

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.



**REPORT OF THE BOARD OF AUDITORS
OF BANCO BPM S.P.A. TO THE SHAREHOLDERS' MEETING
PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998**

FY 2024

**Ordinary Meeting of Members
April 30, 2025**



Report of the Board of Statutory Auditors to the Shareholders' Meeting of Banco BPM S.p.A. pursuant to Article 153 of Legislative Decree No. 58 of February 24, 1998

Members,

the Board of Statutory Auditors (hereinafter also only "Board" or "Control Body") is called upon to report to the Shareholders' Meeting of Banco BPM S.p.A. (hereinafter also "Banco BPM" or "Bank" or "Parent Company") on the supervisory activities carried out during the year and on the omissions and censurable facts detected, pursuant to Article 153 of Legislative Decree No. 58/1998 (hereinafter also "TUF"). The Board of Statutory Auditors may, likewise, make observations and proposals regarding the Financial Statements, their approval, and matters within its competence. The information provided below also takes into account the indications contained in Consob Communication No. 1025564/2001 and subsequent amendments and/or additions.

The Draft Financial Statements and the Consolidated Financial Statements were approved by the Board of Directors on March 13, 2025; taking into account the convening of the Shareholders' Meeting scheduled for April 30, 2025, the Board of Statutory Auditors confirms that they have been made available within the time limits prescribed by Article 154-ter of the TUF.

During the 2024 fiscal year, the Board of Statutory Auditors carried out its institutional duties, represented below, in compliance with the relevant regulations, the provisions of the Articles of Association and those issued by the Authorities exercising supervisory and control activities, taking into consideration the standards of conduct recommended by the National Council of Certified Public Accountants and Accounting Experts (also "CNDCEC").

1. Appointment and activities of the Board of Statutory Auditors

On April 20, 2023, the Shareholders' Meeting of Banco BPM appointed the Board of Statutory Auditors, which had ceased to hold office for the full three-year period, electing, until the approval of the Financial Statements as of December 31, 2025, its regular members in the persons of prof. Marcello Priori (serving as Chairman), Prof. Elbano de Nuccio, Dr. Maurizio Lauri, Dr. Silvia Muzi and Dr. Nadia Valenti, as well as alternate members in the persons of Dr. Sara Antonelli, Dr. Marina Scandurra and Dr. Mario Tagliaferri. President Prof. Marcello Priori and acting auditors Dr. Maurizio Lauri, Dr. Silvia Muzi and Dr. Nadia Valenti were already present in the previous composition of the Board.

On May 7, 2024, the Board of Statutory Auditors proceeded, in accordance with current regulatory provisions, including internal ones, on the basis of the statements made by the persons concerned and the information available to the Bank, to the annual assessment of the individual requirements for holding office, ascertaining: (i) for all regular members, the adequacy of the time available dedicated to the performance of the mandate and compliance with the limits on the accumulation of offices; (ii) for all Statutory Auditors, regular and alternate, the existence of the independence requirement



pursuant to Article 33.4 of the Articles of Association and Article 14 of Ministerial Decree no. 169/2020 as well as that they are able to carry out their mandate with independence of judgment, announcing on the same day the outcome of the verification by means of a press release; (iii) the non-existence, for each standing member, of situations falling within the scope of application of Article 36 of Decree-Law no. 201/2011 ("*interlocking prohibition*").

During 2024, on an event-by-event basis, the Board also monitored compliance with the limits on the accumulation of offices and the total commitment declared in the event of changes occurring in the offices of each member.

In the year 2024, the Board held 34 meetings, of which 14 were held until April 18, 2024 (date of the Shareholders' Meeting) and 20 after that date, lasting an average of about 3 hours each. During 2025, up to the date of this Report, the Board has met 10 times.

At the Shareholders' Meeting held on April 18, 2024 (in ordinary session and "in camera," making use of the option to provide that attendance and voting rights were exercised by those entitled exclusively through the Appointed Representative *pursuant to Article 135-undecidencies* of the TUF), all members of the Board of Statutory Auditors participated by telecommunication means. At the most recent meeting of the Shareholders' Meeting held on February 28, 2025 (in ordinary session), for the Board of Statutory Auditors, the Chairman as well as the regular members attended, with the exception of one Statutory Auditor for a justified reason.

Recalling that the Shareholders' Meeting held on April 20, 2023 appointed the Board of Directors in office to date, it is hereby acknowledged that the Control Body, as part of the tasks assigned to it by law and by the statutory provisions in force regarding the supervision of the procedures for the concrete implementation of the rules of corporate governance with which the Company claims to comply, ascertained, on the basis of the statements made by individual Directors and the assessments collectively expressed by the Bank's Board of Directors, that the criteria and procedures adopted by the latter for the annual assessment of the independence of its members had been correctly applied, in accordance with the provisions of the *Corporate Governance Code* to which the Bank adheres.

The Board also verified the Board's conduct - in compliance with current regulations - of the annual self-assessment process with reference to the 2024 fiscal year, the results of which showed a substantially positive picture in relation to both the composition and functioning of the Board. The points of improvement that emerged were the subject of discussion with the identification of specific corrective actions, including the continuation and integration of the ordinary *induction* plan (to whose sessions all representatives of the main Companies of the Banco BPM Group, hereinafter also "the Group", are invited), with the aim of a continuous strengthening of skills, as well as some organizational refinements for an even more efficient functioning, useful for a better management



of activities and aimed at fostering the comparison between the Board members.

In the year 2024, the Audit Board attended all 20 meetings of the Board of Directors, including 6 prior to April 18, 2024 and 14 after that date. During 2025, up to the date of this Report, the Audit Board has attended 6 board meetings

During the year under review and in 2025 up to the date of this Report, through its Chairman or a Statutory Auditor designated by the latter, in accordance with internal regulations, the Control Body attended the meetings of the Audit and Risk Committee (hereinafter also referred to as "CCIR", no. 21 meetings in 2024 and no. 5 in 2025), the Sustainability Committee (no. 17 meetings in 2024 and no. 6 in 2025), the Compensation Committee (no. 23 meetings in 2024 and no. 8 in 2025), the Related Parties Committee (no. 3 meetings in 2024 and no. 1 in 2025), and the Appointments Committee (no. 21 meetings in 2024 and no. 4 in 2025), established within the Board, and obtained, in compliance with the provisions of the law and the Articles of Association, exhaustive information on the activities carried out and the most significant transactions made by the Bank and its Subsidiaries.

In 2024, the members of the Board of Statutory Auditors also participated in all the training sessions (no. 10) of the *training and induction* plan dedicated to the representatives of the Group Companies, carried out in some cases with the support of external consultants, of which no. 2 prior to April 18, 2024 and no. 8 after that date. During 2025, up to the date of this Report, the Board of Control has participated in no. 2 training sessions.

In accordance with the provisions of the Supervisory Provisions of Bank of Italy Circular No. 285/2013, as well as with specific internal Regulations adopted in self-regulation (including the "Regulations of the Board of Statutory Auditors," last updated in May 2022), the Board of Statutory Auditors carried out its self-assessment with reference to the 2024 financial year, drawing up the appropriate Concluding Document, approved on February 24, 2025. The outcomes of the self-assessment exercise - for which the Board made use of the Bank's internal resources - showed a pervasive adequacy, both of the composition of the Board of Statutory Auditors - with reference to individual members and the Body as a whole - and of its functioning, also confirming the suitability of its collective composition. Acknowledging the progress achieved by all the Statutory Auditors as well as the overcoming of the only area of improvement that had been identified downstream of the previous self-assessment, the Board assessed the advisability of continuing, through the training program promoted by the Bank and with a view to *continuous improvement*, the strengthening and updating of the overall knowledge and skills expressed by the Board of Statutory Auditors in particular on certain specific issues, moreover in continuous evolution. This Document has been transmitted to the Supervisory Authority in accordance with current company regulations.

During the year under review, the Board acquired the information necessary for the fulfillment of its duties through direct inquiries, collection of data and information from the Managers of the main

Corporate Functions concerned and from the Company entrusted with the statutory audit, PricewaterhouseCoopers S.p.A. (hereinafter also referred to as "PwC" or "Auditing Company" or "Auditor").

The Control Body carried out its audits of the Internal Control and Risk Management System (hereinafter also referred to as the "Internal Control System" or "ICS"), availing itself of the presence of the Head of the Internal Audit Department at the collegial meetings, which were often attended also by the Heads of the regulatory compliance functions, anti-money laundering, control and risk management (the latter entrusted to the Chief Risk Officer, hereafter also "CRO") and internal validation, as well as their direct collaborators, thus ensuring the necessary functional and informational link on how their respective institutional control tasks were carried out and on the outcomes of the relevant activities. All of the above being considered, the findings of the activities carried out by the College for each area of focus are set forth below.

2. Supervisory activities on compliance with the principles of proper administration

The Board has acquired adequate information on the most significant economic, financial, and equity transactions carried out by the Bank and its Subsidiaries. In light of this information, it found that the aforementioned transactions were in accordance with the law and the Articles of Association, not manifestly imprudent or risky, not in conflict of interest or in conflict with the resolutions passed by the Shareholders' Meeting or, in any case, such as to compromise the integrity of the Banks assets.

In addition to what is depicted in this Report, please refer to the Consolidated Management Report and the Consolidated Notes to the Financial Statements for a comprehensive review of the most significant transactions during the year.

Taking into account the activities carried out, as described below, the Board of Statutory Auditors has no observations to make on compliance with the principles of proper administration.

2.1. Group business development operations and other operations

The Board of Statutory Auditors considers it useful to provide some information inherent in the context that characterized the year 2024, in some respects in continuity with the previous one.

The international geopolitical situation was still affected by the Russian-Ukrainian conflict, which has persisted since February 2022, with effects on the main macroeconomic variables (growth, industrial production, inflation, etc.) as well as on the financial, currency, energy sources and raw materials markets. The Board of Statutory Auditors has monitored that the impacts directly related to the Russian-Ukrainian conflict were substantially marginal for Banco BPM, reserving attention to the evolution of the situation during 2024 for a reinforcement of the garrisons by the Corporate, Operational and Control Functions, due to the possible underlying risks, especially with regard to indirect impacts on the Bank's activities, including those arising from possible *cyber* attacks on the financial system or those related to



compliance with prohibitions and restrictions on operations with counterparties and countries subject to restrictive measures, recommending, in this context, careful and continuous monitoring of reference scenarios in support of business processes, in order to capture any significant changes in a timely manner.

The international geopolitical situation also continued to be affected by the continuing conflict in the Middle East region.

However, the factors of uncertainty and instability mentioned above have not hindered a modest acceleration of the European economy in 2024, thanks in particular to a diversification of gas and oil supply sources. The start of the process of normalization of monetary policies in the eurozone has also had a positive impact on household and business expectations, along with a path of slowing inflation. More recently, however, the outcome of the U.S. presidential election has introduced new uncertainties about trade and fiscal policies globally.

Against this macroeconomic backdrop, the Eurozone banking system in 2024 remained resilient and, on average, credit institutions confirmed solid capital and liquidity positions, well above regulatory requirements.

As indicated in the Consolidated Management Report (to which we refer for details of the operations), Banco BPM's activities in 2024, although impacted by the described context, have been oriented toward the realization of the strategic objectives identified in the 2023-2026 Plan, approved at the Board meeting of December 11, 2023, in a *stand-alone* logic and articulated on seven pillars, consolidating, in particular, integration of the insurance *business*, following the recognition for the Group by the European Central Bank (hereinafter also "ECB"), on March 7, 2023, of the *status* of financial conglomerate pursuant to Directive 2002/87/EC and, therefore, access, pursuant to Article 49 of Regulation (EU) no. 575/2013, to the benefits resulting from the application of the so-called "*Danish Compromise*," the authorization of which was received on November 3, 2023, with effect from the supervisory reports referring to December 31, 2023.

Included in that growth path are:

- Based on the board resolutions passed on November 6, 2024 by Banco BPM and Banco BPM Vita S.p.A. (hereinafter also "Banco BPM Vita"), the promotion by the latter, through funds made available by the Parent Company, of a voluntary tender offer pursuant to and for the purposes of Articles 102, paragraph 1, and 106, paragraph 4, of the TUF and its implementing provisions on all of the ordinary shares of Anima Holding S.p.A. (hereinafter also "Anima") at the unit price of Euro 6.20 per share. On February 28, 2025, pursuant to Article 104, paragraph 1, of the TUF, Shareholders' Meeting of Banco BPM resolved to authorize the Board of Directors to increase to Euro 7.00 (*cum dividend*) the unit price offered and to exercise the right, if deemed appropriate, to waive in whole or in part one or more of the voluntary effectiveness conditions attached to

the offer and not yet fulfilled as of the date of the Shareholders' Meeting. In this regard, it is noted that: (i) after obtaining the necessary regulatory authorizations, Consob, by Resolution No. 23474 of March 13, 2025, approved, pursuant to Article 102, paragraph 4, of the TUF, the related offer document, which was then published on March 14, 2025, providing as the acceptance period, agreed with Borsa Italiana S.p.A, from 8:30 a.m. (Italian time) on March 17, 2025 and 5:30 p.m. (Italian time) on April 4, 2025 (subject to extensions); (ii) on March 27, 2025, the Boards of Directors of Banco BPM and Banco BPM Vita resolved, to the extent of their respective competences, to waive the "BCE Condition," as defined in the above-mentioned offer document, thus confirming the strong strategic value of the transaction even in the absence of such condition;

- the purchase on November 13, 2024 by Banco BPM of a 5% shareholding in the share capital of Banca Monte dei Paschi di Siena S.p.A. as part of an *accelerated bookbuilding offering* procedure promoted by the Ministry of Economy and Finance, a transaction that is part of the broader context of the voluntary tender offer outlined above in line with the Group's strategy of strengthening its product factories;
- updating the Strategic Plan, at the February 11, 2025 board meeting, with new *performance* targets to 2027, against the financial results recorded during the year 2024 and assessed above the 2026 *targets* set for key indicators.

Having acknowledged what has just been represented, on the basis of the main evidence acquired in the performance of its functions, the Board of Auditors has identified certain events that have characterized the 2024 financial year - also in continuity with 2023 - as well as the first months of 2025 that it deems appropriate to recall, taking into account their relevance in the context of the assessments inherent to Banco BPM's financial and economic situation and the consistency of the management decisions made, referring to the Consolidated Management Report for details:

- Reorganization of the e-money *business*;
- Rationalization of the real estate portfolio;
- *derisking* activities;
- Conclusion of significant funding and capital transactions.

In relation to the most recent changes in the Group's articulation, it is recalled that on March 13, 2024, the Bank of Italy transmitted the Provision authorizing the exercise of the collective asset management service and portfolio management service pursuant to Article 34 of the TUF for the Subsidiary, established in 2023, Banco BPM Invest SGR S.p.A. (hereinafter also "Banco BPM Invest SGR"). On June 25, 2024, Banco BPM and Banco BPM Invest SGR signed the deed of contribution, effective July 1, 2024, of the business unit represented by the complex of assets and people pertaining to the "Alternative Investments and Funds" organizational structure, dedicated to the Parent Company's closed-end fund unit investment business. The latter also conferred Banco BPM



Invest SGR with the management of the existing *Private Markets* portfolio through an individual portfolio management contract.

With specific reference to the corporate operations carried out during 2024, the Board of Statutory Auditors was informed about the relevant organizational, corporate and fiscal profiles as well as, where relevant, regarding the process of integration into the Group of the Companies involved and as part of the periodic information flows exchanged with the respective Boards of Statutory Auditors, this also in order to take into account any impact on the System of Internal Controls defined at Group level.

As for relations with the Supervisory Authorities, it should be noted that Banco BPM was subjected during 2024 to inspection visits conducted, also *on site*, in the exercise of the verification and supervision prerogatives of each Authority, in particular by the ECB as part of the *Supervisory Review and Evaluation Process* (hereinafter also "SREP").

In this regard, it should be noted that the Bank received, in December 2024, the notification of the Prudential Decision (so-called "SREP decision"), containing the outcomes of the annual prudential review and assessment process covering 2025, in which a number of recommendations are given in order to address the areas of improvement identified for the Bank. Taking into account the analyses and assessments carried out, BCE determined a *Common Equity Tier 1* (hereinafter also "CET 1") *ratio requirement* for 2025 to be met on a consolidated basis of 9.18%, bringing the *Pillar 2 additional own funds Requirement* to 2.25%, an improvement over the previous year's 2.52%, as further detailed in the communication released to the market. All capital requirements are largely met by Banco BPM.

It should also be recalled that, on November 25, 2024, UniCredit S.p.A. announced, pursuant to and for the purposes of Article 102 of the TUF and Article 37 of Consob Regulation No. 11971 of May 14, 1999 (hereinafter also "Issuers' Regulations"), the promotion of a voluntary totalitarian public exchange offer on Banco BPM, which had the effect of subjecting the Bank to the so-called "passivity rule".so-called "passivity rule" pursuant to Article 104 of the TUF, as more fully accounted for in the Consolidated Management Report, to which reference should be made for detailed information.

2.2. Intercompany, related party, atypical or unusual transactions and falling within the obligations of bank officers

On the basis of the activities carried out in 2024 and the first months of 2025, the information set out in the Annual Financial Report, the information received at the meetings of the Board of Directors and the information provided by the Chairman of the Board, the Chief Executive Officer, *Management*, the Head of the Audit Function, the Boards of Statutory Auditors of the Subsidiaries and PricewaterhouseCoopers S.p.A, as Group Sole Auditor, the Control Body had no evidence of the existence of transactions that could be defined as atypical or unusual entered into by the Bank with



third parties, with Group Companies or with Related Parties, without prejudice to what is represented in this Report. Intercompany and Related Party transactions carried out in 2024 were deemed congruous, compliant with relevant regulations, and in the best interest of the Bank and the Group. Transactions in potential conflict of interest were resolved in accordance with the relevant internal and external regulatory provisions and were, moreover, subject to specific attention, monitoring and, where required, separate review by the Related Parties Committee, whose meetings are attended by a designated Statutory Auditor. Based on the available information, the Board of Statutory Auditors can reasonably believe that the transactions were congruous in consideration and in the interest of the Bank and/or the Group.

Banco BPM has adopted a unified *Policy* by preparing the "Regulation on the management of transactions with parties in conflict of interest" (hereinafter also "*Policy*" or "*Regulation*") that defines the principles, roles and responsibilities aimed at guarding against the risk of potential conflicts of interest in the management of transactions: (i) with Related Parties pursuant to Consob Resolution no. 17221 of March 12, 2010 and subsequent amendments; (ii) with Connected Persons, as per Bank of Italy Circular no. 263/2006, Title V, Chapter 5; (iii) that provide for obligations of bank exponents pursuant to Article 136 of Legislative Decree No. 385/1993 (hereinafter also "TUB"); (iv) that find interests of directors, in accordance with the provisions of the Civil Code; (v) with Related Parties IAS 24 with regard to financial statement disclosure on transactions with Related Parties; (vi) that provide for loans to exponents and their Related Parties referred to in Article 88 of Directive (EU) 2013/36

The aforementioned *Policy* was approved in December 2023 by the Board of Directors of the Bank, subject to the favorable opinion of the Related Parties Committee and the Board of Statutory Auditors, and subsequently by the competent Administrative Bodies of the Subsidiaries, to the extent of their respective relevance and ensuring the consistency of any internal regulatory documents with the *Policy*. The *Policy* has been published on the *website* of the Group Banks

The Regulations therefore apply to Banco BPM and all Subsidiaries, directly or indirectly, according to the specifics of each discipline, and will be updated periodically according to the provisions of the relevant regulations.

In this regard, the Board of Statutory Auditors supervised the compliance of the internal regulations adopted by the Bank, the overall suitability of corporate procedures as well as the compliance with the regulations pursuant to Article 136 of the TUB and the Supervisory Provisions in the transactions carried out by persons performing administration, management and control functions

In the Reports on Operations and in the specific Notes accompanying both the Company's Financial Statements and the Consolidated Financial Statements, the Board of Directors has adequately reported and illustrated, describing their characteristics, the main transactions with third parties, intercompany and Related Parties, also in compliance with Consob Resolution no. 17221 of March 12,

2010 and subsequent amendments, in particular highlighting that during 2024 both major and minor transactions were concluded, of which the Board of Statutory Auditors verified, to the extent of its competence, compliance with the law, the Articles of Association and internal regulations in force from time to time.

The Board of Statutory Auditors also examined, during the period, the results of the verification activities conducted on the matter by the Corporate Control Functions (hereinafter also "FACs," as better identified below) for their respective areas of responsibility, which recorded a situation of substantial adequacy.

3. Supervisory activities on the statutory audit

It should be preliminarily recalled that, in compliance with national and European regulations defining the specific requirements of the performance of the statutory audit activity for so-called "Public Interest Entities" (hereinafter also "PIEs"), the Company's Financial Statements and the Consolidated Financial Statements of Banco BPM as of December 31, 2024 are audited by PricewaterhouseCoopers S.p.A, in execution of the engagement conferred by resolutions of the Shareholders' Meetings of Banco Popolare Soc. Coop. and Banca Popolare di Milano S.c. a r.l. on October 15, 2016. The aforementioned assignment was given for the fiscal years from December 31, 2017 to December 31, 2025, in accordance with the duration provided by law (no. 9 fiscal years).

The Financial Statements of the Group Companies are subject (with rare exceptions, mainly attributable to Associated Companies) to legal audit by PwC itself or other companies in its *network*.

On this subject, it should be noted that Legislative Decree No. 125/2024, which came into force on September 25, 2024, transposed into Italian law Directive 2022/2464/EU (also "*Corporate Sustainability Reporting Directive*" or "CSRD"), by virtue of which, as of December 31, 2024, the Consolidated Statement of Non-Financial Nature (hereinafter also "DCNF") is replaced by the Consolidated Sustainability Reporting, which is included within the scope of the Consolidated Management Report. This new regulation requires, pursuant to the amended Article 14-*bis* of Legislative Decree No. 39/2010, that the Auditor of the Sustainability Reporting expresses, in a special attestation report, his conclusions about the conformity of this reporting.

In light of this regulatory change, it has therefore become necessary for the Bank to integrate and amend the terms of the assignment at the time given to PricewaterhouseCoopers S.p.A. for the limited audit of the DCNF prepared pursuant to Legislative Decree No. 254/2016 (repealed by the aforementioned Decree), order to adapt it to the new tasks assigned to the Sustainability Reporting Auditor. It is therefore acknowledged that, with prior assessment, for the profiles of competence, by the Board of Statutory Auditors, an adjustment of the assignment was approved on November 6, 2024,



due to the increased activities to be carried out in order to carry out the limited audit of the Consolidated Sustainability Reporting related to the years 2024 and 2025.

The Board of Statutory Auditors - in its role as the Internal Control and Audit Committee (hereinafter also "CCIRC") and in compliance with the provisions of Article 150, paragraph 3, of the TUF - has continuously monitored the activities put in place by the Auditing Firm, meeting periodically with the *Partners* (also due to the turnover occurred during the year for one of them) and the *Managers* in charge of PwC, in order to ensure an adequate exchange of information flows. More in detail, the Board examined the Audit Plan prepared with reference to the Company's and Consolidated Financial Statements 2024, as well as in relation to the limited audit of the Consolidated Sustainability Report 2024, discussing with its referents about the significant risks and key aspects identified, as well as regarding the methodological approach of the audit. Subsequently - including through comparisons on individual issues or evaluative aspects - the Board maintained constant interaction regarding the audit approach used for the different relevant areas of the financial statements as well as of the Sustainability Reporting, sharing issues related to business risks and receiving updates on the progress of audit activities and the main issues at the Auditor's attention, acquiring the results of the audits carried out on the regular maintenance of the company's accounts and the correct recognition of operating events in the accounting records.

The Auditor, in the periodic meetings mentioned above, did not point out to the Board of Auditors any acts or facts deemed reprehensible or irregularities that required the formulation of specific reports pursuant to Article 155, paragraph 2, of the TUF.

In light of the above, the Board of Statutory Auditors considers the process of interaction with the Auditing Firm to be adequate and transparent.

It should be recalled that, with the approval of Banco BPM's Corporate and Consolidated Financial Statements as of December 31, 2025 by the Shareholders' Meeting to be convened in 2026, the engagement for the statutory audit conferred on October 15, 2016, as well as the engagement for the limited audit of the Consolidated Sustainability Report, as detailed above, will expire. Based on current regulations, the first assignment is not renewable and, considering the size and articulation of the Group, the Board of Statutory Auditors, in agreement with the relevant Corporate Functions, deemed it appropriate to start as early as July 2023 the selection process for the assignment of the statutory audit assignment for the financial years 2026-2034, in line with a widespread practice among major listed companies that allows a more profitable and gradual handover between the outgoing auditor and the new auditor, compliance with the time limits set to safeguard the auditor's independence (c.so-called "*cooling-in period*"), as well as the appointment by the other Group Companies.

Therefore, it is hereby acknowledged that by resolution of the Shareholders' Meeting of April 18, 2024, upon the reasoned proposal of the Board of Statutory Auditors, the company Deloitte & Touche S.p.A.



was awarded. (hereinafter referred to as "Deloitte"), whose offer was preferred due to both technical-qualitative and quantitative contents, the engagement for the legal audit of the Company's Financial Statements and the Consolidated Financial Statements of Banco BPM for the financial years 2026-2034, in accordance with the duration provided for by law (no. 9 financial years), determining the fee for the entire duration of the engagement and the criteria for its adjustment. At the same time and with reference to the same fiscal years, among others, the appointment was also made to issue certificates of compliance having as object the sustainability reports provided for by the CSRD, at the time not yet transposed in Italy, determining the fee for the entire duration of the appointment and the criteria for its adjustment. This determination was in compliance with the relevant provisions introduced by Legislative Decree No. 125/2024. In this regard, it should be noted that in June 2024 the Chairman of the Board met for cognitive purposes with the reference *partner* of Deloitte, in view of the period of shadowing to be carried out with the current Auditor during 2025.

Consistently with the "single auditor" model adopted by Banco BPM and confirmed in 2023, the Subsidiaries have acknowledged this determination and taken, in compliance with the reference statutory and regulatory provisions, the appropriate initiatives to align the choice of auditor for the 2026-2034 financial years, involving, where necessary, the competent Supervisory Authority. The Board of Statutory Auditors, in compliance with the role, autonomy and competencies of each Control Body, supervised the inherent and consequent determinations made by the Subsidiaries concerned through the Common Statutory Auditors and the periodic information flows provided for between Boards and between Corporate Bodies.

With reference to FY2024, it is then acknowledged that PwC issued on March 31, 2025:

- to the Bank, pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014, the Audit Reports on the Company's and Consolidated Financial Statements for the year ended December 31, 2024, which have been made available in full to the public together with the Annual Financial Report, pursuant to Article 154-ter of the TUF. The Independent Auditors have expressed an unqualified and unqualified opinion in both, according to which: (i) it appears that the Management Reports (excluding the section of the Consolidated Sustainability Report, which is the subject of another Report) accompanying the Company and Consolidated Financial Statements - in addition to certain specific information contained in the "Report on Corporate Governance and Ownership Structure" indicated in Article 123-bis, paragraph 4, of the TUF (the responsibility for which lies with the Bank's Directors) - are consistent with the Financial Statements and have been prepared in accordance with applicable legal provisions; (ii) with respect to material misstatements in the Management Reports, based on the knowledge and understanding of the business and its environment gained during the course of the audit, stated that they have nothing to report. For details of the key aspects of the audit, please refer to the contents of the

Reports issued by PwC, published together with the company and consolidated financial statements. The same Reports also contain the Auditor's opinion on the compliance of the preparation of the Company's and Consolidated Financial Statements as of December 31, 2024 with the provisions of Delegated Regulation (EU) 2019/815;

- to the Bank, pursuant to Article 14-bis of Legislative Decree No. 39/2010, the Independent Auditor's Report on the Limited Review of the Consolidated Sustainability Report as of December 31, 2024, made available in full to the public together with the Annual Financial Report, pursuant to Article 154-ter of the TUF. The Auditor has attested that no evidence has come to its attention to suggest that: (i) the Consolidated Sustainability Report has not been prepared, in all material respects, in accordance with the relevant reporting standards; (ii) the information contained in the paragraph "Taxonomy in accordance with Article 8 of Regulation (EU) 2020/852" of the same Report has not been prepared, in all material respects, in accordance with Article 8 of Regulation (EU) 2020/852;
- to the Board of Statutory Auditors, pursuant to Article 11 of Regulation (EU) No. 537/2014, the Report to the CCIRC (so-called "Additional Report") relating to the 2024 financial year, from which no significant deficiencies on the Internal Control System in relation to the financial reporting process were found. Some deficiencies and/or areas for potential improvement, assessed by the Auditor as "non-significant," were the subject of discussion with the Board, also for the purpose of the elaboration of its own observations to be transmitted to the Board of Directors - in accordance with the provisions of Article 19, paragraph 1, letter a, of Legislative Decree No. 39/2010 - to accompany the Additional Report for in-depth studies and the adoption of corrective measures within the competence of the Board of Directors.

It should be noted that, with reference to the fiscal year 2023, on March 26, 2024, the Board of Statutory Auditors forwarded to the Board of Directors the relevant Supplementary Report accompanied by its observations. The Board of Directors has also examined the Letter of Suggestions (hereinafter also "*Management Letter*"), addressed to the Bank's *Management* by the Auditing Firm with the aim of making some recommendations at the end of its audit activity on the Financial Statements for the financial year 2023, taking note of the *remediation* activities initiated by the competent corporate Structures, also referring to previous financial years (on the implementation of which the Board of Statutory Auditors has duly supervised by convening, if necessary, the Structures responsible for the address actions). The observations made by the Audit Firm in its *Management Letter* are included in the integrated reporting on the progress of remediation actions, provided to the Auditors by the FACs on a quarterly basis (so-called "Integrated Tableau de Bord").

The Independent Auditors also issued on June 27, 2024 the Report in accordance with Article 23, Paragraph 7 of the Bank of Italy Regulations of December 5, 2019 with reference to the fiscal year 2023.



The Report focused on the Descriptive Document prepared by Banco BPM containing the organizational and procedural solutions and related controls adopted for the reporting year with regard to the deposit and *sub-deposit* of customer assets and their compliance with regulatory provisions. The Control Body found that no new issues emerged during the audits carried out with reference to FY2023.

4. Supervisory activities on the statutory auditor's independence

During the year under review, the Board of Auditors verified and monitored, pursuant to Article 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 125/2024, the independence of PwC, finding no critical issues. In this regard, it is acknowledged that on March 28, 2025, the Audit Firm issued its annual confirmation of independence pursuant to Article 6 of Regulation (EU) No. 537/2014, from which no situation emerged that could compromise its independence. The Board also took note of the Transparency Report for the fiscal year ending June 30, 2024, prepared by the Auditing Firm and published on its website pursuant to Article 13 of the aforementioned European Regulation. For the purposes of a correct application of the aforementioned European regulations, the Bank has adopted internal regulations governing the procedures for the assignment of non-banned engagements for the provision of services other than statutory audit to the company acting as statutory auditor or to companies belonging to its *network*. This regulation applies to Banco BPM and all Group Companies and was subject to amendment in December 2021, with a more prudential perspective compared to the provisions of the external reference regulations with the intention of formalizing, specifying them, operating practices already in use. In order to verify the existence of potential risks to the independence of the Auditor and any safeguards applied, according to the internal regulations in question, the formalization of such services, provided in favor of Group Companies by the appointed Auditing Company or other company belonging to the same economic group, must be authorized in advance by the Board of Statutory Auditors of the individual Bank/Company, as CCIRC; subsequently, in the case of a Bank/Company controlled by Banco BPM, information must be provided to the Board of Statutory Auditors of Banco BPM. For Group Companies that do not qualify as EIPs, the granting of assignments for ancillary services that are not prohibited must be authorized in advance by the Board of Statutory Auditors of Banco BPM.

In addition, on a quarterly basis, a report is prepared showing the total fees committed in the reference period to the Auditing Firm or other company belonging to its *network* for verification by the Board and, starting from 2020 (the three-year regulatory period having been consolidated since the appointment of PwC in the context of the Banco BPM Group), monitoring has been activated aimed at verifying compliance with the quantitative limit of fees for non-audit assignments provided for in Article 4 of the aforementioned European Regulation.

During 2024 and in compliance with the aforementioned provisions on statutory audit, the Control Body therefore gave prior approval for Banco BPM - after the relevant checks on the potential risks to independence and the safeguards adopted - to the assignments other than statutory audit conferred on PwC and the companies belonging to its *network*.

In recalling that, in accordance with the provisions of the aforementioned European Regulation, (i) the fees rendered for permitted non-audit services provided to the PIE, its parent company, or firms controlled by it, may not exceed 70% of the average of the fees rendered in the last three consecutive fiscal years for statutory audit work (hereinafter also "*fee cap*") and that, (ii) for the purpose of determining the *fee cap* for the fiscal year 2024, the relevant period for calculation purposes is the three-year period 2021-2023, it is noted that for the fiscal year under review, the *fee cap* was largely complied with.

With the aim of ensuring a complete information picture, it is represented that in fiscal year 2024, PwC was awarded, in compliance with current regulations, audit fees of Euro 2,905,407 by the Parent Company Banco BPM and a total of Euro 2,368,974 by the other Group Companies. The same auditing firm was awarded additional engagements for attestation services in the amount of Euro 1,280,460 by the Bank as well as Euro 628,399 by the other Group Companies.

Details of these fees are also included in the annex to Banco BPM's corporate and consolidated financial statements as required by Article 149-*duodecies* of the current Issuers' Regulations.

Companies in the *network* to which PwC belongs were paid a total of fees in FY2024 for:

- Legal audit in favor of other Group Companies in the amount of 207,395 euros;
- Other services in favor of the Bank in the amount of 82,500 euros.

Details of these fees are included in the annex to Banco BPM's corporate and consolidated financial statements as required by Article 149-*duodecies* of the current Issuers' Regulations.

5. Supervisory activities on the administrative-accounting system and the financial reporting process

For the purpose of supervising the financial reporting process, the Board of Statutory Auditors, in addition to the aforementioned in-depth investigations carried out with the Independent Auditors, from which no significant critical issues emerged in the System of Internal Controls inherent in the financial reporting process, carried out the scheduled and periodic meetings with the Financial Reporting Officer (hereinafter also "Financial Reporting Officer") and the relevant departments of the Administration and Financial Reporting Department and the Chief Risk Officer Area, according to their respective areas of activity.

The administrative and accounting procedures for the formation of the Financial Reports (Annual and Half-Yearly), as for any other financial communication, have been prepared under the responsibility of



the Executive in Charge who, together with the Managing Director, certifies their adequacy and effective application (at the company and consolidated level).

During the above-mentioned periodic meetings, the Executive in Charge did not report any significant deficiencies in the operational and control processes that could affect the judgment of the overall adequacy and effective application of the administrative-accounting procedures for the purpose of the proper representation of economic, equity and financial events in accordance with current international accounting standards.

Noting that the Bank regulates in internal regulations the aspects of the System of Internal Controls inherent in the financial reporting process, the Board of Statutory Auditors points out that there have been no updates brought to its attention.

The Board of Statutory Auditors has reviewed the "Report on the activities carried out by the Manager in charge of preparing the Banco BPM Group's accounting and corporate documents for the purpose of issuing the attestation required by Article 154-bis of the TUF on the annual financial report as of December 31, 2024," which was submitted to the Board of Directors at its meeting on March 13, 2025. In this regard, it should be noted that the perimeter of the Relevant Companies, as explained in that Report, was not revised during 2024. The Executive in Charge specified that the review of the attestations received from the Subsidiaries (no. 23) did not reveal any points of attention deemed to be obstructive for the purpose of expressing an opinion on the adequacy and effective application of administrative and accounting procedures. In addition, the data referring to the balance sheet and income statement, transmitted by the Subsidiaries with the attestations under review, were matched with those present in the consolidation procedure considered for the purpose of preparing the Consolidated Financial Statements as of December 31, 2024 without finding any anomalies.

The Board of Statutory Auditors was pleased to note that, in keeping with the expansion of its areas of responsibility, following the transposition of CSRD in Italy, the Administration and Financial Statements function underwent a reorganization that included the creation of two offices dedicated, respectively, to controls on financial reporting and to overseeing the sustainability reporting process, with the contribution, where necessary, of new specialized resources.

As part of his Report, the Financial Reporting Manager then expressed an opinion of substantial adequacy in relation to the characteristics of the business and effective application of the administrative and accounting procedures that govern the preparation of the Financial Statements, drawn up in the light of the assessment of the residual risk present in the macro-environments analyzed and the mitigation actions identified. In formulating his opinion, the Financial Reporting Manager took into account, among other things, the actions implemented as a result of the evidence he noted with reference to the previous year, noting the existence of additional areas for improvement that do not, however, affect the overall assessment expressed and that were shared and discussed in depth with



the Board during the year, as well as monitored by the latter on an ongoing basis as part of the quarterly integrated Tableau de Bord.

It should be noted that the Auditing Firm has identified (and reported in the Additional Report provided to the Board of Statutory Auditors, commented above) some areas for improvement that have not been assessed as significant deficiencies in the Internal Control System in relation to the financial reporting process. These will be brought to the attention of the Bank's Management by the same Auditing Firm and represented to the Board of Directors by the Board of Statutory Auditors for their determinations.

With regard to the activities related to strengthening the governance of data and information and their quality as well as the safeguards at the service of decision-making and risk control processes (aspects that have long been monitored by the Board of Statutory Auditors), during 2024 the Control Body examined the reporting submitted by the Risk Control Function, on a quarterly basis, on the subject of *data quality*, supplemented with a section dedicated to the extension activities of the BCBS 239 principles (subject since 2017 of a specific project), also taking note of the indications formulated by the Supervisory Authority on *risk data aggregation and risk reporting* (also "RDARR") as a result of targeted analyses conducted in line that the expectations outlined in the document "*Guide on effective risk data aggregation and risk reporting*," adopted in May 2024, as well as with the supervisory priorities, also confirmed for the period 2025-2027.

In light of the information received and the analyses carried out, as above as well as referred to below, the Board of Statutory Auditors has no remarks of competence to make on the adequacy of the administrative-accounting system and its reliability in correctly representing operating events. With reference to the accounting information contained in the Company and Consolidated Financial Statements as of December 31, 2024 of Banco BPM, it should be noted that the unqualified attestations of the Chief Executive Officer and the Executive in Charge have been made pursuant to Article 81-ter of the current Issuers' Regulations.

It should be noted that, in accordance with the provisions of Delegated Regulation (EU) 2019/815, Banco BPM has prepared the Annual Financial Report in the ESEF (*European Single Electronic Format*) format, which represents a combination of XHTML (for the presentation of financial reports in a human-readable format) and XBRL (*eXtensible Business Reporting Language*) markup. The information contained in the Consolidated Financial Statements (Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows) and in the Consolidated Notes to the Financial Statements has been mapped according to the "*Inline XBRL*" (also "iXBRL") specifications contained in the basic taxonomy issued by the European Securities and Markets Authority (hereinafter also "ESMA"). It should also be noted that, in order to comply with the disclosure requirements set forth in Directive 2004/109/EC (the so-called "*Transparency Directive*"), the Annual



Financial Report prepared by the Bank in the format described above will be made public within the legal deadlines.

In addition to the aforementioned in-depth examinations carried out with the Independent Auditors, the Financial Reporting Manager and the Risk Control Function, the Board of Statutory Auditors proceeded to verify and examine in depth the process for the formation of Banco BPM's 2024 Corporate and Consolidated Financial Statements, as well as its compliance with current laws and regulations and consistency with the resolutions adopted by the Board of Directors, also taking into account the indications formulated by the Supervisory Authorities, recalling in particular the recommendations provided, most recently, by ESMA in the *Statement of October 24, 2024* entitled "*European common enforcement priorities for 2024 corporate reporting*" and by Consob with the Attention Reminder no. 2/24 of December 20, 2024.

In relation to these activities, the Board of Auditors has, among other things:

- (i) verified the adequacy, from a methodological point of view, of the *impairment testing* process to which the balance sheet assets concerned were subjected, recommending the adoption of a prudential approach. In particular, the Board ascertained that - already at the time of the drafting of the Half-Yearly Financial Report and in compliance with the ESMA and Consob indications elaborated on the subject - the valuation analyses were conducted, among other things, through the use of a multi-scenario approach and considering, in a context of uncertainty about future macroeconomic scenarios, the risk inherent in the actual realization of the cash flow projections assumed as the basis for determining the value in use. Due to the elements of uncertainty that characterize the current context and that may affect the valuation methodologies adopted, the Bank has also (a) acquired an external opinion on the reasonableness and non-arbitrariness of the methodologies and parameters used and (b) conducted sensitivity analyses in order to be able to appreciate the resilience of the recoverable value determined with respect to alternative assumptions and hypotheses, all as better explained in the Consolidated Notes to the Financial Statements, to which reference is made for details. More specifically, it should be noted that for the cash flow projections considered in the determination of the recoverable value of intangibles, as well as for the purpose of verifying the recoverability of deferred tax assets (hereinafter also "DTA"), the Bank took into account the forecasts and targets of the Strategic Plan 2023-2026, also comparing them, for the first year of projection, with the *Budget 2025* and, for 2026 and 2027, with the update of the Strategic Plan 2024-2027, subject to approval by the Board of Directors on February 11, 2025.

It should be recalled that the scenarios and multi-year projections, used for this and other major corporate estimation processes, were (a) defined by the Scenario Council (attended by, among others, the Chief Risk Officer, the Chief Financial Officer, the Chief Lending Officer, and the heads

of the Planning and Value Management, Administration and Reporting, and Audit Functions, the latter as auditor) according to a structured *framework* that includes materiality *triggers*, (b) reviewed by the CCIR, and (c) submitted to the Board of Directors for approval, as required by Group Policy.

The scenarios in comment were also used for the purpose of the sustainability *test* of the DTAs, which the Board investigated in depth with the Administration and Financial Statements function, a *test* that confirmed, also as a result of specific sensitivity analyses, the recoverability by the end of the 2035 fiscal year, as better explained in the Consolidated Notes to the Financial Statements. Lastly, it should be noted that the recoverability of all DTAs could be negatively affected by changes in current tax regulations, which the Bank has assessed to be unforeseeable at present;

- (ii) examined the macroeconomic scenarios mentioned above also for the purpose of their use in calculating credit risk parameters with reference to credit exposures. In fact, the related IFRS 9 *impairment* model, based on expected losses, requires the implementation of appropriate monitoring systems aimed at identifying whether or not there is a significant deterioration from the date of initial recognition of the exposure. It follows that the determination of expected losses is a complex exercise that requires significant elements of judgment and estimation, on which the Board has carried out continuous supervision. In this regard, it is worth noting that, as explained in the Consolidated Notes to the Financial Statements, during fiscal year 2024 the Group continued the process of revising and *fine-tuning* the models in use, with the aim of more accurately reflecting the expected losses of *performing* exposures, partly as a result of the economic uncertainties related to the situation of international political instability. This process, moreover, provided for a series of *post-model* managerial *adjustments* (so-called "*post model adjustments*") - approved by the Bodies in accordance with internal regulatory provisions - in order to factor in certain valuation elements that are not adequately intercepted by the models in use (such as, for example, climate and geopolitical risks). The improvements made to the process in question, to which the Chief Risk Officer and Chief Lending Officer Areas (hereinafter also "CRO Area" and "CLO Area") contribute for their respective areas of competence, have also taken into account the indications formulated by the Supervisory Authority, in particular as a result of specific interventions, as well as the areas for improvement reported by the Executive in Charge and the Auditing Firm. However, the Board renewed its recommendation to reduce *post model adjustments* to the minimum possible, while understanding the need for them;
- (iii) noted the impacts resulting from the increase in the targets for the disposal of *non-performing* loans resolved by the Board of Directors as part of the *derisking* strategy, taking into account the transactions finalized during the year. In this regard, it should be noted that the strategy in question is defined by the Board of Directors through a multi-year plan based on projections

consistent with the Strategic Plan and those defined under ICAAP/ILAAP;

- (iv) ascertained the application of the newly introduced or modified accounting standards, having compulsory effect from fiscal year 2024, finding that they were substantially aligned with those followed for the purpose of preparing the Financial Statements as of December 31, 2023 and that there was no particular impact on Banco BPM's balance sheet and income statement, except for the additions that became necessary as a result of the extension of the Group's scope of operations to the insurance sector.

In this regard, it should also be noted that, in addition to the communications issued by the various Supervisory Authorities during 2024 regarding the main accounting issues for the preparation of the Financial Statements Schedules and the content of the Notes to the Financial Statements, the provisions of Bank of Italy Circular No. 262 of December 22, 2005, "Bank Financial Statements: schedules and compilation rules," and subsequent updates, including the 8th update published on November 17, 2022, were applied. For the purposes of preparing the Consolidated Financial Statements, as a financial conglomerate, account was taken of the update of ISVAP Regulation No. 7 of July 13, 2007, referred to in the aforementioned Circular No. 262, which contains the rules for compiling the financial statements of insurance and reinsurance companies required apply international accounting standards. Also considered was the Bank of Italy's March 14, 2023 communication "Update of the provisions of Circular no. 262 "Bank financial statements: formats and compilation rules" having to do with the impacts of Covid-19 and measures to support the economy," which abrogated the disclosure, provided since the 2021 Financial Statements, on loans assisted by Covid-19 moratoria, taking into account the expiration of the suspension period, requiring, in a free format, only the financial statement information on loans subject to public guarantees, which the Bank has reported in a dedicated paragraph in the Consolidated Notes to the Financial Statements

- (v) monitored the process of updating the *fair value* valuation of the Bank's real estate assets, in accordance with the measurement criteria established by accounting standard IAS 40 for properties held for investment purposes or by IAS 16 - and in particular of the restated value criterion - for properties for functional use. This process, in accordance with the requirements established by accounting standard IFRS 13, is supported by special appraisals issued by a leading company, with the periodicity required by the relevant internal regulations. The Board of Statutory Auditors paid special attention to the process in question, taking into account the indications formulated by the Supervisory Authority, also as a result of a specific inspection activity, and by the Auditing Firm, urging quality, punctuality and traceability of the valuation exercises, in the underlying assumption that it cannot be excluded that the use of different methodologies or estimation parameters as well as the future dynamics of real estate market

prices may result in economic impacts for the Bank. The Board also supervised the economic and financial profiles of the operation defined in the second half of 2024 for the rationalization of the non-instrumental real estate portfolio ("Square" Project), for detailed information on which please refer to the Consolidated Management Report and the Consolidated Notes to the Financial Statements;

- (vi) examined additional items in the financial statements that could be affected in their assessment by risks and uncertainties, in particular recalling the risks associated with: (a) to commitments undertaken by the Group under *partnership* agreements and to guarantees granted against sales of equity investments or other assets or groups of assets, which resulted in allocations to other provisions for risks and charges for the year under review, taking into account the evolution of net inflows as of December 31, 2024 and that expected as of February 2025 (the relevant deadline for the purposes of the agreement with the Anima Group), estimated on the basis of a multi-scenario elaboration; (b) to the activity of referring customers interested in buying diamonds to the specialized company Intermarket Diamond Business S.p.A., according to the updates detailed in the Consolidated Notes to the Financial Statements, which, in the face of complaints and disputes, both those not yet settled and estimated potential ones, now residual, support the specific fund set up to guard against the aforementioned disputes;
- (vii) noted the *disclosure*, contained in the Consolidated Notes to the Financial Statements, of the aspects considered as priorities by ESMA in the aforementioned *Statement*, among which are the liquidity considerations;
- (viii) acknowledged the updates provided about one of the main tax disputes handled by the Bank, dating back to an affair involving the *former* Banca Popolare Italiana Soc. Coop. which was favorably concluded before the Court of Cassation after the unfavorable outcome of the first two levels of judgment, as more in detail represented in the punctual disclosure made in the Notes to the Financial Statements. Reference should also be made to the same Note for an analysis of risks arising from legal or tax disputes, in respect of which the Board of Statutory Auditors has been periodically updated by the Executive in charge of overseeing any related liabilities and costs.

6. Supervisory activities on the sustainability reporting process

For the purpose of supervision of the sustainability reporting process, we preliminarily refer to the provisions contained in Legislative Decree No. 125/2024, which came into force on September 25, 2024, and which transposed the CSRD into Italian law, providing for the preparation by the Bank of the Consolidated Sustainability Report (instead of the DCNF), included as part of the Consolidated Management Report, starting with the fiscal year ending December 31, 2024.



The first Consolidated Sustainability Report was therefore approved by the Board of Directors at its meeting on March 13, 2025, and made available to the Board of Control within the legal deadlines to be, therefore, made public in accordance with the relevant regulations.

The Board of Statutory Auditors, as part of the performance of the functions assigned to it, also supervised during 2024 the initiatives taken by the Bank to progressively comply with the provisions of the CSRD and related European regulatory provisions, pending the formal transposition of these regulations into Italian law. The Control Body has more in detail: (i) supervised the adequacy of the Function (Transition and Sustainability) in charge of drafting the reporting, a unit set up in 2024 by board resolution, in accordance with the statutory provisions; (ii) supervised the overall organizational structure outlined for the process in question, through the definition of procedures, roles and responsibilities, formalized in specific internal regulations; (iii) supervised the adequacy of the Internal Control System defined for the new reporting, for which, in the absence of a specific regulation on the subject, the general principles provided by the international *standard* published by the *Committee of Sponsoring Organizations of the Treadway Commission* (also "COSO") were taken as reference and synergies with the Internal Control System of Financial Reporting were maximized, according to an adoption approach c.d. "progressive and modular", also overseeing the appropriate configuration of the Structure (Sustainability Reporting Control) set up for this task within the Administration and Reporting Function.

In support of its duties, the Board of Statutory Auditors met periodically, receiving adequate information flows for the activities within its competence, with the contacts of the Transition and Sustainability Function, the Administration and Financial Statements Function, the Executive in Charge and the Auditing Company, also examining, for relevant profiles, the results of the verification activities conducted by the FACs as well as the indications formulated by the Supervisory Authorities, recalling in particular the already mentioned recommendations provided by ESMA in the *Statement of October 24, 2024* and by Consob with the Attention Call no. 2/24 of December 20, 2024. The Control Body also delved into the process of analyzing the so-called "dual materiality" and the rationale for defining the dedicated internal control system.

The Board of Statutory Auditors has examined the "Report on the activities carried out by the Manager in charge of preparing the Banco BPM Group's accounting and corporate records for the purpose of issuing the attestation required by Article 154-bis of the TUF on the annual financial report as of December 31, 2024," submitted to the Board of Directors at its meeting of March 13, 2025, for the aspects pertaining to the Consolidated Sustainability Reporting, in accordance with the new provisions of paragraph 5-ter of the aforementioned provision. In this regard, it should be noted that the scope of the Relevant Companies is the same as that used to prepare the Consolidated Financial Statements.

As part of his Report, the Executive in Charge therefore expressed an opinion of the substantial adequacy of the overall process of preparing the Consolidated Sustainability Report as of December 31, 2024, drawn up in light of the assessment of the residual risk present in the macro-environments analyzed and the mitigation actions identified. In formulating his opinion, the Executive in Charge took into account, among other things, the fact that some processes were implemented and acted upon for the first time during the preparation of the Reporting in question, also noting some points of improvement that do not, however, affect the overall assessment expressed, which have been discussed in detail with the Board and will be monitored by the latter on an ongoing basis as part of the quarterly integrated Tableau de Bord.

With regard to the activities related to strengthening the governance of data and information and their quality as well as the safeguards at the service of decision-making and risk control processes (aspects that have long been monitored by the Board of Statutory Auditors), during 2024 the Control Body examined, also for this matter, the reporting submitted by the Risk Control Function, on a quarterly basis, on the subject of *data quality*, previously mentioned, noting in particular the second-level controls carried out on the quality of sustainability data and information and the activities conducted for the application and extension of the *framework* defined by the Group in line with BCBS 239 principles to the ESG data subject to reporting.

In light of the information received and the analyses carried out, as above as well as referred to below, the Board of Statutory Auditors has no remarks of competence to make on the adequacy of the administrative-accounting system and its reliability in correctly representing management events in the field of sustainability. With reference to the information contained in the Consolidated Sustainability Report as of December 31, 2024 of Banco BPM, it should be noted that the unqualified attestation of the Chief Executive Officer and the Executive in Charge has been made pursuant to Article 81-ter of the current Consob Issuers' Regulations, as amended by Resolution No. 23463 of March 12, 2025.

Please note that, in accordance with the provisions of Legislative Decree No. 125/2024, Banco BPM has prepared the Consolidated Sustainability Reporting, included in the Annual Financial Report, in the *European Single Electronic Format* (ESEF), in accordance with Delegated Regulation (EU) 2019/815.

In this regard, having examined the Report issued by the Auditing Company pursuant to Article 14-bis of Legislative Decree No. 39/2010 on March 31, 2025, assuming as reasonable the choices made by the Bank in view of the first application by the relevant regulations, the Board did not find any elements of non-compliance and/or violation of the relevant regulations.

7. Supervisory activities on the adequacy of the internal control and risk management system

It is represented below, preliminarily, that the Internal Control and Risk Management System in Banco BPM Group consists of the set of rules, functions, structures, resources, processes and procedures that,

in order to contribute to the sustainable success of the Bank, aim to ensure, in compliance with sound and prudent management, the achievement of the following purposes:

- Verification of the implementation of corporate strategies and policies;
- containment of risk within the limits specified in the framework for determining the Group's risk appetite (*Risk Appetite Framework*, hereinafter also "RAF");
- Safeguarding asset value and protecting against losses;
- effectiveness and efficiency of business processes;
- Reliability and security of business information and computer procedures;
- prevention of risks to which the Group is exposed, even unintentionally, in illegal activities (with particular reference to those related to money laundering, usury and financing of terrorism);
- Operational and regulatory compliance with the law, supervisory regulations as well as internal policies, plans, regulations and procedures.

For the Group, the ICS plays a central and strategic role in the corporate organization and represents a fundamental element of knowledge for the Corporate Bodies so as to ensure full awareness of and responsibility for the effective control of corporate risks and their interrelationships. It also guides the strategic lines, corporate policies and organizational structure and oversees the functionality of management systems and compliance with prudential supervisory institutions, promoting the sharing a proper risk culture, the subject of particular attention by the Corporate Bodies and the Supervisory Authority, as well as the dissemination of legality and corporate values.

In this context, the Group's ICS is articulated through:

- Bodies and Control Functions, involving, each for their respective competencies, the Board of Directors, the endoconsiliar Committees, the Managing Director, the Board of Auditors, the Chief Risk Officer, as well as the Corporate and Control Functions and Management Committees with specific tasks in this regard;
- Information flows and coordination arrangements among stakeholders;
- Group *governance* mechanisms.

The Board of Directors of Banco BPM has exclusive competence in the establishment of the FACs, determining their duties, responsibilities as well as the methods of their coordination and collaboration, and the information flows between these Functions and the Corporate Bodies. It is up to the same Board evaluate, at least annually, the adequacy, effectiveness and effective functioning of the ICS

In specifying that the Managing Director of Banco BPM has been appointed by the Board of Directors as "Director in charge of the Internal Control and Risk Management System" for the current term of office, in continuity with the previous ones and in compliance with the provisions of the *Corporate Governance Code* (to which the Bank adheres), reference is made to the "Report on Corporate Governance and Ownership Structure" for a detailed description of the ICS, specifying that from a

technical-operational point of view, the latter contemplates, in addition to the line controls carried out by the operational structures and/or incorporated in the IT procedures (first level controls), the second level FACs (identified, also pursuant to Bank of Italy Circular no. 285/2013, in: Risk, Internal Validation, Compliance, Anti-Money Laundering and, with reference to the Group Insurance Companies, Actuarial) and third level (Audit). It should be noted that the tasks of the *Information and Communication Technology* (hereinafter also "ICT") risk control and security function are assigned, in accordance with the Supervisory Provisions, to the Risk and Compliance Functions, in relation to the roles, responsibilities and competencies of each.

The second- and third-level FACs are separate from each other, as well as hierarchically independent of the Corporate Functions that carry out the activities subject to the controls. They report to the CEO, with the exception of the Audit Function, which is placed under the direct authority of the Board of Directors, to which it reports, after reporting to the Chairman of the Board of Directors. The heads of the FACs are appointed by the Board of Directors upon the proposal of the CCIR, subject to the opinion of the Board of Statutory Auditors, in accordance with regulatory and statutory provisions.

In addition to the FACs as described above, in line with regulatory requirements, for the purposes of the ICS, functions that by regulatory or self-regulatory provisions have control duties (such as the Executive in Charge) are also included among the Control Functions.

According to a coordination and control approach, an internal contact person has been appointed for the FACs that the Subsidiaries have outsourced to the Parent Company (unless constraints arise from the external regulations applicable to the individual Companies). The appointment and dismissal of these contact persons are the responsibility of the Board of Directors of the Group Company concerned, with prior opinion of its Board of Statutory Auditors, after determination by the Board of Directors of Banco BPM, according to an autonomous documented assessment, in a Group logic.

The principles, criteria, roles and responsibilities regarding the Banco BPM Group's integrated ICS are governed in an internal regulatory document ("*Integrated Internal Control System Regulations*," last updated in February 2025), which organically represents the duties and responsibilities of the Corporate Bodies and Control Functions as well as the related coordination and cooperation arrangements in compliance with legal and supervisory requirements. These regulations apply to all Group Companies, with the clarification that BBPM Life Dac adopts an ICS that complies with Irish regulations and is consistent with the principles of Group policy.

Also of note is the constant liaison between the FACs implemented within the framework of the Group Internal Control System Coordination Committee (of whose minutes a Statutory Auditor is delegated to examine, in order to report evidence of interest to the Board), within which the planning of activities, the results that emerge, the assessment of residual risks and in general the evaluation of the adequacy of the ICS are shared. During the year, the refinements introduced over the past years were

consolidated, particularly due to the change in the Group's perimeter, as well as the evolutionary interventions in the methodological field and for the supporting applications. In this last regard, the Board noted how the Bank, in line with market *best practices*, has embarked on an important evolutionary path, aimed at investing increasingly in predictive risk analysis tools and expert personnel, with the aim of developing a dynamic, flexible and timely system of controls and monitoring, capable, not only of intercepting, but also of preventing risks in an increasingly challenging and changing environment.

In the light of the above, the Control Body acknowledges that it has carried out a periodic and continuous exchange of relevant information with the aforementioned FACs during the reporting period, finding that the aforementioned Control Functions have fulfilled the relevant disclosure obligations to the Board as outlined in the relevant external regulations, as well as in specific internal regulations governing information flows. It should be noted that, in order to ensure continuous and timely discussion with the Audit function, the Head is also permanently invited to meetings of the Board. As part of its activities, in more detail, the Controlling Body has examined, by way of example but not limited to:

- the integrated Tableau de Bord, which reports on a quarterly basis at the Group level on the *gaps* detected by the FACs (including the Executive in Charge and the Tax Control Manager), the Audit Firm, and the Supervisory Authorities, together with a summary report of the activities of the period for each FAC;
- Annual Reports of activities carried out by FACs, related planning and additional periodic reporting focused on controls and monitoring for specific areas of intervention;
- *reports* on individual audits carried out by FACs, based on the criteria and/or materiality assessments set forth in the Integrated Internal Control System Regulations (Information Flows Annex), last updated in February 2025;
- Annual Reports related to specific areas of focus of each FAC.

The Board of Statutory Auditors, according to a *risk-based* approach of prioritization, as well as with a view to simplification, provides, for the most relevant flows or those with particular criticalities, the illustration and discussion with the competent Control Function and, for the remainder, the independent examination and acquisition of the documentation in the records.

In recalling for what is relevant, also in compliance with the Supervisory Regulations, the contents of the paragraph on the financial reporting process, with reference to the individual FACs (whose activities, in general terms, also extend to the Group Companies that have *outsourced* the service while they are carried out in coordination with the corresponding Control Functions where already present at the Subsidiaries), the Board of Statutory Auditors observes, in particular, the following:

➤ **Compliance Function**: given that the Head of the Compliance Function also performs the role of Data Protection Officer (hereinafter also "DPO") at the Group level and there are three Specialist Garrisons active (for the areas of Tax, Labor and Social Security Regulations and Occupational Health and Safety), the Function has been engaged, in addition to *ex post* verification activities, in constant *ex ante* verification activities (on regulations and business proposals), consultancy (also for conducting specific *gap analysis*) and in a specific effort due to the need to support various corporate projects. The Board has, moreover, repeatedly acknowledged the importance of the *ex ante* activities carried out by the Function, which make it possible to address in advance the work and projects (as well as documents and products) on compliance aspects, activities that have also been enhanced over time from a methodological point of view, as they are integrated in the *Compliance Risk Assessment* for the purpose of assessing the safeguards.

The *Compliance Plan 2024*-as amended as a result of the mid-year review-has been completed and the Function has expressed an opinion of substantial adequacy on the ICS and its ability to mitigate the risk of non-compliance with the Banco BPM Group's regulations.

The Compliance Function conducted, also during 2024, monitoring of complaints, both for the purpose of timely detection of any anomalous business practices and as a useful source of information to initiate audits from a *risk-based* perspective. As a result of this activity, both in the field of investment services provision (also analyzing the summonses and out-of-court proceedings, such as mediations or appeals to the Arbitration of Financial Disputes) and in the banking field (also examining the complaints filed with the Bank of Italy, the summonses and out-of-court proceedings such as mediations or appeals to the Arbitro Bancario Finanziario) and insurance, the Function issued an opinion of substantial compliance, as it did not detect from its examination of the complaints received from customers any significant organizational or behavioral deficiencies in the processes adopted by the Bank that would require timely intervention.

In specifying that the corporate scope of reference of the Function (including the DPO) is represented by Banco BPM and the Subsidiaries for which the activity has been outsourced on the Parent Company, it should be recalled that as of 2023, the methodological and operational model has been progressively extended to the Compliance Function of Banco BPM Vita (also as the Parent Company of the Insurance Group), with the aim of ensuring an integrated control model. In addition to the implementation of coordination mechanisms between the two Functions through appropriate information flows formalized in internal regulations and in a specific collaboration protocol, an integrated *Rulemap* model was defined for the definition of the regulatory taxonomy applicable to the Subsidiary based on that in use in Banco BPM. This activity has enabled the complete integration of the processes inherent to the risks of non-compliance with regulations to which Banco BPM Vita is exposed, whose Compliance Function has expressed its assessment of the

Insurance Group's ICS (merged into the Group's ICS Report) based on the results of the audits carried out and its knowledge of the company's areas of operation, to the extent of its competence, representing the results to Banco BPM's Compliance Function. The *Rulemap* model in use therefore includes the Function's assessments of the residual compliance risks for each regulatory area and for each of the main Group Companies.

During the year, the Compliance Function also pursued the development some initiatives of specific interest, such as: (i) the *Compliance Universe* project, aimed at the continuous strengthening of its methodological and operational model, which, during 2024, was extended to Banco BPM Invest SGR; (ii) the "Remote Indicators" project for the automation of *Key Risk Indicators* (hereinafter also "KRI") flows monitored at the same time as their review, also with the support of an external consulting firm, in order to verify their completeness and adequacy as well as the degree of coverage of regulatory areas with respect to the control perimeter.

The Function also provided cooperation in providing dedicated training courses for staff to review supporting materials with regulatory content.

With reference to the specific activities of the DPO (punctually reported in the Function's Annual Report), the Board took note of them, noting that, although on the rise, none of the *data breaches* that occurred in 2024 were characterized by the presence of the prerequisites for mandatory reporting. With regard to the activities of verifying the circulation of information in banking and the tracking of banking transactions (Guarantor Scope 2), the Board noted that, during the third quarter of 2024, the review of the anomalous access *alerting* system was initiated with the support of the Information Technology and Security Function, which planned its gradual release, to be completed by the first half of 2025. Given the potential risks underlying this delicate profile, also in light of the recent events that have affected the Italian banking system, the Board will continue to pay particular attention to the implementation of the evolutionary activities in question, believing that the revisiting process outlined should make it possible to optimize monthly monitoring and consequently facilitate the detection of potentially anomalous behavior.

The Board of Auditors, in the light of the above as well as of the feedback received during the periodic meetings with the Head, was able to verify the adequacy of the current qualitative-quantitative structure of the Compliance Function with respect to the activities it is called upon to carry out, underlining however the importance of ensuring attention to the interventions of continuous strengthening of the quality of the resources assigned to it;

- **Anti-Money Laundering** Function (hereinafter also "AML"): the corporate scope of the AML Function is represented by Banco BPM and the Subsidiaries for which the activity has been outsourced as well as those with which a collaboration agreement is active (Banca Aletti & C. (Suisse) S.A. - hereinafter also referred to as "Banca Aletti Suisse" - and Banco BPM Vita, also in its

capacity as Parent Company of the Insurance Group) that regulates the obligation to prepare and transmit *ad hoc* information flows to the Banco BPM Function, as well as the methods of mutual exchange of information on reports of suspicious transactions relating to common customers. This articulation makes it possible to ensure an integrated control model.

The activities carried out during 2024 by the AML Function, since 2022 placed under direct reporting to the Chief Executive Officer, concerned, among other things: (i) with reference to the international sanctioning system, the application aspects related to (a) the adoption of measures by the competent Authorities related to the socio-economic and geopolitical context, influenced by the conflicts still ongoing in Ukraine and the Middle East, (b) the consolidation of the safeguards and the updating of the regulatory and internal *governance framework*, as well as (c) the intensification of information flows to the Corporate Bodies; (ii) the execution of a plan for adjusting the internal rules and regulations due to the legislative and regulatory changes that have taken place in this area (including the introduction of the obligation to appoint the Anti-Money Laundering Officer, highlighting the appointment made in Banca Aletti S.p.A. - hereinafter also "Banca Aletti" -, Aletti Fiduciaria S.p.A. - hereinafter also "Aletti Fiduciaria" - and Banco BPM Invest SGR); (iii) the continuous confrontation with the other FACs, both through the contribution provided in the preparation of the integrated Tableau de Bord, and in terms of the streamlining of synergies of an operational nature arising from the activities under their respective jurisdiction, as well as in relation to the outcomes of specific verification interventions; (iv) the profitable interlocution with the Bank's Territorial Departments and with the respective Control Structures, made increasingly incisive also thanks to specific meetings of the Control Coordination (a working table coordinated by the Co-General Manager - Chief Business Officer), initiatives aimed at the continuous refinement of a model of widespread knowledge and awareness of the risks connected with the use of the financial system for the purposes of money laundering or financing terrorism (v) the various training, *tutoring* and comparison initiatives, many of which are managed directly by the Function, addressed to the Commercial Network as well as to the Head Office resources as well as the specific sessions addressed to the Corporate Bodies (such as *board induction* addressed to all or training courses dedicated to the newly appointed Responsible Representatives), together with the specialized training courses used by the resources of the Function, also aimed at obtaining ACAMS certifications; (vi) routine activities, including monitoring on due diligence and customer profiling, data retention, the process of identifying and reporting suspicious transactions, international financial sanctions anti-terrorism; (vii) the activities of validation of internal regulations, analysis of relevant legislative and regulatory developments (recalling in particular the *gap analysis* on the "Implementing Provisions on Organization, Procedures and Internal Controls to Prevent the Use of Intermediaries for the Purposes of Money

Laundrying and Terrorist Financing" of March 26, 2019, as updated by the relevant Provision issued by the Bank of Italy on November 27, 2024, transposed into the Group Regulations on the subject in September 2024), assistance, advice and issuance of opinions in the area of credit process; (viii) project-based initiatives launched by the Function with the aim of optimizing the AML *framework* with an approach that integrates the requirements of compliance, technological innovation and efficiency of the AML model. During 2024, strategic projects coordinated by the AML Function continued in the areas of: (i) self-assessment process; (ii) evolved *transaction monitoring*; (iii) regulatory compliance; (iv) KYC module; and (v) beneficial owner. The Board has monitored their development, given their relative significance for the purposes of further strengthening the control garrisons and processes in the area of anti-money laundering, also in view of the attention paid by the Supervisory Authorities to some of the selected issues

In this regard, in recalling the findings of the recent inspection activities conducted by the Bank of Italy (better detailed in the Consolidated Management Report), the Board of Statutory Auditors acknowledges that it has monitored the implementation of the respective Corrective Action Plans outlined, reserving the right to ascertain, as part of the periodic report submitted by the Function, the progress of the activities and compliance with the defined timelines. In general terms, the Control Body urged the AML Function to gather from the evidence that emerged from inspection interventions, as well as from direct verification activities or those conducted by other FACs, useful elements for exploring further and increasingly effective initiatives to refine the Group's AML model.

The AML 2024 Plan-as amended as a result of the mid-year been completed, ongoing monitoring has continued, and the Function has been able to express an opinion of substantial adequacy on the ICS and its ability to mitigate AML/CFT risk.

This is confirmed by the outcomes of the self-assessment exercise conducted in this regard and which was further refined during the year, in compliance with the relevant Supervisory Provisions as well as aligned with the most recent Guidelines of the European Banking Authority (hereinafter also "EBA"). In this regard, it should be noted that the results of the self-assessment, both on Banco BPM (considering the *Retail, Corporate, Institutional business* lines, in addition to the Insurance risk elements - as required by IVASS - and OFAC) and at Group level (according to a perimeter that for the year under review includes Banco BPM Invest SGR and the Insurance Group) confirm a "low" residual risk.

Given the consolidation of the organizational structure of the Anti-Money Laundering Function over the past few years, also taking into account some changes in roles of responsibility that took place in 2024, the Board was able to ascertain the forecast of an adequate *effort*, while reiterating

the importance of continuing the path of upgrading the skills of the relevant personnel, which is in any case already planned;

- **Control and Risk Management Function** (excluding the Internal Validation Function): it should be preliminarily recalled that: (i) the Board of Directors of Banco BPM has resolved with effect from January 1, 2023 the establishment of the CRO, reporting directly to the Chief Executive Officer, in order to strengthen the area that deals with risk control in view of the expansion of the activities attributed/to be attributed to it, in particular in the area of credit risk, also in response to the expectations of the Supervisory Authority; (ii) as a result of the aforementioned organizational change, it is the responsibility of the CRO and the Functions that support it to oversee, at the Group level and in an integrated manner, the processes of risk governance (through the Enterprise Risk Management function, hereinafter also "ERM"), risk development and measurement (through the Risk Models and Methodologies function, hereinafter also "RMM") and validation (through the Internal Validation Function, which is the subject of separate discussion) of internal risk measurement models. With reference to the activities carried out by the Subsidiaries operating in the insurance sector, it should be noted that there is a risk control function that is functionally dependent on the Parent Company CRO and the Functions that support it. During 2023, the Bank also strengthened the organizational structure of the ERM and RMM Functions, identifying the additional units reporting to them, in compliance with the areas of activity of each and in implementation of the indications formulated by the ECB as well as the most recent Supervisory Provisions on risk management.

During 2024 and until the early months of 2025, the CRO Area has been affected by major changes in roles, also as a result of the retirement of the Head, with the appointment, according to the process already described: (i) in July 2024, of a new Head of the RMM function, identified as an internal resource; (ii) at the end of November 2024, effective December 1, 2024, of the Chief Risk Officer, enhancing the experience of an internal resource; and (iii) in February 2025, of a new Head of the ERM function, with the hiring of an external resource.

Regarding the activities carried out during the year under review, it is acknowledged that the Board of Statutory Auditors reviewed, among other things, the disclosures related to the definition of the RAF and the related quarterly monitoring *report* (*Risk Appetite Monitoring*), as well as the Model and Public Disclosure (*Pillar III*).

With reference to the additional reporting containing information on the ICS, during 2024 the Board of Statutory Auditors, as a result of its review of the assessments of the adequacy of the Group's capital endowment (hereinafter also "ICAAP") and of the overall functionality of the internal process and liquidity risk management system (hereinafter also "ILAAP"), relating to the year 2023, found for both processes that, in compliance with the relevant regulatory provisions,

the main indications formulated by the ECB, in terms of expectations as well as as a result of a specific inspection activity within ICAAP, or by the FACs were considered and/or included in appropriate action plans, in particular by assessing the impacts of climate *drivers* and insurance risk on the Group's risk profile.

With regard to the 2024 fiscal year, the Board of Auditors has taken note, as of the date of this Report, of both the *framework* defined for the two processes and the related assessments, whose *Packages* have been prepared according to the new deadline, set by the Supervisory Authority, of March 15, 2025. In this regard, the Board was able to ascertain a further strengthening of both *governance*, also with a view to resolving the improvement profiles reported by the Supervisory Authority as a result of the aforementioned activity, and aspects of process and methodology, as well as at the level of the financial conglomerate and the integration of climate and environmental risks. A qualitative *self-assessment* was also carried out for both processes with the outcome (according to the *standard* ECB taxonomy) "*Mostly Adequate*," taking into account indications of the FACs, those of ECB (also related to a more recent inspection activity in the ILAAP area) and preparing two *Action Plans* for 2025, which will be monitored and reported on at least quarterly.

With particular reference to the operation of the RMM function, during 2024:

- a large part of the *capacity* was used for evolutionary activities and adjustments to internal models, planned under specific projects, such as: (i) the "NAA-2021" project related to material changes to the internal models for calculating credit risk parameters; (ii) the "NAA-2022" project dedicated to the implementation of the *Slotting Criteria* approach for assessing the riskiness of specialized loans; (iii) the "NAA-2024" project aimed at presenting a *pre-application package* inherent to the new models for estimating and calibrating the conversion factor; and (iv) the "NAA-2025" project for the PD and LGD models of the *Corporate* segments;
- useful activities were carried out for the execution of regulatory exercises, such as the so-called "*Joint Liquidity Exercise*" in the area of liquidity risk and *funding*, as well as the preparation of new reporting requirements;
- Again in the regulatory sphere, the function has been engaged: (i) in supporting the ECB inspection *teams* in *on-site* verification activities, for example, on "*Climate and environmental risks*," "*Liquidity and funding risk*," and "IFRS9 - *Retail Portfolio*"; (ii) in implementing remedial actions necessary to comply with requests formulated by the Supervisory Authority as a result of inspection activities or through dedicated initiatives (such as, for example, the "*Cyber Resilience Stress test*" and "*One-off Fit-for-55 Climate Risk*" exercises).

The Control Body supervised all of the aforementioned activities to improve the models developed for regulatory purposes, aimed at ensuring their functionality and timely application

within the Group, also appreciating the continuation of *model inventory* and *model risk management* activities also with reference to the models used for management purposes.

As for the ERM function, during 2024 the same:

- oversaw cross-cutting processes such as *Risk Identification*, RAF strengthening and updating, and Public Disclosure (*Pillar III*) processing;
- completed the main planned activities that allowed, with a view to continuous improvement, to strengthen the control and containment of risks in *ex ante* and *ex post* modes. Significant improvements were reported in models and processes measuring and monitoring risks, particularly in credit, investment services, ICT and security, and data quality;
- oversaw the integration, guidance, control and risk management activities for the Subsidiaries operating in the insurance sector, through the refinement of processes and tools, such as *Risk Identification* and *Risk Map*, preparatory to the preparation of the RAF 2024, as well as the development of *reporting*, in addition to supporting specific interventions on capital and liquidity, together with interlocations with the competent Supervisory Authority;
- oversaw the establishment of the annual Insurance Plan and the management of insurance policy renewals;
- Carried out activities preparatory to the resolution of requirements specified by ECB as a result of inspection activities, such as in connection with SREP or *capital adequacy* inspection;
- Provided support to ECB inspection teams in *on-site* verification activities (e.g., on "*Climate and environmental risks*" and on "*IFRS9 - Retail Portfolio*");
- has in particular been involved in regulatory activities/exercises (such as "*One-off Fit-for-55 Climate Risk*," "*EIOPA 2024 Stress Test*," "*Leverage Transaction self-assessment*," "*Targeted Review in RDARR*" as well as in preparation for the "*EU-wide EBA Stress Test 2025*");
- ensured the coordination of activities aimed at strengthening the risk culture in line with Supervisory expectations.

The particular macroeconomic context of recent years and, more recently, geopolitical context with which the Bank has had to deal has, in the opinion of the Board, made the initiatives and activities of forecasting and monitoring on an ongoing basis of the dynamics of assets and economic, capital and liquidity conducted and developed by the Functions of the CRO Area, regarding which the Control Body has recommended that constant attention be paid, also with a view to quali-quantitative sizing in support of sound, prudent and sustainable management of the Bank, of considerable importance, especially from a strategic point of view;

- **Internal Validation Function** (hereinafter also "IVU"): reporting directly to the CRO, IVU's third party status and autonomy are ensured both by its independence from the Structures in charge of model development and risk integration and by its direct access to the Corporate Bodies. From

the point of view of the articulation of the Function, it should be noted during the year the turnover in the role of the Head (identified in an internal resource of the same Function, formerly Head of a third level structure), for whose appointment the Board of Auditors supervised the selection process, also expressing a specific opinion in compliance with regulatory and internal regulations, as well as with the statutory provisions on the subject. With regard to the quantitative sizing (given the *skills* related to the relevant *mission* that already ensure a qualitatively high professional level), the structure is assessed as adequate with respect to the planned activities (as ascertained by the Board also through direct comparison with the Head), in the awareness: (i) of the need for an appropriate prioritization of activities, (ii) of the continuous *recruiting* activity with the collaboration of the Human Resources Function, as well as (iii) of the possibility of resorting to the support of external specialized consultancies on specific activities and analyses.

The scope of IVU's activities includes all models used within the Group for risk measurement for both regulatory and management purposes, involving in particular Banco BPM and the Subsidiaries that have outsourced internal validation activities to the same Function. Until 2024, this perimeter did not formally include the Subsidiaries of the Insurance Group, which will, however, be affected during 2025, based on the recently approved planning, by verification activities by IVU regarding the ORSA process and the reserve estimation process.

Following the audits conducted in 2024, in accordance with the approved Plan of Activities - as amended as a result of the mid-year review - and on the whole completed (for the activities planned to be issued in the same year), the Function expressed an opinion of substantial adequacy regarding the models and processes used by the Group in the management of the risks to which it is exposed, albeit in the presence of some evolutionary interventions required and addressed through the provision of suitable remedial actions. In this regard, in addition to carrying out analysis and *backtesting* activities of a recurring nature, IVU has put in place specific checks with reference to: (i) to the modeling used for the quantification of First Pillar risks, with particular regard to credit risk (with the finalization of checks on the new EAD models, on the transition in production of the NAA models and on the proposed *ex ante* change to the LGD *default* model with reference to signature credits, in addition to the execution of a specific *assessment* on the changes related to the entry into force of the new regulations *pursuant to* Regulation (EU) 2024/1623 or "CRR 3") and market risk (with the latest verification activities related to the partial spin-off of Banca Akros S.p.A. and with the verification of the adequacy of the calculation of the *Sensitivities based Method*, under *Fundamental Review of the Trading Book*, currently used for *reporting* purposes); (ii) to the models used for management purposes, especially in the area of credit risk (with the conduct of *backtesting* activities with reference to the risk parameters applied in IFRS9 Suite and the automated *gone* approach, as well as prior validation activities of the new satellite PD models

and the proposed *rating climate*) and interest rate (with the revision of the *Non Maturing Products* model associated with on-demand items and used exclusively for the purpose of estimating the interest rate risk of the *Banking Book*).

The Function also carried out verification activities on the ICAAP and ILAAP *Packages* during the first quarter of 2025, with particular reference to the methodologies used to quantify risks, expressing an opinion of substantial consistency, in continuity with that issued at the beginning of 2024 on the *Packages* approved last year. In the context of MiFID II regulations, IVU coordinated the activities for the preparation of the annual Validation Reports on Algorithmic *Trading* to be sent to Consob, after assessment by the Audit and Compliance Functions, which for the year 2024 concerned both Banco BPM (for own account activity) and Banca Akros (for third party activity). The outcome of the assessments was adequate for both Reports

All the indications and requests for action processed by the Function were taken up by the Structures in charge of implementing corrective actions and are carefully monitored by the same, not detecting during the year an increase in the total number of open issues, mainly attributable to the credit risk sphere due to the interventions carried out on the models, also at the request of the Supervisory Authority.

The Board, in recognizing the specific importance of the verifications and analyses carried out by the IVU Function (often impacted by the need to conduct targeted activities, even unplanned, aimed at verifying the adequacy of specific processes aimed at risk assessment, in the light of requests formulated by the Supervisory Authority, the Corporate Bodies or the internal Structures themselves within the framework of special working tables), reminded the Development and *Business* Functions that it is always guaranteed suitable timeframes for the realization of the timely controls expected in relation, in particular, to modeling evolutions;

- Audit Function: reporting directly to the Board of Directors, the Audit Function covers the entire perimeter of Group Companies in accordance with the *governance* model that has centralized on Banco BPM the internal audit activities for all Subsidiaries, except for Banca Aletti Suisse and Banco BPM Vita (with its Subsidiaries), which have autonomous internal audit functions that are in any case integrated under the direction, control and coordination of that of the Parent Company.

The Audit Function verifies the regular performance of operations and the evolution of risks, bringing possible improvements to the risk management process to the attention of the relevant bodies. In addition to developing an *Audit* Plan defined through a *risk-based* and *process-driven* approach, focused on identifying the main risk factors (and emerging risks) to which the Group is or may be exposed, the Audit Function considers significant organizational changes, major corporate operations, inspections of the Commercial Network, and investigations of operational irregularities

and external fraud, also during 2024 continuously assessed the overall tightness of the Group's Integrated Internal Control System.

The Function has operated by availing itself of adequate resources in terms of quantitative sizing, duly manned with the support of the Human Resources Function and with suitable replacement processes to cope with physiological *turnover*. The Board notes, however, that from a prospective point of view, also as a result of the recent agreement concluded by the Bank access to extraordinary benefits from the Solidarity Fund, specific needs could arise regarding the sizing of the Function in order to: (i) finalize the Multi-Year Plan of Activities and (ii) ensure, from a qualitative standpoint, intervention in specific areas (e.g., credit processes), also in relation to requests from the Supervisory Authority. The Board will therefore take care to ensure that the staffing of the Function is adequately reshuffled, both in quantitative terms and under qualitative profiles, with congruous timeframes to ensure the full implementation of the activities planned in the perimeter.

The Audit Function carried out the activities defined in the 2024 Plan - as amended as a result of the mid-year review - analyzing the processes of governance, control and risk management, commercial, finance, credit, support, ICT and insurance, and performing inspections on the Network, also *on site*. At the same time, it continued the evolutionary activities of the System of Remote Controls, under the assumption, shared by the Board, that the implementation of advanced control *frameworks*, leveraging new technologies and instrumentation for data analysis/processing, is the basis of its increasing effectiveness and predictive capacity. This also includes the activation (from the end of 2022) of the GRC (*Governance, Risk & Compliance*) procedure, an integrated application platform that guarantees an industrial approach to the collection and sharing of the information assets of each FAC and the automation of various reports, including in particular the integrated Tableau de Bord.

The Audit Function also oversees the Internal Violation Reporting System (hereinafter also "SISV", known as "*whistleblowing*"), in relation to which the safeguards to guarantee anonymity have been consolidated and the internal reference regulations have been updated, the latter in order to incorporate the changes introduced by Legislative Decree. Legislative Decree no. 24/2023 and, in particular, third-party reporting, while at the same time extending the system to Subsidiaries operating in the insurance sector under the supervision of Banco BPM Vita's Audit Function. The Head of SISV, appointed by the Board of Directors, is the Head of the Audit Function, who is responsible for receiving, examining and evaluating reports, as well as for annual reporting on the operation of the *whistleblowing* system and reports of violations received by the Supervisory Board *pursuant to* Legislative Decree No. 231/2001 and/or by the Control Functions of the Group's foreign Companies, pursuant to the "Regulations on Anti-Corruption" adopted by Banco BPM. In this regard, the Board, also taking into account the insignificant number of reports received in recent years, has

renewed its recommendation to implement specific cognitive and training interventions aimed at encouraging their use as an important tool for the prevention of unlawful conduct.

This highlighted, in a context of audits and in-depth investigations carried out on an ongoing basis on *core* processes in a *risk-based* logic, the year 2024 was still characterized by a particular effort made by the Audit Function to carry out activities aimed at ascertaining the effectiveness of the initiatives adopted by the Group to implement the actions envisaged in the *Remedial Action Plans* gradually approved by the Board of Directors as a result of inspection processes (in terms of certifying the corrective actions and conducting targeted audits envisaged in the Plans themselves), as well as to fulfill specific requests formulated by the Supervisory Authority within or as a result of the same processes. The Board believes that these activities also obviously provide an opportunity to investigate the soundness of the Bank's processes and, consequently, to be able to appropriately direct any further investigations.

The Board was also able to appreciate: (i) the coordination activities of the FACs carried out by the Function, also in relation to the *gap* assessment methodology and the promotion of greater integration and homogenization of the reporting of the same Functions, as well as the identification of areas of possible synergy with the other FACs, allowing for the efficiency of the activities with respect to the available resources, without prejudice to the respect of the independence of the Functions themselves; (ii) the efforts made not only in the aforementioned certification activities related to the post-inspection Remedial Plans (including activities aimed at issuing *assurances* on the Plans themselves prior to their approval by the Board of Directors) but also in the monitoring ensured on an ongoing basis on the resolution of the critical issues raised by the Supervision (and the related *reporting* to the Bodies).

As the recipient of timely periodic reporting on the activities implemented and a significant number of *audit reports*, the Control Body was able to note the constant attention maintained by the Audit Function: (i) on credit processes, also (in addition to what has already been reported) with reference to the evolutions of internal modeling and projects inherent to the adaptation to regulatory provisions and to the strengthening of the Control System for specific operational areas (such as, for example, the process granting loans to private individuals or leveraged transactions), noting that the verification activities were often carried out through *credit file review* and as part of the assessments necessary for the certification of the closure of remedial actions identified as a result of inspection interventions; (ii) in the Finance and Markets area (e.g., on the classification and profiling of financial instruments and investment products); (iii) in the *Governance* area, especially on primary processes for the Bank, such as ICAAP/ILAAP and RAF as well as those pertaining to the control of ICT and security risks.

With specific reference to the Commercial Network, the Board - in addition to participating through a designated Auditor in certain *exit meetings*, organized at the conclusion of the audits carried out - has periodically examined the results of both inspections and audits, the latter aimed at investigating abnormal behavior (including fraudulent behavior) of employees. In this regard, a situation of sufficient operational compliance has emerged, although there are areas for improvement, especially, for the period under review, in Investment Services, for which the Audit Function has proactively activated a discussion with the relevant corporate functions for possible refinements at the process level.

Recalling that the model adopted by the Bank provides for first level second instance controls rooted on the Network Structures, articulated on the figures of the Control Referents at the operating units and on the Control Structures at the Territorial Departments, also in the light of the results of the verifications and assessments conducted by the Audit Function, the Board has renewed the recommendation to pay specific attention to the substantiality of the controls acted at the first level. In this context, the Board of Control deems it appropriate to emphasize how it remains essential to adequately disseminate - also by the Bank's Top Management - the culture of risk, particularly on the Commercial Network, in a logic of continuous strengthening of the safeguards that can benefit the *business*, promoting the adoption of compliant behaviors also on the basis of tools that should exercise a deterrent function (such as, for example, the SISV). The Board also acknowledges that it has been able to appreciate the awareness-raising initiatives taken by the Commercial Area with the involvement of a wide audience of Network operators to spread a correct approach to operations, in compliance with rules, procedures and controls that are in line with internal and external regulations and corporate strategies.

More in detail, it is acknowledged that, with a view to promoting the spread of a solid risk culture, a comprehensive *assessment* on the subject was promoted during 2024, involving a large part of the staff through the administration of a *survey* focused on the assessment of perceived risk and the expression of an opinion on dimensions of the phenomenon that are also relevant to the Supervision (in line with the expectations expressed by the ECB in the "*Draft guide on governance and risk culture*," published as part of a consultation process carried out during 2024). The results obtained showed widespread attention to issues related to risk culture and allowed the Bank to identify a number of initiatives aimed at further strengthening it, including, for example, those in the area of training, aimed at ensuring the development and updating of the skills of all staff, according to a plan that will be developed during 2025. The Board of Statutory Auditors has supervised this process, including by actively participating, through the Chairman, in one of the meetings with the Territorial Directions of the Commercial Network.

With regard to the findings of behavioral anomalies, the Board found that when the conditions were met, appropriate disciplinary measures were taken by the Bank, receiving periodic updates on the subject from the Human Resources Department.

As a result of the overall activities carried out during 2024 and the *follow up* activities conducted on those completed in previous periods, the Audit Function concluded - for its area of responsibility - that there was no evidence to suggest that the ICS is not on the whole substantially adequate to the Group's needs. Although no significant irregularities have emerged, the Audit Function has nevertheless noted the presence of some *gaps* (the resolution of which is monitored on an ongoing basis, including through *follow up* actions), the timely resolution of which is necessary in order to properly mitigate the risks to which the Group may be exposed.

In order to provide a complete representation of the ICS, it should be pointed out that, as far as the tax variable is concerned, the Group has outlined in specific internal regulations its objectives and principles (of integrity and transparency) as well as its risk appetite. In this regard, in order to achieve the defined objectives and ensure tax management aligned with its risk appetite, the Group is committed to promoting and maintaining, as an integral part of its ICS, an adequate control system to guard against tax risk through the design and implementation of an effective *Tax Control Framework* (hereinafter also "TCF"). The TCF is understood as the set of tools, organizational structures, standards and business rules aimed at enabling, through an adequate process of identification, measurement, management and monitoring of the main tax risks, a conduct of the Group such as to minimize the risk of operating in violation of tax regulations, i.e., contrary to the principles or purposes of the law. The TCF applies to Banco BPM and the Subsidiaries that have adopted it (at present, Banca Aletti, Banca Akros and Aletti Fiduciaria).

Therefore, the Bank has identified a *Tax Risk Manager* who coordinates activities for tax risk management according to a *Risk & Control Matrix*, conducting *ex ante* and *ex post* audits (preparing an Annual Plan), the results of which are reported, also contributing to the *gap* monitoring system (integrated Tableau de Bord) and liaising with the Compliance Function a view to ongoing *tax risk assessment*.

For 2024, the Board acknowledges that all planned audits under the TCF and the cooperation protocol with the Compliance Function have been completed, showing a situation of substantial adequacy for the processes investigated.

In view of the changes that have taken place in the Group's articulation, the Board of Statutory Auditors has renewed its recommendation to extend the scope of the TCF to the other Subsidiaries (particularly those in the insurance segment), in order to implement an integrated management of tax risk as well. This indication is also in line with the determination made by the Board of Directors on April 16, 2024 regarding the start of Banco BPM's path of adherence to the collaborative compliance or



"Cooperative compliance" regime established by Legislative Decree No. 128/2015, as amended by Legislative Decree No. 221/2023. In this regard, it is acknowledged that during the year some preparatory activities were carried out in order to define the necessary safeguards to fulfill the commitments of cooperation and transparency towards the Tax Administration that will derive from the regime in question.

In addition to what has been represented so far with reference to the individual Control Functions, the Board reserves the right to continue monitoring the development of the organizational structure, qualitative-quantitative sizing, as well as the relative independence of the same.

As part of its broader oversight of the ICS, the Control Body also reviewed the "Summary Assessment of the Internal Control System of the Banco BPM Group," prepared by the Audit Function with reference to the first and second half of 2024, in order to ascertain the completeness, adequacy, functionality and reliability of the various components that characterize this System, taking into account the assessments expressed during the year as well as those formulated by the other FACs and the Control Functions of the Subsidiaries (in perimeter) that operate in the insurance sector. In the two Reports for the year under review, the Audit Function acknowledges that the activities carried out by the FACs during the reporting period and the *follow-ups* on those carried out in previous periods did not reveal elements that would suggest that the ICS is not, on the whole, substantially adequate to the Group's needs. In noting the final judgment, the Board of Statutory Auditors concurred with the actions to intervene in the areas of improvement identified, moreover traceable to the outcomes of the audits conducted and brought to its attention during the year. With more general reference to the management of remedial actions, there is an increase in the number of processes having a "High" rating compared to December 2023, together with an increase in the *stock* of open *gaps* (in particular of the Supervisory Authorities due to the conclusion of some inspections). It should be noted that the Board of Statutory Auditors has continuously monitored the reasonableness of the remedial actions defined against the *gaps* of greater severity and the related timing of implementation, as well as, through the FACs, their effectiveness, requesting, where deemed appropriate, updates on the implementation of specific activities, including with the direct involvement of the Structures *that own* the interventions. The Control Body acknowledges that it has nevertheless urged greater accountability of the same structures and increasing incisiveness of the FACs in promoting the closure of findings, including for those involving remedial actions with a "Low" or "Medium" level of urgency. In this sense, it appreciated both the practice of convening in the Group Internal Control System Coordination Committee the Structures *that are the owners of* rescheduled findings or characterized by high *aging* to discuss the reasons behind the delays and the provision of a specific *Key Performance Indicator* in the incentive system.

However, the Board recommended that the FACs continue to engage in constructive and challenging

discussions with the Bank's other Management Structures, making their authority increasingly effective in analyzing the various cases under review

In the context of the ICS structure, we highlight the functional and informational link between the Board of Statutory Auditors and the Supervisory Board of Banco BPM, established pursuant to Legislative Decree No. 231/2001, ensured not only by the periodic exchange of the appropriate information flows, but also by the fact that an Auditor is a member of the Board itself. In this context, the Board noted the adequacy and effectiveness of the Organizational Model adopted in accordance with the reference legislation (updated during 2024 to incorporate the regulatory changes that have occurred), as well as the absence of reports (among those received) pertaining to its violation for the year under review, as attested in the Annual Report of the Body, illustrated by its Chairman at the meeting held on March 4, 2025.

Among the activities carried out during the 2024 financial year, also with a view to operating in close liaison and fostering comparison within the Bank's and the Group's System of Controls, pursuant to Article 151, paragraph 2, of the TUF and the Supervisory Provisions, the Board maintained a periodic exchange of information flows with the Control Bodies of the main Group Companies (Banca Aletti, Banca Akros, Banco BPM Invest SGR and Banco BPM Vita), receiving updates also regarding the Companies controlled by them. This initiative was also facilitated by the fact that the Chairman of the Board and two regular members also hold positions on the Boards of the other two Banks, the Asset Management Company and the two Italian-based Insurance Companies belonging to the Group. From intercourse with the corresponding Control Bodies of the aforementioned Subsidiaries, as well as from the evidence presented by the Parent Company's FACs, in particular Audit, Risk, Compliance and Anti-Money Laundering, no critical issues worthy of reporting emerged.

Still maintaining the focus on the ICS, it is worth recalling the "Guidelines on internal *governance* under Directive (EU) 2019/2034" (EBA/GL/2021/14) published by the EBA on November 22, 2021, together with more recent ECB communications (such as the aforementioned "*Draft guide on governance and risk culture*" or the Supervisory Priorities 2025-27), which have brought to the fore the link between a strong risk culture and the soundness of banks. In the context of the dialogue with the Supervisory Authority, the opportunity emerged from 2023 for Banco BPM to strengthen the relevant safeguards, including in relation to internal controls and the role of the Corporate Bodies. In this context, the Bank has activated a specific project aimed at strengthening the "risk culture" in the Group, in order to fully meet the expectations of the Supervisory Authority. This projectuality was developed during 2024, as in part already represented, also with the support of an external consultant, and the Board of Statutory Auditors was involved to provide its contribution in light of the role it plays and the skills of its members, as well as its knowledge of the Bank's ICS. The project described, of which the consequent initiatives will also be carried out during 2025, can certainly contribute to a further strengthening of

the safeguards for adequate and conscious management of the risks underlying the various areas of Group operations. In this regard, the Board has recommended compliance with the timelines defined for each initiative and periodic updates regarding the relative state of progress for the benefit of the Corporate Bodies, suggesting that adequate attention be paid to (i) strengthening the connection of first- and second-level controls in the area of risk, with a focus on the first level, also with reference to the Commercial Network, as well as (ii) the involvement of Subsidiaries in the projects in question, in order to ensure effective *governance* of the control system at the financial conglomerate level.

Taking into account the activities carried out and the evidence gathered, as described so far, the Board of Statutory Auditors did not find any critical situations or facts that could lead it to consider the Internal Control and Risk Management System as a whole inadequate, although situations emerged that required the planning and addressing of specific corrective actions, in some cases still in progress.

8. Other topics of interest

To supplement what has been reported in the preceding paragraphs, the Board deems it appropriate to represent certain specific areas of operations to which it has reserved attention during 2024 and up to the date of preparation of this Report, considered particularly sensitive or potentially harbingers of risks for the Bank and/or the Group and for which it has requested targeted *focuses* or moments of discussion and/or in-depth analysis with the contacts of the competent corporate Structures, as better described below.

8.1. Risk integration in the financial conglomerate environment

Taking into account its *status* as a financial conglomerate, during 2024 Banco BPM strengthened the consolidation of the Group, particularly through the integration of the insurance *business*, in the knowledge that the benefits resulting from the application of the so-called "*Danish Compromise*" require ensuring and maintaining on an ongoing basis an integrated *governance* as well as risk management and Internal Control Systems adequate to ensure the stability and compliance of the Group.

In this context, the Board of Auditors monitored the effective integration of risks at the conglomerate level, finding as part of its audits:

- the revision of the organizational and *governance* model, also for the purposes of the ICS, with (i) the provision of a functional reporting line of the Audit, Compliance and Risk Functions of Banco BPM Vita to the respective FACs of Banco BPM, (ii) the establishment of the new Bancassurance Function reporting to the Co-General Manager - Chief Business Officer and (iii) the outsourcing to Banco BPM of Corporate Functions of Banco BPM Vita and Vera Vita S.p.A. (hereinafter also "Vera

Vita"). To support this review, a progressive adjustment of corporate processes and information flows as well as the internal regulatory *framework* was defined;

- as a result of the risk identification process (so-called "*Risk Identification*"), the detection and representation, in terms of a *long-list*, *risk inventory* and *risk map*, of the risks and risk factors identified at the Group level, considering all its components;
- the relevance of the outcomes of the above-mentioned activity for the purposes of the Group's main strategic processes (such as RAF, ICAAP/ILAAP, ORSA, Strategic Plan, Recovery Plan, Contingency Plan), within which a specific in-depth study has been reserved and an appropriate declination defined for the main Subsidiaries according to their peculiarities, also providing for dedicated monitoring and *escalation* processes;
- The development of an assessment on a semi-annual basis, made available to the Supervision, of the appropriateness of strategies, risk appetite and risk management framework at the financial conglomerate level to support business evolution and development;
- The coordinated management of the interlocutions and initiatives promoted (inspectional or informational, such as the EIOPA 2024 *Stress Test* exercise) by the relevant Supervisory Authorities based on the specific processes of each *business* area of the Group;
- Integrated management of supervisory reporting of risk concentrations and intragroup transactions in accordance with relevant regulations as well as requirements related to supplementary supervision;
- the preparation by the CRO Area of quarterly information flows dedicated to an in-depth analysis of the risk profiles peculiar to the insurance *business*, in both current and prospective operational terms, directed to Banco BPM's Corporate Bodies, addressing key aspects pertaining to the management of the insurance subsidiaries, with particular reference to typical issues in the sector (such as production, surrenders, solvency and liquidity), and activating, where necessary, oversight initiatives (such as the capital strengthening intervention in favor of Vera Vita in July 2024).

8.2. Credit management and monitoring process

It should be preliminarily recalled that the Parent Company: (i) defines the Group's credit policies, in parallel with the *Budget* process and in line with the strategies, risk appetite and economic objectives approved by the Board of Directors; (ii) makes use of an articulated set of tools to grant and manage credit and to monitor the portfolio's quality trend, including proactively through specific platform for intercepting, monitoring and managing exposures with anomalies, as well as specific andamental *scoring* model, aimed at intercepting the first signs of counterparty deterioration, in advance of the *default* event; (iii) uses appropriate methodologies for estimating, among other things, the risk

parameters "PD" (*Probability of Default*), "LGD" (*Loss Given Default*), "EAD" (*Exposure At Default*), for counterparty assessment (based on a *framework* including the "ESG Analysis") at the stage of granting, monitoring and renewal of the credit facility, for the collective impairment of loans on the balance sheet, according to the process outlined in compliance with IFRS 9 and for prudential purposes, or (for exposures other than to *performing* ordinary and resident financial customers) through the use of Regulatory Supervisory (*Standard*) metrics.

Moreover, the operating framework described is subject to ongoing checks, including targeted checks and through "*Credit File Review*" analyses, by the competent FACs, which assess its level of adequacy, compliance and effectiveness - in particular with regard to the processes of defining credit policies, granting, classifying, evaluating and *rating*, assignment of *non-performing* loans, management of related customer groups and mortgage and government guarantees - possibly formalizing the need and/or advisability of implementing defined remedial actions with the aim of progressively refining credit processes and strengthening the *framework* in place, under the regulatory, organizational and *credit risk management* profiles, also in line with the specific recommendations formulated by the Supervisory Authority downstream of the inspection visits conducted.

In this context and in continuity with previous years, the Board of Statutory Auditors focused its attention on the interventions developed by the Bank a view to *continuous improvement*, both through the examination of evolutionary proposals (especially in relation to related IT developments), and through the examination of the integrated monitoring reports (carried out by the first-level structures) and control reports (conducted especially by the ERM Function, reporting to the CRO, and the Audit Function). In this regard, the Board reiterated its recommendation for careful oversight on the speedy implementation of the activities identified to resolve the *findings* formulated as a result of the control activities conducted (both by the FACs and by the relevant Supervisory Authorities as well as by the Auditor for the profiles of competence), particularly with reference to those with more significant *scoring*.

More specifically, the Board continued to carry out periodic update meetings on the main issues and the overall tightness of the safeguards pertaining to credit risk, involving in these sessions the contact persons of the CLO Area and CRO Area as well as the IVU, Compliance, Audit and Administration and Financial Statements Functions, with the intention of being able to have a holistic view of the credit area with evidence:

- Of the areas of improvement of the ICS principals;
- of the main ongoing project initiatives - related to the Strategic Plan and/or pertaining to further planned interventions - by the Bank on credit issues that, in particular, have relevance to the findings of the Supervisory Authorities or FACs;
- of the most significant initiatives planned to comply with relevant legislative and regulatory

changes as well as to address findings or close Supervisory expectations.

All this being said, the Board nevertheless renewed its invitation to the Bank to continue its activities of further refining the methodological, organizational and process *frameworks* - including those related to the implementation of the Supervisory Authority's indications on sustainability and the prior involvement of the CRO Area in the assessment of transactions according to materiality criteria - as well as the continuous strengthening of the systems for monitoring (and related timely *reporting*) of positions, while also ensuring the oversight on compliance with the corporate procedures in force.

8.3. Processes for updating and extending internal risk measurement models

In view of the capital impacts related to the consolidation of internal modeling, during 2024 the Board continued its supervision of the developments of the *risk models* affected by extension and evolution processes in line with the reference regulations and the expectations of the Supervision. The Board of Statutory Auditors maintained constant information flows with the Bank's Structures (in particular, with the RMM and IVU Functions) regarding the activities progressively carried out, also in order to address the remarks formulated by the ECB as a result of the process aimed at authorizing the requests for modification/extension of the internal models used to measure risks for reporting purposes.

Regarding the internal modeling used to measure risks for management purposes, the competent Structures (in particular RMM) continued, also in 2024, the maintenance and updating activities on an ongoing basis, especially in the areas of credit, market and liquidity risk.

The Board of Auditors was represented to the Supervisory Board on instances of model changes, especially regulatory changes, as well as *ex ante* and *ex post* notifications of non-material changes to validated internal risk assessment models. In this context, the Board has, among other things, reviewed the audits carried out by the second (in particular, IVU) and third level FACs (Audit) as well as the Supervisory Authority's final decisions on the instances themselves, the related requests and the resulting corrective *Action Plans* approved by the Board of Directors (submitted for *assurance* by the Audit Function).

In relation to the above, as part of its oversight of the ICS, the College reiterated the need to adequately estimate the time required in planning activities inherent in modeling interventions, in order to carry out timely controls by the Functions in charge of them (*primarily*, IVU and Audit).

8.4. Investment services

With reference to the provision of investment services, the Audit Board made use of the information flows curated by the FACs in order to delve into the compliance and fairness aspects of processes and behaviors. More in detail, by way of example and not exhaustively, the Audit Board reviewed during 2024 and early 2025 the outcomes of the control activities conducted:

- by the Compliance Function, summarized: (i) in the quarterly reporting that accounts for the

analysis of remote indicators (also "KRI") aimed at detecting *Product Governance* aspects for the area in question and at the Commercial Network of Banco BPM any macro-phenomena representative of widespread operating practices potentially non-compliant with corporate *Policies*. These analyses in the year 2024 have shown a *trend that* is mostly compliant, also taking into account specific in-depth investigations carried out by the same Function, also following discussion with the same Board, aimed at carrying out improvement and awareness-raising interventions in the Commercial Network with respect to certain behavioral approaches that are not fully compliant with the model in use, also through the organization - with the support of the Commercial Function - of targeted meetings at territorial structures. In this context, it is deemed appropriate to recall the recommendations made by the Board of Statutory Auditors in terms of "risk culture" as an indispensable element for a positive and constructive relationship with customers, an aspect that the Control Body also remarked on during an in-depth meeting, including on aspects relating to the provision of investment services by the Network, held with the Co-General Manager - Chief Business Officer in November 2024; (ii) in the Annual Report also rendered in accordance with Article 89 of the Intermediaries Regulations and in the Report on Complaints on the Provision of Investment Services - both forwarded to Consob - which did not highlight any additional critical aspects with respect to those already addressed through specific initiatives and/or projects. In fact, from the analyses carried out, the Compliance Function did not detect any significant organizational or behavioral deficiencies requiring timely intervention, both because there were no concentrations of complaints in the services provided or in specific territories, and because the main causes of complaint were heterogeneous in nature and traceable to the operational or administrative sphere. The number of complaints registered in 2024 appears to be decreasing, both compared to the previous year and to the 2021-2022 biennium;

- by the Area Chief Risk Officer, represented: (i) in the quarterly reporting of the ERM function, which accounts for the second-level checks on the risk profiles of the instruments issued, the risk appetite of clients, the adequacy dynamics of portfolios and ESG preferences, showing substantial adequacy in 2024; (ii) in the Annual Report for 2024, prepared in accordance with the joint Bank of Italy and Consob Regulation of October 29, 2007, as amended, and forwarded to Consob, which, in confirming the substantial adequacy of processes, reported, in addition to the activities detailed above, (a) the updating interventions on the risk models in use, (b) the integration of the *bancassurance* branch in the *Product Governance* processes of the Group products with financial content, (c) the initiation of the risk management *framework* for Banco BPM Invest SGR, (d) the effectiveness of the order execution and transmission policy (the subject of a specific "Report on Order Execution and Transmission Strategy - Banco BPM Group"), (e) the

oversight on risk measures of external providers, and (f) the management of operational risk for the Group arising from investment services;

- by the Audit Function, depicted: (i) in the semi-annual reporting of the inspections carried out on the Commercial Network for the investment services area, which in 2024 showed a situation of substantial adequacy, although it found some areas of improvement in the operations of the branches, as well as limited cases of non-compliant behavior that were the subject of in-depth investigation by the Board and the taking of appropriate measures by the Bank; (ii) in the Annual Report for 2024, prepared in accordance with the joint Bank of Italy and Consob Regulations of October 29, 2007, as amended, and forwarded to Consob, which found no evidence that the System of Controls to oversee the risks inherent in the provision of investment services was not, on the whole, substantially adequate to the Group's needs.

The Board also took note of the adequacy opinion expressed, as a result of the self-assessment process, with the Validation Report by the Compliance, Internal Validation and Audit Functions with reference to the trading activities using automated algorithms (so-called "algorithmic trading"), carried out by Banco BPM (for proprietary trading) and Banca Akros (for third-party trading), in compliance with the relevant regulations and subject to transmission to Consob in 2024.

During the year, the Control Body also examined the requests for data and information received from Consob and the feedback provided by the Bank, in particular, delving into the status of the implementation of projects still underway to refine processes and procedures with a view to integrating the aspects of novelty introduced by regulations and Supervisory expectations, such as those regarding sustainability.

8.5. Transparency, consumer protection and usury

As part of its supervisory prerogatives, the Board of Statutory Auditors has paid special attention to the issues in question, periodically reviewing the outcomes of the monitoring activities carried out by the FACs, to the extent of their respective responsibilities.

In this regard, it should be noted that the periodic remote control activities aimed at detecting through the analysis of indicators any profiles of non-compliance, conducted by the Compliance Function on Banco BPM for the regulatory areas of relevance, while not finding indices of specific riskiness, have highlighted certain profiles of attention, on which the aforementioned Function maintains appropriate oversight, also on the indication of the Board of Statutory Auditors. The results of such monitoring are also forwarded to the competent Functions of the Bank for the areas of their respective competences, in order to assess the adoption of possible interventions to address the anomalies found.

Examination of the Report prepared by the Compliance Function, regarding the analysis on banking and insurance complaint handling activities and the adequacy of internal procedures adopted by the Bank, as previously commented, did not reveal any specific risk factors or indices of concern. Compared to the previous year, in 2024, there was a decrease in the number of complaints received in the banking area and substantial stability in that pertaining to insurance products (non-IBIPS). As in the past, stability was found in the data pertaining to complaints in both areas (i) both with respect to outcomes, for those resolved in favor of customers (upheld and partially upheld) as well as for those rejected (over 60%), (ii) and for average processing times, while disbursements were found to be decreasing in the banking area and increasing for insurance ones (for a total amount that was nevertheless low). In continuity with previous years, disputes were found to insist on products that are more widely used by customers, particularly current accounts and products related to credit granting and payment services. The prevailing reasons behind the disputes mainly related to the execution of transactions and communications/information to customers.

With reference to the adequacy of the procedures and organizational solutions adopted for the management of complaints, the Compliance Function expresses an opinion of compliance both from the point of view of internal regulations and from the point of view of the supervision of operational processes. In this regard, it should be noted that the Bank has continued in 2024 - also in response to the requests made by the Supervisory Authority as part of inspections and the results of the controls of the Compliance Function itself - in refining the safeguards aimed at strengthening the practices adopted in the management of complaints or processes that may expose it to complaint actions.

Analyses of the results of audits conducted by the Audit Function on the Commercial Network did not reveal any significant anomalies attributable to compliance with Transparency regulations. Those found were mostly attributable to paper-based aspects of document completeness.

With regard to the processes pertaining to the management of customer relations in the area of Transparency, the initiatives undertaken to ensure that the information to customers on the occasion of any unilateral maneuvers were fully in line with the expectations of the Bank of Italy continued, as requested by the same with a communication dated September 23, 2021 as well as with subsequent interlocutions during 2023 and 2024 with reference to specific initiatives. In this regard, the FACs have carried out specific in-depth investigations, brought to the attention of the Authority: (i) the Compliance Function on individual unilateral maneuvers for which the expected protection profiles vis-à-vis impacted customers and consistency with sector regulations were found; (ii) the Audit Function on the completion of the remedial actions defined for process aspects and the proper execution of the Restitution Plan in favor of customers adopted. The Board has supervised (i) the described interlocutions, verifying the Bank's acceptance of all the indications formulated by the



Bank of Italy, as well as (ii) on an ongoing basis on the management of unilateral maneuvers taken by the Bank, receiving, as required by the dedicated internal regulations, periodic monitoring reports by the competent Corporate Structure with the analysis of extinctions/terminations from relationships in the perimeter for each maneuver as well as on the related economic returns and the exercise of waivers by the Network Commercial Structures.

In relation to the processes of pre-contractual disclosure management of consumer credit and real estate lending products, the audits carried out by the Compliance Function in 2023, with a mostly compliant outcome, nonetheless highlighted the need to strengthen the safeguards in place, activities already addressed with specific remedial actions by the competent Structures. The issue was also the subject of an inspection by the Bank of Italy, conducted from November 2023 to February 2024 and focused on verifying the adequacy of organizational and control structures, *policies* and procedures in the area of loan granting, for the protection of consumers in difficulty and the prevention of over-indebtedness risk. Banco BPM received the findings on April 16, 2024, providing for the definition of a plan of action to implement the profiles for improvement in terms of procedures and practices, particularly in the management of the pre-contractual phase, identified by the Authority. The Board of Statutory Auditors monitored this inspection process and the initiatives taken by the Bank, recommending that special attention be paid to the fulfillments in this area and implement the defined interventions with speed, while also ensuring adequate and up-to-date staff training. The Control Body also maintained appropriate monitoring of the progress of the activities envisaged in the plan, through the relevant Corporate Functions.

In continuity with the above, it should be noted that during 2024 the Bank of Italy carried out a system-wide pilot *mystery shopping* exercise for customer protection supervisory purposes, an exercise that also involved some of the Bank's branches, highlighting the need to improve the use of transparency documentation. The Board monitored the initiatives taken by Banco BPM with the intention of monitoring the effectiveness of the interventions defined and implemented from time to time and consequently adopting, where necessary, the appropriate and additional measures. The Control Body also examined the correspondence with the Authority in question, accompanied by the autonomous assessments of both the Compliance Function, which considered the implementation of the initiatives taken to be suitable for pursuing an alignment of the operational processes concerned with the indications expressed by the Supervisory Authority, and the Audit Function, which recognized the same as on the whole consistent with the indications provided by the Authority. The Board of Auditors will ascertain the completion of the activities during 2025 with the support of the Internal Audit Function.

On the subject of unauthorized payment transactions and disallowances, the Bank of Italy launched a reconnaissance activity in 2023 to analyze the effectiveness of internal organizational structures

and the correctness of corporate practices to protect users, and Banco BPM contributed to this initiative. In this regard, the Board of Statutory Auditors supervised the correspondence that took place and, in the face of further requests made by the Authority in 2024, the corrective initiatives defined by the Bank as part of a detailed plan of interventions that the Compliance and Audit Functions assessed as overall consistent with the indications provided by the Supervisory Authority. The Control Board has also monitored, during the year under review and by the date of this Report, the progress of activities on a quarterly basis, noting the postponement of the resolution deadlines for some of the planned actions as well as the outcomes of the self-assessment conducted by the Bank in accordance with a further Bank of Italy communication circulated in June 2024 to the entire system on the subject of disallowances of unauthorized payment transactions. The Board has recommended to the relevant Corporate Functions the compliance with the deadlines set and communicated to the Authority for the implementation of the overall planned interventions, as integrated as a result of the aforementioned self-assessment as well as further audits conducted by the Compliance Function, and will monitor the developments of the activities during 2025, ascertaining their completion with the support of the Audit Function.

Among the operational areas monitored by the Bank of Italy still during 2024, it is worth mentioning, in relation to the process of mortgage loan placement, the control garrisons regarding the work of the Commercial Network and, specifically, of Credit Brokers as well as the matching of insurance products. On this subject, the Board points out how the issues investigated were investigated in depth by the Authority making use of the verification activities carried out on an ongoing basis by the Corporate Control Functions, in particular Compliance and Audit, already at the attention, therefore, of the Control Body and supervised in the context of the constant confrontation with the FACs themselves. The Board took note of the correspondence exchanged on the subject between the Bank and the Supervisory Authority, also in the face of further clarifications requested by the latter, including through the performance of a specific self-assessment exercise by the Compliance Function. The Control Body, in reaffirming that the issues investigated by the Bank of Italy are being monitored and supervised on an ongoing basis, has likewise urged the competent Structures to ensure maximum commitment to the completion of the remedial actions identified within the deadlines set, positively noting the Bank's decision to address the defined awareness actions to the entire Network but at the same time inviting the same Structures to evaluate further tools of investigation regarding the compliance of the operations in question, reserving the right, in the end, to monitor the implementation of the planned interventions and verify their effectiveness in compliance with the indications formulated by the Supervisory Authority.

It should also be noted that, during 2024 and up to the date of this Report, the Board has also received periodic updates from the relevant corporate Structures on the progress of project activities

defined within the scope:

- *Product Governance* for banking and insurance products (non-IBIPs) in order to ensure full compliance of the Bank's processes with the indications formulated by the Supervisory Authority, referring in particular to the document "Guidelines for Intermediaries on *Governance* and Control Arrangements for Retail Banking Products (POG)" sent to Banco BPM in March 2021 and disseminated to the public by the Bank of Italy in April 2021. The Board of Statutory Auditors acknowledges that these activities have been constantly aligned with the most recent Supervisory expectations pertaining to the profiles managed, also expressed in the context of other interlocutions such as, for example, the inspection assessment commented on above on the subject of loan granting, for the protection of consumers in difficulty and the prevention of over-indebtedness risk;
- usury, initiated as a result of an *assessment* conducted in 2021 with the support of external consultants, aimed at carrying out a reconnaissance of the processes and the system of controls in question, also in the light of regulatory developments, especially with regard to an appropriate revision of the criteria for calculating the usury thresholds and verification of the adequacy of internal procedures for the control of this risk. Taking into account the interventions concluded in the meantime, also certified by an external company, and especially those remaining (numerically limited) or revised still to be finalized, the Board of Statutory Auditors remarked on the strong attention to be paid to the issue on an ongoing basis, recommending the monitoring of the latest activities in order to reach their conclusion within the scheduled deadlines.

While acknowledging the Bank's efforts in relation to the issues detailed so far, the Board recommended, also with a view to the future, to the relevant Functions to:

- To continue to pay special attention to Transparency fulfillments, including in relation to the necessary updating/coordination of internal regulations, in implementation of external regulatory developments and industry guidelines, also taking into account the analysis of complaints and grievances received from customers;
- pursue the alignment of relevant operational processes with appropriate IT implementations with speed, to guard against risks and for overall ICS strengthening;
- Ensure adequate and up-to-date staff training on the subject.

8.6. Integration of ESG dimensions into business processes

In preliminarily recalling what is set out in the section of this Report on sustainability reporting, the Board underlines how, in light of the activities conducted and the information flows received during 2024, it can be noted the Bank's commitment to a gradual integration of ESG dimensions into business processes, in particular for the purpose of defining an appropriate ICS for the management of risks

related to reporting on this matter as well as to support the pursuit of sustainable success, within the framework of sound and prudent management of the Bank and the Group, according to the defined strategic objectives.

Indeed, it is appropriate to emphasize the centrality of ESG issues for the Bank and the Group, in line with the statutory provision on sustainable success, taking into account the related declination in the Strategic Plan 2023-2026, as updated to 2027. The Board of Statutory Auditors, which considers sustainability issues an indispensable and crucial aspect for the creation of value in the long term, has had the opportunity to note - also through the active participation of the Chairman or other designated Statutory Auditor, in the Sustainability Endoconsulting Committee - the increasing attention lavished by the Bank on the subject.

Acknowledging that the path undertaken by the Bank as early as 2021, aimed at integrating the various sustainability profiles into the Group's business strategies, has gradually strengthened, the Control Body points out that the same cannot be considered concluded, also in light of recent verification activities conducted by the Supervisory Authority, regulatory developments in this regard, market opportunities, and the complexity associated with a full integration of ESG factors in all the Bank's processes.

The Board of Statutory Auditors has therefore focused part of its supervisory action on these matters, also due to the increasing levels of *capacity* dedicated by the Corporate Structures (directly and/or indirectly involved) to the activities inherent to the inclusion of climate and environmental risks - and, in a broader sense, ESG issues - within the risk management process acted by the Group, noting in particular, as better described in the Annual Financial Report, to which reference is made:

- the identification and analytical declination of the various ESG risk factors as part of the periodic update of the Group's *Risk Identification* process, distinguishing those specifically related to climate/environmental aspects and those of *governance* and *social sustainability*, included in the overall perimeter of the risk areas identified and monitored through specific metrics;
- a strengthening of expertise and strategies on sustainability, including as a result of: (i) regulatory exercises and initiatives carried out in recent years, recalling in particular the so-called. "*Thematic Review*" of ECB or the *data collection "Fit for 55 climate risk scenario analysis"* of EBA in collaboration with ECB; (ii) more recently, of dedicated inspection activities, such as that of ECB on "*Climate and environmental risks*," whose process is in its concluding phase; (iii) of specific in-depth investigations, such as those conducted in continuity by Consob in relation to the adaptation to the obligations on "sustainable finance" in the provision of investment services;
- the consolidation of the ESG sphere in the *Risk Appetite Framework* by means of dedicated indicators (defined on three different levels of analysis: strategic, managerial and *early warning*), in

line with the objectives and projects defined by the Group and also envisaging specific ones referring to individual Companies as well as declined at the level of individual *Business Line*;

- the refinement of the inclusion of ESG factors in credit policies, extending the relevant assessment to all segments of the Bank, also considering the physical risk component for counterparties and collateral assets and enhancing mitigation actions;
- the correlation between short-term and long-term variable remuneration of staff and ESG factors, as a cornerstone of the Remuneration Policy adopted by the Bank;
- the integration of ESG factors in the Bank's various areas of operations, including but not limited to:
 - (i) the attention acknowledged in the selection and distribution of investment products, including insurance products, in line with the provisions of Article 8 of Regulation (EU) 2019/2088 on sustainability disclosure in the financial services sector, as well as in the collection of customers' sustainability preferences with a special questionnaire and in the classification of sustainable products, defining a methodology and related model calibration processes;
 - (ii) the provision of financing products aimed at supporting both individuals and businesses in the transition to a sustainable economy, encouraging energy transformation and investment in renewable energy plants, including through specialized support from *Specialised Lending* and *Project Finance* as well as dedicated training meetings;
- the evolutionary interventions implemented at the level of: (i) *of governance*, with the updating of the "Guidelines on operations in the field of materials and weapons systems " and the "Guidelines on the integration of sustainability risks in the provision of investment services" as well as the adoption of the "Guidelines for the integration of sustainability factors in the investment strategies of the proprietary portfolio"; (ii) of training initiatives aimed at all employees or specific *targets* in the technical, commercial and managerial spheres, aimed at disseminating the criteria of sustainable success, including in terms of inclusiveness; (iii) institutional, consolidating the commitments made by joining the *Net-Zero Banking Alliance* (an initiative promoted by the United Nations to accelerate the sustainable transition of the banking system through the commitment of participants to align their credit and investment portfolios with the achievement of the net-zero emissions *target* by 2050, in line with the *targets* set by the Paris Climate Agreement) through the identification of no. 5 priority sectors and setting specific decarbonization targets to 2030.

The Board has also monitored, in particular through the examination of the outcomes of the activities carried out by the FACs, the impacts of this evolutionary process undertaken by the Bank in the various areas of operations (e.g., Loans, Finance, Operations), in a context that, from a legislative and regulatory point of view, is still in the process of development and consolidation, reserving the right to preside over the timely implementation of the improvement actions identified in compliance with the planned timetables, having urged, where deemed appropriate, an acceleration of them.

In this regard, the Board recognized: (i) the adequacy of the decision to revise the organizational structure by assigning to a dedicated function (Transition and Sustainability), reporting to the Co-General Manager Chief Financial Officer, the coordination and integration of ESG dimensions in the Group's strategies, *business* models and *governance* processes; (ii) the effectiveness of strengthening and formalizing sustainability processes and controls, particularly in terms of data quality and tracking, in light of their transversality and the need to ensure their measurability and comparability for the purposes of new reporting requirements as well as their consistency with what is *disclosed* in other relevant contexts, such as financial reporting or remuneration and incentive policies.

The Board of Statutory Auditors also drew the attention of the Corporate Functions to the underlying reputational and legal operational risks involved in the production and management of sustainability information and data, particularly taking into account: (i) the most recent harmonization measures adopted by the European Union, (ii) the Bank's role in the market, and (iii) the attention paid by the Supervisory Authority, recalling, for example, (a) the expectations formalized on the subject ("*Final Report Guidelines on the management of environmental, social and governance (ESG) risks*" of EBA dated January 8, 2025) or under consultation ("*Consultation Paper - Draft Guidelines on ESG Scenario Analysis*" of EBA dated January 16, 2025, a procedure that will end on April 16, 2025), as well as (b) the dedicated inspection activities (one of which, as outlined above, is in its final stage) and (c) the 2025-2027 Supervisory Priorities of ECB.

Lastly, it is considered useful to highlight how this evolutionary path fits into a constantly updating legal and regulatory framework as well as a more recent international political context of less convergence on the sustainability objectives identified so far. The Bank will therefore have to take care of and govern these uncertainty factors in the coming years by maintaining constant monitoring for an effective and coherent integration of business strategies, as well as to cope with any difficulties that may emerge from a widespread lack of reliable and measurable information.

In view of the significant impacts of the new sustainability reporting and, more generally, the continuous evolution of the relevant regulations, the Board of Statutory Auditors has reiterated the importance of reserving appropriate resources and means, given the complexity of the activities to be carried out to meet the requirements of the new regulations and in order to ensure an appropriate structuring of processes and garrisons to guarantee data quality and an adequate and robust System of Controls to support it.

8.7. Information and Communication Technology and Information Security

For the area under consideration, it is appropriate to preliminarily recall the articulated legal and regulatory framework of reference (citing, for example, Regulation (EU) 2022/2554, hereinafter also "*Digital Operational Resilience Act*" or "DORA," and related Delegated Regulations, as well as the

40th update of Bank of Italy Circular No. 285/2013, Directive 2022/2555, also "*Network and Information System Security*" or "NIS2," transposed by Legislative Decree no. 138/2024, as well as Regulation (EU) 2024/1689, also "AI Act"), the related Supervisory expectations (the EBA Guidelines on Information and Communication Technology Risk Management and Security as well as the relevant aspects of the ECB's Supervisory Priorities 2024-2026, recalled in continuity with previous years and confirmed for the period 2025-2027, and the strategy defined by the same Authority for the cyber resilience of payment systems and other financial market infrastructures) as well as the operational (the Strategic Plan objectives in terms of the deployment of an omnichannel and digital distribution model) and geopolitical (Russian-Ukrainian and Middle East conflicts) context to more fully understand the relevance for the Bank and the Group of defining an appropriate organizational set-up to oversee ICT and security risks. In February 2024, ECB also intervened (*Supervisory Newsletter*) to emphasize the importance of ensuring greater competence of banks' boards of directors in this regard, defining a specific *policy* that incorporates the principles formalized in the document "*Guide on effective risk data aggregation and risk reporting*," then in *draft* version, later adopted in May 2024. Lastly, it is worth mentioning the more recent document "Guidance on Amendments to the EBA/2019/04 Guidelines on *Information and Communication Technology* (ICT) Risk Management and Security" by EBA dated February 11, 2025.

In this context, the Board of Statutory Auditors has reserved, in continuity with the past, specific attention to the Group's *Information and Communication Technology* (also "ICT") system and its overall evolution, as an essential element supporting *business* and control activities.

In addition to the examination of the periodic reporting and planning provided for in accordance with external legal provisions and internal regulations relevant to this area (such as on the subject of *Business Continuity* and *Disaster Recovery*), during 2024, also in view of the operational context already described, the Board paid particular attention to the assessment of risks related to information security (hereinafter also "*cybersecurity*"), in order to ascertain the Bank's adoption of adequate and effective organizational and technical safeguards aimed at mitigating these risks, including through a strengthening of information flows by the competent Functions, in line with the recommendations made by the Supervisory Authorities (*first and foremost*, Consob and the Bank of Italy).

In 2024, the Board reviewed the "Strategic Guidance Document" and "Action Plan for the Implementation of ICT Strategy" prepared by the Chief Innovation Officer Area (hereinafter also "CIO Area") together with a briefing on the "Information Security Training and Awareness Plan," in accordance with the Supervisory Provisions, noting the alignment of the ICT strategy with the objectives of the Strategic Plan 2023-2026 through the provision of increased IT investments, especially in *cybersecurity*, digitization and *Artificial Intelligence* (hereinafter also "AI"), and a multi-

year program of initiatives that will be declined into operational plans with an annual horizon. The Control Body has: (i) also positively evaluated the identification of indicators to measure and monitor the degree of achievement of the objectives for each area of the defined ICT strategy, recommending that the same be periodically reported to the Corporate Bodies; (ii) stressed the importance of paying special attention, especially in terms of risk mitigation, with activation of appropriate controls and safeguards: (a) to the adoption of *cloud* solutions, urging a timely adjustment of internal *governance* and an adequate assessment of the related risks and the suitability of existing safeguards for their mitigation; (b) to the strengthening of *cybersecurity* (c) to the *sourcing* strategy, ensuring that supply contracts are adequately prepared and service levels monitored, in line with the relevant Supervisory Provisions; (iii) found (a) a qualitative-quantitative strengthening of the CIO Area, carried out with the new entries of qualified personnel; (b) the guidelines and training intervention plan, defined to support the ICT strategy and Action Plan.

During the year under review and in the early months of 2025, the Board also reviewed the findings of the activities carried out by the FACs in question and more specifically, but not limited to:

- the "Report on the Findings of the Analysis of Operational and Security Risks Related to Payment Services," referring to 2023, prepared under the coordination of the CRO Area with the support of the additional relevant Corporate Functions, including control, noting the confirmation of a summary assessment of "low" residual risk;
- the "Summary Report on ICT and Security Risk Situation," referring to the year 2023, prepared by the CRO Area, noting the confirmation of an overall assessment of residual risk on applications that can be attested to a "low" level;
- the "Annual Report on Information Security," relating to 2024, prepared by the Audit Function, also taking into account the findings of the individual audits subject to reporting, the *reports of* which were, for the most part, examined individually by the Control Body. The Board of Statutory Auditors endorsed the considerations expressed by the Internal Audit Function considering it necessary, even in a corporate context that did not show cases of major incidents, to take actions to strengthen the overall *framework* to guard against risks, with reference to processes, systems and resources, therefore recommending to the same Audit Function to ensure careful monitoring of the implementation of the corrective actions agreed upon in the various areas of investigation, as well as compliance with the timeframes envisaged for their finalization, hoping for their anticipation wherever possible;
- Quarterly planning and reporting of the controls carried out by the ICT & Security Risk organizational unit, established within the ERM Function.

The Control Body also monitored on an ongoing basis the adequacy of the organizational structure for the control of ICT and security risks by examining: (i) of the developments in the inspection activity

conducted *on site* by BCE on the subject of "IT and *Cyber Security Risks*," most recently reviewing the Remediation Plan prepared and receiving a quarterly update on the progress of interventions; (ii) of the plan of works inherent to the adjustments consequent to the DORA regulations, as the prevailing regulatory reference, in force as of January 17, 2025, defined at the Group level with the provision of progressive releases in the different areas impacted (IT, Security, Third Parties, Regulatory and Organizational *Framework*, ICT and Security Risks), in synergy, also in terms of periodicity of the flow, with the Remediation Plan mentioned above, as shared with the Supervisory Authority; in this context, the Board took note of the analysis of the risks related to the use of artificial intelligence in the context of the Group and the initiatives to adapt the internal regulations on the subject; (iii) of the findings of the "*Cyber Resilience Stress Test*", the first exercise conducted by the ECB in the area of *Business Continuity* and Operational Resilience (launched on November 23, 2023 and completed in July 2024) as well as, more recently, of the compilation of the "*ECB IT Risk Questionnaire 2025*", noting an improvement (compared to the previous survey) in some of the areas investigated, made possible by the project initiatives implemented in 2024; (iv) of the dedicated section of the RAF ("*ICT, cyber & security*"), noting a gradual evolution as well as a broadening and strengthening of the structure of the indicators overseeing this area; (v) of the state of progress of the initiatives taken against the indications formulated by the FACs, urging compliance with the planned timelines and an adequate allocation of resources to support them, in order to ensure the full compliance of business processes and procedures, believing that the areas of improvement indicated constitute a further impetus and tool in terms of the progressive strengthening of management procedures and internal operational garrisons, in the perspective of further advances in the process of digitalization and innovation initiated by the Bank and confirmed in the new Strategic Plan as a fundamental pillar.

In a more general perspective, the Board emphasized the need to be extremely careful in adopting solutions that involve the acquisition of application and infrastructure resources from external providers or *cloud* or *Artificial Intelligence* solutions, as they are considered to be initiatives potentially harbingers of greater risks, urging behavior of extreme caution and compliance with the expected increasingly stringent safeguards and control systems, on the assumption that IT security is highly dependent on the attitude of individuals, starting with *Top Management*. On this point, reference is also made to the following paragraph.

8.8. Risk arising from *outsourcing/services* contracts with *partners outside the Group*

The Board has maintained constant attention to the monitoring of risks related to the outsourcing of Corporate Functions and thus to the measures taken by the Bank to mitigate them within the framework of an organizational model that provides for the centralization of operational and control functions at the Parent Company, in compliance with the relevant supervisory regulations and

guidelines.

During 2024, the Board of Control reviewed the Annual Report of the activities carried out in the year 2023 on the Essential or Important Functions outside the Group (also "FEIs") noting the positive assessment expressed by the Audit Function and at the same time drawing attention to the relevance of timely implementation of the *framework* defined for the management of outsourcing (particularly if FEIs) in compliance with the relevant regulations and in line with supervisory guidance. As of the date of this Report, the Board is awaiting the receipt of the Annual Report of the activities carried out in the year 2024 on FEIs for the relevant examination.

It should be noted that, at present, the monitoring of risks related to the outsourcing of services is significant both (i) due to the changes that have taken place in the Group's articulation, including in relation to the insurance (particularly pending the completion of the internalization of Vera Vita) and asset management (with the recent start-up of activities for Banco BPM Invest SGR) business lines, and (ii) due to the context in which the Group operates, characterized by geopolitical tensions and IT risks. Both aspects were also identified as significant as a result of the Risk *Identification* process carried out by the risk control function in 2024.

In close connection with the previous paragraph, it is worth recalling the supervisory priorities identified by ECB for the period 2024-2026, among which (in continuity with the previous ones and also for the horizon 2025-2027) are included the risks of outsourcing of IT services and cybersecurity/cybernetics as important operational risk factors for banks. In this context, the Supervision included horizontal data collection and analysis of outsourcing activity logs and targeted inspections of outsourcing and cybersecurity management, as well as the previously mentioned systemic cyber resilience *stress test*. The Board monitored the Bank's compliance in this regard, also noting its involvement during 2024 in a dedicated analysis conducted by the ECB on "*Targeted Review on Outsourcing*," an initiative that simultaneously involved several supervised banks for the purpose of identifying the nature and extent of risks arising from outsourcing, including IT, and mitigation measures.

Taking into account the relevance assigned by the Authority to the issue of operational resilience (including through a consultation process on the "*ECB Guide on outsourcing cloud services to cloud service providers*") as well as the specificities of the current operating environment, while recalling what has already been set out in the previous paragraph, the Board reserves the right to monitor the risk profiles related to the outsourcing strategy implemented by the Bank, particularly from an evolutionary perspective.

8.9. Reporting/Reporting to Regulatory Authorities.

In a context of control architecture assessed, by the Compliance Function, as being of overall soundness, the need for interventions to further strengthen the control garrisons to mitigate the risk of

non-compliance with regulations was detected during 2024 with reference to the process related to reports to the various Supervisory Authorities. Taking into account the findings, the Function monitored through the risk indicators (also "KRIs") under "Reporting to the Supervisory Authorities," already in use, the effectiveness of the interventions defined by the Bank.

On this point, it should be noted that the activities to extend the BCBS 239 principles, in line with supervisory guidelines, to the reporting area are also continuing, including at present what is the subject of *Management Reports* to the ECB for the COREP, FINREP and *Asset Encumbrance templates*. As a result of the controls carried out by the Area Chief Risk Officer, an assessment of substantial adequacy of the safeguards emerged during 2024, identifying, however, some areas for improvement that have already been addressed.

The Board of Banco BPM -- as well as the Control Bodies of the Subsidiaries, in particular Banca Akros and Banca Aletti -- has paid specific attention to the aspects detailed above, proceeding, where deemed useful, to targeted in-depth investigations with the support of the competent Corporate Structures.

8.10. Thematic Action Plans

In the course of 2024, the Bank was called upon to define and approve Action Plans on certain areas (also referred to as "*Action Plans*"), in order to plan corrective or improvement measures, as identified primarily as a result of inspections (*on-site* or remote), conducted usually as part of the aforementioned ongoing supervision by the Supervisory Authorities or in relation to specific requests made to them by the Bank. The Board received and examined periodic updates regarding the status of their implementation (primarily through the *report* prepared by the Audit Function "*Monitoring of remedial actions relating to the recommendations from Supervisory Authorities*" as well as through quarterly reporting by the Legal and Regulatory Affairs Function). This monitoring finds its prerequisite in the structured process for assigning to the Functions of the Bank the management and resolution of the findings identified by both the Supervisory Authorities and/or the Audit Firm and the FACs.

The Board of Statutory Auditors has also reviewed, from a *risk-based* perspective, certain certifications (issued by the Audit Function) on the completion and verified effectiveness of the remedial actions envisaged in the aforementioned *Remedial Action Plans*. These verifications are particularly significant for the Board of Statutory Auditors (which expects an increasing *challenge* from the Internal Audit Function to the Structures responsible for the remedial activities), as they make it possible to ensure a substantive approach as opposed to a mere formal attestation of finalization of the actions. In this regard, the Board has recommended on several occasions a timely execution of remedial actions in compliance with the timelines represented to the Supervisory Board, believing that any rescheduling should necessarily be of a residual nature.

9. Supervisory activities on the adequacy of the organizational structure

It is preliminarily acknowledged that the Banco BPM Group is structured with several Companies, articulated between the Parent Bank, Subsidiary Banks, "product" Companies and "instrumental" Companies, a structure in which Banco BPM exercises management and coordination activities, respecting the specificities of each component, in order to ensure a centralized *governance of business* and products and a general oversight on risk management, in accordance with the defined strategic and operational objectives, tasks implemented also through the unitary management of functions and services.

In this context, the Board of Statutory Auditors has gained knowledge of and supervised the organizational structure and its development, particularly with regard to compliance with regulatory provisions and related changes and consolidation of the internal regulatory framework.

In this regard, both on the basis of the information provided in the context of the meetings of endoconsiliar Committees and the Board of Directors as well as direct discussions held with the Managers of the designated Corporate Functions during the meetings held gradually during the year, and in relation to the evidence that emerged as a result of the controls conducted by the FACs and the Supervisory Authority, the Board of Auditors found that the Bank's organizational and regulatory structure was substantially adequate. In particular, in a specific meeting held at the beginning of 2025, the relevant Company Managers confirmed for the 2024 financial year the overall consistency between the organizational chart, function chart (Company Regulations), system of proxies and powers of attorney and organizational provisions, given the need to ensure homogeneity between organizational roles and responsibilities and the underlying business processes, also taking into account the expansion of the Group's perimeter to the insurance sector, the centralization in Banco BPM of proprietary finance activities and the operational start-up of Banco BPM Invest SGR. The Board has received assurances that further alignment with the most recent determinations made for the revision of the Bank's organizational and *governance* model mentioned in this Report will be ensured in the coming months.

During 2024 and the first months of 2025, Banco BPM's organizational structure underwent the following changes, in addition to the interventions already referred to in this Report or described with reference to the FACs:

- with reference to the Headquarters Structures, certain functions have been reorganized/renamed in order to better rationalize operational perimeters and better oversee the activities under their jurisdiction (Chief Innovation Officer Area and first reports, Chief Financial Officer Area and first reports, Organization, Anti-Money Laundering, Human Resources);
- In relation to the Commercial Network:

- the interventions defined at the beginning of 2024 were consolidated, for which: (i) Large Corporate was articulated into two new operating structures for better operational and commercial oversight; (ii) in the Corporate area, there was a rearticulation of Corporate Centers within the current Corporate Markets, as well as the activation of portfolios with prevalent concentration of customer types operating in specific sectors; (iii) in the Retail area, refinement interventions have been carried out with regard to the Corporate Centers and the related territorial poles with the aim of strengthening the supervision over the corporate segment consistently with the Strategic Plan objectives, and the figure of the Bancassurance Referent has been introduced at the Commercial DT structures within the Territorial Departments, for the operational coordination of the figures of the Bancassurance Specialists;
- further organizational changes were made in the Retail area with: (i) the definition of the figure of the Personal Premium Manager; (ii) the launch of an experiment on the Network focused on (a) branches with active cash service on alternate days within the same nucleus and (b) financial advisory-only branches, i.e., without cash service; (iii) a revision of the branch articulation involving no. 76 units with a view to offering better service to customers, through more structured branches and a homogeneous commercial *focus* consistent with the territory;
- with regard to the other Group Companies, the interventions defined at the beginning of 2024 were consolidated, for which: (i) in Banca Akros - consistently with the partial demerger transaction already mentioned - reorganization/renaming interventions were carried out, with a further refinement during the year for the Cross Asset Product & Solutions Structure, assigned to the development and management of *non-captive* customers; (ii) in Banco BPM Vita there was an evolution of the initial organizational structure of the Company, with specific regard to the Administration and Financial Statements Structure, in order to ensure a more effective oversight of the processes for which it is responsible; (iii) in Banca Aletti, interventions were carried out aimed at unbundling the *advisory* activities on the investment services side for the benefit of Banco BPM's Territorial Departments.

In this context, it is also appropriate to recall the initiatives carried out by the Bank at the Group level, including on the basis of agreements with the trade unions, regarding the generational turnover of employees, in line with the provisions of the Strategic Plan 2023-2026. More in detail, reference is made to:

- to the incentivized retirement plan, with communication of adhesion by June 30, 2024, intended for all those who had already accrued or would have accrued the first pension requirement for early retirement or old-age pension, with access (right to receive) the related treatment by January 1,

2026. This initiative, as better detailed in the Annual Financial Report, as of June 30, 2024, has registered effective accessions for No. 500 people;

- to the agreement concluded on December 19, 2024 between Banco BPM and the trade unions for access to the extraordinary benefits of the Solidarity Fund, with the possibility of accepting 1,100 applications for voluntary redundancy, which, together with adhesions to the aforementioned incentivized retirement plan, should lead to the exit of 1,600 people. This agreement provides for the entry of No. 800 new resources, in addition to the No. 150 hires already made during 2024 to help develop new skills to support *business* growth.

With respect to these initiatives, the Board of Statutory Auditors examined in depth, at a dedicated meeting, with the Organization and Human Resources Functions the impacts of planned or estimated exits on the overall structure of the Group and with particular attention to the adequacy of the Control Functions, receiving feedback on the prediction of suitable oversight interventions in terms not only of the qualitative-quantitative sizing of each Function and, in general, of the Group's individual businesses, but also of transversal aspects such as, by way of example, generational turnover, the growth of the representativeness of women in managerial roles and the improvement of working conditions, in line with the strategic objectives set by the Bank.

The Board has also reiterated on several occasions how the qualitative-quantitative adequacy of the Company's Facilities must also be ensured and evaluated in light of the investments undertaken in strengthening and/or implementing IT support and automation processes, aimed at improving the efficiency and quality of operations.

In continuity with the consideration given by the Board in previous years regarding the *framework of intra-* and *extra-Group* outsourcing, also in 2024 the Statutory Auditors maintained attention to the compliance with the EBA Guidelines and the evolution of the Group's *business* by examining (i) both the audits carried out by the Audit Function, also urging the speedy implementation of the identified improvement actions, (ii) and the results of the periodic monitoring of outsourced activities presented to the Board of Directors.

All of the above represented and taking into account what has been highlighted in this Report, both with reference to internal projects and initiatives, as well as to the already mentioned numerous activities related to inspections and requests from the Supervisory Authority (including in the SREP area), the Board of Statutory Auditors has supervised the progressive adoption by the Board of Directors of determinations suitable for ensuring a regulatory *framework* and internal organizational structures adequate to guarantee the correct application of operational processes. In this regard, while being aware that, in a Group as dimensionally and structurally significant as Banco BPM, such an organizational and regulatory framework requires continuous evolutionary interventions and constant reinforcement, the Board noted its substantial compliance.

With specific reference to the organizational structure of the ICS, in 2024 the CRO Area (as already described in this Report) was affected by a number of alternations that in any case did not prevent, also in continuation of what was started in 2022, further refinements in roles and responsibilities, also in acknowledgement of indications formulated by the ECB, useful for a strengthening of the coordination task that, for all FACs, comes from the consolidation of the current configuration of the Group as a financial conglomerate. In this regard, it should be recalled that the corresponding Control Functions of the Group Insurance Companies functionally report to the Parent Company FACs.

In the exercise of its supervisory duties on the adequacy of the ICS, the Board of Statutory Auditors maintained a constant dialogue with the Heads of the FACs in order, among other things, to verify any needs for qualitative-quantitative reinforcement of the same, also carrying out, during the year, also at the urging of the Supervisory Authority, specific in-depth analyses, also from a prospective perspective taking into account the multi-year planning of activities. On the basis of the analyses conducted, the Control Body recommended, where deemed appropriate, to the Organization and Human Resources Functions, as well as to the Board of Directors itself, to define appropriate interventions.

The Board then ascertained the overall substantial qualitative-quantitative adequacy of each FAC for the fulfillment of its tasks and for the purpose of completing the activities planned or made necessary during the year.

In general terms, the Control Body will continue its task of supervising the adequacy of the Bank's organizational structure, paying particular attention to the supervision of that of the FACs, as well as their independence.

10. Remuneration policy

The Board of Statutory Auditors noted that the Board of Directors, in its meeting of March 13, 2025, approved, to the extent of its responsibility under current regulations, the Report on Remuneration Policy and Compensation Paid to Personnel of the Banco BPM Banking Group (hereinafter also "*Remuneration Policy*"), including the section "*Remuneration Policy 2025*" and the section "*Compensation Paid*," as well as the related Explanatory Report to the Shareholders' Meeting, to which the documents will be submitted.

In this regard, it is represented how, in noting that the *Remuneration Policy* prepared for 2025 substantially confirms the framework of the 2024 fiscal year, the Board noted, among other things:

- (i) the activation of the *Long Term Incentive* Plan correlated to the *performance* to be achieved in the three-year period 2025-2027 (LTI 2025-2027), to support the pursuit of the objectives to 2027 declined in the update of the Strategic Plan approved by the Board of Directors at the meeting

of February 11, 2025, also noting that a long-term incentive mechanism for the asset management company Banco BPM Invest SGR is being studied;

- (ii) with regard to the *performance* objectives of the *Short Term Incentive Plan*, a capillary allocation of ESG objectives, specifically providing for specific ones for the business chain that handles both *retail* and *corporate/enterprise* customers as well as the provision of indicators related to the completion of activities planned under the "Culture of Risk" project;
- (iii) Confirmation of the methodology used in 2024 for the purpose of the Board of Directors' analysis of the gender-neutrality of the remuneration policy, with the continuation of initiatives aimed at recognizing and valuing diversity in all its meanings, with particular attention to the enhancement of female talent, consistent with the Strategic Plan 2023-2026, as updated to 2027;
- (iv) the disclosure made about the measurement and monitoring of the so-called "*Gender Pay Gap*," carried out on the basis of the provisions of the banking regulatory framework according to criteria and approaches outlined in accordance with the relevant EBA Guidelines and Bank of Italy Circular No. 285/2013, an aspect covered in greater detail in the Consolidated Sustainability Reporting;
- (v) compliance with the principles and recommendations provided for remuneration policies by the *Corporate Governance Code*, to which the Bank has adhered. In particular, the *Remuneration Policy* is functional in the pursuit of its sustainable success.

On this point, it should be noted that the *Remuneration Policy* is prepared at the level of the Banking Group pursuant to the Bank of Italy's Supervisory Provisions, exercising the waiver provided by paragraph 8.1 thereof (Part One, Title IV, Chapter 2, Section I). In the exercise of its management and coordination activities, Banco BPM ensures its overall consistency, provides the necessary guidelines for its implementation and verifies its correct application, and consequently the Board of Directors of each perimeter subsidiary transposes and the Shareholders' Meeting of each subsidiary bank approves, to the extent of their respective responsibilities, the Report on the remuneration policy and compensation paid.

As for the Subsidiaries:

- Banco BPM Invest SGR, an asset management company, the Board of Directors defines its own remuneration policy, consistent with the criteria and principles established by the Parent Company and in compliance with European and national provisions regulating the sector, and submits it to its Shareholders' Meeting for approval;
- Banco BPM Vita and Vera Vita, insurance companies headquartered in Italy, their respective Boards of Directors define their remuneration policies in accordance with the criteria and principles established by the Parent Company and in compliance with European and national

provisions regulating the sector. The respective Shareholders' Meetings approve the remuneration policy to the extent of their competence.

The Board of Statutory Auditors also reviewed:

- the report of the Audit Function, which accounts for the findings of the audits it conducted during 2024 on the implementation of the Group's remuneration system, as a result of which was ascertained that the initiatives taken with regard to staff remuneration were consistent with the principles and rules set forth in the internal and external reference regulations, the compendium of which is represented by the "Remuneration Policies" approved annually by the Board of Directors and the Shareholders' Meeting, in accordance with their respective competencies;
- The *opinion (ex ante)* issued by the Compliance Function about the compliance of the Group's Remuneration Policy 2025 with the relevant regulations.

In addition to what has already been reported, it should be noted that, within the scope of its prerogatives, the Board of Statutory Auditors participated, through an Auditor designated by the Chairman, in the meetings of the Remuneration Committee, taking note of the activities (depending on the case, investigative, advisory and propositional) carried out by the aforementioned endoconsulting Committee, also for the purpose of issuing the opinions provided for by the regulations on the subject.

The Statutory Auditors also voted in favor, pursuant to Article 136 of the Consolidated Banking Act, of the determinations, defined at the proposal of the Remuneration Committee and approved by the Board of Directors (at its meeting on February 11, 2025), resulting from the CEO's achievement of *performance* in relation to the 2024 *Short Term Incentive* Plan and the 2022-2024 *Long Term Incentive* Plan.

The Board of Statutory Auditors, in accordance with Article 2389 of the Civil Code, has examined and, after detailing its reflections and considerations in this regard, has issued its favorable opinion on the proposal, formulated by the Remuneration Committee and approved - in accordance with Article 136 of the TUB and, therefore, also with the favorable vote of the Statutory Auditors - by the Board of Directors at its meeting of March 13, 2025, concerning the intervention on the gross annual remuneration (RAL) and the short- and long-term variable remuneration of the Managing Director.

The Board of Statutory Auditors is also heard, in accordance with the provisions of Bank of Italy Circular no. 285/2013 and on indications expressed by the ECB: (i) regarding the personal files relating to the incentive plans of the individuals belonging to the most relevant personnel of the FACs Audit, Compliance, Anti-Money Laundering, Internal Validation and in the CRO area, with particular reference to the absence of conflicts of interest; (ii) as part of the assessment conducted by the Remuneration Committee, in coordination with the Audit and Risk Committee, regarding the correct

application of the rules established by the Remuneration *Policy* for the variable remuneration of the same Managers.

11. Further activity of the Board of Statutory Auditors and disclosure required by Consob

To complete the due information to the Shareholders' Meeting, the specific details required by Consob Communication No. 1025564 of April 6, 2001 and subsequent updates, not already set forth above and rendered on the basis of the activities carried out in 2024 and the first months of 2025 by the Board of Statutory Auditors of Banco BPM are provided below:

- the Board of Statutory Auditors has not been the recipient of any reports under Article 2408 of the Civil Code;
- in addition to what is indicated in the previous point, the Board of Statutory Auditors received, through the Bank of Italy, a communication potentially qualifying as a complaint, in which alleged misconduct ascribed to employees/company structures in the performance of their activities is reported. This complaint was the subject of appropriate in-depth investigations, in line with the indications received from the Supervisory Authority, by the Audit and Anti-Money Laundering Functions, and the Board of Statutory Auditors examined the related findings, ensuring that they were brought to the attention of the Bank of Italy. The analyses conducted did not reveal any cases worthy of mention and, to date, no follow-up has been reported;
- the opinions required by law and the Articles of Association, some of which have already been set out in this Report, were issued by the Board of Statutory Auditors. The Board also issued the observations, evaluations and opinions prescribed by the Supervisory Regulations, as well as those required from time to time by the ECB and the National Supervisory Authorities with specific Communications (mainly relating to the various profiles of the management and control of risks to which the Bank has been exposed in the performance of its activities), as well as by company regulations;
- the Board of Statutory Auditors has conducted the necessary checks on the adequacy of the instructions given to the Subsidiaries, also pursuant to Article 114, paragraph 2, of the TUF, and has no remarks of competence to make on the adequacy of the internal regulations governing them in order to acquire the information flows necessary to ensure the timely fulfillment of the reporting obligations required by law.

Moreover, the Board promoted the annual conduct of a specific compliance audit on the management of insider information and the exchange of information flows between the various Group Companies involved, the results of which showed overall compliance, attesting to the proper functioning of the process analyzed as well as a system of safeguards in terms of internal

regulations and IT procedure that is complete and aligned with the Guidelines issued by Consob in October 2017.

Among the activities carried out during the 2024 financial year, also for the purpose of operating in close connection and fostering comparison within the Bank's and the Group's System of Controls, pursuant to Article 151, paragraph 2, of the TUF and the Supervisory Provisions, the Board maintained a periodic exchange of information flows with the Control Bodies of the main Group Companies (Banca Aletti, Banca Akros, Banco BPM Invest SGR and Banco BPM Vita), receiving updates also regarding the Companies controlled by them. This initiative was also facilitated by the fact that the Chairman of the Board and two standing members also hold positions on the Boards of other Group Companies, as detailed in the previous section. From intercourse with the corresponding Control Bodies of the aforementioned Subsidiaries, as well as from the evidence presented by the Parent Company's FACs, in particular Audit, Compliance and Anti-Money Laundering, no critical issues worthy of reporting emerged;

- as far as corporate governance rules are concerned, it should be noted that Banco BPM has adhered to the *Corporate Governance Code* promoted by the *Corporate Governance Committee*, as communicated to the market through the publication on the company website of the "Report on Corporate Governance and Ownership Structure," prepared pursuant to article 123-bis of the TUF as amended and supplemented. This Report illustrates the methods and conduct with which the principles and application criteria of the Code have been effectively applied. The Board took note of the contents of the Report in question as well as of the "2024 Report on the evolution of *corporate governance* of listed companies" sent by the Chairman of the Committee (also Chairman of the Board of Directors of Banco BPM) in a letter dated December 17, 2024, together with the "Committee's Recommendations for 2025," acquiring their indications at a meeting of its own;
- in the early months of 2025, the Chairman of the Board of Statutory Auditors met, in accordance with current regulations and practices, with the *Joint Supervisory Team* of the ECB in order to have a fruitful exchange of information, including on specific issues outlined in this Report;
- as a result of the supervisory activities carried out, as described above, no omissions, reprehensible facts or irregularities worthy of mention here have emerged;
- in conclusion, to summarize the overall supervisory activity carried out, the Board of Statutory Auditors of Banco BPM, having acknowledged the declaration of business continuity expressed by the Directors and the opinion of appropriateness expressed by the Independent Auditors regarding the use of this assumption, does not deem it necessary to exercise the power to make proposals to the Shareholders' Meeting pursuant to article 153, paragraph 2, of the TUF regarding the approval of Banco BPM's Separate Financial Statements as of December 31, 2024 and the matters within its



competence. The Board of Statutory Auditors, having carried out the appropriate investigations, taking into account the Board of Directors' resolution of November 6, 2024 regarding the distribution of an interim dividend 2024 in the amount of Euro 0.40 per share (which was executed on November 20, 2024) and the evolution of the Unavailable Earnings Reserve *pursuant to* Article 6 of Legislative Decree No. 38/2005, has no observations to make regarding the proposal to the Shareholders' Meeting for the distribution of a dividend in the amount of Euro 0.60 per share.

Milan, March 31, 2025

The Board of Statutory Auditors