

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 S.P.A.
ON ITEM 5) OF THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING**

(Drawn up pursuant to Art. 125-ter of Italian Legislative Decree no. 58 of 24 February 1998, as amended, and pursuant to Art. 84-ter 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 5) of the agenda for the Ordinary Shareholders' Meeting called for 20 April 2023, on single call, in relation to the "Share-based payment plan of Banco BPM S.p.A.: approval of the short-term incentive plan (2023). Pertinent and consequent resolutions."

Dear Shareholders,

with reference to item 5) on the agenda, you have been called to the Shareholders' Meeting to resolve, pursuant to Art. 114-bis, paragraph 1, of the Italian Legislative Decree no. 58 of 24 February 1998, as amended and supplemented (Consolidated Law on Finance, "T.U.F."), on the "Share-based payment plan of Banco BPM S.p.A." for the 2023 short-term incentive plan (the "**2023 Plan**" or the "**S.T.I. Plan**"), which provides for the valuation through the assignment of ordinary shares (the "**Shares**") of Banco BPM S.p.A. (the "**Bank**" or the "**Company**") of a portion of the variable component of the remuneration to executive members of the Board of Directors and to employees and collaborators of the Banco BPM Banking Group attributable to the category of key personnel ("**P.P.R.**");

the S.T.I. Plan is proposed within the framework of the Remuneration Policy ("**Policy**") adopted by the Group, applicable to the 2023 short-term incentive plan. The features of the S.T.I. Plan are detailed in the respective disclosure document (the "**Disclosure Document**") prepared by the Bank pursuant to Art. 84-bis of Consob Regulation no. 11971/99, as amended and supplemented (the "**Issuers' Regulation**"); the Plan structure and Group Policy are illustrated in the "Report on the Remuneration Policy and payouts awarded by the Banco BPM Group - 2023" (the "**Remuneration Report**").

The Disclosure Document and the Remuneration Report are available to the Shareholders and the public, in accordance with the law, inter alia, on the website of the authorised storage platform www.emarketstorage.com and on the Banco BPM website www.gruppo.bancobpm.it (Corporate Governance section – Remuneration Policies).

The subject of the remuneration of executive members of the Board of Directors and of the key personnel of listed companies and, more specifically, of companies operating in the financial sector, is increasingly attracting the attention of international bodies and of regulators, with a view, inter alia, to guide companies to adopt remuneration and incentive systems in line with the values, strategies and long-term objectives of the company. In this context, Banco BPM Group intends to implement a short-term incentive plan (2023).

The S.T.I. Plan is potentially addressed to about 150 individuals, for whom at least 50% of the recognised incentive is paid through the assignment of Shares, subject to deferral and retention clauses (obligation to sell) for one year. The implementation period of the S.T.I. Plan is between the reference year for the recognition of the results of the 2023 short-term incentive plan and the actual availability of the last deferred portion in Shares (2029, or 2030 in case of deferral over five years); considering the retention period, the S.T.I. Plan will end in 2030. The expected cost is estimated at around 5 million Euro for the approximately 150 potential recipients of the S.T.I. Plan.

The S.T.I. Plan envisages conditions and results to which the attribution of the Shares is subject and, therefore, aligns the incentives with the long-term objectives of the Group and brings together the interests of management and shareholders, remunerating the Group's key personnel based on the creation of medium-to-long term value.

For additional information - including information regarding the reasons that motivate the adoption of the S.T.I. Plan, as well as the recipients, the approval or review process, the conditions and results to which the assignment of the Shares is subject and the relative timing of assignment - please refer to the Disclosure Document and the Remuneration Report referred to in at point 3) of the agenda of the Shareholders' Meeting.

* * *

Now, therefore, we hereby invite you to approve the following proposed resolutions:

Resolution on the short-term incentive plan (2023)

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

- after examining and acknowledging the content of the Explanatory Report of the Board of Directors regarding the S.T.I. Plan;*
- after acknowledging the Disclosure Document relating to the S.T.I. Plan, made available to the Shareholders and the public in the manner and within the terms envisaged by*

current legislation;

- after considering the provisions of the Remuneration Report, also made available to the Shareholders and the public in the manner and within the terms envisaged by current legislation,

resolves

1. to approve, pursuant to Art. 114-bis of the T.U.F. and Art. 84-bis of the Issuers' Regulations, the 2023 S.T.I. Plan, which provides for the valuation of a portion of the variable component of the remuneration through the free assignment of ordinary shares of Banco BPM S.p.A. to executive members of the Board of Directors and to employees and collaborators of the Banco BPM Banking Group attributable to the category of key personnel, proposed as part of the Remuneration policy adopted by the Group in relation to the 2023 Short-Term Incentive Plan, within the terms and in the manner described in the documentation referred to above;
2. to award mandate to the Board of Directors and on its behalf to the Chairman and the CEO, separately, for the proper and timely implementation of this resolution and for the formalities and action related and/or consequent to the same, awarding the widest powers to them, including that of delegating said activities to the competent functions of the Bank and/or of Group Companies and complying with the obligations (also for disclosure to the market) pursuant to the applicable legislation where requested by the Supervisory Authorities or by the market management company."

Verona, 7 March 2023

The Board of Directors