

This document is a courtesy translation into English of the Board of Directors' Report on the proposed amendments to the Bylaws.

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**REPORT
OF THE BOARD OF DIRECTORS OF BANCO BPM S.p.A.
ON THE PROPOSED AMENDMENTS TO THE BYLAWS**

(pursuant to Article 125-ter of Italian Legislative Decree No. 58 dated 24 February 1998, as subsequently amended, and pursuant to Article 72 and Schedule no. 3 of Annex 3A of the Regulation adopted by Consob Resolution No. 11971 dated 14 May 1999, as subsequently amended and supplemented)

15 December 2020



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Report of the Board of Directors of Banco BPM S.p.A. pursuant to Article 125-ter of Italian Legislative Decree No. 58 dated 24 February 1998, as subsequently amended, and pursuant to Article 72 and Schedule no. 3 of Annex 3A of the Regulation adopted by Consob Resolution No. 11971 dated 14 May 1999, as subsequently amended and supplemented (Issuers' Regulation)

Proposed amendments to Articles 11.3., 14.6., 20.1.5., 20.1.6., 23.2.1., 23.3.1., 24.4.1., 28.2. and 35.11. to the Bylaws of Banco BPM.

Dear Shareholders,

this Report (hereinafter, the "**Report**") pursuant to Articles 125-ter of Italian Legislative Decree No. 58 dated 24 February 1998 ("**TUF**") and pursuant to Article 72 and Schedule no. 3 of Annex 3A, of the Issuers' Regulation, is aimed at illustrating the proposed amendments to the Bylaws of Banco BPM S.p.A. ("**Banco BPM**" or the "**Bank**") which the Board of Directors of your Bank submits to your approval.

1. Rationale of the proposed amendments

The current Bylaws was approved in the context of the merger plan involving Banco Popolare Soc. Coop. and Banca Popolare di Milano Scarl (of which it was an integral and substantial part) which led to the incorporation of Banco BPM S.p.A. on 1 January 2017, as most recently updated by the Shareholders' Meeting held on 4 April 2020.

Following the entry into force, as from 1 January 2020, of the new Code of Corporate Governance (*Codice di Corporate Governance*) approved by the Corporate Governance Committee (*Comitato per la Corporate Governance*) – which Banco BPM adhered to – it is needed to amend certain articles of the Bylaws of Banco BPM, with specific reference to the independence requirement of the directors, in order to reflect the new provisions contained in the aforementioned Code, as well as, on this occasion, it is intended to reflect into the Bylaws certain adjustments deriving from (i) the update of the "Supervisory Provisions for Banks" ("*Disposizioni di Vigilanza per le Banche*") made by the Bank of Italy (ii) the expertise gained in the Bank's current business activity (iii) the opportunity to better express the meaning of certain provisions contained therein.

In details, the main proposed amendments are referred to the following Articles:

- Article 11.3. – The Shareholders' Meeting: certain amendments are proposed to align the Bylaws to the Bank of Italy's Circular no. 285, First Part (*Parte Prima*), Title IV (*Titolo IV*), Chapter 2 (*Capitolo 2*) – Remuneration and incentive policies and practices (*Politiche e prassi di remunerazione*)

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e incentivazione); specifically, the text relating to the Shareholders' Meetings competences is updated to comply with the amendments made by the aforementioned Bank of Italy's Circular;

- Article 14.6. – Attendance and representation in Shareholders' Meetings: an amendment is proposed to ensure, in case the Shareholders' Meeting is held with the use of remote connection systems, the possibility that the Chairman may not be physically attending the venue of Shareholders' Meeting indicated in the notice of call, whereas on the contrary the Secretary (or the notary, if appointed) is required to attend such venue in person. This proposal is consistent with the indications provided in the Recommendation no. 187 of the Notary Council of Milan (*Massima n. 187 del Consiglio Notarile di Milano*), according to which: *“The participation to the Shareholders' Meeting through remote connection systems - where permitted by the Bylaws pursuant to Article 2370, paragraph 4, of the Italian Civil Code, or in any case permitted by the current regulations - may involve all the attendees at the Shareholders' Meeting, including the chairman, it being understood that the secretary taking the Minutes or the notary shall be physically attending the venue indicated in the notice of call, together with the person or persons appointed by the chairman to ascertain those who are attending in person (provided that this function is not assigned to the secretary taking the minutes or to the notary). Articles of the Bylaws requiring the physical attendance of the chairman and the secretary in the venue of the notice of call (or in any case in the same place) shall be interpreted as generally functional to the simultaneous drafting of the Minutes of the Shareholders' Meeting, to be signed by both the chairman and the secretary. Therefore, such articles do not prevent the holding of the Shareholders' Meeting with the attendance of all participants through remote connection systems, in which case the Minutes of the Shareholders' Meeting may be drafted thereafter, with the signature of the chairman and the secretary, or with the signature of the sole notary in the case of public Minutes”*.
- Article 20.1.5. (Board of Directors – Composition, number and requirements – Minimum number of Independent Directors): Banco BPM Bylaws (Article 20.1.5.) provides that at least 7 directors (over 15) shall comply with the independence requirement set out in the subsequent Article 20.1.6. which takes into account the provisions of Article 148, paragraph 3, of the TUF and of the recommendations contained in the Code of Conduct (*Codice di Autodisciplina*) of Borsa Italiana (in force until 31 December 2020). The Bylaws provision that sets forth in number 7 the minimum number of Directors holding the independence requirement complies with the applicable regulations, taking into account that: (a) the “Supervisory Provisions for Banks” (*Disposizioni di Vigilanza per le Banche*) require that at least a quarter of the members holds the independence requirement; (b) the application criterion 3.C.3 of the Code of Conduct (*Codice di Autodisciplina*) of Borsa Italiana (in force until 31 December 2020), which Banco BPM adhered to, provides that Boards of Directors of issuers belonging to the FTSE-Mib index are composed of at least one third by independent directors. The Recommendation no. 5 provided in the new Corporate Governance Code (*Codice di Corporate Governance*) of listed companies, in force as from 1 January

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2021, approved by the Corporate Governance Committee (*Comitato per la Corporate Governance*), provides that "in large companies" (i.e., companies whose capitalisation is greater than 1 billion euro on the last Stock Exchange business day of each of the previous three calendar years, including Banco BPM) independent directors represent at least half of the Board. Considering that the Corporate Governance Committee's FAQs (*FAQ del Comitato per la Corporate Governance*) require that the non-integral portion of independent directors should be arithmetically rounded off (and, in particular, where the decimal point is equal to or higher than 5, it should be rounded up), in Banco BPM the number of independent directors shall be set in eight members. In this regard, the Corporate Governance Code (*Codice di Corporate Governance*), which Banco BPM adhered to, provides that "large companies" shall apply to the Board of Directors the recommendations concerning the presence of independent directors (Recommendation no. 5) starting from the first renewal of the Board after 31 December 2020. Therefore, Banco BPM, taking into account that the renewal of the Board of Directors occurred on the Shareholders' Meeting held prior to 31 December 2020 (i.e., on 4 April 2020), should be required to apply the aforementioned Recommendation no. 5 in the event of the renewal of the Board of Directors to be resolved upon by the Shareholders' Meeting called to approve the financial statements as of 31 December 2022. Notwithstanding the above – considering also that the Banco BPM Board of Directors, at the date hereof, is composed by no. 11 independent directors pursuant to Article 20.1.6. of the Bylaws and therefore the Recommendation no. 5 is, *de facto*, already complied with – it is proposed to amend the Bylaws by increasing to no. 8 members the directors holding the independence requirement, in order to comply, as of now, with the aforementioned Recommendation of the Corporate Governance Code (*Codice di Corporate Governance*);

- Article 20.1.6. (Board of Directors – Composition, number and requirements – Definition of Independent Directors): certain amendments are proposed in order to adopt the updates made by the new Corporate Governance Code (*Codice di Corporate Governance*) for listed companies, in force as from 1 January 2021, as approved by the Corporate Governance Committee (*Comitato per la Corporate Governance*) with reference to circumstances which are relevant for the valuation of the existence of the independence requirement;
- Article 23.2.1. (Meetings and resolutions of the Board of Directors – Notice of call): an amendment is proposed to ensure the validity of the Board meetings even in absence of the formal notice of call, provided that all members of the Board of Directors and of the Board of Statutory Auditors in office attend to such meetings. This proposal is consistent with the indications set forth in the Recommendation no. 48 of the Notary Council of Milan (*Massima n. 48 del Consiglio Notarile di Milano*), according to which: "It is deemed valid the provision of the Bylaws providing that the management body of a joint-stock company or limited liability company is duly

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constituted [...] when all the directors and statutory auditors in office are attending, in the absence of a notice of call, is valid”;

- Article 23.3.1. (Meetings and resolutions of the Board of Directors – Meetings): an amendment is proposed to ensure the validity of the Board of Directors meetings held exclusively by remote connection systems even if the Chairman and the Secretary (or the notary if appointed) are not in the same venue indicated in the notice of call. This proposal is consistent with the indications set out in the Recommendation no. 187 of the Notary Council of Milan (*Massima n. 187 del Consiglio Notarile di Milano*), according to which: *“in case the meeting is convened only with the indication of the remote connection systems, the physical attendance of any person at any certain place is not necessary, [...], it is to be understood, once again, as a rule functional only to the simultaneous drafting of the Minutes of the meeting, to be signed by both the chairman and the secretary”;*
- Article 24.4.1. (Nomination Committee, Remunerations Committee, Internal Control and Risk Committee, Related Party Committee and other Committees): an amendment is proposed to take into account the approval, by the Corporate Governance Committee (*Comitato per la Corporate Governance*), of the new Corporate Governance Code (*Codice di Corporate Governance*) (in force as from 1 January 2021) which replaces the previous Code of Conduct (*Codice di Autodisciplina*); in this regard, it is proposed to adopt a more general wording referred to codes of conduct on corporate governance consistently with the definitions adopted by the regulator in Article 123-bis of the TUF, which governs the content of the "Report on corporate governance and ownership structure" (*Relazione sul governo societario e gli assetti proprietari*);
- Article 28.2. (The Chief Executive Officer): considering that, pursuant to the “Supervisory Provisions for Banks” (*Disposizioni di Vigilanza per le Banche*) in force, (First Part (*Parte Prima*) – Title IV (*Titolo IV*) - Chapter 1 (*Capitolo 1*)), the role of the Chairman of the Board of Directors shall be non-executive and shall not involve (neither by fact) any management functions, an amendment is proposed to highline this prerogative by devolving purely executive functions to the full autonomy of the Chief Executive Officer;
- Article 35.11. (Board of Statutory Auditors – Voting): an amendment is proposed to introduce a wording which expressly indicates, in addition to the order by age, further *criteria* to be applied, consistently with the law provisions and regulations *pro tempore* in force, in the event of replacement of Statutory Auditors during their office (*i.e.*, professional requirements; gender balance principle).

2. Comparison of the Articles of the Bylaws relating to the proposed for amendments, in the current and proposed text of the Bylaws, accompanied by the relevant illustration of the changes introduced

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Current Bylaws	Proposed amendments
<p style="text-align: center;">TITLE V - SHAREHOLDERS' MEETING</p>	<p style="text-align: center;">TITLE V - SHAREHOLDERS' MEETING</p>
<p>Art. 11. – Shareholders' Meeting</p> <p>11.3. - The ordinary Shareholders' Meeting:</p> <p style="text-align: center;">- omissis -</p> <p>(g) resolves on the approval: (i) of remuneration and incentives policies for Members of the Board of Directors, Statutory Auditors and personnel, including any proposal of the Board of Directors to set a limit to the ratio between the variable and the fixed component of the individual remuneration, higher than 1:1, for the most relevant personnel, in any case not exceeding the limits set out in the applicable regulations in force; (ii) of equity-based remuneration and/or incentives plans and (iii) of the criteria for determining the consideration to be granted in the event of early termination of the employment relationship or of the office, including the limits to such consideration in terms of years of the fixed remuneration and the</p>	<p>Art. 11. – Shareholders' Meeting</p> <p>11.3. - The ordinary Shareholders' Meeting:</p> <p style="text-align: center;">- omissis -</p> <p>(g) resolves on the approval: (i) of remuneration and incentives policies for Members of the Board of Directors, Statutory Auditors and personnel, including any proposal of the Board of Directors to set a limit to the ratio between the variable and the fixed component of the individual remuneration, higher than 1:1, for the most relevant personnel, in any case not exceeding the limits set out in the applicable regulations in force; (ii) of equity-based remuneration and/or incentives plans and (iii) of the criteria for determining the consideration the amounts to be possibly granted in the event of early termination of the employment relationship or of the office of all personnel, including the limits to such consideration amounts in terms of years of the fixed</p>

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<p>maximum amount deriving from their application;</p>	<p>remuneration and the maximum amount deriving from their application in accordance with the laws <i>pro tempore</i> in force;</p>
<p>Certain amendments are proposed to align the Bylaws to the Bank of Italy's Circular no. 285, First Part (<i>Parte Prima</i>), Title IV (<i>Titolo IV</i>), Chapter 2 (<i>Capitolo 2</i>) – Remuneration and incentive policies and practices (<i>Politiche e prassi di remunerazione e incentivazione</i>); specifically, the text relating to the Shareholders' Meetings competences is updated to comply with the amendments made by the aforementioned Bank of Italy's Circular.</p>	
<p>Art. 14. - Attendance and representation in Shareholders' Meetings</p>	<p>Art. 14. - Attendance and representation in Shareholders' Meetings</p>
<p>14.6. The Board of Directors may set up one or more remote links with the venue in which the Shareholders' Meeting is to be held, to allow shareholders not planning to go to such venue to take part in the discussion, follow the meeting's works and express their vote at the appropriate time, provided that identification of these shareholders is ensured and that exercise of this solution has been communicated in the notice of call of the Shareholders' Meeting. In any case, the Chairman of the Shareholders' Meeting and the Secretary shall be in the same venue indicated in the notice of call, where the Shareholders' Meeting shall be deemed to be held.</p>	<p>14.6. The Board of Directors may set up one or more remote links with the venue in which the Shareholders' Meeting is to be held, to allow shareholders not planning to go to such venue to take part in the discussion, follow the meeting's works and express their vote at the appropriate time, provided that identification of these shareholders is ensured and that exercise of this solution has been communicated in the notice of call of the Shareholders' Meeting. In any case, the Chairman of the Shareholders' Meeting and the Secretary or the notary, if appointed, shall be in the same venue indicated in the notice of call, where the Shareholders' Meeting shall be deemed to be held.</p>

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An amendment is proposed to ensure, in case the Shareholders' Meeting is held with the use of remote connection systems, the possibility that the Chairman may not be physically attending the venue of Shareholders' Meeting indicated in the notice of call, whereas on the contrary the Secretary (or the notary, if appointed) is required to attend such venue in person. This proposal is consistent with the indications provided in the Recommendation no. 187 of the Notary Council of Milan (*Massima n. 187 del Consiglio Notarile di Milano*), according to which: *"The participation to the Shareholders' Meeting through remote connection systems - where permitted by the Bylaws pursuant to Article 2370, paragraph 4, of the Italian Civil Code, or in any case permitted by the current regulations - may involve all the attendees at the Shareholders' Meeting, including the chairman, it being understood that the secretary taking the Minutes or the notary shall be physically attending the venue indicated in the notice of call, together with the person or persons appointed by the chairman to ascertain those who are attending in person (provided that this function is not assigned to the secretary taking the minutes or to the notary). Articles of the Bylaws requiring the physical attendance of the chairman and the secretary in the venue of the notice of call (or in any case in the same place) shall be interpreted as generally functional to the simultaneous drafting of the Minutes of the Shareholders' Meeting, to be signed by both the chairman and the secretary. Therefore, such articles do not prevent the holding of the Shareholders' Meeting with the attendance of all participants through remote connection systems, in which case the Minutes of the Shareholders' Meeting may be drafted thereafter, with the signature of the chairman and the secretary, or with the signature of the sole notary in the case of public Minutes"*.

TITLE VI – GOVERNANCE AND CONTROL SYSTEM	TITLE VI – GOVERNANCE AND CONTROL SYSTEM
FIRST SECTION – BOARD OF DIRECTORS	FIRST SECTION – BOARD OF DIRECTORS
<p>Art. 20. – Board of Directors</p> <p>20.1. – Composition, number and requirements</p> <p>20.1.5. Without prejudice to any further requirement provided under applicable law, at least 7 (seven) directors must possess the independence requirements set out in Article 20.1.6 below; such directors are defined in the Bylaws as "Independent Directors".</p>	<p>Art. 20. – Board of Directors</p> <p>20.1. – Composition, number and requirements</p> <p>20.1.5. Without prejudice to any further requirement provided under applicable law, at least 78 (seveneight) directors must possess the independence requirements set out in Article 20.1.6 below; such directors are defined in the Bylaws as "Independent Directors".</p>

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Banco BPM Bylaws (Article 20.1.5.) provides that at least 7 directors (over 15) shall comply with the independence requirement set out in the subsequent Article 20.1.6. which takes into account the provisions of Article 148, paragraph 3, of the TUF and of the recommendations contained in the Code of Conduct (*Codice di Autodisciplina*) of Borsa Italiana (in force until 31 December 2020). The Bylaws provision that sets forth in number 7 the minimum number of Directors holding the independence requirement complies with the applicable regulations, taking into account that: (a) the "Supervisory Provisions for Banks" (*Disposizioni di Vigilanza per le Banche*) require that at least a quarter of the members holds the independence requirement; (b) the application criterion 3.C.3 of the Code of Conduct (*Codice di Autodisciplina*) of Borsa Italiana (in force until 31 December 2020), which Banco BPM adhered to, provides that Boards of Directors of issuers belonging to the FTSE-Mib index are composed of at least one third by independent directors.

The Recommendation no. 5 provided in the new Corporate Governance Code (*Codice di Corporate Governance*) of listed companies, in force as from 1 January 2021, approved by the Corporate Governance Committee (*Comitato per la Corporate Governance*), provides that "in large companies" (i.e., companies whose capitalisation is greater than 1 billion euro on the last Stock Exchange business day of each of the previous three calendar years, including Banco BPM) independent directors represent at least half of the Board. Considering that the Corporate Governance Committee's FAQs (*FAQ del Comitato per la Corporate Governance*) require that the non-integral portion of independent directors should be arithmetically rounded off (and, in particular, where the decimal point is equal to or higher than 5, it should be rounded up), in Banco BPM the number of independent directors shall be set in eight members. In this regard, the Corporate Governance Code (*Codice di Corporate Governance*), which Banco BPM adhered to, provides that "large companies" shall apply to the Board of Directors the recommendations concerning the presence of independent directors (Recommendation no. 5) starting from the first renewal of the Board after 31 December 2020. Therefore, Banco BPM, taking into account that the renewal of the Board of Directors occurred on the Shareholders' Meeting held prior to 31 December 2020 (i.e., on 4 April 2020), should be required to apply the aforementioned Recommendation no. 5 in the event of the renewal of the Board of Directors to be resolved upon by the Shareholders' Meeting called to approve the financial statements as of 31 December 2022.

Notwithstanding the above – considering also that the Banco BPM Board of Directors, at the date hereof, is composed by no. 11 independent directors pursuant to Article 20.1.6. of the Bylaws and therefore the Recommendation no. 5 is, *de facto*, already complied with – it is proposed to amend the Bylaws by increasing to no. 8 members the directors holding the independence requirement, in order to comply, as of now, with the aforementioned Recommendation of the Corporate Governance Code (*Codice di Corporate Governance*).

<p>20.1.6. For purposes of these Articles of Association, Independent Directors are defined as those directors who do not engage in business, or have not</p>	<p>20.1.6. For purposes of these Articles of Association, Independent Directors are defined as those directors who do not engage in business, or have not</p>
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<p>recently engaged in business - directly or indirectly - with the Company or with parties connected to it through relationships of a professional, financial, personal, or other nature that would influence the objectivity and balancing of decisions, explicitly noting that a director cannot be an Independent Director even if just one of the following situations applies to him/her:</p> <p>a) if, directly or indirectly, including through subsidiaries, trust companies, or third parties, he/she controls the Company or is able to exercise significant influence over it, or participates in a shareholders' agreement through which one or more parties may exercise control or significant influence on the Company;</p> <p>b) if he/she is, or has been in the three previous years, a high-level representative (defined as: Chairman of the Board of Directors, "executive directors", and "executives with strategic responsibilities") of the Company, a strategically important subsidiary or a company subject to common control with the Company, a company or an entity that controls the Company or is able to exercise significant influence over it, including</p>	<p>recently engaged in business - directly or indirectly - with the Company or with parties connected to it through relationships of a professional, financial, personal, or other nature that would influence the objectivity and balancing of decisions, explicitly noting that a director cannot be an Independent Director even if just one of the following situations applies to him/her:</p> <p>a) UNCHANGED</p> <p>b) if he/she is, or has been in the three previous years, a high-level representative (defined as: Chairman of the Board of Directors granted with proxies in the management and in the preparation of company strategies, "executive directors", and "executives with strategic responsibilitiesstop management") of the Company, a strategically important subsidiary or a company subject to common control with the Company, a company or an entity</p>
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<p>with others through a shareholders' agreement;</p> <p>c) if he/she holds the position of executive director in another company in which an executive director of the Company has a position as non-executive director;</p> <p>d) if he/she is a shareholder, director, or employee of a company or an entity belonging to the network of the independent auditors who have been assigned to audit the Company's accounts;</p> <p>e) if he/she receives or has received in the previous three years, from the Company or from a subsidiary or parent company, significant additional compensation (in comparison to the "fixed" salary of the Company's non-executive directors, remuneration for participating in internal committees of the Board of Directors, and any fees for meeting attendance), including from possible participation in incentive plans linked to business performance, which may be based on</p>	<p>that controls the Company or is able to exercise significant influence over it, including with others through a shareholders' agreement;</p> <p>c) UNCHANGED</p> <p>d) UNCHANGED</p> <p>e) if he/she receives or has received in the previous three years, from the Company or from a subsidiary or parent company, significant additional compensation (in comparison to the "fixed" salary of the Company's non-executive directors consideration of the Company's non-executive directors for the office and to remuneration the one for participating in internal committees of the Board of Directors, and as well as any fees for meeting attendance), including from possible participation in incentive plans linked to business</p>
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<p>shares;</p> <p>f) if he/she has, or has had in the previous year, directly or indirectly (e.g., through subsidiaries or companies for which he/she is a highlevel representative, or as a partner of a professional or consulting firm), a significant professional, commercial, or financial relationship:</p> <ul style="list-style-type: none"> - with the Company, one of its subsidiaries, with the respective high-level representatives; - with a party that controls the Company, including with others through a shareholders' agreement, or – in the case of a company or an entity - with the respective high-level representatives; - with companies subject to common control with the Company; <p>or is, or has been in the previous three years, an employee, contractor, or had an ongoing collaborative relationship with one of the aforementioned parties; solely for purposes of this letter f), this includes relationships</p>	<p>performance, which may be based on shares;</p> <p>f) if he/she has, or has had in the previous three years, directly or indirectly (e.g., through subsidiaries or companies for which he/she is a highlevel representative, or as a partner of a professional or consulting firm), a significant professional, commercial, or financial relationship:</p> <ul style="list-style-type: none"> - with the Company, one of its subsidiaries, with the respective high-level representatives; - with a party that controls the Company, including with others through a shareholders' agreement, or – in the case of a company or an entity - with the respective high-level representatives; - with companies subject to common control with the Company; <p>or is, or has been in the previous three years, an employee, contractor, or had an ongoing collaborative relationship with one of the aforementioned parties; solely for purposes of this letter f), this includes relationships</p>
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<p>between the director and close family members, as defined below, of high-level representatives of the Company, one of its subsidiaries or a company subject to common control with the Company, or a company or an entity that controls the Company, including with others through a shareholders' agreement;</p> <p>g) if he/she is a close family member (intended as spouse, unless legally separated, relative or similar within the fourth degree, common law spouse or the children of the common law spouse, and cohabiting family members) of a person described in one of the previous points;</p> <p>h) if he/she is a close family member of the Company's directors or directors of its subsidiaries, parent companies, and companies subject to common control;</p> <p>i) if he/she is in any other way</p>	<p>between the director and close family members, as defined below, of high-level representatives of the Company, one of its subsidiaries or a company subject to common control with the Company, or a company or an entity that controls the Company, including with others through a shareholders' agreement;</p> <p>g) UNCHANGED</p> <p>h) UNCHANGED</p> <p>i) if he/she has been a director of the Company for more than nine years, even if not consecutive, in the last twelve years.</p> <p>ij) if he/she is in any other way</p>
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<p>lacking in terms of the independence requirement envisaged in the pro tempore governing regulations.</p> <p>For the purposes of this Article 20.1.6, “executive directors” shall be:</p> <ul style="list-style-type: none"> (i) the chief executive officer, the directors to whom the board of directors have conferred delegations in accordance with Article 2381, second paragraph, of the Italian Civil Code (and of Article 24.2.2, letter f), of the Bylaws) and the directors who carry out, de facto, functions related to the ordinary management of the company of which they are directors; (ii) the directors who are members of the executive committee; (iii) the members of a board of directors who hold management roles in the managed company, overseeing determined areas of the company management. <p>Furthermore, also for the purposes of this Article 20.1.6, “executives with strategic responsibilities” shall be those who have the power and responsibility, directly or indirectly, for the planning, management and control of the activities of a company.</p>	<p>lacking in terms of the independence requirement envisaged in the pro tempore governing regulations.</p> <p>For the purposes of this Article 20.1.6, “executive directors” shall be:</p> <ul style="list-style-type: none"> (i) the chief executive officer, the directors to whom the board of directors have conferred delegations in accordance with Article 2381, second paragraph, of the Italian Civil Code (and of Article 24.2.2, letter f), of the Bylaws) and the directors who carry out, de facto, functions related to the ordinary management of the company of which they are directors; (ii) the directors who are members of the executive committee; (iii) the members of a board of directors who hold management roles in the managed company, overseeing determined areas of the company management. <p>Furthermore, also for the purposes of this Article 20.1.6, “executives with strategic responsibilitiesstop management” shall be those who are not members of the Board of Directors and have the power and responsibility, directly or indirectly, for the planning,</p>
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<p>The Board of Directors determines the general quantitative and/or qualitative criteria suitable for determining the significance of the relationships indicated in letters e) and f) of the first paragraph of this Article 20.1.6.</p>	<p>management and control of the activities of a company and of the group it belongs to.</p> <p>The Board of Directors determines the general quantitative and/or qualitative criteria suitable for determining the significance of the relationships indicated in letters e) and f) of the first paragraph of this Article 20.1.6.</p>
<p>Certain amendments are proposed in order to adopt the updates made by the new Corporate Governance Code (<i>Codice di Corporate Governance</i>) for listed companies, in force as from 1 January 2021, as approved by the Corporate Governance Committee (<i>Comitato per la Corporate Governance</i>) with reference to circumstances which are relevant for the valuation of the existence of the independence requirement.</p>	
<p>Art. 23. - Meetings and Resolutions of the Board of Directors</p> <p>23.2. - Notice of Call</p> <p>23.2.1. The Board of Directors is convened by notice containing the agenda of the matters to be discussed, sent – at least 3 (three) days prior to the meeting and, in urgent circumstances, at least 12 (twelve) hours beforehand, using any means that can provide proof of receipt – to each member of the Board of Directors and of the Board of Statutory Auditors. The notice may also contain the indication of the places in which it is possible to participate at the meeting through remote connection systems pursuant to the following Article 23.3.</p>	<p>Art. 23. - Meetings and Resolutions of the Board of Directors</p> <p>23.2. - Notice of Call</p> <p>23.2.1. The Board of Directors is convened by notice containing the agenda of the matters to be discussed, sent – at least 3 (three) days prior to the meeting and, in urgent circumstances, at least 12 (twelve) hours beforehand, using any means that can provide proof of receipt – to each member of the Board of Directors and of the Board of Statutory Auditors. The notice may also contain the indication of the places in which it is possible to participate at the meeting through remote connection systems pursuant to the following Article 23.3.</p> <p>In the absence of a formal notice of call, the meeting attended by all the</p>

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	<p>members of the Board of Directors and of the Board of Statutory Auditors in office shall be in any case considered validly constituted and entitled to resolve.</p>
<p>An amendment is proposed to ensure the validity of the Board meetings even in absence of the formal notice of call, provided that all members of the Board of Directors and of the Board of Statutory Auditors in office attend to such meetings. This proposal is consistent with the indications set forth in the Recommendation no. 48 of the Notary Council of Milan (<i>Massima n. 48 del Consiglio Notarile di Milano</i>), according to which: <i>"It is deemed valid the provision of the Bylaws providing that the management body of a joint-stock company or limited liability company is duly constituted [...] when all the directors and statutory auditors in office are attending, in the absence of a notice of call, is valid"</i>.</p>	
<p>23.3. Meetings</p> <p>23.3.1. Meetings of the Board of Directors may also be validly held through use of remote connection systems, provided that it is possible to guarantee, through verification by the Chairman of the meeting, the precise identification of the persons entitled to attend and the possibility for all participants to intervene in real time in discussion of all the business and to view, receive and transmit documents. At least the Chairman and the Secretary must however be present at the venue at which the Board meeting is convened, where the meeting shall be considered to be held.</p>	<p>23.3. Meetings</p> <p>23.3.1. Meetings of the Board of Directors may also be validly held through use of remote connection systems, provided that it is possible to guarantee, through verification by the Chairman of the meeting, the precise identification of the persons entitled to attend and the possibility for all participants to intervene in real time in discussion of all the business and to view, receive and transmit documents. Save for the cases in which meetings are held exclusively through remote connection systems, At least the Chairman and the Secretary (or the notary if appointed) must however be present at the venue at which the Board meeting is convened, where the meeting shall be considered to be held.</p>
<p>An amendment is proposed to ensure the validity of the Board of Directors meetings held exclusively by remote connection systems even if the Chairman and the Secretary (or the notary if appointed) are not in the same venue indicated in the notice of call. This proposal is consistent with the indications set out in the</p>	

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<p>Recommendation no. 187 of the Notary Council of Milan (<i>Massima n. 187 del Consiglio Notarile di Milano</i>), according to which: “<i>in case the meeting is convened only with the indication of the remote connection systems, the physical attendance of any person at any certain place is not necessary, [...], it is to be understood, once again, as a rule functional only to the simultaneous drafting of the Minutes of the meeting, to be signed by both the chairman and the secretary</i>”.</p>	
<p>24.4.1. - Nomination Committee, Remunerations Committee, Internal Control and Risk Committee, Related Party Committee and other Committees</p> <p>The Board of Directors establishes within itself, in compliance with the provisions applicable from time to time, the following Committees, as regulated below. The Committees are entrusted with the functions and roles provided in respect to each of them under applicable laws, and applicable regulations, and by the Code of Corporate Governance of Borsa Italiana S.p.A.</p>	<p>24.4.1. - Nomination Committee, Remunerations Committee, Internal Control and Risk Committee, Related Party Committee and other Committees</p> <p>The Board of Directors establishes within itself, in compliance with the provisions applicable from time to time, the following Committees, as regulated below. The Committees are entrusted with the functions and roles provided in respect to each of them under applicable laws, and applicable regulations, and by the Code of Corporate Governance of Borsa Italiana S.p.A. code of conduct on corporate governance issued by the regulated stock exchange management company which the Company adheres to.</p>
<p>An amendment is proposed to take into account the approval, by the Corporate Governance Committee (<i>Comitato per la Corporate Governance</i>), of the new Corporate Governance Code (<i>Codice di Corporate Governance</i>) (in force as from 1 January 2021) which replaces the previous Code of Conduct (<i>Codice di Autodisciplina</i>); in this regard, it is proposed to adopt a more general wording referred to codes of conduct on corporate governance consistently with the definitions adopted by the regulator in Article 123-bis of the TUF, which governs the content of the "Report on corporate governance and ownership structure" (<i>Relazione sul governo societario e gli assetti proprietari</i>).</p>	
<p>SECTION III - THE CHIEF EXECUTIVE OFFICER</p>	<p>SECTION III - THE CHIEF EXECUTIVE OFFICER</p>

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<p>Art. 28. - The Chief Executive Officer</p> <p>28.2. Notwithstanding the provisions of Article 24.2 above and the powers and delegations conferred by the Board of Directors, the Managing Director:</p> <p style="text-align: center;">- omissis -</p> <p>(d) in agreement with the Chairman of the Board of Directors, takes care of the study, the preparation of documents and the sending of confidentiality letters relating to transactions or agreements having extraordinary nature, to be submitted to the Board of Directors;</p>	<p>Art. 28. - The Chief Executive Officer</p> <p>28.2. Notwithstanding the provisions of Article 24.2 above and the powers and delegations conferred by the Board of Directors, the Managing Director:</p> <p style="text-align: center;">- omissis -</p> <p>(d) in agreement with the Chairman of the Board of Directors, takes care of the study, the preparation of documents and the sending of confidentiality letters relating to transactions or agreements having extraordinary nature, to be submitted to the Board of Directors;</p>
<p>Considering that, pursuant to the "Supervisory Provisions for Banks" (<i>Disposizioni di Vigilanza per le Banche</i>) in force, (First Part (<i>Parte Prima</i>) – Title IV (<i>Titolo IV</i>) - Chapter 1 (<i>Capitolo 1</i>)), the role of the Chairman of the Board of Directors shall be non-executive and shall not involve (neither by fact) any management functions, an amendment is proposed to highline this prerogative by devolving purely executive functions to the full autonomy of the Chief Executive Officer.</p>	
<p style="text-align: center;">TITLE VII –</p> <p style="text-align: center;">BOARD OF STATUTORY AUDITORS</p>	<p style="text-align: center;">TITLE VII –</p> <p style="text-align: center;">BOARD OF STATUTORY AUDITORS</p>
<p>Art. 35. – Voting</p> <p>35.11. If one or more Standing Auditors are no longer able to hold office, they shall be succeeded by the Alternate Auditors taken from the same list, in order of age. The succeeding Auditors shall remain in office until the next Shareholders' Meeting, which shall take the necessary steps to integrate the Board.</p>	<p>Art. 35. – Voting</p> <p>35.11. If one or more Standing Auditors are no longer able to hold office for any reason whatsoever, they shall be succeeded by the Alternate Auditors taken from the same list, in order of age, as well as in compliance with the professional requirements provided for by the law, including regulations, pro tempore in force and</p>

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	<p>with the gender balance principle. In case it is not possible, the incumbent Statutory Auditor shall be replaced by the Alternate Statutory Auditor holding the indicated requirements, appointed from the most voted minority lists according to the progressive list order. The succeeding Auditors shall remain in office until the next Shareholders' Meeting, which shall take the necessary steps to integrate the Board.</p>
<p>An amendment is proposed to introduce a wording which expressly indicates, in addition to the order by age, further <i>criteria</i> to be applied, consistently with the law provisions and regulations <i>pro tempore</i> in force, in the event of replacement of Statutory Auditors during their office (<i>i.e.</i>, professional requirements; gender balance principle).</p>	

3. Information relating to the right of withdrawal: absence of the right of withdrawal in relation to the proposed amendments to the Bylaws

The proposed amendments to the Bylaws illustrated in this Report do not give rise to any right of withdrawal for Shareholders who will not participate to the resolution, since the amendments do not lead to any of the withdrawal causes provided for by the law or Bylaws.

4. Authorization

The proposed amendments to the Bylaws are subject to the approval by the Supervisory Authority, pursuant to Articles 56 and 61 of the Italian Consolidated Banking Act.

5. Proposed resolution to the Extraordinary Shareholders' Meeting

In the light of the foregoing, the Board of Directors of Banco BPM S.p.A. submits the following proposed resolution to the Extraordinary Shareholders' Meeting:

Resolves

"1. to amend Articles 11.3., 14.6., 20.1.5., 20.1.6., 23.2.1., 23.3.1., 24.4.1., 28.2. and 35.11. of Banco BPM Bylaws, approving such amendments to the text illustrated in the Report, for the reasons outlined therein;



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2. to grant the Board of Directors, and in its behalf the Chairman and the Chief Executive Officer, also each severally, within the limits indicated by the law, any and all powers to provide to whatever is needed for the implementation and full execution of this resolution, with any and all power needed and appropriate to this end, with no exception thereto, including the power to amend this resolution with the changes, additions or deletions of non-substantial nature needed for the filing with the Companies' Register, including any necessary or appropriate amendment for technical-legal reasons or if so requested by competent Authorities, declaring as from now its validity and ratification."

* * *

Verona, 15 December 2020

The Board of Directors