



**REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.
ON POINT 10 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 10) of the agenda of the Ordinary Shareholders' Meeting called for 4 April 2020, in sole session, with regard to: "Determination of the remuneration of the Statutory Auditors"

Dear Shareholders,

In addition to the appointment of the Board of Statutory Auditors, for the years 2020-2021-2022, today's shareholders' meeting is called to resolve on the assignment of the annual remuneration due to the Statutory Auditors for the entire period of duration of the related mandate or until the date of the Shareholders' Meeting called to approve the Financial Statements for the year ended as at 31 December 2022.

In this connection you are hereby reminded that all members of the Board of Statutory Auditors are entitled – in addition to reimbursement of expenses incurred due to their office – to an annual amount, which is determined by the Shareholders' Meeting at the time of their appointment, to a fixed extent for the entire duration of their office.

Within the sphere of the approval of the merger transaction between the former Banco Popolare Soc. Coop. and the former Banca Popolare di Milano S.c.a r.l., which led to the establishment of Banco BPM S.p.A. (hereinafter the "**Merger**") and the appointment of the Board of Statutory Auditors whose mandate is expiring, the respective Shareholders' Meetings held on 15 October 2016 had resolved to acknowledge the following fixed remuneration to be paid, relating to the effective length of their office, to members of the Board of Statutory Auditors of Banco BPM, for the entire duration of the office (financial years 2017-2018-2019):

- a gross annual payment of Euro 160,000 to the Chairman of the Board,
- a gross annual payment of Euro 110,000 to each effective Statutory Auditor,

in addition to the cost of third-party insurance cover for the members of the Board of Statutory Auditors.

A third-party insurance policy and cumulative occupational accidents policy are envisaged for members of the Board of Statutory Auditors.

You are hereby also informed that, pursuant to the Provisions of the Bank of Italy regarding remuneration and incentive policies and practices, contained in Circular No. 285/2013, "members of the board with control functions are precluded from any form of variable remuneration".

This stated, it is proposed that the acting members of the Board of Statutory Auditors, who will be appointed for the years 2020-2021-2022, be acknowledged remuneration essentially in line with that resolved at the time of Merger - in addition to the reimbursement of the costs incurred for their office and the third-party insurance coverage - to be paid *pro rata temporis* in relation to the effective duration of the office held. The exact amount of the remuneration to be proposed to the Shareholders' Meeting will be determined at the time and on a consistent basis with the approval, by the management body, of the remuneration policy pursuant to Article 123 *ter* of Italian Legislative Decree No. 58/1998 and the related proposal will be made available to the Shareholders at the time of publication of said policy by the legal deadlines.

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In light of the above, it is proposed to Shareholders' Meeting that it should resolve with regard to the determination of the remuneration to be assigned to the effective members of the Board of Statutory Auditors for the years 2020-2021-2022 - in addition to the reimbursement of the costs incurred for their office and the third-party insurance coverage - to be paid *pro rata temporis* in relation to the effective duration of the office held.

18 February 2020

The Board of Directors