



**EXPLANATORY REPORT  
OF THE BOARD OF DIRECTORS OF BANCO BPM S.P.A.  
ON ITEM 5) ON THE AGENDA OF THE ORDINARY GENERAL MEETING**

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

**Ordinary Shareholders' Meeting of 18 April 2024**



Explanatory report of the Board of Directors of Banco BPM S.p.A. on item 5 on the agenda of the Ordinary General Shareholders' Meeting called for 18 April 2024, in single session, regarding:

"Share-based compensation plans of Banco BPM S.p.A.:

1. Approval of the **short-term incentive plan (2024)**. Pertinent and consequent resolutions.
2. Approval of the **long-term incentive plan (2024-2026)**. 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 article 114-bis, paragraph 1, of the Italian Legislative Decree no. 58 of 24 February 1998, as amended and supplemented (Consolidated Law Finance, "T.U.F."), on the "Share-based compensation plans of Banco BPM S.p.A." for the:

1. 2024 short-term incentive plan (the "**2024 Plan**" or the "**2024 STI Plan**"), which envisages the awarding 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 remuneration component, addressed to executive members of the Board of Directors and to employees and non-employed staff of the Banco BPM Group who are identified staff;
2. long-term incentive plan ("**2024-2026 LTI Plan**"), which envisages the awarding through the assignment of Shares of a portion of the variable remuneration component of Banco BPM Group selected managers.

The 2024 STI Plan and the 2024-2026 LTI Plan are proposed within the framework of the Policy-on-remuneration ("Policy") adopted by the Group, applicable respectively to the 2024 short-term incentive plan and the long-term incentive plan, the latter being defined with reference to the 2024-2026 performance period.



The features of the 2024 STI Plan and the 2024-2026 LTI Plan are detailed in the respective disclosure documents (the '**Disclosure Documents**') prepared by the Bank pursuant to Article 84-bis of Consob Resolution no. 11971/99 as amended and supplemented (the '**Issuers' Regulation**'); the structure of the plans and the Group's Policy are illustrated in the 'Policy-on-remuneration report and payouts awarded of Banco BPM Group 2024' (the '**Remuneration Report**').

The Disclosure Documents and the Remuneration Report are available to shareholders and the public, in accordance with the law, inter alia, on the website of the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com) and on the Bank's own website at [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) (Section Corporate Governance - Remuneration Policy).

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

- the short-term incentive plan (2024). The 2024 STI Plan is addressed to about 150 potential beneficiaries, for whom at least 50% of the awarded incentive is paid through the assignment of Shares, subject to deferral and retention (restriction on sale) clauses of one year. The implementation period of the 2024 STI Plan is between the year of reference for the measurement of the results of the 2024 short-term incentive plan and the actual availability of the last deferred portion in Shares (2030, or 2031 in case of deferral in five years); considering the retention period, the 2024 STI Plan will end in 2031. The expected cost is estimated at about 6.3 million Euro for the approximately 150 potential beneficiaries of the 2024 STI Plan;
- the 2024-2026 long-term incentive plan. The purpose of this plan is to support the 2023-2026 Strategic Plan approved by the Board of Directors on 12 December 2023, alongside the 2022-2024 long-term incentive plan, already



approved by the Shareholders' Meeting of 7 April 2022. The 2024-2026 LTI Plan provides for about 80 potential recipients, for whom the incentive is entirely awarded in Shares, subject to deferral and retention (restriction on sale) clauses of one year. The implementation period of the 2024-2026 LTI Plan is between the year of the Shareholders' Meeting approval (2024) and the actual availability of the last deferred portion in Shares (2032, or 2033 in case of deferral in five years); considering the retention period, the 2024-2026 LTI Plan will end in 2033. The expected cost is estimated at about 18.7 million Euro.

The 2024 STI Plan and the 2024-2026 LTI Plan envisage conditions and results to which the assignment of the Shares is subordinated and therefore align the incentives with the Group's long-term objectives and the interests between management and shareholders, remunerating the Group's identified staff according to the creation of value in the medium-long term.

For additional information - including information regarding the reasons motivating the adoption of the 2024 STI Plan and the 2024-2026 LTI Plan, the recipients, the approval or review process, the conditions and results to which the assignment of the Shares is subject and the relating timing of the assignment - please refer to the respective 'Disclosure Documents' and the Remuneration Report under item 4) on the agenda of the Shareholders' Meeting.

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In view of the above, we invite you to approve the following proposed resolutions:

**Resolution on the short-term incentive plan (2024)**

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

- examined and noted the content of the Board of Directors' Explanatory Report on the 2024 STI Plan;*
- having acknowledged the contents of the Disclosure Document relating to the 2024 STI Plan, made available to Shareholders and the public in the manner and within the terms provided for by current legislation;*



- *taking into account the provisions of the Remuneration Report, also made available to Shareholders and the public in the manner and within the terms provided for by current legislation,*

*resolves*

- 1. to approve, pursuant to Article 114-bis of the T.U.F. and art. 84-bis of the Issuers' Regulations, the 2024 STI Plan, which envisages the awarding of a portion of the variable component of remuneration through the free assignment of ordinary shares of Banco BPM S.p.A. to executive members of the Board of Directors and to Banco BPM Group employees and non-employed staff belonging to the category of the identified staff, proposed as part of the remuneration policy adopted by the Group in relation to the 2024 short-term incentive plan, in the terms and in the manner described in the documentation referred to above;*
- 2. to grant a mandate to the Board of Directors and, on its behalf, to the Chairman and the Chief Executive Officer, severally, in order to correctly and promptly execute this resolution and the related and/or consequent formalities and acts, including the implementation of the Compensation Plan, taking into account the provisions of 2024 Policy, granting them for this purpose the broadest powers, including that of delegating the aforesaid activities to the competent functions of the Bank and/or Group Companies and of fulfilling the requirements (including market disclosure) pursuant to applicable regulations or required by the Supervisory Authorities or by the market management company".*

#### **Resolution on the 2024-2026 long-term incentive plan**

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

- *examined and acknowledged the content of the Board of Directors' Explanatory Report on the 2024-2026 LTI Plan;*
- *having acknowledged the contents of the Disclosure Document relating to the 2024-2026 LTI Plan, made available to Shareholders and the public in the manner and within the time limits set forth by applicable laws and regulations;*



- *taking into account the provisions of the Remuneration Report, which was also made available to Shareholders and the public in the manner and within the time limits set forth in the applicable regulations,*

*resolves*

1. *to approve, pursuant to Article 114-bis of the T.U.F. and Article 84-bis of the Issuers' Regulations, the 2024-2026 LTI Plan, which envisages the awarding of a portion of the variable component of remuneration through the free assignment of ordinary shares of Banco BPM S.p.A. to selected managers of the Banco BPM Group and is proposed as part of the remuneration policy adopted by the Group itself, in the terms and manner described in the documentation referred to above;*
2. *to grant a mandate to the Board of Directors and, on its behalf, to the Chairman and the Chief Executive Officer, severally, in order to properly and promptly execute this resolution and the related and/or consequent formalities and acts, including the implementation of the Compensation Plan, taking into account the provisions of 2024 Policy, granting them, for such purpose, the broadest powers, including the power to delegate the aforesaid activities to the competent functions of the Bank and/or Group Companies and to comply with the requirements (including market disclosure) pursuant to applicable regulations or required by the Supervisory Authorities or by the market management company".*

Verona, 12 March 2024

The Board of Directors