

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 2) ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING**

(Drawn up pursuant to Article 125-ter of 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)

Ordinary Shareholders' Meeting of 20 April 2023

Explanatory report of the Board of Directors of Banco BPM S.p.A. on item 2) on the agenda of the Ordinary Shareholders' Meeting convened for 20 April 2023, in a single call, on "Resolutions on the allocation and distribution of profits".

Members,

With reference to item 2) on the agenda, you have been called to the Shareholders' Meeting to resolve on the allocation and distribution of the profit resulting from the financial statements for the year as provided for in Article 2433 of the Italian Civil Code.

The financial statements of Banco BPM for the year ended 31 December 2022 show a net profit for the year of Euro 523,604,364.82.

In relation to this year's result, the Board of Directors proposes:

- (i) the preliminary allocation, as provided for by Article 39, paragraph 1, of the Bylaws, of an amount equal to €53,480,005.08 to the unavailable reserve pursuant to Article 6 of Legislative Decree No. 38/2005 relative to capital gains arising from the application of *fair value*;
- (ii) the distribution of a cash dividend per share of €0.23, gross of withholding taxes. More precisely, the proposal envisages the overall distribution of Euro 348,491,888.98, resulting from the product of the unit amount of Euro 0.23 for each of the 1,515,182,126 ordinary shares (no distribution will be made to any treasury shares that the Bank may hold on the *record date* indicated below). This distribution, if approved by the Shareholders' Meeting, will take place on 26 April 2023 (*payment date*) with *ex-dividend date* on 24 April 2023 (*ex date*) and *record date* on 25 April 2023. The distribution will be subject to the ordinary tax regime for dividend distribution;
- (iii) the allocation of an amount equal to Euro 3,000,000 for purposes of assistance, charity and public interest pursuant to Article 5.2 of the Articles of Association, under the terms and on the basis of the quotas established by Article 5.3 of the Articles of Association;
- (iv) the allocation of the remaining profit to the available extraordinary reserve in the amount of Euro 118,632,470.76.

It should be noted that the provisions of Article 2430 of the Civil Code concerning the obligation to set aside an amount equal to at least 5% of the profit to the legal reserve do not apply, since this reserve is already set aside for the maximum amount envisaged by the Civil Code itself (20% of the share capital), amounting to €1,420,000,000 against a share capital of €7,100,000,000.

It is also recalled that, in relation to the total movements recorded during the year of assets and liabilities measured at *fair value* and equity investments measured at equity, the restriction of unavailable earnings established in previous years is reduced by an amount of €280,848,542.15

in order to adjust the reserve of unavailable earnings to €742,954,272.53 pursuant to Article 6 of Legislative Decree No. 38/2005.

For further details, please refer to the annual financial report as at 31 December 2022, which will be published within the legal deadlines.

* * *

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

"The Ordinary Shareholders' Meeting of Banco BPM S.p.A., having examined the Explanatory Report made available to the public in the form and manner prescribed by the applicable provisions, and on the basis of the financial statements for the year ended 31 December 2022, which closed with a net profit of Euro 523,604,364.82, and the specific proposals formulated therein

resolution

- (i) the preliminary allocation, as provided for by Article 39, paragraph 1, of the Bylaws, of an amount equal to €53,480,005.08 to the unavailable reserve pursuant to Article 6 of Legislative Decree No. 38/2005 relative to capital gains arising from the application of fair value;*
- (ii) the distribution of a cash dividend per share of €0.23, gross of withholding taxes. More precisely, the proposal provides for the overall distribution of €348,491,888.98, the result of the product of the unit amount of €0.23 for each of the 1,515,182,126 ordinary shares (no distribution will be made to any treasury shares that the Bank may hold on the record date indicated below). Such distribution, if approved by the Shareholders' Meeting, will take place on 26 April 2023 (payment date) with ex-dividend date on 24 April 2023 (ex date) and record date on 25 April 2023. The distribution will be subject to the ordinary tax regime for dividend distribution;*
- (iii) the allocation of an amount equal to Euro 3,000,000 for purposes of assistance, charity and public interest pursuant to Article 5.2 of the Articles of Association, under the terms and on the basis of the quotas established by Article 5.3 of the Articles of Association;*
- (iv) the allocation of the remaining profit to the available extraordinary reserve in the amount of Euro 118,632,470.76.*