



**REPORT ON CORPORATE GOVERNANCE
AND OWNERSHIP STRUCTURES**

2019

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INTRODUCTION

The Banco BPM Società per Azioni, (hereinafter "Banco BPM" or the "Company") is a bank in the form of a company limited by shares, resulting from the merger (hereinafter the "Merger") between the Banco Popolare - Società Cooperativa and the Banca Popolare di Milano S.c. a r.l., which took effect on 1 January 2017 (hereinafter also referred to as the "Date of Establishment").

The main information regarding the Merger is set out below.

On 23 March 2016, subject to approval by the respective governing bodies, Banco Popolare and BPM signed a memorandum of understanding concerning the essential points of the merger (known as "own") between the Banco Popolare and BPM, to be implemented, in accordance with article 2501 *et seq.* of the Civil Code, by creating a new company with the legal form of a company limited by shares and with the name "Banco BPM Società per Azioni". On 24 May 2016, the governing bodies of the Banco Popolare and BPM approved the proposed merger in accordance with article 2502 of the Civil Code (hereinafter the "Proposed Merger") as subsequently amended up to 12 September 2016. The extraordinary Shareholders' Meetings of the Banco Popolare and BPM on 15 October 2016, approved the Proposed Merger subject to the required authorisations being issued by the Supervisory Authorities.

The Merger took effect on 1 January 2017, subject to issue of the authorisations by Borsa Italiana S.p.A. for the newly issued Banco BPM shares from the Merger to be admitted to listing on the Electronic Stock Exchange, and authorisations from CONSOB to publish the prospectus needed for that purpose, and subject to registration, on said date, of the merger agreement (entered into on 13 December 2016) with the applicable Company Registration Offices of Verona and Milan, in accordance with article 2504 of the Civil Code.

The Banco BPM has followed the Code of Best Practice of Listed Companies (hereinafter the "Borsa Italiana Code of Best Practice" or the "Borsa Italiana Code") of Borsa Italiana S.p.A. (hereinafter "Borsa Italiana") from its establishment (January 2017), with certain exceptions as described in more detail below.

The aim of this document is to provide shareholders, investors and the market with adequate information on the corporate governance and the main actions taken to this end by Banco BPM, and how the Borsa Italiana Code was applied by Banco BPM, providing disclosure on the principles and application criteria that were fully adhered to and the ones that the Company decided to make exceptions to in part, also considering the date of establishment of the Company (1 July 2017) and the specific nature of banking companies which have to strictly comply with the regulations contained in Legislative Decree 385/1993 (Consolidated Banking Law) and the Supervisory Provisions of the Bank of Italy.

This was prepared in accordance with article 123-bis of Legislative Decree 58/1998, considering, in view of the nature and content of the information, the suggestions provided by Borsa Italiana in its "Format for the Report on corporate governance and ownership structures".

1) PROFILE OF THE ISSUER

The governance of Banco BPM, intended as the set of rules that governs and controls the company and that it has to refer to in order to provide guidelines for its line of conduct and to fulfil its responsibilities with respect to the shareholders, investors and all the stakeholders, is in line with the principles indicated in the Borsa Italiana Code and the recommendations made by Consob to that effect, and also takes account of the specific nature of Banco BPM, a company resulting from the merger between two companies established as cooperatives and "people's" banks, with strong roots in their respective territories.

The governance adopted by the Banco BPM is also in line with the best practices that can be found at a national and international level, where the goal is to ensure an adequate distribution of responsibilities and powers through a proper balance between management and control functions.

The Banco BPM adopted, upon its establishment, the traditional governance system, based on the presence of a Board of Directors and a Board of Statutory Auditors pursuant to articles 2380-bis *et seq.* of the Civil Code.

In establishing the corporate governance structure, account was always taken of the instructions, for listed issuers, contained in the Borsa Italiana Code, and when defining the division of powers, special attention was paid to protecting the various roles of the Bodies (Board of Directors, Executive Committee, Chairperson of the Board of Directors, Chief Executive Officer, Managing Director, General Co-Managers and Board of Statutory Auditors), also in accordance with their respective responsibilities, both with respect to general law and regulations, while ensuring the necessary coordination of their actions.

In accordance with the provisions of prevailing law, Banco BPM identified, within the scope of its governance, its corporate bodies, and as at the date of this report, organised as described below:

- the Shareholders' Meeting, which generally meets once a year to decide on, *inter alia*, the approval of the financial statements for the financial year, the appropriation and distribution of the profits, the appointment of the members of the Board of Directors and the Board of Statutory Auditors, determining their remuneration;
- the Board of Directors, comprising 18 members;
- the Executive Committee, comprising 5 directors;
- the Chairperson of the Board of Directors;
- the Acting Deputy-Chairperson of the Board of Directors and the two Deputy Chairpersons of the Board of Directors;
- the Chief Executive Officer;
- the General Manager, comprising two General Co-Managers;
- the Board of Statutory Auditors comprising 5 standing auditors and 3 alternate auditors.

The Banco BPM can also operate using, *inter alia*, as traditional distinctive marks of local significance "Banca Popolare di Verona", "Banca Popolare di Verona - Banco S.Geminiano e S.Prospiero", "Banco S. Geminiano e S. Prospero", "Banca Popolare di Lodi", "Banca Popolare di Novara", "Cassa di Risparmio di Lucca Pisa Livorno", "Cassa di Risparmio di Lucca", "Cassa di Risparmio di Pisa", "Cassa di Risparmi di Livorno", "Credito Bergamasco", "Banco San Marco", "Banca Popolare del Trentino", "Banca Popolare di Cremona", "Banca Popolare di Crema", "Banco di Chiavari e della Riviera Ligure", "Cassa di Risparmio di Imola", "Banco Popolare Siciliano", "Banca di Legnano" and "Cassa di Risparmio di Alessandria", "Banca Popolare di Milano" and the names and/or trademarks or distinctive marks used over time by BP and BPM and any companies merged into the Company over time.

The Company operates in accordance with the values represented by strong roots of BP and BPM in their respective historical areas.

The Company is organised into territorial Departments ("Departments") corresponding to one or more of the areas in which they had been traditionally rooted.

The most significant elements that describe the Banco BPM governance system include:

- the central importance of the Shareholders manifest especially at the Shareholders' Meeting, a significant and essential event in the life of the bank;
- the role of the Board of Directors in charge of the strategic supervision and management of the social enterprise that it exercises using the support of the Executive Committee, the Chief Executive Officer and General Management;
- the role of the Board of Statutory Auditors, which exercises the control functions provided under prevailing law and more specifically which oversees: a) compliance with laws, regulations and the articles of association as well as compliance with the principles of proper administration; b) the adequacy of the Company's organisational and administrative/accounting structure and the financial reporting process; c) the effectiveness and adequacy of the risk management and control system, as well as the internal audit system, and the functioning and adequacy of the overall internal control system; d) the separate and consolidated accounts auditing process; e) the independence of the independent auditors, particularly as regards the provision of non-auditing services.

To this end, the meeting of the Board of Directors of 16-17 December 2019 decided on certain amendments to the articles of association, that will be submitted for approval - subject to issuing the authorisation by the applicable authorities - at the upcoming ordinary and extraordinary Shareholders' Meeting; the main amendments are as follows:

- in order to provide support to the territories where it has been historically rooted, a proposal was made to amend the articles of association to reflect the most recent territorial structure of the bank resulting from the adoption of the new sales network model and the establishment of new Foundations;
- following expiration of the terms of office of the current Board of Directors, a proposal not to provide for an Executive Committee among the corporate bodies;
- an amendment proposal aimed at eliminating the specific reference to the position of Acting Deputy Chairperson since the other two Deputy Chairpersons will no longer be in the new governance structure so it will not be necessary to distinguish between them;
- a proposed review of the number of members on the Internal board committees;
- a proposed amendment to acknowledge the managerial independence of the governing body in the choice of whether to establish the figure of General Manager or not or appoint one or more General Co-Managers even without a General Manager.

For further details on the proposed amendments to the articles of association, please refer to the illustrative Report available on the website www.bancobpm.it Corporate Governance - Shareholders' Meeting section Ordinary and Extraordinary Shareholders' Meeting of 4 April 2020.

The Board of Directors of Banco BPM, at its meeting of 3 March 2020, also approved the Group 2020-2023 Industrial Plan (the "Plan"). The Plan is expressed through ambitious, but achievable plans, including in the difficult macroeconomic environment of 2020. The guidelines entail:

- Attractive remuneration for the shareholder (over €800 million in dividends in the period) ensuring capital strength and a further improvement in the quality of the assets;
- A relaunch of sales productivity, following on from the trend which began in 2019 and benefitting from the reorganisation and synergy achieved over the past three years. The income will be sustained through specialised services for private customers and undertakings (in

coordination with Banca Aletti and Banca Akros) and the multi-channel range of products and services for family customers and small businesses;

- Transformation of the business model - with over €600 million in investments in technology and digitalisation in the period - to ensure sustainability and profitability in the future;
- Placing value on staff and a strong commitment to social activities.

The Plan further reinforces the competitive positioning of Banco BPM as a solid bank which is the third biggest in the country, creating the best conditions to develop the core business and best exploit all future opportunities.

The Plan can be viewed on the website www.bancobpm.it, *Investor Relations* section.

The Corporate Governance Project

A corporate governance structure and efficient organisational structure are essential conditions - at both regulatory and application level - for the correct operation of credit institutions, and therefore for the entire banking sector and the economy in general. Banks play a crucial role in the economy since they hold the funds of savers on the one hand, while also providing resources to support the activities that support businesses and stimulate economic growth.

Therefore, the organisational structures and corporate governance of a bank, in addition to meeting the interests of companies, must also ensure that the conditions for sound and prudent management are in place, an essential objective in regulatory and supervisory controls.

In said frame of reference, the Bank of Italy, with Circular no. 285 of 17 December 2013, containing the "Supervisory Provisions for banks" (hereinafter "Circular 285"), issued general principles and guidelines on corporate governance in order to reinforce the minimum principles of corporate organisation and governance of banks and to ensure "sound and prudent management" (as provided for under article 56 of Legislative Decree 385/1993). Specifically, the first part - Title IV - Chapter 1 of Circular 285, in line with European principles and guidelines (1), sets out a framework of rules, principles and guidelines that, as a whole, comprise an organic set of rules and regulations of the role and function of the administration and control bodies, and their relationships with the company divisions. In order to define the company strategies and management and management and control policies for risks that are typical of banking and financial activities, the corporate governance system takes on central importance.

The Bank of Italy, with Circular 285, decided to pursue the following objectives: (i) clear distinction between functions and responsibilities, (ii) appropriate balance of powers between the company bodies, (iii) balanced composition of the corporate bodies, (iv) effectiveness of the controls, (v) oversight of all company risks; (vi) remuneration mechanisms in line with the risk management policies and long-term strategies, and (vii) adequacy of the information flows.

The above-mentioned law assigns intermediaries the task of identifying the most suitable solutions on an independent basis, and creating, in accordance with criteria of proportionality, the general standards in this area. More specifically, the actual choice of corporate governance adopted may change in accordance with the size, organisational and operational characteristics of the company and if the company shares are listed on the stock exchange.

(1) The reference is in the document (called "Guidelines - Corporate Governance principles for banks") published in July 2015 by the Basel Committee and containing the guidelines and principles on corporate governance for banks.

In order to pursue the objectives indicated, Circular 285 introduced the following obligations for banks:

- (i) to exercise their power of choice between the three administration and control systems provided for under the Civil Code (traditional, dualistic and one-tier) on the basis of an in-depth self-evaluation that takes account of specific, identified elements;
- (ii) to draw up and update a Corporate Governance Plan each time there are significant organisational changes which both sets out the reasons behind the choice of the administration and control model, and also illustrates the structure of the articles of association and internal governance model.

In the case of a banking group, the Corporate Governance Plan drawn up by the Parent Company will also illustrate the choices made to ensure the effectiveness and efficiency of the management and control systems at a consolidated level, acknowledging the organisational structures adopted by subsidiaries.

In this frame of reference, since Banco BPM is a banking company that was established on 1 January 2017 due to its "own" merger between Banco Popolare - Società Cooperativa and Banca Popolare di Milano S.c. a r.l., the Board of Directors of Banco BPM, at its meeting of 13 June 2017, approved the new corporate governance plan for the Banco BPM Group, the essential sections of which are set out in this document.

The Merger was carried out in accordance with Law Decree no. 3 of 3 January 2015, converted with amendments by Law no. 33 of 24 March 2015 (known as the people's banks reform), which established the obligation for people's banks with assets of more than 8 billion euros to implement, within 18 months from the entry into effect of the implementation provisions issued by the Bank of Italy in accordance with article 29 of the Consolidated Banking Law (by 27 December 2016), the measures needed to ensure compliance with article 29, paragraph 2-ter of the Consolidated Banking Law, and more specifically: (a) voluntary winding-up or (b) reduction of the assets below the threshold, or (c) transformation into a company limited by shares. In essence, the Merger, and specifically, the proposed merger (the "Proposed Merger"), approved by the extraordinary shareholders' meetings of the two companies joined in the Merger on 15 October 2016, led to the transformation of Banco Popolare and BPM from people's banks to a company limited by shares (known as a "transformational merger").

Moreover, the Merger is based on (and justified by) an industrial rationale that overrides the merely transformational effects that originate from the transaction.

To that end, the corporate governance structure reflected in the articles of association is the result of the understandings reached by Banco Popolare and BPM, submitted to the ECB for examination, which, in the exercise of the oversight functions carried out within the scope of the preliminary inquiry carried out before the issue of the legal authorisation, provided certain instructions in order to ensure that the entity resulting from the Merger would have clear, efficient governance, with special reference to the performance of the company bodies.

Consider also that the listing of the Banco BPM shares with the Electronic Stock Exchange organised and managed by Borsa Italiana S.p.A. ("MTA") at the same time as the Merger taking effect led to application by the Company of the requirements and/or recommendations provided by Circular 285 and amended by the Code of Best Practice for listed companies approved by Borsa Italiana.

The Corporate Governance Plan, in accordance with the provisions of the Supervisory Provisions:

- illustrates the reasons why the administration and control model chosen for the Parent Company and the Subsidiary Banks is the most suitable to ensure the efficiency of management and the effectiveness of the controls;
- describes the specific choices relating to the organisational structure, shareholders' rights, the financial structure and the mechanisms to manage conflicts of interest;
- provides, in the case of the parent company, an adequate representation of and the reasoning behind the connections between the company bodies and departments of the various divisions, with specific attention to the profiles relating to the control system.

The complete text of the Plan is decided by the Board of Directors of the Parent Company, specifying that in relation to the individual Italian Subsidiary Banks, the corporate governance structures that they had adopted before the Merger were maintained since, after the Merger, there was no reason to make significant changes, apart from what is specified herein with regard to the composition of the respective governing bodies.

The above-mentioned provisions of the Bank of Italy give the banks the independent right to identify the most suitable solutions with regard to the corporate governance choices in accordance with the size, organisational and operational characteristics of the company. More specifically, the New Supervisory Provisions make it obligatory for banks to choose between the three administration and control systems provided for under the Civil Code on the basis of an in-depth self-evaluation that takes account of specific, identified elements.

The shareholders' meetings of Banco Popolare and Banca Popolare di Milano, when approving the Merger on 15 October 2016, approved the adoption of the "traditional" system of administration and control as the best solution to ensure the sound and prudent management of the bank considering that (i) the adoption of said governance structure was the one that had been adopted by both Banks for the longest period of time (with the sole exception of the short periods in which they applied a dualistic system, to meet specific requirements however) and therefore more suitable than the others to ensure, in such a delicate situation as the Merger, the conditions for more efficient interaction between the two Groups, and therefore for the sound and prudent management of the Bank, and (ii) it was considered to be the most suitable system to ensure the efficiency of the decision-making processes (short and linear) and the information flows, and a higher presence of foreign investors in the Banco BPM shareholding structure.

With reference to the membership category (pursuant to Section I, paragraph 4.1 of the Bank of Italy Circular no. 285 of 17 December 2013, hereinafter the "Supervisory Provisions" or the "Supervisory Provisions for banks"), Banco BPM is classified as a bigger bank or one with complex operations, since:

- (a) the bank is considered significant in accordance with article 6, paragraph 4 of the Regulation (EU) no. 1024/2013 which assigns the ECB with specific duties with regard to the prudential supervision of credit institutions;
- (b) it is a listed bank.

* * *

In implementation of the Industrial Plan approved by Banco Popolare and BPM within the scope of the integration plan, the streamlining of the activities in place at the Group continued in 2019. More specifically, we report:

- the merger of Società Gestione Servizi BP S.C.p.A. and BP Property Management S.C.a r.l. into Banco BPM, which took legal effect on 11 February 2019;
- the streamlining of the property division by the merger of Sviluppo Comparto 6 s.r.l., Sviluppo Comparto 8 s.r.l. and Manzoni 65 s.r.l. into Bipielle Real Estate S.p.A. which took legal effect on 28 June 2019;

- completion of the transactions aimed at centralising the group private banking activities into Banca Aletti S.p.A. by the contribution of two separate company branches of Banco BPM (called "Private Non-Portfolio Customers" and "Agent Financial Advisors") which took effect on 1 April 2019 and 28 September 2019 respectively;
- the merger of Holding di Partecipazioni Finanziarie Banco Popolare S.p.A. into Banco BPM, which took legal effect on 30 September 2019;
- the sale to third parties of the entire stake held in Arena Broker S.r.l., amounting to 57.3% of the share capital, on 20 November 2019.

Additionally, at the end of June 2019, the Group completed, in performance of the agreements signed at the end of 2018 between Banco BPM, Crédit Agricole S.A., Crédit Agricole Consumer Finance S.A. and Agos Ducato, and following the issue of the applicable authorisations by the Authorities, the reorganisation of the consumer credit division, through the following transactions:

- the proportional partial demerger of ProFamily S.p.A. in favour of a newly established company fully controlled by Banco BPM, which holds the business unit relating to consumer credit activity carried out through the "non-captive network" (tied agents and own branches) of Profamily S.p.A.;
- the establishment, at the same time as the above-mentioned demerger took effect, of the recipient company that took over the company name of the demerged company (Profamily S.p.A.); the recipient company was authorised by the Bank of Italy to grant loans to the public. Due to the above-mentioned demerger, the demerged company ProFamily S.p.A. changed its company name to ProAgos S.p.A. and was merged into Agos Ducato.

Subject to the demerger indicated above taking effect, Banco BPM sold 100% of the share capital of ProAgos to Agos Ducato; on the same date, Banco BPM, Crédit Agricole, Crédit Agricole Consumer Finance and Agos Ducato also formalised the contractual documentation aimed at confirming the existing partnership in the consumer credit division for the following 15 years.

2) INFORMATION ON THE SHAREHOLDING STRUCTURE (pursuant to article 123 bis, paragraph 1 of the Consolidated Law on Finance)

Capital structure, including securities not traded on a regulated market in an EU Member State, with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital represented (article 123-bis, paragraph 1, letter a) of the Consolidated Law on Finance)

As at the date of this report, the share capital of Banco BPM, subscribed and paid in, amounted to Euro 7,100,000,000.00, represented by 1,515,182,126 ordinary shares, without nominal value.

The Shares are listed on the Electronic Stock Exchange, organised and managed by Borsa Italiana S.p.A.

As at the date of this report, there are no shares that have a different category to the one mentioned.

Restrictions on the transfer of securities such as limitations to the possession of securities or the need to obtain consent from the company or other securities holders (article 123-bis, paragraph 1, letter b) Consolidated Law on Finance)

As at the date of this report, there were no restrictions on the free transferability of the Company shares in accordance with the law or the Articles of Association.

Significant direct and indirect holdings, for example through pyramid schemes or cross-holdings, as stated in the reports made pursuant to article 120 Consolidated Law on Finance (article 123-bis, paragraph 1, letter c) Consolidated Law on Finance)

In accordance with article 120 of the Consolidated Law on Finance, anyone who has more than 3% of the capital in a listed share-based company will have to notify the investee company and Consob.

As at the date of this report, in accordance with the information published on the Internet site of Consob, parties who hold shareholdings of more than 3% of the share capital of Banco BPM are reported in the table below:

Declaring Company or party at the head of the chain of investors	% Stake
INVESCO LTD.	4.715%
CAPITAL RESEARCH AND MANAGEMENT COMPANY	4.988%

The mechanism for the exercise of voting rights in any employee share scheme where voting rights are not exercised directly by the employees (article 123-bis, paragraph 1, letter e) Consolidated Law on Finance)

If a Banco BPM employee is also a shareholder of the company, he or she will have the same voting rights as other shareholders, including the right to be represented by written proxy issued to another party.

Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for the exercise of voting rights, or systems whereby, with the company's cooperation, the financial rights attached to the securities are separate from the holding of securities (article 123-bis, paragraph 1, letter f) Consolidated Law on Finance)

There are currently no restrictions on the voting rights.

Significant agreements to which the company is party and which take effect, alter or terminate upon a change of control of the company, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception does not apply when the company is specifically obliged to disclose such information on the basis of other legal requirements (article 123-bis, paragraph 1, letter h) Consolidated Law on Finance)

The agreements referring to Banco BPM S.p.A are set forth below.

Shareholdings in Vera Vita S.p.A. and in Vera Assicurazioni S.p.A.

On 29 March 2018 - following an agreement to establish a strategic partnership in the life and non-life bancassurance business signed on 9 November 2017 between Banco BPM and Società Cattolica di Assicurazione ("Cattolica") – the purchase of 50% + 1 share of Avipop Assicurazioni (at the present

date, Vera Assicurazioni) and Popolare Vita (at the present date, Vera Vita) was finalised, increasing the percentage shareholding of the Banco BPM Group in the capital of the two insurance companies to 100%. On the same date, the sale to Cattolica of 65% of the overall capital held by the Group in the two companies was finalised.

Article 6 of the shareholders' agreement (hereinafter the "Cattolica Agreement") entered into on 29 March 2018 between Banco BPM S.p.A. and Cattolica provided that in the event of a change of control of Banco BPM (referring to the hypothesis that the control of Banco BPM would be acquired by an Italian insurance company or an Italian bank that would exercise management and coordination and hold more than 70% of the ordinary shares relating to an insurance company included among the biggest five insurance companies in Italy, on the basis of the most recent ANIA data, by volume of premiums in both the life and the non-life insurance businesses), Cattolica may exercise a put option concerning the entire shareholding it holds in the capital of Vera Vita and Vera Assicurazioni.

Shareholding held in Agos-Ducato S.p.A.

On 28 June 2019, in performance of the agreements signed at the end of 2018 between Banco BPM, Crédit Agricole S.A., Crédit Agricole Consumer Finance S.A. and Agos Ducato, the reorganisation of the Group consumer credit division was completed. The reorganisation, which confirms the partnership between the Banco BPM Group and Crédit Agricole for the next 15 years:

- (i) provided for, *inter alia*, formalisation of the following: (a) a new Shareholders' Agreement, (b) a new Distribution Agreement, (c) a new Funding Agreement;
- (ii) led to the sale of ProFamily to Agos-Ducato, subject to the completion of a demerger of the non-captive assets of Profamily in favour of a newly established company, which kept the name ProFamily, 100% controlled by Banco BPM.

Within the scope of those agreements, it was also provided that if an extraordinary transaction was finalised - with that referring to: acquisition of control of Banco BPM by a third party operator or more than one third party operator acting in association with each other; merger of Banco BPM with third party operators; acquisition by Banco BPM of another bank or other distribution channels; acquisition by Banco BPM of a third party operator - the parties will, *inter alia*, discuss in good faith, according to the case: i) the possible acquisition by Agos-Ducato at market value of the entity that operates in the consumer credit sector due to the extraordinary transaction; ii) the extension of the new Distribution Agreement to the distribution network of the third party operator; iii) the inclusion of the other distribution channel acquired into the distribution network of the Banco BPM Group.

Shareholding in Bipiemme Vita S.p.A.

On 8 September 2011 - following on from the agreements signed on 19 April 2011 between Banca Popolare di Milano Scrl and the Covéa Group to develop a strategic partnership in the life and non-life bancassurance businesses - the acquisition by the Covéa Group of 81% of the share capital of Bipiemme Vita S.p.A. was finalised.

The parties also signed a shareholders' agreement that provides that if there are any changes of control of one of the parties, Banca Popolare di Milano (at the present date, Banco BPM) or the Covéa Group, could, according to the party to whom said event occurred, exercise the option to acquire the shareholding held by the other party in the capital of Bipiemme Vita, or sell their shareholding to the other party.

Agreements between companies and directors, members of the management board or supervisory council which provide for compensation in the event of resignation or dismissal without just cause, or if their employment contract should terminate as a result of a takeover bid (article 123-bis, paragraph 1, letter i) of the Consolidated Law on Finance)

At the date of this report, the members of the Board of Directors are not employees of Banco BPM or a Group company, apart from the Chief Executive Officer, for whom, in the event of early termination of the employment contract or early resignation from the position, the criteria and maximum limits to calculate the amounts in accordance with the provisions of the remuneration of banking group staff shall apply (see paragraph "6.9 termination of the employment contract and pension treatment" contained in the Remuneration Report published on the Internet site www.bancobpm.it – Banco BPM > [Corporate Governance](#) > Remuneration policies section).

Rules applying to the appointment and replacement of directors and members of the management board or supervisory council, and amendments to the articles of association if different from those applied as a supplementary measure (article 123-bis, paragraph 1, letter l) of the Consolidated Law on Finance)

The information relating to the appointment and replacement of the members of the Board of Directors is set out in paragraph 6.1 of this report.

With regard to the rules applicable to amendments to the Articles of Association, the Board of Directors, in accordance with article 24.2.2, letter y) of the Articles of Association, approves the proposals to amend the Articles of Association of the Company to be submitted to the extraordinary Shareholders' Meeting for approval (article 11.4 of the Articles of Association) and to decide on the alignment of the Articles of Association with regulatory provisions (article 24.2.2, letter bb) of the Articles of Association).

Existence of delegated powers regarding share capital increases pursuant to article 2443 of the Civil Code or powers of the directors or members of the management board to issue participating financial instruments or to authorise the purchase of own shares (article 123-bis, paragraph 1, letter m) of the Consolidated Law on Finance)

At the date of this report, the Board of Directors of Banco BPM was not delegated any powers to issue participating financial instruments. To that end, the Ordinary Shareholders' Meeting of Banco BPM S.p.A., held in Verona on 6 April 2019, approved the request to authorise the purchase and sale of treasury stock to serve the share-backed remuneration plans of Banco BPM S.p.A.

There were 3,657,792 shares in the treasury stock portfolio as at 31 December 2019, while at the date of this report, the treasury stock in portfolio amounted to 3,654,892.

As at the date of this report, to the knowledge of Banco BPM, there are no:

- parties who hold Banco BPM securities giving special rights of control (article 123-bis, paragraph 1, letter d) of the Consolidated Law on Finance);
- shareholder agreements pursuant to article 122 of the Consolidated Law on Finance (article 123-bis, paragraph 1, letter g) of the Consolidated Law on Finance);

The Articles of Association of Banco BPM do not contain provisions making exceptions to the passivity rule as provided under article 104, paragraphs 1 and 1-bis of the Consolidated Law on Finance, or neutralisation rules as described by article 104-bis, paragraphs 2 and 3 of the Consolidated Law on Finance.

Additionally, the information pursuant to article 123-bis, paragraph 2 of the Consolidated Law on Finance, is set out in the following sections of this report:

- article 123-bis, paragraph 2, letter a): chapter 3
- article 123-bis, paragraph 2, letter b): paragraph 8.2
- article 123-bis, paragraph 2, letter c): chapter 5
- article 123-bis, paragraph 2, letter d) and new d-bis, chapters 6 and 7 relating to the Board of Directors and the Board of Statutory Auditors respectively.

3) COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter a), Consolidated Law on Finance)

Adherence to the Borsa Italiana Code of Best Practice (article 123-bis, paragraph 2, letter a) of the Consolidated Law on Finance)

Since its establishment, Banco BPM has adhered to the Borsa Italiana Code of Best Practice.

Banco BPM decided not to adopt the following recommendations of the Borsa Italiana Code of Best Practice:

- Application criteria 3.C.1, letter e), providing that parties who were directors of the issuer for over nine years in the last twelve years do not have to fulfil the independence requirement for the reasons set out in paragraph 6.7 of this report;
- with regard to the Comment in article 4 of the Code, according to which “*in companies that belong to the FTSE-Mib index, the board of directors will evaluate the option to establish a committee in charge of supervising the sustainability issues related to the exercise of the business activities and its interactions with all the stakeholders; alternatively, the board will assess the idea of grouping together or distributing said functions among the other committees*”. Banco BPM decided not to establish a committee for this purpose for the following reasons:
 - supervision of the sustainability issues is carried out primarily by the Internal Control and Risks Committee, and to a lesser extent directly by the collective governing body in its strategic supervision function;
 - In its historic areas, Banco BPM operates both through the Territorial Consultation Committees which provide consultation to encourage the Company to put roots in the geographic areas where it is present, and through the Donation Committee and Foundations that promote initiatives to support the civil and social fabric for projects involving social assistance, charity or that are in the public interest; these prerogatives contribute, *inter alia*, to the development and interaction of the relations that the Banco BPM Group has with its stakeholders.

The Borsa Italiana Code can be consulted on the website of Borsa Italiana (www.borsaitaliana.it) and is available to the public on the website of Banco BPM (www.bancobpm.it – Banco BPM > Corporate Governance > Corporate governance reports section).

The corporate governance structure of Banco BPM is not influenced by non-Italian legal provisions.

Adherence to other codes of conduct (article 123-bis, paragraph 2, letter a) of the Consolidated Law on Finance)

As at the date of this report, Banco BPM had not adhered to any other codes of conduct, but did not put any conditions on any decision by the Parent Company to adhere to said codes in the future.

4) MANAGEMENT AND COORDINATION: the role of the Parent Company and the Banco BPM group

Banco BPM is the Parent Company of the Banco BPM banking Group to which, *inter alia*, other banks, finance companies and instrumental companies also belong.

In this role, the Banco BPM exercises management and coordination of the Group in accordance with article 61 of the Consolidated Banking Law and the specific laws of the Supervisory Authorities. To that end the Company, in the exercise of its management, guidance and coordination:

- issues, with respect to the members of the Group, the provisions needed to implement the Group strategies in accordance with the criteria of uniformity and consistency and adequacy with respect to the specific businesses;
- guarantees the stability of the Group, checking to ensure the goals assigned are pursued and monitoring the adequacy of the internal control system within the scope of the Group and the subsidiaries;
- carries out the Group coordination, including through the centralisation of the powers of oversight and control;
- identifies and asks the subsidiaries for the decisions that they have to make and for which the Parent Company must receive prior notification, and any other information that the Parent Company believes it should acquire in relation to the exercise of its coordination duties.

The main Italian Companies that form part of the Banco BPM Group are indicated below:

- the Parent Company: Banco BPM;
- a bank operating in the area of private banking: Banca Aletti & C. S.p.A.;
- a bank operating in the area of corporate & investment banking: Banca Akros S.p.A.;
- the Product companies: (i) ProFamily S.p.A. that operates in the consumer credit sector; (ii) Release S.p.A. which operates in the leasing sector.

At the end of June 2019, the Group completed its reorganisation of the consumer credit sector, after which Banco BPM sold 100% of the share capital of ProFamily to Agos Ducato, subject to the completion of a demerger of the non-captive assets of Profamily in favour of a newly established company, which kept the name ProFamily and is 100% controlled by Banco BPM; the instrumental companies: (i) Bipielle Real Estate S.p.A., a company that mainly holds properties needed for the banking activities, and part of the non-instrumental properties of the Group, and (ii) Ge.Se.So. S.r.l., a company canteen services company. On 11 February 2019, the merger of BP Property Management Soc. cons. a r.l. and Società Gestione Servizi BP Soc cons. p.a. into Banco BPM took legal effect.

The Group also has a presence abroad with:

- 2 foreign banks: Banca Aletti & C. (Suisse) S.A. and Bipielle Bank (Suisse) in liquidation. FINMA (the Swiss Supervisory Authorities), having found that Bipielle Bank (Switzerland) in liquidation no longer carries out banking activities or transferable securities trading, gave notice that the company was no longer subject to Federal banking laws or federal laws on the stock exchange or transferable securities trading on 20 December 2018;
- liaison offices in the Republic of India (Mumbai) and Hong Kong (Special Administrative Region of the People's Republic of China).

5) SHAREHOLDERS' MEETINGS

The information below is also provided in accordance with article 123-bis, paragraph 2, letter c) of the Consolidated Law on Finance.

The main provisions of the Articles of Association of Banco BPM containing the rules on the Shareholders' Meetings of the Company are illustrated. For more information, please refer to the website of Banco BPM (www.bancobpm.it – Corporate Governance/Corporate Documents section).

In accordance with article 11 of the Articles of Association, the Shareholders' Meeting, validly called and quorate, represents all the shareholders and its resolutions, passed in accordance with the law and the Articles of Association, shall apply to all shareholders even if absent or not in agreement.

The Shareholders' Meetings shall be ordinary or extraordinary in accordance with the law.

Ordinary Shareholders' Meetings shall:

(a) appoint, in accordance with the number established by the Articles of Association and the mechanisms described under article 50.5 of the Articles of Association, the members of the Board of Directors, revoke said appointment, determine their remuneration and elect the Chairperson and the Acting Deputy Chairperson, according to the provisions of article 20.8 of the Articles of Association;

(b) appoint the Statutory Auditors and the Chairperson of the Board of Statutory Auditors with the mechanisms described under article 37 of the Articles of Association and establish their fees;

(c) decide on the responsibilities of the members of the Board of Directors and the Board of Statutory Auditors;

(d) approve the FY financial statements;

(e) decide on the allocation and distribution of profits;

(f) appoint, upon the proposal (given with reasons) of the Board of Statutory Auditors, and revoke or change said appointment, where necessary, in agreement with the Board of Statutory Auditors, the company engaged to perform the statutory audit, and determine the fees;

(g) make decisions regarding the approval of (i) remuneration and bonus policies in favour of the Boards of Directors, the Statutory Auditors and staff, including the Board of Directors' potential proposal to set a limit to the ratio between the variable and fixed components of individual remuneration of key personnel of higher than 1:1 and within the limit established by the regulations in force from time to time; (ii) remuneration and/or bonus plans based on financial instruments; and (iii) criteria for determining payment to be agreed in the case of early termination of employment or office, including fixed limits such as payment in terms of annuity of fixed remuneration and the maximum amount that derives from implementation thereof;

(h) approve and amend the shareholders' meeting rules;

(i) resolve upon the other matters assigned to it by prevailing laws or the Articles of Association.

Extraordinary Shareholders' Meetings decide upon amendments to the Articles of Association (subject to the powers allocated to the Board of Directors in accordance with article 24.2.2, letter bb) of the Articles of Association), and on the appointment, revocation, replacement and powers of receivers or on any other matter assigned to it by law for which it is responsible and not prohibited by the Articles of Association.

In accordance with article 13 of the Articles of Association, Shareholders' Meetings are called by the Board of Directors whenever it is deemed appropriate or, according to the provisions of article 2367 of the Civil Code, using the mechanisms provided for by prevailing law, upon written request containing an indication of the topics to discuss by a number of shareholders that represent at least one twentieth of share capital or any other percentage established by prevailing laws. In any case, an ordinary Shareholders' Meeting must be called at least once a year, no later than 120 (one hundred and twenty) days from the end of the financial year. This period may be extended to 180 (one hundred and eighty) days from the end of the financial year in the cases provided for by law.

Subject to the power to call meetings set out by other provisions of the law, the Shareholders' Meeting may be called, subject to notification to the Chairperson of the Board of Directors, also by the Board of Statutory Auditors or by at least two of its members, in accordance with prevailing laws.

Using the mechanisms, terms and limits established by prevailing laws, shareholders who, also jointly, represent at least a fortieth of the share capital, or any other percentage established by prevailing law, can, by written request, ask for additions to be made to the list of topics to discuss at the Shareholders' Meeting that appear in the notice calling the meeting, indicating in the request the other topics they propose and preparing a report on the materials that they propose discussing, and proposing decisions on matters already on the agenda. Calling meetings and adding to the agenda at the request of the shareholders cannot be done for topics which the Shareholders' Meeting addresses, by law, upon proposal by the Board of Directors or based on a project or report prepared by said Board, other than those indicated under article 125-ter, paragraph 1 of the Consolidated Law on Finance. The justification for exercise of the right will be proven by filing a copy of the communication or certification issued by the intermediary in accordance with prevailing law.

Shareholders' meetings are called by notice stating the day, time and place of the meetings, the list of topics on the agenda and anything else provided by law. The notice calling the meeting must be published within the timeframes and using the mechanisms provided for by prevailing law.

Ordinary and extraordinary shareholders' meetings are generally held, at a single call, in accordance with article 2369, paragraph 1 of the Civil Code. However, the Board of Directors may establish that ordinary or extraordinary Shareholders' Meetings are held after more than one call, setting the date for a second call, and for extraordinary shareholders' meetings only, even a third call. This decision will be set out in the notice calling the meeting. Please refer to article 12 of the Articles of Association for more information on the places where Shareholders' Meetings can be held.

In accordance with article 14 of the Articles of Association, parties with the right to vote who send the Company the notification by the authorised intermediary confirming their right to attend the Shareholders' Meeting and exercise the right to vote, within the terms set out by law, may attend the Shareholders' Meetings.

Parties with the right to vote may be represented at the Shareholders' Meeting in accordance with prevailing laws.

The Board of Directors has the right to appoint, disclosing it in the notice calling the meeting, for each Shareholders' Meeting, one or more parties to whom holders of voting rights can confer, using the mechanisms provided for under prevailing law, a proxy with instructions to vote on all or some of the items on the agenda. The proxy given to the party appointed by the Board of Directors will only be valid for the proposals for which voting instructions have been given only.

Subject to the provisions of article 2372, second paragraph, of the Civil Code, the proxy may only be conferred for individual Shareholders' Meetings, and will also be valid for subsequent calls of the Meeting, and may not be conferred with the name of the representative blank. No voting by correspondence is permitted. Please refer to article 14 of the Articles of Association for more information on the right to attend and right to be represented at Shareholders' Meetings.

In accordance with article 15 of the Articles of Association, in order for either ordinary or extraordinary Shareholders' Meetings to be valid, on the sole, first or second call, or for extraordinary Shareholders' Meetings third call, prevailing laws shall apply with reference to each individual call, subject to the provisions of article 16.2 of the Articles of Association.

In accordance with article 16 of the Articles of Association, the decisions are made by the ordinary Shareholders' Meeting, on the sole, first or second call, with the majority provided by prevailing laws in relation to each call, with the exception for the provisions set out under article 16.2 of the Articles of Association, and subject to the provisions of the Articles of Association regarding the election of members of the Board of Directors and the Board of Statutory Auditors. If there are an equal number of votes, it will be considered to have been rejected.

In accordance with article 16.2 of the Articles of Association, the decisions concerning any proposal to set a limit to the ratio between the variable component and the fixed component of the individual remuneration of key personnel of higher than 1:1, pursuant to what is set out by prevailing laws, will be approved by the ordinary Shareholders' Meetings when: (i) the Shareholders' Meeting comprises at least half of the share capital and the decision is made with the vote in favour of at least 2/3 (two thirds) of the share capital represented at the Shareholders' Meeting and with the right to vote; or (ii) the decision will be made with the vote in favour of at least 3/4 (three quarters) of the share capital represented at the shareholders' meeting and with the right to vote, regardless of the the amount of capital comprising the Shareholders' Meeting. Extraordinary Shareholders' Meetings, on a sole, first, second or third call, shall decide with the vote in favour of the number of shareholders that represent at least 2/3 (two thirds) of the capital represented at the Shareholders' Meeting and with the right to vote. Please refer to article 16 of the Articles of Association for more information.

In accordance with article 8 of the Articles of Association, each ordinary share confers the right to cast one vote, subject to cases of suspension or loss of the right to vote as provided under the Articles of Association or prevailing laws.

For Banco BPM, shareholders' Meetings represent a favourable opportunity for interacting in a productive way with the shareholders and are an important occasion to disclose news about the Company to the shareholders in accordance with the parity-of-information principle and rules on price sensitive information. For these reasons *inter alia*, the Company intends to encourage the broadest possible attendance by shareholders at Shareholders' Meetings while also ensuring a higher level in the quality of the information provided.

In order to ensure adequate disclosure of the items that will be examined and approved at Shareholders' Meetings, Banco BPM, in accordance with the legally required deadlines, will make the reports illustrating the items on the agenda available to the public, at the head office, on its website www.bancobpm.it, on the website of Borsa Italiana S.p.A. and using the authorised storage mechanism www.emarketstorage.com, informing the market by publishing a press release.

The Ordinary Shareholders' Meeting of Banco BPM S.p.A., held in Verona on 6 April 2019, approved the financial statements for the FY 2018, and, upon proposal by the Board of Statutory Auditors, added to the auditing firm's fees, decided on the remuneration policies and on the request for authorisation to purchase and sell its treasury stock to serve Banco BPM S.p.A. share-backed remuneration plans. To that end, pursuant to the notice published on 6 March 2020,, Banco BPM - pursuant to the authorisation issued by the European Central Bank, in accordance with the provisions of Regulation (EU) no. 575/2013 and delegated regulation (EU) no. 241/2014 - initiated a share repurchase programme to be used for the parties to benefit from the Plans included in the scope of key personnel of the Group ("PPR"), who make up 0.9% of the Group's staff.

In addition, Banco BPM adopted, with decision made by the 2017 Shareholders' Meeting, a "Shareholders' Meeting Rule" aimed at governing the orderly and functional shareholders' meetings.

Said Rule - in accordance with the provisions of article 2364, paragraph 1, no. 6) of the Civil Code, article 9.C.3 of the Borsa Italiana Code that the Bank adhered to and article 11.3, letter h) of the Bank's Articles of Association - gathers the specific shareholders' meeting procedures in order to

ensure the management and effectiveness of said shareholders' meetings and encourage the exercise of the rights of those with voting rights into a document.

The Rule can be consulted on the website of Banco BPM (www.bancobpm.it – “Corporate Governance/Shareholders' Meetings section”).

In accordance with application criteria 9.C.2 of the Borsa Italiana Code of Best Practice, with reference to the Shareholders' Meeting held on 6 April 2019, , the members of the Board of Directors and the Board of Statutory Auditors were present, except for Ms Marisa Golo who was absent with good reason.

6) BOARD OF DIRECTORS

The information below is also provided in accordance with article 123-bis, paragraph 1, letter l), paragraph 2), letter d) and d-bis of the Consolidated Law on Finance.

The main provisions of the Articles of Association containing the rules on the Board of Directors of the Company are illustrated below. For more information, please refer to the website of Banco BPM (www.bancobpm.it – Corporate Governance section).

6.1 APPOINTMENT, REPLACEMENT AND COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with article 20.1.1 of the Articles of Association, the Board of Directors comprises 15 (fifteen) directors, including non shareholders, including a Chairperson and an Acting Deputy-Chairperson appointed by the Shareholders' Meeting in accordance with the provisions of article 20.8 of the Articles of Association. Additionally, in accordance with the provisions of article 44.1 of the Articles of Association for the “transitory” period that will end on the date of the Shareholders' Meeting of the Company called to approve the financial statements for the FY that ended on 31 December 2019 (the “**First Expiry**”) - which date corresponds to the date the third financial year ended following the date the Merger took effect (calculating, for that purpose, also the financial year starting from said date) - the Board of Directors of the Issuer will comprise 19 (nineteen) directors.

On the basis of article 20.1.2 of the Articles of Association, the composition of the Board of Directors must guarantee, in compliance with the provisions of Law no. 120 of 12 July 2011 as amended, and prevailing law and regulations, gender balance for the period required under said laws.

In compliance with legal and regulatory provisions governing equal access to the management and control bodies of companies listed in regulated markets, and more specifically the amendments to article 147-ter of the Consolidated Law on Finance introduced by article 1, paragraphs 302 and 304, Law no. 160 of 27 December 2019, it was provided that - starting from the first renewal of the management and control bodies of the listed companies after the date of entry into effect of the law - the less represented gender for six consecutive terms of office must account for at least two fifths of the directors elected.

In accordance with article 20.1.3 of the Articles of Association, the members of the Board of Directors must be capable of performing their duties, in accordance with prevailing law and the Articles of Association, and more especially, they must possess the requirements of professional competence, integrity and independence, and meet the criteria of competence, honesty, time

commitment and the specific limits to the number of appointments as provided under prevailing laws and the Articles of Association.

Article 20.1.4 of the Articles of Association establishes that, without prejudice to the various and/or additional requirements established in prevailing laws, all members of the Board of Directors must have adequate experience, obtained through at least five years of administrative and/or management and/or audit activities, in Italy or abroad, or at least three years as a chairperson, chief executive officer and/or general manager, in: (i) banks, financial companies, asset management companies; or (ii) insurance companies; or (iii) companies with shares traded on a regulated market in Italy or abroad; or (iv) companies other than those mentioned above which, individually or at a consolidated group level, have turnover exceeding € 100 million, as resulting from the most recently approved financial statements. Candidates who have not accrued said professional experience may also be elected, provided that they are not a majority, if: (a) they are or have been tenured university professors for at least five years in legal, corporate, economic or mathematics/statistics/corporate engineering faculties; or (b) are or have been registered for at least ten years in the professional associations of chartered accountants, notaries or lawyers; or (c) have covered for at least three years administrative level roles in public administrations or independent authorities with institutional competence in matters pertinent to banking, insurance or financial activities.

Subject to any other provisions of prevailing laws, at least 7 (seven) directors must hold the independence requirements set out under article 20.1.6 of the Articles of Association (at least 9 (nine) during the transitory period up to the First Expiry).

In accordance with article 20.2 of the Articles of Association, the members of the Board of Directors shall stay in office for three years, expiring on the date of the Shareholders' Meeting called for the approval of the financial statements relative to the last financial year of their office, and they can be reappointed upon expiry of their term of office.

In accordance with article 20.3.1 of the Articles of Association, subject to the provisions of article 20.1, individuals who are either ineligible or disqualified from office pursuant to article 2382 of the Civil Code may not be appointed as members of the Board of Directors. The same limitations apply to individuals who do not meet the integrity or professional competence requirements required by prevailing laws and regulations.

Subject to any other reasons for incompatibility envisaged by prevailing laws, persons that are or become members of management bodies or employees of companies that carry out or belong to groups that carry out business activities that are in competition with those of the Company or the Group to which it belongs, with the exception of central trade institutions or investee companies held directly or indirectly by the Company, may not be appointed to the position, and if appointed, will be removed from office. The above prohibition is not applicable when the participation in management bodies of other banks relates to the representation of trade organisations or associations of the banking system.

On the basis of article 20.4 of the Articles of Association, the election of members of the Board of Directors shall be based on lists in which the candidates are assigned progressive numbers. If a number of candidates is submitted that is equal to or higher than 3 (three), the list will have to comply with the gender proportions provided under prevailing laws.

The lists of candidates for the position of director may be submitted:

- (i) by the Board of Directors (the **"Board List"**). The composition and submission of the Board List will have to be approved, subject to the non-binding opinion of the Appointment Committee, with the vote in favour by 11 directors in office (subject to the provisions of articles 44.2 and 44.3 of the

Articles of Association, which indicate a quorum of 14 directors for the approval of the Board List up to the First Expiry);

- (ii) by one or more shareholders who own a total shareholding of at least 1% of the share capital of the Company with the right to vote at ordinary Shareholders' Meetings, or any other percentage established by prevailing laws, and that will be communicated, from time to time, in the notice calling the Shareholders' Meeting called to decide on the appointment of the Board of Directors (the **"Shareholders List"**); and
- (iii) by one or more shareholders who are also employees of the Company or its subsidiaries and who own a total shareholding of at least 0.12% of the share capital of the Company (the **"Shareholders-Employees List"**).

With exclusive reference to the election of the entire Board of Directors provided for at the First Expiry (or in the sole hypothesis of election of the entire Board of Directors pursuant to article 44.3), the right to submit the Shareholders-Employees List is only attributed to employees who have held the status of shareholder for at least 5 years, with the status of shareholder in the two Companies that took part in the Merger being valid to give shareholder status (see article 46 of the Articles of Association).

The ownership of the minimum percentage of shares in the share capital to submit the lists described under (ii) and (iii) is determined with respect to the shares that are registered in favour of the individual shareholder, or by more shareholders on a joint basis on the day on which the lists were filed with the Company. The ownership of the number of shares necessary to submit the lists must be confirmed in accordance with prevailing laws; this confirmation must be sent to the Company, even after the filing, as long as it takes place at least twenty-one days before the date of the Shareholders' Meeting in compliance with the conditions set forth by prevailing laws.

The following must be complied with in order to be valid:

- (a) the lists of candidates must be filed with the head office, including through remote communication means defined by the Board of Directors in accordance with the mechanism, set forth in the notice calling the meeting, which allow the identification of the parties who are filing, at least twenty-five days before the date of the Shareholders' Meeting, and made available to the public at the head office, on the website of the Company and with any other mechanisms provided for under the law in effect at the time, at least twenty-one days before the date of the Shareholders' Meeting;
- (b) each shareholder may submit or take part in submitting and voting on one list of candidates only, even if through third parties; Shareholders who belong to the same corporate group - with this meaning the parent company, the subsidiaries and the companies subject to joint control - and shareholders who belong to a shareholders' agreement as provided by article 122 of the Consolidated Law on Finance regarding the shares of the Company, may not submit, and those who are entitled to vote, more than one list, even if through third parties or through trust companies. Shareholders who submit a list and who are not the shareholders who hold a controlling interest or relative majority must also submit a declaration confirming the absence, with respect to said shareholders, of connections that could be classified as significant in accordance with prevailing laws. Each candidate may only be part of one list, if this condition is not met the candidate shall not be eligible;
- (c) the Board List must comply with the following requirements: (i) it must contain 15 (fifteen) candidates; (ii) the first 2 places must indicate the candidate for the position of Chairperson of the Board of Directors in first place on the list, and the person who it wishes to propose to the Board of Directors to fill the position as Chief Executive Officer, in second place on the list; (iii) the third place must indicate the candidate for the position of Acting Deputy-Chairperson of the Board of Directors;
- (d) the composition of the Shareholders Lists and the Shareholders-Employees List does not have to comply with the provisions of letter (c) above. Lists with less candidates than 15 can therefore be submitted provided that: (i) the lists with a number of candidates equal to or higher than 3 must

include candidates of different genders in order to ensure that the composition of the Board of Directors complies with gender balance requirements in accordance with prevailing laws and regulations; (ii) they must contain a number of candidates who fulfil the independence requirements provided under article 20.1.6 of the Articles of Association that is equal to at least 7 (seven) candidates where the list comprises 15 (fifteen) candidates or at least half (rounding down to the next full number if the first decimal place is equal to or lower than 5 or rounding up to the next full figure in the other cases) where this list comprises a number of candidates of less than 15 (fifteen);

- (e) unless otherwise specified by the laws in effect at the time, along with each list, within the deadline for filing it as indicated in letter (a) above, any further documentation or statements required by prevailing laws or regulations must be filed at the registered office of the Company, in addition to the information relating to those who submitted the lists, indicating the percentage shareholding held as a whole, an exhaustive disclosure on the personal and professional characteristics of the candidates, the statements with which the individual candidates accept their candidature and confirm, under their own responsibility, that there are no grounds for ineligibility or incompatibility, and that the legal, regulatory requirements and those under the articles of association to hold the position of Board director are fulfilled, the list of directorship and control positions covered in other companies and the declaration of the possession of the independence requirements provided under the Articles of Association, and any other information that would help the overall assessment of suitability for the position covered in accordance with the card that will be made public by the Company beforehand, also taking account of the guidelines of the Supervisory Authorities;
- (f) in addition to the documentation set out under letter (e) above, the shareholders-employees who submit the Shareholders-Employees List must file the documentation confirming their status as employees of the Company or its subsidiaries.

Any lists that are submitted that do not fulfil the above-mentioned requirements will be considered not to have been submitted. However, the lack of documentation relating to the individual candidates on a list will not automatically invalidate the entire list but only the candidates who are not in compliance.

The Board List must be filed and made public using the same mechanisms provided for the lists submitted by shareholders.

In accordance with article 20.5.1 of the Articles of Association, if more than one list of candidates is submitted for the election of the Directors, the following procedure will be followed:

- (a) 12 directors shall be taken from the list obtaining most votes, on the basis of the progressive order in which they were listed, or the lower number of directors that correspond to all the candidates indicated on said list;
- (b) the remaining 3 directors - or the higher number of directors if the list indicated in letter (a) above did not contain a total of 12 directors - will be appointed from the other lists as follows:
 - 1. where at least one Shareholders-Employees List has been validly submitted and obtained votes:
 - (i) 1 director will be appointed from the Shareholders-Employees List that obtained the highest number of votes from the Shareholders-Employees Lists; while (ii) the remaining 2 or more directors to be elected in accordance with this letter (b) will be taken from the list, other than the one described under (i), on the basis of the following criteria: the votes obtained by each list will be divided by one, two, three, four, etc. in accordance with the number of members still to elect. The resulting quotients will be progressively assigned to the candidates on each of said lists according to the order in each list. The quotients attributed this way to the candidates of the various lists will be set out in a single descending ranking: the candidates that obtained the highest quotients and that are taken from lists that are not related in any way, in accordance with prevailing laws, to the list that obtained the highest number of votes will be elected as board directors up to when the number of directors still to elect has been reached. It is

understood that in any case, 1 director will be taken from the Shareholders-Employees List even if the number of votes obtained from said list is lower than that obtained by the other lists;

2. if no Shareholders-Employees Lists are submitted or they are submitted but none of the Shareholders-Employees Lists obtained votes or if the list that obtained the highest number of votes in accordance with letter (a) above is a Shareholders-Employees List, the remaining 3 or more directors will be taken from the other lists that obtained votes - different to the one that came first in accordance with letter (a) above - on the basis of the following criteria: the votes obtained by each list will be divided by one, two, three, four, etc. in accordance with the number of members still to elect. The resulting quotients will be progressively assigned to the candidates on each of said lists according to the order in each list. The quotients attributed this way to the candidates of the various lists will be set out in a single descending ranking: the candidates that obtained the highest quotients and that are taken from lists that are not related in any way, in accordance with prevailing laws, to the list that obtained the highest number of votes will be elected as board directors up to when the number of directors still to elect has been reached.

Subject to the provisions of articles 20.6 and 20.7 of the Articles of Association, if it is not possible to complete the composition of the Board of Directors in accordance with the procedure defined in letter (b) above, or the number of candidates entered onto the lists submitted as a whole is lower than the number of directors to elect, the missing directors will be elected by majority decision of the Shareholders' Meeting in accordance with the provisions pursuant to articles 20.1.2., 20.1.3., 20.1.4., 20.1.5., 20.1.7., 20.3.1., 20.3.2. and 20.3.3. of the Articles of Association, to which the reader should refer for more information.

In accordance with article 20.6 of the Articles of Association, in the cases governed by articles 20.5.1. (b)(1) and 20.5.1. (b)(2) of the Articles of Association (i.e. in the cases described by letter (b) paragraphs 1 and 2 above), where more than one candidate obtained the same quotient, the candidate belonging to the list from which no Director has been elected yet, or the lower number of Directors has been elected, shall be elected (subject to the cases set out under article 20.5.1 (b)(1) of the Articles of Association - i.e. the case under letter (b) point 1 pursuant to the above - from the Shareholders-Employees List, if validly submitted, that obtained the highest number of votes among the Shareholders-Employees Lists must obtain 1 director). If no Director has been appointed from those lists, or the same number of Directors has been appointed from those lists, the candidate who has obtained the highest number of votes shall be elected. If there is the same number of votes obtained and if the quotients are the same, the appointment shall take place by means of a ballot by the whole Shareholders' Meeting, and the candidate who obtains the relative majority of votes shall be elected, subject to compliance with the provisions of articles 20.1.2., 20.1.3., 20.1.4., 20.1.5., 20.1.7., 20.3.1., 20.3.2. and 20.3.3 of the Articles of Association, to which the reader should refer for more information.

On the basis of article 20.9 of the Articles of Association, if only one list is submitted, the members of the Board of Directors will be elected from that list up until the maximum number of candidates on the list has been elected. If the number of candidates on the single list is lower than 15, the remaining directors will be appointed by the Shareholders' Meeting by majority decision with respect to the capital represented at the Shareholders' Meeting and those who have the right to vote, upon proposal by the shareholders present.

In accordance with article 20.10 of the Articles of Association, if no lists are submitted on time, the Shareholders' Meeting shall pass a resolution with the majority of votes of the share capital represented at the Meeting by those with voting rights, upon proposal of the shareholders present. If a number of candidates obtain the same number of votes, another vote shall be held by ballot, subject to the requirement to meet the requirements set out by law and articles 20.1.2., 20.1.3., 20.1.4., 20.1.5., 20.1.7., 20.3.1., 20.3.2. and 20.3.3. of the Articles of Association with respect to the composition and

requirements of members of the Board of Directors, to which the reader should refer for more information.

Please refer to article 20.8 of the Articles of Association regarding the election of the Chairperson and the Acting Deputy-Chairperson of the Board of Directors.

In accordance with article 20.11 of the Articles of Association, subject to the provisions of article 44.1, if during the year, one or more members of the Board of Directors should leave for any reason, provided that the majority still comprises the members appointed by the Shareholders' Meeting, the Board of Directors will make the replacement by co-option, in accordance with article 2386 of the Civil Code, choosing, where possible, from among the candidates originally submitted on the same list that the outgoing member was on, who confirms their candidature, in compliance with the minimum number of independent directors provided by the Articles of Association and the minimum number of directors who belong to the less represented gender provided for under the Articles of Association and prevailing laws and regulations.

At the subsequent appointment at the shareholders' meeting, in accordance with the principles of independence and gender balance provided by the prevailing laws and regulations and the Articles of Association, the following will be necessary:

- (a) to replace a director who was taken from the list that obtained the highest number of votes, the Shareholders' Meeting will vote on a relative majority basis among the candidates originally on the list that the outgoing member was on and who has confirmed his/her candidature. If that is not possible, the Shareholders' Meeting will vote on a relative majority basis without any list restrictions;
- (b) to replace a director who was taken from the Shareholders-Employees List, the Shareholders' Meeting will vote on a relative majority basis from the candidates originally on the list that the outgoing member was on and who has confirmed his/her candidature, or failing this, from the candidates who, if possible, were proposed by the shareholders/employees of the Company or the subsidiaries at the Shareholders' Meeting in accordance with the articles of association relating to the submission of the Shareholders-Employees Lists. If that is not possible, the Shareholders' Meeting will vote on a relative majority basis without any list restrictions;
- (c) to replace a director who was taken from a Shareholders List other than the list that obtained the highest number of votes, the Shareholders' Meeting will vote on a relative majority basis for the candidates submitted on the same list as the outgoing member and who have confirmed their candidature or, failing this, from the candidates on any other Shareholders' Lists besides the Shareholders' List that obtained the highest number of votes and that are not the Shareholders-Employees Lists. If that is not possible, the Shareholders' Meeting will make the replacement by voting on a relative majority basis without any list restrictions, in accordance with the principle of the necessary representation of minorities;
- (d) to replace a director who was taken from the Board List, if said list had not obtained the highest number of votes, the Shareholders' Meeting will vote on a relative majority basis for the candidates originally on the list that the outgoing member was on and who have confirmed their candidature. If that is not possible, the Shareholders' Meeting will vote on a relative majority basis without any list restrictions.

The members of the Board of Directors who have to replace the outgoing members will stay in office up to the expiry of office of the director being replaced.

If the Chairperson of the Board of Directors and/or the Acting Deputy-Chairperson or the Deputy-Chairpersons, or one of them, appointed up to the First Expiry in accordance with article 45 of the Articles of Association, should leave office early, the Board of Directors will replace this person/these persons with the ordinary quorum described under article 23.4.1 of the Articles of Association. A relative majority of the capital represented at the shareholders' meeting with voting rights will vote for the subsequent appointment at the shareholders' meeting, without any list restrictions.

If, due to resignation or for any other reason, more than half of the directors appointed by the Shareholders' Meeting are no longer in office before the expiry of the term of office, the entire Board will be considered to have resigned and a Shareholders' Meeting will have to be called for the new appointments. However, the Board will remain in office until the Shareholders' Meeting has decided on the re-establishment of the Board, and the acceptance of at least half of the new Directors has been received.

* * *

Extraordinary Shareholders' Meetings of the two Companies forming part of the Merger (Banco Popolare and BPM) held on 15 October 2016 approved the Proposed Merger and pursuant to its terms, the appointment of the first Board of Directors of the Company, comprising 19 members.

As at the date of this report, the Board of Directors comprises the following members: Carlo Fratta Pasini, lawyer, Chairperson; Prof. Mauro Paoloni, Acting Deputy-Chairperson; Mr Guido Castellotti, Prof. Maurizio Comoli, Deputy-Chairpersons; Mr Giuseppe Castagna, Chief Executive Officer; Prof. Mario Anolli, Mr Michele Cerqua, Ms Rita Laura D'Ecclesia, Carlo Frascarolo, accountant, Prof. Paola Galbiati, Ms Cristina Galeotti, Mr Piero Lonardi, Giulio Pedrollo, engineer, Mr Fabio Ravanelli, Ms Manuela Soffientini, Mr. Massimo Tononi, Prof. Costanza Torricelli, Ms Cristina Zucchetti.

They will remain in office for three financial years (until the approval of the financial statements for 2019) and can be re-elected.

On 14 May 2019 and 23 July 2019, Ms Marisa Golo and Mr Pier Francesco Saviotti respectively resigned from the board. The Board of Directors, which met on 28 February 2020, decided, upon proposal by the Appointments Committee, to appoint, by co-option in accordance with article 2386 of the Civil Code, Mr Massimo Tononi as a Board Member, and he will remain in office until the next Shareholders' Meeting.

Qualitative-quantitative composition of the Board of Directors

The optimal qualitative-quantitative composition of the Board of Directors was initially established by the management bodies of Banco Popolare and of BPM on 24 May 2016, in a document entitled "Preliminary analysis of the qualitative-quantitative compositions of the Board of Directors and of the theoretical profile of candidates for the position of Board Member of the company resulting from the merger between Banco Popolare - Società Cooperativa and Banca Popolare di Milano S.c.ar.l." ("Board of Directors Composition Analysis Document") and submitted to the Shareholders' Meeting referred to above to approve the proposed merger (available on the website www.bancobpm.it – in the Banco BPM > Investor Relations > BP – BPM Merger section).

Afterwards, at the board meeting of Banco BPM on 30 January 2017, the Board of Directors found that the composition of the Board of Directors in office complied with the qualitative-quantitative optimal composition described in the Board of Directors Composition Analysis Document in accordance with the Articles of Association.

At the meeting of 26 November 2019, the Board of Directors approved - within the scope of the Board List formation process (article 20.4.2 of the Articles of Association)", decided at the board meeting of 16 July 2019 - the new "Qualitative-quantitative composition of the Board of Directors" completed on 21 January 2020 (the "Qualitative-quantitative composition of the Board of Directors") containing, *inter alia*, the profiles expected of the members of the Board of Directors, including the particularly significant roles (Chairperson, Deputy Chairperson and Chief Executive Officer). The

"Qualitative-quantitative composition of the Board of Directors" is available on the Bank's website (www.bancobpm.it – Corporate Governance section > Shareholders' Meeting > Ordinary and Extraordinary Shareholders' Meeting of 4 April 2020 > Other documentation).

Quantitative composition of the Board of Directors

The composition of the Board of Directors is of central importance for the effective fulfilment of the crucial duties assigned to this body by law, Supervisory Provisions and the Articles of Association. The number of members must be proportionate to the size and complexity of the bank's organisational structure, in order to effectively exercise management and control over all company operations. Therefore, it should not be too large or, conversely, too small.

To that end, the Supervisory Provisions establish, starting from 30 June 2017, that in bigger banks or those with complex operations, the number of directors should not be higher than 15 (fifteen) apart from exceptional cases that must be analytically assessed, with reasons being given. In view of the above, with reference to the numerical composition, the Banco BPM Articles of Association provide that the Board of Directors shall comprise (i) up to the First Expiry (date the Shareholders' Meeting will be called to approve the financial statements for the third FY following the date the Merger took effect), 19 (nineteen) members; and (ii) after said expiry, 15 (fifteen) members.

We should emphasise that the provision for a Board of Directors initially comprising 19 members - due to its transitory nature - does not conflict with the Supervisory Provisions. We should also emphasise that the composition of the structure of the first Board of Directors was aimed at ensuring that, at least during its first term of office, the New Parent Company could benefit from the contributions of the larger number of individuals who could make an essential contribution to the establishment of the new group. Additionally, the initial size of the Board would appear to be appropriate since it encourages integration between the groups and gives the merger an inclusive value. Terms of office also have a duration of three financial years, and at the end of the transitional period the Board of Directors will fall to 15 members, in line with that established in the Supervisory Provisions.

During the self-evaluation, with specific reference to the aspects related to the quantitative composition of the Body, the position of most of the Directors emerged, indicating they agreed that a total number of 15 members starting from the next renewal of the Board would be adequate to ensure the correct functioning of the Board.

Qualitative composition of the Board of Directors

From the qualitative standpoint, the members of the Board of Directors must be capable of performing their duties, in accordance with prevailing law and the Articles of Association, and more especially, they must (i) possess the requirements of professional competence, integrity and, to the applicable extent of the law, independence, and (ii) meet the criteria of expertise, honesty, time commitment and the specific limits to the number of appointments as provided under prevailing laws.

Professional requisites

All the members of the Board of Directors must possess the professional competence requirements provided for under prevailing law (especially, article 26 of the Consolidated Banking Law and related Ministerial Decree 161/1998) and the Articles of Association in effect (article 20.1).

Expertise criteria

In addition to the professional competence requirements, the Directors have to meet expertise criteria requirements, also in the meaning of knowledge and experience, as provided under prevailing laws (including the EBA/ESMA, *Joint Guidelines on the assessment of the suitability of members of the management body and key function holders* - September 2017) - hereinafter the "EBA-ESMA Guidelines") and ECB (*Guide to fit and proper assessments* of 15 May 2017 and updated most recently in May 2018, hereinafter the "ECB Guidelines") in accordance with the nature of the position/job covered and the size and operational characteristics of Banco BPM. Past professional experience is significant for this purpose, in addition to the technical knowledge (and expertise) acquired through learning and training.

In formulating its recommendations for the shareholders who wish to submit a list, the Board of Directors has defined the optimal composition in order to ensure both complementarity in terms of experience and expertise accumulated and the placement of value on the personal and behavioural characteristics of its members, and to represent the applicable aspects of diversity.

In this scope, the importance of identifying profiles with adequate availability of time and resources was also considered so that the candidates could fulfil their roles on the Board and on the internal board committees as best and efficiently as possible.

With reference to prevailing laws, significant attention was paid to CRD IV and the Supervisory Provisions in relation to the internal control system, and developments in the laws governing listed Companies (including for example the Code of Best Practice); special regard was also paid to the instructions contained in soft law, i.e. the ECB Guidelines governing the requirements for professional competence and integrity of bank representatives, and the EBA-ESMA Guidelines regarding the suitability of banking representatives.

Within this scope, the Board of Directors of Banco BPM recommended that, with reference to the professional experience requirements - subject to compliance with the provisions of prevailing law and the articles of association in effect (article 20.1.14 ⁽²⁾) - candidates for the role of Non-executive Director should preferably possess one or more of the following types of professional expertise/experience, stating further:

- experience of at least 3 years recently accumulated in the business of financial and/or banking service/markets in non-executive or executive roles (Head of a company or top management) in Italy and/or abroad. In accordance with the role to cover, significance will also be attached to the experience accumulated in relation to the above-mentioned business in the professional, academic or public sectors;
- core experience in the business of a universal bank (retail, credit, private banking, asset management, bancassurance, etc.);
- expertise and experience in the assessment and management of the main types of risk relating to banking activities or in financial services;
- expertise and experience in financial statements, accounting policies and tax accrued in the financial sector or in audit companies;

⁽²⁾ Without prejudice to the various and/or additional requirements established in prevailing laws, all members of the Board of Directors must have adequate experience, obtained through at least five years of administrative and/or management and/or audit activities, in Italy or abroad, or at least three years as a chairperson, chief executive officer and/or general manager, in: (i) banks, financial companies, asset management companies; or (ii) insurance companies; or (iii) companies with shares traded on a regulated market in Italy or abroad; or (iv) companies other than those mentioned above which, individually or at a consolidated group level, have turnover exceeding € 100 million, as resulting from the most recently approved financial statements. Candidates who have not accrued said professional experience may also be elected, provided that they are not a majority, if: (a) they are or have been tenured university professors for at least five years in legal, corporate, economic or mathematics/statistics/corporate engineering faculties; or (b) are or have been registered for at least ten years in the professional associations of chartered accountants, notaries or lawyers; or (c) have covered for at least three years administrative level roles in public administrations or independent authorities with institutional competence in matters pertinent to banking, insurance or financial activities.

- strategic planning experience accumulated in a listed company or multinational company or leading strategic international consultancy company, preferably in financial services;
- specific expertise in the area of computer systems and new technologies applied to the banking and financial sector accumulated in leading international strategic consultancy companies or in companies, preferably listed, in executive or non-executive roles;
- legal-economic, corporate or regulatory expertise and experience, preferably in the banking, financial or financial services sectors, accumulated in leading law firms or in large companies or groups;
- expertise and experience in governance and organisational structures accumulated in listed or multinational companies in executive or non-executive roles, or with leading international consultancy companies;
- expertise and experience in human resources, remuneration systems and policies, accumulated in listed or multinational companies in executive or non-executive roles, or with leading international consultancy companies;
- expertise and experience in the area of sustainability.

Specific expertise is also required, for the areas of respective interest, by the members of the internal board committees. Special attention will be paid to members who cover the role of Chairperson in the above-mentioned internal board committees, since they will have to have built up specific experience and specific awareness and expertise in the matters that the committees will have to deal with.

The Borsa Italiana Code of Best Practice also requires that at least one member of the:

- i. Audit and Risks Committee must have adequate experience in accounting and financial areas or in risk management;
- ii. Remuneration Committee must have adequate knowledge and experience in “*financial matters or remuneration policies*”,

to be evaluated by the Board of Directors upon appointment in the committees.

Required profiles of the particularly significant roles on the Board

The Board of Directors of Banco BPM recommended that the parties covering the positions of Chairperson of the Board of Directors, Deputy Chairperson and Chief Executive Officer, will ideally reflect the following ideal profiles, within the scope of full compliance with prevailing laws and the Articles of Association:

Chairperson of the Board of Directors

The Chairperson of the Board of Directors will ideally possess the following characteristics and personal skills which will make him/her more fully qualified for the role:

- Ten years of professional experience recently accumulated. This experience must include a significant portion of high level managerial positions and significant technical awareness in the banking or equivalent area;
- High level of intellectual independence and integrity to ensure the sound and prudent management of the Bank;
- Consolidated reputation on the Italian and international market, in full compliance with the distinctive image of the Group;
- Ability to represent the Bank before local and international regulatory bodies, and significant institutions, being a convincing ambassador of the basic values of the Group;
- Leadership skills in managing people, along with strong emotional intelligence, the ability to listen and independence of thought to be employed in the Board in his/her role as “*super partes*”;
- Experience in governance matters in comparable contexts in terms of size and complexity;

- Expertise in the quantitative, regulatory and financial reporting areas in order to face challenges with respect to the CEO and top management;
- Continuous willingness to examine the details of constantly evolving regulations, developments in the industry as a whole and peer relations, including at European level.

Deputy Chairperson of the Board of Directors

The Deputy Chairperson of the Board of Directors will ideally possess the following characteristics and personal skills which will make him/her more fully qualified for the role:

- Leadership skills in managing people, along with strong emotional intelligence, the ability to listen and independence of thought;
- Ability to facilitate dialogue within the Board of Directors;
- Capacity to represent the Bank in place of the Chairperson in the event of his/her absence or impediment;
- Adequate availability of time to stand in for the Chairperson in the event of his/her absence or impediment.

Chief Executive Officer

The Chief Executive Officer will ideally possess the following characteristics and personal skills which will make him/her more fully qualified for the role:

- Ten years of recent professional experience accumulated in sectors related to banking or financial services. This experience - preferably as a CEO of banks of a similar complexity to Banco BPM - must include holding high level managerial positions for a significant portion of the above-mentioned period;
- High level of intellectual independence, integrity and reputation with respect to the lawmakers and investors, in full compliance with the distinctive image of the Group;
- High level of sensitivity and exposure to the European and Italian markets;
- Leadership skills in the management of people along with the ability to establish and lead high level and senior teams in a complex organisation;
- Consolidated experience in leading listed companies, of a similar complexity to Banco BPM;
- Deep understanding of regulatory matters, risk and all aspects of capital management, experience in financial reporting, accounting policies and tax, accumulated in highly regulated contexts;
- Solid capacity to lead and develop the commercial aspects of the banking sector, especially in the retail division, but also in private banking, asset management, investment banking, bancassurance, etc.;
- Good understanding and fit with the culture and business model of the Banco BPM;
- Proven strategic capacity, short/medium/long term planning vision;
- Proven capacity to be resilient in highly stressful situations.

Capability requirements

In addition to the professional competence requirements referred to above, the Board of Directors recommended that the characteristics and personal skills of the candidate (known as soft skills) are duly considered in the selection of the candidates as indicated by the EBA/ESMA Guidelines which should be referred to for further details.

The Board of Directors also recommended that, in the identification of the candidate profiles for the position of Chairperson of the Board of Directors, the Shareholders duly consider also Board leadership capacity and coaching / development of the Directors, also in relation to the future identification of the Directors that will head up the internal board committees.

Integrity requirements

All the candidates for appointment as Members of the Board of Directors must comply with the integrity requirements in accordance with prevailing laws. More specifically, the members of the Board of Directors:

- must possess the integrity requirements pursuant to Ministerial Decree 161/1998 and Ministerial Decree 162/2000;
- must not be involved in situations that could give rise to suspension from the position in accordance with Ministerial Decree 161/1998.

The failure to comply with the integrity requirements will make it impossible to take on the office or will lead to loss of the office.

Fairness criteria

In addition to the integrity requirements, Directors will have to fulfil the criteria for fairness, intended as good reputation, honesty, integrity and financial strength, established by prevailing laws (including the EBA-ESMA Guidelines and the ECB guidelines). More specifically, it is important that the members of the Board of Directors:

- have not behaved in a way that is not in line with their position as the Member of the Board of Directors of the Bank even though not necessarily a criminal offence, or that could result in consequences that are seriously prejudicial to the Bank's reputation;
- do not - and did not in the past - find themselves in situations that, with regard to the economic activities and financial conditions of the candidates (or the companies controlled by them or with significant stakes or direct interest) are - or were - including on a potential basis, capable of affecting their reputations.

A Director will be considered to fulfil the integrity requirements if there are no elements that would suggest the contrary or if there are no grounded doubts on his/her integrity.

Availability of time and commitment required of the Directors

The availability of time and resources to dedicate to the performance of the position of Director, due to its nature and quality, is a basic requirement that candidates must guarantee, also in relation to the activities resulting from the participation in the work of the internal board committees of which they are members.

With regard to the specific situation of Banco BPM, note - at an informational level - that in the 2017-2019 three-year period, an average of 20 meetings were held for the Board of Directors, 24 meetings for the Internal Control and Risks Committee, 17 meetings of the Appointments Committee and 16 meetings of the Remuneration Committee.

In addition to the above, there will have to be a commitment to take part in the Induction meetings and ongoing training, in addition to any off-site training and anything resulting from the participation of the Directors as invitees in the Committees to which they do not belong. In addition to the time needed for the meetings, the time needed for each Director to get to the meetings and prepare for the meetings must be added.

In view of the above, the Board of Directors recommended that candidates should accept the position if they believe they can dedicate the time and energy necessary, taking account of the amount of time needed for other working or professional activities, in addition to the performance of duties for positions held in other companies.

To that end, and with specific reference to the proper functioning of the Board and the contribution of each component to its internal dialectic, an estimate was made to be taken as a reference to evaluate the minimum time considered necessary for the effective participation in meetings, summarised in the table below, noting that the estimation of the time commitment needed to be a member of the Committees must be understood to include the time commitment involved in being a mere Director:

Role	Commitment estimate (days/year)
<i>Chairperson</i>	<i>200 days</i>
<i>Chief Executive Officer</i>	<i>Full time</i>
<i>Deputy Chairperson</i>	<i>100 days</i>
<i>Non-Executive Director</i>	<i>40 days</i>
Commitment for Committees	
Role	Commitment estimate (Board of Directors + Committee) (days/year)
<i>Chairperson of the Internal Control and Risks Committee</i>	<i>75 days</i>
<i>Member of the Internal Control and Risks Committee</i>	<i>57 days</i>
<i>Chairperson of the Appointments Committee</i>	<i>52 days</i>
<i>Member of the Appointments Committee</i>	<i>46 days</i>
<i>Chairperson of the Remuneration Committee</i>	<i>52 days</i>
<i>Member of the Remuneration Committee</i>	<i>46 days</i>

Limit to the accumulation of external positions

The Board Directors will have to comply with prevailing laws (article 91 CRD IV, article 36 Law Decree no. 201/2011, converted into law no. 214/2011; article 2390 Civil Code) and the articles of association (articles 20.1.3, 20.3.2 and 20.3.3) regarding the taking up of positions in other companies besides the Bank.

On the basis of article 91 of the Directive CRD IV and article 3.1 of the Regulation "Limits to the accumulation of positions" of the Bank, referred to by article 20.3.3 of the Articles of Association, the members of the Board of Directors of the Bank can contemporaneously (also taking account of the positions covered within the Group) only hold one of the following combinations of corporate positions:

- a) 1 executive position with 2 non-executive positions;
- or
- b) 4 non-executive positions.

The above was set out under article 3.1 of the above-mentioned Regulation on the basis of which the following limits to taking on positions are provided for the Boards of Directors of the Group Banks:

- a) those who carry out roles with executive functions in Group Banks cannot take on executive positions in companies that do not belong to the Group while they can take on 2 non-executive positions in companies that do not belong to the Group;
- b) anyone who holds roles with non-executive functions in the Group Banks can take on the following combinations of positions:
 - 1 executive position in a company that does not belong to the Group and 1 non-executive position in a company that does not belong to the Group;

alternatively:

- 3 non-executive positions in companies that do not belong to the Group.

If the limits of the accumulation of positions are exceeded, upon appointment, or during the term of office, the party involved must promptly inform the body it belongs to, and in any case, the Board of Directors, who will set a time limit by which the person involved will have to make the consequent decisions to fall back within said limits.

Additionally, subject to any other incompatibility provided by prevailing laws (including the prohibition on interlocking directorships in accordance with Law no. 214 of 22 December 2011), the position of Director is not compatible with office of a political nature, meaning national parliamentary duties or as a member of the government. It is also recommended that the position of Director is not carried out by persons who hold European parliamentary office, or are members of regional, provincial or municipal councils (limited to the municipal capitals of Provinces).

The Board of Directors will make an annual check to ensure that the limits provided by said Regulation are being complied with by the representatives. The Board of Directors may, having assessed the situation in the interests of the Group, allow the limits to be exceeded by the representative subject to the opinion of the Appointments Committee, subject, in any case, to the mandatory limits provided by the laws and/or the regulations of the European Union, Italy, or in the Articles of Association.

During 2019, the Board of Directors found that the members of the Board of Directors, the Board of Statutory Auditors (standing members) and General Management had complied with the limits set out under the Position Accumulation Rule, and did not find any significant cases with respect to application of Law no. 214 of 22 December 2011 (known as Interlocking Directorship).

For further details and specifications regarding the position accumulation limits, please refer to the Rule "Position accumulation limits" available on the Bank's website (www.bancobpm.it – Corporate Governance section)

Independence pursuant to the articles of association and Independence of judgement

In accordance with the Articles of Association, at least 7 Directors (at least 9 up to the First Expiry) must possess the independence requirements established by article 20.1.6 of the Articles of Association in effect.

All the directors must act with independence of judgement, pursuing the sound and prudent management of the Bank and in compliance with all applicable laws.

The Board of Directors therefore recommended that in the selection of the candidates, attention would have to be paid to identify the parties that could make decisions with maximum independence of judgement and who do not have any conflicts of interest that could pose a potential risk for the Bank, including to its reputation.

Guidelines on diversity matters

In accordance with the provisions of prevailing laws and regulations, and best practices, it is considered necessary to ensure adequate diversification of the members of the Board of Directors with regard to both gender and expertise, and also to adopt an age policy.

More specifically, subject to the provisions of prevailing regulations, in order to ensure adequate discussion within the governing body, it is important for the composition of the body to reflect an adequate degree of diversification in terms of gender.

In compliance with legal and regulatory provisions governing equal access to the management and control bodies of companies listed in regulated markets, and more specifically the amendments to article 147-ter of the Consolidated Law on Finance introduced by article 1, paragraphs 302 and 304, Law no. 160 of 27 December 2019, it was provided that - starting from the first renewal of the management and control bodies of listed companies after the date of entry into effect of the law - the less represented gender for six consecutive terms of office must account for at least two fifths of the directors elected.

In light of the current regulatory environment, at least 6 (six) members of the Board of Directors must comprise the less represented gender.

Additionally, subject to the provisions of prevailing laws, to ensure that the governing body, as a collective body, can pursue suitable strategies and ensure the effective governance of risk in all areas of operations, it is important that the composition of the governing body provides for the balanced and diversified presence of directors who, individually, have accrued the expertise and experience in the banking and financial sectors and in financial services as indicated in paragraph 3.2.2 of the "Qualitative-quantitative composition of the Board of Directors".

Finally, the Board of Directors also approved an age policy for the Directors, establishing that the candidates who fill the roles of directors in Banco BPM cannot be, *inter alia*, older than 75, subject to the right of the Board to make exceptions to said criteria due to justified and grounded reasons.

Overall suitability of the Board of Directors

In order to ensure the collective suitability of the Board, the outgoing Board of Directors recommended that candidates for the new Board of Directors of the Bank should reflect a balanced composition of experience and technical knowledge (in the areas indicated below), of managerial and/or business management, found on the basis of an approach that encourages concrete, substantial and positive aspects over abstract, theoretical or merely negative aspects, and professional figures of excellence in the world of academia, corporate consultancy and self-employed professionals:

- Banking and financial businesses;
- Other financial businesses;
- Legal-economic and accounting experience;
- Strategic planning, knowledge of corporate strategy guidelines or the industrial plans of banks and relative implementation;
- IT and Digital;
- Governance and organisational structures;
- Human Resources and remuneration systems;
- Risks and controls (identification, evaluation, monitoring, control and methods to reduce the main types of risk of a bank);
- Marketing and commercial.

It was also recommended that the new Board should express an actual willingness to make further changes in view of rapid changes in the frame of reference, while maintaining - at the same time - the spirit of integration (still unique at European level) and its specific aspirations.

Induction / continued training Board activities

Banco BPM, also in view of what is required under the EBA/ESMA Guidelines, encourages the participation of Directors and Statutory Auditors in applicable training programs aimed at providing an in-depth knowledge of the sectors that the Bank and Group operate in and to guarantee the continuity and maintenance of the experience accumulated, over the years, by the corporate bodies of Banco BPM.

The training and induction plans are also aimed at helping Directors and Statutory Auditors to get a clear understanding of the structure of the Bank and the Group, the business model, the proper risk management profiles, the legal and regulatory framework in place and to give them in-depth knowledge of issues of strategic relevance.

On the basis of the above, training sessions were organised during 2019, also open to the Statutory Auditors and the representatives of the Group Banks invited if necessary, and that represented - as encouraged by the Supervisory Provisions of the Bank of Italy and in line with the provisions of the Borsa Italiana Code of Best Practice - an opportunity to obtain more in-depth information on matters of current interest and relevance for the banking system.

More specifically, the issues dealt with in 2019 related to the following matters in particular: (i) Corporate Social Responsibility and Governance; (ii) Interest management in the Civil Code and applicable laws; (iii) Financial market players: approach towards listed companies and expectations; (iv) Internal organisation of the Board of Directors and the internal board committees; (v) First level controls in the area of lending ; (vi) Second level controls in the area of lending ; (vii) Third level controls in the area of lending .

The Directors were also updated - *inter alia* with specific information reports provided during the board and collective meetings - on the main legislative and regulatory news involving the Company and the corporate bodies. In order to ensure that the members of the Board are kept constantly updated and trained, a regulatory alerting service was prepared and created by the applicable company departments on topics of legal and tax interest.

Succession plans

The Board of Directors - taking account of the opinion expressed by the Appointments Committee - approved, on 6 August 2019, as part of the "Succession plans of the Banco BPM Group" adopted by the Bank by decision of 14 March 2017 and amended on 7 November 2018, a document that - following the amendments made in the organisational structure of the Group, especially the incorporation of BPM S.p.A. into Banco BPM, and the establishment of the figures of Chief Lending Officer and Chief Financial Officer, and the consequent review of the scope of the "Top operational and executive Management" - updated the range of figures that it would establish and define succession policies for in line with the provisions of prevailing regulations and laws (Bank of Italy Circular no. 285 of 17 December 2013 as amended) and the recommendations in the Borsa Italiana S.p.A. Code of Best Practice.

Following said update, the "Banco BPM Group succession plans" relate to the figures indicated below:

- Chief Executive Officer of Banco BPM;
- General Co-Managers of Banco BPM;
- Top operational and executive management:
 - Chief Lending Officer (CLO);
 - Chief Financial Officer (CFO);
- Control Function Managers:
 - Internal Audit Manager;

- Compliance Manager;
- Risk Manager;
- Anti-Money Laundering Function Manager;
- Internal Verification Function Manager;
- Financial Reporting Manager;
- Chief Executive Officer of Banca Aletti & C. S.p.A.;
- Chief Executive Officer of Banca Akros S.p.A.;
- Chief Executive Officer of ProFamily S.p.A.;
- Chief Executive Officer of Banca Aletti & C. (Suisse) S.A.;
- Chief Executive Officer of Bipielle Real Estate S.p.A.;
- Chief Executive Officer of Release S.p.A.

* * *

The composition of the Board of Directors complies with the provisions of the articles of association regarding the independence and gender balance of its members and the provisions in the above-mentioned “Qualitative-quantitative composition of the Board of Directors”. Additionally, the current 17 Board Directors possess the requirements of professional competence and integrity established by prevailing laws.

More specifically, with regard to the professional competence requirement, each Director has specific expertise, acquired also outside Banco BPM, in order to carry out their mandates. The composition of the Board of Directors includes Directors representing the world of academia, professionals, who bring, as a whole, wide-ranging diversified expertise on banking, accounting, financial, organisational/ICT, legal, corporate, tax, human resources and risk areas, acquired through diversified experience, including in the world of business, with initiatives of particular significance and success.

With regard to the requirement of independence for the current Board of Directors, please refer to paragraph 6.7 of this report for further information.

Pursuant to art. 20.1.6 of the Articles of Association, the following are considered to be “executive directors”:

- (i) the chief executive officer, directors to whom the Board of Directors have granted powers pursuant to article 2381, paragraph two of the Civil Code (and article 24.2.2., letter g) of the Articles of Association) and directors who de facto carry out roles pertinent to the current management of the company for which they serve as directors;
- (ii) directors who are members of an executive committee;
- (iii) members of a board of directors that hold managerial roles in the company managed, overseeing specific areas of company operations.

Pursuant to art. 20.1.6 of the Articles of Association, executive directors may not be considered to be independent.

The connotation of “executive”, for the members of the Board of Directors, in the event that they are also members of the Executive Committee, is connected, in terms of the Borsa Italiana S.p.A. Code of Best Practice, with the required frequency of Committee meetings and the subject of the relative resolutions. In addition, the Bank of Italy’s Supervisory Provisions define as an “executive member”, *inter alia*, all directors on the Executive Committee.

The names of the executive members of the Board of Directors, and therefore non-independent, are set out below, specifying for each of them the reasons that mark them out as “executive” on the basis of the Borsa Italiana Code of Best Practice:

- Mr Giuseppe Castagna in his role as Chief Executive Officer and since he is automatically a member of the Executive Committee (in the role of Deputy Chairperson);
- Prof. Mauro Paoloni, only because he is a member of the Executive Committee;
- Mr Guido Castellotti, only because he is a member of the Executive Committee;
- Prof. Maurizio Comoli, only because he is a member of the Executive Committee;
- Mr Pier Francesco Saviotti, only because he is a member of the Executive Committee (in the role of Chairperson), who resigned on 23 July 2019;
- Mr Piero Lonardi, only because he is a member of the Executive Committee.

It should also be noted that the Chairperson of the Board of Directors is considered as “non executive” insofar as he/she does not have delegations of management and is not a member of the Executive Committee, participating at the meetings of the same, without voting rights, for the sole purpose of ensuring an effective exchange of information between the strategic supervisory function and the management one (art. 26.3 of the Articles of Association). The extraordinary shareholders' meetings of Banco Popolare and BPM, held on 15 October 2016, approved the Proposed Merger which provided for the appointment of the first Board of Directors of the Company, comprising the following 19 members (on 14 May 2019 and 23 July 2019, Ms Marisa Golo and Mr Pier Francesco Saviotti respectively resigned from the board) who will stay in office for three financial years (up to approval of the financial statements for FY 2019) and who can be re-elected. The following table shows information on each member of the Board of Directors in office as at 31 December 2019, considering that from 1 January 2020 to the date of this report, 6 meetings of the Board of Directors were held.

Surname and Name	Office held	Year of birth	Date of first appointment	In office since	In office to	List ^I	Exec. ^{II}	Indep. Article s of Association ^{III}	Indep. C. Aut. ^{IV}	Indep. Consolida ted Law on Finance ^V	% Board of Directo r s ^{VI}	Other offices ^{VII}
Carlo Fratta Pasini, lawyer	Chairperson Director	1956	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	NO	NO	YES	100%	0
Prof. Mauro Paoloni	Deputy-Chair. Acting Director	1960	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	YES	NO	NO	NO	100%	4
Mr Guido Castellotti	Deputy-Chair. Director	1947	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	YES	NO	NO	NO	100%	0
Prof. Maurizio Comoli	Deputy-Chair. Director	1958	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	YES	NO	NO	NO	100%	5
Mr Giuseppe Castagna	Chief Executive Officer Director	1959	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	YES	NO	NO	NO	100%	1
Prof. Mario Anolli	Director	1963	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	100%	1
Mr Michele Cerqua	Director	1969	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	100%	0
Prof. Rita Laura D'Ecclesia	Director	1960	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	94.44%	0
Carlo Frascarolo, acct.	Director	1956	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	100%	4
Ms Paola Galbiati	Director	1958	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	NO	NO	YES	94.44%	1
Ms Cristina Galeotti	Director	1967	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	77.78%	3

Mr Piero Lonardi	Director	1944	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	YES	NO	NO	NO	100%	2
Pedrollo Giulio, eng.	Director	1972	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	94.44%	5
Mr Fabio Ravanelli	Director	1970	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	100%	4
Ms Manuela Soffientini	Director	1959	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	83.33%	1
Prof. Costanza Torricelli	Director	1961	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	100%	0
Ms Cristina Zucchetti	Director	1971	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	88.89%	5

I: Not applicable. The members of the first Board of Directors of the Company were appointed by the extraordinary shareholders meetings of Banco Popolare and BPM, held on 15 October 2016, by approval of the Proposed Merger.

II: This column shows the Directors who are considered to be "executive" in accordance with application criteria 2.C.1. of the Borsa Italiana Code of Best Practice. The Bank of Italy's new Supervisory Provisions define all directors on the Executive Committee, inter alia, as "executive members".

III: This column indicates whether the Directors fulfil the independence requirement pursuant to article 20.1.16 of the Articles of Association or not.

IV: This column indicates whether the Directors fulfil the independence requirement pursuant to the application criteria 3.C.1 of the Borsa Italiana Code of Best Practice or not.

V: This column indicates whether the Directors fulfil the independence requirement pursuant to article 148, paragraph 3 of the Consolidated Law on Finance or not.

VI: This column indicates the attendance, in percentage terms, at the meetings of the Board of Directors held in 2019, taking the period of application of the office as reference.

VII: This column shows the total number of director, management and control positions held in other listed, financial, banking, insurance or significantly sized companies; the latter have been identified in light of the provisions set forth in the "Regulations on the limits to the number of positions" adopted by Banco BPM. The detailed list of positions is provided in annex 1 to this report.

The table below provides information on the composition of the Board of Directors as indicators of diversity.

	31 Dec. 2019
ACTUAL MEMBERS OF THE GOVERNING BODIES - DIVERSITY INDICATORS	Board of Directors
Gender	
Men	64.71%
Women	35.29%
Education	
Secondary school diploma	11.76%
Degree	41.18%
Other	47.06%
Age	
Under 50	17.65%
50 to 60	70.59%
Over 60	11.76%
Average age	58

The table below indicates, for each Board director currently in office: i) the attendance - as Chairperson (P), Deputy-Chairperson (VP) or member (M) in the internal committees of the Board of Directors, called in accordance with the Borsa Italiana Code of Best Practice (Internal Control and Risks Committee, Appointments Committee and Remuneration Committee); (ii) the presence in percentage terms at meetings considering that between 1 January and 31 December 2019:

- the Internal Control and Risks Committee **(C.C.I.R.)** met 24 times;
- The Appointments Committee **(C.N.)** met 17 times;
- The Remuneration Committee **(C.Rem.)** met 18 times;

Surname and Name	Office held	C.C.I.R.	% C.C.I.R.	C.N.	% C.N.	C.Rem.	% C.Rem
Fratta Pasini lawyer Carlo	Chairperson Director						
Paoloni Prof. Mauro	Deputy-Chair. Acting Director						
Castellotti Mr Guido	Deputy-Chair. Director						
Comoli Prof. Maurizio	Deputy-Chair. Director						
Castagna Mr Giuseppe	CEO Director						
Anolli Prof. Mario	Director	P	100%				
Cerqua Mr Michele	Director			M	100%		
D'Ecclesia Prof. Rita Laura	Director	M	95.83%				
Frascarolo Carlo, acct.	Director	M	100%	P	100%		
Galbiati Ms Paola	Director					M	100%
Galeotti Ms Cristina	Director			M	85.19%		
Lonardi Mr. Piero	Director						
Pedrollo eng. Giulio	Director			VP	100%		
Ravanelli Mr Fabio	Director					P	100%
Soffientini Ms Manuela	Director					VP	100%
Toricelli Prof. Costanza	Director	VP	100%				
Zucchetti Ms Cristina	Director					M	94.44%

The table below indicates, for each Board director: i) the attendance - as Chairperson (P), Deputy-Chairperson (VP) or member (M) - in the internal committees (Executive Committee, Related Parties Committee and Charitable Donations Committee) of the Board of Directors created in addition to the recommendations in the Borsa Italiana Code of Best Practice; (ii) the related presence in percentage terms at meetings considering that between 1 January and 31 December 2019, the:

- The Executive Committee **(C.E.)** met 15 times;
- the Related Parties Committee **(C.P.C.)** met 5 times;
- the Charitable Donations Committee **(C.E.L.)** met 7 times.

Surname and Name	Office held	C.E.	% C.E.	C.P.C.	% C.P.C.	C.E.L.	% C.E.L.
Fratta Pasini lawyer Carlo	Chairperson Director					P	100%
Paoloni Prof. Mauro	Deputy-Chair. Acting Director	M	93.33%			M	100%
Castellotti Mr Guido	Deputy-Chair. Director	M	100%				
Comoli Prof. Maurizio	Deputy-Chair. Director	M	86.67%				
Castagna Mr Giuseppe	CEO Director	VP	53.33%				
Anolli Prof. Mario	Director			VP	100%	VP	100%
Cerqua Mr Michele	Director						
D'Ecclesia Prof. Rita Laura	Director						
Frascarolo Carlo, acct.	Director					M	100%
Galbiati Ms Paola	Director						
Galeotti Ms Cristina	Director			P	100%	M	71.43%
Golo Ms Marisa	Director			M up to 14.05.2019	0.00%		
Lonardi Mr. Piero	Director	M	100%			M	100%
Pedrollo eng. Giulio	Director					M	57.14%
Ravanelli Mr Fabio	Director						
Saviotti Mr Pier Francesco	Director	P up to 23.07.2019	100%				
Soffientini Ms Manuela	Director						
Toricelli Prof. Costanza	Director			M	100%	M	100%
Zucchetti Ms Cristina	Director						

Some short biographical notes on the members of the Board of Directors are set out below, showing that they have adequate professional competence in the areas of banking, finance, legal, corporate, tax, organisational-ICT and risk management:

- Carlo Fratta Pasini – *Chairperson of the Board of Directors*: he is a lawyer in Verona. He became a Director at the former Banca Popolare di Verona - Banco S. Geminiano e S. Prospero in 1995, becoming Deputy-Chairperson in 1996 and Chairperson from 1999. He was also Chairperson of the Board of Directors of the former BPVN until June 2007, and Director and a member of the Executive Committee of Credito Bergamasco, where he then became Deputy-Chairperson from April 2012 to June 2014. From July 2007 to November 2011, he was the Chairperson of the Supervisory Board of the Banco Popolare and from November 2011 to 31 December 2016, he was Chairperson of the Board of Directors. From July 2004 to July 2012 he was Chairperson of the National Association of People's Banks after having been Deputy-Chairperson since 1999 and where he is still a Director. At present, he holds, *inter alia*, the following positions: Chairperson of the Giorgio Zanotto Foundation (since 2001) Director of the Italian Banking Association (since 2008) where he was also a member of the Executive Committee (from 30 May 2017 to July 2018), member of the Board of Directors of the European Institute of Oncology (since May 2018) and member of the Market Operator and Investors Committee of Consob since 20 February 2019. He also held the following offices: member of the Council of the Civic Museum Foundation of Venice (from 2010 to December 2015); member of the Board of the Studium Generale Marcianum Foundation (from December 2007 to April 2016) and member of the Oversight Committee of the Istituto Giuseppe Toniolo (from December 2013 to May 2019) where he was also a Board Director (from September 2015 to March 2018). He was also on the Board of certain private foundations and/or institutes; they include the Università Cattolica del Sacro Cuore (since January 2014) and the Fondazione Policlinico Universitario Agostino Gemelli (since April 2016) who provide training and assistance of particular economic significance. He has been Chairperson of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and Chairperson of the Charitable Donations Committee since 10 February 2017.
- Mauro Paoloni - *Acting Deputy-Chairperson of the Board of Directors*: Full Professor of Business Economics at Roma Tre University and a practising business consultant, providing advisory services on finance, accounting, extraordinary transactions and corporate crisis management, as well as company valuation services. He was Deputy Chairperson of the Supervisory Board of Banca Popolare di Milano from 2013 (where he had been a Member of the Supervisory Board and Member of the Internal Control Committee since 2011) until 31 December 2016. He has been a Member of the Interbank Deposit Protection Fund since 2017 and a member of its executive committee since 2019. He became a Member of the Board of Directors of the Italian Banking Association in early 2017. He has been Chairman of the Board of Directors of Bipiemme Vita S.p.A. (Covea Group) since 2014 and Bipiemme Assicurazioni S.p.A. since 2017; Chairman of the Board of Statutory Auditors of Grottini S.r.l. since 2011; and Member of the Board of Directors of Unione Fiduciaria S.p.A. since 2013. Since 2012, he has acted as Technical Consultant of Aerolinee Itavia S.p.A. in Extraordinary Administration, Sole Liquidator of Dahlia Tv S.p.A., and Chairman of the Board of Statutory Auditors of Associazione Nazionale Comuni d'Italia. He was a member of the Board of Auditors of the Italian Medicines Agency and is still a member of the Board of Auditors of the Superior Judicial Council. Since December 2019, he has been Chairperson of the Board of Statutory Auditors of IRCCS "L. Spallanzani" in Rome. Between 2012 and 2016 he held the office of standing auditor of Banca Akros S.p.A. He was Chairperson of the Board of Statutory Auditors of Credsec S.p.A. between 2004 and 2016, which already operated in the credit sales market. He has held numerous positions in the past, including the following: Chairman of the Board of Statutory Auditors of Hegemon S.p.A. (2010-2012); Strategic Advisor to the Ministry of Economic Development (2009-2010); Chairman of the Board of Statutory Auditors of Fondazione Policlinico Tor Vergata di Roma (2008-2014); Chairman of the Board of Statutory Auditors of Cofiri SIM S.p.A. (Capitalia Group) (2004-2011); Standing Auditor of Unicredit Banca di Roma S.p.A. (2008-2011); Independent Director and Member of the Internal Control Committee of Servizi Italia S.p.A., a

company listed on the Italian Stock Exchange (2007-2014); Strategic Advisor to the Ministry of Public Education (2006-2008); Independent Director and Chairman of the Supervisory Body of Selex Sistemi Integrati (a Finmeccanica Group company) (2006-2011); Standing Auditor of Banca di Roma S.p.A. (2000-2008); Standing Auditor of the Italian Medicines Agency (2015-2017); Member of the Supervisory Body of Banca Popolare di Mantova (2013-2017); Member of the Supervisory Body of Profamily S.p.A. (2012-2017); and Chairman of the Board of Statutory Auditors of Cofiri S.p.A. (Capitalia Group), in liquidation (2008-2016). He has been the Acting Deputy Chairperson of the Board of Directors of Banco BPM S.p.A. since 1 January 2017, a member of the Executive Committee since 10 January 2017, and a Member of the Charitable Donations Committee since 27 March 2018.

- Guido Castellotti - *Deputy Chairperson of the Board of Directors*: from November 2011 to 31 December 2016, he was the Deputy Chairperson of the Board of Directors of Banco Popolare, after serving as a member of the Board of Directors of the former BPI up to June 2007, a Member of the Supervisory Board of Banco Popolare since July 2007, also holding the office of Acting Deputy-Chairperson between April 2010 and 26 November 2011. He is currently the Chairperson of the Banca Popolare di Lodi Foundation and a Director in the Stefano ed Angela Danelli Foundation. He is also a Member of the Italian Banking Association. He held the following offices in the past: He has served as Member of the Board of Directors and of the Executive Board of the Chamber of Commerce of Milan (1985 to 2005), Member of the Italian Chamber of Deputies for the 11th Parliament (1992 to 1994), Councillor for the Lombardy Region (1985 to 1989), Councillor for the Province of Milan (1980 to 1985), Mayor of Livraga (1975 to 1993), Director of Coldiretti of Milan (1989 to 1992), Regional Director of Coldiretti of Lombardy (1994 to 2005) and Member of the Board of Directors of the Lazzaro Spallanzani Research Institute (1998 to 2010). He has been Deputy-Chairperson of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and a member of the Executive Committee since 10 January 2017.
- Maurizio Comoli - *Deputy-Chairperson of the Board of Directors*: Full Professor of Business Economics, he teaches general and applied accounting and company valuations at the Piemonte Orientale University, and was previously a lecturer and researcher with the Bocconi University in Milan; he is also a chartered accountant and auditor. From February 2005 to June 2007 he was Acting Deputy-Chairperson of the former BPVN; from July 2007 to November 2011 he was Deputy-Chairperson of the Supervisory Board of Banco Popolare and from November 2011 to 31 December 2016, Deputy-Chairperson of the Board of Directors, and also a Director with the European Oncology Institute up to May 2018. He was: a member of the Executive Committee of the European Association of Cooperative Banks (EACB). He has held numerous corporate offices and has been a member of the supervisory body of leading companies. He is currently Chairperson of the Board of Statutory Auditors of the Interbank Deposit Protection Fund (FITD), and a Director with the Italian Banking Association, and holds the following positions: Chairperson of the Board of Directors of Vera Assicurazioni S.p.A. and Vera Protezione S.p.A., Chairperson of the Board of Statutory Auditors of Mirato S.p.A. and MIL MIL 76 S.p.A., Standing Auditor of Herno S.p.A. and Chairperson of the Chamber of Commerce, Industry, Crafts and Agriculture of Novara. He has been Deputy-Chairperson of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and a member of the Executive Committee since 10 January 2017.
- Giuseppe Castagna - *Chief Executive Officer*: between 21 January 2014 and 31 December 2016, Managing Director and General Manager of Banca Popolare di Milano S.c.a.r.l.. He also held prominent executive positions with the banking group Intesa Sanpaolo between 1981 and 2013. More specifically, (i) since 1999 he has held the position of Head of the Large Corporate Service in Central Management first in Comit with the position of Co-Director of Central Management (April 1999), then in Intesa BCI following the merger between Banca Intesa and Comit in April 2001; (ii) in 2003, he became the Manager of the Large Corporate and Structured Finance Service Department of the Corporate Division of Intesa Sanpaolo S.p.A.; (iii) from 2005 to 2009, he acted as

Manager of the Large and Mid Corporations Department of the Corporate Division of Intesa Sanpaolo S.p.A.; (iv) in 2008, he was Coordinator of the Foreign Network Department of the Corporate and Investment Banking Division of Intesa Sanpaolo S.p.A.; (v) in 2009, he was in charge of Corporate Relationship Management in the Corporate and Investment Banking Division of Intesa Sanpaolo S.p.A.; (vi) between 2009 and 2013, he served as Regional Director for Campania, Basilicata, Calabria and Apulia, and General Manager at Banco di Napoli S.p.A. (760 branches). In 2011, he became Regional Manager for Sicily (940 branches); (vii) between 2012 and 2013, he oversaw the management of the Regional Banking Division of the Intesa Sanpaolo Group, with direct control over more than 20 Group banks and approximately 47,000 employees, and was General Manager of the Intesa Sanpaolo Group (maintaining, ad interim, his General Manager position at Banco di Napoli). Between 2003 and 2013 he also held the following positions: Member of the Board of Directors and of the Executive Committee of Mediofactoring S.p.A.; Director of Société Européenne de Banque S.A. Luxembourg; Member of the Board of Directors and of the Executive Committee of Società Leasint S.p.A.; Member of the Management Committee of SRM - Studi e Ricerche per il Mezzogiorno; Member of the Board of Directors of Banco di Napoli S.p.A.; Member of the Board of Directors of IMI Fondi Chiusi SGR S.p.A.; Chairperson of the ABI Regional Commission of Campania; Member of the Board of Directors of Intesa Sanpaolo Private Banking S.p.A. and Member of the Board of Directors of Agriventure S.p.A. He has been a Member of the Board of Directors of Banca Aletti S.p.A. since April 2018 and Director of the Italian Banking Association (ABI) since July 2018. He has served as Chief Executive Officer of Banco BPM S.p.A. since 1 January 2017 and Deputy Chairperson of the Executive Committee since 10 January 2017 and from July 2019 he took on the role of Chairperson.

- Mario Anolli - Member of the Board of Directors and Chairperson of the Internal Control and Risks Committee: he has been a Full Professor of Financial Brokerage Administration at the Banking, Financial and Insurance Sciences Department of the Università Cattolica del S. Cuore in Milan since 2004. He was Dean of the Faculty between November 2006 and October 2014. From 17 January 2014 to 31 December 2016 he served as Chairperson of the Management Board of Banca Popolare di Milano. He has also held the following positions: Member of the Senate Committees of the Academic Senate of the Università Cattolica del S. Cuore in Milan; Member of the Management Board of Fondo Famiglia Lavoro, Milan Diocese; Head of the PrevidSystem and Giustiniano di Intesa Previdenza SIM S.p.A. Public Pension Funds of the Intesa Sanpaolo Group (2007 to 2013); Member of the Board of Arbitration of Borsa Italiana S.p.A. (2007 to 2013); Member of the Committee of Wise People of MTS (2011 to 2013); Independent Member of the Board of Directors of Credito Artigiano S.p.A., Credito Valtellinese Group (Member of the Remuneration Committee and, subsequently, of the Internal Controls Committee and the Supervisory and Control Committee pursuant to Italian Legislative Decree no. 231/2001) (2008 to 2012); Member of the Board of Directors of Credito Valtellinese S.c.p.A., as well as Chairperson of the Internal Controls Committee and of the Supervisory and Control Committee pursuant to Italian Legislative Decree no. 231/2001 (April 2012 to January 2014) He was Chairperson of the Board of Directors of Prelios - Asset management company up to February 2019, and Deputy Chairperson of the Board of Directors of the Società Gestione Servizi BP between April 2017 and February 2019. He has been a Member of the Board of Directors of Banco BPM S.p.A since 1 January 2017, Chairperson of the Internal Control and Risks Committee and Deputy Chairperson of the Related Parties Committee since 10 January 2017, and Deputy Chairperson of the Charitable Donations Committee since 10 February 2017.
- Michele Cerqua - Member of the Board of Directors: CV With an academic background in theoretical economics and quantitative methodology at Università Cattolica del S. Cuore di Milano and then at École Normale Supérieure in Paris (now the Paris School of Economics); experience in analysis and financial planning at the OECD in France; after earning an MBA at HEC in Paris, France, he accrued extensive experience in the banking sector with a particular focus on the financial markets and structured finance, first at Société Générale in Paris and then with Credit Suisse in London; he then worked for WRM Group until 2018, which specialises in asset

management, mergers, acquisitions, structured loans, private equity, reinsurance and wealth management; he is an expert in corporate valuations, loans and restructuring, equity capital markets, derivatives, fixed income, structured products, private equity, etc., and personally arranges transactions, acting in the negotiations and in the structuring and performance. He has covered managerial roles (CEO, member of the Board of Directors, Compliance officer, director) in various countries-jurisdictions such as the United Kingdom, Switzerland, Luxembourg, Italy, Malta in holding companies, operational companies, listed and non-listed companies, regulated and non-regulated, involved in asset management, real estate, fintech, etc. He has accumulated considerable experience with European regulators such as FINMA, FCA, BCE, CSSF, MFCA and CONSOB. He currently focuses his interests in the private equity and corporate restructuring sectors, as well as alternative and special situations. He has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and a Member of the Appointments Committee since 10 January 2017.

- Rita Laura D'Ecclesia - *Member of the Board of Directors*: she has a degree in statistical and demographic science at La Sapienza University of Rome (1983); she earned a PhD (III year programme) in business administration at the University of Bergamo (Lo studio dei Mercati dei Capitali - the study of capital markets) and was a University Researcher at the Economics Department of Università degli Studi di Urbino between 1993 and 1998; she was an Associate Professor of Financial Mathematics and Actuarial Sciences at Università degli Studi di Foggia from 1998 to 2001; she has been a Professor of Mathematical Methods for Economic and Financial Applications at "La Sapienza" University of Rome since 2001; she was Visiting Professor at Birkbeck University of London from 2009 to 2016; she has been Economics and Finance PhD Coordinator since 2007; she has held the office of Chairperson of the Euro Working Group for Commodities and Financial Modellings (subsidiary group of the OR Society) since 2009; Chairperson of the Scientific Committee of the International Summer School on Risk Measurement and Control since 2006; in 2007, she was appointed as Expert Consultant for the Assessment of the Application of the Third Energy Package for the Liberalisation of the Electricity and Gas Market of the European Economic and Social Committee; in 2005-2006 and 2008-2009, she ran training courses for the Marcus Evans International Training Company in London, Stockholm and Beijing on "Mathematics Models for Risk Management". In 2015, she was appointed as Independent Member of the Board of Directors of IGEA Banca S.p.A. (a position which she resigned in December 2016); she was a Member of the Competitions Committee for Coadjutors in Quantitative Methods at CONSOB in 2009, at the Bank of Italy in 2015 and 2016, and at IVASS (Istituto per la Vigilanza sulle Assicurazioni - Italian Institute for the Supervision of Insurance) in 2016; her research specialises in the analysis of the pricing of financial instruments on financial markets and risk measurement and management. She has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and a Member of the Internal Control and Risks Committee since 10 January 2017.
- Carlo Frascarolo - *Member of the Board of Directors and Chairperson of the Appointments Committee*: he is enrolled in the Register of Chartered and Professional Accountants and the Italian Register of Statutory Auditors and is a practising chartered accountant. He has been a Member of the Board of Directors of the Chamber of Commerce of Alessandria since October 2013. He has previously served as Standing Auditor and Director at various commercial companies and in the banking sector. He was Standing Auditor of La Centrale del Latte di Alessandria e Asti S.p.A. from 2001 to 2004 and was the Chairperson of its Board of Directors from 2004 to 2008, and Chairperson of the Board of Statutory Auditors from December 2008 to 2017. He has also held the office of Chairperson of the Board of Statutory Auditors of Grassano S.p.A.. He has held several other positions: Chairperson of the Board of Directors, Chairperson of the Executive Committee and Member of the Board of Directors of Cassa di Risparmio di Alessandria (2009 to 2012); Member of the Board of Directors of Fondazione Cassa di Risparmio di Alessandria (1999 to 2001) and Member of the General Committee (2001 to 2009), as well as Member of the Board of Directors (2011 to 2012) and Deputy Chairperson (2012 to 2013) of Banca Akros S.p.A.; Deputy Chairperson of Banca

di Legnano S.p.A. (2012 to 2013), and Member of the Supervisory Board of BPM S.c.a.r.l. from 2013 to 31 December 2016. He is an expert witness for the Court of Alessandria. He has been a Member of the Board of Directors of Banco BPM S.p.A since 1 January 2017, Chairperson of the Appointments Committee and Member of the Internal Control and Risks Committee since 10 January 2017, and a Member of the Charitable Donations Committee since 10 February 2017.

- Paola Galbiati - *Member of the Board of Directors*: She has been a practising Chartered Accountant and Statutory Auditor in Milan since 1994; she has been a lecturer in corporate finance at Università Bocconi in Milan since 1986. She was a Member of the Supervisory Board of BPM from 30 April to 31 December 2016. She holds management and supervisory positions in several industrial entities (including listed companies) including the following: Member of the Board of Directors of the Dr. Ambrosoli Memorial Hospital Foundation (since 2010); Financial Manager of Teze Mechatronics (since 2013); Chairperson of the Appointments and Remuneration Committee, Member of the Control and Risks Committee and Independent Director of Servizi Italia S.p.A. (2012-2018); Independent Director of Fullsix S.p.A. and Member of the Internal Control and Risks Committee (2013 to 2014); Consultant for AlixPartners in the field of Financial Advisory Services and Corporate Turnaround (2005 to 2012); Chief Executive Officer of Dianos S.p.A. (2004-2006); Member of the Board of Directors of Lazzaroni S.p.A. (2003-2004); Standing Auditor of Tamburi Investment Partners S.p.A. (2015-2018). She has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and a Member of the Remuneration Committee since 10 January 2017.
- Cristina Galeotti - *Member of the Board of Directors and Chairperson of the Related Parties Committee*: She began her professional career in 1991 at the family firm Cartografica Galeotti S.p.A., now one of the leading companies in Italy in the graphics and packaging sector, where she has held the office of Executive Director since 1995. She is also Executive Director of Galefin S.r.l. and CFO of Clean Paper, Inc. She qualified as a Chartered Accountant in Lucca in April 1992 and has been enrolled in the Italian Register of Statutory Auditors since 1995. After earning her PhD in business administration at the Department of Economics of Università degli Studi di Pisa in 1997, alongside her professional commitments, she continued to teach and research corporate finance, banking and banking foundations, and is now a non-tenured Professor for the "Corporate Finance Strategies" course at the University of Pisa. She was Chairperson of Formetica, part of the Industrial Association of Lucca, from November 2011 to December 2015; Deputy Chairperson of the Board of the Lucca Chamber of Commerce; Member of the Board of Directors of the former Cassa di Risparmio di Lucca Pisa Livorno (Gruppo Banco Popolare) from 2006 to 2011, and a Member of the Regional Board of Consultation and Credit of the Lucca Division. She was also a Member of the Board of Directors of Banco Popolare from March 2014 to 31 December 2016. She was also a Director of Immobiliare G S.r.l. and Executive Director of Clean Paper Converting S.r.l. between 1995 and December 2019. She now holds the offices of Member of the General Council of Confindustria Nazionale, Standing Member of the Technical Credit and Finance Group of Confindustria Nazionale, Board Member of the Lucca Chamber of Commerce, and Auditor of Confindustria Toscana. She has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017, a Member of the Appointments Committee since 10 January 2017, a Member of the Charitable Donations Committee since 27 March 2018, and Chairperson of the Related Parties Committee since 3 August 2018.
- Piero Lonardi - *Member of the Board of Directors*: With a degree in business and trade, Piero Lonardi is enrolled in the Milan Register of Chartered Accountants and the Italian Register of Statutory Auditors. He is a practising chartered accountant and statutory auditor in Milan and provides consultancy services on accounting, tax-related, corporate, contractual and corporate economics matters. He began his career as a chartered accountant in Milan and as a bankruptcy trustee at the Court of Milan in 1973. He served as Chairperson of the Board of Statutory Auditors of Azienda Energetica Municipale (1993 to 1997) and Azienda Milanese Servizi Ambientali (1997). He

was then a Member of the Board of Directors of BPM S.c.a r.l. (1997), Chairperson of the Board of Statutory Auditors of AEM S.p.A. (1999-2002), and standing member of the Board of Statutory Auditors of BPM S.c.a r.l. (2000-2003). He was a Member of the Board of Directors and of the Executive Committee of BMP S.c.a.r.l (2003 - 2011), and a Member of the Supervisory Board of BPM S.c.a.r.l. from 2011 to 31 December 2016 His other previous roles include Member of the Board of Directors of Cassa di Risparmio di Alessandria S.p.A. (2004 to 2011); Member of the Board of Statutory Auditors of AMSA S.p.A. (from April 2007), and, subsequently, Chairperson of the Board of Statutory Auditors (from 2011); Chairperson of the Technical and Accounting Advisory Board of Fondazione Distretto Green & High Tech Monza Brianza (2007 to 2014); and Member of the Board of Statutory Auditors of Gut S.p.A. (1997 to 2011). He also served as Chairperson and Member of the Board of Statutory Auditors of Metroweb S.p.A.. He has been a Member of the Board of Directors of Banco BPM S.p.A since 1 January 2017, a Member of the Executive Committee since 10 January 2017 and a Member of the Charitable Donations Committee since 27 March 2018.

- Giulio Pedrollo - *Member of the Board of Directors*: Giulio Pedrollo founded the energy company Linz Electric S.p.A. in 2002 and currently serves as its Sole Director. He also holds the office of Chief Executive Officer of the family company Pedrollo S.p.A., a world leader in the electrical water pumps sector and a Pedrollo Group S.r.l. company. As part of Confindustria, he served as Chairperson of the Young Entrepreneurs Group in Verona from 2008 to 2011, holding the role of Deputy Chairperson and Member of the Management Committee of Confindustria Verona, as well as Regional Chairperson of Giovani di Confindustria Veneto from 2010 to 2013 and serving as Deputy Chairperson of Confindustria Veneto in charge of Education. From 2011 to 2013, he was also Chairperson of the Metalworkers' Division of Confindustria Verona, and from 2014 to 2019 a Member of the Board of Directors of Hypertec Solution S.r.l., from 2011 to 2019 Director of the Istituto di Assistenza Croce Verde di Verona and from 2013 to 2019, Chairperson of Confindustria Verona. Since April 2016, he has been National Deputy Chairperson of Confindustria and is in charge of industrial policy for the four-year period of 2016 to 2020. He is also a member of the Board of Directors of Gread Elettronica S.r.l. and Chief Executive Officer of Panelli S.r.l. He served as a Member of the Board of Directors of Banco Popolare from March 2014 to 31 December 2016. He has been a Member of the Board of Directors of Banco BPM S.p.A since 1 January 2017, Deputy Chairperson of the Appointments Committee since 10 January 2017 and a Member of the Charitable Donations Committee since 10 February 2017.
- Fabio Ravanelli - *Member of the Board of Directors and Chairperson of the Remuneration Committee*: he currently holds the following positions: Deputy Chairperson and Chief Executive Officer of Mirato S.p.A. since 1996; Chief Executive Officer of Mil Mil 76 S.p.A., a company belonging to the Mirato Group, since January 2003, also becoming Deputy Chairperson in April 2012; Chief Executive Officer of Moltiplica S.p.A. since November 2013, after serving as Sole Director since October 2007; Chairperson of Confindustria Piemonte since July 2016 and member of the National Confindustria Board. He has been Chairperson of the Teatro Coccia Foundation of Novara since November 2019. He served as Municipal Councillor of Novara from 1992 to 1996. He was Chairperson of the Novara Industrial Association from July 2010 to 31 December 2018, having served as Deputy Chairperson from June 2004 to June 2008. He has been Deputy Chairperson of Confindustria Novara-Vercelli-Valsesia since January 2019. He was also a Member of the Board of Directors of Banco Popolare from November 2011 to 31 December 2016, having served as a Member of the Supervisory Board (from May 2008 to November 2011) and was previously a Member of the Board of Directors of the former BPVN (from March 2005 to June 2007), and a Member of the Board of Directors of the former Banca Popolare di Novara (from December 2003 to April 2005 and then from July 2007 to April 2008). He has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and Chairperson of the Remunerations Committee since 10 January 2017.

- Manuela Soffientini - *Member of the Board of Directors*: Having graduated with a degree in economics from the Università Cattolica del S. Cuore di Milano in 1983, she began her professional career as a product manager for Perlana and Dixan Powder at Henkel Italia in 1984, where she stayed until 1990; from 1990 to 1997, she was marketing manager and marketing director at Nuova Forneria, a company operating in the food & snacks sector; from 1997 to 2000, she served as consumer manager in the lamps and batteries department of Philips Lighting; from 2001 to October 2008 she became CEO of Philips DAP Italy; from 2008 to 2012, she served as General Manager of Philips Consumer Lifestyle, where she was responsible for the small appliances and consumer electronics division; on 1 March 2008, she became a Member of the Board of Directors of Philips S.p.A.; she has been Chairperson and CEO for the Italy division of the Electrolux Major and Small Appliances and International Department since 2012; between 2012 and 2016, she served as an Independent Member of the Board of Directors of Pirelli and a Member of the relative Strategy and Remuneration Committees; she was an Independent Director of Geox S.p.A. from April 2016 to April 2019 and a Member of its Control and Risks Committee. Since June 2016, she has been Chairperson of Confindustria Ceced-Applia Italia Associazione; from April to December 2016 she was a member of the Supervisory Board of the Banca Popolare di Milano. She has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and a Deputy Chairperson of the Remuneration Committee since 10 January 2017.

- Costanza Torricelli – *Member of the Board of Directors*: Full Professor of Mathematical Methods of Economics and Actuarial and Financial Sciences at the Marco Biagi Department of Economics of Università di Modena e Reggio Emilia, where she is a Member of the Centro Studi Banca e Finanza (Cefin) [Centre for Banking and Financial Studies] and Associate Researcher at the Centre for Research on Pensions and Welfare Policies (CeRP) in Turin. She currently teaches Risk Management in the Analysis, Consultancy and Financial Management master's programme, and Models for Financial Investments in the Economics and Finance undergraduate programme at the "Marco Biagi" Department of Economics. She has delivered lectures on financial topics at the Universities of Bergamo, Brescia, Udine, Karlsruhe (Germany) and Cambridge (UK). Her research focuses on financial economics and risk management, and she has had several papers published in international scientific journals. She has served as a consultant for multi-utility and financial companies and was Member of the Board of Directors of Banca Aletti & C. S.p.A. from July 2014 to March 2017 where she was a member of the Related Parties Committee. She has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017, Deputy Chairperson of the Internal Control and Risks Committee and a Member of the Related Parties Committee since 10 January 2017, and a Member of the Charitable Donations Committee since 10 February 2017. She has been a Director of the territorial foundation of the Banco San Geminiano e San Prospero since 1 July 2019.

Cristina Zucchetti - *Member of the Board of Directors*: she began her professional career at the family firm, Zucchetti, a leading Italian provider of software solutions for various sectors of the market. She currently sits on the Board of Directors of various Group companies, including: Zucchetti Group S.p.A. (since 2005), becoming Chairperson in September 2012; Zucchetti S.p.A. (since 2006), where she served as Chairperson from February 2008 to June 2010; Director of Zucchetti Consult S.r.l. (since 1997) and Apri S.p.A. (since 2005). She is also Sole Director of Zeta & Partners Soc. tra Professionisti S.r.l. Her work focuses on the supervision of HR policies and communications. She is also the Director of a professional chartered accountancy firm specialising in accounting, administration, taxes, employment and litigation. She was a Member of the Board of Directors of Banco Popolare from November 2011 to 31 December 2016, after serving as a Member of the Supervisory Board between April and November 2011. She has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and a Member of the Remuneration Committee since 10 January 2017.

Members of the Board of Directors who have resigned

The Board of Directors of the Company who resigned in the period between 1 January 2019 and the date of this report are the following:

- Ms Marisa Golo who handed in her resignation as a Board Member on 14 May 2019;
- Mr Pier Francesco Saviotti who handed in his resignation on 23 July 2019 from his position as Director and Chairperson of the Executive Committee of Banco BPM, to take effect on that date.

The table below provides information on the Directors who resigned in 2019.

Surname and Name	Office held	Year of birth	Date of first appointment	In office since	In office to	List ^I	Exec. ^{II}	Indep. Article s of Associ ation ^{III}	Indep. C. Aut. ^{IV}	Indep. Consoli dated Law on Finance ^V	% Board of Directo ^{VI} s	Other offices ^{VII}
Ms Marisa Golo	Director	1959	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	NO	YES	YES	YES	12.50%	n.a.
Mr Pier Francesco Saviotti	Director	1942	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2019	NA	YES	NO	NO	NO	100%	n.a.

Some short biographical notes on the above-mentioned members of the Board of Directors are provided below:

- Marisa Golo - *Member of the Board of Directors*: she earned a degree in Business and Economics at the University of Verona; she started working at Calzedonia S.p.A. in 1990, becoming the Chief Executive Officer between January 1998 and March 2018 in the following areas: Human Resources, Finance and Treasury, Logistics and IT. She was a Member of the Board of Directors of Banco BPM S.p.A. between 1 January 2017 and 14 May 2019, and a Member of the Related Parties Committee between 10 January 2017 and 14 May 2019.
- Pier Francesco Saviotti - *Member of the Board of Directors and Chairperson of the Executive Committee*: with a background in banking, he took on several, significant positions during his professional career including the General Manager and Chief Executive Officer of Banca Commerciale Italiana, General Manager of Banca Intesa with responsibility of the credit area; he was also Deputy-Chairperson of Merrill Lynch Europe and Senior Advisor for Italy for Merrill Lynch International. He was a Director of Stefanel S.p.A. and Brembo S.p.A. until April 2014, of Nuovo Trasporto Viaggiatori S.p.A. to December 2014 and Moncler S.p.A. until April 2016. He was an Authorised Director and Deputy-Chairperson of the Management Board of Banco Popolare between December 2008 and November 2011, and was Chief Executive Officer between November 2011 and 31 December 2016. He was a member of the Executive Committee of the Italian Banking Association until 30 May 2017 and is still a Director. He was also a Director of Tod's S.p.A. and Banca Akros S.p.A. From 1 January 2017 to 23 July 2019 he was a Member of the board of Directors of Banco BPM S.p.A. and Chairperson of the Executive Committee between 10 January 2017 and 23 July 2019.

6.2 ROLE OF THE BOARD OF DIRECTORS

Pursuant to article 24 of the Articles of Association, the Board of Directors is responsible for supervising business strategy and management. For this purpose, the Board of Directors may take all required actions, which it deems necessary, useful or appropriate to implement the corporate purpose, relating to both ordinary and extraordinary administration, and has the right to permit the release or reduction of mortgages even if they have not been fully paid off, including through authorised parties if necessary.

The directors will have to inform the Board of Directors and the Board of Statutory Auditors of any interests that, on their own account or on behalf of third parties, they have in a given transaction of the Company, indicating the nature, terms, origin and extent; if the Chief Executive Officer is involved, he/she must refrain from undertaking the transaction entrusting it to the Board.

In accordance with the above, the Board of Directors will delegate the cash flow management of the Company to the Chief Executive Officer who will exercise it in accordance with the general planning and strategic guidelines established by the Board of Directors. The Board of Directors may also delegate specific functions to the Executive Committee in accordance with the provisions of article 27 of the Articles of Association, which should be referred to for further information.

In addition to the matters that cannot be delegated in accordance with the law, and those listed on article 24.2 of the Articles of Association, and subject to the authority of the Shareholders' Meeting, the following are reserved to the Board of Directors and cannot be delegated:

- (a) approval of the general planning and strategic guidelines and positions and the governance policies and the risk management of the Company and the Group, and their periodic review to ensure their effectiveness over time;
- (b) the decisions provided for under article 3.3 of the Articles of Association;
- (c) the industrial and financial planning, the approval of the budget of the Company and the Group, the definition of the geographic structure of the territorial Departments and the approval of the expansion plans of the territorial network (including any general variations) of the Company and the Group;
- (d) the definition and approval: (i) of the Risk Appetite Framework; (ii) the guidelines of the internal control system, so that the main risks relating to the Company and its subsidiaries and to transactions of greater significance are correctly identified, as well as adequately measured, managed and monitored, also establishing criteria relating to the compatibility of said risks with the sound and correct management of the Company; the Board of Directors is also responsible for approving (i) the establishment of corporate audit functions, assigning the relative tasks, responsibilities as well as the procedures for the coordination and collaboration of the same, the information flows between departments and between the latter and corporate bodies; (ii) the approval process for new products and services, the implementation of new activities, the entry into new markets; (iii) company policies regarding the outsourcing of company functions; (iv) the adoption of internal risk measurement systems. The Board of Directors will also carry out all other duties it has been assigned by the prudential supervisory provisions regarding the internal control system in effect;
- (e) the assessment, at least on an annual basis, of the adequacy, effectiveness and actual functioning of the internal control system;
- (f) the appointment and removal of the members of the Executive Committee with the powers provided for by the articles of association and the determination of any other powers;
- (g) the assignment of specific positions or powers to one or more Board Members and the determination, amendment or removal of their powers, including the appointment and removal of the Chief Executive Officer and the attribution, amendment or removal of his/her powers;
- (h) upon proposal by the Chief Executive Officer, in agreement with the Chairperson of the Board of Directors, the appointment, removal or replacement of the General Manager and the Joint

General Managers, the determination or change of the powers, functions and duties of the General Manager and the Joint General Managers and the determination of the salary package, and on proposal of the Chief Executive Officer, the appointment of top operational and executive management of the Company and the determination of their powers and salary packages;

- (i) the adequacy assessment and approval of the organisational, administrative and accounting structure of the Company and the approval of the corporate governance structure of the Company and the Group and the reporting systems;
- (j) the determination of the criteria for the coordination and guidance of the Group companies and the criteria for the implementation of the instructions issued by the Bank of Italy and any other competent Supervisory Authority;
- (k) subject to the mandatory, non-binding opinion of the Board of Statutory Auditors, the appointment and removal of the Financial Reporting Manager, in accordance with article 154-bis of the Consolidated Law on Finance and the determination of the powers, means and remuneration, and the appointment and removal of the Chief Risk Officer (CRO), if provided for, the Compliance Manager and the Risk Manager;
- (l) subject to the provisions of letter (m) below, the appointment and removal of the department managers, carried out on the back of legal or regulatory provisions;
- (m) upon proposal of the Chairperson of the Board of Directors, in agreement with the Chief Executive Officer, with the non-binding advice of the Internal Audit and Risks Committee and the Board of Statutory Auditors, the appointment of the Internal Audit Department Manager, who will report directly to the Board of Directors, to whom it will refer, subject to providing information reports to the Chairperson of the Board of Directors, with the Chief Executive Officer being classified as the director in charge of the internal audit and risk management system;
- (n) drawing up the draft separate and consolidated financial statements and the drafting and approval of the interim reports provided for under prevailing law;
- (o) the acquisition and sale of equity investments held in Companies that involve changes in the Group and/or those that have strategic significance and in any case those with a value of at least 5% of the consolidated regulatory capital of the Group;
- (p) delegated share capital increases in accordance with article 2443 of the Civil Code, and the issue of delegated convertible bonds in accordance with article 2420-ter of the Civil Code, including the right to make decisions by excluding or limiting the option rights pursuant to the fourth and fifth paragraph of article 2441 of the Civil Code;
- (q) approval: (i) of the bond issue and other financial instrument programmes; (ii) the individual Company shareholding transactions in guarantee and placement consortia, all in accordance with the applicable internal regulation;
- (r) approval of collective labour and corporate contracts and other agreements with the trade unions;
- (s) the duties of the Board of Directors pursuant to articles 2446 and 2447 of the Civil Code;
- (t) the preparation of merger and demerger projects;
- (u) the approval and amendment of a Regulation governing the flow of information;
- (v) the adoption, annulment or amendment of internal procedures that, in the immediate implementation of laws or regulations relate to the prevention or governance of cases of conflict of interest, with the ability to make exceptions, *inter alia*, in urgent cases;
- (w) the appointment of candidates to act as company representatives (including the members of the general management) of the banks controlled by the Group and the main non-banking subsidiaries of the Group, and the indication of their salaries;
- (x) shareholdings in, and the determination of the vote to express in the shareholders' meetings of the subsidiary banks and the main non-banking subsidiaries of the Group, and the prior agreement to any changes to the Articles of Association of the Group companies, when the decision is the responsibility of another body besides the Shareholders' Meeting, and approval of the exercise of the option rights relating to capital increases of the subsidiary banks and the main

non-banking subsidiaries of the Group; the approval of the changes to the rules of the investment funds or similar legal entities subscribed to by the Company;

- (y) the approval of proposals to call Shareholders' Meetings to amend the Articles of Association;
- (z) the approval and amendment of the main internal regulations;
- (aa) appointment of the members of the bodies of the territorial Foundations that already exist or that will be set up in accordance with article 5 of the Articles of Association;
- (bb) decisions concerning the alignment of the Articles of Association with regulatory provisions;
- (cc) supervision of the process to provide public information and communications of the Company;
- (dd) regulation of the selection processes for the members of the territorial consultation committees which, where established, will have merely advisory functions, corresponding to or within each territorial Department;
- (ee) the adoption, with appropriate instruments, of measures to facilitate attendance by the shareholder employees and the small shareholders at shareholders' meetings, by themselves, or through proxies.

The Board of Directors is also in charge, in accordance with article 2436 of the Civil Code, of making the decisions regarding mergers in the cases provided under articles 2505 and 2505-bis of the Civil Code, demergers in the cases provided under article 2506-ter, last paragraph, of the Civil Code, capital reductions in the event of a shareholder withdrawing, in accordance with article 2365, paragraph 2 of the Civil Code, the establishment and closure of other secondary branches besides those indicated in the Articles of Association, in any case excluding the establishment of new branches or the closure of those provided for under the Articles of Association.

For certain categories of legal actions and businesses, the Board of Directors may assign specific powers, in accordance with the law, to managers, heads of single branches or other personnel, determining the limits and means for the exercise of such assigned powers, and providing that the authorised parties may act separately or jointly or through a committee. Unless otherwise provided for in the assignment, notifications of the decisions made by the authorised bodies will have to be given to the authorising body. Notification of the decisions made by other authorised parties must be given to the superior body in accordance with the mechanisms established in the applicable Regulation decided by the Board of Directors.

With reference to the main activities carried out by the Board of Directors in 2019, continuing with the decisions made when the new Group started operations, we note in particular: (i) the progressive implementation of the Risk Appetite Framework model; (ii) the approval of the 2019 budget, the 2018 draft financial statements and the other accounting documents for the period, and the periodic examination of business performance; (iii) the approval of the Remuneration Report to the extent of its involvement; (iv) the approval of the Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) Reports; (v) the disbursement of loans and the expression of opinions on that matter in its position as Parent Company and the periodic examination of the Bank's loan portfolio; (vi) in terms of finance, the approval of specific transactions, including Group transactions; (vii) the approval of Governance Regulations and relevant rules, also in its position as Parent Company; (viii) the review of the top management organisational structure, through the establishment of the new CFO and CLO figures; (ix) the process to prepare the new 2020-2022 Strategic Plan, while continuing to monitor progress of the Plan approved at the time of the merger; (x) the establishment of the three Banca Popolare di Milano, Banca Popolare di Verona and Banco San Geminiano e San Prospero Foundations, in addition to those operating at the service of the Group; (xi) the periodic examination of the *Tableau du Bord* and the other reports drawn up by the company control departments and the results of the oversight activities of the European Central Bank, making applicable decisions, where necessary, and monitoring the performance of the activities planned.

The Board of Directors, including through the Internal Audit and Risks Committee, continuously assessed:

- the adequacy of the organisational, administrative and accounting structure of Banco BPM and of strategically important subsidiaries with specific reference to the internal audit and risk management system, *inter alia*, through (i) periodic reports by the company control departments and the Internal Audit and Risks Committee; (ii) interviews by the corporate Department Managers involved, for their respective profiles of interest; (iii) reports by the Chief Executive Officer, the Chairperson of the Internal Audit and Risks Committee and the Chairperson of the Board of Statutory Auditors;
- the general business performance, comparing the results achieved with the planned results. More specifically, the Chief Executive Officer periodically reports to the Board of Directors on the overall business performance of the Bank and the Group.

Please refer to the applicable paragraph in this Report for the identification of the subsidiaries with strategic importance and on the management and coordination carried out by the Banco BPM Parent Company.

In accordance with the regulatory provisions regarding “associated parties” and “related parties” and “significant transactions pursuant to Circular 285/2013”, the criteria to identify, for the purposes of said regulations, significant transactions for the company and/or for the Group to submit for the required approval of the Board of Directors, were defined in the company regulations.

Please refer to the “Report on Operations” attached to the consolidated financial statements as at 31 December 2018 published on the Bank’s website www.bancobpm.it, section *Investor Relations* for further details on the results of the activities carried out.

Considerations on the letter dated 19 December 2019 by the Chairperson of the Corporate Governance Committee.

At its meeting of 21 January 2020, the Board of Directors acknowledged the letter dated 19 December 2019 by the Chairperson of the Corporate Governance Committee, addressed to the Chairpersons of the governing bodies, and in copy to the Chief Executive Officers and the Chairpersons of the governing bodies of Italian listed companies, with which the Committee, in order to promote good corporate governance in the financial community, called the attention of the governing bodies and the applicable internal board committees, to the recommendations it made in order to ensure that they are carefully complied with both in the corporate governance practices and when the bodies are self-evaluating, with the results having to be reported in the annual reports on corporate governance. These recommendations were also submitted to the Board of Statutory Auditors, to the extent of their responsibility, at the meeting of 14 January 2020.

The analysis showed that Banco BPM is already compliant with respect to the provisions of the Code and the recommendations made by the Committee. To that end, with specific reference to the pre-meeting information reports, as already noted in the “Report on Corporate Governance and ownership structures - FY 2018”, within the scope of further improving the promptness, usability and confidentiality of the documentation made available to the Board members for the board meetings, computer applications were implemented that allow the information flows in question to be securely managed, with a specific executive summary generally attached summarising the most significant and relevant points with respect to the decisions to make.

The Board of Directors, at the meeting of 23 January 2018, approved the “Regulation for the functioning and organisation of the Board of Directors and the Executive Committee and regarding

the self-evaluation of the Board of Directors and its Committees", governing the principles, criteria, roles and responsibilities with specific reference to the procedures for calling meetings and their frequency, the participation and the information flows; this is in order to allow all members of the Board of Directors and the Executive Committee to receive, in advance, the information needed to: (i) make informed decisions when deciding on matters pertaining to the Board and the Executive Committee; (ii) obtain periodic reports from the bodies with delegated authority.

Said Regulation also governs, with regard to deadlines and the matters dealt with, the mechanisms with which the information circulates between the company bodies and monitors the efficiency goals in the management and effectiveness of the controls, also in line with the Supervisory Provisions of the Bank of Italy and prevailing laws and regulations.

With particular reference to the internal control system, the relative information flows are governed, *inter alia*, with specific company rules.

Banco BPM set up an effective Internal Control System to monitor the company risks incurred (please see the relevant paragraph for further information on this).

The Board of Directors, in the exercise of its management and coordination pursuant to articles 2497 *et seq.* of the Civil Code and 61, paragraph 4 of the Consolidated Banking Law, defined, in a "Regulation on Operational Governance", the rules and procedures to follow with respect to unified management, with specific reference to the decisions, divided by subject matter, which have to be made by Banco BPM, in its position as Parent Company, and the consequent decision-making obligations of the subsidiaries with respect to implementing them.

* * *

Self-evaluation document of the Board of Directors and its Committees for FY 2019

At its meeting of 6 November 2019, the Board of Directors approved the document "BOARD OF DIRECTORS OF BANCO BPM S.p.A. - SELF-EVALUATION DOCUMENT - FY 2019" in accordance with:

- the "Regulation for the performance and organisation of the Board of Directors and the Executive Committee and self-evaluation of the Board of Directors and its Committees";
- the Supervisory Provisions pursuant to Bank of Italy Circular no. 285 of 17 December 2013 (First Part, Title IV, Chapter 1, Section VI),

and also taking account of the self-evaluation principles of the Company Bodies drawn from:

- (i) the Code of Best Practice of listed companies promoted by Borsa Italiana, to which the Bank adhered;
- (ii) the applicable Guidelines issued by EBA/ESMA, *Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2017/12)* of 26 September 2017;
- (iii) the European Central Bank ("ECB") guide for the assessment of the professional competence and integrity of company representatives (European Central Bank, *Guide to fit and proper assessments* of 15 May 2017 and updated in May 2018);
- (iv) the draft Ministerial Decree implementing the Regulation relating to the requirements of company representatives.

The 2019 self-evaluation process: (i) comprised the third and last year of self-evaluation by the current Board of Directors of Banco BPM; (ii) involved the seventeen Board Directors who are still in office; (iii) was carried out, from an organisational standpoint, by the division controlled by the Secretary of the Board of Directors who used, also for the current year in a type of follow-up to the previous year, the support of the consultancy firm EY Advisory S.p.A. (hereinafter also referred to as "EY") which could ensure neutrality, objectivity and independent judgement.

This, along with the lower amount of time which passed compared to the previous self-evaluation

year carried out (12 March 2019) led to a partial review of the methods used. More specifically, even though the self-evaluation questionnaire submitted to the Directors was the same, as well as the assessment metrics used, for the purpose of the new year, one-to-one interviews were carried out independently by EY aimed at finding out in more detail the opinions of each Director within the scope of their questionnaire, along with the Board members who hold the following positions:

- Chairperson;
- Deputy Chairperson;
- Chief Executive Officer;
- Chairpersons of the Internal board committees.

Apart from that change, the self-evaluation process was carried out the same way as the previous year, arranged as follows:

- inquiries, gathering of information and data, during which the information, data and documentation were gathered to support the process (for example questionnaires filled out and statistical data supporting the self-evaluation) and the above-mentioned in-depth interviews were also carried out;
- processing the data, during which the information and data gathered in the previous inquiry stage were organised;
- preparation of the results of the process during which the results were summarised and the strong and weak points identified in relation to the composition and functioning of the Board of Directors;
- inspection of the initiatives taken beforehand, with a check being made on the level of implementation of the initiatives carried out as a result of the previous self-evaluation;
- collective discussion on the results of the process and preparation of any corrective measures necessary, that led to the issue of the document containing the results of the self-evaluation.

The results of the self-evaluation - submitted, for a prior inquiry and examination, to the Appointments Committee, in charge of supporting the Board of Directors in said self-evaluation process - showed up an essentially positive picture in relation to both the composition and the functioning of the Board of Directors.

More specifically, the comparison between the process carried out in FY 2019 and the one carried out the previous year returned an overall framework of improvement for multiple assessment profiles; nevertheless, certain limited potential areas of improvement were found, which could be related to areas which had already emerged within the framework of the previous self-evaluation.

With reference to the main observations made by the Directors, the main results that emerged are summarised here below:

- opportunity for further strengthening of expertise - already found in the self-evaluation made for FY 2018 - expressed as a whole by the Board of Directors referring to the following areas in increasing order: "Governance of the banking and financial activities", "Knowledge of the banking and finance sector" and "ICT systems and new technology applied to the banking and finance sector". To that end, in addition to providing for training programmes for the company representatives to follow on from those carried out in 2019, due to the upcoming election of a new board, the opportunity was recognised to take due consideration of the need to equip the Board with members (possibly independent):
 - a) who have specific skills in "ICT systems and new technologies applied to the banking and finance Sector" so that they can adequately fulfil their responsibilities in that area and give adequate guidelines in the strategic choices of the Bank in the area of digital transformation;
 - b) who have adequate experience in the banking and finance area, in line with the instructions given in the draft Ministerial Decree containing the Regulation relating to the requirements of company representatives, and taking due consideration of the "calibrated" profiles with respect (i) to the main characteristics of the Bank (for example concentration on the national market, main business in the retail and SME areas) and (ii) the main guidelines that denote the new Strategic Plan, which is currently being prepared;
 - c) who are equipped with adequate legal-economic skills, especially with a view towards boosting the overall natural fitness and capabilities of the governing body to (i) assess, on a faster and

more knowledgeable basis, the extent of the regulatory impacts resulting from the strategic choices made; (ii) define the most appropriate, rapid and efficient responses to the increasingly pervasive and systematic regulatory and inspection pressure that will most likely be placed on the Bank continuing only strongly from the past;

- the opportunity to review the current frequency and duration of the board meetings (in the first 9 months of 2019, there were 14 Board meetings with an average duration of slightly more than 7 hours) and increase the efficiency of the meeting agendas, encouraging more efficient board discussions on matters of strategic importance (matters already recognised in the self-evaluation carried out in FY 2018);
- the need for further improvement in the scheduling so that the Bank divisions can make the documentation supporting the board meetings more readily available and usable (already recognised in the self-evaluation carried out for FY 2018);
- the wish to encourage adequate circulation of information between the Bank divisions and the corporate Bodies, and also between the Bodies themselves;
- the option to further raise the efficiency of the work of certain Internal board committees.

* * *

The Shareholders' Meeting did not confer any non-competing general or prior authorisations pursuant to article 2390 of the Civil Code.

6.3 MEETINGS

General criteria

In accordance with article 23.1 of the Articles of Association, the Chairperson of the Board of Directors or in the event of his/her absence or impediment, the person replacing him/her in accordance with article 29.2 of the Articles of Association, will call the Board of Directors meeting.

The Board of Directors must meet, generally once a month and in any case any time the Chairperson of the Board of Directors considers it necessary.

A meeting of the Board of Directors may be called in the other cases provided for by law. Meetings of the Board of Directors can be also called by the Board of Statutory Auditors or its members, including individually, in the cases and using the mechanisms provided for by prevailing laws, subject to notifying the Chairperson of the Board of Directors.

On the basis of article 23.2, meetings of the Board of Directors shall be called by notice, which shall include the agenda of the topics to discuss, sent - at least 3 (three) days before the meeting, and in cases of urgency, at least 12 (twelve) hours beforehand, by any means that can prove evidence of receipt - to each member of the Board of Directors and the Board of Statutory Auditors. The notice may also state the places from which members may participate by means of remote connection systems as provided for by article 23.3 of the Articles of Association.

In accordance with article 23.4 of the Articles of Association, the resolutions of the Board of Directors will only be valid if the majority of its members in office attends the meeting. Without prejudice the provisions of article 23.5 regarding decisions made by a qualified majority, decisions will be made on the basis of the absolute majority of the votes of those present.

In accordance with article 23.5 of the Articles of Association, decisions exclusively concerning the following on a direct and/or indirect basis will be valid if they are made with the vote in favour of at least 11 members of the Board of Directors in office (the "Qualified Board Majority") - or at least 14 members in the interim period up to the First Expiry, in which the Board of Directors comprises 19 directors (see article 44.2 of the Articles of Association):

- (i) the approval of the Board List (see paragraph 6.1 of this Report);
- (ii) sale, transfer and disposal and restructuring actions in general (even if in one or more tranches) of companies or banking branches that have a unitary value higher than 20% of the consolidated regulatory capital of the Company, as resulting from the most recent approved consolidated financial statements, with the exception of the case in which the transactions result from instructions given by the Supervisory Authorities and also making an exception for transactions involving the banking company controlled by the Company in favour of which the transfer was carried out in kind of branches belonging to BPM, which approval does not require the vote in favour of the above-mentioned Qualified Board Majority.

Number of meetings and attendance

In the period 1 January - 31 December 2019, the Board of Directors met 18 times and the meetings lasted about 7 hours and 30 minutes on average.

The degree of attendance of the Directors at the meetings amounted to 91.89%.

The Directors who asked were given the opportunity to attend the meetings using remote connection systems, in accordance with article 23.3 of the Articles of Association.

In FY 2019, the Board of Statutory Auditors always attended the meetings of the Board of Directors (attendance by the Statutory Auditors amounted to 100%).

At the board meetings, the top managers of the divisions are generally expected to attend so that they can personally express their opinions on the topics on the agenda for which they are responsible.

In accordance with article 31.3 of the Articles of Association, the General Manager attends all meetings of the Board of Directors and the Executive Committee, in an advisory capacity. The Joint General Managers attend the meetings of the Board of Directors and the Executive Committee in an advisory capacity, for the matters they are responsible for only. To that end, following the resignation of the General Manager, Mr Maurizio Faroni on 7 May 2019, the Board of Directors decided, at its meeting of 28 May 2019, not to appoint a General Manager in accordance with article 31.2 of the Articles of Association.

20 meetings were scheduled for this year, with 6 of them already having been held as at the date of approval of this Report.

Prior information

The prior information reports on the topics to be dealt with at the meetings are highly important since they represent a fundamental condition to ensure that the Directors can make more appropriate decisions, on an informed basis, giving the board more time to discuss the matters in detail and analyse them.

In order to facilitate - in terms of operational simplicity and promptness - the prior information reports to provide Directors with the necessary documentary support for the topics to discuss at the meeting, a computer application is used to allow the information flows to the Directors to be managed securely, in accordance with the prevailing internal rules and system regulations, with special regard to access to the documentation illustrating the topics to be discussed at the board meetings. The prior documentation made available to the Directors often has executive summaries attached, summarising the most significant, relevant points regarding the decisions to make: it is understood that the drafting of executive summaries can never be considered as a replacement for the complete documentation sent to the Directors.

The Corporate Affairs Secretary examines the individual proposals for decision/information reports, submitting them for the approval of the Chairperson or the Chief Executive Officer, in accordance with their responsibilities, to then be submitted to the board meeting.

The documentation supporting the topics to be dealt with at the meeting is sent in electronic format to the Directors, by the Secretary, generally along with the notice calling the meeting or afterwards, as soon as it is available. Other methods to make the documentation available can be used with regard to particularly confidential documentation or for decisions that have to be made urgently, in accordance with what is considered to be the most appropriate at the time.

The information to the Board of Statutory Auditors on the activities carried out and on the significant economic, financial and asset transactions carried out by the Company or the subsidiaries, and in particular on the transactions that the directors have interests in themselves or third party interests, will also be provided by the bodies with delegated authority in accordance with article 2381 of the Civil Code, to the Board of Statutory Auditors on at least a quarterly basis and in any case on an ordinary basis for the meetings of the Board of Directors and the Executive Committee. The information

to the Board of Statutory Auditors outside the meetings of the Board of Directors and the Executive Committee will be provided to the Chairperson of the Board of Statutory Auditors.

In order to facilitate the access and consultation of the corporate documents by the members of the corporate bodies, a web application can be used, for their exclusive use, in which the material to be dealt with at the board meeting is published, along with any other documentation that could be useful in order to carry out their respective functions.

Procedures for the meetings and taking minutes

The management and coordination of board work is carried out by the Chairperson who also ensures that the items on the agenda are dealt with in accordance with an analytical template, dedicating the time necessary to the topics to allow constructive debate, especially to examine the most significant matters, and encouraging contributions from the Directors during the meetings.

If the minutes are not drawn up by a notary in accordance with the law, the Secretary will take the minutes of the meetings containing the discussion and decisions made and will then submit the draft minutes to the Chairperson. The draft minutes will then be sent to the board Members who can submit any comments to the Secretary. The minutes will then be sent to be examined by the Board of Directors, generally at the next meeting, for formal approval. In urgent cases, the Board of Directors may approve the minutes, or a part of the minutes, immediately.

Executive Committee

Article 26 of the Articles of Association provides that the Board of Directors must appoint an Executive Committee comprising 6 directors. The functions of the Executive Committee are governed by article 27 of the Articles of Association.

The first Executive Committee of the Company was appointed by the Board of Directors at its meeting of 10 January 2017, and in accordance with the provisions of the memorandum of understanding and the Proposed merger, comprised the following Directors: Pier Francesco Saviotti (Chairperson), Giuseppe Castagna (Deputy-Chairperson), Mauro Paoloni, Guido Castellotti, Maurizio Comoli and Piero Lonardi.

To that end, on 23 July 2019, Mr Pier Francesco Saviotti tendered his resignation as a Board Director and Chairperson of the Executive Committee.

Article 27 of the Articles of Association provides that powers that are not reserved to the collective responsibility of the Board of Directors or that are not otherwise delegated to the Chief Executive Officer pursuant to the law or the Articles of Association shall be delegated to the Executive Committee with respect to the following matters, and for which it will make decisions, generally through proposals made by the Chief Executive Officer:

A. Loans

- (1) decisions, according to the guidelines and general policies adopted by the Board of Directors relating to granting loans within the scope of the autonomy granted, and the power to grant and manage loans provided for under the applicable internal regulation adopted by the Company on loan matters;
- (2) decide on the responsibilities of the Board of Directors with respect to granting loans in urgent cases, using the mechanisms provided for under the applicable internal regulation adopted by the

Company on loan matters and with the obligation to refer this to the Board of Directors at the next applicable meeting;

- (3) approval of the loan policies within the scope of the guidelines and policies established by the Board of Directors.

B. Write-offs

- (1) approval of the write-off of cash/accounting differences validly reported and any damage to the bank or the customers resulting from operating errors for the amounts decided by the Board of Directors;
- (2) approval of the write-off of amounts relating to customer loans that are objectively irrecoverable for the amounts decided by the Board of Directors.

To that end, the Board of Directors will determine the limits to the amounts for which the Executive Committee can exercise said powers.

The Executive Committee will not be responsible for the assessment and management of non-performing loans, with that relating to "defaults" and "unlikely to pay" loans and "past due exposures and/or impaired loans" including any decisions relating to their management (for example settlements and disputes). The "non-performing loans" are dealt with by a specific business unit that reports directly to the Chief Executive Officer, subject to the responsibility of the Board of Directors.

The Executive Committee meetings are called by its Chairperson; subject to communication to the Chairperson of the Board of Directors, the Executive Committee meetings may also be called by the Board of Statutory Auditors or any of its members, using the mechanisms provided for under prevailing law. Executive Committee meetings are called by giving notice, to be drafted and sent using the mechanisms described under article 23.2 of the Articles of Association, at least 2 days before the meeting, or at least 12 hours beforehand for urgent matters. However, the Executive Committee may make valid decisions even if the meeting was not formally called if all its members and all the Standing auditors in office attend the meeting.

The Executive Committee will remain in office for the entire term of office of the Board of Directors that appointed it.

Generally, the Executive Committee must meet once a month or in any case any time its Chairperson considers it necessary. The Executive Committee will make decisions with the participation and vote in favour by the majority of its members.

Minutes will have to be drawn up on the meetings and decisions made by the Executive Committee in accordance with the provisions of article 23.6.1 of the Articles of Association.

The minutes will be drawn up and recorded on the register of the minutes by the Secretary and must be signed by the person who chaired the meeting and the Secretary. Copies and excerpts of the minutes are certified by the notice of conformity signed by the Chairperson who presided over the meeting and the Secretary. The record of the minutes and the excerpts from the record constitute full proof that the meetings took place and of the decisions made.

The Board of Directors will be informed of the decisions made by the Executive Committee at the following meeting.

At its meeting of 1 January 2017, within the scope of the powers that the law and the Articles of Association do not assign to the collective responsibility of the Board of Directors and that are not otherwise assigned to the Chief Executive Officer, the Board of Directors decided to assign the Executive Committee, in accordance with article 27.1 of the Articles of Association, the powers and

attributions that are listed in that article of the Articles of Association, to be exercised, generally, upon proposal by the Chief Executive Officer, and with the right to assign consistent powers to managers and other employees, to be identified also in accordance with their role, establishing the applicable limits and mechanisms and notifying this to the Board of Directors.

Pursuant to article 26.5 of the Articles of Association, the Board of Statutory Auditors will attend the Executive Committee meetings.

In order to ensure the effective reconciliation of information between the strategic supervision department and the management department, the Chairperson of the Board of Directors will attend the meetings in accordance with article 26.3 of the Articles of Association, in an advisory capacity. The General Manager will also attend the meetings of the Executive Committee in an advisory capacity, as provided under article 31.3 of the Articles of Association.

In the period 1 January - 31 December 2019, the Executive Committee met 15 times.

The percentage attendance of the Directors at the meetings amounted to 88.89%. The meetings lasted an average of 45 minutes.

In FY 2019, the Board of Statutory Auditors always attended the meetings of the Executive Committee (attendance by the Statutory Auditors amounted to 94.67%).

One meeting was held in the current year on the date of approval of this Report.

Finally, the Corporate Secretary uses the same methods and information reports described above for the Board of Directors for the Executive Committee.

As noted above, the Board of Directors, in its meeting of 16-17 December 2019 - taking account (i) of the finalisation and consolidation of the merger between the two Banks (Banco Popolare Soc. Coop. and Banca Popolare di Milano Scarl) which gave rise to Banco BPM; and (ii) the three years of experience that has accrued since Banco BPM was established, where it was found that the limited assignment of powers, essentially relating to loans, to the Executive Committee pursuant to the Articles of Association, meant a limited number of short meetings which did not significantly help to relieve the board from its work - decided on certain proposals to amend the articles of association - which will be submitted for approval, subject to the issue of authorisation by the applicable Authority, at the next ordinary and extraordinary Shareholders' Meeting - aimed in particular, also in order to reduce costs, at not providing for an Executive Committee as one of corporate bodies of the Bank following the end of the term of office of the current Board of Directors.

6.4 INDIVIDUAL BODIES

Chairperson and Deputy-Chairpersons of the Board of Directors

In accordance with article 11.3 of the Articles of Association, the ordinary Shareholders' Meeting will elect the Chairperson and the Acting Deputy Chairperson of the Board of Directors using the mechanisms described in article 20.8 of the Articles of Association.

In accordance with article 29 of the Articles of Association, the Chairperson of the Board of Directors:

- a) will act as a driving force for the work of the Board of Directors and in the organisation and coordination of the work, and propose the appointment of a secretary for that purpose to the Board. More specifically, the Chairperson will call and preside over the meetings of the Board of Directors, establish the agenda, also taking account of the decision proposals made by the Chief

Executive Officer or the Executive Committee and the opinion of the Internal board committees (where required), will introduce the discussions and coordinate the work, ensuring, *inter alia*: (i) that the issues with strategic importance are dealt with on a priority basis; and (ii) that adequate information is promptly provided on the matters on the agenda to all the directors; he/she will also ensure that the self-evaluation process is carried out effectively. The Chairperson, informing the Chief Executive Officer, will access the corporate and Group information needed for that purpose in order to carry out the duties effectively;

- b) he/she will interact as necessary with the Chief Executive Officer;
- c) ensure that the corporate governance system functions properly, guaranteeing the balance of powers with respect to the Chief Executive Officer, acting as a liaison for the internal control bodies and internal committees. He/she will also make proposals to the Board of Directors regarding the establishment of Internal board committees;
- d) he/she will promote the implementation of the rights reserved to the Board of Directors, encouraging effective board discussions, with special attention to sustainable development conditions in the long term and the social responsibility of the company;
- e) guarantee and oversee relations with the shareholders, and in that sense, foster relations with them, along with the Chief Executive Officer. The Chairperson uses the applicable corporate departments to carry out this task;
- f) in accordance and coordination with the Chief Executive Officer, he/she will oversee official relations with the bodies and Authorities, and the external communication of the information relating to the Company, using the applicable company divisions;
- g) assists the work of the Executive Committee in an advisory capacity;
- h) presides over the Shareholders' Meetings and supervises their running and the work carried out;
- i) subject to the provisions of article 33 of the Articles of Association, he/she has the right, in urgent cases and on the proposal of the Chief Executive Officer, to bring or defend legal actions before any judicial or administrative authority, file lawsuits, and assign power of attorney for litigation, as well as to grant powers of attorney, even of a general nature, for court proceedings, with the obligation to inform the Board of Directors of the decisions made at its next meeting;
- j) exercise all other functional powers in the exercise of his/her office.

In accordance with article 33.1 of the Articles of Association, the Chairperson of the Board of Directors will represent the Company in the pursuit and defence of actions, before third parties and in both legal and administrative courts, including for supreme court judgements and vacated judgements, and will have sole signing authority, and in the case of his/her absence or incapacity, including temporary, the Acting Deputy-Chairperson, or in the case of his/her absence or incapacity, in the following order: the oldest Deputy-Chairperson or any other Deputy-Chairperson appointed up to the First Expiry in accordance with article 45 of the Articles of Association.

In accordance with the provisions of the Proposed merger, the first Chairperson of the Board of Directors of the Company resulting from the Merger was Carlo Fratta Pasini, and the first Acting Deputy-Chairperson of the Board of Directors was Mauro Paoloni.

In accordance with the Proposed merger, the Board of Directors as at 1 January 2017, also appointed two Deputy-Chairpersons to the Board of Directors of the Company: Guido Castellotti and Maurizio Comoli.

Chief Executive Officer

Pursuant to article 30 of the Articles of Association, the Board of Directors appointed a Chief Executive Officer from among its members and conferred certain powers of the Board of Directors to him in accordance with article 2381, paragraph 2 of the Civil Code.

Subject to the provisions of article 24.2 of the Articles of Association and subject to the powers granted by the Board of Directors, the Chief Executive Officer will:

- (a) supervise the corporate management of the company and the Group, overseeing current affairs, in accordance with the general planning and strategies established by the Board of Directors, checking their performance;
- (b) formulate proposals, in accordance with the Chairperson of the Board of Directors, regarding the strategic guidelines, and the short-term and/or non-ordinary projects and objectives of the Company and the Group;
- (c) on his/her own initiative and responsibility, draw up the plans and forecast documents of a strategic and/or extraordinary nature (budget and long-term plans) of the Group and the Company, to be submitted for the approval of the Board of Directors, overseeing their implementation through the General Management;
- (d) in accordance with the Chairperson of the Board of Directors, oversee the study, preparation of the documents and sending of confidential letters relating to extraordinary transactions or agreements, to be submitted to the Board of Directors;
- (e) formulate proposals to the Board of Directors regarding the geographic layout of the territorial Departments and the Group banks and the related plans for the expansion and rearrangement of the network of the Group companies;
- (f) formulate proposals to the Board of Directors regarding policies on the financial statements and guidelines on the optimisation of use of resources and placing value on them, and submitting the draft financial statements and periodic situations to the Board of Directors;
- (g) prepare and submit to the Board of Directors, for approval, the annual budget, also of the individual group companies, in line with the higher level plans, and carry out periodic checks of the results, approving any corrective actions considered necessary;
- (h) coordinate the executive activities of the Company and the Group, giving guidelines and instructions to ensure that the performance of the operating units complies with the decisions made by the applicable bodies, and that the activities of the subsidiaries are in line with the orders and strategies established by the parent company;
- (i) within the scope of the guidelines established by the Board of Directors, give guidelines and oversee the organisational, administrative and accounting structure of the Company and the Group, in accordance with the value system recognised by the Company;
- (l) supervise the organisation and integration of the Group, and the performance of the sales channel network, the transactions and services managed by the Company and the Group companies;
- (m) exercise, in accordance with the regulations, the power to propose and disburse loans, within the limits established by the regulations on loans in effect at the time;
- (n) supervise and manage the personnel, placing value on the human resource policies of the Company and the Group to pursue the goals of integration, managerial continuity, encouraging the appropriate motivation;
- (o) determine the guidelines and instructions for General Management;
- (p) submit to the Chairperson of the Board of Directors and the Chairperson of the Executive Committee, according to the case, topics to put on the agenda of the meetings of the Board of Directors and the Executive Committee;
- (q) exercise the powers specifically allocated by the Board of Directors - to the extent of the ceilings assigned - with the related rules;
- (r) periodically report to the Board of Directors on the activities carried out in the exercise of the powers granted to him/her and - along with the General Manager, the Joint General Managers and the department heads in accordance with their responsibilities - on the performance of the activities and overall performance of Company and Group management, and on the correspondence of the results with the forecast documents and planning;
- (s) make proposals to the Board of Directors regarding the guidelines for the internal control system in accordance with prevailing laws; send the internal control department, through the internal control committee, extraordinary requests for inspections and/or investigations;

- (t) formulate proposals regarding recruitment policies and risk management and capital adequacy in accordance with the operating areas, restrictions and instructions from the supervisory laws;
- (u) formulate proposals to the Board of Directors on recruitment policies and liquidity risk management, establishing the limits in accordance with supervisory laws;
- (v) make proposals to the Board of Directors regarding the appointment of the Company and Group top operational and executive management (not including the Internal audit department Manager) and, in association with the Chairperson of the Board of Directors, regarding the appointment and removal of the General Manager and Joint General Managers;
- (w) manage, in accordance and coordination with the Chairperson of the Board of Directors, the external communication of information regarding the Company and the other Group companies and relations with the Supervisory Authorities;
- (z) oversee the valuation and management of the "non-performing loans", including any decision regarding their management (for example settlements and disputes), using a specific operating unit for this that reports directly to the Chief Executive Officer.

In cases of exceptional urgency, the Chief Executive Officer, in accordance with the Chairperson of the Board of Directors, may make decisions regarding any transaction that is the responsibility of the Board of Directors or the Executive Committee, provided that the law or the Articles of Association do not make it mandatory for the Board of Directors to make said decisions on a collective basis, or the Executive Committee, and even if it regards transactions governed by the procedures adopted in accordance with article 2391-bis of the Civil Code and article 53 of Legislative Decree no. 385 of 1 September 1993, subject in those cases to compliance with the specific provisions of said procedures for urgent transactions. In any case, the decisions made in that manner must be brought to the awareness of the Board of Directors and the Executive Committee at the next meeting.

The Chief Executive Officer will report, with the General Manager and the Joint General Managers, if appointed and to the extent of their responsibilities to the Board of Directors and the Executive Committee, at least once every quarter, on the general business performance and outlook, and on the most significant transactions carried out by the Company and its subsidiaries.

The Board of Directors, at its meeting of 1 January 2017, and in accordance with the Proposed merger, decided to appoint Mr Giuseppe Castagna as the Chief Executive Officer of Banco BPM.

At the same meeting, the Board of Directors decided to assign the Chief Executive Officer, in accordance with article 24.2.1 of the Articles of Association, the power to make decisions regarding cash flow management of the Company – that are not reserved by law or the articles of association to the collective responsibility of the Board of Directors– to be exercised in accordance with the general planning and strategic guidelines established by the Board of Directors, with the right to assign consistent powers, also within the scope of the powers referring to specific matters indicated below, to managers and other employees, to be identified also in accordance with their roles, establishing the applicable limits and mechanisms and notifying this to the Board of Directors.

More specifically, subject to the above-mentioned powers regarding cash flow management pursuant to article 24.2.1 of the Articles of Association, the Board of Directors assigned the Chief Executive Officer, in accordance with article 30 of the Articles of Association, specific powers in operating matters.

The main powers assigned to the Chief Executive Officer are set out below:

- Operating autonomy rights in finance matters
 - approves, *inter alia*, individual issues of bonds and other financial instruments - including settlements - defining (i) the characteristics, (ii) the terms, (iii) the amount, to the extent of

- the ceiling established by the Board of Directors;
 - approves - in accordance with the Supervisory laws - purchase and sale transactions for financial and monetary instruments for investment, for the liquidity portfolios and to meet customer requirements, within the scope of the autonomy granted and in accordance with the risk limits approved in the applicable Regulations;
- Management autonomy rights in commercial matters
 - Definition of pricing policies
 - defines the guidelines and policies regarding the determination of rates, terms and commissions, and especially the applicable Bank rates and pricing manoeuvres;
 - approves the structure of the product catalogue.
- Settlement in accords and agreements
 - approves the settlement, conclusion and agreement, amends and withdraws from accords and agreements of a commercial nature with third parties and with those belonging to the Group.
- Operating autonomy rights in staff matters
 - Industrial relations management
 - manages relations with the company, territorial and national trade unions, overseeing all types and nature of communications in this area;
- Management of recruitment, development and administration of personnel
 - for all staff of the Parent Company and the subsidiaries of all types and levels, including managers (with the exception of positions reserved for approval by the Parent Company's Board of Directors):
 - a) recruits and promotes staff in the Parent Company and in Group companies;
 - b) defines the financial position in accordance with the remuneration and bonus systems in place at the time;
 - c) orders transfers and secondments, defining the terms and conditions, also with respect to the salary package;
 - d) takes all protective and disciplinary measures, including the dismissal of staff, and prepares the quarterly information reports on the disciplinary actions, providing a report to the Board of Directors of the Parent Company;
 - e) promotes non-litigious jurisdiction and arbitration actions and procedures in legal and administrative courts and defends actions taken against the Banco BPM Group, granting, where appropriate, powers of attorney to trusted lawyers of the Parent Company;
 - f) settles court-based and out-of-court cases up to a statement of claim equal to or less than Euro 1,000,000;
- Management of social security issues
 - decides on the alignment with the law and the articles of association and trade union agreements in effect at the time of the Articles of Association and regulations on the internal pension funds recorded on the financial statements of the Banco BPM Group companies;
 - decides on the appointment of the internal Pension Fund bodies recorded on the financial statements of the Banco BPM Group companies;
 - approves, to the extent of the limits of the spending rights assigned, the agreement, amendment/withdrawal of relations, contracts and agreements relating to the asset management, insurance cover and the technical accounting administration, and their maintenance;
- Autonomous management rights in shareholding matters
 - designates the candidates to act as company representatives in the investee banking companies and the non-banking subsidiaries;
 - decides, subject to informing the Chairperson of the Board of Directors, on the exercise of the right of first refusal;
 - approves, subject to informing the Chairperson of the Board of Directors, the exercise of option and/or withdrawal rights within the limit of 5% of the consolidated Group assets;
 - approves the purchase or sale of equity investments (also indirect, including shares of funds,

for example private equity, real estate, etc.) held by the Parent Company or the subsidiaries for a value of less than 5% of the consolidated regulatory capital of the Group, that do not involve changes to the Group and/or that are not strategically relevant and, within the same limits, the finalisation and possible amendment of the related shareholder agreements, subject to any other rules provided for transactions resulting from the transformation of loans to companies who are experiencing temporary financial difficulties or for debt collection from companies experiencing difficulties;

- Autonomous operating rights in investment, spending and budget use matters
 - approves the yearly and three-yearly investment plans;
 - approves the agreement, amendment or withdrawal from consultancy and purchasing contracts for any matters up to the cumulative limit of Euro 5,000,000 per supplier and matter.
- Autonomous rights in the management of moveable and immoveable assets and historic - artistic assets
 - approves the purchase/sale of properties and land, instrumental and not, including through finance leases and/or operating leases for a value equal to or less than Euro 5,000,000;
 - approves the purchase, exchange, sale and rental of moveable assets, including registered, plants, services not included in the annual spending budget, up to a limit of Euro 3,000,000 per year.
- Autonomous rights to manage disputes and lawsuits that can also be exercised for Group companies for which Banco BPM carries out said activities on an outsourced basis
 - brings actions and procedures, at legal, administrative, non-litigious and arbitration level, in order to defend against any legal actions taken against the Bank;
 - represents the Bank for legal matters before any authority, at any level or stage of court proceedings, therefore also for any interim proceedings or injunctions, proceedings to vacate judgements or supreme court proceedings or in arbitration;
 - approves the agreement and expression of votes in insolvency proceedings;
 - approves, up to a limit of Euro 500,000, and with consequent provisions and definitive write-downs: i) settlements in actions in which it is a defendant; ii) out-of-court settlements; iii) mediations before authorised bodies (public or private) and appeals filed before other mediation bodies (ABF, ACF, Financial Banking Mediator, etc.).
- Autonomous management rights in write-offs
 - subject to the responsibilities that the law and/or the articles of association reserve to the Board of Directors, he/she will approve the write-offs of the cash and accounting differences validly reported and any damage to the Banco BPM Group or the customers resulting from operating errors for amounts equal to or less than Euro 500,000.

The full list of the powers assigned by the Board of Directors to the Chief Executive Officer were registered with the applicable Companies Register of Milan.

The Chief Executive Officer will refer to the Board of Directors as follows:

- on a quarterly basis, generally and for total amounts, on the exercise of all the powers assigned where not already carried out in implementation of a specific Regulation or within the scope of the general periodic information report on the general business performance and outlook, and on the most significant transactions carried out by the Company and its subsidiaries;
- at the first meeting following decisions made on an urgent basis in accordance with article 30.3 of the Articles of Association.

With reference to the Chief Executive Officer Mr Giuseppe Castagna, there are no interlocking directorate situations as provided by application criteria 2.C.5 of the Borsa Italiana Code.

General Manager and Joint General Managers

In accordance with article 31 of the Articles of Association, unless otherwise decided by the Board of Directors, the Company will appoint a General Manager and two Joint General Managers, establishing powers, responsibilities and functions to exercise in accordance with the guidelines given, in accordance with their respective responsibilities, by the Board of Directors, the Executive Committee and the Chief Executive Officer.

The appointment, removal or replacement of the General Manager and/or each Joint General Manager (and the determination or amendment of the powers, functions and responsibilities of each of them) will be decided by the Board of Directors upon the proposal by the Chief Executive Officer in accordance with the Chairperson of the Board of Directors. Subject to the above, the Chief Executive Officer, in the event that the General Manager resigns, will have to formulate the proposal, in association with the Chairperson of the Board of Directors, unless the Board of Directors has already decided on a majority basis not to appoint a General Manager.

The General Manager will take part in the meetings of the Board of Directors and the Executive Committee, in an advisory capacity. The Joint General Managers will attend the meetings of the Board of Directors and the Executive Committee in an advisory capacity, for the matters they are responsible for only.

The Board of Directors, at its meeting of 1 January 2017, decided, in accordance with the Proposed merger, to appoint Mr Maurizio Faroni as the General Manager and Mr Domenico De Angelis and Mr Salvatore Poloni as the Joint General Managers.

The Board of Directors, in order to ensure business continuity, also due to the increased management requirements connected to the large size of the company, decided, with reference to article 33.3 of the Articles of Association, to appoint the General Manager Mr Maurizio Faroni and the Joint General Managers Mr Domenico De Angelis and Mr Salvatore Poloni to represent the Company in the pursuit and defence of actions as active and passive representatives of Banco BPM S.p.A., before third parties and in both legal and administrative courts, including for supreme court judgements and judgements to vacate, and sole signing authority, only in the case of the absence or incapacity, including temporary, of the Chairperson of the Board of Directors, the Acting Deputy-Chairperson, the Deputy Chairpersons and the Chief Executive Officer.

The Board of Directors of the Bank, on 27 February 2019, with reference to the attachment order notified by the Finance Police in relation to the diamond event, acknowledged that the investigations by the Milan Prosecutor's office related to certain group managers or former managers, including the General Manager of the bank, Mr Maurizio Faroni. The Board of Directors ordered the temporary suspension of employment of Mr Faroni and the other parties mentioned above. To that end, the Board of Directors of the Bank, on 7 May 2019, acknowledged the resignation of the General Manager of the bank, Mr Maurizio Faroni, who resigned on said date.

To that end, the Board of Directors, which met on 28 May 2019, within the scope of revising the organisational and governance model of the Parent Company, decided to review the organisational structure that does not provide for the figure of General Manager, and introduce, in addition to the confirmation of the Joint General Managers, the figures of Chief Lending Officer (CLO) and Chief Financial Officer (CFO), with Carlo Bianchi and Edoardo Ginevra taking on these roles respectively.

Some brief biographical notes will be provided below for the members of General Management, showing that they have adequate professional expertise in the areas of banking, finance, legal, corporate, tax, organisational-ICT and risk management.

- *Domenico De Angelis* - *Joint General Manager*: Having held various executive positions within the Eni Group and the UniCredit Group, in June 2000, he was appointed Central Director and Head of

Markets of the former Banca Popolare di Novara S.c.r.l.. In June 2002, following the foundation of the BPVN Group, he was appointed General Manager of the former Banca Popolare di Novara, and served as Chief Executive Officer from April 2004 to December 2011. He was a Member of the Management Board of Banco Popolare from July 2007 to November 2011, and was subsequently a Member of the Board of Directors (from 26 November 2011) and Joint General Manager (from 29 November 2011) until the effective date of the merger with BPM S.c.a.r.l. He has previously taught the Economics and Financial Intermediation Management master's programme at Università degli Studi del Piemonte Orientale. He teaches the CIB Executive Management in Banking programme at the SDA Bocconi School of Management in Milan. He is a Director of the "Associazione Franca Capurro per Novara" non-profit organisation and Chairperson of the "Associazione Novaresi Per". He has been a Joint General Manager of Banco BPM S.p.A since 1 January 2017.

- Salvatore Poloni - *Joint General Manager*: He graduated in Law with honours and qualified to practice as a lawyer; he began his professional career with the Fiat Group, where he held management positions in the HR and Organisational departments of Fiat Auto S.p.A. and served as Head of Trade Union Relations at Sevel S.p.A.; he later served as Head of Trade Union Relations at Istituto Bancario Italiano S.p.A. and Head of Employment Policies at Cariplo S.p.A.; he was Central Director of HR and Organisation of Gruppo Bormioli Rocco S.p.A.; from 2003, he was an Executive of Gruppo Intesa and Head of HR and Organisation of the Network Division; from 2007, he was Head of HR and Organisation of the Regional Banking Division of Intesa Sanpaolo Group; from 28 July 2010, he was Central Director of the Organisational and Safety Department of Intesa Sanpaolo Group Services; from September 2012, he was Central Director and Head of HR and Organisation of Intesa Sanpaolo Group Services and, from 2015, Head of Digital Factory and Integrated Strategic Operational Areas; from September 2015 (until the date of effectiveness of the merger with Banco Popolare Soc. Coop.), he was Chief Organisational and Human Resources Officer of Banca Popolare di Milano S.c.a.r.l. He is currently a Member of the Board of Directors of Banca Akros S.p.A., of S.I.A. S.p.A., and of Enbicredito. He is also a Director of the Italian Banking Association, in which he is Chairperson of the Committee for Trade Union and Labour Affairs (CASL). He has been a Joint General Manager of Banco BPM S.p.A since 1 January 2017.

6.5 INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

While compliant with the principle of collegiality in the performance of its duties, the Articles of Association provide that the Board of Directors - in relation to the responsibilities assigned to it, its composition and the characteristics of its members - will create, internally, also in accordance with the recommendations contained in the Borsa Italiana Code of Best Practice, specific Committees with proactive, advisory and control functions (such as the "Appointments Committee", the "Remuneration Committee" and the "Internal Audit and Risks Committee").

The Board of Directors also has the right to establish other Committees, drawing up appropriate Regulations, with advisory, instructive or proactive powers. Each committee will have to include at least one member who fulfils the independence requirements set forth under article 20.1.6 of the Articles of Association.

As at the date of this report, 5 internal committees have been established (Appointments Committee, Remuneration Committee, Internal Audit and Risks Committee, Related Parties Committee and Charitable Donations Committee) that have to provide support to the Board through the formulation of proposals, opinions and observations, and insights into the areas they are responsible for.

In the establishment of said Committees, in the appointment of the respective members and in drafting the Regulations that clearly determine the responsibilities and function of each, attention was paid to ensure that they would contribute to the Board of Directors in an effective way in terms of

contributing analyses, content and efficiency, both from the standpoint of investigation and from an advisory stance; the suitability of their overall organisation was assessed to ensure there was no overlapping of responsibilities and/or decision-making processes.

Appointments Committee

Pursuant to article 24.4.1. of the Articles of Association, the Board of Directors shall establish an Appointments Committee internally, approving the Regulations which determine its responsibilities and operation in accordance with the Supervisory Regulations.

The Bank's Articles of Association establish that the Appointments Committee will comprise four Directors, all non-executive and the majority of whom (including the individual appointed as Chairperson) will meet the independence requirements established in the Articles of Association.

The Appointments Committee, established with formal resolution issued on 10 January 2017, comprises the following four Directors on the date of this report (and until the approval of the 2019 financial statements): Carlo Frascarolo (Chairperson), Giulio Pedrollo (Deputy-Chairperson), Michele Cerqua and Cristina Galeotti. All members of the Committee are non-executive and independent directors.

The Appointments Committee is responsible for the functions and tasks assigned to it by the Borsa Italiana Code of Best Practice and the applicable supervisory regulations (see Circular No. 285/2013, First Part, Title IV, Chapter 1, Section IV).

The Committee has the duty to screen or process proposals on the following matters:

- submission to the Shareholders' Meeting and composition of a list of candidates for the appointment of the Board of Directors;
- appointment or co-opting Directors to replace any who have resigned pursuant to article 20.11 of the Articles of Association;
- appointment and removal of the Chief Executive Officer;
- appointment and removal of members of the Executive Committee who are not entitled to be on the committee;
- appointment and removal - upon proposal of the Chief Executive Officer, in accordance with the Chairperson of the Board of Directors - of the General Manager and the Joint General Managers;
- appointment and removal of the members of the Territorial Advisory Committees.

The Committee also provides support to the Board of Directors in accordance with the specifications in the Supervisory Provisions in the following processes:

- prior identification and subsequent checking of the qualitative-quantitative composition of the Board of Directors considered to be optimal;
- self-evaluation of the bodies;
- checking the conditions and requirements provided in accordance with article 26 Legislative Decree no. 385/1993 (Consolidated Banking Law);
- definition of plans of succession in the top executive management ranks.

The Committee will also express its opinion on the following to the Board of Directors:

- the appointments of the candidates to act as directors, statutory auditors (standing and alternates), general managers, joint general managers and deputy general managers of the banks and the main non-banking subsidiaries of the Group;
- the appointment of the top operational and executive management of Banco BPM S.p.A.;
- the appointment and removal, in accordance with the Articles of Association, of the Financial Reporting Manager according to article 154-bis Legislative Decree no. 58/1998 and the

determination of the related powers and mechanisms, and the appointment and removal of the heads of the internal control functions of Banco BPM S.p.A. – and therefore the Internal Audit Department Manager, the Chief Risk Officer (CRO), where applicable, the Compliance Manager, the Risk Manager and the Anti-Money Laundering department manager and the Internal Validation department manager.

With reference to the specific functions provided for under the Code of Corporate Governance, the Committee will also give its opinions to the Board of Directors regarding its size and composition and make recommendations on the professional figures whose presence on the Board is advisable, in addition to any other topics indicated by the above-mentioned Code.

In executing its activities, the Committee has access to all areas of activity and company departments within the Company and the companies of the Group, including at central offices and peripheral structures, and has the right to obtain any information or data deemed necessary to carry out its tasks. In any case, the Board of Directors guarantees that the Committee will have adequate resources to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may make use of external specialist consultants from entities with recognised experience.

Committee meetings are called by the Chairperson whenever it is considered appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means which guarantee proof of receipt, sent at least three full days before the date set for the meeting, in time to provide the Committee members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the collective work.

If a Committee member has a personal interest or third-party interest in an item to be discussed, he/she must inform the Committee and abstain from participating in the debate and voting.

The Chairperson of the Board of Directors, the Chief Executive Officer and the heads of the company departments of Banco BPM S.p.A. and the other Group Companies and the other parties whose attendance is considered to be useful by the Committee may be invited to attend meetings in accordance with the topic to be discussed.

The members of the Board of Statutory Auditors have the right to attend Committee meetings.

The Committee may use external specialist advisors with proven experience, to the extent of the annual budgets approved by the Board of Directors. In any case, the Board of Directors will ensure that the Committee is suitably equipped with adequate resources to fulfil its tasks and exercise its powers.

Between 1 January and 31 December 2019, the Appointments Committee met 27 times, with attendance at said meetings of about 96%, and the meetings lasted on average one hour and forty minutes.

The meetings are called on a “call” basis, and 7 meetings were held between 1 January 2020 and the date of approval of this Report.

In 2019, the Committee also assisted the Board of Directors with regard to checking the requirements pursuant to the law and the articles of association of its members, the members of the Board of Statutory Auditors and the General Management. The Committee also supported the Board of Directors, more specifically:

(i) in the annual assessment of the size, composition and operation of the Board of Directors and its Committees;

- (ii) in the indication of the representatives of the Group banks and the main non-banking subsidiaries;
- (iii) in the update of the "top operational and executive management" of Banco BPM.

The Appointments Committee also provided support to the Internal Audit and Risks Committee in the identification of the candidates to propose to the Board of Directors for the job of Audit Manager and Anti-money laundering Manager.

The Appointments Committee gave its opinion to the Board of Directors regarding the appointment of (i) top operational and executive management of Banco BPM and (ii) Audit and Anti-money laundering managers.

In 2019, it also provided support to the Board of Directors with reference to the prior identification of the qualitative-quantitative composition of the Board of Directors considered to be optimal in order to co-opt two Board Directors to replace the Directors who resigned (Ms Golo and Mr Saviotti). Further to the mandate conferred by the Board of Directors and in compliance with article 5.2 (ii) of its Regulation, the Appointments Committee examined suitable candidates to cover, with respect to the qualitative-quantitative profile, the position of Director to replace the above-mentioned Directors who resigned, and at the end of the Process, decided it was appropriate to propose to the Board of Directors to defer the co-option of Directors to replace the two outgoing Directors.

Additionally, since the term of office of the members of the Board of Directors is about to expire, provided for - in accordance with article 20.4.1 of the Articles of Association - *"at the date of the Shareholders' Meeting called to approve the financial statements for the FY ended on 31 December 2019"*, the Appointments Committee, within the scope of the "Formation process of the Board List (article 20.4.2 of the Articles of Association)" approved by the Board of Directors at the meeting of 16 July 2019:

- supported the Board of Directors in the prior identification of the qualitative-quantitative composition of the Board of Directors considered to be optimal;
- mobilised, with the support of the external head hunting companies identified, the formation process of the "Board List", examining, including through interviews, the potential external candidates to put on the above-mentioned List.

At the Committee meetings held in 2019, Bank managers were asked to attend, with respect to the individual items on the agenda, in addition to representatives from external consultancy firms who supported the Board of Directors of Banco BPM in its assessments relating to the "Formation process of the Board List (article 20.4.2 of the Articles of Association)".

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member of the same, for each Committee meeting.

When the minutes of the resolutions cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the resolutions of the Committee.

Remuneration Committee

Pursuant to article 24.4.1. of the Articles of Association, the Board of Directors shall establish a Remuneration Committee internally, approving the Regulations which determine its responsibilities and operation in accordance with the Supervisory Regulations.

The Bank's Articles of Association establish that the Remuneration Committee will comprise four Directors, all non-executive and the majority of which (including the individual appointed as Chairperson) holding the independence requirements established in the Articles of Association. At

least one member of the Committee must have suitable knowledge and experience in the financial field or of remuneration policies.

The Remuneration Committee, established with formal resolution issued on 10 January 2017, comprises the following four Directors on the date of this report (and until the approval of the 2019 financial statements): Fabio Ravanelli (Chairperson), Manuela Soffientini (Deputy-Chairperson), Paola Galbiati and Cristina Zucchetti. All members of the Committee are non-executive directors and three are independent (including the Chairperson) and three have accumulated experience in accounting and financial areas and in remuneration policies.

The Remuneration Committee is responsible for the functions and tasks assigned to it by the Borsa Italiana Code of Best Practice and the applicable Supervisory Regulations (see in particular Circular No. 285/2013, First Part, Title IV, Chapter 2, Section II, pursuant to the last amendment of the 25th update of 23 October 2018).

In compliance with the Supervision Provisions of the Bank of Italy in force regarding remuneration and bonus payment policies and practices, the Articles of Association and the specific Regulation, in relation to the Parent Company, the subsidiary banks and the Group's main non-banking subsidiaries, the Remuneration Committee:

- has advisory status and makes proposals regarding the remuneration of directors, statutory auditors, general managers, joint general managers and deputy general managers;
- has advisory status and the task of making proposals regarding payment to the Financial Reporting Manager according to article 154-bis of Legislative Decree no. 58/1998, the heads of the internal control functions – and therefore the Internal Audit Department manager, the Chief Risk Officer (CRO), where applicable, the Compliance Manager, the Risk Manager, the Anti-Money Laundering department Manager and the Internal Validation department Manager - and the Human Resources Department Manager;
- has advisory and proposal duties on the remuneration of the remaining personnel whose remuneration and incentive systems are decided upon by the Board of Directors, as well as on the matter of determining the criteria for remuneration of the remaining "most important personnel", identified according to the methods set forth in the Supervision Provisions regarding remuneration and incentive policies and practices;
- directly supervises the correct application of rules relating to remuneration of the heads of the internal control functions – as mentioned above – in close co-operation with the Board of Statutory Auditors;
- advises, making use of information received from the applicable company departments, on the outcome of the key personnel identification process, including any exclusions pursuant to the Supervisory Provisions regarding the remuneration and bonus payment policies and practices;
- handles the preparation of documentation to submit to the Board of Directors for decisions relating to remuneration and bonus payments;
- collaborates with other committees within the Board of Directors and, specifically, with the Internal Audit and Risks Committee and the Appointments Committee;
- ensures the involvement of specialist corporate functions in the process of developing and inspecting remuneration and bonus payment policies and practices;
- advises, making use of information received from specialist corporate departments, and, specifically, the Human Resources department, on the achievement of performance objectives linked to bonus payment plans and on the assessment of the other terms in place for paying salaries;
- provides adequate reflection on activity carried out by the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

In compliance with the specific functions envisaged by the Borsa Italiana Code of Best Practice, the Committee also carries out, in accordance with the Regulation, the following duties:

- it periodically evaluates the suitability, overall consistency and practical implementation of remuneration policies regarding directors, statutory auditors and executives with strategic responsibilities, using information provided by the Chief Executive Officer and makes proposals in the area to the Board of Directors;
- presents proposals on remuneration of directors who perform particular offices, including setting performance targets relating to the variable component of this remuneration to the Board of Directors; it monitors in this respect the application of decisions adopted by the Board itself verifying, specifically, the actual attainment of performance targets;
- whenever it intends to use the services of a consultant to obtain information on market practices regarding remuneration policies, the Committee verifies in advance that it will not find itself in situations that compromise independence of judgement.

This is subject to any other power given to the Committee pursuant to the law or regulations, or supervisory regulations or decided upon by the Board of Directors.

The Committee must structure the execution of its tasks around the standards of autonomy and independence; to this end, it must be guaranteed the presence, or support, of experts on risk management, capital and liquidity, so that the incentives underlying the system and remuneration policies are consistent with the methodology adopted by the Bank for regulatory and internal risk management. To that end, the Committee ordinarily relies on the company's risk control divisions, and in particular, the Risk Manager and the Compliance Manager who, along with the Human Resources Department Manager, regularly attend its meetings, unless decided otherwise by the Chairperson.

In the performance of its duties, the Committee also has access to all areas of activity and corporate functions of the Group companies, both through central offices and peripheral structures, and has the right to obtain any information or data deemed necessary for the performance of its task. In any case, the Board of Directors guarantees that the Committee will have adequate resources to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may make use of external specialist consultants from entities with recognised experience.

Committee meetings are called by the Chairperson whenever considered appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means which guarantees proof of receipt, sent at least three full days before the date set for the meeting, in time to provide the members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the Committee's work. The Chairperson coordinates the Committee's work.

If a Committee member has a personal interest or third-party interest in an item to be discussed, he/she must inform the Committee and abstain from participating in the debate and voting.

In addition to the corporate departments mentioned above, that - unless otherwise decided as the occasion arises by the Chairperson - regularly attend the meetings, the Chairperson of the Board of Directors, the Chief Executive Officer, the heads of the company departments of Banco BPM S.p.A. and the other Group Companies and the other parties whose attendance is considered to be useful by the Committee may be invited to attend meetings in accordance with the topic to be discussed. No director shall attend the committee meetings in which proposals are discussed to make to the Board of Directors relating to his/her personal remuneration.

In any event, members of the Board of Statutory Auditors are entitled to attend Committee meetings and they must always be invited - also through the Chairperson of the Board of Statutory Auditors or a Statutory Auditor designated for this purpose - to meetings regarding the verification of the proper application of rules relating to the remuneration of internal audit department managers.

In the period between 1 January 2019 and 31 December 2019, the Committee met 18 times, with the meetings called by its Chairperson. The percentage attendance amounted to 99% and the average duration of the meetings was about one hour and 20 minutes.

18 meetings were scheduled for the current year, of which 5 had already been held by the date of approval of this Report.

In 2019, the Committee carried out the activities it is responsible for, mainly carrying out investigation, advisory and/or proactive activities - according to the case - relating to the following: (i) the determination of the fees due to the directors vested with specific offices or positions including the Chief Executive Officer of the Parent Company, and the identification of the fees for the representatives of the subsidiary banks and the main non-banking subsidiaries of the Group; (ii) the definition of the remuneration policies for 2019 for the Banco BPM Group staff and the criteria to determine the remuneration to agree in the event the early resignation of employment or early resignation from office; (iii) the remuneration package based on the 2019 short-term Banco BPM S.p.A. shares (annual), also examining the documents to submit to the corporate bodies; (iv) identification of the "key personnel" of the Banco BPM Group (including the results and subsequent updates); (v) the implementation of the 2018 remuneration policies, including the conditions for access to the bonus system and where it is the responsibility of the committee, the formulation of the bonus payment proposal; (vi) the definition of the financial package for certain parties who form part of the top operational and executive management; (vii) supervision of the correct application of the remuneration rules (especially in relation to the remuneration of the control department Managers) and control of the objectives within the scope of the bonus payment system examining the MBO tables selected by the Committee.

For the pursuit of its own activities it received all the information deemed necessary and the support of company departments involved. For 2019, it chose not to use external consultants.

As provided for by Committee Regulation, unless otherwise determined, the Risk Manager, the Compliance Manager and the Human Resources Manager also attended the Committee meetings, and other managers were invited by the Committee, in accordance with the single items on the agenda.

The Statutory Auditor, specifically appointed to this effect, attended Committee meetings, subject to the right of all members of the Board of Statutory Auditors to attend meetings, as established by the Regulation.

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member of the same, for each Committee meeting.

When the minutes of the resolutions cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the decisions made by the Committee.

For further information on the Remuneration Committee, please refer to the "Remuneration Report" published in accordance with article 123-ter of the Consolidated Law on Finance on the website of Banco BPM (www.bancobpm.it – section Corporate Governance).

Internal Audit and Risks Committee

Pursuant to article 24.4.1. of the Articles of Association, the Board of Directors shall internally establish an Internal Audit and Risks Committee, approving the relative Regulation that will determine their responsibilities and operation in compliance with the Supervisory Regulations.

The Bank's Articles of Association establish that the Internal Audit and Risks Committee shall comprise four Directors, all non-executive and the majority of which (including the individual appointed as Chairperson) holding the independence requirements established in the Articles of Association. It is also expected that the members of the Committee must have the knowledge, abilities and experience to be able to fully understand and monitor the Group's risk strategies and guidelines; at least one member of the Committee must have suitable experience in accounting and financial matters, or of risk management.

The Internal Audit and Risks Committee, established by the Board of Directors resolution of 10 January 2017, consists of the following four Directors as of the reporting date (and until approval of the 2019 financial statements): Mario Anolli (Chairperson), Costanza Torricelli (Deputy-Chairperson), Rita Laura D'Ecclesia and Carlo Frascarolo. All members of the Committee are non-executive and independent directors.

The Internal Audit and Risks Committee is charged with the duties envisaged by the supervisory provisions of the Bank of Italy (see, in particular, Part One, Title IV, Chapter 1, Section IV of Circular 285/13), by the Articles of Association as well as by the Code of Best Practice, in particular performing duties to assist the Board of Directors of the Issuer with regard to risks and the internal audit system, the scope of which applies to the entire Group.

The Committee is responsible, *inter alia*, for investigation and advisory activities with regard to the scope reserved to the Board of Directors relating to the:

- internal audit system;
- risk analysis, measurement, monitoring and management;
- IT accounting structure.

In performing its duties, the Committee pays special attention to all activities that are instrumental or necessary for the Board of Directors to be able to correctly and effectively establish the Risk Appetite Framework and risk governance policies.

In compliance with the specific functions provided by the Supervisory Provisions of the Bank of Italy and the Borsa Italiana Code of Best Practice, the Committee also carries out, *inter alia*, in accordance with the specific Regulation, the following duties:

- assists the Board of Directors by providing its opinion:
 - i. establishes the guidelines of the internal audit and risk management system, so that the main risks to which the Company and its subsidiaries are exposed to are correctly identified as well as adequately measured, managed and monitored;
 - ii. determines the level of compatibility of said risks with the sound and prudent management of the Company, consistent with the strategic objectives identified;
- provides support to the Board of Directors in the appointment of the Director in charge of the internal audit and risk management system;
- identifies and proposes to the Board of Directors, with the contribution of the Appointments Committee, the Chief Risk Officer, if envisaged, the heads of the corporate audit departments to be appointed and gives its opinion on the proposal to remove them;
- forms an opinion on changes to the organisational structure of the corporate audit functions within the scope of the Board of Directors, on the adequacy of the resources assigned to them, with respect to the performance of their duties and, subject to the responsibilities of the Remuneration Committee, on the remuneration of the relative managers in accordance with company policy;

- makes assessments and forms opinions for the Board of Directors on compliance with principles, legislative and regulatory provisions, to which the internal audit system and the company organisation must adhere, and the requirements that must be fulfilled by the company's audit functions, bringing any weak areas to the attention of the Board of Directors as well as the consequent corrective measures to be implemented;
- examines the programmes (including the audit plan) and the annual reports of the corporate audit functions addressed to the Board of Directors in advance, providing its opinion;
- contributes, through assessments and opinions, to the definition of the company outsourcing policy as regards the corporate audit functions;
- supervises the corporate audit departments, ensuring that they correctly comply with the recommendations and the guidelines of the Board of Directors, assisting it in drawing up the Regulation for the coordination and collaboration of the Audit Departments and Bodies;
- assesses the correct use of accounting principles for the preparation of the separate and consolidated financial statements, to this end coordinating with the Financial Reporting Manager and with the Board of Statutory Auditors, also requesting, if deemed appropriate, opinions or information from the parties assigned the independent auditing of the accounts;
- expresses its opinion to the Board of Directors regarding the assessment of the results illustrated by the parties assigned to independently audit the accounts in any letter of recommendations and in the report on fundamental matters that arose at the time of the independent audit;
- forms its opinion, and informs the Board of Directors on the description, in the report on corporate governance, of the main characteristics of the internal audit and risk management system and on assessments as to its adequacy;
- assesses, on a six-monthly basis, the adequacy of the internal audit and risk management system with respect to the characteristics of the Group and its selected risk appetite, as well as its effectiveness, providing its opinion regarding the analogous annual assessment carried out by the Board of Directors.

With specific reference to its risk management and control duties, the Committee:

- supports the Board of Directors in defining and approving strategic guidelines and governance and risk management policies, also resulting from adverse actions that the Board of Directors has become aware of. More specifically, as regards the Risk Appetite Framework, in the process of determining the risk appetite, the Committee makes assessments and proposals, in accordance with company regulations, so that the Board of Directors may define and approve the Risk appetite and the Risk tolerance;
- assists the Board of Directors in defining the policies and the processes to assess company activities, including ensuring that the price and the terms of transactions with customers are consistent with the business model and risk strategies;
- provides support to the Board of Directors in verifying the correct implementation of the strategies, the risk governance policies and the Risk Appetite Framework, also by examining the periodic reports on Group risk exposure prepared by the relevant company functions;
- supervises, with the assistance of the relevant internal audit departments, the effective use for management purposes of the internal capital requirement measurement systems (use test) and their compliance with other requirements envisaged by law;
- without prejudice to the responsibilities of the Remuneration Committee, verifies that the incentives underlying the remuneration and incentive system are consistent with the Risk Appetite Framework.

The Committee reports to the Board of Directors when necessary, through its Chairperson, on the outcome of the activities performed, and, at least every six months, at the time of the approval of the annual and interim financial statements, prepares a specific report on the activities performed and on the adequacy of the internal audit and risk management system.

The Committee must structure the execution of its tasks around the principles of autonomy and independence. To this end, it must be granted autonomous powers of initiative and, to effectively perform its duties, it may carry out audit and inspection activities within all areas of Group activities.

In performing its duties, the Committee is generally assisted by the company's internal control departments and in particular by the Internal Audit Department, the Chief Risk Officer, and, where envisaged, by the Risk Control Department, the Compliance Department, the Internal Validation Department and the Anti-Money Laundering Department, as well as the Financial Reporting Manager.

The Committee may suggest that the Chairperson of the Board of Directors requests the Internal Audit Department to conduct specific audits.

In executing its activities, the Committee also has access to all areas of activity and company departments within the Company and the companies of the Group, including at central offices and peripheral structures, and has the right to obtain any information, data or copies of documents deemed necessary to carry out its tasks. In any case, the Board of Directors guarantees that the Committee has adequate resources available to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may make use of external specialist consulting from entities with recognised experience.

Committee meetings are called by the Chairperson whenever it is considered appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means which guarantees proof of receipt, sent at least three full days before the date set for the meeting, in time to provide the Committee members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the collective work.

If a Committee member has a personal interest or third-party interest in an item to be discussed, he/she must inform the Committee and abstain from participating in the debate and voting.

The Chairperson of the Board of Directors, the Chief Executive Officer and the heads of the company departments of Banco BPM S.p.A. and the other Group Companies and the other parties whose attendance is considered to be useful by the Committee may be invited to attend meetings in accordance with the topic to be discussed.

The members of the Board of Statutory Auditors have the right to attend Committee meetings.

The Committee may use external specialist advisors with proven experience, to the extent of the annual budgets approved by the Board of Directors. In any case, the Board of Directors will ensure that the Committee is suitably equipped with adequate resources to fulfil its tasks and exercise its powers.

Between 1 January and 31 December 2019, the Appointments Committee met 27 times, with attendance at said meetings about 96%, and the meetings lasted on average of one hour and forty minutes.

The meetings are called on a "call" basis, and 7 meetings were held between 1 January 2020 and the date of approval of this Report.

In 2019, the Committee also assisted the Board of Directors with regard to checking the requirements pursuant to the law and the articles of association of its members, the members of the Board of Statutory Auditors and the General Management. The Committee also supported the Board of Directors, more specifically:

- (i) in the annual assessment of the size, composition and operation of the Board of Directors and its Committees;
- (ii) in the indication of the representatives of the Group banks and the main non-banking subsidiaries;
- (iii) in the update of the "top operational and executive management" of Banco BPM.

The Appointments Committee also provided support to the Internal Audit and Risks Committee in the identification of the candidates to propose to the Board of Directors for the job of Audit Manager and Anti-money laundering Manager.

The Appointments Committee gave its opinion to the Board of Directors regarding the appointment of (i) top operational and executive management of Banco BPM and (ii) Audit and Anti-money laundering managers.

In 2019, it also provided support to the Board of Directors with reference to the prior identification of the qualitative-quantitative composition of the Board of Directors considered to be optimal in order to co-opt two Board Directors to replace the Directors who resigned (Ms Golo and Mr Saviotti). Further to the mandate conferred by the Board of Directors and in compliance with article 5.2 (ii) of its Regulation, the Appointments Committee examined suitable candidates to cover, with respect to the qualitative-quantitative profile, the position of Director to replace the above-mentioned Directors who resigned, and at the end of the Process, decided it was appropriate to propose to the Board of Directors to defer the co-option of Directors to replace the two outgoing Directors.

Additionally, since the term of office of the members of the Board of Directors is about to expire, provided for - in accordance with article 20.4.1 of the Articles of Association - *"at the date of the Shareholders' Meeting called to approve the financial statements for the FY ended on 31 December 2019"*, the Appointments Committee, within the scope of the "Formation process of the Board List (article 20.4.2 of the Articles of Association)" approved by the Board of Directors at the meeting of 16 July 2019:

- supported the Board of Directors in the prior identification of the qualitative-quantitative composition of the Board of Directors considered to be optimal;
- mobilised, with the support of the external head hunting companies identified, the formation process of the "Board List", examining, including through interviews, the potential external candidates to put on the above-mentioned List.

At the Committee meetings held in 2019, Bank managers were asked to attend, with respect to the individual items on the agenda, in addition to representatives from external consultancy firms who supported by Board of Directors of Banco BPM in its assessments relating to the "Formation process of the Board List (article 20.4.2 of the Articles of Association)".

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member of the same, for each Committee meeting.

When the minutes of the resolutions cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the resolutions of the Committee.

Remuneration Committee

Pursuant to article 24.4.1. of the Articles of Association, the Board of Directors shall establish a Remuneration Committee internally, approving the Regulations which determine its responsibilities and operation in accordance with the Supervisory Regulations.

The Bank's Articles of Association establish that the Remuneration Committee will comprise four Directors, all non-executive and the majority of which (including the individual appointed as Chairperson) holding the independence requirements established in the Articles of Association. At least one member of the Committee must have suitable knowledge and experience in the financial field or of remuneration policies.

The Remuneration Committee, established with formal resolution issued on 10 January 2017, comprises the following four directors on the date of this report (and until the approval of the 2019 financial statements): Fabio Ravanelli (Chairperson), Manuela Soffientini (Vice Chairperson), Paola Galbiati and Cristina Zucchetti. All members of the Committee are non-executive directors and three are independent (including the Chairperson) and three have accumulated experience in accounting and financial areas and in remuneration policies.

The Remuneration Committee is responsible for the functions and tasks assigned to it by the Borsa Italiana Code of Best Practice and the applicable supervisory regulations (see in particular Circular No. 285/2013, First Part, Title IV, Chapter 2, Section II, pursuant to the last amendment of the 25th update of 23 October 2018).

In compliance with the Supervision Provisions of the Bank of Italy in force regarding remuneration and bonus payment policies and practices, the Articles of Association and the specific Regulation, in relation to the Parent Company, the subsidiary banks and the Group's main non-banking subsidiaries, the Remuneration Committee:

- has advisory status and makes proposals regarding the remuneration of directors, statutory auditors, general managers, joint general managers and deputy general managers;
- has advisory status and the task of making proposals regarding payment to the Financial Reporting Manager according to article 154-bis of Legislative Decree no. 58/1998, the heads of the internal control functions – and therefore the Internal Audit Department manager, the Chief Risk Officer (CRO), where applicable, the Compliance Manager, the Risk Manager, the Anti-Money Laundering department Manager and the Internal Validation department Manager - and the Human Resources Department Manager;
- has advisory and proposal duties on the remuneration of the remaining personnel whose remuneration and incentive systems are decided upon by the Board of Directors, as well as on the matter of determining the criteria for remuneration of the remaining "most important personnel", identified according to the methods set forth in the Supervision Provisions regarding remuneration and incentive policies and practices;
- directly supervises the correct application of rules relating to remuneration of the heads of the internal control functions – as mentioned above – in close co-operation with the Board of Statutory Auditors;
- advises, making use of information received from the applicable company departments, on the outcome of the key personnel identification process, including any exclusions pursuant to the Supervisory Provisions regarding the remuneration and bonus payment policies and practices;
- handles the preparation of documentation to submit to the Board of Directors for decisions relating to remuneration and bonus payments;
- collaborates with other committees within the Board of Directors and, specifically, with the Internal Audit and Risks Committee and the Appointments Committee;
- ensures the involvement of specialist corporate functions in the process of developing and inspecting remuneration and bonus payment policies and practices;
- advises, making use of information received from specialist corporate departments, and, specifically, the Human Resources department, on the achievement of performance objectives linked to bonus payment plans and on the assessment of the other terms in place for paying salaries;
- provides adequate reflection on activity carried out by the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

In compliance with the specific functions envisaged by the Borsa Italiana Code of Best Practice, the Committee also carries out, in accordance with the Regulation, the following duties:

- it periodically evaluates the suitability, overall consistency and practical implementation of remuneration policies regarding directors, statutory auditors and executives with strategic responsibilities, using information provided by the Chief Executive Officer and makes proposals in the area to the Board of Directors;
- presents proposals on remuneration of directors who perform particular offices, including setting performance targets relating to the variable component of this remuneration to the Board of Directors; it monitors in this respect the application of decisions adopted by the Board itself verifying, specifically, the actual attainment of performance targets;
- whenever it intends to use the services of a consultant to obtain information on market practices regarding remuneration policies, the Committee verifies in advance that it will not find itself in situations that compromise independence of judgement.

This is subject to any other power given to the Committee pursuant to the law or regulations, or supervisory regulations or decided upon by the Board of Directors.

The Committee must structure the execution of its tasks around the standards of autonomy and independence; to this end, it must be guaranteed the presence, or support, of experts on risk management, capital and liquidity, so that the incentives underlying the system and remuneration policies are consistent with the methodology adopted by the Bank for regulatory and internal risk management. To that end, the Committee ordinarily relies on the company's risk control divisions, and in particular, the Risk Manager and the Compliance Manager who, along with the Human Resources Department Manager, regularly attend its meetings, unless decided otherwise by the Chairperson.

In the performance of its duties, the Committee also has access to all areas of activity and corporate functions of the Group companies, both through central offices and peripheral structures, and has the right to obtain any information or data deemed necessary for the performance of its task. In any case, the Board of Directors guarantees that the Committee will have adequate resources to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may make use of external specialist consultants from entities with recognised experience.

Committee meetings are called by the Chairperson whenever considered appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means which guarantees proof of receipt, sent at least three full days before the date set for the meeting, in time to provide the members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the Committee's work. The Chairperson coordinates the Committee's work.

If a Committee member has a personal interest or third-party interest in an item to be discussed, he/she must inform the Committee and abstain from participating in the debate and voting.

In addition to the corporate departments mentioned above, that - unless otherwise decided as the occasion arises by the Chairperson - regularly attend the meetings, the Chairperson of the Board of Directors, the Chief Executive Officer, the heads of the company departments of Banco BPM S.p.A. and the other Group Companies and the other parties whose attendance is considered to be useful by the Committee may be invited to attend meetings in accordance with the topic to be discussed. No director shall attend the committee meetings in which proposals are discussed to make to the Board of Directors relating to his/her personal remuneration.

In any event, members of the Board of Statutory Auditors are entitled to attend Committee meetings and they must always be invited - also through the Chairperson of the Board of Statutory

Auditors or a Statutory Auditor designated for this purpose - to meetings regarding the verification of the proper application of rules relating to the remuneration of internal audit department managers.

In the period between 1 January 2019 and 31 December 2019, the Committee met 18 times, with the meetings called by its Chairperson. The percentage attendance amounted to 99% and the average duration of the meetings was about one hour and 20 minutes.

18 meetings were scheduled for the current year, of which 5 had already been held by the date of approval of this Report.

In 2019, the Committee carried out the activities it is responsible for, mainly carrying out investigation, advisory and/or proactive activities - according to the case - relating to the following: (i) the determination of the fees due to the directors vested with specific offices or positions including the Chief Executive Officer of the Parent Company, and the identification of the fees for the representatives of the subsidiary banks and the main non-banking subsidiaries of the Group; (ii) the definition of the remuneration policies for 2019 for the Banco BPM Group staff and the criteria to determine the remuneration to agree in the event the early resignation of employment or early resignation from office; (iii) the remuneration package based on the 2019 short-term Banco BPM S.p.A. shares (annual), also examining the documents to submit to the corporate bodies; (iv) identification of the "key personnel" of the Banco BPM Group (including the results and subsequent updates); (v) the implementation of the 2018 remuneration policies, including the conditions for access to the bonus system and where it is the responsibility of the committee, the formulation of the bonus payment proposal; (vi) the definition of the financial package for certain parties who form part of the top operational and executive management; (vii) supervision of the correct application of the remuneration rules (especially in relation to the remuneration of the control department Managers) and control of the objectives within the scope of the bonus payment system examining the MBO tables selected by the Committee.

For the pursuit of its own activities it received all the information deemed necessary and the support of company departments involved. For 2019, it chose not to use external consultants.

As provided for by Committee Regulation, unless otherwise determined, the Risk Manager, the Compliance Manager and the Human Resources Manager also attended the Committee meetings, and other managers were invited by the Committee, in accordance with the single items on the agenda.

The Statutory Auditor, specifically appointed to this effect, attended Committee meetings, subject to the right of all members of the Board of Statutory Auditors to attend meetings, as established by the Regulation.

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member of the same, for each Committee meeting.

When the minutes of the resolutions cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the decisions made by the Committee.

For further information on the Remuneration Committee, please refer to the "Remuneration Report" published in accordance with article 123-ter of the Consolidated Law on Finance on the website of Banco BPM (www.bancobpm.it – section Corporate Governance).

Internal Audit and Risks Committee

Pursuant to article 24.4.1. of the Articles of Association, the Board of Directors shall internally establish Internal Audit and Risks Committee, approving the relative Regulation that will determine their responsibilities and operation in compliance with the Supervisory Regulations.

+The Bank's Articles of Association establish that the Internal Audit and Risks Committee shall comprise four Directors, all non-executive and the majority of which (including the individual appointed as Chairperson) holding the independence requirements established in the Articles of Association. It is also expected that the members of the Committee must have the knowledge, abilities and experience to be able to fully understand and monitor the Group's risk strategies and guidelines; at least one member of the Committee must have suitable experience in accounting and financial matters, or of risk management.

The Internal Audit and Risks Committee, established the Board of Directors resolution of 10 January 2017, consists of the following four Directors as of the reporting date (and until approval of the 2019 financial statements): Mario Anolli (Chairperson), Costanza Torricelli (Deputy-Chairperson), Rita Laura D'Ecclesia and Carlo Frascarolo. All members of the Committee are non-executive and independent directors.

The Internal Audit and Risks Committee is charged with the duties envisaged by the supervisory provisions of the Bank of Italy (see, in particular, Part One, Title IV, Chapter 1, Section IV of Circular 285/13), by the Articles of Association as well as by the Code of Best Practice, in particular performing duties to assist the Board of Directors of the Issuer with regard to risks and the internal audit system, the scope of which applies to the entire Group.

The Committee is responsible, *inter alia*, for investigation and advisory activities with regard to the scope reserved to the Board of Directors relating to the:

- internal audit system;
- risk analysis, measurement, monitoring and management;
- IT accounting structure.

In performing its duties, the Committee pays special attention to all activities that are instrumental or necessary for the Board of Directors to be able to correctly and effectively establish the Risk Appetite Framework and risk governance policies.

In compliance with the specific functions provided by the Supervisory Provisions of the Bank of Italy and the Borsa Italiana Code of Best Practice, the Committee also carries out, *inter alia*, in accordance with the specific Regulation, the following duties:

- assists the Board of Directors by providing its opinion:
 - iii. establishes the guidelines of the internal audit and risk management system, so that the main risks to which the Company and its subsidiaries are exposed to are correctly identified as well as adequately measured, managed and monitored;
 - iv. determines the level of compatibility of said risks with the sound and prudent management of the Company, consistent with the strategic objectives identified;
- provides support to the Board of Directors in the appointment of the Director in charge of the internal audit and risk management system;
- identifies and proposes to the Board of Directors, with the contribution of the Appointments Committee, the Chief Risk Officer, if envisaged, the heads of the corporate audit departments to be appointed and gives its opinion on the proposal to remove them;
- forms an opinion on changes to the organisational structure of the corporate audit functions within the scope of the Board of Directors, on the adequacy of the resources assigned to them, with

respect to the performance of their duties and, subject to the responsibilities of the Remuneration Committee, on the remuneration of the relative managers in accordance with company policy;

- makes assessments and forms opinions for the Board of Directors on compliance with principles, legislative and regulatory provisions, to which the internal audit system and the company organisation must adhere, and the requirements that must be fulfilled by the company's audit functions, bringing any weak areas to the attention of the Board of Directors as well as the consequent corrective measures to be implemented;
- examines the programmes (including the audit plan) and the annual reports of the corporate audit functions addressed to the Board of Directors in advance, providing its opinion;
- contributes, through assessments and opinions, to the definition of the company outsourcing policy as regards the corporate audit functions;
- supervises the corporate audit departments, ensuring that they correctly comply with the recommendations and the guidelines of the Board of Directors, assisting it in drawing up the Regulation for the coordination and collaboration of the Audit Departments and Bodies;
- assesses the correct use of accounting principles for the preparation of the separate and consolidated financial statements, to this end coordinating with the Financial Reporting Manager and with the Board of Statutory Auditors, also requesting, if deemed appropriate, opinions or information from the parties assigned the independent auditing of the accounts;
- expresses its opinion to the Board of Directors regarding the assessment of the results illustrated by the parties assigned to independently audit the accounts in any letter of recommendations and in the report on fundamental matters that arose at the time of the independent audit;
- forms its opinion, and informs the Board of Directors on the description, in the report on corporate governance, of the main characteristics of the internal audit and risk management system and on assessments as to its adequacy;
- assesses, on a six-monthly basis, the adequacy of the internal audit and risk management system with respect to the characteristics of the Group and its selected risk appetite, as well as its effectiveness, providing its opinion regarding the analogous annual assessment carried out by the Board of Directors.

With specific reference to its risk management and control duties, the Committee:

- supports the Board of Directors in defining and approving strategic guidelines and governance and risk management policies, also resulting from adverse actions that the Board of Directors has become aware of. More specifically, as regard the Risk Appetite Framework, in the process of determining the risk appetite, the Committee makes assessments and proposals, in accordance with company regulations, so that the Board of Directors may define and approve the Risk appetite and the Risk tolerance;
- assists the Board of Directors in defining the policies and the processes to assess company activities, including ensuring that the price and the terms of transactions with customers are consistent with the business model and risk strategies;
- provides support to the Board of Directors in verifying the correct implementation of the strategies, the risk governance policies and the Risk Appetite Framework, also by examining the periodic reports on Group risk exposure prepared by the relevant company functions;
- supervises, with the assistance of the relevant internal audit departments, the effective use for management purposes of the internal capital requirement measurement systems (use test) and their compliance with other requirements envisaged by law;
- without prejudice to the responsibilities of the Remuneration Committee, verifies that the incentives underlying the remuneration and incentive system are consistent with the Risk Appetite Framework.

The Committee reports to the Board of Directors when necessary, through its Chairperson, on the outcome of the activities performed, and, at least every six months, at the time of the approval of the annual and interim financial statements, prepares a specific report on the activities performed and on the adequacy of the internal audit and risk management system.

The Committee must structure the execution of its tasks around the principles of autonomy and independence. To this end, it must be granted autonomous powers of initiative and, to effectively perform its duties, it may carry out audit and inspection activities within all areas of Group activities.

In performing its duties, the Committee is generally assisted by the company's internal control departments and in particular by the Internal Audit Department, the Chief Risk Officer, and, where envisaged, by the Risk Control Department, the Compliance Department, the Internal Validation Department and the Anti-Money Laundering Department, as well as the Financial Reporting Manager.

The Committee may suggest that the Chairperson of the Board of Directors requests the Internal Audit Department to conduct specific audits.

In performing its activities, the Committee also has access to all areas of activity and company departments within the Company and the companies of the Group, including central offices and peripheral structures, and has the right to obtain any information, data or copies documents deemed necessary to carry out its tasks. In any case, the Board of Directors guarantees that the Committee has adequate resources available to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may make use of external specialist consulting from entities with recognised experience.

Committee meetings are called by the Chairperson whenever it is considered appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means which guarantees proof of receipt, sent at least three full days before the date set for the meeting, in time to provide the members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the Committee work. The notice is sent to the committee members, as well as the Chairperson of the Board of Statutory Auditors for information.

If a Committee member has a personal interest or third-party interest in an item to be discussed, he/she must inform the Committee and abstain from participating in the debate and voting.

The Chairperson of the Board of Directors, the Chief Executive Officer, the Joint General Managers, the Director in charge of the internal audit and risk management system, the heads of the company functions of Banco BPM S.p.A. and of other Group Companies, the statutory auditors of Group companies, the members of the Supervisory Body set forth in Italian Legislative Decree 231/2001, the parties assigned the independent auditing of the accounts and other parties whose presence is deemed useful by the Committee may be invited to attend meetings.

The Chairperson of the Board of Statutory Auditors or another auditor he/she may designate will attend the meetings of the Committee. Statutory Auditors have the right to participate in meetings of the Committee.

The Chairperson coordinates the Committee's work.

Between 1 January and 31 December 2019, the Internal Audit and Risks Committee met 24 times, with an attendance rate of 99%, and the meetings lasted on average five hours.

20 meetings were scheduled for the current year, of which 7 had already been held by the date of approval of this Report.

The Internal Audit and Risks Committee, through its Chairperson, always provides an in-depth report on the activities performed and the main findings that emerged in summary form to all meetings of the Board of Directors.

In 2019, the Committee also assisted the Board of Directors with regard to:

- ✓ defining the guidelines and the proposal for the Risk Appetite Framework (RAF) for 2019;
- ✓ the extension and update of the risk measurement internal models;
- ✓ the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP);
- ✓ examination of reports on the activities performed by the Internal Control Departments in 2018, as well as the respective activity programmes for 2019;
- ✓ the appointment of the Audit and Anti-money laundering Managers, and their remuneration;
- ✓ the adoption and updating of relevant Regulations and legislation within the scope of the internal regulatory framework relating to the organisational and functional model of Banco BPM;
- ✓ topics that regard relations with the Supervisory Authorities by carefully controlling and monitoring the implementation of the requests made by the latter;
- ✓ the periodic reports on risk monitoring and management drawn up by the relevant corporate functions;
- ✓ the adequacy of the organisational, administrative and accounting structure of Banco BPM and of strategically important subsidiaries with specific reference to the internal audit and risk management system.

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member of the same, for each Committee meeting. The minutes, approved by the Committee, and signed by the Chairperson and the Secretary, are sent to Committee members, the Chairperson of the Board of Directors and the Chairperson of the Board of Statutory Auditors and, where the Committee deems it appropriate, to the extent of their responsibilities, to the Chief Executive Officer and the Chairperson of the Supervisory Body pursuant to Legislative Decree 231/2001.

When the minutes of the resolutions of the Committee cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the resolutions of the Committee.

Related Parties Committee

Pursuant to article 24.4.1. of the Articles of Association of Banco BPM S.p.A, the Board of Directors shall establish a Related Parties Committee internally, approving the Regulation which will determine its responsibilities and operation in accordance with prevailing laws and regulations.

The Related Parties Committee will comprise four Directors in accordance with the articles of association, all of whom meet the independence requirements pursuant to the Articles of Association; it shall be in charge of ensuring the linear, unequivocal management of the Consob rules on Related Parties and the Provisions of the Bank of Italy on risk activities and conflicts of interest with respect to Related Parties.

The Related Parties Committee - established with board resolution on 10 January 2017 - following the resignation of Ms Marisa Golo who resigned on 14 May 2019, comprises the following three Directors as at the date of this report (and up to the approval of the 2020 financial statements): Cristina Galeotti (Chairperson), Mario Anolli (Deputy-Chairperson) and Costanza Torricelli.

The Committee will fulfil its duties and exercise the powers given to the independent directors:

- a) from article 2391-bis of the Civil Code and related implementing and regulatory provisions (Consob Decision no. 17221 of 12 March 2010 as amended, Consob Communication DEM / 10078683 of 24 September 2010 as amended) and company rules (Procedure to Govern Related Party Transactions adopted by Banco BPM S.p.A.);

- b) from article 53 paragraphs 4 and 4-quater of the Consolidated Banking Law and *related* implementing and regulatory provisions (new Prudential Supervisory Provisions for Banks - Title V - Chapter 5 of Bank of Italy Circular no. 263/2006 as amended) and company rules (Regulation on the Procedures relating to risk activities and conflicts of interest with respect to Related Parties adopted by the Parent Company and the other Group Banks).

In the performance of its duties, the Committee also has access to all areas of activity and corporate functions of the other Group companies, both through central offices and peripheral structures, and has the right to obtain any information or data deemed necessary for the performance of its task. In any case, the Board of Directors guarantees that the Committee has adequate resources available to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may use external specialist consulting from entities with recognised experience.

Committee meetings are called by the Chairperson or whoever is acting on his/her behalf, whenever they deem it appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means which guarantees proof of receipt, sent at least three full days before the date set for the meeting, in enough time to provide the members of the Committee with sufficient information on the issues to be discussed.

If a member of the Committee is, with respect to an individual transaction, a counterparty or a Related Party in accordance with article 2391-bis of the Civil Code (provided that the transaction is one of those governed by article 2391-bis), or an Associated Party in accordance with the New Prudential Supervisory Provisions of the Bank of Italy - Title V - Chapter 5 (provided that the transaction is one of those governed by the Provisions) or has an interest in a transaction in accordance with article 2391 of the Civil Code or has, besides the previous cases, relations with the counterparty that could harm his/her independent status with respect to them (the "Director with an Interest"), said Director will be replaced by the independent Director who is not a member of the Committee and who is the oldest and who is not impeded in the manner described above. The related declaration must be given by the Director with an Interest as soon as they have enough information to make a reliable examination regarding a transaction. If there is more than one Director with an Interest, the duties of the Committee will be carried out by the remaining members (including the substitute) or individually by the sole director who does not have an interest (if necessary, also by the sole substitute)

The Director with an Interest will not attend or take part in the meetings regarding the communications, discussions or decisions of the Committee relating to the transactions that relate to the impediment.

The Chairperson of the Board of Directors, the Chief Executive Officer and the heads of the company departments of Banco BPM S.p.A. and the other Group Companies and the other parties whose attendance is considered to be beneficial by the Committee may be invited to attend meetings in accordance with the topic to be discussed.

The members of the Board of Statutory Auditors have the right to attend Committee meetings.

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member of the same, for each Committee meeting. The reports must show the reasons behind the vote expressed by each member.

If the minutes of the resolutions cannot be sent in time to the Board of Directors or any other body in charge of deciding on the transaction or proposal to which the opinion refers, the Chairperson of the Committee must notify, also verbally, the body in charge of the decisions made by Committee itself.

In the period between 1 January 2019 and 31 December 2019, the Related Parties Committee met 5 times to express the assessments required by the law on Related Parties (Consob regulations) and/or Related Parties (Bank of Italy rules) and to acknowledge the information reports on (i) monitoring the limits to exposures at risk with respect to Related Parties (ii) periodic reporting (quarterly) of the transactions entered into in the applicable period.

More specifically, during the above-mentioned meetings, the Related Parties Committee (i) constantly monitored the level of exposure with respect to the Related Parties and consequently the compliance with the related risk limits, giving evidence of the checks carried out in meetings held on a periodic basis (quarterly); (ii) expressed its prior favourable opinion regarding the review of the management risk appetite of the Group banks.

One meeting was held between 1 January 2020 and the date of approval of this Report.

Charitable Donations Committee

By decision of 10 February 2017, the Board of Directors, using the right pursuant to article 24.4.1, final paragraph of the Articles of Association, established an internal "Charitable Donations Committee" giving it advisory, investigation and proactive powers for projects to support the civil and social fabric of the Verona area and the applicable Division areas (now Territorial Department) respectively, including the Modena and Reggio Emilia territories and the Milan territory and the territories where the former BPM Scarl operated before the merger, all within the limits established by article 5 of the Articles of Association.

Afterwards, with decision of 27 March 2018, the Board of Directors expanded its duties and changed the composition of the Committee, indicating the following members: Carlo Fratta Pasini lawyer with the role of Chairperson of the Committee; Prof. Mario Anolli, with the role of Deputy-Chairperson; Carlo Frascarolo, accountant; Ms Cristina Galeotti; Mr Piero Lonardi; Prof. Mauro Paoloni; Giulio Pedrollo, engineer; Prof. Costanza Torricelli.

By decision of 27 February 2019, the Board of Directors decided to establish three territorial Foundations ("BPV Foundation", "BPM Foundation" and "BSGSP Foundation") to carry out and promote assistance, charitable and public interest initiatives to support the territories presided over by the Verona and North East Territorial Departments (BPV), Milan and North Lombardy (BPM) and Emilia Adriatic (BSGSP).

Pending the start up of operations of the above-mentioned Foundations, by decision of the Board of Directors of 11 April 2019, the composition of the Charitable Donations Committee was renewed following on from the previous one, confirming the following Directors up to approval of the financial statements for 2019: Chairperson Carlo Fratta Pasini lawyer with the role of Chairperson; Prof. Mario Anolli, with the role of Deputy-Chairperson; Carlo Frascarolo, accountant; Ms Cristina Galeotti; Mr Piero Lonardi; Prof. Mauro Paoloni; Giulio Pedrollo, engineer; Prof. Costanza Torricelli.

In the current year, the charitable contributions for all the applicable territories, were given on a priority basis to support social initiatives, with special attention to the needs of the most disadvantaged categories. The commitment of the Bank to encourage cultural and artistic activities was also confirmed; the research, instruction and protection and value placed on the artistic and architectural heritage.

In the period between 1 January 2019 and 31 December 2019, the Committee met 7 times, with a rate of attendance of 89.80%; the average duration of the meetings was about 30 minutes.

One meeting was held between 1 January 2020 and the date of approval of this Report.

6.6 REMUNERATION

The information concerning, *inter alia*, the remuneration of the executive and non-executive Board Members and the managers with key responsibilities, and the general remuneration policies and any share-backed remuneration plans are available in the "Remuneration Report" published in accordance with article 123-ter of the Consolidated Law on Finance.

6.7 INDEPENDENT AND NON-EXECUTIVE DIRECTORS

Independent directors

Regarding the independence requirement, on the basis of the Borsa Italiana Code of Best Practice (see paragraph 3.P.1) "*An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement*". The application criterion 3.C.3. of the Code of Best Practice of Borsa Italiana S.p.A., provides that at least one third of the Boards of Directors of issuers belonging to the FTSE-Mib index must be independent directors;

Paragraph 3.C.1 provides that a director cannot be classified "*generally, independent in the following cases, not be considered obligatory*:"

- a) *if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise control or considerable influence over the issuer;*
- b) *if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic importance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence also jointly with others through a shareholders' agreement;*
- c) *if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:*
 - *with the issuer, one of its subsidiaries, or any of its significant representatives;*
 - *with a party who, also together with others as a result of shareholders' agreements, controls the company, or – if concerning companies or bodies – with the related significant representatives;- or is, or was an employee of one of the afore-mentioned parties in the last three accounting periods;*
- d) *if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, significant additional remuneration (with respect to the "fixed" remuneration of a non-executive director of the issuer, and to pay for the attendance at the committee meetings recommended by the Borsa Italiana Code of Best Practice), also in the form of participation in bonus plans linked to the company's performance, including stock option plans;*
- e) *if he/she has been a director of the issuer for more than nine years in the last twelve years;*
- f) *if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;*

- g) if he/she is a shareholder or director of a company or entity belonging to the same network as the company appointed to audit the issuer;
- h) if he/she is a close relative of a person who holds any position listed in the above paragraphs".

For the purpose of the above, the chairperson of the entity, the chairperson of the Board of Directors, the executive directors and managers with strategic responsibilities of the relevant company or entity, must be considered as "significant representatives" (paragraph 3.C.2 of the Borsa Italiana Code of Best Practice).

In accordance with article 147-ter, paragraph 4 of the Consolidated Law on Finance, where the Board of Directors has more than seven members, at least two of the Directors must fulfil the requirements of independence established for Statutory auditors by article 148, paragraph 3 of said law.

Considering the foregoing, the Bank of Italy Supervision Provisions establish that "until the issue of regulations implementing Article 26 of the Consolidated Banking Law, banks shall define within their own Articles of Association a single definition of independent directors, consistent with the role they are assigned, and shall ensure the effective application thereof. In particular, the board resolution assessing independence must, *inter alia*, include an examination of all credit relationships with the bank associated with the director believed to be independent".

In order to implement the above Supervision Provisions, the Articles of Association of the Company provide as follows:

- i) a single definition of independence (see article 20.1.6 of the Articles of Association) which, on one hand, takes into consideration the provisions of Article 148, paragraph 3 of the Consolidated Law on Finance noted above and the recommendations set forth in the Code of Best Practice of Borsa Italiana - Application criteria - par. 3.C.1., and, on the other hand, meets the need for having an easy way to assess significant situations (relating to degree of kinship, financial or professional relationships, etc.);
- ii) regarding the minimum number of members that must meet the above-mentioned independence requirement, the establishment - for the first term of office, i.e. until approval of the financial statements for the year ended 31 December 2019 - of a number of independent directors equal to at least 9 (nine) members of the Board of Directors (see article 44.1 of the Articles of Association), equal therefore to more than a third of the members of the Board, thereby deciding to apply the strictest rule considering that (a) the Supervisory Provisions for Banks provide that at least a quarter of the members must meet the independence requirement, and (b) the application criterion 3.C.3. of the Code of Best Practice, that Banco BPM adheres to, provides that the Boards of Directors of issuers belonging to the FTSE-Mib index must consist of at least one-third of independent directors;
- iii) the definition of "executive directors" in accordance with the instructions in the Supervision Provisions, since the independence requires, *inter alia*, the director to be non-executive (which can therefore be reconstructed *a contrariis*).

The provisions of the articles of association relating to the independence requirements are set out below:

"20.1. – Composition, number and requirements

20.1.6. For the purpose of these Articles of Association, directors who do not have, and have not recently had - directly or indirectly - professional, equity, personal or other type of relationships with the Company or parties related to it that would influence their independence of judgment, are considered to be Independent Directors, noting that a director will not be considered to be an Independent Director if any of the following cases hold true:

- a) if, directly or indirectly, also through subsidiaries, trust companies or third parties, he/she controls the Company or is able to exercise a significant influence over the same, or participates in a shareholders' agreement through which one or more parties may exercise control or a significant influence over the Company;
- b) if he/she is, or has been a significant representative in the previous three financial years - meaning by such: the Chairperson of the Board of Directors, the "executive directors" and "executives with strategic responsibilities" - of the Company, of a subsidiary of the same with strategic significance or of a company under joint control with the Company, or of a company or an entity which, also together with others through a shareholders' agreement, controls the Company or is able to exercise significant influence over the same;
- c) if he/she holds the position of executive director in another company in which an executive director of the Company is also a director, even if non-executive;
- d) if he/she is a partner, director or employee of a company or of an entity belonging to the network of the company assigned the external auditing of the Company ;
- e) if, in the previous three financial years, he/she has received a significant additional fixed remuneration (with respect to the "fixed" emolument of a non-executive director of the Company, the remuneration for participation in the Company Board committees, any attendance fee for presence at meetings) from the Company or from a subsidiary or Parent Company, including therein any participation in bonus plans linked to company performance, also share-based plans;
- f) if she/he has, or has had, directly or indirectly (for example through subsidiaries or those in which he/she is a prominent representative, or as partner of a professional studio or of a consultancy company), a significant professional, equity, business or financial relationship in the previous financial year:
 - with the Company, its subsidiary or with any of the respective significant representatives;
 - with a party which, also jointly with others through a shareholders' agreement, controls the Company, or - if it is a company or entity - with its significant representatives;
 - with companies subject to joint control with the Company; i.e. it is or was in the previous three financial years, an employee, independent contractor or had a continuous working relationship with one of the above-mentioned parties; for the sole purposes of this letter f), relations that are held by the director with close family members, as defined below, of the significant representatives of the company, its subsidiary or a company subject to joint control with the Company, or a company or entity that, also along with others through a shareholders' agreement, controls the Company;
- g) if he/she is a close family member (meaning by such, the spouse, provided they are not legally separated, relative or similar to the fourth degree of kinship, the cohabitant as if married or the family members of the cohabitant) of a person who is in one of the situations pursuant to the points set out above;
- h) if she/he is a close family member of a director of the Company or the directors of its subsidiaries, its parent company or those subject to joint control;
- i) if he/she falls into any other category that fails to meet the requirement of independence envisaged by the legislation in force at the time.

For the purposes of this article 20.1.6, the following are considered to be "executive directors":

- (i) the chief executive officer, directors to whom the Board of Directors has granted powers pursuant to article 2381, paragraph two of the Civil Code (and article 24.2.2, letter g) of the Articles of Association) and directors who de facto carry out roles pertinent to the current management of the company for which they serve as directors;
- (ii) the directors who are members of an executive committee;
- (iii) members of a board of directors that hold managerial roles in the company managed, overseeing specific areas of company operations.

Additionally, for the purpose of this article 20.1.6, "managers with key responsibilities" are considered to be those who have the power and responsibility, directly or indirectly, for the planning, management and control of the activities of a company.

The Board of Directors will generally determine the quantitative and/or qualitative criteria that could determine the materiality of the relationships indicated in letters e) and f) of the first paragraph of this article 20.1.6.

20.1.7. The requirements pursuant to this article 20.1 may be accumulated in the same person, it being understood that an executive director of the Company, its subsidiary with strategic significance or a company under joint control with the Company, or of a company or an entity which, also together with others through a shareholders' agreement, controls the Company or is able to exercise significant influence over the same, may not be considered to be an Independent Director, in accordance with article 20.1.6 above;

Additionally, at its meeting on 1 January 2017, the Board of Directors approved the criteria to determine the significance of the cases indicated in article 20.1.6, paragraph 1, letters e) and f) of the Articles of association. In particular, thresholds of significance have been identified with respect to the following cases:

- additional remuneration (including any participation in company performance linked bonus plans, including share backed) received by the director with respect to the sum of the following amounts, i) fixed emolument of a non-executive director of Banco BPM; ii) the remuneration for participation in Banco BPM internal Board committees, iii) any attendance fee for presence at meetings. In any event, this is without prejudice to decisions made by resolutions passed at Shareholders' meetings with regard to remuneration and bonus policies for members of the Board of Directors;
- professional and financial relationships - including commercial relations (considering the economic-financial situation of the party who is involved) and financial (with regard to the amount of the line of credit granted / used, its weight with respect to the system figure and the financial situation of the borrower).

"Indirect" relationships which are relevant for the purpose of the independence requirement have also been identified.

In accordance with article 20.3.5 of the Articles of Association, the loss of the independence requirement pursuant to article 20.1.6 by a director will not result in the loss of office if the requirements are still met by the minimum number of directors who, in accordance with the Articles of Association, comply with the prevailing laws, have to meet said requirement.

The Board of Directors, at the meeting of 10 January 2017, also said that application criteria 3.C.1 letter e) of the Borsa Italiana Code of Best Practice would not be applied - which provides for loss of the independence requirement if the party was *"a director of the issuer for more than nine years in the last twelve"*. The reason is because the independence requirement understood as the independent attitude and independent judgement marking the work of the Directors does not necessarily change once nine years have passed from the date of appointment.

The meeting of the Board of Directors held on 7-8 May 2019 - considering the above-mentioned decisions - checked the independence in accordance with article 20.1.6 of the Articles of Association and therefore also in accordance with the Borsa Italiana Code of Best Practice and article 148 paragraph 3 of the Consolidated Law on Finance, with respect to all its members, finding the following: Carlo Fratta Pasini (Chairperson) (**)³; Guido Castellotti (Deputy-Chairperson); Maurizio Comoli (Deputy-Chairperson); Giuseppe Castagna (Chief Executive Officer); Mario Anolli (*)⁴; Michele Cerqua (*); Rita Laura D'Ecclesia (*); Carlo Frascarolo (*); Paola Galbiati (**); Cristina Galeotti (*); Marisa Golo

³ (**) Independent director pursuant to article 148, paragraph 3 of the Consolidated Law on Finance

⁴ (*) Independent director in accordance with article 20.1.6 of the Articles of Association and therefore also in accordance with article 148, paragraph 3, of the Consolidated Law on Finance and the Borsa Italiana Code of Best Practice.

(*); Piero Lonardi; Giulio Pedrollo (*); Fabio Ravanelli (*); Pier Francesco Saviotti; Manuela Soffientini (*); Costanza Torricelli (*); Cristina Zucchetti (*).

The names of the Board Directors who were found to be non-independent in accordance with article 20.1.6 of the Articles of Association are reported below:

- *Carlo Fratta Pasini*, due to i) his position as Chairperson of the Board of Directors (article 20.1.6, paragraph 1, letter b) of the Articles of Association; Application criteria 3.C.1 letter b) of the Code of Best Practice); ii) receipt of significant additional remuneration from Banco BPM considering the criteria identified with board decision referred to above (article 20.1.6, paragraph 1, letter e) of the Articles of Association; Application criteria 3.C.1, letter d) of the Code of Best Practice; on the other hand, this remuneration is not considered "significant" in accordance with article 148 paragraph 3, letter c) of the Consolidated Law on Finance, considering the economic-financial situation of the representative who is involved);
- *Mauro Paoloni*, due to i) his position - since he is the Acting Deputy-Chairperson of the Board of Directors - as a member of the Executive Committee (article 20.1.6, paragraph 1, letter b) of the Articles of Association; Application criteria 3.C.1 letter b) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance); ii) receipt of significant additional remuneration from Banco BPM considering the criteria identified with board decision referred to above (article 20.1.6, paragraph 1, letter e) of the Articles of Association; Application criteria 3.C.1, letter d) of the Code of Best Practice; on the other hand, this remuneration is not considered "significant" in accordance with article 148, paragraph 3, letter c) of the Consolidated Law on Finance, considering the economic-financial situation of the interested representative);
- *Guido Castellotti*, due to his position - since he is the Deputy-Chairperson of the Board of Directors - as a member of the Executive Committee (article 20.1.6, paragraph 1, letter b) of the Articles of Association; Application criteria 3.C.1, letter b) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance);
- *Maurizio Comoli*, due to his position - since he is the Deputy-Chairperson of the Board of Directors - as a member of the Executive Committee (article 20.1.6, paragraph 1, letter b) of the Articles of Association; Application criteria 3.C.1, letter b) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance);
- *Giuseppe Castagna*, due to i) his position as Chief Executive Officer and therefore, due to his classification as "executive director" (article 20.1.6, paragraph 1, letter b) of the Articles of Association; Application criteria 3.C.1, letter b) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance), and as an employee (article 20.1.6, paragraph 1, letter f) of the Articles of Association; Application criteria 3.C.1, letter c) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance) of Banco BPM; ii) receipt of possible significant additional remuneration, also considering the criteria if necessary identified with the board decision mentioned above (article 20.1.6, paragraph 1, letter e) of the Articles of Association; Application criteria 3.C.1, letter d) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance);
- *Paola Galbiati*, since she is a close family member of a person who has a significant professional relationship with Banca Akros S.p.A., a subsidiary of Banco BPM (article 20.1.6, paragraph 1, letters g) and f) of the Articles of Association; Application criteria 3.C.1, letters h) and c) of the Code of Best Practice; this relationship however cannot be considered "significant" in accordance with article 148, paragraph 3, letter c) of the Consolidated Law on Finance, also considering the economic-financial situation of the family member of the representative involved);
- *Piero Lonardi*, due to his position as a member of the Executive Committee (article 20.1.6, paragraph 1, letter b) of the Articles of Association; Application criteria 3.C.1, letter b) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance);
- *Pier Francesco Saviotti*, due to i) his position as Chairperson of the Executive Committee of Banco BPM (article 20.1.6, paragraph 1, letter b) of the Articles of Association; Application criteria 3.C.1, letter b) of the Code of Best Practice; article 148, paragraph 3, letter c) of the Consolidated Law on Finance); ii) receipt of significant additional remuneration from Banco BPM and the Banco BPM Group companies where he holds a position, considering the criteria identified with board

decision referred to above (article 20.1.6, paragraph 1, letter e) of the Articles of Association; Application criteria 3.C.1, letter d) of the Code of Best Practice; on the other hand, this remuneration is not considered "significant" in accordance with article 148, paragraph 3, letter c) of the Consolidated Law on Finance considering the economic-financial situation of the representative involved);

In any case, the Board of Directors decided that the above-mentioned Directors could exercise their terms of office with independence of judgement.

Following the above-mentioned inspection, a press release was issued.

The number of Board Directors who have been declared as being independent in accordance with article 20.1.6 of the Articles of Association, the Borsa Italiana Code of Best Practice and article 148, paragraph 3, of the Consolidated Law on Finance, easily complies with the criteria set out by each law or regulation mentioned above.

The Board of Directors, upon appointment and afterwards if any significant situations occur with regard to the independence, and in any case once a year, shall assess its members with respect to the independence requirements on the basis:

- of the information provided by the persons involved through self-declarations with which the parties involved who are classified as independent (for every case provided for under article 20.1.6 of the Articles of Association and therefore also in accordance with the Code of Best Practice and article 148, paragraph 3 of the Consolidated Law on Finance and the criteria identified with specific board decisions) undertake to maintain their independence for the entire duration of the term of office and to give notice of any subsequent significant fact for the purposes of independence;
- of any other information that Banco BPM has available;
- of the documentation provided by the applicable internal technical divisions - relating to the examination, *inter alia*, of all the lending relationships held directly or indirectly by the Director involved with Banco BPM or its subsidiaries - and made available to the Directors, considering - as expressly provided for by the Borsa Italiana Code of Best Practice - that:
- cases that would indicate the absence of independence listed in the Articles of Association are not to be considered as obligatory since the substantive element is understood to prevail over merely formal elements (i.e. the occurrence of one or more of the assumptions that would indicate the presence/absence of independence);
- the independence of judgement - expressed in the exercise of the duties - is considered to be a significant assessment factor to ascertain the independence requirement.

The result of the inspections is made known, upon appointment, by a press release to the market, and afterwards if any significant situations occur that relate to the independence, and in any case once a year, as part of the corporate governance report.

With reference to the "independence" requirement, we should note that, as desired by the Corporate Governance Committee of listed companies that underlines the importance of its assessment on a substantive basis, and not on a merely formal basis, it is also characterised by the independence of judgement required of all Directors, executive and non-executive, and the awareness of their independence in the exercise of the position held.

This is reflected, in Banco BPM, through ways of behaviour that involve full freedom of thought and expression of the independent Directors which can be inferred, especially, from the broad discussions, with the involvement of all the Directors, during the board approval of proposals and projects.

The purpose of the independent directors is to balance out the executive directors, and provide a significant contribution to the development of dialogue in the respective board bodies they belong to and to the in-depth examination of the problems and decisions that said bodies have to make.

* * *

In accordance with application criteria 3.C.6 of the Borsa Italiana Code of Best Practice, the independent directors of Banco BPM met, without the other directors, once, on 15 October 2019. In the above-mentioned meeting, attention was paid in particular to the identification of certain further improvements that could be made to the operation of the Board, mostly covered again in the annual self-evaluation of the Board of Directors.

As recommended in Comment to article 5 of the Code of Best Practice, the independent directors of Banco BPM signed a declaration during the year in which they classified themselves as independent in accordance with the Articles of Association (and therefore also in accordance with the Code of Best Practice and article 148, paragraph 3 of the Consolidated Law on Finance), undertaking to maintain their independence during the entire duration of the term of office and to give notice of any subsequent situation that may occur that would influence said independence.

It was also considered unnecessary to appoint an independent director as the lead independent director since the conditions provided for on that point by the Borsa Italiana Code were not met.

Non-Executive Directors

As at the date of this report, there were 12 Board Directors who are considered to be non-executive in accordance with the Borsa Italiana Code of Best Practice, as follows: Carlo Fratta Pasini (Chairperson); Mario Anolli; Michele Cerqua; Rita Laura D'Ecclesia; Carlo Frascarolo; Paola Galbiati; Cristina Galeotti; Giulio Pedrollo; Fabio Ravanelli; Manuela Soffientini; Costanza Torricelli and Cristina Zucchetti, therefore the number is in line with the provisions of the Borsa Italiana Code and prevailing laws.

7) BOARD OF STATUTORY AUDITORS

The information below is also provided in accordance with article 123-bis, paragraph 2, letter d) and d-bis) of the Consolidated Law on Finance.

The main provisions of the Articles of Association containing the rules on the Board of Statutory Auditors of the Company are illustrated below. For more information, please refer to the Articles of Association, available on the website of Banco BPM (www.bancobpm.it).

7.1 APPOINTMENT, REPLACEMENT AND COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

Pursuant to article 35.1 of the Articles of Association, the Board of Statutory Auditors comprises five Standing and three Alternate Auditors, who hold office for three years, expiring on the date of the Shareholders' Meeting called for the approval of the financial statements relative to the last financial year of their office, and can be reappointed. The Statutory Auditors must hold the requirements of eligibility, independence, professionalism and integrity as established in the norms in effect at the time.

In compliance with article 35.2 of the Articles of Association, the composition of the Board of Statutory Auditors must ensure balance between the genders based on that established in Law 120 of 12 July 2011, as amended, as well as rules and regulations in force at the time for the period envisaged under the same law.

In particular, in compliance with the legal and regulatory provisions which govern equal access to the administrative and auditing bodies of companies listed on regulated markets, the less represented gender must hold at least one third of the positions on the Board of Statutory Auditors.

Additionally, in accordance with the amendments to article 148 of the Consolidated Law on Finance introduced by article 1, paragraphs 303 and 304, Law no. 160 of 27 December 2019, it was provided that - starting from the first renewal of the management and control bodies of listed companies after the date of entry into effect of the law - the less represented gender for six consecutive terms of office must account for at least two fifths of the standing members of the Board of Statutory Auditors.

In accordance with articles 36 and 37 of the Articles of Association, the elections of the Board of Statutory Auditors will be carried out on the basis of lists (divided into two sections, one for the candidates for the position of Standing Auditor and one for the candidates to the position of Alternate Auditor) submitted by shareholders who represent a total of at least 1% of the share capital (or any other percentage established by the law) using the mechanisms illustrated below.

The ownership of the minimum percentage of shares to submit the lists is determined with respect to the shares that are registered in favour of the individual shareholder, or by more shareholders on a joint basis on the day on which the lists were filed with the Company. The ownership of the number of shares necessary to submit the lists must be confirmed in accordance with prevailing laws; this confirmation must be sent to the Company, even after the filing, as long as it takes place at least twenty-one days before the date of the Shareholders' Meeting in compliance with the conditions set forth by prevailing laws.

The lists that, considering both sections, present a number of candidates equal to or higher than 3 (three) must also include candidates of different genders in order to ensure that the composition of the Board of Statutory Auditors complies with prevailing laws on gender balance.

A shareholder may not submit nor vote more than one list of candidates, even by proxy or through trust companies. Shareholders who belong to the same corporate group - with this meaning the parent company, the subsidiaries and the companies subject to joint control - and shareholders who belong to a shareholders' agreement as provided by article 122 of Legislative Decree no. 58 of 24 February 1998 regarding the shares of the Company, may not submit, and those who are entitled to vote may not vote for, more than one list, even if through third parties or through trust companies; if this is not complied with, its submission will not be calculated for any of the lists.

The lists of candidates must be filed with the head office, otherwise the right will be forfeited, including through remote communication means defined by the Board of Directors in accordance with the mechanism, set forth in the notice calling the Shareholders' Meeting, which allow the identification of the parties who are filing, at least twenty-five days before the date of the Shareholders' Meeting, and made available to the public at the head office, on the website of the Company and with any other mechanisms provided for under the law in effect at the time, at least twenty-one days before the date of the Shareholders' Meeting. Unless otherwise specified by prevailing laws, the following must be attached: (i) information on the identity of the shareholders who submitted the lists, indicating the total percentage shareholding held; (ii) an exhaustive disclosure of the personal and professional characteristics of each candidate, indicating the administration and control positions held in other companies; (iii) the declarations with which the individual candidates accept their candidature and confirm, under their own responsibility, the lack of grounds for ineligibility or incompatibility and the existence of the requirements provided by law or the Articles of Association for the position; and (iv) a declaration by the shareholders that submitted the list and not those who hold, including jointly, a controlling interest or relative majority, confirming the absence (or presence) with those of relations linking them pursuant to article 144-*quinquies*, first paragraph of Consob Regulation no. 11971/1999 and prevailing laws.

If, by the expiration of the above-mentioned deadline, only one list has been submitted, or only lists submitted by shareholders who, on the basis of the declarations made in accordance with article 36.6, are related to each other in accordance with prevailing law, the Company will promptly give notice of this using the mechanisms provided by applicable law, and then proceed in accordance with the law.

The lists submitted that do not fulfil the above-mentioned requirements will be considered not to have been submitted, also in the case where any defects or shortcomings regard the documentation relating to the individual candidates.

Each candidate may only form part of one list, if this condition is not met the candidate shall not be eligible. Anyone who does not hold the requirements provided by law or the Articles of Association may not be elected and if they are elected, they shall be removed from office. Each voting shareholder may vote for one list only.

Regarding the election mechanisms, two Standing Auditors and one Alternate Auditor shall be drawn from the list that obtains the highest number of votes, in the order in which they are listed on the sections of the list.

Two Standing Auditors and one Alternate Auditor will be taken from the list that comes second in terms of number of votes and that is not linked, even indirectly, in accordance with prevailing law, with the shareholders that submitted or voted for the list that came first in terms of number of votes, in the progressive order with which the candidates are indicated in the sections of the list.

One Standing Auditor, who will be appointed as the Chairperson of the Board of Statutory Auditors and one Alternate Auditor will be taken from the list that comes third in terms of number of votes and that is not linked, even indirectly, in accordance with prevailing law, with the shareholders that

submitted or voted for the lists that came first and second in terms of number of votes, in the progressive order with which the candidates are indicated in the sections of the list.

In the event of a tie between the various lists, the Shareholders' Meeting shall hold a new vote, only putting the lists with the tied votes to the vote. The candidates from the list that obtains the relative majority of the votes will be elected.

If only one list is submitted and this obtains the majority required by law for the ordinary Shareholders' Meeting, all the Statutory Auditors will be taken from this list, both standing and alternate. In this case, the chair of the Board of Statutory Auditors shall vest in the person indicated in first place in the section of the candidates for the position of Standing Auditor in the list submitted.

If only two lists are submitted: (a) three Standing Auditors and two Alternate Auditors will be taken from the list that obtains the highest number of votes, in the order in which they are listed in the sections of the list; and (b) two Standing Auditors and one Alternate Auditor will be taken from the remaining list that is not linked, even indirectly, in accordance with prevailing law, with the shareholders that submitted or voted for the list that came first in terms of number of votes, in the order in which the candidates are listed in the sections of the list. The chair of the Board of Statutory Auditors will vest in the person indicated in first place in the section of the candidates for the position of Standing Auditor in the list pursuant to this letter (b).

If the composition of the board or the category of the alternate statutory auditors that results does not comply with the required gender balance requirements, taking account of the order in which they are listed in the respective sections, the last persons elected from the list that obtained the highest number of votes of the most represented gender will lose their positions to the extent needed to ensure compliance with the requirements, and the first unelected candidates on the same list and the same section of the less represented gender will replace them. In the absence of the less represented gender in the relevant section of the list that obtained the highest number of votes in sufficient numbers to be replaced, the Shareholders' Meeting will appoint the missing Standing or Alternate Auditors in accordance with the legally required majority to ensure that the requirement is met.

If no list is submitted, the Board of Statutory Auditors will be elected with the relative majority by the Shareholders' Meeting in accordance with the provisions of prevailing laws on gender balance and the eligibility, independence, professional competence and integrity requirements for Statutory Auditors.

If the Chairperson of the Board of Statutory Auditors leaves, the Alternate Auditor taken from the same list that the Chairperson was taken from will take over the position until the Board is made complete again in accordance with article 2401 of the Civil Code.

In accordance with article 37.11 of the Articles of Association, if one or more Standing Auditors leave, the Alternate Auditors taken from the same list will replace them, in order of age. The replacement Statutory Auditors will remain in office until the following Shareholders' Meeting which will complete the Board.

If the Shareholders' Meeting should, in accordance with article 37.11 of the Articles of Association noted in the paragraph above, or in accordance with the law, elect the Standing Auditors or the Alternates needed to complete the Board of Statutory Auditors, it will do it as follows:

- (i) if it has to replace the Statutory Auditors taken from the list that came first in terms of number of votes, the election will be by relative majority voting, without the requirement for a list, in accordance however with regulatory provisions on gender balance;
- (ii) if, on the other hand, it is necessary to replace Statutory Auditors taken from the list that came second or third in terms of number of votes and that is not linked, even indirectly, with the

shareholders that submitted or voted for the list that came first, the Shareholders' Meeting, in accordance with regulations on gender balance, will replace them, by relative majority voting, choosing, where possible, from the candidates indicated on the list on which the Statutory Auditor to replace came from, who have confirmed their candidature, at least fifteen days before the date scheduled for the Shareholders' Meeting on first call, filing the declarations regarding the lack of grounds for ineligibility or incompatibility and the existence of the requirements for the position with the Company's registered office, and providing an updated list of the positions of administration and control covered in other companies. If it is not possible to do this, the Shareholders' Meeting will decide with relative majority voting, between the individual candidates submitted by the shareholders who, on their own or together with others, hold the minimum shareholding pursuant to article 36.4 of the Articles of Association, without the requirements for lists, in accordance however with prevailing laws on gender balance. In this case, when ascertaining the results of the voting, any votes expressed by shareholders who hold, including indirectly or also jointly with other shareholders who belong to a shareholders' agreement pursuant to article 122 of the Consolidated Law on Finance, the relative majority of votes that can be exercised at the Shareholders' Meeting and the shareholders that control, are controlled or subject to their joint control will not be counted; however, this will all be done in accordance with prevailing laws on gender balance.

The application of the above provisions must in any case ensure that at least one Standing Auditor and one Alternate Auditor are elected by minority shareholders who are not linked, even indirectly, with the shareholders who submitted or voted for the list that came first in terms of numbers of votes.

* * *

Qualitative-quantitative composition of the Board of Statutory Auditors

Subject to fulfilling the professional competence requirements required by the law (primary and secondary) and the Articles of Association of Banco BPM to take office, even without a specific provision that requires the identification of the optimal qualitative-quantitative composition for the Board of Statutory Auditors, the outgoing Control Body thought it would be beneficial to prepare a reference document for the optimal composition of the Board of Statutory Auditors and the ideal profile of the Statutory Auditors of Banco BPM available for the Shareholders, and anyone else who is interested, providing the related instructions and recommendations.

The information contained in the "Qualitative-quantitative composition of the Board of Statutory Auditors" is available on the Bank's website (www.bancobpm.it – Corporate Governance section > Shareholders' Meeting > Ordinary and Extraordinary Shareholders' Meeting of 4 April 2020 > Other documentation).

The quantitative composition

The Articles of Association of Banco BPM provides, at article 35.1, that the Board will comprise 5 Standing Auditors, including the Chairperson, and 3 Alternate Auditors.

The qualitative composition

The optimal composition of the Board of Statutory Auditors of Banco BPM was defined in a way to ensure the complementary nature in terms of professional competence, experience and expertise of its members, with special regard to:

- ensuring that the Control Body is a balanced combination of profiles and experience;
- capitalising on personal and behavioural characteristics that can ensure the optimal performance

of the duties, also in contexts such as the Internal Board Committee meetings that the Statutory Auditors are invited to attend;

- identify profiles with adequate availability of time and resources to ensure the role is carried out effectively;
- further promote the diversity requirements already present, especially with respect to training and professional experience, gender diversity and personal diversification.

Professional requisites

All the members of the Board of Statutory Auditors must possess the professional competence requirements provided for under prevailing law (i.e. article 26 of the Consolidated Banking Law and related Ministerial Decree 162/2000). At least two of the Standing Auditors and at least one Alternate Auditor must be chosen from those listed on the Official Register of Auditors with at least three years' experience in the auditing of accounts. Statutory Auditors who do not meet the above-mentioned requirements will be chosen from those who have accrued total experience of at least three years in:

- administration or control activities, or managerial duties with limited companies that have a share capital of not less than two million euros; or
- professional activities or university teaching in legal, economy, financial and technical-scientific matters, closely connected to banking activities; or
- managerial duties with public entities or public administrations that operate in the banking, financial or insurance sectors or in any case in sectors closely related to the Bank's business activities.

Expertise criteria

In addition to the provisions of the law, significant attention was paid to CRD IV, the Supervisory Provisions, the regulations on listed companies (including the Code of Best Practice) and the instructions contained in the EBA-ESMA Guidelines and the ECB Guidelines.

In relation to the above, the Board of Statutory Auditors decided that it would be appropriate for the Shareholders to consider the following when choosing candidates:

- their possession of a mix of knowledge, expertise and technical experience that will permit the Control Body to understand the main areas of business and the main risks that the Banco BPM Group is exposed to;
- the overall experience accumulated, both through studies and training and through practical experience within the scope of the positions covered;
- the size, level of operating complexity, scope of activities and connected risks and the markets in which the candidates previously operated.

More specifically, with reference to the professional experience requirements, it was considered that candidates for the role of Statutory Auditor of Banco BPM would preferably hold at least one or more of the following skills and experience of at least 3 years recently accumulated:

- banking and finance businesses;
- other financial businesses;
- legal-economic, corporate and regulatory;
- governance and organisational structures in financial establishments;
- risk governance and internal control systems;
- ICT systems and new technology applicable to the banking and finance sector;
- accounts, financial statements and auditing.

It is recommended that said skills and experience have been accumulated and acquired in Strategic Control and/or Supervision Bodies or in Internal board committees with control functions in banks, finance companies, insurance companies, that are listed or with sizes and complexity comparable to those of the Banco BPM.

The Chairperson of the Board of Statutory Auditors should have accumulated this type of recent professional experience for at least 10 years.

Capability requirements

Attention was called to the opportunity to also consider the capability profiles provided for by the EBA/ESMA Guidelines as determinant in the role as a member of the Board of Statutory Auditors of Banco BPM.

Integrity requirements

All the candidates for appointment as a member of the Board of Statutory Auditors will have to comply with integrity requirements in accordance with prevailing laws. In particular:

- they must possess the integrity requirements pursuant to Ministerial Decree 161/1998 and Ministerial Decree 162/2000;
- must not be involved in situations that could give rise to suspension from the position in accordance with Ministerial Decree 161/1998.

The failure to comply with the integrity requirements will make it impossible to take on the office or will lead to loss of the office.

Fairness criteria

Each member of the Board of Statutory Auditors will have to meet specific fairness criteria with respect to their personal and professional conduct in line with the provisions of the EBA/ESMA Guidelines and the ECB Guidelines. More specifically, it is important that the candidates for positions as members of the Board of Statutory Auditors:

- have not behaved in a way that is not in line with their position as a Statutory Auditor of the Bank even though not necessarily a criminal offence, or that could result in consequences that are seriously prejudicial to the Bank's reputation;
- do not - and did not in the past - find themselves in situations that, with regard to the economic activities and financial conditions of the candidates (or the companies controlled by them or with significant stakes or direct interest) are - or were - including on a potential basis, capable of affecting their reputations.

A newly appointed Statutory Auditor will be understood to fulfil the integrity requirements if there are no elements that would suggest the contrary or if there are no grounded doubts as to his/her integrity.

Availability of time and commitment required of members of the Board of Statutory Auditors

In accordance with the provisions of the applicable law, the availability of time to dedicate to performance of the job, in accordance with its nature, quality and complexity, is a basic requirement that candidates for the position of Statutory Auditors will have to be able to ensure.

With regard to the specific situation of Banco BPM, note - at an informational level - that in each financial year in the 2017-2019 three-year period, an average of 47 meetings were held for the Board of Statutory Auditors, 20 meetings for the Board of Directors, 24 meetings for the Internal Audit and Risks Committee, 17 meetings for the Appointments Committee and 16 meetings for the Remuneration Committee.

The members of the Board of Statutory Auditors attended an average of 100% of the Board meetings, 100% of the meetings of the Board of Directors, and through the Chairperson or the designated Statutory Auditor, the meetings of the Internal board committees.

In addition to the above, there will have to be a commitment to take part in the Induction meetings and ongoing training, in addition to the commitment resulting from the participation of the Statutory

Auditors in the work of the Board and the Internal board committees. Apart from the commitment relating to attendance at the meetings, the time that each Statutory Auditor believes he or she has to dedicate to preparation for attendance at said meetings should also be considered.

To this end, on the basis of the experience accrued, the resources dedicated by the Chairperson of the Board of Statutory Auditors to carrying out his/her role are enough to absorb a significant portion of his/her time; therefore Shareholders should take due account of this fact in identifying candidate profiles who could be called to cover this position.

Special attention should be made to the threshold of expected attendance at the meetings of the Board of Statutory Auditors as article 2404 of the Civil Code states that *“statutory auditors who, without justified reason, do not attend two meetings of the Board of Statutory Auditors during the financial year will lose their office”*. Also in relation to the positions expressed by the Supervisory Authorities, it is believed that the candidates should be able to ensure their physical presence at the meetings, apart from any extraordinary meetings. Article 149 of the Consolidated Law on Finance provides, *inter alia*, that *“statutory auditors who do not attend, without justified reason, Shareholders' Meetings, or during a financial year, two consecutive meetings of the Board of Directors or the Executive Committee, will lose their office”*, so the Shareholders are also required to pay attention to the expected attendance threshold of the meetings of the Board of Directors and the Shareholders' Meetings.

In view of the above, it is recommended - also in line with the positions expressed by the European Central Bank - that candidates accept the position of Statutory Auditor if they believe they can dedicate the energy and the time necessary, taking account of factors such as: the other commitments and situations of a personal and professional nature, and performance of the duties covered in other companies; the nature, extent and complexity of the functions carried out, the sizes and situations of the companies where they hold the positions and the place or country where they operate from.

To that end, and paying special attention to the good functioning of the Board of Statutory Auditors and the contribution of each member to its internal dialogue, an estimate was made to be taken as a reference to establish the minimum time considered necessary for the effective attendance at the meetings, summarised in the table below:

Role	Commitment estimate (days/year)
<i>Chairperson of the Board of Statutory Auditors</i>	100 days
<i>Auditor</i>	80 days

Limit to the accumulation of external positions

Pursuant to the provisions of the Articles of association, the limits on the accumulation of the administrative and auditing positions established in the CONSOB regulation and any other applicable provisions apply to members of the Board of Statutory Auditors. In accordance with the provisions of Consob's Issuers' Regulation no. 11971/99, in implementation of article 148-bis of the Consolidated Law on Finance, anyone who is a member of the Control Body of five issuers cannot be a member of the Control body of an issuer.

The member of the Control Body of an issuer can take on other administration and control positions with the companies indicated by the above-mentioned regulations within the limits established therein. Exempt positions and administration and control positions with small companies (as defined in the above-mentioned regulations) do not count in the calculation of the accumulation of positions.

A member of the Control Body who exceeds those limits for reasons outside his/her control will resign from one or more of the previously covered positions within 90 days from becoming aware that said limit has been exceeded.

Additionally, with specific reference to the limits to the accumulation of positions provided for company representatives of the banks by the Directive CRD IV, expressly mentioned also by the Supervisory Provisions, and subject to the other provisions of this nature that could emerge from the decree being emitted by the Ministry of Economy and Finance implementing the provisions of article 26 of the Consolidated Banking Law, the Shareholders are asked to consider the specific provisions to that regard contained in the above-mentioned Directive and in the "Regulation limiting the accumulation of positions" of Banco BPM.

More specifically, in accordance with article 91 of Directive CRD IV and article 3.1 of the Regulation "Limits to the accumulation of positions" of the Bank, the members of the Board of Statutory Auditors of the Bank can contemporaneously (also taking account of the positions covered within the Group) hold only one of the following combinations of corporate positions:

a) 1 executive position with 2 non-executive positions;

or

b) 4 non-executive positions.

The above was set out under article 3.1 of the above-mentioned Regulation on the basis of which the following limits to taking on positions are provided for the Statutory Auditors of the Group Banks:

c) those who carry out roles with executive functions in Group Banks cannot take on executive positions in companies that do not belong to the Group while they can take on 2 non-executive positions in companies that do not belong to the Group;

d) anyone who holds roles with non-executive positions in the Group Banks can take on the following combinations of positions:

- 1 executive position in a company that does not belong to the Group and 1 non-executive position in a company that does not belong to the Group;

alternatively:

- 3 non-executive positions in companies that do not belong to the Group.

The Board of Directors will make an annual check to ensure that the limits provided by said Regulation are being complied with by the representatives. The Board of Directors may, having assessed the situation in the interests of the Group, allow the limits to be exceeded by the representative subject to the opinion of the Appointments Committee, subject, in any case, to the mandatory limits provided by the laws and/or the regulations of the European Union, Italy, or in the Articles of Association.

During 2019, the Board of Directors found that the members of the Board of Directors, the Board of Statutory Auditors (standing members) and General Management had complied with the limits set out under the Position Accumulation Rule, and did not find any significant cases with respect to application of Law no. 214 of 22 December 2011 (known as Interlocking Directorship).

For further details and specifications regarding the position accumulation limits, please refer to the Rule "Position accumulation limits" available on the Bank's website (www.bancobpm.it – Corporate Governance section).

Grounds for ineligibility, loss of office and incompatibility

In accordance with article 148 of the Consolidated Law on Finance, the following may not be elected as Statutory Auditors, and if elected, will lose their offices:

a) those who find themselves in the conditions provided under article 2382 of the Civil Code;

b) the spouse, family and in-laws within the fourth degree of kinship of the directors of the company, the directors, the spouse, family and in-laws within the fourth degree of kinship of the directors of

- the companies it controls, the companies that control it or those subject to joint control;
- c) those that are linked to the company or its subsidiaries or the companies that control it or those subject to joint control or the directors of the company and the parties described under letter b) by self-employment relations or employment relations or other equity-related or professional relations that would compromise their independence.

In accordance with the provisions of article 17 of Legislative Decree no. 39/2010, anyone who had a key role in the independent audit or that carried out an audit on behalf of the independent Auditing firm of Banco BPM may not hold the position of Statutory Auditor in Banco BPM either, unless at least two years have passed since they stopped said work. This prohibition is extended to employees and shareholders, besides the key audit manager, and any other natural person whose services are made available or that are under the control of the auditing firm, if authorised to work as an auditor, for a two-year period from their involvement as an auditor.

In accordance with the provisions of the Supervisory Provisions, members of the Board of Statutory Auditors cannot accept office in other bodies besides those with control functions with other Group Companies in which Banco BPM holds, also indirectly, a strategic investment, of at least 10% of the share capital or the voting rights at the ordinary shareholders' meetings of the investee company and 5% of the Banking Group's consolidated regulatory capital. Subject to any other incompatibility provided by prevailing laws (including the prohibition on interlocking directorships in accordance with Law no. 214 of 22 December 2011), the position of Statutory Auditor is not compatible with office of a political nature, meaning national parliamentary duties or as a member of the government. It is also recommended that the position of Statutory Auditor is not carried out by persons who hold European parliamentary office, or are members of regional, provincial or municipal councils (limited to the municipal capitals of Provinces).

Independence

Subject to the cases of disqualification provided by the law, in order to fulfil the principles of the Code of Best Practice, the members of the Board of Statutory Auditors shall be chosen from among persons who may be qualified as independent, also on the basis of the application criteria 3.C.1 of the Code of Best Practice with reference to the directors.

All the members of the Board of Statutory Auditors must act with independence of judgement, pursuing the sound and prudent management of the Bank and in compliance with all applicable laws.

Guidelines on diversity matters

Subject to the provisions of prevailing regulations, in order to ensure adequate discussion within the Control Body, it is considered necessary to ensure that the composition of the Control Body reflects an adequate degree of diversification in terms of gender and expertise, and it will have to adopt an age policy.

More specifically, the composition of the Board of Statutory Auditors will have to ensure balance between the genders in accordance with the provisions of prevailing law⁵, on the basis of which a quota of at least two fifths of the Standing Auditors elected must be reserved for the less represented gender for six consecutive terms of office.

Additionally, subject to the provisions of prevailing laws, to ensure that the Control Body, as a collective body, can ensure the effective performance of the duties assigned to it, it is important that the composition of the Control Body provides for the balanced and diversified presence of Statutory Auditors who, individually, have accrued the expertise and experience indicated in paragraph 3.2.2 of the "Qualitative-quantitative composition of the Board of Statutory Auditors".

⁵Article 148, paragraph 1-bis of the Consolidated Law on Finance as amended by paragraph 303 of Law no. 160 of 27 December 2019.

Finally, the board of directors also approved an age policy for the representatives, establishing that the candidates who fill the roles of Statutory Auditors in Banco BPM cannot be, *inter alia*, older than 75, subject to the right to make exceptions to said criteria due to justified and grounded reasons.

Collective suitability of the Board of Statutory Auditors

In order to ensure the collective suitability of the Board of Statutory Auditors, it was noted that the candidates should include a balanced composition of experience and technical knowledge (in the areas referred to below) that will permit the Control Body to understand the main areas of business and the main risks that the Banco BPM Group is exposed to, and more specifically:

- banking and finance businesses;
- other financial businesses;
- legal-economic, corporate and regulatory;
- governance and organisational structures in financial establishments;
- risk governance and internal control systems;
- ICT systems and new technology applicable to the banking and finance sector;
- accounts, financial statements and auditing.

Induction / continued training Board activities

Banco BPM, also in view of what is required under the EBA/ESMA Guidelines, encourages the participation of Directors and Statutory Auditors in applicable training programs aimed at providing an in-depth knowledge of the sectors that the Bank and Group operate in and to guarantee the continuity and maintenance of the experience accumulated, over the years, by the corporate bodies of Banco BPM.

The training and induction plans are also aimed at helping Directors and Statutory Auditors to get a clear understanding of the structure of the Bank and the Group, the business model, the proper risk management profiles, the legal and regulatory framework in place and to give them in-depth knowledge of issues of strategic relevance.

On the basis of the above, training sessions were organised during 2019, also open to the Statutory Auditors and the representatives of the Group Banks invited if necessary, and that represented - as encouraged by the Supervisory Provisions of the Bank of Italy and in line with the provisions of the Borsa Italiana Code of Best Practice - an opportunity to obtain more in-depth information on matters of current interest and relevance for the banking system.

More specifically, the issues dealt with in 2019 related to the following matters in particular: (i) Corporate Social Responsibility and Governance; (ii) Interest management in the Civil Code and applicable laws; (iii) Financial market players: approach towards listed companies and expectations; (iv) Internal organisation of the Board of Directors and the internal board committees; (v) First level controls in the area of lending ; (vi) Second level controls in the area of lending ; (vii) Third level controls in the area of lending .

The Statutory Auditors were also updated - *inter alia* with specific information reports provided during the board and collective meetings - on the main legislative and regulatory news involving the Company and the corporate bodies. In order to ensure that the members of the Board of Statutory Auditors are kept constantly updated and trained, a regulatory alerting service was prepared and created by the applicable company departments on topics of legal and tax interest.

* * *

The Board of Statutory Auditors, also in view of the importance and complexity of the duties entrusted to it and prevailing external and internal regulations, approved the "Regulation of the Board of Statutory Auditors" to govern the operation of the Control Body. This Regulation also governs the aspects relating to the composition of the Board of Statutory Auditors, with specific reference to the degree of diversification in terms of expertise, experience, age, gender and international outreach. The process of self-evaluation that the Board of Statutory Auditors must periodically subject itself to is also governed in order to assess its composition (both from a quantitative and qualitative standpoint) and performance.

Meetings to obtain in-depth knowledge of particular interest have also been organised - on input from the Board of Statutory Auditors and with the contribution of the applicable company departments - also to benefit the Control Bodies of the main Companies controlled by the Group, regarding the internal risk measurement models and strategic risk management models and Information Technology.

The Board of Directors, at its meeting of 30 January 2017, decided that the composition of the Board of Statutory Auditors included professional competence that could comprehensively guarantee the adequate monitoring of the control functions assigned to the Board of Statutory Auditors.

The provisions of the articles of association relating to gender balance were also complied with.

* * *

The extraordinary shareholders' meetings of Banco Popolare and BPM, held on 15 October 2016, approved the Proposed Merger which provided for the appointment of the first Board of Statutory Auditors of the Company, comprising the following five standing members and the three alternate members, who will stay in office for three financial years (up to approval of the financial statements for FY 2019) and who can be re-elected. The following table shows information on each member of the Board of Statutory Auditors, considering that from 1 January to 31 December 2019, 42 meetings of the Board of Statutory Auditors were held.

The following is also noted:

- The Board of Statutory Auditors found that each of its members, in accordance with article 8.C.1 of the Borsa Italiana Code of Best Practice, met the independence requirement, as adopted by Banco BPM S.p.A. The result of that assessment was sent to the Board of Directors who disclosed it by publishing a press release on 8 May 2019;
- In 2019, the Board of Statutory Auditors met 42 times, with an average duration of 3 hours for each meeting; all the Statutory Auditors attended all the meetings except for one (Mr Erba) who attended 41 meetings out of 42;
- in 2019, the Board of Statutory Auditors attended the Shareholders' Meeting on 6 April 2019 (at the ordinary session), with all members present;
- the activities of the Board of Statutory Auditors continued in 2020 on a weekly basis in general. Starting from 1 January 2020 and up to the date of this report, the Board of Statutory Auditors met 9 times;
- in 2019, the Board of Statutory Auditors also attended all 18 meetings of the Board of Directors and the 15 meetings of the Executive Committee, and one of its members attended the meetings of the Internal Audit and Risks Committee.

Surname and Name	Office held	Year of birth	Date of first appointment	In office since	In office until	List I	Indep. Consolidated Law on Finance ^{II}	Indep. Code of Best Practice ^{III}	% Bd of A. ^{IV}	Other positions ^V
Priori Marcello*	Chairperson	1964	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	100%	9
Erba Gabriele Camillo*	Standing Auditor	1963	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	97.62%	5
Mosconi Maria Luisa*	Standing Auditor	1962	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	100%	5
Rossi Claudia*	Standing Auditor	1958	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	100%	1
Sonato Alfonso*	Standing Auditor	1951	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	100%	11
Benciolini Chiara*	Alternate Auditor	1972	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	-	17
Bronzato Marco*	Alternate Auditor	1958	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	-	19
Simonelli Paola*	Alternate Auditor	1964	01-Jan-2017	01-Jan-2017	Approval of financial statements as at 31.12.2019	NA	YES	YES	-	16

^I: Not applicable. The members of the first Board of Statutory Auditors of the Company were appointed by the extraordinary shareholders' meetings of Banco Popolare and BPM, held on 15 October 2016, by approval of the Proposed Merger.

- II: This column indicates whether the Statutory Auditors fulfil the independence requirement pursuant to article 148, paragraph 3 of the Consolidated Law on Finance or not.
- III: This column indicates whether the Statutory Auditors possess the independence requirement in accordance with the Borsa Italiana Code of Best Practice or not.
- IV: This column indicates the attendance, in percentage terms, at the meetings of the Board of Statutory Auditors held in 2019, taking the period of application of the office as reference.
- V: This column shows the total number of director, management and control positions held in other listed, financial, banking, insurance or significantly sized companies; the latter have been identified in light, in terms of uniformity of information, of the provisions set forth in the "Regulations on the limits to the number of positions" adopted by Banco BPM. The detailed list of positions is provided in annex 2 to this report.
- * Member of the Register of Auditors established with the Ministry of Justice.

The table below provides information on the composition of the Board of Statutory Auditors as indicators of diversity:

	31 Dec 2019
ACTUAL MEMBERS OF THE GOVERNING BODIES - DIVERSITY INDICATORS	Board of Statutory Auditors
Gender	
Men	60.00%
Women	40.00%
Education	
Secondary school diploma	0.00%
Degree	100.00%
Other	0.00%
Age	
Under 50	0.00%
50 to 60	60.00%
Over 60	40.00%
Average age	57

Some short biographical notes on the members of the Board of Statutory Auditors are set out below, showing that they have adequate professional competence in the areas of banking, finance, law, tax and risk management:

- Marcello Priori - *Chairperson of the Board of Statutory Auditors*: is a practising chartered accountant and statutory auditor in Milan, providing consultancy services on corporate, financial, business and corporate governance matters, as well as financial capital valuation services for companies operating in the financial and industrial sector. He is enrolled on the Register of Expert Witnesses of the Civil Court of Milan and has acted as a consultant in legal and arbitration proceedings. He is a lecturer of Business Economics and Business Management at Università Bocconi in Milan. He is also a member of the Italian Association of Financial Analysts. He is a keynote speaker at conferences organised by the Italian Banking Association on corporate governance and internal control systems and at professional organisations and leading universities. He served as Deputy-Chairperson of the Supervisory Board of BPM (having been a Member since 2011) until 31 December 2016. He currently holds positions with the following companies: Chairperson of the Board of Directors of F2A S.p.A.; Chairperson of the Board of Statutory Auditors of BPM Vita S.p.A.; Chairperson of the Board of Statutory Auditors of Banca Akros S.p.A.; Standing Auditor of Banca Aletti S.p.A.; Standing Auditor of Bipiemme Assicurazioni S.p.A.; Chairperson of the Board of Statutory Auditors of Carrefour Italia Finance S.r.l.; Member of the Board of Statutory Auditors of Carrefour Italia S.p.A.; Member of the Board of Statutory Auditors of Carrefour Property Italia S.r.l.; Chairperson of the Board of Directors of Corob S.p.A. He previously served as Chairperson, Deputy-Chairperson, Member of the Board of Directors, Chairperson of the Board of Statutory Auditors, Standing Auditor and Chairperson of the Supervisory Board of several banks and financial intermediaries (Asset Management Holding S.p.A., Banca Farmafactoring S.p.A., ProFamily S.p.A., Bipiemme Gestioni S.p.A., Carrefour Servizi Finanziari S.p.A., Cassa di Risparmio di Alessandria, Dexia Crediop S.p.A., Etica SGR S.p.A., Key Client Cards & Solutions, The Royal Bank of Scotland, NatWest Markets among others) and of industrial companies (including Alerion Clean Power S.p.A., Bracco Imaging Italia S.r.l., Daf Veicoli Industriali S.p.A., RGI S.p.A., Reno de Medici S.p.A., Borbonesi S.p.A., Fomas Finanziaria S.p.A., Monzino S.p.A., Aemme Linea Energie S.p.A., Vivigas S.p.A. and Algo S.p.A.). He has been the Chairperson of the Board of Statutory Auditors of Banco BPM S.p.A since 1 January 2017.
- Gabriele Camillo Erba – *Standing Auditor*: he has been a practising chartered accountant since 1989 and a statutory auditor enrolled on the Register of Statutory Auditors since 1995, with offices in Lodi. He currently holds offices at the Court of Lodi, including Judicial Commissioner, Judicial Liquidator and Bankruptcy Trustee in insolvency proceedings. He is also an expert witness for the court and is responsible for sales in real estate enforcement proceedings at the Court of Lodi. He is also Standing Auditor of Release S.p.A and Alba Leasing S.p.A.. He held the following offices, inter alia, in the past: Standing Auditor of Banca di Credito Cooperativo di San Colombano al Lambro, ASL di Lodi, A.L.E.R. di Cremona and Banca Centropadana Credito Cooperativo; Chairperson of the Board of Statutory Auditors of Artigian Credit Lombardia Soc. Coop.. He also served as Chairperson of the Board of Statutory Auditors of the former BPV-SGSP S.p.A. from July 2007 to December 2011, after serving as Standing Auditor for the former BPI from January 2006 to June 2007. He was Standing Auditor of Banco Popolare from November 2011 to 31 December 2016, after serving as a Member of the Supervisory Board from April 2009 to November 2011. He was a Statutory Auditor in the company BP Property Management Soc. Cons.. He has been a Standing Auditor of Banco BPM S.p.A since 1 January 2017.
- Maria Luisa Mosconi - *Standing Auditor*: With a degree in business economics, Maria Luisa Mosconi is a practising chartered accountant and statutory auditor enrolled in the Register of Experts of the Court of Milan. She practices as a chartered accountant and statutory auditor in Milan, providing consultancy services on bankruptcy, corporate restructuring and corporate crises (valuations,

business and strategic plans, expert evaluation of action plans pursuant to the Bankruptcy Law), as well as offering independent appraisals. She has gained experience in several listed and unlisted companies, including those operating in regulated sectors, in the banking, insurance and financial brokerage sectors, as well as with asset management companies. She was a member of the Supervisory Board of BPM from 2015 to 31 December 2016, and prior to that, between 2011 and 2013. She currently holds positions of administration and control in a number of companies, including the following: Standing Auditor in The Walt Disney Company Italia S.r.l. (since 2007); Chairperson of the Supervisory Board of Prysmian Cavi e Sistemi Italia S.r.l. (since 2016); Chairperson of the Supervisory Board of Prysmian S.p.A. (since 2015); Chairperson of the Board of Statutory Auditors of Bialetti Industrie S.p.A. and Bialetti Store S.r.l. (since 2019); Chairperson of the Board of Statutory Auditors of STOGIT – Stoccaggi Gas Italia S.p.A. Gruppo SNAM, Chairperson of the Board of Auditors of the Snam Foundation (since 2019). She held positions in various financial and industrial companies in the past (including listed on the stock exchange), including: Standing Auditor of Banca Popolare di Mantova S.p.A. (from 2015 to 2016); Standing Auditor of Prysmian S.p.A. (from 2013 to 2016); Standing Auditor of Snam S.p.A. (from 2016 to 2019) and Standing Auditor of Azienda Trasporti Milanese S.p.A. (from 2013 to 2019); member of the Board of Directors of LVenture Group S.p.A. (from 2015 to 2016); Standing Auditor of Premafin Finanziaria HP S.p.A. (from 2008 to 2012); Standing Auditor of Milano Assicurazioni S.p.A. (from 2008 to 2012); member of the Board of Directors of Nova Re SIIQ S.p.A. (from 2016 to 2017); Standing Auditor of Metalwork S.p.A. (from 2003 to 2017); Standing Auditor of Risanamento S.p.A. (from 2011 to 2012); Standing Auditor of Investimenti Immobiliari Lombardi S.p.A. (for 4 years); Standing Auditor of Banca SAI S.p.A. (from 2009 for 3 years); Standing Auditor of SAI SIM Mercati Mobiliari S.p.A. (for 9 years); Standing Auditor of Synergo SGR S.p.A. (for 2 years); Standing Auditor of SEA-Società Esercizi Aeroportuale S.p.A. (for 9 years); Standing Auditor of Aletti Gestielle SGR S.p.A. (2017); Standing Auditor of SEA Handling S.p.A. (for 9 years); Standing Auditor of S.A.C.B.O. S.p.A. (for 9 years); member of the Board of Directors of Biancamano S.p.A. (from 2013 to 2017). She was also Chairperson and Standing Auditor of Metropolitana Milanese S.p.A., Centrale del Latte di Milano S.p.A. and Regina Catene Calibrate S.p.A.). She has been a Standing Auditor of Banco BPM S.p.A since 1 January 2017.

- *Claudia Rossi* - *Standing Auditor*: She is a full professor at the Università degli Studi di Bergamo, and delivers courses on Business Administration and Extraordinary Transactions and Financial Statements. A practising chartered accountant and statutory auditor enrolled in the Register of Statutory Auditors since 1995, she has had several papers published over the years. She has served as Municipal Councillor for the Municipality of Bergamo as well as External Auditor for numerous companies, including the Italian companies of the Swiss group Ronal AG. She is Chairperson of the Board of Statutory Auditors of Invitalia Global Investment S.p.A. as well as Chairperson of the Supervisory Board pursuant to Legislative Decree no. 231/2001 for Italcementi S.p.A.. She was a Member of the Board of Directors of Credito Bergamasco S.p.A. from 16 April 2011 to 28 March 2014, a Member of the Board of Statutory Auditors of Fondazione Credito Bergamasco from 21 March 1997 to 17 March 2014, Standing Auditor of Banco Popolare from 29 March 2014 to 31 December 2016, and Deputy-Chairperson of the Board of Directors of Ateneo Bergamo S.p.A. until 10 April 2017. She is an Alternate Auditor of Banca Akros S.p.A. She has been a Standing Auditor of Banco BPM S.p.A. since 1 January 2017.
- *Alfonso Sonato* - *Standing Auditor*: he has been a practising chartered accountant since 1981 and a statutory auditor enrolled on the Register of Statutory Auditors since 1995. He holds the following positions: Chairperson of the Board of Statutory Auditors of Banca Aletti & C. S.p.A. (Banco BPM Group) since April 2012 (having served as Standing Auditor from April 2000 to April 2012), Chairperson of the Board of Statutory Auditors of Salus S.p.A., formerly Casa di Cura Polispecialistica dott. Pederzoli S.p.A. since July 2008, Chairperson of the Board of Statutory Auditors of Ospedale P. Pederzoli Casa di Cura Privata S.p.A. since December 2013 and member of the supervisory body since May 2019, Standing Auditor of Promofin S.p.A. since April 2009, Standing Auditor of Società Athesis S.p.A. since May 2007, Chairperson of the Board of Statutory Auditors of Società Editrice

Arena - SEA S.p.A. since May 2007, Standing Auditor of 2Vfin S.p.A. since June 2017 (having served as Chairperson of the Board of Statutory Auditors from March 2014), Chairperson of the Board of Statutory Auditors of Società Italiana Finanziaria Immobiliare - S.I.F.I. S.p.A. from July 2013, and Chairperson of the Board of Statutory Auditors of Verfin S.p.A. since April 2011 (having served as Standing Auditor since April 2009). He has been an independent Director of Zenato Azienda Vitivinicola S.r.l. and Zenato Holding S.r.l. since November 2013; he has also been Chairperson of the Liquidation Committee of Raetia Sgr S.p.A., in liquidation, since September 2014. He has been Chairperson of the Supervisory Board of Veronafiore Servizi S.p.A. since October 2019. He previously served as Standing Auditor of Banco Popolare from November 2011 to 31 December 2016 (after serving as a Member of the Supervisory Board between May 2008 and November 2011). He has also held the following positions: Standing Auditor of Autostrada del Brennero S.p.A. - Brenner Autobahn AG, from June 2010 to 30 September 2017; Standing Auditor of VeronaMercato S.p.A. from May 2008 to 30 September 2017 (having served as Chairperson of the Board of Statutory Auditors from December 2001); Standing Auditor of Demetra Holding S.p.A. from April 2016 to 30 September 2017; Member of the Board of Directors of Burgo Group S.p.A. from July 2015 to 30 September 2017; Standing Auditor of Falconeri S.r.l., formerly New Twins S.r.l., from April 2015 to 30 September 2017; Standing Auditor of BP Property Management S.c.a.r.l. (Banco BPM Group) from April 2017 to February 2019. He has been a Standing Auditor of Banco BPM S.p.A. since 1 January 2017.

- Chiara Benciolini - *Alternate Auditor*: she is a practising chartered accountant and statutory auditor in Verona, and specialises in tax litigation. She has served in positions of control and as a statutory auditor in companies operating in various sectors and continues to hold several offices in this regard. She also holds the following positions: Chairperson of the Board of Statutory Auditors of AGSM Energia S.p.A. since 12 September 2018 and Salumificio Pedrazzoli since 25 May 2017. She has been a Standing Auditor in: Metal Group S.p.A. since 29 May 2009, Arena Broker S.r.l. since 12 April 2011, Edulife S.p.A. since 6 May 2011, Fer-Gamma S.p.A. since 15 January 2013, Cesarin S.p.A. since September 2008, Soalaghi - Organismo di Attestazione - S.p.A. since 22 May 2009, Tecmarket Servizi S.p.A. since 9 March 2016, FCP Cerea S.C. since 20 April 2012, La Torre - Società Cooperativa Agricola Zootecnica since 30 April 2015, Cantina di Custoza - Società Agricola Cooperativa since 26 November 2016, Boschetti Alimentare S.p.A. since 30 June 2017. She has also acted as auditor in various companies such as: Antolini Luigi & C. S.p.A. since 27 June 2006. She was an Alternate Auditor at Banco Popolare from May to December 2016. She has been an Alternate Auditor of Banco BPM S.p.A. since 1 January 2017.
- Marco Bronzato - *Alternate Auditor*: he has been a practising chartered accountant since 1983 and a statutory auditor enrolled on the Register of Statutory Auditors since 1995. He specialises in the provision of corporate, tax and financial consultancy services. He has gained specific professional experience as a legal auditor in companies operating in the banking, financial and insurance sectors, including various companies traded on regulated markets. From 2006 to 2009, he served as Standing Auditor of Società Cattolica di Assicurazione. He was Standing Auditor of Banco Popolare between 19 March 2016 and 31 December 2016. He has also written for several journals specialising in accounting and taxation and has delivered various training and refresher courses on corporate and tax-related subjects. She has been an Alternate Auditor of Banco BPM S.p.A. since 1 January 2017.
- Paola Simonelli - *Alternate Auditor*: she is a practising chartered accountant and statutory auditor, operating both independently and in collaboration with other professionals in leading accountancy firms in Milan. Her professional activities focus on the statutory audit of accounts, which she performs in her capacity of Standing Auditor/Chairperson of companies operating in the commercial, industrial, service and financial sectors, as well as asset management companies, pension funds and, in particular, banking institutions. She has been a partner of the accountancy firm Simonelli Associati in Milan since 2008. She has been a Member of the PWA (Professional Women's Association) since March 2012 and is enrolled on the "Ready for Board Women" list

supported by the Italian Ministry of Equal Opportunities. She was a Member of the Board of Statutory Auditors of Banca UBS (Italia) S.p.A. from 2005 to April 2014. From July 2014 to May 2017, she was a Member of the Board of Directors, in charge of governance, of Finlombarda S.p.A., a financial company devoted to the support and development of businesses in Lombardy enrolled on the special list provided for by Article 107 of the Consolidated Law on Banking. Having resigned the office of Standing Auditor of Banca UBS following the expiry of three mandates, she has held the office of Standing Auditor of UBS Fiduciaria S.p.A. since April 2014. From 2009 to May 2011, she also served as Standing Auditor of Banca Arner S.p.A. post-receivership (resigning due to the ban on "interlocking"). She is also Standing Auditor of the Borsa Italiana listed companies Saras S.p.A. and MARR since April 2017. She has been an Alternate Auditor of Banco BPM S.p.A since 1 January 2017.

Outgoing auditors

There are no members of the Board of Statutory Auditors of the Company who left office in the period between 1 January 2017 and the date of this report.

7.2 ROLE OF THE BOARD OF STATUTORY AUDITORS

Pursuant to article 38.1 of the Articles of Association, the Board of Statutory Auditors carries out the duties and performs the control functions set out by prevailing laws, and in particular it supervises:

- (a) compliance with the laws, regulations and the Articles of Association as well as compliance with the principles of proper administration;
- (b) the adequacy of the Company's organisational and administrative/accounting structure and the financial reporting process, to the extent of its responsibility;
- (c) the effectiveness and adequacy of the risk management and control system, the internal audit system, and the functioning and adequacy of the overall internal control system;
- (d) the separate and consolidated accounts auditing process;
- (e) the procedures for the proper implementation of the rules of corporate governance that the Company states it complies with;
- (f) the adequacy of the orders given by the Company to its subsidiaries in the exercise of supervision and coordination activities;
- (g) the independence of the independent auditors, particularly as regards the provision of non-auditing services.

In addition, in accordance with article 19 of Legislative Decree no. 39/2010 (as amended by Legislative Decree no. 135/2016), the Board of Statutory Auditors is given the functions of the Internal Control and Auditing Committee, and more specifically, the duty to: (i) inform the Governing Body of the audited entity of the results of the audit and send it the additional report pursuant to article 11 of Regulation (EU) no. 537/2014, with any comments attached; (ii) monitor the financial disclosure process and submit the recommendations or the proposals, ensuring they are complete; (iii) check the effectiveness of the quality and risk management, and if applicable, the internal auditing to the extent the financial disclosure of the entity subject to audit is concerned, without breaching its independence; (iv) monitor the auditing of the separate and consolidated financial statements, also taking account of any results and conclusions of the quality controls carried out by Consob in accordance with article 26 paragraph 6 of the above-mentioned European Regulation where available; (v) assess and monitor the independence of the independent auditing firm in accordance with articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010, and article 6 of the above-mentioned European Regulation no. 537/2014, especially with respect to the adequacy of the other services besides the auditing received by the entity being audited in accordance with article 5 of said Regulation; (vi) be responsible for the procedure aimed at selecting the independent auditing

firm and recommend the auditors or the auditing firm to designate in accordance with article 16 of the European Regulation.

In any case, the Board of Statutory Auditors is vested with the powers established in the regulatory provisions and reports to the supervisory authorities pursuant to the regulations in effect at the time.

The Board of Statutory Auditors will inform the Board of Directors of flaws and irregularities that may be identified, request the adoption of appropriate corrective measures and verify their effectiveness over time.

Statutory Auditors also have the right to begin, at any time, including individually, actions to inspect and audit, as well as to ask for information from directors, including with reference to subsidiaries, regarding the performance of corporate transactions or certain business affairs, or to send the same requests for information directly to the administrative and control bodies of the subsidiaries.

The Board of Statutory Auditors may also exchange information with the corresponding bodies within subsidiaries with regard to the administration and control systems and the general status of corporate activities.

* * *

The Board of Statutory Auditors of Banco BPM has been in office since 1 January 2017 and its term will end upon approval of the 2019 Financial statements.

As at the date of this report, the Board of Statutory Auditors comprised the following five Standing Auditors: Marcello Priori (Chairperson), Gabriele Camillo Erba, Maria Luisa Mosconi, Claudia Rossi and Alfonso Sonato.

With reference to the current composition, the Board of Directors and the Board of Statutory Auditors, to the extent of their responsibility, confirmed the existence of the independence requirements for each member of the Board of Statutory Auditors in accordance with article 148 paragraph 3 of the Consolidated Law on Finance. The way that Banco BPM incorporated the Borsa Italiana Code of Best Practice provides that the members of the Board of Statutory Auditors must possess the independence requirements established by said law and to that end, notes that all the Statutory Auditors have produced the declarations confirming the existence of the independence requirements in question.

The Board of Statutory Auditors also found that each of its members, in accordance with article 8.C.1 of the Borsa Italiana Code of Best Practice, met the independence requirement, as adopted by Banco BPM S.p.A. The result of that assessment was sent to the Board of Directors who disclosed it by publishing a press release on 8 May 2019.

Each Statutory Auditor also confirmed that they met the requirements relating to the accumulation of positions of administration and control provided for under prevailing law.

In accordance with the Borsa Italiana Code of Best Practice, the Board also acknowledged, on the basis of the declarations issued by the individual Directors and the assessments expressed by the Board of Directors, that the criteria and procedures for assessment adopted by the Board of Directors to evaluate the independence of its members were correctly applied. The Board of Directors of Banco BPM, in accordance with the Borsa Italiana Code of Best Practice, decided not to apply certain provisions, and more specifically, paragraph 3.C.1 letter e) of the Code, which provides for the loss of the independence requirement if the party was "a director of the issuer for more than nine years out of the last twelve" (not taking account of this case), since the independence requirement, understood to

be an independence of judgement attitude that characterises the work of the Directors does not necessarily change once nine years from the date of first appointment have passed.

In 2019, the Board of Statutory Auditors met 42 times, with each meeting lasting an average of 3 hours, and attended the Shareholders' Meeting on 6 April 2019 (at the ordinary session), with all members present.

The activities of the Board of Statutory Auditors continued in 2020 on a weekly basis in general. Starting from 1 January 2020 and up to the date of this report, the Board of Statutory Auditors met 9 times.

In 2019, the Board of Statutory Auditors also attended all 18 meetings of the Board of Directors and the 15 meetings of the Executive Committee, and one of its members attended the meetings of the Internal Audit and Risks Committee.

It also took part in training sessions organised by the Bank for the benefit of its corporate representatives.

The Board of Statutory Auditors obtained information from the Directors, also in accordance with article 150, paragraph 1 of the Consolidated Law on Finance, on the application criteria 2.C.2 of the Borsa Italiana Code of Best Practice and article 25 of the Articles of Association on the activities carried out and the most significant economic, financial and equity transactions carried out by Banco BPM or its subsidiaries, both through a disclosure made by the bodies with delegated authority in accordance with article 2381 of the Civil Code, and at an ordinary level by the Board attending the meetings of the Board of Directors and the Executive Committee.

The Board of Statutory Auditors carried out the supervisory duties (in accordance with the law, the Articles of Association and internal procedures) assigned to it in accordance with prevailing law, also on the basis of an applicable programme.

In 2019, the Control Body issued the opinions required by law, the Supervisory Regulations and the Articles of Association, formulating proposals to be dealt with by the Shareholders' Meeting. It also expressed its considerations and/or observations and carried out specific investigations where requested by the Supervisory Authorities. The Board of Statutory Auditors also examined the disclosure requests and/or the applications for specific actions made by the Supervisory Authorities and the related responses and/or plans drawn up by the Bank, monitoring the progressive realisation of improvement actions where required and referring, if necessary, to the Board of Directors.

In order to deal with the matters provided in the agenda, upon the invitation of the Board, they attended the meetings of the Control Body representing the company divisions including the business divisions.

More specifically, the Board periodically met all the Company Control Departments and, in implementation of the provisions of Legislative Decree no. 39/2010 (as amended by Legislative Decree no. 135/2016), kept up a constant flow of information on the development of the planned activities and the methods applied, both with the Financial Reporting Manager of the company and with the Auditing Firm PriceWaterhouseCoopers S.p.A. (engaged to audit the accounts of Banco BPM S.p.A. for the financial years 2017-2025). More specifically, the Board of Statutory Auditors received and examined the Additional Report addressed to it as the Internal Control and Auditing Committee in accordance with article 19 of the above-mentioned Legislative Decree no. 39/2010.

In order to guarantee an adequate exchange of information with the Control Bodies of the Group Companies, the Board of Statutory Auditors of the Parent Company organised meetings with the

Boards of Statutory Auditors of the main Subsidiaries (especially Banca Aletti & C. S.p.A., Banca Akros S.p.A and Release S.p.A.) and maintained constant dialogue (including through the Chairperson) with the Supervisory Authorities pursuant to Legislative Decree no. 231/2001 of Banco BPM.

7.3 REMUNERATION

The information concerning, *inter alia*, the remuneration of the members of the Board of Statutory Auditors, and the general policies on remuneration, are available in the "Remuneration Report" published in accordance with article 123-ter of the Consolidated Law on Finance.

8) COMPANY DEPARTMENTS AND PROCEDURES

8.1 PROCEDURES FOR PROCESSING CORPORATE INFORMATION

In relation to the significance and complexity of the communication processes to the market, Shareholders and quota holders and the principles approved by the Borsa Italiana Code of Best Practice, Banco BPM SpA, in the month it was established - January 2017 - approved the "Regulation on the management of inside information", subsequently updated in August 2018.

This Regulation, within the scope of Regulation (EU) no. 596/2014 (Market Abuse Regulation) of Implementing Regulation (EU) 2016/347 and the Consob guidelines, governs the processes aimed at management of the register of persons who have access to relevant information and inside information and the communication of it to the public, and for the management of market surveys, attributing the roles and responsibilities in this specific area and establishing the measures applicable to employees, any other business partners and representatives of the group companies. To that end, the above-mentioned Regulation was updated in August 2018 - also with the help and advice of an external law firm - in order to implement the recent regulatory provisions and laws in the area of market abuse.

The Board of Directors is in charge of supervising information to the public and communications. In accordance with the provisions of article 17 of Regulation (EU) no. 596/2014 and the related implementing regulations, Banco BPM must communicate inside information that directly relates to it and relates to the subsidiaries to the public as quickly as possible. This is subject to the option for Banco BPM to delay, under its own responsibility, the communication to the public of inside information, using the "delay process" application for this. The Chief Executive Officer oversees the external communication of inside information of Banco BPM, or if it avails of the delay process, he/she will inform the Board of Directors as soon as possible. The CEO - through the department that oversees Media Relations, Corporate Affairs Secretary, Investor Relations, Compliance Legal and Regulatory Affairs and the company divisions that are responsible for certain situations - will ensure the correct application of said corporate rules.

The above-mentioned divisions work together to manage and define the press releases, especially price sensitive ones, drawn up in accordance with the forms provided by Borsa Italiana - both in Italian and in English - in order to submit them for the approval of the applicable body or parties to disclose them to the market in accordance with the mechanisms provided by prevailing laws.

In relation to the need to coordinate external communications, especially significant communications, by the Group companies, subject to the supervisory duties of the Board of Directors regarding the processes of providing information to the public and corporate communications, a

process was defined that provides for giving prior information to the Chief Executive Officer who will examine the text of the press release and approve it. To that end, the information report will be given to the Board of Directors as soon as possible.

Price sensitive press releases and internal dealing communications are disclosed to the market using the SDIR disclosure system along with the authorised storage mechanism (www.emarketstorage.com) STORAGE managed by Bit Market Service S.p.A., and published on the Company website (www.bancobpm.it) and filed at the registered office in accordance with the law.

When taking part in meetings with analysts and institutional investors or call conferences, generally organised to present the operating results, the documentation is first sent to Consob and Borsa Italiana and made available on the company website.

If anyone has access to the news and documents relating to the Company, acquired during their working activities, they will have to keep said information confidential and only use it to carry out their jobs.

Failure to comply with the provisions on confidential information will involve application of applicable sanctions.

The Regulation also governs the establishment and updating rules of the Registers of persons who have access to relevant information or inside information. Banco BPM manages (i) the Register of Relevant Information (hereinafter also referred to as "RIL"), which contains the registration of the persons who have access to information that could be, subsequently, inside information for Banco BPM, for Banca Akros S.p.A. or for third party issuers, and (ii) the Insider List which must contain the register of persons who have access to inside information of Banco BPM or Banca Akros S.p.A. or third party issuers; the Insider List in turn is broken down into occasional sections, specifically created for each piece of inside information, recording the parties who have access to the specific information, and a permanent section, registering only those persons who, due to their jobs, always have access to all the inside information from when it has been identified.

With respect to Internal Dealing, in August 2016, the new European law was introduced on market abuse, which became directly applicable to the Member States following the entry into effect of said European Regulation no. 596/2014 of 16 April 2014 relating to market abuse (known as "MAR"), European Directive no. 57/2014 of 16 April 2014 relating to the criminal sanctions in the case of said market abuses (known as "MAD II") and the Delegated Regulation (EU) 2016/522 and Implementing Regulation (EU) 2016/523.

The new law introduced amendments relating to:

- the scope of the instruments to be communicated, now also including - in addition to the ordinary shares of the Issuer and the related financial instruments - listed bonds and the related financial instruments;
- the prohibition on internal dealing in certain blocking periods. With reference to the blocking period, a time period of 30 calendar days prior to the announcement of an intermediate financial report or a year-end financial report of the issuer was set.

With regard to the above, the Board of Directors meeting of 1 January 2017 approved the "Internal Dealing Regulation" after an in-depth analysis of the pre-existing and prevailing laws in order to identify the solutions that could be immediately applicable in the Banco BPM Group. To that end, the above-mentioned Regulation was updated again - also with the aid and advice of an external law firm - in order to incorporate the recent regulatory provisions applicable to internal dealing matters.

With reference to the reporting officer, in accordance with article 152-octies, paragraph 9 of the Issuers' Regulation, regarding the receipt, the management and the disclosure to the public of the information governed by the Internal Dealing Regulation, and who to that end sends the information that comes from "insiders" to Borsa Italiana through SDIR-STORAGE, the job is carried out by the Corporate Affairs Secretary.

Any party who, due to the positions held in Banco BPM or its subsidiaries is included in the category of "insiders" in accordance with the above-mentioned Regulation, shall sign a declaration showing they are fully aware of the Regulation adopted.

Each "insider" of Banco BPM and its subsidiaries are notified of the period of suspension of operations, and any other useful information in that area, as the occasion arises.

Said Regulation can be found on the Bank's website (www.bancobpm.it – section "Corporate Governance – Internal Dealing").

8.2 THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

With a view towards being able to count on an adequate system to control and to manage business risks, the Board of Directors, the Internal Audit and Risks Committee and the Board of Statutory Auditors, which oversee the functioning of the internal control system, have been assigned the following tasks, established in the Articles of Association.

The Board of Directors approves the general planning and strategic guidelines and positions and the governance policies and the risk management of the Company and the Group, and their periodic review to ensure their effectiveness over time, defining and approving, *inter alia*: (i) the Risk Appetite Framework; (ii) the guidelines of the internal control system, so that the main risks relating to the Company and its subsidiaries and transactions of greater significance are correctly identified, as well as adequately measured, managed and monitored.

When drawing up the strategic, business and financial plans, the Board establishes the nature and the level of risk that are compatible with the sound and correct management of the Company and the Group. The Group's risk appetite is defined on an annual basis as part of the Group's Risk Appetite Process.

The Internal Audit and Risks Committee is responsible for investigation and advisory activities with regard to the duties reserved to the Board of Directors relating to risks (analysis, appraisal, monitoring and management), the Internal Control System and the accounting ICT structure. To effectively perform its duties, it may carry out audit and inspection activities in all areas of Group activities.

The Board of Statutory Auditors oversees the effectiveness and adequacy of the risk management and control system, as well as the internal auditing system, and the functioning and adequacy of the overall internal control system.

From the technical-operational standpoint, the internal control system involves line controls carried out by the operating divisions and incorporated into the ICT procedures (first level controls), the second level company control functions (Risks, Internal audit, Compliance, Anti-money laundering), and third level controls (Auditing).

The Risk Function, which directly reports to the Chief Executive Officer of the Parent Company is in charge of monitoring, at Group level, and on an integrated basis, the risk governance processes (Enterprise Risk Management division), developing and measuring risk (Risk Models division) and the process of validating internal risk measurement models (Internal Validation division).

The Manager of said division, appointed by the Board of Directors of the Parent Company, in agreement with the opinions of the Internal Audit and Risks Committee, with the support of the Appointments Committee, and to the extent of its responsibility, the Board of Statutory Auditors, will supervise the definition, in accordance with the company strategies and targets, of the guidelines and policies on the management and control of risks. He/she will also guarantee that the information will be complete, clear and integrated so that the Company Bodies can obtain a real, concrete awareness of the risk profile of the Group.

The Risks department comprises three divisions:

- Risk Models;
- Enterprise Risk Management;
- Internal Validation.

In the area of risk, the Group aims to guarantee i) the development and continuous improvement of processes, models and risk metrics, ii) alignment to the best international standards, iii) implementation of the Supervisory regulations and directives, and iv) the development of efficient monitoring and reporting controls.

The framework of the management and control of risks in the Group was further reinforced in 2019, with special reference to the stages of identification, measurement, monitoring, prevention, mitigation and reporting of the first and second pillar risks that the Group is or could be exposed to in the pursuit of its strategic goals, in accordance with the risk appetite defined in the Risk Appetite Framework, structured on three hierarchical levels of Indicators (Strategic, Managerial with Triggers, Early Warning Managerial). In 2019, the Bank sent the European Central Bank the applications for the verification of the model changes made to the internal models used to calculate the capital requirements against the credit, market and operating risks. The model changes result from the requirement to meet specific obligations assigned by the ECB and also to account for changes in the regulatory framework, findings raised by the Company Control Departments and the proposal to extend the previously verified models to operating areas that had been processed with standard methods up to that point. Additionally, in 2019, the project relating to the creation and population of a specific procedure developed by the Bank for the more orderly management of the life cycle of the models developed internally and their associated risks was concluded (Model Risk Management). With reference to the Second Pillar risks, the internal models were reinforced in order to measurement, with special reference to reputational risk, which was integrated with information on web reputation, through the use of artificial intelligence and machine learning techniques.

Enterprise Risk Management also started up a series of activities in 2019 aimed at reinterpreting the framework of controls set up in the lending area. The main actions involved i) the definition of *ex-ante* inspections, ii) the implementation of a set of key risk indicators (KRI) also aimed at intercepting potential risk areas to be subject to analytical assessment, and iii) the review of the reporting system. With reference to the inspections of the Investment Services - MIFID continued with the implementation of controls relating to the macroprocesses of i) Consultancy, ii) Product Governance, iii) Pricing, iv) Management of the KIDs, and v) Best Execution. The quarterly report for the Company Bodies was consolidated and information reports were produced on a regular basis containing the status of the data quality and and management controls (data quality) carried out on a continuous basis, specific inspections carried out on certain subject areas and updates aimed at expanding the scope of the controls in various risk environments. Finally, the Group initiated a project to reinforce the adequacy level of the Group with respect to the principles governed by Circular 239 of the Basel Committee (BCBS 239) that provides instructions on risk data aggregation and reporting. The work carried out in 2019 concentrated on the definition of the overall data governance framework and the expansion of the quality data controls over all areas of risk. Within the scope of the BCBS, the activities will continue in 2020 in line with the road map approved at the Board of Directors meeting of 28 March 2019, with special reference to the traceability of the data (lineage) used in the main processes and management reports of the Risk Department. Finally, the risk transfer framework will be reinforced through insurance cover aimed at reducing the risks related to ICT security and any response costs in the event of reputational damage.

The Legal and Regulatory Affairs Department monitors the legal risk through the legal affairs support and advice process for the central and peripheral divisions of the Parent Company and the Group companies in relation to the activities they carry out and the relative contractual aspects, and also through the management of court-related and out-of-court disputes, as claimant or defendant, of the Group, not including those related to labour law, social security law or tax law. Additionally, in association with the Compliance department, the Legal and Regulatory Affairs Department provides an internal Law Alerting service to ensure the constant monitoring and provision of information on developments in the external regulatory framework for matters that have an effect on the Group activities (EU and national, primary and secondary) and on case law.

The management of the risk of non-compliance with the law and the prevention and combating of money laundering and terrorist financing (anti-money laundering) is carried out by the Compliance Department which reports directly to the Chief Executive Officer.

The Head of the Department has been Maurizio Nigro, lawyer, since 19 June 2018. They are also i) given the first authorisation, at Group level, in terms of "reporting suspicious activity" pursuant to article 41 Legislative Decree 231/07 as amended to the U.I.F. (Financial Information Unit established with the Bank of Italy) in the area of anti-money laundering; ii) appointed as Data Protection Manager (Data Protection Officer) in accordance with article 37, paragraph 7, Regulation (EU) no. 679/2016 (GDPR) in the privacy area.

The Compliance department carries out its activities for the Parent Company and the Group companies who have outsourced the service to it, in accordance with prevailing laws, contained in the Regulation on the management of risk and non-compliance with the law.

As established by Bank of Italy Circular 285/2013, the Compliance department oversees, taking a risk-based approach, the management of the risk of non-compliance with the law, ensuring that internal procedures are adequate to prevent that risk.

The model for the risk of non-compliance provides as follows:

- the definition, development and maintenance of methods, models and instruments supporting risk management processes;
- preventive compliance actions that are implemented through i) continuously monitoring of developments in the regulations, ii) assistance and consultation on compliance with the law, iii) verification of the compliance of the organisational structures, internal rules and the company ICT system;
- the planning of Compliance activities;
- the periodic assessment of the risks of non-compliance to which the Group is exposed;
- the assessment of the adequacy and effectiveness of the organisational and control oversights in place to reduce the risks of non-compliance identified and finding the main areas of weakness;
- monitoring the areas of adjustment to reduce the areas of weakness found;
- the periodic reporting to the Corporate Bodies.

With reference to the process of introducing new products and the entry into new markets, the Compliance department will be involved, by the business departments, in the technical preliminary inquiries to identify and assess the relevant elements linked to the risk of non-compliance with the law. The department will also form part of the applicable Committee that will be responsible for checking the new products/services and the entry into new markets.

The Compliance department will work with the departments in charge of awareness-raising and creating training events in the area of compliance.

The current organisational structure of the Compliance department, in place since 2 December last, provides for a Methods and Reporting Coordination division, in charge of guidance and coordination of internal methods, preparing the management reporting, defining the requirements aimed at developing the support applications, and Banking Services Compliance, Governance, ICT, Investment and Market Service Compliance divisions to directly monitor the applicable regulations and the Anti-money laundering division. There is also the DPO Support division in charge of managing compliance in privacy areas (Regulation (EU) 2016/679, known as GDPR - General Data Protection Regulation).

The Anti-money laundering division carries out its activities for the Parent company and the Group companies that outsourced this service, taking a risk-based approach, carrying out inspections and controls in order to evaluate the exposure to the risk of money laundering and terrorist financing, the effectiveness of the organisational and control oversights - both when starting up and when operating - and any actions to take.

Luca Gandolfi is the Manager of the Group Anti-money laundering department, appointed on 18 June 2019 by the Board of Directors of the Parent Company, in accordance with the opinions of the Internal Audit and Risks Committee, with the support of the Appointments Committee, and to the extent of its responsibility, by the Board of Statutory Auditors, and he reports directly to the Company Bodies and communicates with them, on his own initiative or upon request, without restrictions.

The first delegated authority, at Group level, on "reporting suspicious activity" in accordance with article 35, Legislative Decree no. 231/07 as amended to the U.I.F. (Financial Information Unit established with the Bank of Italy) is to the Compliance department Manager. This delegated authority was granted in accordance with a 'cascading' model that provides, in the event of absence or incapacity, for granting said powers, on a successive basis, to the Anti-money laundering division Manager (2nd Authorised party) and the other authorised parties who belong to the same division respectively.

The Audit Department of Banco BPM is responsible, on the one hand, for third level controls - also with inspections on site and remotely - to ensure the proper performance of operations and risk development, and on the other, for assessing the completeness, adequacy, efficiency and reliability of the internal control systems, indicating possible improvements to the management, measurement and control process of risks to the company bodies, and taking an active part in their realisation.

The Audit department - hierarchically reporting to the Board of Directors - is in charge, as an internal review function, for all the central and peripheral divisions of the Italian Companies of the banking Group; it carries out guidance, coordination and control functions for the audit divisions of Banca Aletti Suisse.

The Board of Directors, including in the exercise of its management and coordination in accordance with article 2497 of the Civil Code, in agreement with the opinions of the Internal Audit and Risks Committee, with the support of the Appointments Committee and, to the extent of its responsibility, the Board of Statutory Auditors, decided - from 16 September 2019 - to appoint Mr Andrea Francesco Antonio Alessandri as Manager of the Audit department, defining the remuneration in accordance with company policies. Mr Alessandri was also appointed by the Board as the Manager of the Internal System to Report Breaches (SISV) of the regulations governing the banking activities of the Parent Company.

In accordance with the Borsa Italiana Code of Best Practice, Mr Andrea Francesco Antonio Alessandri will also cover the role of internal control reporting officer and - free from hierarchical restrictions with respect to the managers of the operating areas - will have access to all the information that could be helpful or necessary to fulfil his duties.

The organisational structure of the Audit department provides for the following divisions:

- Audit Coordination;
- Instrument methods and Quality Assurance;
- Lending Audit;
- Finance Audit;
- Governance Processes Audit;
- Network Audit.

This structure meets the requirement to ensure constant monitoring of the activities carried out by the Group, while ensuring the continuous reinforcement of the audit methods and due attention to the effects of the strategic policies adopted by the Group (i.e. in terms of Risk Appetite Framework, strategic planning, processes with greater significance) to identify those areas that could be more exposed to weakness, including prospective.

Once the Group reorganisation/restructuring stage (and de-risking) that influenced the 2017 and 2018 Audit Plans has ended, which was characterised by significant participation in the related project

activities, the 2019 Audit Plan, approved by the Board of Directors on 28 February 2019, placed greater focus on the areas of operation of the Group that had higher current and prospective risk levels. However, the obligatory activities linked to the regulatory provisions are still significant, in addition to the inspections required by the ECB, with special reference to the governance, control and risk management processes.

The assessment of the sales Network was planned and carried out by also taking account of the risk shown up by the remote red flags system.

The Audit department also guarantees the constant monitoring of agreed corrective actions and due compliance with the Action Plans resulting from inspections of the national and supranational Regulator.

The Audit Department, on the basis of the information flows defined in an applicable company Regulation, prepared and sent, in a timely manner, to the company Bodies (Board of Statutory Auditors, Internal Audit and Risks Committee, Board of Directors), reports on events of particular significance, and periodic reports containing adequate information on their activities, on the mechanisms used to manage risks (and on compliance with the plans defined to reduce risks) and a periodic assessment of the suitability of the internal control and risk management system (including the information systems).

In implementation of the provisions of article 52-bis of the Consolidated Banking Law and related implementing regulations, the Group has set up an Internal System to Report potential Breaches (hereinafter the SISV) of the rules governing the banking activities (known as whistleblowing) to encourage the identification of unlawful or illicit behaviour, protecting those who, on the basis of the reasonable suspicion that an unlawful action or invalid action has occurred or could occur, decide to send a report to the SISV Manager.

In accordance with the provisions of article 7.P.3 of the Borsa Italiana Code of Best Practice, Mr Giuseppe Castagna was appointed by the Board of Directors as the "Director in charge of the internal audit and risk management system". The specific duties - set out under article 7.C.4 - that the Code assigns to said position are illustrated below:

- to ensure the identification of the main company risks, taking into account the characteristics of the activities performed by Banco BPM and its subsidiaries and to periodically submit them to the examination of the Board of Directors;
- to implement the guidelines established by the Board of Directors, organising the planning, formation and management of the internal audit and risk management system, and continuously verifying its overall adequacy and effectiveness;
- to handle the adaptation of said system to changes in operating conditions and the legislative and regulatory panorama.

In addition, the following powers and obligations are assigned:

- the power to ask the Audit department to conduct audits on specific operating areas and on compliance with internal rules and procedures when performing company transactions, promptly informing the Chairperson of the Board of Directors, the Chairperson of the Control and Risks Committee and the Chairperson of the Board of Statutory Auditors;
- the obligation to promptly inform the Control and Risks Committee (or the Board of Directors) of problems and critical areas that have emerged during the performance of his/her duties or which he/she has been informed of, so that the Committee (or Board) may adopt the appropriate measures.

In accordance with article 7.C.1, letter b) of the Code of Best Practice, the Board of Directors, subject to the opinion of the Internal Audit and Risks Committee, expressed its opinion on the substantial adequacy of the internal audit and risk management system with respect to the characteristics of the company and the risk profile taken on, and its effectiveness, even though certain areas could be improved that are already being considered by the applicable control company departments.

Coordination between the parties involved in the internal audit and risk management system

The guidelines and unified governance with respect to the Integrated Internal Control System is carried out by the Parent Company which, within the scope of its functions of management coordination and control:

- determines the principles, rules, roles and responsibilities;
- defines and delimits the profiles of responsibility of each Group entity, with special reference to the role of the Parent Company and the Group Companies;
- defines the information flows and related coordination mechanisms.

The Parent Company also exercises the following controls:

- strategic: to check the consistency of the decisions made by the individual members of the Group with respect to the guidelines decided on by the Parent Company and to define any corrective actions;
- management: to ensure the maintenance of the economic, financial and capital balance both by the individual members of the Group and the Group as a whole. This control is exercised on a prior basis through the preparation of plans, programmes and budgets, and on a final basis through the analysis of the periodic situations, the interim accounts and the financial statements of the individual companies and the consolidated accounts;
- operational techniques: to measure and evaluate the overall risks to which the individual Group members are exposed, and the Group as a whole, and to ensure that the activities are carried out with the necessary effectiveness and efficiency and to evaluate the relative oversight in terms of internal controls;
- compliance: to ensure compliance with the regulations and operational compliance of the company processes;
- adequacy: to assess the proper management of risks and the control processes.

The parties appointed to carry out the above-mentioned coordination, each for the aspects falling under their own responsibility, are represented by: Board of Directors of the Parent Company, Chief Executive Officer, Board of Statutory Auditors, Supervisory Authorities 231/2001, Internal Audit and Risks Committee (internal board) Coordination Committee, Group Internal Control System (managerial) and Risks Committee (managerial).

A specific role in the area is assigned to the Coordination Committee of the Group Internal Controls System which has the specific duty of reinforcing the coordination and cooperation mechanisms between the control departments and providing an integrated representation and correct classification of the overall risks that the Group is exposed to, subject to the specific nature and responsibilities of the individual corporate control Departments.

The Parent company has defined a coordination model of the company Bodies and the control departments that is set out through the following elements:

a) Definition of the methods and coordination instruments for the assessment of the Internal Control System

In order to guarantee and facilitate the coordination between the control departments and the company Bodies, the Internal Control System adopted an assessment method to perform the control activities that require the use of elements of analysis and common measurement metrics, and reporting mechanisms to ensure uniform reports.

The adoption of an integrated assessment of the Internal Control System aims to permit the comparison of the assessments made by the various control departments and to obtain an assessment of the overall operating model of the Group.

b) Scheduling the control activities

All the control functions have to prepare a plan of the respective activities.

The control departments, within the scope of the Coordination Committee of the Group Internal Control System, carry out formalised coordination for the periodic scheduling of the respective activities in order to efficiently manage potential areas of overlap and to capitalise on possible synergies.

The plans of the control departments are submitted for the approval of the Board of Directors of the Parent Company, with the opinion of the Internal Audit and Risks Committee and the Board of Statutory Auditors and the Group Companies for the applicable parts, thereby ensuring a further level of inspection of the actual coordination of the activities.

c) The performance of controls and inspections and the identification of risk mitigation measures

Regarding coordination, the information flows defined by the Control Departments are significant with reference to the results of the inspections.

The managers of the Risk department and the Compliance department will inform the Audit department manager of the weaknesses found in the control activities that could be of interest for the audit activities. The Audit department manager will inform the managers of the other company control departments of any inefficiencies, weak points or irregularities that emerged during their inspections and regarding specific areas of matters they are responsible for.

d) Reports and Information flows

Information flows were defined aimed at:

- guaranteeing completeness, quality and promptness of information in the findings that emerge, allowing the recipients to make use of any information useful to perform the activities they are responsible for correctly;
- ensuring adequate coordination between the activities arranged by the Company Bodies and the control functions;
- encouraging the movement of reports of weaknesses that allow situations of particular severity to be brought to the attention to the higher hierarchical levels;
- allowing informed choices to be made to support the decision-making process relating to the risk mitigation measures to adopt;
- supporting the Internal Control System improvement process as a whole.

Main characteristics of the existing internal control and risk management system in relation to the process of financial disclosure (article 123-bis paragraph 2 letter b) of the Consolidated Law on Finance)

The reference model identified by Banco BPM (hereinafter for brevity the “Model”) to fulfil the legal requirements set out by article 154-bis of the Consolidated Law on Finance, is based on the COSO and COBIT Framework⁶, that constitute the reference standard for the internal control system that is generally accepted at international level.

This Model, formalised in the “Regulation on the Financial Reporting Manager (Law 262/2005)” most recently approved by the Board of Directors of Banco BPM on 29 November 2018 was aimed at guaranteeing reliability, accuracy, trustworthiness and timeliness of financial information, and provides as follows (in summary):

- an adequate internal control system at corporate level to reduce the risk of errors or incorrect conduct for the purpose of accounting and financial reporting;
- the establishment and subsequent maintenance of adequate sensitive processes for financial reporting purposes and to check their adequacy and actual application.

The main activities of the model are described below, prior to the issue of the statements provided for under article 154-bis of the Consolidated Law on Finance:

⁶The COSO Framework was established by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical principles and an effective system for corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the principles of corporate IT.

- *Identification of the scope of the inquiry* in terms of Group companies, financial statements items and processes considered to be significant in relation to the impact on the accounting and financial reporting of the company;
- *Assessment of the internal control system at company level (entity level control)* in order to ensure adequate governance systems at corporate level, such as adequate risk management processes and clear models for the assignment of authorisation and responsibility. To that end, the Financial Reporting Manager will coordinate with the Audit Department and examine the "Assessment report of the internal control system of the Group" prepared by the Audit department;
- *Formalisation of the processes and controls implemented to mitigate the risks relating to financial reporting.* The map of the controls to mitigate the risks to monitor proper financial reporting is carried out by the Financial Reporting Manager on the basis of the formalised processes in the internal rules by the Organisation division;
- *Assessment of the risks and the adequacy of the control designs adopted (Risk & Control Assessment / Test of Design).* This activity aims to assess the adequacy of the administration and accounting procedures to draw up the financial statements and any other accounting and financial information and is carried out through the assessment of the key controls in order to reduce the risks relating to financial reporting;
- *Check of the effective and continuous application of the controls by the operating divisions (Test of Effectiveness).* The testing of the effectiveness of the controls ("testing activities") is aimed at assessing the actual application, in the reference period, of the administrative and accounting procedures when drawing up the financial statements and any other financial information and the technological infrastructure governance procedures;
- *Definition and monitoring of any corrective actions to put in place* in view of any organisational shortcomings found in the assessment of the adequacy and actual application of the administrative-accounting procedures and the relative controls.

In order to further support the process described above regarding the adequacy of the accounting and administrative processes aimed at the production of the consolidated financial reporting, the Model provides for a statement system by the Group subsidiaries with respect to the Parent Company Financial Reporting Manager whose aim is to ensure that the data communicated by the subsidiaries for the purpose of drawing up the consolidated Group financial statements give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the Company.

The Model also defines an adequate information flow system between the Financial Reporting Manager and the other company divisions/bodies in order to ensure that the Reporting Manager promptly acquires and completes the relevant information for financial reporting purposes, and to guarantee the functional participation of the Reporting Manager in the company governance of the Group.

The Financial Reporting Manager will inform the Board of Directors on the performance of the management and control of the process to prepare the accounting and financial reporting documents for the market, on any weaknesses found, on the corrective measures put in place to overcome these weaknesses and the adequacy and actual application of the procedures relating to the financial statements. This reporting obligation will be carried out by drawing up a half-yearly report submitted to the Board of Directors before the approval of the half-yearly and annual financial report.

For information on the appointment of the Financial Reporting Manager and on the related resources and powers, please refer to paragraph below "8.4 Financial Reporting Manager" of this report.

8.3 STATUTORY AUDIT OF THE ACCOUNTS

The Shareholders' Meetings of Banco Popolare and Banca Popolare di Milano, which decided on 15 October 2016 to approve the Proposed Merger, also decided to appoint the auditing firm PricewaterhouseCoopers S.p.A., with registered office in Milan, via Monte Rosa no. 91, registered with the Register of Auditors with the Ministry of Economy and Finance, for the legally required duration, to audit the individual and consolidated financial statements of the Group, the limited audit of the abridged interim consolidated financial statements, to ensure that the corporate accounts are kept properly and the correct recognition of the company affairs in the accounts (in accordance with the provisions of article 2.2.6 of the Proposed merger).

During the financial period, the auditing firm checks to ensure that the company accounts are kept properly and that the company affairs are recognised correctly in the accounts; it also checks to ensure that the individual and consolidated financial statements correspond to the findings on the company accounts. The independent auditors express their opinion on the individual and consolidated financial statements and the abridged interim financial statements by the issue of a specific report.

In accordance with the law and the Articles of Association, the independent auditors are appointed by the Ordinary Shareholders' Meeting on a grounded recommendation by the Board of Statutory Auditors.

8.4 FINANCIAL REPORTING MANAGER

In January 2017, the Board of Directors, subject to the opinion of the Board of Statutory Auditors, appointed, subject to the prior confirmation of the existence of the requirements provided under prevailing law, Mr Gianpietro Val, as the Financial Reporting Manager, in accordance with the provisions of article 154-bis of the Consolidated Law on Finance (introduced by Law 262/2005).

In accordance with the Articles of Association, the Financial Reporting Manager must possess, in addition to the requirements of integrity provided by prevailing law for those who carry out administration and management functions, the requirements of professional competence characterised by specific expertise, from the administrative and accounting standpoint, on lending, finance, real estate and insurance matters. These skills must have been acquired through work experience in positions of adequate responsibility for a consistent period of time and in companies of comparable size to the Company.

The Financial Reporting Manager will have specific responsibilities aimed at ensuring a true and fair presentation of the assets, liabilities, profit or loss and financial position of the Group. More specifically, the Financial Reporting Manager will have the following duties:

- to certify that the documents and disclosures disclosed to the market and regarding interim and annual accounting information of the Company correspond to corporate records, books and accounts;
- to prepare, through the corporate divisions in charge, appropriate administrative and accounting procedures to govern the preparation of the individual and consolidated financial statements and all other communications of a financial nature;
- confirm, jointly with the Chief Executive Officer, through a report attached to the individual and consolidated financial statements and the abridged interim consolidated financial statements (hereinafter "the documents"):
 - the adequacy and effective application of the administration and accounting procedures during the period to which the documents refer;

- that the documents have been drawn up in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
- the correspondence between the documents, the findings in the books and the accounting entries;
- the suitability of the documents to give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the scope of consolidation;
- for the individual and consolidated financial statements for the financial period, that the report on operations contains a reliable analysis of the operating performance and results, as well as the financial position of the issuer and the group of companies included in its consolidation, together with a description of the main risks and uncertainties to which they are exposed;
- for the abridged interim financial statements, that the interim report on operations is a reliable analysis of the significant events that took place in the first six months of the year and their impact on the abridged interim financial statements, and describes the main risks and uncertainties for the remaining six months of the year.

In order to express an overall assessment of the internal control system regarding the financial reporting, the Financial Reporting Manager shall refer to a control model defined in the "Regulation on the Financial Reporting Manager (Law 262/2005)", the contents of which are described in paragraph "8.2 the internal audit and risk management system" of this report.

The Group Regulation on the Financial Reporting Manager also assigns specific powers and resources as set out below.

The Financial Reporting Manager is guaranteed the following:

- free access to the accounting information needed for the production of accounting data of Banco BPM, without the need for authorisations;
- the free access to managerial information, linked to events that could significantly influence the performance of Banco BPM;
- the freedom to carry out, through the company divisions in charge, inspections of the company processes that have a direct or indirect impact on the financial reporting;
- the right to interact with the Administrative and Control Bodies;
- the right to exercise his powers with respect to all the Group subsidiaries;
- the guidance and coordination role for the Group companies with regard to administrative and accounting matters and for the financial reporting control systems;
- the power to propose to the Chief Executive Officer, in accordance with the Organisation function, the implementation of projects aimed at improving the administrative accounting structure;
- the power to propose any corrective actions to put in place in view of any organisational shortcomings found in the assessment of the adequacy and actual application of the administrative-accounting procedures and the relative controls.

With regard to the main resources, the Financial Reporting Manager:

- will have an adequate group operating structure, specifically for the purpose;
- may use, with regard to the performance of the control tests, internal or external resources;
- may avail of external consultation for accounting, tax or legal - administrative issues, and acquire the professional services needed to carry out the role in accordance with prevailing laws and the budget assigned;
- will have the full cooperation and support of the other divisions of the Parent Company and the subsidiaries to carry out the activities needed to comply with legally required duties;
- will have an adequate flow of information from the company Bodies, the company control departments and the other organisational divisions in charge of reporting any anomalies or

shortcomings in the procedures found within the scope of their activities, that could have significant impacts on the economic and capital situation of Banco BPM;

- will take part in the board meetings in which the draft annual and interim financial statements are drawn up, and, upon invitation, the meetings in which topics that have significant impacts on the administrative - accounting and financial aspects of the Banco BPM are discussed;
- will take part, upon invitation, in the internal board and Management Committee meetings in which topics that have significant impacts on the administrative - accounting and financial aspects of the Banco BPM are discussed.

If the Financial Reporting Manager believes that the powers and resources given are insufficient or not effective enough to carry out the duties provided by law, he or she must promptly inform the Chief Executive Officer so that this can be promptly referred to the Board of Directors.

If the Board of Directors, in the exercise of supervision or if informed by the Chief Executive Officer, believes that the powers and resources given to the Financial Reporting Manager are insufficient or not effective enough on the basis of prevailing laws, it will increase them.

8.5 ORGANISATION, MANAGEMENT AND CONTROL MODEL pursuant to Legislative Decree no. 231/01 and relating to the Supervisory Board of Banco BPM

Banco BPM updated its Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (the “**Model**”) on 17 April 2018 in order to incorporate the new laws relating to predicate offences provided by Legislative Decree 231/01.

The Model (with a summary of it, along with the Code of Ethics, published on the website www.bancobpm.it, in the section “Corporate Governance”) comprises a:

- “General Part” in which the applicable regulatory framework is summarised and the purpose of the Model is described, along with the adoption, amendment and updating process, the relationships between the Parent Company Model and the Model of the Group Companies, the role of the Supervisory Board, the sanctions system, the training and performance of the intercompany services;
- “Special Part” which, with reference to all types of offences and crimes that Banco BPM established that it would consider in view of its business activities, identifies the activities at risk and the essential elements that the procedures must possess to reduce the risks. The Special Parts, that constitute “Protocols” for the purpose of the Decree, are completed by the regulatory documents drawn up to define and govern the individual processes typical of the business activities.

The Banco BPM Parent Company, adopting an organisational structure that distinguishes it as a substantially and economically unified enterprise, gives guidance on the choices to make to implement the Decree, defining guidelines and frames of reference to adhere to in order to prepare the organisation, management and control models of the Group Companies, in accordance with the specific situations relating to the nature, size, type of activity, corporate structure and organisation of the internal delegations of authority. Within the scope of the management and coordination functions, the Parent Company also provides the subsidiaries with non-binding instructions on the composition of the respective Supervisory Boards which constitute the minimum requirements and do not rule out the option for higher standards.

The Supervisory Board, which is vested with the rights and powers of initiative and control as provided under Legislative Decree 231/01, is responsible for monitoring the function and compliance of the Model's provisions, and ensuring it is kept updated.

The choice to identify a Supervisory Board pursuant to Legislative Decree 231/01 set up on purpose and that is not the same as the Board of Statutory Auditors, is determined by:

- the size and organisational complexity of the company, in view of the "231 risk" profile that can be theoretically attributable;
- the advantages that result from the mixed composition (internal/external) referring on the one hand to the knowledge of the enterprise (therefore, more suitable for identifying and monitoring the applicable areas of risk) and on the other, to the independence of the company structure that reinforces the impartiality of the controls and judgements.

The Supervisory Board of Banco BPM will include three members from outside the Company and the corporate organisation (one of whom will act as Chairperson), a member of the Board of Statutory Auditors (appointed by it) and a Manager of the Corporate Control Departments, all of whom will meet the requirements necessary for the position. It currently comprises the following:

- Federico Maurizio d'Andrea (Chairperson and member from outside the company);
- Gherardo Colombo (member from outside the company);
- Iole Anna Savini (member from outside the company);
- Alfonso Sonato (in his position as a member expressly authorised by the Board of Statutory Auditors);
- Andrea Alessandri (internal member, in his position as the Manager of the Corporate Internal Audit Control Department).

The Parent Company Board will also have the following functions in addition to those provided for under Legislative Decree 231/01:

- the coordination and guidance of the activities aimed at the application of the Model within the scope of the Group Companies to ensure correct, uniform implementation;
- the right to ask the Group Company Bodies to carry out specific control actions in order to ensure that the Model is adopted and effective.

8.6 THE INVESTOR RELATIONS OFFICE

The mission of the Investor Relations Office is described below, along with the activities carried out in 2019 and the organisational structure of the Office.

Mission of the Investor Relations office

The mission of the Investor Relations Office, reporting to the Chief Executive Officer, is to coordinate the flow of financial information between the Group and the market; analyse the position of the Group in the banking system and the business sectors of interest and to monitor macroeconomic performance.

The main responsibilities of the Office can be summarised as follows:

- to ensure the management of the financial information flows of the Group with the market, the financial community (financial analysts and institutional investors), ratings agencies and shareholders in general, in order to publish, in a transparent, continuous manner, information and news relating to the strategies, activities, results and prospects of the Group, also through taking part in the main financial events (banking conferences, roadshows, etc.);
- ensure monitoring of the information, the valuations and the recommendations on the securities disclosed by the operators, the income predictions, the market expectations and the perception of the Group in general;
- support top management in the definition of the shareholder strategies;
- coordinate periodic financial analyses of the banking sector and benchmarking analyses.

Investor Relations activities in 2019

In 2019, the Investor Relations team managed a total of 116 events, generally with the involvement of the top management of the Group, with 454 meetings with investment companies (both stock market and fixed income), financial analysis firms, ratings agencies and others. In addition to these events, there were also 4 telephone conferences with webcast audio carried out during the year to present the Group financial performance to the market (results at 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019).

	No. events	% of the total	Number of companies met	% of the total
Industry conferences (stock) *	5	4.3%	90	19.8%
Industry conferences (fixed income) *	2	1.7%	10	2.2%
Roadshows (stock)	4	3.4%	48	10.6%
Roadshows (fixed income)	8	6.9%	99	21.8%
Other individual and/or group meetings, telephone conferences and video conferences (stock)	67	57.8%	161	35.5%
Other individual and/or group meetings, telephone conferences and video conferences (fixed income)	5	4.3%	13	2.9%
Other activities	14	12.1%	22	4.8%
Meetings/calls with ratings agencies	11	9.5%	11	2.4%
Total	116	100.0%	454	100.0%
Presentations to the financial market in conference calls / webcasts	4			

(*) Investors who attended floor presentations of the industry conferences were not included in the count of the companies met.

With respect to the stock market, the attendance at 5 industry conferences and 4 roadshows organised in various European cities of leading research and brokering firms was significant, which, together, accounted for meetings with 138 counterparts, equal to 30.4% of the total parties reached in the year as a whole.

Similarly, within the scope of the fixed income market, 2 industry conferences and 8 roadshows were attended, meeting 109 counterparts (24.0% of the total) in various European cities.

The remaining 45.6% of institutional parties involved had the opportunity to interact with the Group on 97 other occasions (direct individual meetings and/or group meetings, telephone conferences and/or video conferences) also including 11 meetings / calls with ratings agencies.

At the end of 2019, Banco BPM stock was "covered" by 17 stock research firms (including: 7 with positive recommendations, 9 neutral and 0 negative, in addition to 1 suspension of the temporary rating "not rated", with whom continuous dialogue was kept up during the year.

Organisation of the Investor Relations office

Roberto Giancarlo Peronaglio is the Manager of the Investor Relations Office, and it is organised as follows:

- Shareholder Strategy, Investor Coverage and Ratings Agencies: Manager Tom Lucassen
- Market Relations: Manager Arne Riscassi
- Benchmarking and Financial Analysis: Manager Manuela Montagner

Institutional investors and financial analysts may contact the members of the Investor Relations Office at the following telephone numbers +39 02 94772108 and +39 045 8675537, and by email at investor.relations@bancobpm.it (email address of the work group).

For further information, please refer to the "Investor Relations" section on the website of the Banco BPM Group (www.bancobpm.it).

8.7 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

In accordance with the provisions of the Borsa Italiana Code of Best Practice, Banco BPM adopted measures to ensure that transactions in which a Representative has a personal interest or interest on behalf of third parties, and transactions carried out with Related Parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.

To that end, Banco BPM approved the "Application rules on the concept of related parties in accordance with international accounting standard IAS 24" which applies to Banco BPM and all the Group companies. The above-mentioned "Application rules" establish that within the scope of the Banco BPM Group, the definition of "related party" provided by IAS 24 is used, and they define the operating criteria for the identification of the Related Parties.

With reference to the provisions of the Bank of Italy to draw up individual and consolidated financial statements for banks, issued by order dated 22 December 2005, specific information is given on the transactions with Related Parties in accordance with the definition of IAS 24, also with reference to the remuneration of managers with key responsibilities, lending and guarantees and other transactions in the applicable section of the Explanatory Notes to the individual and consolidated financial statements. For greater detail, please refer to the above-mentioned section of the Explanatory Notes.

In relation to the provisions of article 2391-bis of the Civil Code, Consob adopted, through resolution no. 17221 of 12 March 2010, as amended with resolution 17389 of 23 June 2010, a "Regulation containing provisions on transactions with related parties" (hereinafter the "Consob Regulation") governing the procedures and rules of transparency that transactions with Related Parties are subject to. The regulation sets out the principles that Italian companies with listed shares on Italian regulated markets have to comply with in order to ensure transparency and substantial and procedural fairness in the transactions with Related Parties, carried out directly or through subsidiaries.

In accordance with said Regulation, involving:

- Banco BPM, directly;
- the subsidiaries of Banco BPM, indirectly, pursuant to article 2359 of the Civil Code,

Banco BPM adopted, on 1 January 2017, the Regulation "Procedures to govern transactions with Related Parties" (hereinafter "Related Party Procedure" or "Consob Procedure") that sets out the rules and mechanisms aimed at ensuring compliance with the Consob regulation for Related Party transactions of Banco BPM either directly or through subsidiaries and governing the decision-making process in accordance with the type and significance of the transactions, the role and responsibilities of the Bodies involved, and the activities related to the transparency obligations and communications to the public.

More specifically, the Related Parties Procedure:

- defines the scope, identifying, *inter alia*, the criteria to collect information on the Related Parties;
- indicates the choices made by Banco BPM with reference to the options provided by the Consob Regulation, with regard, *inter alia*, to the identification of the transactions with greater significance and the exemptions from application of the Procedure;
- establishes the rules and mechanisms with which Banco BPM establishes and approves the transactions, with reference, *inter alia*, to the cases where Banco BPM examines or approves subsidiary transactions;
- establishes the mechanisms and deadlines in which the Related Parties Committee, asked to provide opinions on the transactions, and the administration and control bodies of Banco BPM, are provided with information on said transactions, along with the related documentation, prior to the decisions and during and after execution of the transactions;
- guarantees coordination with the administrative and accounting procedures provided for under

article 154-bis of the Consolidated Law on Finance;

- specifies in the cases in which Banco BPM prepares, in accordance with article 114 paragraph 5 of the Consolidated Law on Finance, an information document with regard to the transactions with "greater significance".

The Related Parties Procedure came into effect on 1 January 2017 and can be found on the website of Banco BPM (www.bancobpm.it – section "Corporate Governance").

With regard to compliance with the prudential Supervisory Provisions of the Bank of Italy on risks and conflicts of interest with respect to related parties (Circular of Bank of Italy no. 263 of 27 December 2006, title V, chapter 5 as amended), Banco BPM adopted the Regulation "Procedures and Policies on controls relating to risks and conflicts of interest with respect to Related Parties" (Related Parties Regulation").

The Related Parties Regulation, in accordance with the above-mentioned Supervisory Provisions, has the following aims:

- aims at monitoring the risk that the closeness of said parties to the decision-making centres of the bank could compromise the objectivity and impartiality of the decisions relating to the granting of loans and other transactions with respect to said parties. The regulation identifies the category of related parties and related connected parties (who, together form the category of related parties);
- establishes the prudential limits for the risk activities carried out with respect to these related parties, in proportion to the intensity of the relationships and the significance of the consequent risks for sound and prudent management. To that end, the Board of Directors, at its meeting of 10 September 2019, approved the review of the limits of the risk appetite on the exposures with respect to Related Parties of the Banco BPM Group and the legal entities of the Group (Banco BPM, Banca Aletti & C. S.p.A. and Banca Akros S.p.A.) in order to take account of the accounting resulting from the streamlining initiatives of the corporate and operational structure of the Group.
- governs decision-making procedures that also apply to intercompany transactions and other economic transactions which could generate risky activities;
- provides specific instructions on organisational and internal control structures, specifying the responsibilities of the bodies and the duties of the company departments and the obligations to collect information on the related parties and to control the trends of the exposures.

The Related Parties Regulation can be reviewed on the website of Banco BPM (www.bancobpm.it – section "Corporate Governance").

With respect to the application of the rules on the obligations of banking representatives in accordance with article 136 of the Consolidated Banking Law of Banco BPM and the Group Banks, that define the application and procedural mechanisms of the obligations of banking representatives (article 136 Legislative Decree 385/1993) and directors' interests (article 2391 of the Civil Code), Banco BPM adopted the "Regulation on the obligations of Banking Representatives pursuant to article 136 of the Consolidated Banking Law". From this perspective, there are, *inter alia*, obligations for the representatives involved (Director, Statutory Auditor, General Manager, Deputy General Manager with deputy functions, etc.) to make timely declarations to the Board of Directors regarding interests they may have in certain transactions.

With regard to the vote in favour of the Board of Statutory Auditors of the issuing/deciding Bank, in order for the decision to be valid, all its Members must vote in favour, with the exclusion of any Statutory Auditors who may have an interest in the transaction.

Banco BPM, in order to avoid any situations of incompatibility, while maintaining the compatibility of the interests of the representatives with the interests of the company, also adopted a company policy that prohibits, apart from any exceptions that must be authorised by the Board of

Directors of the Parent Company, the engagement of any Board members and the members of the Board of Statutory Auditors of the Parent company and the subsidiaries to carry out professional services, both directly or through professional firms where the representative is a partner, associate or co-owner. This policy was prompted by Consob Communication no. 8067632 of 17 July 2008 which provided an interpretation of article 148, paragraph 3 letter c) of the Consolidated Law on Finance, regarding the disqualification of members of the control body in listed companies and expanded the subjective range of application to also include the members of the Board of Directors of the Group companies.

9) RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY

The Banco BPM Group pays close attention to the continuous management of shareholder relations, institutional investors and other operators in the national and international financial community, and to guarantee the regular and systematic disclosure of qualified, complete and prompt information on Group operations, results and strategies, also in the light of indications provided by Consob, the principles expressed in the Borsa Italiana Code and in national and international best practices.

Relations with retail shareholders and institutional investors are carried out by separate specialised divisions with adequate resources and professional competence.

The Board of Directors, at its meeting of 10 February 2017, appointed, as recommended by article 9.C.1 of the Borsa Italiana Code of Best Practice, Alberto Magugliani (from the Banco BPM Corporate Affairs Secretariat Department) as the manager in charge of relations with shareholders. Within the scope of the Corporate Affairs Secretariat Department, there is a team that provides assistance to shareholders, overseeing the activities relating to the management of shareholders' meetings and more specifically, managing relations with the retail shareholders.

This line of communication transparency also includes cooperation in the setting up and the timely and due updating of the pertinent information on the website www.bancobpm.it in the Corporate Governance section, and in cooperation with the Investor Relations Office, in the Investor Relations section of the company website. The development of this reporting channel reflects both the Company's attention to international best practices regarding investor relations and the need to comply with the requirements of regulations on corporate disclosures.

The bilingual website contains updated information on the structure and governance of the Group, shareholders' meetings, the ownership structure and dividends, as well as share performance, press releases, financial statements and presentations of the results, ratings and prospectuses concerning securities issued by the Banco BPM Group. In this way the website is where the financial community and stakeholders in general can find numerous opportunities for information and dialogue with the Company within the framework of constant, consistent and complete communication.

Retail shareholders can contact the corporate team by writing to the certified email address soci@pec.bancobpm.it, or the ordinary email address segreteria@bancobpm.it or by contacting the free phone number 800.013.090, as indicated in the "Contacts" page and the Corporate Governance section and the Investor Relations section of the company website.

For further information, the section "Shareholders' Meetings" may also be consulted in the more wide-ranging "Corporate Governance" page of the Banco BPM Group website (www.bancobpm.it).

Contacts with institutional investors, financial analysts and the ratings agencies are followed by the Investor Relations Office; for more details, please refer to the applicable paragraph.

Milan, 10 March 2020

APPENDIX 1: List of the positions of administration, management or control covered by the members of the Board of Directors in other listed, financial, banking, insurance or significantly sized companies

Surname and Name	Company	Position
FRATTA PASINI CARLO (Chairperson)	None	NA
PAOLONI MAURO (Acting Deputy Chairperson)	Unione Fiduciaria S.p.A. Bipiemme Vita S.p.A. Bipiemme Assicurazioni S.p.A. Grottini S.r.l.	Director Chairperson of the BoD Chairperson of the BoD Chairperson of the Board of Statutory Auditors
CASTELLOTTI GUIDO (Deputy-Chairperson)	None	NA
COMOLI MAURIZIO (Deputy-Chairperson)	Vera Assicurazioni S.p.A. Vera Protezione S.p.A. Herno S.p.A. Mirato S.p.A. Mil Mil 76 S.p.A.	Chairperson of the BoD Chairperson of the BoD Standing Auditor Chairperson of the Board of Statutory Auditors Chairperson of the Board of Statutory Auditors
CASTAGNA GIUSEPPE (Chief Executive Officer)	Banca Aletti & C. S.p.A.	Director
ANOLLI MARIO (Director)	Vera Vita S.p.A.	Chairperson of the BoD
CERQUA MICHELE (Director)	None	NA
D'ECCLESIA RITA LAURA (Director)	None	NA
FRASCAROLO CARLO (Director)	Profamily S.p.A. Entsorgafin S.p.A. Giorgio Visconti S.p.A. Laboratorio Damiani S.r.l.	Chairperson of the BoD Chairperson of the Board of Statutory Auditors Standing Auditor Standing Auditor
GALBIATI PAOLA (Director)	Invefin S.r.l.	Director
GALEOTTI CRISTINA (Director)	Cartografica Galeotti S.p.A. Galefin S.r.l. Clean Paper Inc.	Director with management powers Director with management powers C.F.O.

LONARDI PIERO (Director)	A. De Pedrini S.p.A. Bipiemme Assicurazioni S.p.A.	Standing Auditor Director
PEDROLLO GIULIO (Director)	Gread Elettronica S.r.l. Panelli S.r.l. Linz Electric S.p.A. Pedrollo S.p.A. Pedrollo Group S.r.l.	Director Chief Executive Officer Sole Director Chief Executive Officer Chief Executive Officer
RAVANELLI FABIO (Director)	Mil Mil 76 S.p.A. Mirato S.p.A. Moltiplica S.p.A. Mirato USA	Chief Executive Officer Chief Executive Officer Chief Executive Officer Chief Executive Officer
SOFFIENTINI MANUELA (Director)	Electrolux Appliance S.p.A.	Chairperson of BoD and Chief Executive Officer
TORRICELLI COSTANZA (Director)	None	NA
ZUCCHETTI CRISTINA (Director)	Apri S.p.A. Zucchetti Group S.p.A. Zucchetti S.p.A. Zucchetti Consult S.r.l. Zeta & Partners Soc. tra Professionisti S.r.l.	Director Chairperson of the BoD Director Director Sole Director

ANNEX 2: List of administration, management or control positions covered by members of the Management Board in other listed, financial, banking, insurance or large companies

Surname and Name	Company	Position
DE ANGELIS DOMENICO <i>(Joint General Manager)</i>	None	NA
POLONI SALVATORE <i>(Joint General Manager)</i>	Banca Akros S.p.A.	Director
	Società Interbancaria Automazione S.p.A.	Director
	Enbicredito Associazione	Director

APPENDIX 3: List of the administration, management or control positions covered by the members of the Board of Statutory Auditors in other listed, financial, banking, insurance or significantly sized companies

Surname and Name	Company	Position
PRIORI MARCELLO (Chairperson)	Banca Akros S.p.A.	Chairperson of the Board of Statutory Auditors
	BPM Vita S.p.A.	Chairperson of the Board of Statutory Auditors
	Banca Aletti & C. S.p.A.	Standing Auditor
	Bipiemme Assicurazioni S.p.A.	Standing Auditor
	Carrefour Italia S.p.A.	Standing Auditor
	Carrefour Property Italia S.r.l.	Standing Auditor
	Carrefour Italia Finance S.r.l.	Chairperson of the Board of Statutory Auditors
	Corob S.p.A.	Chairperson of the BoD
ERBA GABRIELE CAMILLO (Standing Auditor)	F2A S.p.A.	Chairperson of the BoD
	Alba Leasing S.p.A.	Standing Auditor
	Release S.p.A.	Standing Auditor
	Casa di Cura Privata S. Giacomo S.r.l.	Chairperson of the Board of Statutory Auditors
	Molino Pagani S.p.A.	Chairperson of the Board of Statutory Auditors
	Cantina Valtidone soc. coop. a r.l.	Chairperson of the Board of Statutory Auditors
MOSCONI MARIA LUISA (Standing Auditor)	The Walt Disney Company S.r.l.	Standing Auditor
	Banca Akros S.p.A.	Standing Auditor
	Stogit S.p.A.	Chairperson of the Board of Statutory Auditors
	Bialetti Industrie S.p.A.	Chairperson of the Board of Statutory Auditors
	Bialetti Store S.r.l.	Chairperson of the Board of Statutory Auditors
ROSSI CLAUDIA (Standing Auditor)	Invitalia Global Investment S.p.A.	Chairperson of the Board of Statutory Auditors
SONATO ALFONSO (Standing Auditor)	Banca Aletti & C. S.p.A.	Chairperson of the Board of Statutory Auditors

	Salus S.p.A. già Casa di Cura Pederzoli S.p.A.	Chairperson of the Board of Statutory Auditors
	Ospedale P. Pederzoli Casa di Cura Privata S.p.A.	Chairperson of the Board of Statutory Auditors
	Promofin S.r.l.	Standing Auditor
	Societa' Athesis S.p.A.	Standing Auditor
	Societa' Editrice Arena – SEA S.p.A.	Chairperson of the Board of Statutory Auditors
	2Vfin S.p.A.	Standing Auditor
	Societa' Italiana Finanziaria Immobiliare - S.I.F.I. S.p.A.	Chairperson of the Board of Statutory Auditors
	Verfin S.p.A.	Chairperson of the Board of Statutory Auditors
	Zenato Azienda Vitivinicola S.r.l.	Director
	Zenato Holding S.r.l.	Director
BENCIOLINI CHIARA (Alternate Auditor)	Fer – Gamma S.p.A.	Standing Auditor
	Salumificio Pedrazzoli S.p.A.	Chairperson of the Board of Statutory Auditors
	FCP Cerea S.C.	Standing Auditor
	La Torre - Societa' Cooperativa Agricola Zootechnica	Standing Auditor
	Metal Group S.p.A.	Standing Auditor
	AGSM Energia S.p.A.	Chairperson of the Board of Statutory Auditors
	Società Cooperativa Virginia Italia a r.l.	Sole Auditor
	Arena Broker S.r.l.	Standing Auditor
	Cesarin S.p.A.	Standing Auditor
	Digitronica.it S.p.A.	Standing Auditor
	Tecmarket Servizi S.p.A.	Standing Auditor
	Cantina di Custoza – Società Agricola Cooperativa	Standing Auditor
	Boschetti Alimentare S.p.A.	Standing Auditor
	Soalaghi-Organismo di Attestazione S.p.A.	Standing Auditor
	EduLife S.p.A.	Standing Auditor
	Poiano S.p.A.	Standing Auditor
	Consorzio di Tutela Olio Extra Vergine di Oliva Garda DOP	Standing Auditor
	Aletti Fiduciaria S.p.A.	Chairperson of the Board of Statutory Auditors
	BP Mortgages S.r.l.	Chairperson of the Board of Statutory Auditors
	BPL Mortgages S.r.l.	Standing Auditor
	Calzedonia Holding S.p.A.	Chairperson of the Board of Statutory Auditors

SIMONELLI PAOLA
(Alternate Auditor)

Calzedonia S.p.A.	Chairperson of the Board of Statutory Auditors
Calzificio Trever S.p.A.	Standing Auditor
Filmar S.p.A.	Chairperson of the Board of Statutory Auditors
Ing. Polin & C. S.p.A.	Standing Auditor
Intimo 3 S.p.A.	Chairperson of the Board of Statutory Auditors
La Ronda S.p.A.	Standing Auditor
Panasonic Electric Works Italia S.r.l.	Chairperson of the Board of Statutory Auditors
Pellini Caffè S.p.A.	Standing Auditor
Pellini Holding S.p.A.	Standing Auditor
Pharmathek S.r.l.	Sole Auditor
TI BEL S.p.A.	Standing Auditor
Uteco Converting S.p.A.	Standing Auditor
Valvoimmobiliare S.p.A.	Standing Auditor
2M S.r.l.	Sole Auditor
3A dei Fratelli Antonini S.p.A.	Standing Auditor
Bruker Italia S.r.l.	Chairperson of the Board of Statutory Auditors
Shine Sim S.p.A.	Standing Auditor
Cremonini S.p.A.	Standing Auditor
Chef Express S.p.A.	Standing Auditor
BIQem S.p.A.	Standing Auditor
BIQem Specialties S.p.A.	Standing Auditor
Fratelli Gotta S.r.l.	Sole Auditor
C&P S.r.l.	Standing Auditor
Ge.Se.So. Gestione Servizi Sociali S.r.l.	Standing Auditor
Perani & Partners S.p.A.	Standing Auditor
Posa S.p.A.	Standing Auditor
Saras S.p.A.	Standing Auditor
Sarlux S.r.l.	Standing Auditor
UBS Fiduciaria S.p.A.	Standing Auditor
Biotechnica Instruments S.p.A.	Standing Auditor
Marr S.p.A.	Standing Auditor