



**EXPLANATORY REPORT  
OF THE BOARD OF DIRECTORS OF BANCO BPM SPA  
ON ITEM 3) 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 Art. 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 3) of the agenda of the Ordinary Shareholders' Meeting called for 20 April 2023, on single call, regarding:

"Report on the Remuneration policy and on compensation paid of the Banco BPM Group 2023 (section I and section II).

1. **Approval of the Remuneration policy (section I) pursuant to the legislative provisions in force. Pertinent and consequent resolutions.**
2. **Approval of the report on compensation paid in 2022 (section II) pursuant to the legislative provisions in force. Pertinent and consequent resolutions."**

Dear Shareholders,

We have called you regarding the "Report on the Remuneration policy and compensation paid of the Banco BPM Group 2023" (hereinafter also the "**Remuneration Report**"), drafted by the Board of Directors, and in particular to be submitted for your approval:

1. section I of the Remuneration Report, relating to the remuneration policy of the Banco BPM Group (binding vote);
2. section II of the Remuneration Report, relating to the compensation paid in application of the Remuneration policy by the Banco BPM Group for the year ended as at 31 December 2022 (advisory vote).

## Remuneration Report

### Section I – 2023 Remuneration policy

Section I of the Remuneration Report is submitted for examination and approval by the Shareholders' Meeting ("Remuneration Policy"), drafted in compliance with the Supervisory Provisions issued by the Bank of Italy (Bank of Italy Circular no. 285/2013 and subsequent additions and amendments, hereinafter "**Supervisory Provisions**"), art. 123-ter of Italian Legislative Decree no. 58/1998 (the Consolidated Law on Finance or "T.U.F."), Consob Resolution no. 11971 of 14 May 1999 and subsequent additions and amendments ("**Issuers' Regulation**") and IVASS Regulation no. 38/2018 on the corporate governance of companies and insurance groups.

The Remuneration Policy defined for 2023 is valid for all personnel of the Banco BPM Group, and in particular contains: (i) the definition and approval process for the

remuneration policy and the corporate bodies involved; (ii) the main characteristics of the remuneration policy - which is gender neutral - in favour of members of the administration and control bodies, employees and non-employed staff; (iii) the policy relating to the process for the recognition of key personnel; (iv) the methods employed to ensure the link between the variable component of remuneration and the results, the main parameters taken as reference, including financial and non-financial indicators and correlated to the Environmental Social Governance (ESG) area, the underlying reasons and the consistency with the company objectives, strategies and risks; (v) the risk correction mechanisms, the deferment policies and ex post correction mechanisms (i.e., malus and clawback); (vi) criteria for calculating the amounts to be granted in the event of early termination of employment (the latter, however, subject to specific approval by this Shareholders' meeting); (vii) the outcomes of audits of the internal audit function on the consistency of procedures adopted regarding remuneration in 2022.

## **Section II – Compensation paid**

Section II of the Remuneration Report is also submitted for examination and advisory approval of the Shareholders' Meeting ("**Compensation paid**") drafted in compliance with the Supervisory Provisions, art. 123-ter of the Consolidated Law on Finance and the Issuers' Regulation.

The Report on compensation paid gives an account of the implementation of the remuneration policies for 2022 and provides the disclosure required by the Supervisory Provisions and the Issuers' Regulation.

The outcome of the audits conducted by the internal audit department is also provided.

\* \* \*

Dear Shareholders,

Given all of the above, we invite you to adopt the following resolutions.

**Resolution relating to Section I - Remuneration Policy 2023 (binding vote).**

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

- having examined and acknowledged the content of the Remuneration Report, as well as the outcomes of the audits conducted by the internal audit function of Banco BPM S.p.A., made available to the Shareholders and the public in the manner and within the terms envisaged by current legislation;*
- having taken into account the contents of this Explanatory Report,*

**RESOLVES**

*The approval for matters within its competence - without prejudice to subsequent resolutions - of the contents of section I of the Remuneration Report, drafted in accordance with art. 123-ter of Consolidated Law on Finance, Consob Resolution no. 11971 of 14 May 1999, the Supervisory Provisions of the Bank of Italy in force and IVASS Regulation no. 38/2018 on the corporate governance of companies and insurance groups, and as a consequence, in particular, also pursuant to art. 11.3, letter (g) of the Articles of Association, of the remuneration policy in favour of the Board of Directors, the Statutory auditors and personnel, assigning a mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, separately and with the right 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".*

**Resolution relating to Section II - Compensation paid (advisory vote).**

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

- having examined and acknowledged the content of the Remuneration Report, as well as the outcomes of the audits conducted by the internal audit function of Banco BPM S.p.A., made available to the Shareholders and the public in the manner and within the terms envisaged by current legislation;*
- having taken into account the contents of this Explanatory Report,*



## RESOLVES

*the approval for matters within its competence of section II of the Remuneration Report, drafted in accordance with art. 123-ter of the Consolidated Law on Finance, Consob Resolution no. 11971 of 14 May 1999 and the Supervisory Provisions of the Bank of Italy in force regarding compensation paid in application of remuneration policy of the financial year closed as at 31 December 2022, assigning mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, separately and with the right 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