This document is a courtesy translation into English of the Board of Directors' Report on the proposed amendments to the Bylaws. In case of any discrepancies between the English and the Italian version, the Italian version shall prevail.

EXPLANATORY REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM SPA
ON ITEM 4) OF THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING

(Drawn up pursuant to Art. 123-*ter* of Italian Legislative Decree no. 58 of 24 February 1998, as amended and supplemented, and pursuant to Article 84-*quater* of the Regulation adopted by Consob Resolution no. 11971 of 14 May 1999, as amended and supplemented)

Ordinary Shareholders' Meeting of 20 April 2023

Explanatory report of the Board of Directors of Banco BPM S.p.A. on item 4) of the agenda of the Ordinary Shareholders' Meeting called for 20 April 2023, on single call, regarding:

"Approval, within the framework of the remuneration policy, of the criteria for calculating any amounts to be granted in the event of early termination of employment or early departure from office of all personnel, including the limits set on said amounts. Pertinent and consequent resolutions".

Dear Shareholders,

You have been called to the Shareholders' Meeting to resolve (with binding vote) upon the proposed approval of the criteria and maximum limits for determining the amounts in the event of early termination of employment, as set forth in the Supervisory Provisions issued by the Bank of Italy on remuneration (Bank of Italy Circular no. 285/2013 and subsequent additions and amendments, "Supervisory Provisions").

In particular, the approval of the criteria for determining any amount to be agreed to personnel in case of early termination of employment, including any limits set for said amount in terms of yearly fixed remuneration and the maximum amount deriving from their application, falls under the competence of the Shareholders' meeting.

The criteria for determining the remuneration to be paid in the event of early termination of employment conform to the provisions contained in the Supervisory Provisions.

Banco BPM S.p.A. (the "Parent Company" or "Banco BPM") is unilaterally entitled to agree any amounts in the event of termination of employment, in observance of the provisions that follow and the currently applicable regulations. These amounts can be awarded for a maximum of 24 months of fixed remuneration and, nonetheless, not exceeding Euro 2.9 million (gross per employee), deriving from application of the aforementioned maximum amount.

Amounts for early termination of employment are paid upon termination, even if a staff member has signed an individual agreement with the Group in view of early termination of employment. In continuity with the provisions approved by the Shareholders' Meeting last year (in relation to which reference should be made to the explanatory report on point 5) of the agenda for the Shareholders' Meeting of 7 April 2022, available on the website *www.gruppo.bancobpm.it*, "Corporate Governance – Shareholders' Meeting" section), it is subject to successful verification of the conditions relating to the previous year for the capital adequacy indicator at consolidated level, Common Equity Tier1 (CET1) ratio, and the regulatory indicator of liquidity adequacy at consolidated level, Liquidity Coverage Ratio (LCR).

The amount is determined considering each relevant element, and in any event:

- the positive results achieved over time;
- the circumstances that led to the termination, taking into account the interests of the company also in order to avoid an error of judgement;
- the tasks performed and/or positions held in the course of the employment relationship, also in the sense of risks assumed by the subject;
- the duration of the employment relationship and of the job;
- savings as a result of early termination of employment.

The ascertainment of fraudulent conduct or gross negligence relating to the three calendar years preceding the termination does not allow the recognition of amounts for early termination of the employment relationship. The assessment of the degree of negligence is carried out by the Board of Directors of the Parent Company and/or the subsidiaries and/or by the Chief Executive Officer of the Parent Company (or his/her proxy), each to the extent of their responsibility. They also reserve the right to assess any additional misconduct (i.e. other than the fraudulent conduct or gross negligence) ascertained in the three calendar years prior to termination.

The amount awarded to identified staff, in the case of the early termination of employment, is calculated within the maximum amount of the variable/fixed component ratio for the last year of employment, without prejudice to the specific conditions envisaged in the Supervisory Provisions.

The Supervisory Provisions also envisage the option to use a predefined formula, contained in the bank's remuneration policy, which defines the amount to be awarded for early termination of employment, within the context of an agreement between the bank and staff, at any stage of legal proceedings, for the resolution of a current or potential dispute. If defined by application of this formula, the amount is not included in the calculation of the upper limit of the variable/fixed ratio.

The formula adopted by Banco BPM regards identified staff and requires the amount to be as follows: *(a)* 24 months of fixed remuneration for persons included under "top" identified staff (Chief Executive Officer, General Manager (where appointed), Co-General Managers, senior operational and executive managers, Chief Risk Officer and the First Line Managers of the Parent Company, Chief Executive Officer, General Manager, Co-General Manager and Deputy General Manager (where present) of Banca Aletti and Banca Akros, Chief Executive Officer of Banco BPM Vita and of Banco BPM Assicurazioni); *(b)* 24 months of fixed remuneration for identified staff not already included in previous point (a), with service seniority in the Group or in the insurance company of more than ten years; *(c)* 18 months of fixed remuneration for other identified staff not already included in previous points (a) and (b). The following reductions are applied to the amounts set out in previous points (a), (b), (c) if necessary: *(1)* elimination in respect of the ascertainment, in the three calendar years prior to termination, of fraudulent or grossly negligent conduct, whose evaluation regarding the significance of the negligence is carried out by the Board of Directors of the Parent Company and/or the subsidiaries and/or by the Parent Company's Chief Executive Officer (or his delegate), each to the extent of their responsibility; *(2)* reduction of 12 months of fixed remuneration in the event of non-achievement of the individual performance in at least one of the two calendar years prior to the termination; *(3)* 50% reduction if the employee has been operating in the Group or in the insurance company for less than three calendar years at the moment of termination, or otherwise, a 25% reduction if, at the moment of termination from the role (also applies to any similar roles), the employee has covered his/her position for less than two calendar years.

Irrespective of the method used to define the amount, payment thereof occurs according to the same methods provided for by the short-term incentive plan, defined in the remuneration policy in force on the date of termination, with reference to the last position for which payment of the amount was assessed, without prejudice to specific conditions provided for in the Supervisory Provisions. Therefore, disbursement takes place:

- for staff other than identified staff, in cash and on a one-time basis;
- for identified staff (golden parachute):
    - in an up-front portion, amounting to 60% in the event the amount is lower than the particularly high amount established in the remuneration policy in force on the award date, or 40% under all other circumstances;
    - in five deferred annual instalments of the same amount for the senior identified staff (executive members of the Management Body and Senior Management of the Parent Company, Banca Aletti and Banca Akros, and heads of the main business lines of the Parent Company), regardless of the amount awarded, and for the heads of the main business lines of Banca Aletti and Banca Akros

BANCO BPM

reporting directly to the Chief Executive Officer or senior management of Banca Aletti and Banca Akros, in the event that the amount of the annual individual variable remuneration awarded is equal to or greater than the particularly high amount established in the remuneration policy in force at the time of award, or in four deferred annual instalments in the remaining cases;

- the up-front portion vests on termination of the employment relationship and is allocated within the time limits provided for in the individual agreements; the deferred portions vest annually, the first after twelve months from the date of disbursement of the up-front portion, the subsequent ones at the same interval from the vesting of the previous portion;
- with regard to the up-front portion, 50% in cash and 50% in Banco BPM ordinary shares;
- with reference to each deferred portion, the part in Banco BPM ordinary shares amounts to 55% in the event deferment is spread over five years, or 50% in remaining cases;
- there is a retention period (sale restriction) on vested shares of one year. For deferred portions, the retention period starts from the moment deferred remuneration is vested. The vesting of the share portions takes place at the same time as the respective cash portions, while actual transfer of ownership takes place at the end of the retention period;

- both for identified staff and other staff, only in the absence of ascertained fraudulent conduct or gross negligence committed by the person whose employment is terminated early. Confirmation of such conduct entails the cancellation of portions not yet disbursed (malus) and the return of those already disbursed (clawback). The assessment of the degree of negligence is carried out by the Board of Directors of the Parent Company and/or the subsidiaries and/or the Chief Executive Officer of the Parent Company (or his/her delegate), each to the extent of their responsibility; this assessment takes place from the moment of vesting of the units and for the next five years.

Agreements stipulated for early termination of employment do not include amounts determined by a court or arbitration, severance pay and indemnity for lack of notice. In the latter two cases, when their amount is determined according to limits established by legislation (they do not fall under variable remuneration and are not subject to the criteria and limits set by the Shareholders' Meeting).

* * *

Dear Shareholders,

In light of all of the above, we ask you to approve the following proposed resolution:

"The ordinary Shareholders' Meeting of Banco BPM S.p.A.:

- *having examined and acknowledged the contents of the Report on the remuneration policy and compensation paid, in relation to the criteria for the determination of the amounts to be awarded in the event of early termination of employment or early cessation of office, made available to the shareholders and the public in the manner and within the terms envisaged by current legislation;*
- *taking account of the contents of this Explanatory Report,*

RESOLVES

to approve the criteria for determining the amount to be awarded in the event of early termination of employment or early cessation of office, including the limits set on such amount in terms of 24 months of fixed remuneration and, nonetheless, not exceeding Euro 2.9 million (gross per employee), limits that do not include the indemnity for lack of notice determined according to the legal provisions, the total amount for which is determined by a court judgment or arbitration award and the severance pay,

assigning a mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, separately and with the power to sub-delegate, in order to correctly and promptly execute this resolution and the formalities and acts relating and/or consequent to it, attributing them with all the necessary powers, including that of introducing changes or additions that become necessary and/or appropriate in relation to the requests or recommendations of the Supervisory Authorities or the market management company".

Verona, 7 March 2023 The Board of Directors