least 6 (six) Board Directors.

You are also reminded that steps will be taken for the election of the members of the Board of Directors for the years 2020-2021-2022 on the basis of lists - in which the candidates are assigned a consecutive number - submitted:

- (i) by the Board of Directors (the "**Board List**");
- (ii) by one or more Shareholders who are in total holders of an interest holding equal to at least 1% (one percent) of the share capital of the Company with the right to vote in Ordinary Shareholders' Meetings (the "**Shareholders' List**");
- (iii) by one or more Shareholders which at the same time are employees of the Company or of its subsidiary companies and which are in total holders of an interest holding of at least 0.12% (nought point twelve percent) of the share capital of the Company (the "**Shareholders' - Employees' List**").

Each shareholder may submit or contribute to the submission and vote for just one list of candidates and each candidate may be present in just one list, on penalty of ineligibility.

All the candidates must be in possession of the suitability requirements (i.e. professionalism, competence, good standing, correctness and, within the limits envisaged in the Company Bylaws, independence) envisaged by the *pro tempore* legislation in force and the Company Bylaws.

Together with each list, by the deadline for the filing of the same, all the declarations, statements or documents required by current legislation or by the Bylaws must be filed, and thus:

- in-depth disclosure on the personal and professional characteristics of the candidates indicated on the list (by way of example but not limited to: curriculum vitae, copy of an identity document, certificate of residence or equivalent document);

- the declarations with which the candidates accept their candidacy under their own responsibility, declare that no causes of ineligibility or incompatibility exist, (also pursuant to Art. 36 of Italian Law No. 214/2011, so-called "interlocking restriction") and that they meet the requirements laid down by law, regulations and by the Company Bylaws for covering the office of the Director (professionalism, competence, good standing, correctness time commitment, accumulation of offices and, possibly, independence);
- a declaration of the Shareholders who have presented the list - and differing from those who hold, also jointly, a controlling interest or relative majority interest - bearing witness to the absence with the latter of any associations envisaged by Article 144 *quinquies*, first paragraph, of the Issuers' Regulations and by *pro tempore* legislation in force;
- the list of management and audit appointments covered in other companies;
- indication of the identity of the Shareholders who have submitted the list and the total interest holding held;
- copy of the communication pursuant to Article 43 of the Single measure on post-trading of Consob and the Bank of Italy dated 13 August 2018 and Article 83 *sexies* of the Consolidated Finance Law (TUF) and the related implementing standards (the "**Communication**") or declaration to undertake to forward the Communication in question by the publication deadline for said lists.

In addition to said documentation, the shareholders-employees who submit the Shareholders-Employees' List must file the documentation bearing witness to their status as employee of the Company or its subsidiary companies.

In this connection, it is disclosed that solely for the purpose of the renewal of the Board of Directors, in the agenda of the Shareholders' Meeting held on 4 April 2020, pursuant to Article 46 of the Company Bylaws, the right to submit the Shareholders-Employees' List is assigned only to the employees of the Bank and of the subsidiary companies which, at the same time, have covered the status of "shareholder" for at least 5 (five) years. For the purpose of the establishment of this requirement, the status of "shareholder" also in BP and BPM in the period prior to the Merger from which the Bank originates will be considered.

It is disclosed that, the lists submitted without observance of the above formalities will

be considered as having not been submitted. However, lack of the documentation relating to the individual candidates of a list does not automatically lead to the exclusion of the entire list, but rather of just the candidates to which the irregularity refers.

The lists of candidates, together with the related documentation envisaged by current legislation and by the Company Bylaws, must be signed by the Shareholders and filed, on pain of forfeiture, **by 5.00 p.m. on 10 March 2020** (25th day prior to that fixed for the Shareholders' Meeting) with the following formalities (alternatively):

- filed care of the registered offices of Banco BPM (Group Corporate Affairs function), Piazza Filippo Meda, 4, Milan on business days between 8.15 a.m. and 5.00 p.m.;
- or
- forwarding via certified e-mail, to the e-mail address [soci@pec.bancobpm.it](mailto:soci@pec.bancobpm.it), attaching the documents in PDF format.

No publication liability to the charge of the shareholder is envisaged, while the Bank is responsible for the obligations to provide the general public with the information relating to the lists duly presented. In particular, the lists of candidates which have been duly presented will be made available to the general public **by 13 March 2020** (21st day prior to that fixed for the Shareholders' Meeting), by the Bank care of the registered offices of Banco BPM, on the website of the Bank [www.bancobpm.it](http://www.bancobpm.it) - Corporate governance > Shareholders' Meeting and on the website of the authorised storage mechanism, "eMarket Storage" [www.emarketstorage.com](http://www.emarketstorage.com) and by means of the other formalities indicated in the notice of calling of the Shareholders' Meeting.

In detail, the Board of Directors shall be elected adopting the following formalities, pursuant to the Bylaws:

- a) 12 (twelve) directors, or rather the minor number of directors which depletes all the candidates indicated in said list, are drawn from the list that received the greatest number of votes, on the basis of the consecutive order in which they were listed;
- b) the remaining 3 (three) directors - or a greater number of directors if from the list indicated in letter (a) above 12 (twelve) directors have not been drawn overall - are taken from the additional lists as follows:
  - i. if at least one Shareholders-Employees' List has been duly submitted and has

obtained votes: (i) 1 (one) director is taken from the Shareholders-Employees' List which has obtained the greatest number of votes among the Shareholders-Employees' Lists; (ii) the remaining 2 (two) or more directors to be elected in accordance with this letter (b) are taken from the list, differing from that in point (i), on the basis of the following criterion: the votes obtained by each list are divided by one, two, three, four and so on, according to the number of components still to be elected. The ratios thus obtained are progressively assigned to the candidates of each of said lists, according to the order respectively envisaged by the same. The ratios thus assigned to the candidates of the various lists are arranged in a single decreasing ranking: the candidates who have obtained the highest ratios and which are taken from lists ,which are not in any way connected, in accordance with the *pro tempore* legislation in force, with the list that has obtained the greatest number of votes, are elected as board directors, up to the extent of the directors still to be elected. It is understood that, in any event, 1 (one) director will be taken from the Shareholders-Employees' List even if the number of votes obtained by said list is lower than that obtained by the other lists;

- ii. if no Shareholders-Employees' Lists have been submitted or they have been submitted but none of the Shareholders-Employees' Lists has obtained votes or again in the case in which the list that has obtained the greatest number of votes in accordance with the previous letter (a) is a Shareholders-Employees' List, the remaining 3 (three) or more directors are taken from the other lists which have obtained votes - other than that which has come first in accordance with letter (a) above - according to the following criterion: the votes obtained by each list are divided by one, two, three, four and so on according to the number of components still to be elected. The ratios thus obtained are progressively assigned to the candidates of each of said lists, according to the order respectively envisaged by the same. The ratios thus assigned to the candidates of the various lists are arranged in a single decreasing ranking: the candidates who have obtained the highest ratios and which are taken from lists, which are not in any way connected, in accordance with *pro tempore* legislation in force, with the list, which has obtained the greatest number of votes, are elected as board directors, up to the extent of the directors still to be elected.

If it is not possible to complete the composition of the Board of Directors according to

the procedure defined in point (b), or if the total number of candidates included in the lists is less than the number of directors to be elected, the missing directors are elected by resolution adopted by the Shareholders' Meeting by means of the related majority in observance of the pertinent Bylaws provisions.

In the cases disciplined in letter (b) above, if several candidates have obtained the same ratio, the candidate of the list from which no board director has been elected or the minor number of board directors have been elected is appointed (it being understood that in the case envisaged by the previous letter (b)(i) the Shareholders-Employees' List, if duly submitted, which has obtained the greatest number of votes among the Shareholders-Employee's Lists must be deducted 1 (one) director). If none of the lists had yet elected a director or all have elected the same number of directors, within the sphere of these lists, the candidate of that which has obtained the greatest number of votes will be elected. In the event of equal votes for the lists and equal ratios, steps will be taken to carry out a ballot by means of new voting by the entire Shareholders' Meeting, the candidate who has obtained the relative majority of the votes, without prejudice to the observance of the pertinent Bylaws provisions, will be elected.

The Chairman and the Deputy Chairman of the Board of Directors are taken, respectively, from the first and the third name on the list, which has elected the greatest number of directors. In the event that no list has been submitted or there is no list which has elected the greatest number of directors, or further still in the event that the persons indicated in the first and third place of the list, which has elected the greatest number of directors, accept the office of Director but not the office of Chairman or Deputy Chairman, the latter are appointed by the Board of Directors by means of the ordinary quorums envisaged by Article 23.4.1 of the Bylaws.

In the case of presentation of just one list of candidates, in accordance with Article 20.9 of the Bylaws, the members of the Board of Directors will be elected within the sphere of this list, up to the extent of the candidates included.

If no list of candidates is submitted before the deadline, the Shareholders' Meeting will resolve with the relative majority of the Shareholders present at the Meeting adopting the formalities envisaged by the Bylaws.

For any other information regarding the submission of the lists and the appointment of



the Board of Directors, reference is made to the applicable legislation and the provisions of the Bylaws, which can be consulted on the website of the Bank [www.bancobpm.it](http://www.bancobpm.it) - Corporate governance> Corporate Documents.

For the purpose of furthering the best identification of the candidatures to propose to the Shareholders' Meeting, we hereby invite you to take into account the document of the Board of Directors "*Qualitative-quantitative composition of the Board of Directors*", which contains indications and suggestions which the outgoing Board of Directors of Banco BPM S.p.A. makes available to the Shareholders, with the intention of helping the same to formulate proposals for the composition of the Bank's Board of Directors. The document is available on the website of the Bank [www.bancobpm.it](http://www.bancobpm.it) - Corporate governance> Shareholders' Meeting.

The Bank's website, in the section dedicated to Shareholders' Meetings also contains the publication of a disclosure document relating to the "*Operating methods for the submission of the lists for the appointment of the corporate bodies of Banco BPM S.p.A.*", containing some indications on the procedure for the appointment of the Directors of Banco BPM and on the method of submission of the lists for the appointment of the Board of Directors of Banco BPM.

\*\*\*

In light of the above, it is proposed to the Shareholders' Meeting that a resolution be adopted with regard to the appointment of the members of the Board of Directors, inclusive of the Chairman and Deputy Chairman for the years 2020-2021-2022.

18 February 2020

The Board of Directors